

CALGARY, ALBERTA--(Marketwired - Sep 6, 2016) - [Bonavista Energy Corp.](#) (TSX:BNP) ("Bonavista" or the "Company") is pleased to announce that it has entered into an agreement to acquire certain liquids rich natural gas weighted properties (the "Acquired Assets") located within its Deep Basin and West Central Alberta core regions in exchange for properties within its non-core region located in northeastern British Columbia (the "Divested Assets"). This asset exchange has an effective date of January 1, 2016 and is expected to close in the first week of October, 2016. There are no cash proceeds involved in the asset exchange and the completion of the transaction is subject to customary regulatory approvals and other conditions.

#### TRANSACTION HIGHLIGHTS:

The asset exchange is consistent with Bonavista's strategy to concentrate its portfolio in the Deep Basin and West Central core regions where we have identified capital efficient, scalable development opportunities while establishing a low cost operating structure. Collectively, this concentration strategy has enabled profitable development in this low commodity price environment. The Acquired Assets include access to approximately 330 sections of mineral rights located adjacent to Bonavista's existing land position in these areas. These assets include 252 (172.8 net) identified horizontal drilling opportunities with exposure to formations such as the Wilrich, Notikewin, Glauconite, Bluesky, Ellerslie and Cardium. In April, 2016, production from the Acquired Assets was 7,700 boe per day (69% natural gas) with a moderate annual decline of 19%. Current production is estimated at 7,200 boe per day.

The Divested Assets are located in the Blueberry area of northeast British Columbia. In April, 2016, production from the Divested Assets was 500 boe per day (79% natural gas).

TD Securities Inc. acted as exclusive financial advisor to Bonavista on the transaction.

To view the maps (West Central Region and Deep Basin Region) accompanying this press release, click on the following link: <http://media3.marketwire.com/docs/Bona96.jpg>

#### TRANSACTION BENEFITS TO BONAIVISTA:

- Enhances our presence in four key plays we are currently developing with the addition of producing and prospective land in the Wilrich, Notikewin, Glauconite and Bluesky formations. Approximately 149 (104.1 net) horizontal locations have been identified on the Acquired Assets in these four economically competitive formations.
- Proximity of the Acquired Assets to existing Bonavista operations will result in approximately \$8 million of capital expenditures in 2016 allocated to enhance operating efficiencies by optimizing production and consolidating infrastructure. These expenditures are forecast to reduce operating expenses on the Acquired Assets by 25% in 2017 when compared to 2016.
- Offers immediate development opportunities with plans to allocate \$30 to 35 million of capital spending to complement our core 2017 drilling program. This activity when combined with our optimization efforts is expected to increase the average annual production of the Acquired Assets to 8,500 boe per day in 2017. Based upon forward commodity prices at August 23, 2016, we expect to generate approximately \$38 million of net operating income from these assets in 2017.
- Based upon our prior production and funds from operations guidance, the additional funds from operations generated in 2016 from the Acquired Assets will result in a net debt to funds from operations ratio of approximately 2.9:1 (fourth quarter 2016 annualized) using forward commodity pricing as at August 23, 2016.

#### RESERVES:

	Natural gas (Bcf)	Oil and Natural gas liquids (mbbls)	Total (mboe)
<b>ACQUIRED BY BONAIVISTA</b>			
Proved Producing <sup>(1,2,3)</sup>	76.7	5,438	18,268
Total proved <sup>(1,2,3)</sup>	128.8	10,179	31,638
Total proved plus probable <sup>(1,2,3)</sup>	166.3	12,974	40,695
<b>DIVESTED BY BONAIVISTA</b>			
Proved Producing <sup>(1,2,3)</sup>	4.7	458	1,241
Total proved <sup>(1,2,3)</sup>	12.1	1,540	3,557
Total proved plus probable <sup>(1,2,3)</sup>	39.7	4,517	11,134

#### Notes:

(1) Reserves are working interest reserves prior to the deduction of royalties.

(2) Reserve estimates are based on our internal evaluation effective August 8, 2016 and were prepared by a qualified reserve evaluator in accordance with NI 51-101 and the COGE Handbook.

(3) The estimates of reserves for individual properties may not reflect the same confidence level as estimates of reserves for all properties, due to the effects of aggregation.

#### OUTLOOK:

This asset exchange significantly concentrates our portfolio in our Deep Basin and West Central core regions. In addition, it strengthens our current inventory of low cost, profitable drilling opportunities by 252 (172.8 net) locations bringing our total corporate inventory in our key plays to 1,416 (1,120.9 net) locations in our key plays. This equates to approximately 15 years of profitable drilling opportunities at anticipated 2017 drilling levels. Ultimately, the synergies created by the proximity of the Acquired Assets to our existing operations will lead to continued improvements in both capital and operating efficiencies and reliable development opportunities for many years to come.

## FORWARD-LOOKING STATEMENTS

Except for the historical and present factual information contained herein, the matters set forth in this news release, including words such as "expects", "projects", "plans" and similar expressions, are forward-looking information that represent management's internal projections, expectations or beliefs concerning, among other things, our future strategy, plans and focus. In addition, this news release contains forward-looking information relating to the expected closing date of the asset exchange, anticipated opportunities in our Deep Basin and West Central core regions; the multi-zone potential, decline rate and drilling inventory associated with the Acquired Assets; planned 2016 capital expenditures on the Acquired Assets and the anticipated results therefrom including reduced operating costs, 2017 average annual production, 2017 net operating income and anticipated future funds from operations and expected 2017 drilling levels, and the effect of the transaction on our future operations and financial results including our net debt to funds from operations ratio and improved capital and operating efficiencies. In addition, statements relating to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources and reserves described can be profitably produced in the future.

The forward-looking statements contained in this news release are based on certain assumptions, which management considers reasonable, and include, among others, that the asset exchange will be completed, substantially on terms and within the timeframe described herein; commodity prices and royalty regimes; exchange rates; future production rates; future operating costs; performance of existing and future wells; reserve and resource volumes; anticipated timing and results of capital expenditures; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; conditions in general economic and financial markets; the availability and cost of financing, labour and services; the impact of increasing competition; ability to market oil and natural gas successfully; access to capital; availability of drilling and related equipment; and effects of regulation by governmental agencies.

The forward-looking statements contained in this news release necessarily involve known and unknown risks and uncertainties, which may cause our actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, failure to complete the asset exchange, on the terms and within the timeframe described herein or at all, the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, changes in environmental tax and royalty legislation, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility, and our ability to access sufficient capital from internal and external sources. Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that could affect our operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)).

Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements.

These forward-looking statements are made as of the date of this news release and we disclaim any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

This news release also contains future-oriented financial information and financial outlook information (collectively, "FOFI") about our future net operating income, net debt to funds from operations ratio and the components thereof, all of which are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. FOFI contained in this news release was made as of the date of this news release and was provided for the purpose of providing further information about our future business operations. We disclaim any intention or obligation to update or revise any FOFI contained in this news release, whether as a result of new information, future events, or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this news release should not be used for purposes other than for which it is disclosed herein.

## BOE ADVISORY

We have adopted the standard of 6 Mcf:1 bbl when converting natural gas to oil and 1 bbl:6 Mcf when converting oil to natural gas. Boe and Mcfe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 bbl or a Mcfe conversion of 1 bbl:6 Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

## DRILLING LOCATIONS

This news release discloses drilling locations in three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. Proved locations and probable locations on the Acquired Assets are based on our internal evaluation prepared by a qualified reserves evaluator in accordance with NI 51-101 and the COGE Handbook effective August 8, 2016 and proved locations and probable locations on the remaining drilling locations are derived from our most recent independent reserves evaluation as prepared by GLJ as of December 31, 2015 and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates based on our prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves. Of the 1,416 (1,120.9 net) drilling locations identified herein, 313 (245.3 net) are booked locations. Unbooked locations have been identified by management as an estimation of our multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that we will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves or production. The drilling locations on which we actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While a certain number of the unbooked drilling locations have been derisked by drilling existing wells in relative close proximity to such unbooked drilling locations, some of our other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves or production.

## NON-IFRS MEASUREMENTS

This news release contains non-IFRS measurements which do not have a standardized meaning prescribed by IFRS and therefore may not be comparable with the calculation of similar measures for other entities. These measures have been described and presented in this news release in order to provide shareholders and potential investors with additional information regarding our liquidity and ability to generate funds to finance our operations.

Management uses "funds from operations" and the "ratio of net debt to funds from operations" to analyze operating performance and leverage. Funds from operations as presented is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash flow from operating activities, net income or other measures of financial performance calculated in accordance with IFRS. Funds from operations is based on cash flow from operating activities before changes in non-cash working capital, decommissioning expenditures and interest expense. Net debt is equal to bank debt and senior unsecured notes, net of adjusted working capital. Adjusted working capital excludes the current assets and liabilities from financial instrument commodity contracts. The ratio of net debt to funds from operations is calculated by dividing net debt by funds from operations.

Bonavista is a mid-sized energy corporation committed to maintaining its emphasis on owning high quality oil and natural gas properties, capitalizing and operating these properties efficiently and effectively and ensuring financial strength and sustainability.

## Contact

Keith A. MacPhail  
Executive Chairman  
Jason E. Skehar  
President & CEO  
Dean M. Kobelka  
Vice President, Finance & CFO  
[Bonavista Energy Corp.](http://www.bonavistaenergy.com)  
1500, 525 - 8th Avenue SW  
Calgary, AB T2P 1G1  
(403) 213-4300  
[www.bonavistaenergy.com](http://www.bonavistaenergy.com)