

Bonterra Energy Announces Third Quarter 2024 Results

Bonterra Achieves Record Production and Realizes Early Success in the Charlie Lake and Montney

CALGARY, AB, Nov. 12, 2024 /CNW/ - Bonterra Energy Corp. (TSX: BNE) ("Bonterra" or the "Company") is pleased to announce its financial and operating results for the three and nine month periods ended September 30, 2024. The related unaudited condensed financial statements and notes for the second quarter, as well as management's discussion and analysis ("MD&A"), are available on SEDAR+ at www.sedarplus.ca and on Bonterra's website at www.bonterraenergy.com.

FINANCIAL AND OPERATIONAL HIGHLIGHTS



As at and for the three months ended (\$000s except \$ per share and \$ per BOE)	Three months ended		Nine months ended		
	Sept. 30, 2024	Sept. 30, 2023	Sept. 30, 2024	Sept. 30, 2023	
FINANCIAL					
Revenue - realized oil and gas sales	69,204	84,909	210,258	237,778	
Funds flow ⁽¹⁾	30,066	42,722	88,568	106,863	
Per share - basic	0.81	1.15	2.37	2.87	
Per share - diluted	0.81	1.14	2.37	2.86	
Cash flow from operations	31,531	37,715	86,365	95,587	
Per share – basic	0.84	1.01	2.32	2.57	
Per share – diluted	0.84	1.01	2.31	2.56	
Net earnings	4,258	13,486	12,416	29,970	
Per share - basic	0.11	0.36	0.33	0.81	
Per share - diluted	0.11	0.36	0.33	0.80	
Capital expenditures	24,095	36,130	78,638	112,469	
Oil and gas property acquisition ⁽²⁾	-	-	24,234	-	
Total assets			982,256	955,484	
Net debt ⁽³⁾			168,278	172,489	
Bank debt			41,871	26,613	
Shareholders' equity			542,344	512,479	
OPERATIONS					
Light oil	-bbl per day	6,775	7,177	6,656	7,176
	-average price (\$ per bbl)	94.30	104.32	95.09	97.77
NGLs	-bbl per day	1,538	1,410	1,475	1,272
	-average price (\$ per bbl)	47.44	49.19	46.24	49.08
Conventional natural gas	-MCF per day	42,039	34,241	38,730	32,669
	-average price (\$ per MCF)	0.96	3.06	1.71	3.27
Total barrels of oil equivalent per day (BOE) ⁽⁴⁾		15,320	13,031	14,586	13,893

(1) Funds flow, while not recognized under IFRS®, is used by management to assess the Company's ability

to generate cash from operations. For these purposes, the Company defines funds flow as funds provided by operations including proceeds from sale of investments and investment income received excluding the effects of changes in non-cash working capital items and decommissioning expenditures settled.

- (2) On March 1, 2024, the Company acquired the Charlie Lake Assets for cash consideration of \$23.6 million and \$0.3 million in non-core mineral rights, including closing adjustments. The Charlie Lake Assets have been accounted for as an asset acquisition, which resulted in an increase of \$24.2 million in PP&E and the assumption of \$0.3 million in decommissioning liabilities.
- (3) Net debt is not a recognized measure under IFRS. The Company defines net debt as current liabilities less current assets plus long-term bank debt, subordinated debentures and subordinated term debt.
- (4) 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.

FINANCIAL & OPERATING HIGHLIGHTS

- **Production** averaged 15,320 BOE per day in Q3 of 2024, a new record for Bonterra and eight percent higher than the previous quarter, supported by the volume brought online from its new Montney well tied-in in Q2 of 2024 and two new Charlie Lake wells tied-in in Q3 2024. The Company is pleased to upwardly revise its 2024 annual guidance range with average production between 14,600 to 14,800 BOE per day¹, from the 13,800 to 14,200 BOE per day previously announced.
- **Funds flow**² totaled \$30.1 million (\$0.81 per fully diluted share) in Q3 of 2024, four percent lower than the \$31.5 million (\$0.84 per fully diluted share) generated in Q2 of 2024, reflecting lower realized oil and gas sales of \$69.2 million from a decrease in crude oil and natural gas prices over the previous quarter.
- **Field netbacks**² averaged \$26.25 per BOE in Q3 of 2024, while cash netbacks averaged \$21.33 per BOE in the period, falling due to a 12 percent quarter-over-quarter decrease in the Company's realized commodity prices.
- **Production costs** averaged \$16.04 per BOE in Q3 of 2024, three percent lower than Q3 of 2023, which was achieved primarily due to an increase in production levels, a decrease in power rates, and a decrease in water handling costs through optimization of Montney infrastructure which was realized late in the third quarter, partially offset by an increase in well workovers and facility turnarounds.
- **Capital expenditures** for the nine months ended September 30, 2024, was \$78.6 million (September 30, 2023 - \$112.5 million). Of the total capital invested, \$55.5 million was directed to the drilling of 19 gross (17.9 net) operated wells and the completion, equip and tie-in of 21 gross (19.7 net) operated wells, of which four gross (3.6 net) of those wells were drilled in Q4 2023. The remaining two gross (1.7 net) operated wells were placed on production in the fourth quarter of 2024. An additional \$23.1 million was spent primarily on related land and lease, infrastructure, recompletions and drilling a water disposal well. For the year, Bonterra expects to be at the upper end of its 2024 capital expenditure guidance between \$90 million to \$100 million.
- **Successfully completed** and placed two (1.8 net) 2.0 mile Charlie Lake wells on production in Q3 of 2024 and drilled two (1.7 net) additional 2.5 mile Charlie Lake wells in Q3 of 2024, which are planned to be completed, equipped, tied-in and placed on production in October 2024. The Charlie Lake Asset Acquisition provides a portfolio of high-quality future drilling locations and reserves, establishing a new core operating play for the Company.
- **Net debt**² totaled \$168.3 million at quarter-end, a three percent decrease from Q2 of 2024, and \$4.2 million lower than in Q3 of 2024 as compared to Q3 of 2023, primarily due to a 30 percent reduction in capital expenditures in the first nine months of 2024 as compared to 2023, which was partially offset

by a \$23.6 million cash consideration for the Charlie Lake Asset Acquisition and a decrease in commodity prices. The Company intends to continue its focus on net debt reduction and has hedged over 30 percent of its forecasted oil and natural gas production over the next nine months to protect cash flow over this period.

¹ 2024 revised annual average volumes are anticipated to be comprised of approximately 6,700 bbl/d light and medium crude oil, 1,500 bbl/d NGLs and 39,000 mcf/d of conventional natural gas based on a midpoint of 14,700 BOE/d.

² Non-IFRS measure. See advisories later in this press release.

THIRD QUARTER 2024 PERFORMANCE

Bonterra continued pursuing the profitable development of its high-quality, light oil-weighted asset base in Q3 of 2024. The Company remains focused on enhancing its long-term financial position in support of the goal of progressing towards implementing a sustainable shareholder returns-based business model supported by modest production growth. Accordingly, production during the quarter averaged a record 15,320 BOE per day, which was eight percent higher than the same period in 2023. This growth reflects the combination of a successful 2024 capital program and incremental volumes from reallocation of drilling capital towards the more capital efficient Charlie Lake and Montney plays.

The Company's production costs came in at \$16.04 per BOE for the quarter, which were achieved primarily due to an increase in production levels, a decrease in power rates, and a decrease in water handling costs through optimization of Montney infrastructure which was realized late in the third quarter as compared to the same period a year ago.

Lower commodity pricing, partially offset by lower costs drove Bonterra's field and cash netbacks¹ in Q3 2024 to average \$26.25 and \$21.33 per BOE, respectively. The Company's funds flow totaled \$30.1 million (\$0.81 per fully diluted share) and net earnings remained positive at \$4.3 million, or \$0.11 per diluted share. Bonterra has continued to demonstrate full-cycle profitability with Q3 2024 representing the 14th consecutive period of positive net earnings.

Improving Net Debt Level

Net debt at the end of the third quarter totaled \$168.3 million, \$4.2 million lower than the third quarter of 2023 due largely to a 30 percent decrease in capital spending in the first nine months of 2024, partially offset by a draw on the bank line to fund the Charlie Lake acquisition for cash.

As at September 30, 2024, the Company has a total bank facility of \$110.0 million, comprised of a \$85.0 million syndicated revolving credit facility and a \$25.0 million non-syndicated revolving facility. The amount drawn under the total bank facility at September 30, 2024 was \$41.9 million (December 31, 2023 - \$14.8 million).

Steady Cardium Development and Encouraging Results in the Charlie Lake and Montney

During the nine months ended September 30, 2024, the Company incurred capital expenditures of \$78.6 million (September 30, 2023 - \$112.5 million). Of the total capital invested, \$55.5 million was directed to the drilling of 19 gross (17.9 net) operated wells and the completion, equip and tie-in of 21 gross (19.7 net) operated wells, of which four gross (3.6 net) of those wells were drilled in Q4 2023. The remaining two gross (1.7 net) operated wells were placed on production in the fourth quarter of 2024. An additional \$23.1 million

was spent primarily on related land and lease, infrastructure, recompletions and drilling a water disposal well.

Charlie Lake

As part of the Company's capital expenditures, Bonterra accelerated the four-well development drilling program in the Charlie Lake, spudding the first (the "5-20 well") and second (the "13-17 well") wells in June 2024. Both wells were placed on production in July 2024, and post clean up delivered average 30-day rates per well of 640 BOEs per day of raw wellhead production, including 345 barrels per day of light crude oil. The third (the "4-31 well") and the fourth (the "13-30 well") wells were spud on August 18th and September 3rd, respectively and were both completed, equipped and tied-in after the third quarter. By the end of October 2024, the Company has drilled, completed, equipped and tied-in 4 gross (3.6 net) wells in the Charlie Lake, all of which were drilled and completed on budget and are exceeding internal expectations.

The early productivity from these new wells has exceeded current gathering infrastructure capacity, resulting in production restrictions area wide. The Company is currently working to optimize area infrastructure and is expecting to resume unrestricted operations early in Q1 2025.

Montney

Bonterra's Montney asset is located north of Grand Prairie, Alberta (Valhalla), on a contiguous 51 sections (32,640 acres) of land with 100 percent working interest. During Q2 2024, the Company's first exploratory Montney well (the "4-3 well") was tied-into Bonterra's wholly owned, 2-16 battery and was brought on production through a third-party gas plant. The 4-3 well is performing at or above expectations. Since the beginning of August 2024, with recent optimization efforts, the 4-3 well is producing approximately 700 BOE per day, including approximately 205 barrels per day of light crude oil, 2.6 mmcf per day of conventional natural gas and 65 barrels per day of natural gas liquids. The second Montney well (the "4-28 well") was drilled, completed, equipped and tied-in in late October of 2024. The 4-28 well was completed with tighter frac spacing, increased total tonnage and was put on test recently. Once the 4-28 well is through its clean up phase in Q4 2024, both wells are expected to be flowing unrestricted through new compression at the 2-16 battery.

¹ Non-IFRS measure. See advisories later in this press release.

Mandatory Decommissioning Liability Spend Requirements Exceeded

Bonterra will continue to prioritize responsible environmental initiatives, including a targeted abandonment and reclamation program. During 2024, the Company anticipates having abandoned 26.2 net wells, 2.0 net facilities, and 36.0 net pipelines (covering a total length of 43.9 kilometers of pipeline), will have decommissioned 231.8 net well sites in preparation for future reclamation, and 16.0 net well sites will have been reclaimed. The Company estimates it will have invested approximately \$7.0 million in decommissioning liabilities for 2024, exceeding its mandatory spend requirements under the Alberta Energy Regulator's Liability Management Program.

Risk Management to Protect Cash Flow

As part of the Company's ongoing efforts to diversify commodity pricing and to protect future cash flows, it has executed physical delivery sales and risk management contracts to the end of 2024 on approximately 30 percent of its expected crude oil production and natural gas production. For the next nine months, Bonterra has secured a WTI price between \$60.00 USD to \$92.80 USD per barrel on 2,468 barrels per day.

For the period of October 1, 2024, to December 31, 2024, the Company has also secured an average WTI to Edmonton par differential price of \$2.60 USD per barrel on 1,000 barrels of oil per day. In addition, Bonterra has secured natural gas prices between \$1.75 to \$3.30 per GJ on 12,491 GJ per day to the end of June 30, 2025.

OUTLOOK

Bonterra is pleased to upwardly revise its 2024 annual guidance range with average production between 14,600 to 14,800 BOE per day, from the 13,800 to 14,200 BOE per day previously announced. For the year, the Company expects to be at the upper end of its 2024 capital expenditure guidance range between \$90 million to \$100 million.

The Company is uniquely positioned within the junior E&P sector via two, high performing, light oil plays recently added to its portfolio at attractive acquisition costs. Bonterra continues to be economically sustainable, with over 450 identified drilling locations across the Cardium, Charlie Lake and Montney plays. Further, the Company features an improving free funds flow profile that is being driven by stronger capital efficiencies over time.

Bonterra remains sharply focused on the responsible, safe and efficient execution of its business strategy, to develop and optimize the Company's oil-weighted, high-growth and diverse asset portfolio. With the strategic integration of the new and pivotal Charlie Lake and Montney plays, Bonterra believes it is well positioned to deliver sustainable value for stakeholders and generate robust free funds flow. Further, we remain committed to capital efficient production increases, ongoing debt repayment and ultimately, to implement our shareholder returns strategy.

About Bonterra

Bonterra Energy Corp. is a conventional oil and gas corporation forging a grounded path forward for Canadian energy. Operations include a large, concentrated land position in Alberta's Pembina Cardium, one of Canada's largest oil plays. Bonterra's liquids-weighted Cardium production provides a foundation for implementing a return of capital strategy over time, which is focused on generating long-term, sustainable growth and value creation for shareholders. Emerging Charlie Lake and Montney resource plays are expected to provide enhanced optionality and an expanded potential development runway for the future. Our shares are listed on the Toronto Stock Exchange under the symbol "BNE" and we invite stakeholders to follow us on [LinkedIn](#) and [X](#) (formerly [Twitter](#)) for ongoing updates and developments.

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", "field netback" and "cash netback" 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 term debt, subordinated debentures and bank debt plus working capital deficiency (current liabilities less current assets). Field netback is defined as revenue and realized risk management contract gain (loss) minus royalties and operating expenses divided by total BOEs for the period. EBITDA is defined as net earnings excluding deferred consideration, finance costs, provision for current and deferred taxes, depletion and depreciation, share-option compensation, gain or loss on sale of assets and unrealized gain or loss on risk management contracts. Net debt to EBITDA ratio is defined as net debt at the end of the period divided by EBITDA 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: estimated production; cash flow sensitivity to commodity price variables; earnings sensitivity to interest rates; abandonment and reclamation activities and targets; expected cash provided by continuing operations; return of capital strategy; 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; maintenance of existing customer, supplier and partner relationships; supply channels; accounting policies; 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 may limit growth or operations within the oil and gas industry; the impact of climate-related financial disclosures on financial results; the ability of the Company to raise capital, maintain its syndicated bank facility and refinance indebtedness upon maturity; 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; credit risks; climate change risks; cyber security; opportunities available to or pursued by us; and other factors, many of which are beyond our control. The foregoing factors are not exhaustive.

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 therefrom. 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.

SOURCE Bonterra Energy Corp.

For further information: For further information please contact: Bonterra Energy Corp., Patrick Oliver, President & CEO; Scott Johnston, CFO, Brad Curtis, Senior VP, Business Development; Telephone: (403) 262-5307, Fax: (403) 265-7488, Email: info@bonterraenergy.com

<https://bonterraenergy.mediaroom.com/2024-11-12-Bonterra-Energy-Announces-Third-Quarter-2024-Results>