

Bonterra Energy Corp. Continues to Recommend Shareholders Reject the Hostile Bid by Taking No Action

- Bonterra shareholders continue to advise the Company they will not tender their shares
- Bonterra is better positioned as a stand-alone entity
- Shareholders need to take no action to **REJECT** the offer

CALGARY, AB, Jan. 20, 2021 /CNW/ - Bonterra Energy Corp. (www.bonterraenergy.com) (TSX: BNE) ("Bonterra" or the "Company") and its Board of Directors reiterates its recommendation that shareholders reject Obsidian Energy Ltd.'s ("Obsidian") conditional unsolicited bid to acquire all of the issued and outstanding common shares of Bonterra in exchange for shares of Obsidian (the "Hostile Bid") and continues to strongly recommend that Bonterra shareholders **take no action** and **REJECT** the Hostile Bid by **NOT TENDERING** their shares.

- Bonterra remains focused on generating strong, sustainable, free funds flow which can be directed to debt reduction and capital spending.
- Bonterra's strategic plan as a stand-alone entity is expected to grow production by approximately 30 percent, returning the average annual production to pre-COVID levels of 13,000 BOE per day¹ in 2021.
- Bonterra's bank syndicate supports the Company's current plan and has extended the maturity date of its senior credit facility to the end of 2021 at the current borrowing base.
- The strong commitment of \$45 million from the Business Development Bank of Canada ("BDC") strengthens Bonterra's liquidity profile and provides options and funding for development drilling and abandonment programs designed to enhance value for shareholders.
- Bonterra is dedicated to responsible corporate practices and the environment, and through a combination of the Site Rehabilitation Program ("SRP") and other provincial programs, it is expected that the Company could successfully reduce its inactive well count by approximately 60 percent over the next two years under current approvals.
- Through its longstanding history, Bonterra has the assets and the people in place to continue pursuing profitable development of its high-quality, Cardium light oil asset base to continue generating long-term net asset value growth as the economy recovers from the COVID-19 pandemic.

To date, Obsidian's Hostile Bid has proven to be unsuccessful, with Bonterra shareholders overwhelmingly advising they will not tender their shares. The Hostile Bid was recently amended to extend the expiry and reduce the minimum number of outstanding Bonterra

shares that must be tendered, for its completion, from the customary 66 2/3 percent down to 50 percent. This change indicates that Obsidian does not expect that the higher tender condition can be achieved.

Consistent with the rationale outlined within its Directors' Circular dated October 5, 2020 and referenced in the letters mailed to shareholders and filed on SEDAR, Bonterra's Board strongly advises that Bonterra shareholders **REJECT** the Hostile Bid and **TAKE NO ACTION**.

- Bonterra achieved many milestones in 2020, including: material cost savings and efficiencies, funding secured through BDC and SRP and a lending backstop from Export Development Canada. The Hostile Bid does not attribute any value to these milestones or the potential future success of Bonterra's actions to increase shareholder value.
- 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, exposing Bonterra shareholders to an uncertain financing plan and a potential capital structure that could result in future dilution to Bonterra Shareholders.
- Obsidian's lending syndicate only granted an extension of its credit facility to January 29, 2021, a negative signal given the short period of the extension.
- Obsidian's significantly higher asset retirement obligations and significant debt levels will leave Bonterra shareholders a disproportionately higher allocation of future abandonment liabilities and long term debt.
- Obsidian and its U.S. activist investor-led management team have not demonstrated a track record of creating shareholder value or the ability to create a "Cardium Champion".
 - Obsidian has a history of senior executive resignations and changes, with eight executive resignations or changes, including three different Chief Financial Officers and three different Chief Executive Officers, since January 2017.
- The rationale of the Hostile Bid is highly dependent on the achievement of significant synergies and cost savings which remain uncertain and unsubstantiated by Obsidian.

For more information, the Company's recent shareholder letters, Directors' Circular and other relevant materials are available for review on the Company's website at www.bonterraenergy.com or on SEDAR at <https://www.sedar.com/>.

The Bonterra Board UNANIMOUSLY recommends that Shareholders REJECT the Hostile Bid by taking no action - DO NOT TENDER your Shares.

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: expectations regarding the effect of the Hostile Bid, the lack of Bonterra shareholder support for the Hostile Bid and the Hostile Bid being unlikely to proceed; expectations regarding production growth and production volumes; expectations regarding Bonterra's inactive well count; 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.

SOURCE Bonterra Energy Corp.