

## Bonterra Energy Announces Fourth Quarter and Year End 2023 Results Highlighted by Responsible Production Growth with Continued Balance Sheet Strengthening

CALGARY, AB, March 7, 2024 /CNW/ – Bonterra Energy Corp. (TSX: BNE) (“Bonterra” or the “Company”) is pleased to announce its financial and operating results for the fourth quarter and year ended December 31, 2023. The related financial statements and notes, as well as management’s discussion and analysis (“MD&A”) along with the annual information form (“AIF”), all for the period ended December 31, 2023, are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on Bonterra’s website at [www.bonterraenergy.com](http://www.bonterraenergy.com).

### FINANCIAL AND OPERATIONAL HIGHLIGHTS

As at and for the year ended (\$000s except \$ per share)	<b>December 31, 2023</b>	December 31, 2022	December 31, 2021	
<b>FINANCIAL</b>				
Revenue – realized oil and gas sales	<b>319,517</b>	384,197	251,616	
Funds flow <sup>(1)</sup>	<b>147,305</b>	185,583	104,843	
Per share – basic	<b>3.96</b>	5.16	3.11	
Per share – diluted	<b>3.95</b>	4.98	3.02	
Cash flow from operations	<b>140,183</b>	183,553	96,103	
Per share – basic	<b>3.77</b>	5.10	2.85	
Per share – diluted	<b>3.76</b>	4.92	2.76	
Net earnings <sup>(2)</sup>	<b>44,943</b>	79,023	179,299	
Per share – basic	<b>1.21</b>	2.20	5.32	
Per share – diluted	<b>1.20</b>	2.12	5.16	
Capital expenditures	<b>126,478</b>	79,769	67,282	
Total assets	<b>967,870</b>	919,682	945,721	
Net debt <sup>(3)</sup>	<b>140,400</b>	149,831	267,179	
Bank debt	<b>14,822</b>	17,601	162,945	
Shareholders’ equity	<b>528,258</b>	479,839	392,019	
<b>OPERATIONS</b>				
Light oil	-bbl per day	<b>7,209</b>	7,095	7,204
	-average price (\$ per bbl)	<b>97.58</b>	113.93	74.53
NGLs	-bbl per day	<b>1,359</b>	1,141	1,013
	-average price (\$ per bbl)	<b>48.80</b>	66.00	43.86
Conventional natural gas	-MCF per day	<b>33,814</b>	31,023	27,176
	-average price (\$ per MCF)	<b>3.12</b>	5.44	3.97
Total barrels of oil equivalent per day (BOE) <sup>(4)</sup>		<b>14,204</b>	13,407	12,747

<sup>(1)</sup> Funds flow is not a recognized measure under IFRS. 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.

<sup>(2)</sup> The Company recorded a \$203,197,000 impairment reversal on its Alberta CGU’s oil and gas assets less \$47,149,000 deferred income tax expense in Q2 2021, due to the recovery of crude oil forward benchmark prices from the impact of COVID-19 in 2020.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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** in 2023 averaged 14,204 BOE per day, six percent higher than in 2022, while fourth quarter volumes averaged 15,128 BOE per day, 16 percent above the same period last year, reflecting Bonterra's efficient deployment of capital, high-quality asset base and the outperformance of new wells brought onstream in 2023.
- **Funds flow**<sup>1</sup> totaled \$147.3 million (\$3.95 per fully diluted share) in 2023, while funds flow<sup>1</sup> in Q4 2023 totaled \$40.4 million (\$1.08 per fully diluted share).
- **Free funds flow**<sup>1</sup>, defined as funds flow<sup>1</sup> net of development capital and decommissioning expenditures settled, was \$12.5 million in 2023 and \$22.4 million in Q4 2023, and was directed primarily to reducing net debt, helping further advance the Company's goal of reinstating a sustainable return of capital framework.
- **Net earnings** in 2023 demonstrated full cycle profitability, totaling \$44.9 million (\$1.20 per diluted share), while in Q4 2023, net earnings totaled \$15.0 million (\$0.40 per diluted share).
- **Field netbacks**<sup>1</sup> averaged \$37.01 per BOE in 2023 and \$35.85 per BOE in Q4 2023, while cash netbacks averaged \$28.42 per BOE in 2023 and \$29.06 per BOE in Q4 2023, with both reflecting lower commodity prices in 2023 compared to the prior year, partially offset by gains on realized risk management contracts, and lower per unit production and royalty costs.
- **Production costs** declined by 17 percent in Q4 2023 over Q4 2022, averaging approximately \$13.37 per BOE in Q4 2023, while annual average production costs were eight percent lower than 2022 at \$16.02 per BOE, reflecting Bonterra's continued focus on cost control, operational enhancements and facility upgrades.
- **Capital expenditures** totaled \$126.5 million during 2023, and \$14.0 million in Q4 2023, including the drilling and completion of an unbudgeted exploratory Montney well, described below.
  - \$91.6 million of 2023 capital was directed to drilling 41 gross (39.2 net) operated wells, bringing 37 gross (35.6 net) wells onto production following their completion, equip and tie-in;
  - \$31.2 million was directed to related infrastructure, recompletions and non-operated capital, including the first exploration Montney well, as detailed further below; and
  - \$3.7 million was directed to the expansion of a wholly owned gas plant to alleviate processing capacity limitations.
- **Net debt**<sup>1</sup> totaled \$140.4 million at year-end, representing a six percent decline from

the end of 2022 and a significant 47 percent decline from year end 2021. Bank debt decreased by 16 percent over 2022 to total \$14.8 million at year-end 2023, reflecting the positive impact on free funds flow from increased production and an ongoing focus on cost reductions.

- **Responsible operations** throughout 2023 remained a priority for Bonterra, with \$9.1 million invested in abandonment and reclamation activities, higher than the anticipated \$5 to \$6 million. The Company is pleased to confirm completion of its third Sustainability Report which is now available on Bonterra's website.
- **Established a complementary new core area** in Charlie Lake subsequent to year-end, as outlined in the Company's March 4, 2024 press release, with an agreement to acquire 79 net sections of land in Bonanza, Alberta that is prospective for light oil (the "Acquisition").

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<sup>1</sup> Non-IFRS measure. See advisories later in this press release.

## **YEAR IN REVIEW**

Bonterra's successful 2023 drilling and completions program drove strong production volumes, which averaged 14,204 BOE per day in 2023, exceeding the upper end of the Company's previously announced annual guidance range of 13,500 to 13,700 BOE per day and increasing six percent over 2022. In the fourth quarter, production averaged a record 15,128 BOE per day, increasing 16 percent over Q4 2022 without any contribution from the Montney well, supported by a full quarter of production from 12 gross (11.8 net) operated wells that were drilled in Q3 2023.

Net debt declined to \$140.4 million at December 31, 2023, a reduction of six percent or \$9.4 million from year-end 2022, while bank debt declined 16 percent to \$14.8 million at quarter-end, a \$2.8 million decrease over the prior year. Relative to year end 2021, the Company has successfully reduced net debt by 47 percent, showcasing Bonterra's ability to generate free funds flow and to focus on strengthening the balance sheet in order to continue supporting the future implementation of a return of capital model.

### ***Revenue, Netbacks and Funds Flow***

The Company's higher value light oil and liquids production represented 88 percent of the Company's total realized oil and gas sales in 2023, helping offset downward pricing pressure from persistent global supply and demand imbalances for natural gas throughout the year. When combined with gains on risk management contracts resulting from the Company's hedging program, Bonterra's strategic production profile generated average field and cash netbacks<sup>1</sup> of \$37.01 and \$28.12 per BOE, respectively, driving total funds flow<sup>1</sup> of \$147.3 million (\$3.95 per fully diluted share) and free funds flow<sup>1</sup> of \$12.5 million in 2023. Bonterra

also continued to post positive net earnings with \$44.9 million (\$1.20 per diluted share) generated in the year.

### ***Efficient Capital Program***

Bonterra executed a highly successful capital program in 2023 that was largely directed to the continued development of its high-quality, light oil weighted asset base, with annual capital expenditures totaling \$126.5 million, and \$91.6 million being directed to drilling 41 gross (39.2 net) operated wells and having 37 gross (35.6 net) operated wells completed, equipped, tied-in and placed on production. The remaining four gross (3.6 net) operated wells were placed on production in the first quarter of 2024.

In addition to drilling and completions, Bonterra's 2023 capital program also invested in strategic infrastructure development, recompletions, and non-operated capital, including the successful expansion of a wholly-owned gas plant to alleviate processing capacity limitations, upgrading equipment to drive down per unit production costs, and the drilling of a Bonterra's first exploration Montney well, as detailed further below.

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<sup>1</sup> Non-IFRS measure. See advisories later in this press release.

### **CHARLIE LAKE ACQUISITION**

Subsequent to year end, Bonterra established a new core area in the Charlie Lake fairway, one of North America's top decile oil plays. As previously announced, the Acquisition involves the addition of 79 net sections of land in Bonanza, Alberta which are prospective for light oil and are expected to yield substantial growth opportunities while supporting the Company's continued focus on free funds flow generation. The Acquisition, including 330 BOE per day of production, is highly complementary to Bonterra's existing 37 net sections of Charlie Lake land, and results in 116 net sections of contiguous land in the light oil prone Charlie Lake.

Charlie Lake production is anticipated to reach production of 6,000 BOE per day by 2026 that can be maintained over the long-term, while also maintaining its leverage metrics that support efforts to implement a return of capital framework.

See the Company's press release dated March 4, 2024 for additional details, including information on the Acquisition's strategic rationale and Bonterra's plans for development and growth in the area.

### ***Testing of First Montney Test Well***

In the fourth quarter of 2023, Bonterra achieved a significant milestone with the completion of its first Montney test well at 04-03-074-6W6, drilled under budget, which expands the Company's potential drilling inventory. The Company has since successfully negotiated a

processing agreement and secured natural gas egress through third party infrastructure, with expectations of flowing the Montney well in the second quarter of 2024. This positive development positions Bonterra to consider drilling a second well from the same pad in order to further derisk the Company's land block while also holding its acreage. The results of Bonterra's first Montney well support continued testing and delineation in the area, though the Company intends to take a measured approach to align the pace of development with available egress.

Bonterra's Montney land base, situated north of Grand Prairie, Alberta (Valhalla), features a contiguous 45 sections (28,880 acres) of land with 100 percent working interest. The positive Montney well results to date indicate the potential for an expanded development runway for the future and ensures optionality for shareholders.

### ***Ongoing Abandonment and Reclamation***

The Company continued to responsibly pursue abandonment and reclamation efforts in 2023, having leveraged support from the Alberta Site Rehabilitation Program ("SRP"), which concluded in Q2 2023. The Company abandoned 84.1 net wells and 155 pipelines throughout the year, representing a total pipe length of 135.7 kilometers. By year-end 2024, approximately 75 percent of all wells previously identified as having no further economic potential are expected to be successfully abandoned.

## **OUTLOOK**

Subsequent to year-end 2023, the Company has remained focused on executing its 2024 capital program, having drilled seven gross operated (6.5 net) wells to date, which are expected to be completed, equipped and placed on production by the end of the Q1 2024, along with four gross operated (3.6 net) wells that were drilled in Q4 2023. With the addition of the Charlie Lake asset, the Company's previous focus on M&A activity will be re-directed to the efficient deployment of capital and ongoing operational execution to optimally develop the expanded inventory within Bonterra's three core areas.

### ***Return Of Capital Strategy***

Bonterra remains committed to prioritizing responsible free funds flow<sup>2</sup> generation in 2024 which can be directed towards further balance sheet strengthening, achieving modest production growth, or the implementation of a return of capital model. Should low commodity prices persist, the Company intends to prioritize the continued management of the balance sheet and maintaining ongoing financial discipline.

### ***Enhanced Stability Through Risk Management***

In order to protect future cash flows, diversify the Company's commodity price exposure and

add stability during periods of market volatility, hedges have been layered on approximately 30 percent of Bonterra's expected crude oil and natural gas production through Q3 2024. Through the next nine months, Bonterra has secured the following risk management contracts:

- WTI prices between \$50.00 USD to \$93.75 USD per bbl on approximately 2,133 bbls per day; and
- Natural gas prices between \$1.81 to \$3.56 per GJ on approximately 13,662 GJ per day.

Bonterra remains committed to executing its focused business strategy, and responsibly developing its high-quality, oil-weighted asset base. The Company believes that it is strategically positioned to deliver long-term value to stakeholders and achieve sustainable profitability, strengthened by its recent core area addition which adds considerable value and development runway to Bonterra's existing portfolio.

## **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. An emerging Montney exploration opportunity is 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](http://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; cash dividends; 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.