

Bonterra Energy Corp. Provides Operational Update and Announces Credit Facility Redetermination

CALGARY, AB, May 31, 2022 /CNW/ - Bonterra Energy Corp. (www.bonterraenergy.com) (TSX: BNE) ("Bonterra" or the "Company") is pleased to provide an operational update and confirm that it has finalized its credit facility redetermination with its syndicate of lenders.

Operational Update

Bonterra is pleased with the progress and success realized from its 2022 drilling program to date, targeting high rate-of-return, low-risk light oil opportunities. The Company brought on production 24 gross (19.6 net) wells through the first five months of 2022, to be followed by post-spring breakup drilling and completion operations which are scheduled to commence in late June, 2022. Annual production is anticipated to average 13,500 BOE per day¹ (mid-point of annual guidance) based on a capital expenditure budget of approximately \$70 million, which is \$5 million higher than previously announced annual guidance due to inflationary cost pressures.

The Company's significant torque to oil prices combined with increasing production volumes is expected to drive forecasted 2022 free funds flow² of approximately \$165 million, based on an average forward strip WTI oil price of approximately US\$103 for the remainder of the year. Bonterra anticipates a net debt to funds flow leverage ratio² of approximately 0.5x by year end 2022. For further information regarding future pricing sensitivities and outlook, see Bonterra's current corporate presentation posted on the Company's website.

Credit Facility Update

Bonterra and its syndicate of lenders have finalized an amended and restated credit agreement which improves alignment with the Company's debt reduction goals and results in decreased interest costs on bank debt going forward (the "New Facility"). The New Facility provides the following features and benefits:

- Provides appropriately-sized credit capacity given the Company's strong forecast cash flow profile and capital program in the current commodity price environment;
- Includes a \$165 million borrowing base, comprised of a \$150 million revolving credit facility and a \$15 million operating facility (estimated to be drawn \$120 million as of May 31, 2022), supporting the Company's ongoing focus on the repayment of outstanding bank debt;
- Features five monthly step-down commitments of \$10 million each, which conclude on October 31, 2022, resulting in an expected borrowing base capacity at that time of \$115 million; and
- Has a maturity date of November 30, 2022, at which time Bonterra expects amounts drawn to be minimal at current commodity prices.

Bonterra Energy Corp. is a conventional oil and gas corporation with operations in Alberta, Saskatchewan and British Columbia, focused on its strategy of long-term, sustainable growth and value creation for shareholders. The Company's shares are listed on The Toronto Stock Exchange under the symbol "BNE".

Cautionary Statements

This summarized news release should not be considered a suitable source of information for readers who are unfamiliar with Bonterra Energy Corp. and should not be considered in any way as a substitute for reading the full report. For the full report, please go to www.bonterraenergy.com.

Non-IFRS and Other Financial Measures

Throughout this release the Company uses the terms "funds flow", "free funds flow", "net debt to twelve-month trailing cash flow ratio" and "net debt" to analyze operating performance, which are not standardized measures recognized under IFRS and do not have a standardized meaning prescribed by IFRS. These measures are commonly utilized in the oil and gas industry and are considered informative by management, shareholders and analysts. These measures may differ from those made by other companies and accordingly may not be comparable to such measures as reported by other companies.

The Company defines funds flow as funds provided by operations including proceeds from sale of investments and investment income received excluding effects of changes in non-cash working capital items and

decommissioning expenditures settled. Free funds flow is defined as funds flow less dividends paid to shareholders, capital and decommissioning expenditures settled. Net debt is defined as long-term subordinated debt and subordinated debentures plus working capital deficiency (current liabilities less current assets). Net debt to twelve-month trailing cash flow ratio is defined as net debt at the end of the period divided by cash flow for the trailing twelve months.

Forward Looking Information

Certain statements contained in this release include statements which contain words such as "anticipate", "could", "should", "expect", "seek", "may", "intend", "likely", "will", "believe" and similar expressions, relating to matters that are not historical facts, and such statements of our beliefs, intentions and expectations about development, results and events which will or may occur in the future, constitute "forward-looking information" within the meaning of applicable Canadian securities legislation and are based on certain assumptions and analysis made by us derived from our experience and perceptions. Forward-looking information in this release includes, but is not limited to: expected cash provided by continuing operations; future asset retirement obligations; future capital expenditures, including the amount and nature thereof; oil and natural gas prices and demand; expansion and other development trends of the oil and gas industry; business strategy and outlook; expansion and growth of our business and operations; and maintenance of existing customer, supplier and partner relationships; supply channels; accounting policies; credit risks; cyber security; climate change; the impact of the COVID-19 pandemic; and other such matters.

All such forward-looking information is based on certain assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. The risks, uncertainties, and assumptions are difficult to predict and may affect operations, and may include, without limitation: foreign exchange fluctuations; equipment and labour shortages and inflationary costs; general economic conditions; industry conditions; changes in applicable environmental, taxation and other laws and regulations as well as how such laws and regulations are interpreted and enforced; the ability of oil and natural gas companies to raise capital or maintain its syndicated bank facility; the effect of weather conditions on operations and facilities; the existence of operating risks; volatility of oil and natural gas prices; oil and gas product supply and demand; risks inherent in the ability to generate sufficient cash flow from operations to meet current and future obligations; increased competition; stock market volatility; opportunities available to or pursued by us; and other factors, many of which are beyond our control.

Actual results, performance or achievements could differ materially from those expressed in, or implied by, this forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do, what benefits will be derived there from. Except as required by law, Bonterra disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

The forward-looking information contained herein is expressly qualified by this cautionary statement.

Frequently Recurring Terms

Bonterra uses the following frequently recurring terms in this press release: "WTI" refers to West Texas Intermediate, a grade of light sweet crude oil used as benchmark pricing in the United States; "MSW Stream Index" or "Edmonton Par" refers to the mixed sweet blend that is the benchmark price for conventionally produced light sweet crude oil in Western Canada; "AECO" is the benchmark price for natural gas in Alberta, Canada; "bbl" refers to barrel; "NGL" refers to Natural gas liquids; "MCF" refers to thousand cubic feet; "MMBTU" refers to million British Thermal Units; "GJ" refers to gigajoule; and "BOE" refers to barrels of oil equivalent. Disclosure provided herein in respect of a BOE may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 MCF: 1 bbl is based on an energy conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Numerical Amounts

The reporting and the functional currency of the Company is the Canadian dollar.

The TSX does not accept responsibility for the accuracy of this release.

¹ 2022 volumes expected to be comprised of 7,320 bbl/d light and medium crude oil, 1,320 bbl/d NGLs and 29,200 mcf/d of conventional natural gas based on a midpoint of 13,500 BOE/d.

² "Funds Flow", "Free Funds Flow", "Net Debt" and "Net Debt to Twelve-Month Trailing Cash Flow Ratio" are not recognized measures under IFRS. See "Cautionary Statements" below.

SOURCE Bonterra Energy Corp.

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