

Bonterra Energy Corp. Announces First Quarter 2021 Results

CALGARY, AB, May 11, 2021 /CNW/ – Bonterra Energy Corp. (www.bonterraenergy.com) (TSX: BNE) (“Bonterra” or the “Company”) today announces its operating and financial results for the three month period ended March 31, 2021. The related unaudited condensed financial statements and notes, as well as management’s discussion and analysis (“MD&A”), are available on SEDAR at www.sedar.com and on Bonterra’s website at www.bonterraenergy.com.

HIGHLIGHTS

As at and for the three months ended (\$000s except \$ per share)		March 31, 2021	December 31, 2020	March 31, 2020
FINANCIAL				
Revenue – realized oil and gas sales		48,794	31,761	38,555
Funds flow ⁽¹⁾		16,592	2,668	14,670
Per share – basic and diluted		0.50	0.08	0.44
Dividend payout ratio		0%	0%	7%
Cash flow from operations		14,745	(1,199)	22,473
Per share – basic and diluted		0.44	(0.04)	0.67
Dividend payout ratio		0%	0%	4%
Cash dividends per share		0.00	0.00	0.03
Net loss ⁽²⁾		(1,684)	(11,071)	(284,653)
Per share – basic and diluted		(0.05)	(0.33)	(8.53)
Capital expenditures		23,461	19,064	21,741
Total assets		748,543	731,859	743,533
Net debt ⁽³⁾		328,506	315,573	300,688
Bank debt		238,865	252,255	260,919
Shareholders' equity		195,393	196,633	218,211
OPERATIONS				
Light oil	-bbl per day	6,834	5,371	7,058
	-average price (\$ per bbl)	61.76	47.16	49.67
NGLs	-bbl per day	1,025	960	999
	-average price (\$ per bbl)	35.60	24.78	19.21
Conventional natural gas	-MCF per day	24,301	22,560	23,864
	-average price (\$ per MCF)	3.44	3.02	2.26
Total barrels of oil equivalent per day (BOE) ⁽⁴⁾		11,909	10,091	12,034

⁽¹⁾ 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.

- (2) In the first quarter of 2020 the Company recorded a \$331,678,000 impairment provision less a \$54,107,000 deferred income tax recovery related to its Alberta CGU's oil and gas assets for the COVID-19 effect on the forward benchmark prices for crude oil.
- (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 and subordinated 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.

Q1 2021 FINANCIAL & OPERATING SNAPSHOT

- Production averaged 11,909 BOE per day in Q1 2021, 18 percent higher than the preceding quarter, reflecting a successful drilling program that re-commenced in the fourth quarter of 2020, along with the reactivation of wells that had been voluntarily shut-in due to low commodity prices.
- Realized oil and gas sales totaled \$48.8 million in Q1 2021, a 54 percent increase over Q4 2020 and 27 percent higher than Q1 2020, due primarily to significantly improved realized commodity pricing and increased production volumes compared to Q4 2020.
- Generated funds flow¹ of \$16.6 million in the quarter (\$0.50 per share), a 522 percent increase over the preceding quarter, and 13 percent higher than Q1 2020.
- Capital expenditures totaled \$23.5 million in Q1 2021, with \$19.3 million directed to the drilling of 13 gross (12.9 net) wells and the completion, equip and tie-in of 14 gross (13.8 net) wells, four of which were drilled in 2020. Three of the 13 wells drilled in Q1 were placed on production in early Q2 2021. The balance of the capital was allocated primarily to related infrastructure and recompletions.
- Drilling, completion and equipping costs in the first quarter averaged \$1.4 million per well, representing a 32 percent decrease from Q1 2020.
- Continued to focus on incremental operating cost savings across the organization, with Q1 2021 per unit production costs declining to \$15.60 per BOE, representing a ten percent decrease from Q4 2020 and a two percent decrease from Q1 2020.
- Field netbacks¹ averaged \$24.56 per BOE in Q1 2021, a 73 percent and 34 percent increase over Q4 2020 and Q1 2020, respectively, reflecting significantly higher revenue and lower per unit production costs, offset by a realized loss on risk management contracts and increased per unit royalty expenses in the period.
- Net debt¹ totaled \$328.5 million as at March 31, 2021, a \$12.9 million increase from year-end, reflecting the impact of a more active capital program that is designed to return production to pre-COVID-19 levels.
- In keeping with good governance practices, Bonterra recently made changes to its Board of Directors (the "Board"), appointing Mr. D. Michael G. Stewart to the Board and then to Board Chair, assuming the role from Mr. George Fink. The Company also confirmed that Mr. Randy Jarock will not stand for re-election at Bonterra's upcoming

annual and special meeting of shareholders to be held on May 20, 2021.

QUARTER IN REVIEW

Bonterra benefitted from strengthening commodity prices in Q1 2021 as stability returned to markets following extreme volatility throughout 2020. With a successful drilling and completions program for Q1 2021, the Company has started 2021 positioned for success. During the first three months of 2021, Bonterra strategically grew production volumes into a higher commodity price environment, resulting in higher sales revenue and funds flow and reduced per unit costs.

Production averaged 11,909 BOE per day¹ for the first three months of 2021, an increase of 18 percent over Q4 2020 and in-line with Q1 2020, as execution of the Company's 2021 capital program continued, which is designed to enable Bonterra to meet or exceed pre-COVID-19 production volumes. Higher average production was paired with reduced operating costs of \$15.60 per BOE, driving cost decreases of 10 percent relative to Q4 2020 and two percent from Q1 2020. As the majority of the production from new wells drilled and completed during Q1 2021 averaged only 35 days on production, Bonterra anticipates greater benefit from these wells will be realized in its second quarter results.

¹ "Funds Flow", "Field Netback" and "Net Debt" are not recognized measures under IFRS. See "Cautionary Statements" below.

The Company invested \$23.5 million in capital expenditures during Q1 2021, representing approximately 36 percent of the lower end of its annual capital budget, with \$19.3 million directed to the drilling of 13 gross (12.9 net) wells and the completion, equip and tie-in of 14 gross (13.8 net) wells, of which four of the completed and equipped wells were drilled in 2020. Three of the 13 wells drilled in Q1 2021 were placed on production in early Q2 2021. Relative to Q1 2020, Bonterra reduced drilling, completion and equipping costs in Q1 2021 by approximately 32 percent, supporting robust capital efficiencies. The balance of the capital in the quarter was spent primarily on related infrastructure and recompletions.

In addition to undertaking new drilling activity in the quarter, Bonterra also remained committed to efficiently manage decommissioning liabilities and has entered into the province of Alberta's Area-Based Closure ("ABC") program to reduce abandonment and reclamation costs and liabilities. During the first three months of 2021, the Company successfully abandoned 84.0 net wells supported by the Alberta Site Rehabilitation Program ("SRP"), and anticipates abandoning a further 223.8 net wells through the balance of 2021 and 2022, representing approximately 60 percent of Bonterra's total inactive wells.

Shortly before the end of the quarter, Obsidian Energy Ltd. ("Obsidian") confirmed that they would not proceed with their hostile bid, and allowed the extended expiry date to lapse. As

the hostile bid was unsuccessful, any Bonterra shares that had been tendered will be promptly returned to the respective Bonterra shareholders. The Company appreciates the ongoing support and feedback received from shareholders through the process.

OUTLOOK

Bonterra is pleased to reiterate its previously issued guidance, including plans to maintain a fully-funded capital program between \$65 and \$75 million targeting high rate-of-return, low-risk light oil opportunities. Based on this capital program, the Company expects 2021 annual production to average between 12,800 to 13,200 BOE per day², an increase of approximately 30 percent over Q4 2020. Exit production for Q1 2021 was approximately 12,800 BOE per day³, signaling the accomplishment of Bonterra's goal to restore production to pre-COVID-19 levels, and positioning the Company to benefit from rising commodity prices and a lean cost structure, both of which are contributing factors to higher funds flow.

Building on its existing risk management program, and as part of Bonterra's ongoing efforts to diversify commodity pricing and to protect future cash flows, the Company has put in place physical delivery sales and risk management contracts, details of which are included in Note 12 to the financial statements. For the remainder of 2021, Bonterra has secured a WTI price between \$36.00 USD to \$50.50 USD per bbl on 2,500 bbls per day, with a WTI to Edmonton par differential average of \$7.18 on 2,250 bbls per day. For the first quarter of 2022, Bonterra has secured a WTI price between \$48.00 and \$68.50 USD per bbl on 2,250 bbls per day, with a WTI to Edmonton par differential average of \$5.00 on 250 bbls per day. In addition, the Company has secured an average natural gas price of \$2.55 on 7,638 GJ per day through the end of Q1 2022. Overall, risk management contracts are in place for approximately 30 percent of Bonterra's anticipated crude oil and natural gas production until the end of Q1 2022.

² 2021 annual forecast volumes comprised of 7,050 to 7,400 bbl/d light and medium crude oil, 1,390 to 1,400 bbl/d NGLs and 26,100 to 26,500 mcf/d conventional natural gas.

³ Exit March 2021 volumes comprised of 7,510 bbl/d light and medium crude oil, 1,160 bbl/d NGLs and 24,750 mcf/d of conventional natural gas.

Bonterra believes the Company is well positioned to continue pursuing profitable development of its high-quality, light oil weighted asset base. The Company plans to drive strong and sustainable free cash flow, supported by its 2021 capital expenditure program and growing production into a higher commodity price environment, and is proud of its established track record of thriving regardless of market conditions. Bonterra will continue to prioritize good environmental, social and governance ("ESG") initiatives, including being a positive and meaningful contributor to the economic success of the communities where it operates in central Alberta, employing local services and upholding stringent safety measures to ensure the health and well-being of its employees, contractors and partners.

ANNUAL & SPECIAL SHAREHOLDER MEETING WEBCAST

Bonterra's 2021 Annual and Special Meeting of Shareholders (the "Meeting") will be held virtually via live audio webcast, online at <https://web.lumiagm.com/278270761>, on Thursday, on May 20, 2021 at 10:00am Calgary time. In light of the ongoing public health concerns related to COVID-19 and in order to comply with the measures imposed by the federal and provincial governments, the Corporation is holding the Meeting as a virtual (by electronic means) shareholder meeting only. Although shareholders will not be able to attend the Meeting in person, registered shareholders and duly appointed proxyholders will be able to attend, participate and vote at the Meeting online at <https://web.lumiagm.com/278270761>. Shareholders who do not hold shares in their own name ("Beneficial Shareholders"), will be able to attend the meeting as a guest, but not be able to participate or vote at the Meeting, unless they take steps to appoint themselves as a proxyholder.

Bonterra has provided a detailed page on its website located at the following link: <https://www.bonterraenergy.com/investors/reporting-calendar> where shareholders may find information on how to submit questions during the Meeting, helpful tips for dealing with technical concerns or issues with the platform during the Meeting and contact information to reach out to Bonterra after the Meeting with general questions or comments.

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.

Use of Non-IFRS Financial Measures

Throughout this release the Company uses the terms "funds flow", "free funds flow", "net debt" and "field 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 excluding effects of

changes in non-cash working capital items and commissioning 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 current liabilities less current assets plus long-term bank debt and subordinated debt. Field netback is defined as revenue minus royalties, operating expenses and transportation expenses.

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; cash dividends; 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; 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; 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” refers to Alberta Energy Company, a grade or heating content of natural gas used as benchmark pricing 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.

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