



NEWS RELEASE

Bonterra Energy Corp. Announces Second Quarter 2018 Financial and Operational Results

August 8, 2018 | CALGARY, ALBERTA - Bonterra Energy Corp. (www.bonterraenergy.com) (TSX: BNE) ("Bonterra" or the "Company") is pleased to announce its operating and financial results as at and for the three and six months ended June 30, 2018. 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 periods ended (\$ 000s except for \$ per share and \$ per BOE)	Three months ended		Six months ended		
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	
FINANCIAL					
Revenue - realized oil and gas sales	67,458	52,695	124,583	102,025	
Funds flow ⁽¹⁾	37,642	28,508	65,601	53,751	
Per share - basic and diluted	1.13	0.86	1.97	1.61	
Dividend payout ratio	27%	35%	30%	37%	
Cash flow from operations	31,908	27,370	61,785	51,910	
Per share - basic and diluted	0.96	0.82	1.85	1.56	
Dividend payout ratio	31%	37%	32%	38%	
Cash dividends per share	0.30	0.30	0.60	0.60	
Net earnings (loss)	8,925	2,978	12,320	3,453	
Per share - basic and diluted	0.27	0.09	0.37	0.10	
Capital expenditures, net of dispositions	18,970	19,416	55,138	49,545	
Total assets			1,147,501	1,173,936	
Working capital deficiency			27,069	29,759	
Long-term debt			303,413	341,070	
Shareholders' equity			503,979	529,844	
OPERATIONS					
Oil	-barrels per day	8,743	8,287	8,391	7,912
	-average price (\$ per barrel)	76.51	58.27	72.35	59.39
NGLs	-barrels per day	984	843	942	828
	-average price (\$ per barrel)	43.69	27.48	41.32	29.19
Natural gas	- MCF per day	25,317	24,138	25,011	23,196
	- average price (\$ per MCF)	1.16	3.03	1.69	3.00
Total barrels of oil equivalent per day (BOE) ⁽²⁾		13,946	13,153	13,501	12,606

⁽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⁾ 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.

During the second quarter of 2018, Bonterra continued to focus on the development of its high quality, light oil weighted assets focused in Alberta's Pembina Cardium area and achieved production of 13,946 BOE per day representing one of the Company's strongest quarters in over four years. The vastly improved oil and natural gas liquids ("NGLs") price environment that prevailed through the first half of the year, combined with the higher production volumes, contributed to strong quarterly funds flow of \$37.6 million (\$1.13 per share). This enabled Bonterra to reduce net debt, maintain a dividend and invest capital into its attractive asset base. During the first six months of 2018, the Company drilled 20 gross (19.9 net) wells, of which 18 gross (17.9 net) wells were completed, tied-in and placed on production.

Q2 2018 Highlights

- Generated funds flow of \$37.6 million, or \$1.13 per share, compared to \$28.5 million in Q2 2017, or \$0.86 per share;
- Paid out \$0.30 per share in cash dividends to shareholders in the second quarter, representing a dividend payout ratio of 27 percent of funds flow;
- Averaged 13,946 BOE per day of production, six percent higher than 13,153 BOE per day in Q2 2017, and seven percent higher than Q1 2018;
- Achieved a cash netback of \$30.06 per BOE compared to \$23.84 per BOE in Q2 2017;
- Realized an average crude oil price of \$76.51 per barrel and an average overall product price of \$53.15 per BOE in Q2 2018, representing increases of 31 and 21 percent, respectively, compared to Q2 2017;
- Invested approximately \$19 million in capital expenditures, representing approximately 25 percent of the Company's \$75 million capital budget for the year. The majority of Bonterra's remaining 2018 capital budget is expected to be spent in the third quarter;
- Drilled 20 gross (19.9 net) wells during the first six months of 2018, of which 18 gross (17.9 net) wells were completed, tied-in and placed on production. The remaining two wells were brought on production in July 2018 and will contribute to Q3 volumes;
- Reduced production costs to \$13.01 per BOE, compared to \$14.49 per BOE in Q1 2018, a level that is more in line with historical production costs;
- Reduced net debt, which at the end of Q2 2018 was \$330.5 million, \$8.1 million lower than Q1 2018 and \$40.3 million less than the end of Q2 2017; and
- Recorded net earnings of \$8.9 million compared to net earnings of \$3.0 million for Q2 2017.

The Company posted a strong quarter both financially and operationally, and generated funds flow that exceeded capital spending and dividend payments, thereby allowing the Company to continue to reduce net debt, with capital spending of approximately \$19.0 million compared to funds flow of \$37.6 million. Approximately 94 percent of the Company's revenue in Q2 2018 was weighted towards higher value crude oil and NGLs. As demonstrated by its Q2 2018 financial results, Bonterra offers significant torque to the upside in a rising and stable oil price environment. The Company also recorded positive second quarter net earnings of \$8.9 million compared to \$3.0 million in the same period in 2017. The increase in net earnings was primarily due to increased commodity prices for oil and NGLs coupled with stronger production volumes.

For many years, Bonterra has successfully stood out among peers by remaining a low-cost producer with a low production decline rate of approximately 22 percent, significant exposure to the Pembina Cardium pool, and a sizeable inventory of low-risk, highly economic undrilled locations. During the second quarter, Bonterra succeeded in bringing all-in cash costs back to levels that are consistent with prior history, averaging \$23.09 per BOE in Q2

2018 compared to \$24.82 per BOE in the prior quarter. Field netbacks in the second quarter increased significantly to \$34.69 per BOE from \$28.70 per BOE in Q2 2017 and \$29.22 per BOE in Q1 2018. Bonterra's net debt to funds flow ratio has also declined to approximately 2.2 times based on annualized Q2 2018, which is in-line with the guided range of 2.1 to 2.5 times by year end 2018, and down from 3.0 times in Q1 2018.

Q3 and 2018 Outlook

Bonterra will continue to pursue a sustainable growth strategy focused on exercising financial discipline to reduce debt, delivering on operational efficiencies and managing a stable dividend to create strong returns for shareholders. Bonterra's drilling and completions activities through the first quarter positioned the Company well in the second quarter to produce record high volumes and take advantage of strong realized oil and liquids pricing.

With a continued focus on governance, Bonterra's Board of Directors is pleased to announce the addition of Mr. Dan Reuter, Managing Director of Oberndorf Enterprises, to Bonterra's Board. Oberndorf Enterprises is a San Francisco-based private fund, currently holding a significant 12 percent investment in Bonterra. As a shareholder representative, Mr. Reuter brings a wealth of knowledge regarding capital allocation and corporate governance and will significantly contribute to overall corporate strategy and direction while offering valuable insights into U.S. institutional shareholder perspectives. Bonterra is pleased to welcome Mr. Reuter to the Board.

As a result of the Company's strong performance in the second quarter, Bonterra remains on target to meet annual production guidance of 13,200 to 13,500 BOE per day with a net debt to funds flow target range between 2.1 to 2.5 times at year end 2018. Production for the third quarter will be impacted by a major plant turnaround that occurred in July and restricted volumes for close to seven days. Regardless, given the Company's strong first half 2018 results, full year guidance remains intact with Bonterra tracking to achieve production near the high end of forecasts. Bonterra's long-term model of sustainable growth plus dividend continues to be a focus with a future view towards a measured approach to dividend increases with a sustained recovery in the oil price environment.

Bonterra Energy Corp. is a conventional oil and gas corporation with operations in Alberta, Saskatchewan and British Columbia. The shares are listed on The Toronto Stock Exchange under the symbol "BNE".

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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 "payout ratio" 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 calculates payout ratio by dividing cash dividends paid to shareholders by cash flow from operating activities, both of which are measures prescribed by IFRS which appear on our statements of cash flows. We

calculate cash netback by dividing various financial statement items as determined by IFRS by total production for the period on a barrel of oil equivalent basis.

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 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; 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.