

Bonterra Energy Corp. Continues to Recommend Shareholders Reject the Hostile Bid and Provides Operational Update

CALGARY, AB, Dec. 22, 2020 /CNW/ – Bonterra Energy Corp. (www.bonterraenergy.com) (TSX: BNE) (“Bonterra” or the “Company”) today acknowledges amendments to the unsolicited offer from Obsidian Energy Ltd. (“Obsidian”) to purchase all of the issued and outstanding common shares of Bonterra (the “Hostile Bid”) and continues to recommend that Bonterra Shareholders **take no action**, and **REJECT** the Hostile Bid by **NOT TENDERING** their shares.

Obsidian’s Hostile Bid has proven to be unsuccessful, with Bonterra shareholders overwhelmingly advising they will not tender their shares. Rather than acknowledge the views of Bonterra shareholders and withdraw the Hostile Bid, Obsidian has instead chosen to extend the tender date of the Hostile Bid from January 4th to January 25th, 2021. In addition, Obsidian has reduced the minimum number of outstanding Bonterra shares that must be tendered to complete the Hostile Bid from the customary 66 2/3 percent down to over 50 percent. This change indicates that Obsidian does not expect the higher tender condition will be achieved due to the lack of Bonterra shareholder support of the Hostile Bid.

Meanwhile, Obsidian has not addressed its ability to obtain the third-party consents and approvals required to complete the Hostile Bid, including the consent of each of Obsidian’s and Bonterra’s lenders. In addition, the rationale of the Hostile Bid is highly dependent on the achievement of significant synergies and cost savings which remain uncertain, and Obsidian’s significantly higher asset retirement obligations remain and will leave Bonterra shareholders a disproportionately higher allocation of future abandonment liabilities.

Bonterra’s position regarding the Hostile Bid has not changed and the Company intends to provide a more fulsome response following careful review of Obsidian’s Notice of Extension, Variation and Change which was filed today with Canadian securities regulators. Details on Bonterra’s response to the filed documents will be made available on the Company’s website at www.bonterraenergy.com.

Operational Update

Following the receipt of \$45 million of lending commitment from the Business Development Bank of Canada (“BDC”) to fund a development drilling program and \$38.4 million from Export Development Canada (“EDC”) to reduce existing lenders commitments, Bonterra has continued to successfully execute its go-forward strategic plan, which includes a target to grow production in 2021 by more than 30 percent and return average annual production to pre-COVID levels of approximately 13,000 BOE per day. Bonterra was one of the first Canadian energy producers to qualify and be approved for both the EDC and BDC government support programs, a condition of which is financial viability.

Bonterra is pleased to confirm the successful and efficient execution of its Q3 – Q4 2020 capital budget, which has, and will continue to be, funded in part by the BDC commitment. Under this capital program, 15.8 net wells have been drilled and 13.0 net wells completed, which positions Bonterra to enter 2021 with an inventory of 3.8 net drilled but uncompleted wells (“DUCs”). Significant efficiencies have been captured in Bonterra’s recent capital program, with per well costs averaging \$1.4 million, representing a 33 percent improvement relative to average well costs in 2019. The Company intends to resume its 2021 capital program in early January 2021.

Under Alberta’s Site Rehabilitation Program (“SRP”), Bonterra has successfully abandoned a further 68 net wells during Q3-Q4 2020, building on the 45 net wells abandoned by the Company in Q1 2020. As Bonterra continues to execute under the SRP through 2021, a further 191 net wells are forecast to be abandoned. Bonterra expects to reduce its inactive well count by approximately 60 percent over the next two years under current approvals. With the combination of BDC and SRP funding, Bonterra has established a strong position to enhance its financial flexibility while remaining focused on shareholder value creation.

Shareholder Questions

Shareholders with questions are encouraged to call Bonterra’s information agent, Laurel Hill Advisory Group at 1-877-452-7184 (+1-416-304-0211 outside North America) or email assistance@laurelhill.com.

About Bonterra

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”.

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: credit commitments pursuant to the EDC, BDC and SRP programs and the anticipated amount and terms of funding that will become available to the Company pursuant to such programs; the Company’s spending commitments under the ABC program; the Company’s inactive well count; the Company’s strategic plan and drilling

program; expectations regarding production growth, production volumes, capital expenditures, operating costs and general and administrative costs; business strategy and outlook; expansion and growth of our business and operations; 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: risks and uncertainties relating to the satisfaction of all conditions relating to the availability of funding pursuant to government programs; 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 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.

Oil and Gas Information

“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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