Bonterra Energy Corp.

NEWS RELEASE

Bonterra Energy Corp. Announces First Quarter 2017 Financial and Operational Results

May 10, 2017 | CALGARY, ALBERTA - Bonterra Energy Corp. (www.bonterraenergy.com) (TSX: BNE) ("Bonterra" or "the Company") is pleased to announce its operating and financial results for the three month period ended March 31, 2017. The related unaudited condensed financial statements and notes, as well as management's discussion and analysis (MD&A), are available on the System for Electronic Document Analysis and Retrieval (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, 2017**	December 31, 2016	March 31, 2016
FINANCIAL				
Revenue - realized oil and gas sales		**49,330**	48,967	33,510
Funds flow [1]		**25,243**	26,658	16,372
Per share - basic		**0.76**	0.80	0.49
Per share - diluted		**0.76**	0.80	0.49
Dividend payout ratio		**40%**	37%	61%
Cash flow from operations		**24,540**	31,537	11,146
Per share - basic		**0.74**	0.94	0.34
Per share - diluted		**0.73**	0.94	0.34
Dividend payout ratio		**41%**	32%	89%
Cash dividends per share		**0.30**	0.30	0.30
Net earnings (loss)		**475**	(1,168)	(11,555)
Per share - basic and diluted		**0.01**	(0.03)	(0.35)
Capital expenditures, net of disposition		**30,129**	12,270	1,683
Total assets		**1,156,398**	1,147,834	1,174,141
Working Capital deficiency		**39,483**	24,921	13,115
Long-term debt		**330,118**	329,204	345,118
Shareholders' equity		**535,742**	543,824	575,925
OPERATIONS				
Oil	-bbl per day	**7,533**	7,467	8,325
	-average price ($ per bbl)	**60.63**	58.02	37.33
NGLs	-bbl per day	**813**	911	845
	-average price ($ per bbl)	**31.00**	26.64	14.72
Natural gas	-MCF per day	**22,243**	22,540	22,274
	-average price ($ per MCF)	**2.97**	3.32	2.02
Total barrels of oil equivalent per day (BOE) [2]		**12,053**	12,134	12,882

(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 first quarter, Bonterra continued to focus on the development of its high quality, oil-weighted assets in the Pembina Cardium in Alberta. The Company benefitted from a stronger commodity price environment compared to the same quarter in 2016 and the previous quarter, but the stronger pricing in the quarter led to increased demand for completion services across the industry. This tight supply-demand balance for services caused some delays in the execution of Bonterra's first quarter capital program, leading to production coming on-stream in the second quarter despite the majority of the capital being incurred in the first quarter. As a result, the Company's first quarter production averaged 12,053 BOE per day, slightly below budget of 12,500 BOE per day, but has increased in the month of April to average approximately 13,100 BOE per day following the completion of 11 wells throughout April 2017.

Q1 2017 Highlights

- Generated funds flow of $25.2 million, or $0.76 per share, compared to $16.4 million in Q1 2016, or $0.49 per share, mainly due to significantly higher commodity prices year over year;
- Paid out $0.30 per share in cash dividends to shareholders in the first quarter, resulting in a payout ratio of 40 percent of funds flow;
- Averaged 12,053 BOE per day of production during the quarter, four percent lower than budgeted for the period and six percent lower than Q1 2016 production due to challenges with scheduling completion services during a high-demand period;
- Invested $30 million in capital during the first quarter directed to drilling 13 gross (11.5 net) operated wells and completing and tying-in five gross (3.7 net) wells, of which three wells were drilled in 2016, but not completed until 2017. The remaining 11 (9.6 net) operated wells were completed and brought on production in April, contributing to average current production for the month of April of approximately 13,100 BOE per day;
- Continued to focus on being a low-cost producer in the face of on inflationary pressure due to rising industry activity:
    - Achieved all in corporate costs (including royalties, production, general and administrative and interest) of $22.20 per BOE, one of the lowest in the sector;
    - Production costs increased to $13.48 per BOE in Q1 2017 from $10.89 per BOE in Q1 2016 and $12.12 per BOE in the previous quarter due to delays tying-in new production volumes until the second quarter of 2017; and
- Completed Bonterra's annual borrowing base review in April 2017, which resulted in a renewal of its credit facilities at $380 million with no change to terms or conditions.

Bonterra's results for the first quarter of 2017 were impacted by timing issues that resulted in certain capital expenditures being incurred during the first quarter, but no corresponding production volumes until the second quarter. As such, the Company's production volumes in the first quarter averaged below budget solely related to delays and scheduling challenges with the completion service providers. The impact of this timing difference is clearly demonstrated by Bonterra's current average production for the month of April of approximately 13,100 BOE per day, within annual guidance, following the completion and tie-in of 11 wells in the second quarter that were originally scheduled for the first quarter. Given Bonterra's concentrated infrastructure in the Pembina field, the Company was able to complete wells in April during periods of spring road bans while operators situated in less accessible areas could not. An additional six wells will also be drilled and completed throughout the remainder of Q2 2017. By timing its more easily accessible drilling locations with spring break up and aggregating completions activities, Bonterra faces less demand for pumping services, and can secure these services while saving on costs typically associated with moving equipment and crews.

During the first three months of 2017, WTI averaged US $51.87 per barrel, a 55 percent increase over the same period in 2016, and over five percent higher than the previous quarter. As a result of this price improvement, Bonterra's funds flow increased in the first quarter, but uncertainty about future potential policies out of the U.S., coupled with the increase in industry activity has raised concerns about growing supply and benchmark oil prices have weakened in the second quarter of 2017. The Company will continue to monitor WTI prices and, given the flexibility in its capital budget, can respond accordingly to upward or downward movements in price.

The Company will continue to assess its dividend and capital expenditures on a quarterly basis, seeking to reduce its net debt to acceptable levels. Subsequent to the end of the quarter, the Company completed its annual banking review and its syndicate reaffirmed the credit facilities at $380 million, leaving terms and conditions unchanged. The term loan revolves to April 30, 2018 with a maturity date of April 30, 2019. Bonterra is maintaining its commitment to debt reduction to achieve a level that is less than 2.5 times funds flow during low commodity prices and less than 1.5 times funds flow when oil prices are higher than US $60 West Texas Intermediate (WTI) with a realized price for natural gas of CDN $3.50 per MCF.

Outlook

Bonterra's drilling and completions spending in the first quarter positioned the Company to maintain its current production levels through 2017 supported by highly economical, low-risk drilling locations. The Company will continue to pursue a sustainable growth strategy focused on operational efficiencies, while exercising financial discipline to reduce debt, manage its dividend and deliver optimal returns for shareholders across a variety of commodity price levels.

Given recent volatility in commodity prices into the second quarter of 2017, the Company will maintain its practice of reviewing capital spending and dividend levels and adjusting capital spending as needed to preserve value should prices decline further. Bonterra continues to maintain its full year 2017 production guidance range between 13,000 and 13,500 BOE per day based on capital spending of approximately $70 million, which was designed to achieve five percent production growth, while maintaining a balance between funds flow and capital spending plus dividends, assuming US $55 WTI, AECO $3.10 per MCF and CDN/US dollar foreign exchange rate of $0.74. Based on these assumptions, Bonterra forecasts annual funds flow of approximately $145 million, which would generate an estimated $35 million in free cash flow for debt repayment assuming a monthly dividend of $0.10 per share, or up to $50 million assuming an incremental $15 million from other sources, mainly option exercises.

Bonterra is a low-cost producer featuring a low production decline rate, significant exposure to the massive Pembina Cardium pool, and a large inventory of low-risk, highly economic undrilled locations. The Company's sustainable growth plus dividend model contributes to stable production and funds flow in a muted commodity price environment, with significant torque to the upside in a rising oil price environment. The future for Bonterra remains positive and the Company will continue to manage the business conservatively for the benefit of shareholders.

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: “bbl” refers to barrel, “NGL” refers to Natural gas liquids, “MCF” refers to thousand cubic feet 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.