Bonterra Energy Corp. Achieves Record Annual Production in 2024 & Provides Operational Update

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Reshaped High Impact Light Oil Asset Portfolio is now Complemented by a Structurally Improved, Stronger and more Resilient Balance Sheet

Bonterra Energy Corp. (TSX: BNE) ("Bonterra" or the "Company") is pleased to announce its financial and operating results for the fourth quarter and year ended December 31, 2024. The related financial statements and notes, as well as management's discussion and analysis along with the annual information form, all for the period ended December 31, 2024, are available on SEDAR+ at www.sedarplus.ca and on Bonterra's website at www.bonterraenergy.com.

2024 FINANCIAL AND OPERATING RESULTS

(1) Non-IFRS measure. See advisories later in this press release.

(2) On March 1, 2024, the Company acquired the Charlie Lake Assets for cash consideration of $23.6 million and $0.3 million in non-core mineral rights, including closing adjustments. The Charlie Lake Assets have been accounted for as an asset acquisition, which resulted in an increase of $24.2 million in PP&E and the assumption of $0.3 million in decommissioning liabilities.

2024 FINANCIAL AND OPERATIONAL HIGHLIGHTS

Production achieved record annual levels in 2024 averaging 14,846 BOE per day, compared to 14,000 BOE per day (midpoint) from original guidance, resulting in approximately five percent growth year over year. Fourth quarter 2024 volumes averaged 15,619 BOE per day, a quarterly production record for the Company.

Funds Flow[1] and Adjusted Free Funds Flow[1] in 2024 totaled $118.7 million ($3.18 per fully diluted share) and $10.5 million ($0.28 per fully diluted share), respectively.

Field and Cash Netbacks[1] in 2024 averaged $28.34 per BOE and $21.84 per BOE, respectively, driven by Bonterra's light oil and NGL weighted production base.

Production costs averaged $16.54 per BOE reflecting an approximate 3% increase in year over year per unit production costs, primarily due to start up activities and early stage third party infrastructure arrangements in the Charlie Lake and Montney plays and a more active year over year well reactivation program.

Capital expenditures in line with original (pre-Charlie Lake Acquisition) guidance totaling $101.1 million which included the capital program associated with the Company's second Montney well (initially unbudgeted) in addition to the integration and execution of the Charlie Lake acquisition and subsequent four gross well capital program:

- $69.1 million of 2024 capital was directed to drilling 20 gross (18.9 net) operated wells, bringing 24 gross (22.7 net) wells onto production following their completion, equip and tie-in; and
- $32.0 million was directed to related infrastructure, recompletions and non-operated capital, including the first disposal well in the Montney play.

Net Debt[1] totaled $167.2 million at year end, representing a 1.2x net debt to EBITDA[1] multiple. Net Debt increased year over year by $26.8 million, primarily due to the funding of the Charlie Lake acquisition.

Reserves Growth across Proved Developed Producing ("PDP"), Total Proved ("TP") and Total Proved plus Probable ("TPP") of five percent, six percent and five percent, respectively, representing production replacement of 130 percent on a PDP basis, 189 percent on a TP basis and 198 percent on a 2P basis. The 2024 Reserves Report underpins a TPP Reserve Life Index[2] of 19.5 years based on 2024 annual average production.

Debt Refinancing completed subsequent to year end. On January 28, 2025, Bonterra closed a private placement offering of $135 million of Senior Secured Second Lien Notes which accomplishes a significant business priority allowing the Company to advance its business plan with a long term, simplified and more flexible debt capital structure in place which includes the Company's revolving first lien credit facility, syndicated by its supportive banking partners, and the new Notes.

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[1] Non-IFRS measure. See advisories later in this press release.

[2] Reserve life index" does not have a standardized meaning. See "Information Regarding Oil and Gas Disclosure" contained in this press release.

OPERATIONS UPDATE

Charlie Lake

Bonterra's Charlie Lake asset is located northwest of Grand Prairie, Alberta (Bonanza), on a contiguous 118 sections of land with two extensive land blocks of 91 and 100 percent working interest.

The Company drilled, completed, tied in and brought on production four gross Charlie Lake wells in 2024 which have exceeded expectations to date. Initial production from the two most recent wells exceeded gathering infrastructure capacity resulting in area wide production restrictions in Q4 2024, however the Company has since been able to resume unrestricted operations as of January 2025. The two most recent wells achieved 30 day peak rates at a combined 1,558 BOE per day, including approximately 390 barrels per day of light crude oil. Current total production from the Charlie Lake asset is approximately 2,100 BOE per day, including approximately 685 barrels per day of light crude oil.

Montney

Bonterra's Montney asset is located directly north of Grand Prairie, Alberta (Valhalla), on a contiguous 52 sections of land with 100 percent working interest.

Bonterra's first Montney well (the "4-3 well") has been flowing unrestricted since November 2024 and is currently producing approximately 575 BOE per day, including approximately 125 barrels per day of light crude oil, 2.2 mmcf per day of conventional natural gas and 85 barrels per day of natural gas liquids. To date, the 4-3 well has cumulatively produced approximately 58,350 barrels of light crude oil, 575 mmcf of conventional natural gas and 19,200 barrels of natural gas liquids over a 13 month period, of which the majority of the producing time in the first ten months was restricted.

The Company is very encouraged with the early results of its second Montney well (the "102/4-28 well"), flowing unrestricted at current rates of approximately 915 BOE per day, including approximately 300 barrels per day of light crude oil, 3.0 mmcf per day of conventional natural gas and 105 barrels per day of natural gas liquids. The 102/4-28 well was completed with a different fracture stimulation design than the 4-3 well and was able to avoid lengthy early time production restrictions that the 4-3 well experienced. To date, over the course of approximately four months, the 102/4-28 well has cumulatively produced 35,800 barrels of light crude oil, 200 mmcf of conventional natural gas and 7,000 barrels of natural gas liquids.

The Company's plan to continue to monitor the progress of production results from the two wells and assess long term egress solutions over the coming quarters before allocating further capital to the Montney play remains unchanged.

2025 OUTLOOK

Bonterra has two drilling rigs operating in Q1 2025, one in the Charlie Lake and one in the Cardium. The Charlie Lake program for Q1 consists of a three well pad north of the Peace River where drilling has been completed. Completion and tie in activities are expected to be finished by the end of the first quarter of 2025 with production expected to come online early in the second quarter of 2025. A further three gross Charlie Lake wells are planned to be drilled, completed, equipped and tied-in later in 2025. The Cardium Q1 program has been completed with two new gross wells now flowing inline. The Cardium capital program consists of an additional five gross operated wells to be drilled, completed, equipped and tied-in later in 2025.

Further the Company reaffirms its production and capital guidance for 2025 outlined below:

- Annual average production of 14,600 and 14,800 BOE per day[3], weighted approximately 52 to 54 percent to oil and liquids; and
- Capital expenditure range of $65 million to $75 million.

The 2025 guidance does not include any potential impact of tariffs or trade-related regulations that have been announced by the U.S. and Canada, including the tariffs imposed by the U.S. on Canada effective March 4, 2025. See "Forward-looking information".

Bonterra takes a proactive approach to mitigating risk and adding stability during periods of market volatility. The Company has secured physical delivery sales and risk management contracts for approximately 35% and 40% (net of royalties payable) of its expected crude oil production and natural gas production, respectively, through the next nine months of 2025. The Company has locked in WTI prices between $60.00 USD and $86.35 USD per barrel for 1,995 barrels per day, and natural gas prices between $1.75 and $3.30 per GJ for 17,456 GJ per day.

The Company is uniquely positioned within the junior E&P sector via the recent additions of two, high performing, light oil plays added to its portfolio at attractive acquisition costs. With over 450 identified drilling locations across the Cardium, Charlie Lake and Montney plays, Bonterra is able to generate stronger capital efficiencies that are driving an improving free funds flow profile which will be focused in the near term on debt reduction to ultimately facilitate a return of capital strategy. The Company's enhanced capital structure enables the pursuit of strategic acquisitions in its core operating areas, further enhancing scale, drilling inventory, and cost efficiencies.

[1] Forecasts based on pricing and production assumptions. See "Guidance Summary" below.

[2] Non-IFRS Measure. See "Cautionary Statements" below.

[3] 2025 annual average volumes are anticipated to be comprised of approximately 6,250 bbl/d light and medium crude oil, 1,600 bbl/d NGLs and 41,100 mcf/d of conventional natural gas based on a midpoint of 14,700 BOE/d.

[4] Based on annualized basic weighted average shares outstanding of 37,324,880.

About Bonterra

Bonterra Energy Corp. is a conventional oil and gas corporation forging a grounded path forward for Canadian energy. Operations include a large, concentrated land position in Alberta's Pembina Cardium, one of Canada's largest oil plays. Bonterra's liquids-weighted Cardium production provides a foundation for implementing a return of capital strategy over time, which is focused on generating long-term, sustainable growth and value creation for shareholders. The emerging Charlie Lake and Montney resource plays are expected to provide enhanced optionality and an expanded potential development runway for the future. Our shares are listed on the Toronto Stock Exchange under the symbol "BNE" and we invite stakeholders to follow us on LinkedIn and X (formerly Twitter) for ongoing updates and developments.

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 year ended December 31, 2024. For the full report, please go to www.bonterraenergy.com.

Information Regarding Oil and Gas Disclosure

All amounts in this news release are stated in Canadian dollars unless otherwise specified. Bonterra's oil and gas reserves statement for the year ended December 31, 2024, which includes complete disclosure of its oil and gas reserves and other oil and gas information in accordance with NI 51-101, is contained within its Annual Information Form which is available on Bonterra's SEDAR profile at www.sedarplus.ca or on the Company's website. The recovery and reserve estimates contained herein are estimates only and there is no guarantee that the estimated reserves will be recovered. In relation to the disclosure of estimates for individual properties or subsets thereof, such estimates may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation. The Company's belief that it will establish additional reserves over time with the conversion of probable undeveloped reserves into proved reserves is a forward-looking statement and is based on certain assumptions and is subject to certain risks, as discussed below under the heading "Forward-Looking Information".

This press release contains metrics commonly used in the oil and natural gas industry, such as "reserve life index". Reserve life index is an index reflecting the theoretical production life of a property if the remaining reserves were to be produced out at current production rates. The index is calculated by dividing the reserves in the selected reserve category at a certain date by the annual production for the period. This term does not have a standardized meaning or standardized method of calculation and therefore may not be comparable to similar measures presented by other companies and therefore should not be used to make such comparisons. Oil and gas industry metrics are intended to provide readers with additional information to evaluate the Company's performance, however, such metrics should not be unduly relied upon for investment or other purposes. Management uses these metrics for its own performance measurements and to provide readers with measures to compare Bonterra's performance over time.

Non-IFRS and Other Financial Measures

In this release, the Company refers to certain financial measures 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. This release contains the terms "funds flow", "capital expenditures", "free funds flow", "adjusted free funds flow", "net debt", "net debt to EBITDA ratio", "field netback" and "cash netback" to analyze operating performance. Non-IFRS and other financial measures within this release may refer to forward-looking Non-IFRS and other financial measures and are calculated consistently with the three months and year ended December 31, 2024 reconciliations as outlined below.

Funds Flow

Funds flow is cash flow from operating activities including proceeds from sale of investments and investment income received excluding effects of changes in non-cash working capital items and decommissioning expenditures settled. Management considers funds flow from operations to be a key measure to assess the Company's management of capital. Funds flow is an indicator as to whether adjustments are necessary to the level of capital expenditures. For example, in periods where funds flow from operations is negatively impacted by reduced commodity pricing, capital expenditures may need to be reduced or curtailed to preserve the Company's capital. Management believes that by excluding the impact of changes in non-cash working capital, decommissioning expenditures, adjusting for interest expense in the period, and including investment income received and proceeds on sale of investments funds flow from operations provides a useful measure of Bonterra's ability to generate the funds necessary to manage the capital needs of the Company.

Capital Expenditures

Management utilizes capital expenditures to measure total cash capital expenditures incurred in the period.

Capital expenditures represent exploration and evaluation and property, plant and equipment expenditures in the statement of cash flows in the Company's annual audited financial statements as follows:

Free Funds Flow

Management utilizes free funds flow to assess the amount of funds available for future capital allocation decisions. It is calculated as funds flow plus proceeds on sale of property less capital expenditures, acquisition and decommissioning expenditures settled from the statement of cash flows.

Adjusted Free Funds Flow

Management utilizes adjusted free funds flow to assess the amount of funds available excluding acquisition expenditures and dispositions. It is calculated as free funds flow plus acquisition expenditure from the statement of cash flows.

Net Debt and Net Debt to EBITDA Ratio

Net debt is defined as current liabilities less current assets plus long-term bank debt, subordinated debentures and subordinated term debt. Net debt to EBITDA ratio is defined as net debt at the end of the period divided by EBITDA for the trailing twelve months. EBITDA is defined as net earnings excluding deferred consideration, finance costs, provision for current and deferred taxes, depletion and depreciation, share-option compensation, gain or loss on sale of assets and unrealized gain or loss on risk management contracts. For more information about net debt or net debt to EBITDA ratio please refer to Note 17 of Bonterra's December 31, 2024 annual audited financial statements.

Field and Cash Netback

Field netback is a non-IFRS financial measure, calculated as oil and gas sales, realized gain (loss) on risk management contracts less royalties and productions costs. Field netback per BOE is a non-IFRS ratio, calculated as field netback divided by total barrels of oil equivalent produced during a specific period of time. There is no comparable measure in accordance with IFRS. This metric is used by management to evaluate the Company's ability to generate cash margin on a unit of production basis.

Cash netback is a non-IFRS financial measure, calculated as field netback, proceeds on sale of investments and other income less office and administration, employee compensation, interest expense and current income taxes. Cash netback per BOE is a non-IFRS ratio, calculated as cash netback divided by total barrels of oil equivalent produced during a specific period of time. There is no comparable measure in accordance with IFRS. This metric is used by management to evaluate the Company's ability to generate cash flow from continuing corporate activities on a unit of production basis.

Field and cash netback are calculated on per unit basis as follows:

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: the Company's 2025 financial and operating guidance relating to production, funds flow, free funds flow, capital expenditures and asset retirement obligations; reserve estimates; exploration and development activities; repayment of indebtedness; the Company's return of capital strategy; 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 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; the impact on the Canadian energy industry of U.S. tariffs, changes to international trade agreements or the potential imposition of tariffs or other protectionist economic policies by the Canadian federal or provincial governments; applicable environmental, taxation and other laws and regulations as well as how such laws and regulations may limit growth or operations within the oil and gas industry; the impact of climate-related financial disclosures on financial results; the ability of the Company to raise capital, maintain its syndicated bank facility and refinance indebtedness upon maturity; 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; credit risks; climate change risks; cyber security; opportunities available to or pursued by us; and other factors, many of which are beyond our control. The foregoing factors are not exhaustive.

In addition, to the extent that any forward-looking information presented herein constitutes future-oriented financial information or financial outlook, as defined by applicable securities legislation, such information has been approved by management of the Company and has been presented to provide management's expectations used for budgeting and planning purposes and for providing clarity with respect to the Company's strategic direction based on the assumptions presented herein and readers are cautioned that this information may not be appropriate for any other purpose.

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.

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" is the benchmark price for natural gas 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.

SOURCE Bonterra Energy Corp.

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