

BONAVISTA ENERGY CORPORATION

Notice of Annual General Meeting of Shareholders to be held on Thursday, May 5, 2011

The annual general meeting of the shareholders of Bonavista Energy Corporation will be held in the McMurray Room of the Calgary Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta on Thursday, May 5, 2011 at 3:00 p.m. (Calgary time) to:

1. receive and consider our consolidated financial statements for the year ended December 31, 2010, together with the report of the auditors;
2. elect 8 directors of Bonavista Energy Corporation;
3. appoint the auditors and to authorize the directors to fix their remuneration as such; and
4. transact such other business as may properly be brought before the meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the meeting are set forth in the information circular - proxy statement accompanying this notice.

If you are unable to attend the meeting in person, we request that you date and sign the enclosed form of proxy and deliver it to Valiant Trust Company, at Suite 600, 750 Cambie Street, Vancouver, British Columbia, V6B 0A2, Attention: Proxy Department, or by fax to (604) 681-3067. In order to be valid and acted upon at the meeting, forms of proxy must be returned to the aforesaid address not less than 48 hours before the time for holding the meeting or any adjournment thereof.

Only shareholders of record at the close of business on March 21, 2011 will be entitled to vote at the meeting, unless that shareholder has transferred any common shares or exchangeable shares subsequent to that date and the transferee shareholder, not later than 10 days before the meeting, establishes ownership of such shares and demands that the transferee's name be included on the list of shareholders entitled to vote at the meeting.

DATED at Calgary, Alberta this 21st day of March, 2011.

By order of the Board of Directors of
Bonavista Energy Corporation

(signed) Grant A. Zawalsky
Corporate Secretary

BONAVISTA ENERGY CORPORATION

Information Circular - Proxy Statement
for the Annual General Meeting to be held on Thursday, May 5, 2011

PROXIES**Solicitation of Proxies**

This information circular - proxy statement is furnished in connection with the solicitation of proxies for use at our annual general meeting to be held on Thursday, May 5, 2011 at 3:00 p.m. (Calgary time), at the McMurray Room of the Calgary Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta on Thursday, and at any adjournment thereof. Forms of proxy must be addressed to and reach Valiant Trust Company, at Suite 600, 750 Cambie Street, Vancouver, British Columbia, V6B 0A2, Attention: Proxy Department, or by fax to (604) 681-3067, not less than 48 hours before the time for holding the meeting or any adjournment thereof. Only shareholders of record at the close of business on March 21, 2011 will be entitled to vote at the meeting, unless that shareholder has transferred any common shares or exchangeable shares subsequent to that date and the transferee shareholder, not later than 10 days before the meeting, establishes ownership of such shares and demands that the transferee's name be included on the list of shareholders entitled to vote at the meeting.

The instrument appointing a proxy must be in writing and must be executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation.

The persons named in the enclosed form of proxy are our officers. **As a shareholder, you have the right to appoint a person or company, who need not be a shareholder, to represent you at the meeting.** To exercise this right you should insert the name of the desired representative in the blank space provided on the form of proxy and strike out the other names or submit another appropriate proxy.

Advice to Beneficial Holders of Common Shares and Exchangeable Shares

The information set forth in this section is of significant importance to you if you do not hold your common shares or exchangeable shares in your own name. Only proxies deposited by shareholders whose names appear on our records as the registered holders of such shares can be recognized and acted upon at the meeting. If shares are listed in your account statement provided by your broker, then in almost all cases those shares will not be registered in your name on our records. Such shares will likely be registered under the name of your broker or an agent of that broker. In Canada, the vast majority of shares are registered under the name of CDS & Co., the registration name for CDS Clearing and Depository Services Inc., which acts as nominees for many Canadian brokerage firms. Shares held by your broker or their nominee can only be voted upon your instructions. Without specific instructions, your broker or their nominee is prohibited from voting your shares. We do not know for whose benefit the shares registered in the name of CDS & Co. are held. The majority of shares held in the United States are registered in the name of Cede & Co., the nominee for the Depository Trust Company, which is the United States equivalent of CDS Clearing and Depository Services Inc.

Applicable regulatory policy requires your broker to seek voting instructions from you in advance of the meeting. Every broker has its own mailing procedures and provides its own return instructions, which you should carefully follow in order to ensure that your shares are voted at the meeting. Often, the form of proxy supplied by your broker is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on your behalf. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications, Canada, which mails a scannable voting instruction form in lieu of the form of proxy. You are asked to complete and return the voting instruction form to them by mail or facsimile. Alternately, you can call their toll-free telephone number or access the internet to vote your shares. They then tabulate the results of all instructions received and provide appropriate instructions respecting the voting of such shares to be represented at the meeting. If you receive a voting instruction

form from Broadridge Investor Communications, Canada it cannot be used as a proxy to vote shares directly at the meeting as the proxy must be returned to them well in advance of the meeting in order to have the shares voted.

Although you may not be recognized directly at the meeting for the purposes of voting shares registered in the name of your broker, you may attend the meeting as a proxyholder for the registered holder and vote your shares in that capacity. If you wish to attend the meeting and vote your own shares, you must do so as proxyholder for the registered holder. To do this, you should enter your own name in the blank space on the form of proxy provided to you and return the document to your broker or the agent of such broker in accordance with the instructions provided by such broker well in advance of the meeting.

Revocability of Proxy

You may revoke your proxy at any time prior to a vote. If you or the person you give your proxy to attends personally at the meeting, you or such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation. To be effective, the instrument in writing must be deposited either at our head office at any time up to and including the last business day before the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of the meeting on the day of the meeting, or any adjournment thereof.

Persons Making the Solicitation

This solicitation is made on behalf of our management. We will bear the costs incurred in the preparation and mailing of the form of proxy, notice of annual general meeting and this information circular – proxy statement. In addition to mailing forms of proxy, proxies may be solicited by personal interviews, or by other means of communication, by our directors, officers and employees who will not be remunerated therefor.

Exercise of Discretion by Proxy

The shares represented by proxy in favour of management nominees will be voted on any matter at the meeting. Where you specify a choice with respect to any matter to be acted upon, the shares will be voted or withheld from voting on any matter in accordance with the specification so made. If you do not provide instructions, your shares will be voted in favour of the matters to be acted upon as set out herein. The persons appointed under the form of proxy which we have furnished are conferred with discretionary authority with respect to amendments or variations of those matters specified in the form of proxy and notice of annual general meeting and with respect to any other matters which may properly be brought before the meeting or any adjournment thereof. At the time of printing this information circular – proxy statement, we know of no such amendment, variation or other matter.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

We are authorized to issue an unlimited number of common shares without nominal or par value, an unlimited number of exchangeable shares without nominal or par value and 10,000,000 preferred shares, issuable in series. As at March 21, 2011, there were 135,467,508 common shares, 21,279,764 exchangeable shares and no preferred shares issued and outstanding. As a holder of common shares you are entitled to one vote for each common share owned. As a holder of exchangeable shares you are entitled to that number of votes at the meeting equal to the number of exchangeable shares you own multiplied by the exchange ratio in effect at March 21, 2011 (rounded to the nearest whole number). As at March 21, 2011, the exchange ratio for the exchangeable shares was 1.00804. As a result, holders of exchangeable shares will be entitled to approximately 21,450,853 votes at the meeting.

To the knowledge of our directors and officers, as at March 21, 2011 no person or company beneficially owned or controlled, directly or indirectly, common shares or exchangeable shares entitled to more than 10% of the votes which may be cast at the meeting.

As at March 21, 2011, our directors and officers, as a group, beneficially owned, directly or indirectly, or exercised control over 5,989,739 common shares or approximately 4.42% of the issued and outstanding common shares, 17,594,495 exchangeable shares or approximately 82.68% of the issued and outstanding exchangeable shares or approximately 15.12% of the votes to be cast at the meeting.

THE ARRANGEMENT

On January 1, 2011, Bonavista Energy Trust completed a plan of arrangement pursuant to Section 193 of the *Business Corporations Act* (Alberta). The plan of arrangement involved an internal reorganization of Bonavista Energy Trust and certain of its subsidiaries through which the trust structure was replaced with a corporate structure. Pursuant to the Arrangement, Bonavista Energy Trust was reorganized into us and Bonavista Energy Trust was dissolved. We operate under the name "Bonavista Energy Corporation" and, together with our subsidiaries, own, directly or indirectly, the same assets owned by Bonavista Energy Trust and its subsidiaries immediately prior to the plan of arrangement.

Pursuant to the plan of arrangement, the issued and outstanding trust units were ultimately exchanged for our common shares on a one-for-one basis and the issued and outstanding exchangeable shares of Bonavista Petroleum Ltd., were ultimately exchanged for our exchangeable shares on the basis of 2.40917 exchangeable shares for each outstanding exchangeable share.

In addition, as part of the plan of arrangement, all outstanding restricted trust units and trust unit incentive rights granted under the restricted trust unit incentive plan and trust unit right incentive plan were assumed by us. Such restricted trust units and trust unit incentive rights will continue to vest in accordance with the original terms thereof except that the holders of such rights are entitled to receive common shares in lieu of trust units. No new rights will be granted under these plans but the plans will remain in place until such time as all outstanding rights granted thereunder have been exercised or expired. We have adopted a new restricted share award plan and option plan which became effective on January 1, 2011 which we are now using to meet our ongoing compensation objectives. See "*Statement of Executive Compensation – Executive Compensation Discussion and Analysis – Elements of Compensation Plan – Long-Term Incentive Plans*" below for a description of our new restricted share award plan and option plan.

MATTERS TO BE ACTED UPON AT THE MEETING

Election of Directors

Our board of directors has fixed the number of directors at 8 members. Management is soliciting proxies, in the accompanying form of proxy, for an ordinary resolution in favour of the election as directors of the 8 nominees set forth below:

Keith A. MacPhail	Harry L. Knutson
Ronald J. Poelzer	Margaret A. McKenzie
Ian S. Brown	Christopher P. Slubicki
Michael M. Kanovsky	Walter C. Yeates

In the event that a vacancy among such nominees occurs because of death or for any reason prior to the meeting, the proxy shall not be voted with respect to such vacancy.

The following information relating to the nominees as directors is based partly on our records and partly on information received by us from the nominees, and sets forth the names, ages and cities of residence of the proposed nominees, their committee memberships, the date on which each became a director of us (or a predecessor of us), the present occupations and brief biographies of such persons, and the number of our common shares and exchangeable shares owned, controlled or directed by each and the number of incentive rights held as at March 21, 2011 in respect of 2010 and as of March 18, 2010 in respect of 2009:

Nominee for Election as Director	Age	Director Since	Securities Owned, Controlled or Directed ⁽¹⁾		Incentive Rights ⁽²⁾	
			2010	2009	2010	2009
Keith A. MacPhail Calgary, Alberta	54	November 1997	2,777,578 / 7,326,864	2,233,826 / 3,482,737	130,502	112,000

Chairman of the Board

Member of:
- Reserves Committee

Mr. MacPhail has more than 30 years' experience in the oil and gas industry and is currently our Chairman & CEO. Prior to joining Bonavista Petroleum Ltd. in 1997, Mr. MacPhail held progressively more responsible positions with Canadian Natural Resources Limited with his final position being Executive Vice President and COO. Prior thereto, he held the position of Production Manager with POCO Petroleum Ltd.

Mr. MacPhail holds a Bachelor of Science (Honours) degree in Petroleum Engineering from the Montana College of Mineral Science and is a member of the Association of Professional Engineers, Geologists & Geophysicists of Alberta.

Mr. MacPhail is also a member of the board of directors of Canadian Natural Resources Limited and Chairman of the board of NuVista Energy Ltd. and is also on a number of other private advisory boards.

Nominee for Election as Director	Age	Director Since	Securities Owned, Controlled or Directed ⁽¹⁾		Incentive Rights ⁽²⁾	
			2010	2009	2010	2009
Ronald J. Poelzer Calgary, Alberta	49	November 1997	1,368,780 / 7,591,608	1,702,547 / 3,195,647	190,502	172,000

Member of:
- Governance and Nominating
Committee

Mr. Poelzer has more than 27 years' experience in the oil and gas industry and is currently our Executive Vice President & Vice Chairman. Prior to joining Bonavista Petroleum Ltd. in 1997, Mr. Poelzer held various financial, merger and acquisition and strategic planning roles with POCO Petroleum Ltd. leading to his appointment as Vice President, Business Development. Prior thereto, Mr. Poelzer was in public accounting practice.

Mr. Poelzer holds a Bachelor of Commerce (Distinction) degree from the University of Saskatchewan and has been a member of the Institute of Chartered Accountants of Alberta since 1985.

Mr. Poelzer is also a member of the board of directors of NuVista Energy Ltd., as well as various private companies and a charitable foundation.

Nominee for Election as Director	Age	Director Since	Securities Owned, Controlled or Directed ⁽¹⁾		Incentive Rights ⁽²⁾	
			2010	2009	2010	2009
Ian S. Brown Calgary, Alberta	53	May 2004	22,349 / -	21,960 / -	3,000	-

Member of:
- Audit Committee (Chair)
- Governance and Nominating Committee

Mr. Brown has been an independent businessman and a corporate director since January, 2006. Prior thereto, Mr. Brown was a Senior Managing Director of Raymond James Ltd. from 1995 to 2005. From 1986 to 1995 Mr. Brown was the Executive Vice President of The Alberta Stock Exchange.

Mr. Brown presently sits on several public and private boards, including, Cathedral Energy Services Ltd., Consolidated Westview Resources Ltd., Petrobank Energy and Resources Ltd., PetroBakken Energy Ltd., Sembiosys Genetics Inc., Karnalyte Resources Inc., and the Canadian Investor Protection Fund. Mr. Brown also was a board member of the TSX Group from 2001 to 2006; a board member of Market Regulation Services Inc. from 2001 to 2005; and a board member and Vice Chairman of the Canadian Venture Exchange from 1999 to 2001.

Mr. Brown obtained his Chartered Accountant designation in 1983, and also has a Bachelor of Arts (Economics) and a Bachelor of Commerce degree.

Nominee for Election as Director	Age	Director Since	Securities Owned, Controlled or Directed ⁽¹⁾		Incentive Rights ⁽²⁾	
			2010	2009	2010	2009
Michael M. Kanovsky Calgary, Alberta	62	February 1997	945,457 / 1,889,613	943,818 / 784,342	3,000	1,250

Lead Director

Member of:
- Audit Committee
- Reserves Committee
- Compensation Committee (Chair)

In 1978, Mr. Kanovsky co-founded Canadian Northstar Corporation and its successor, Northstar Energy Corporation, where he was primarily responsible for strategic development, finance and acquisitions until its acquisition by Devon Energy Corporation. Mr. Kanovsky continues today as a director of Devon Energy Corporation. Mr. Kanovsky has also held positions such as Chairman of Taro Industries Limited, CEO of Arrowstar Drilling and Vice-Chairman of Precision Drilling Inc.

In 1997, Mr. Kanovsky was instrumental in the reorganization of Bonavista Petroleum Ltd. and continues as an active director. He is also a director of ARC Resources Ltd., Argosy Energy Inc., TransAlta Corporation and Pure Technologies Ltd.

Mr. Kanovsky holds a Bachelor of Applied Science (Honours) degree in Mechanical Engineering from Queen's University, and a Masters of Business Administration from the University of Western Ontario's Ivey School of Business and is a Professional Engineer.

Nominee for Election as Director	Age	Director Since	Securities Owned, Controlled or Directed ⁽¹⁾		Incentive Rights ⁽²⁾	
			2010	2009	2010	2009
Harry L. Knutson Vancouver, British Columbia	65	February 1997	42,122 / -	43,483 / -	3,000	1,250

Member of:

- Governance and Nominating Committee (Chair)
- Compensation Committee

Mr. Knutson is the founder of Nova Bancorp Group and has been responsible for the growth and performance of the firm since its inception in 1982. Mr. Knutson currently is a director of AgriMarine Holdings Inc., Canadian Phoenix Resources Corp., Novus Energy Inc., Pure Energy Services Ltd. and Terrex Energy Inc.

In 1997, Mr. Knutson was instrumental in the reorganization of Bonavista Petroleum Ltd. and continues as an active director.

Mr. Knutson holds a Bachelor of Arts (Honours) degree in Economics and a Bachelor of Commerce (Honours) degree from Simon Fraser University. Mr. Knutson holds a Canadian Chartered Director designation from The Directors College, McMaster University.

Nominee for Election as Director	Age	Director Since	Securities Owned, Controlled or Directed ⁽¹⁾		Trust Unit Incentive Rights ⁽²⁾	
			2010	2009	2010	2009
Margaret A. McKenzie Calgary, Alberta	49	May 2006	15,669 / -	15,280 / -	6,000	9,000

Member of:

- Audit Committee
- Governance and Nominating Committee

Ms. McKenzie is the Chief Financial Officer, Range Royalty Management Limited (general partner of Range Royalty Limited Partnership, a private royalty partnership). She was previously Vice President, Finance and Chief Financial Officer of Profico Energy Management Ltd. (a private oil and gas company) and Manager, Treasury and Administration with Renaissance Energy Ltd. (a public oil and gas company).

Ms. McKenzie holds a Bachelor of Commerce (Distinction) degree from the University of Saskatchewan and has been a member of the Institute of Chartered Accountants of Alberta since 1985.

Ms. McKenzie is a director of Zargon Oil & Gas Ltd. and a director/officer of three other private oil and gas companies - Spur Resources Ltd., Home Quarter Resources Ltd. and Endurance Energy Ltd.

Nominee for Election as Director	Age	Director Since	Securities Owned, Controlled or Directed ⁽¹⁾		Incentive Rights ⁽²⁾	
			2010	2009	2010	2009
Christopher P. Slubicki Calgary, Alberta	52	May 2007	17,084 / -	16,695 / -	9,000	12,000

Member of:
- Reserves Committee
- Compensation Committee

Mr. Slubicki is the President and CEO of OPTI Canada Inc. and has more than 29 years experience in the business sector. Until June of 2006, Mr. Slubicki was the Vice-Chairman of Scotia Waterous, a Division of Scotia Capital. Prior thereto, Mr. Slubicki was a founding partner of Waterous & Co., a global independent energy investment-banking firm. Prior to the founding of Waterous, Mr. Slubicki held various operations management and engineering positions with Placer CEGO Petroleum and Chevron Canada Resources Limited. Mr. Slubicki also sits on the board of OPTI Canada Inc. and Insignia Energy Ltd.

Mr. Slubicki holds a Bachelor of Applied Science (Honours) degree in Mechanical Engineering from Queen's University and a Masters of Business Administration from the University of Calgary and is a member of the Association of Professional Engineers, Geologists & Geophysicists of Alberta.

Nominee for Election as Director	Age	Director Since	Securities Owned, Controlled or Directed ⁽¹⁾		Incentive Rights ⁽²⁾	
			2010	2009	2010	2009
Walter C. Yeates Mississauga, Ontario	66	July 2003	11,389 / -	10,000 / -	3,000	2,500

Member of:
- Audit Committee
- Reserves Committee (Chair)

Mr. Yeates was a Director of UBS Warburg, investment banker and was active in corporate finance, valuations and advisory services for several years. Prior thereto, Mr. Yeates was a financial officer of Alberta Energy Company and Bow Valley Resource Services in Calgary, and Canada Development Corp., a large management holding company in Toronto. Mr. Yeates was a founding partner of a successful international inter-bank currency broker headquartered in New York City and was also on various private and public advisory boards.

Mr. Yeates holds a Masters of Business Administration degree from the University of Western Ontario's Ivey School of Business.

Notes:

- (1) For 2010, the "Securities Owned, Controlled or Directed" represents our common shares and exchangeable shares and for 2009, such amounts represent the trust units of Bonavista Energy Trust and the exchangeable shares of Bonavista Petroleum Ltd.
- (2) For 2010, "Incentive Rights" include restricted trust unit awards and trust unit incentive rights granted under the restricted unit award plan and trust unit right incentive plan which were assumed by us pursuant to the plan of arrangement and restricted awards and options granted under our restricted share award plan and option plan. 2009 amounts represent restricted trust unit awards and trust unit incentive rights granted under the restricted trust unit award plan and trust unit right incentive plan.
- (3) The information as to voting securities beneficially owned, directly or indirectly, is based upon information furnished to us by the nominees.

Additional Disclosure Relating to Proposed Directors

Except as otherwise disclosed herein, none of our directors (nor any personal holding company of any of such persons) is, as of the date hereof, or was within ten years before the date hereof, a director, chief executive officer or chief financial officer of any company (including us), that was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**") that was issued while the director was acting in the capacity as director, chief executive officer or chief financial officer; or was subject to an Order that was issued after the director ceased

to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as otherwise disclosed herein, none of our directors (nor any personal holding company of any of such persons) is, as of the date hereof, or has been within the ten years before the date hereof, a director or executive officer of any company (including us) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets other than Mr. MacPhail who was formerly a director of The Resort at Copper Point Ltd. (a real estate development company) which was placed into receivership in 2009. In addition, none of our directors (nor any personal holding company) or any such person has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

None of our directors (nor any personal holding company of any of such persons) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Appointment of Auditors

Management is soliciting proxies, in the accompanying form of proxy, in favour of the appointment of the firm of KPMG LLP, Chartered Accountants, as our auditors, to hold office until the next annual meeting of our shareholders and to authorize the directors to fix their remuneration as such.

STATEMENT OF EXECUTIVE COMPENSATION

Executive Compensation Discussion and Analysis

Named Executive Officers

For the year ended December 31, 2010 our named executive officers or NEO's were Keith MacPhail, our Chairman & Chief Executive Officer, Jason Skehar, our President & COO, Glenn Hamilton, our Senior Vice President & CFO, Thomas Mullane, our Senior Vice President and Johannes Thiessen, our Senior Vice President.

Compensation Objectives and Philosophy

Compensation plays an important role in achieving short and long term business objectives that ultimately drive business success. We have developed a compensation strategy designed to attract, retain and motivate officers and to encourage them to focus on improving corporate and individual performance and increasing value for shareholders. We have developed a culture of ownership by making long-term equity-based incentives, a major component of executive compensation. This approach is based on the assumption that the performance of our unit price over the long-term is an important indicator of long-term performance.

Our compensation philosophy is based on the following fundamental principles:

- Executive and employee compensation should be consistent with shareholders' interests and therefore our compensation strategy is significantly weighted towards a share ownership compensation strategy.
- Link compensation with our overall business strategy and objectives.

- Performance sensitive – compensation for our executives should be linked to our operating and market performance and fluctuate with performance.
- Offer market competitive compensation to attract and retain talent – our compensation program should provide market competitive pay in order to retain existing employees who are performing according to their goals and objectives and to attract new, talented individuals.

The objectives of our executive compensation program were developed based on the above-mentioned compensation philosophy as follows:

- To attract and retain a high quality management and employee team and to motivate performance by aligning a significant portion of the compensation to enhancement in share value and to encourage all employees to become significant shareholders.
- To evaluate executive performance on the basis of key measurements that correlate to long-term shareholder value.
- To tie compensation directly to those measurements and rewards based on achieving and exceeding predetermined objectives.

In determining base salary, annual incentive cash bonuses and equity awards, our Compensation Committee uses the executive's current level of compensation as the starting point. The committee then makes adjustments to those levels primarily using benchmarking to our custom Mercer peer group and the individual's performance.

The compensation of all our employees, including officers, is consistent with the above policies. A description of the criteria used in each element of compensation is set forth below.

Chairman & Chief Executive Officer

We have a unique compensation arrangement with our Chairman & CEO which sets his compensation materially below compensation paid by industry peer issuers. This lower level of compensation has been paid at his request based upon his significant ownership position which aligns his interests with our shareholders. Notwithstanding this unique arrangement, the Compensation Committee conducts an annual review of Mr. MacPhail's performance and has consistently recommended higher compensation based on the compensation philosophy discussed below. In 2010:

- His base salary does not compare to those of our peer group, as it was less than the 10th percentile of our peer group.
- Although the Compensation Committee recommended a bonus to our Chairman & CEO based on the bonus criteria discussed below, this bonus has been declined.
- In 2010 Mr. MacPhail received 50,000 trust unit incentive rights and no restricted trust unit awards.

Compensation Strategy for other NEO's

Our compensation plan for other NEO's consists of the following items:

- Base salary (generally below industry average).
- Bonus (generally slightly below industry average).

- Long-term rights under the trust unit incentive rights plan and restricted trust unit plan (at or slightly above industry average).
- Employee stock savings plan (above industry average).

Compensation Decision-Making Process

The purpose of the Compensation Committee is to assist our board in fulfilling its responsibilities by monitoring our compensation plans and practices and ensuring their congruence with our objectives by assessing and making recommendations regarding compensation, benefits, short and long-term incentive programs and employee retention.

The Compensation Committee is currently composed of three non-management directors, Messrs. Kanovsky (Chair), Knutson and Slubicki. The Compensation Committee usually conducts annual reviews and recommends the compensation of members of the executive team, specifically the NEO's. Typically, recommendations regarding compensation are reviewed in December.

Elements of Compensation Plan

The NEO's compensation package provides a balanced set of elements designed to deliver the objectives of our compensation philosophy.

The Chairman & Chief Executive Officer and Vice President, Human Resources and Administration present a recommendation and rationale regarding salary adjustments, bonuses and long-term incentives for all staff to the Compensation Committee. There is detailed discussion regarding executive salaries and bonuses with a review of the aggregate level of salary and bonuses for the remainder of employees. The Compensation Committee makes specific recommendations to the board on the Chairman & Chief Executive Officer's salary, bonus payments and options allocations. The board reviews all recommendations of the Compensation Committee before final approval. Management directors are excused from the Compensation Committee and the directors' meeting during any discussion of their compensation. The Compensation Committee also approves the salaries, bonus payments and options allocations of all other senior officers.

In determining annual bonuses, raises and other compensation, the Compensation Committee considers overall success in implementing our business plan and performance metrics which support our business plan, including finding and development costs, recycle ratio, per share production growth, cash flow per share and cash costs per share, as well as individual performance.

Base Salaries

Base salary increases are performance driven. When the committee determines each NEO's base salary in December of the year, the committee takes into account each NEO's role and level of responsibility, the expertise and experience of the individual and the personal performance of the individual and makes adjustments to the NEO's current level of compensation primarily using benchmarking to our Custom Peer Group discussed below. Base salaries in 2009 were less than the 25th percentile for one NEO, less than the 50th percentile for three NEO's and at the 50th percentile for one NEO, as compared to our Custom Peer Group.

Our policy is that salaries for our other officers and managers shall be at or slightly below the median of salaries paid among industry peer issuers of similar size. For the remainder of employees, salaries are competitive within our industry and are generally set at the median salary level among our Custom Peer Group.

The following table summarizes base salaries paid to our NEO's for the years ended December 31, 2010 and 2009:

Name and principal position	2009 Base Salary (\$)	2010 Base Salary (\$)	% Increase
Keith A. MacPhail Chairman & Chief Executive Officer	185,000	185,000	-
Jason E. Skehar President & Chief Operating Officer	255,000	275,000	7.84%
Glenn A. Hamilton Senior Vice President & Chief Financial Officer	220,000	225,000	2.27%
Thomas J. Mullane Senior Vice President	230,000	235,000	2.17%
Johannes H. Thiessen Senior Vice President	250,000	255,000	2.0%

With the salary increase, base salaries in 2010 were significantly less than the 25th percentile for one NEO, less than the 50th percentile for three NEO's and slightly higher than the 50th percentile for one NEO, as compared to our Custom Mercer Peer Group.

Bonus Program

Our board of directors believes that as part of our overall compensation strategy our bonus program will help us retain and attract high quality employees in a competitive market. This is accomplished by rewarding performance and motivating employees to achieve greater individual accomplishment in support of overall corporate success. The board of directors has discretion to pay bonuses to our NEOs based upon recommendations made by the Compensation Committee. In setting our bonus targets we consider both an employee's performance, as well as our overall success in implementing our business plan. This success is determined based on performance metrics which support our business plan, including finding and development costs, recycle ratio, per share production growth, cash flow per share growth and cash costs on barrel of oil equivalency basis and is used to determine the aggregate bonus pool.

For 2010, our board of directors elected to consolidate the bonus into a single individual component and eliminate the corporate amount. The aggregate bonus amount was set at \$4,123,218 for 2010, and paid in cash on January 31, 2011.

Benchmarking

We participated in the "2010 Mercer Total Compensation Survey for the Energy Sector" compiled by Mercer (Canada) Limited to assist with gathering compensation information for comparable organizations in the oil and natural gas industry. In assessing comparability, the Compensation Committee reviewed total revenue, production and other key factors of these organizations relative to ours. For 2010, we developed a Custom Peer Group consisting primarily of energy trusts and a Custom Peer Group of producing companies. In the event that there is not a position match within our peer group we look at a larger group of producing companies for benchmarking purposes.

The following compose our Custom Peer Group:

ARC Resources Ltd.
 Baytex Energy Trust
 Bonavista Energy Trust
 Enerplus Resources Fund
 NAL Resources Management Limited
 Paramount Resources Ltd.

Pengrowth Corporation
 Penn West Energy Trust
 Peyto Energy Trust
 Vermilion Energy Trust
 Zargon Energy Trust.

The following compose the Custom Group of producing companies:

ARC Resources Ltd.
 Advantage Oil & Gas Ltd.
 Apache Canada Ltd.
 Baytex Energy Trust
 Bonavista Energy Trust
 Canadian Natural Resources Ltd.
 Cenovus Energy Inc. - Canadian Plains Division
 Chevron Canada Resources
 ConocoPhillips Canada
 Crescent Point Energy Corp.
 Crew Energy Inc.
 Daylight Energy Ltd.
 Devon Canada Corporation
 EnCana Corporation - Canadian Division
 Enerplus Resources Fund
 Fairborne Energy Ltd.
 Murphy Oil Company Ltd.
 NAL Resources Management Limited
 Nexen Inc.
 NuVista Energy Ltd.
 Paramount Resources Ltd.
 Pengrowth Corporation
 Penn West Energy Trust
 PetroBakken Energy Ltd.
 Peyto Energy Trust
 Progress Energy Resources Corp.
 Shell Canada Limited - Upstream
 Storm Exploration Inc.
 Suncor Energy Inc.
 TAQA North Ltd.
 Talisman Energy Inc. - North American Operations
 Vermilion Energy Trust
 Zargon Energy Trust

The purpose of reviewing the Mercer data was to:

- Understand the competitiveness of current pay and bonus levels for each executive and employee.
- Identify and understand any gaps that may exist between actual compensation levels and market compensation levels.
- Establish as a basis for developing salary adjustments and short and long-term incentive awards for the Compensation Committee's approval.

Long-Term Incentive Plans

In late 2010 and as part of the plan of arrangement, our board reviewed our long term incentive plans going forward under a corporate structure in January 2011. It was determined that in order to remain competitive in the market, it was in our best interest to introduce a stock option plan and a restricted share award incentive plan. The board believes that a combination of an "option plan" and "whole unit plan" allows greater flexibility in attracting and retaining high quality employees at all levels within our organization. While the board believes it is in our best interest to have both a stock option plan and a restricted share award incentive plan, the board has maintained our policy of limiting total dilution from long-term incentive plans to 8% of our outstanding common shares (including shares issuable upon exchange of exchangeable shares) which is at the lower end of the range for our industry. Generally, the long term incentive awards for NEO's and our more senior employees are weighted towards stock options and awards for other employees are weighted towards share awards.

Pursuant to the plan of arrangement, all outstanding restricted trust unit awards and trust unit incentive rights granted under the restricted trust unit award plan and trust unit incentive rights plan were assumed by us. Such restricted trust unit awards and trust unit incentive rights will continue to vest in accordance with the original terms thereof except that the holders of such rights will be entitled to receive common shares in lieu of trust units. No new rights will be granted under such plans but the plans will remain in place until such time as all outstanding rights granted thereunder have been exercised or expired.

Stock Option Plan

Our stock option plan is designed to motivate all employees to focus on our long-term growth and success. All of our directors, officers, consultants, employees and other service providers and those of our subsidiaries, partnerships, trusts and other controlled entities are eligible to receive options under our stock option plan. Total option awards are presently limited to 8% of our outstanding common shares (including common shares issuable upon exchange of our exchangeable shares) less the aggregate number of common shares reserved for issuance under our other incentive plans. Any increase in our issued and outstanding common shares will result in an increase in the available number of common shares issuable under the plan and any exercises of options will make new awards available under the plan. Stock options may be granted by our board from time to time, at its sole discretion, providing that the aggregate number of stock options to any single holder of stock options shall not exceed 5% of our common shares (including common shares issuable upon exchange of our exchangeable shares). The number of common shares reserved for issuance to insiders within a one year period pursuant to the plan, and issuable to insiders at any time, under the plan or when combined with all of our other security based compensation arrangements, shall not exceed 10% of our common shares (including common shares issuable upon exchange of our exchangeable shares). Non-management directors are not eligible to be granted stock options under the plan. Stock options granted under the plan are not assignable.

Unless otherwise determined by our board and subject to extension if the optionee is on a leave of absence, all stock option grants will vest as to one-third of the total grant on each of the first three anniversary dates. Vesting of all options will also accelerate on a "change of control" as defined in the plan. Unless otherwise determined by our board, the expiry dates of stock options granted under the plan will be tied to the vesting dates, subject to extension for leave of absences and blackout periods provided that no stock option may be exercised beyond seven years from the date of grant. Any stock options which have not been exercised by the expiry date shall expire and become null and void.

Options are issued with an exercise price not less than the volume weighted average trading price of our common shares on the Toronto Stock Exchange for the five trading days prior to the date of grant.

Unless otherwise determined by our board or unless otherwise provided in a stock option agreement pertaining to a particular stock option or any written employment or consulting agreement governing a holder's role with us, if the optionee ceases to be a director, officer or employee of us or ceases to be providing services to us on an ongoing basis for any reason whatsoever, including without limitation resignation, dismissal or otherwise but excluding the optionee's death or disability, the optionee may, prior to the expiry date and within 30 days from the date of ceasing to be a director, officer or an employee or ceasing to provide services to us on an ongoing basis, exercise the stock options which had vested on or prior to the cessation date, after which time the stock option shall

terminate and become null and void; provided that upon the termination of any employee for cause, our board may, in its sole discretion, determine that all outstanding vested stock options shall immediately terminate and become null and void. Upon the death or disability of a holder, the holder's legal representative, may prior to the earlier of: (i) the expiry date of the option; and (ii) the date that is six months from the date of death or disability, exercise stock options which had vested on or prior to such date, after which time all such stock options shall terminate and become null and void and all rights to receive common shares thereunder shall be forfeited. All stock options which had not vested in accordance at the date of death or disability shall immediately terminate and become null and void. Notwithstanding the foregoing, our board may, in its sole discretion, determine that the expiry periods described in this paragraph may be extended for the extension periods contemplated elsewhere in the plan.

Our stock option plan and any stock options granted pursuant to the plan may be amended, modified or terminated by the board without approval of our shareholders subject to any required approval of the Toronto Stock Exchange. However, the plan may not be amended without shareholder approval to: (a) make any amendment to the plan to increase the percentage of common shares issuable on exercise of outstanding stock options; (b) extend the expiry date of any outstanding stock options; (c) make any amendment to the plan that would permit a holder to transfer or assign stock options to a new beneficial holder other than in the case of death of the holder; (d) make any reduction in the exercise price of a stock option or permit a reduction in the exercise price of a stock option by the cancellation and immediate reissue of stock options; (e) amend the eligibility of non-management directors; (f) make any amendment to increase the number of common shares that may be issued to insiders above the maximum limit on the number of securities that may be issued to insiders; or (g) make any amendment to the amendment clause.

The plan also contains anti-dilution provisions which allow our board to make such adjustments to the plan, to any stock options and to any stock option agreements outstanding under the plan as our board may, in its sole discretion, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to service providers thereunder.

Restricted Share Award ("RSA") Incentive Plan

We also have a RSA incentive plan pursuant to which our directors, officers, consultants, employees and other service providers and those of our subsidiaries, partnerships, trusts and other controlled entities are eligible to receive RSAs.

The number of common shares available under the plan is limited to 8% of our outstanding common shares (including common shares issuable upon exchange of our exchangeable shares) less the aggregate number of shares reserved under our other long term incentive plans. The aggregate number of RSAs granted to any single holder shall not exceed 1% of our outstanding common shares (including common shares issuable upon exchange of our exchangeable shares) shall not exceed 1% of our outstanding common shares (including common shares issuable upon exchange of our exchangeable shares). The participation of non-management directors in the RSA plan is limited to the lesser of: (i) 0.25% of our outstanding common shares (including common shares issuable upon exchange of our exchangeable shares); and (ii) an annual equity award value of \$100,000 with the value of each RSA awarded calculated at the date of grant. In addition, the number of RSA's issued to insiders, within a one year period and issuable to insiders, at any time under the plan, or when combined with all other securities based compensation arrangements, may not exceed 10% of our outstanding common shares (including common shares issuable upon exchange of our exchangeable shares). RSAs granted under the plan are not assignable.

Vesting arrangements are within the discretion of our board, but unless otherwise directed by the board, RSAs will vest within three years from the date of grant subject to extension if the holder is on a leave of absence. Vesting will also accelerate on a "change of control" as defined in the plan. Unless otherwise determined by the board, the expiry dates of the RSAs are tied to the vesting dates with the portion of the common shares awarded expiring on the next business day following the vesting date subject to extensions for leave of absences and blackout periods. On the issue date the holder will receive common shares for each RSA award (adjusted for dividends made on the common shares). Common shares may be issued from treasury or purchased on the Toronto Stock Exchange.

Unless otherwise determined by our board or unless otherwise provided in an agreement pertaining to a particular RSA or any written employment or consulting agreement governing a holder's role with us, in the event that a holder ceases to be employed or retained for any reason whatsoever, other than the death of such holder, all outstanding RSA agreements under which share awards have been made to such holder and which have vested, shall be terminated and all rights to receive shares thereunder shall be forfeited effective as of the date that is 30 days from the date that the holder ceased to be employed or retained, provided that; upon the termination of any employee for cause, our board may, in its sole discretion, determine that all outstanding vested share awards shall immediately terminate and become null and void. Upon the death of a holder, all outstanding RSA agreements under which share awards have been made to such holder which have vested shall be terminated and all rights to receive shares thereunder shall be forfeited effective as of the date that is six months from the death of the holder. In each case, all share awards which have not vested on the date that the holder ceased to be employed or retained by us shall immediately terminate and become null and void. Notwithstanding the foregoing, our board may, in its sole discretion, determine that these vesting periods shall be extended for the extension periods contemplated elsewhere in the plan. RSAs granted under the plan are not assignable.

The RSA plan may be amended, modified or terminated by our board without shareholder approval, subject to the approval of the Toronto Stock Exchange. Notwithstanding the foregoing, the plan may not be amended without shareholder approval to: (a) make any amendment to the plan to increase the percentage of shares issuable on exercise of outstanding RSAs at any time; (b) extend the term of any outstanding RSAs held by insiders; (c) make any amendment to the plan that would permit a holder to transfer or assign RSAs to a new beneficial holder other than in the case of death of the holder; (d) amend the eligibility of non-management directors; (e) any amendment to increase the number of shares that may be issued to insiders above the restriction contained in the plan; or (f) an amendment to amend the amendment provision. In addition, no amendment to the plan or share awards granted pursuant to the plan may be made without the consent of the holder, if it adversely alters or impairs any right previously granted to such holder under the plan.

The RSA plan also contains anti-dilution provisions which allow our board to make such adjustments to the plan, to any RSAs and to any RSA agreements outstanding under the plan as our board may, in its sole discretion, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to service providers thereunder.

Awards are granted under our RSA plan to our directors, officers and employees upon their commencement of service. Additional grants are made periodically to recognize the exemplary performance of, or the special contribution by eligible individuals. An annual grant may be made to eligible individuals based on individual performance and our corporate performance during the most recently completed financial year in relation to performance expected.

Our policy is to limit total grants under all our incentive plans to less than 8% of common shares outstanding plus common shares issuable on the exchange of exchangeable shares.

Employee Stock Savings Plan

All employees, including officers, are encouraged to contribute a portion of their salary, to a maximum of 6%, to the employee stock savings plan. For each dollar contributed by the employee to the plan, we contribute \$1.50. The funds are used to buy common shares in the open market or by issuing common shares from treasury at the weighted average trading price of the last five trading days of the calendar quarter, or a combination thereof. As substantially all our employees participate in this plan, the plan has been successful in encouraging employees to become shareholders, and thereby promoting the principle that employees' interests are aligned with those of our shareholders.

New Employee Benefit

Effective January 1, 2011, employees were offered a new incremental benefit which provided an election for one of the following:

- Employee Stock Savings Plan - employee makes an additional 2% contribution to the plan and we will make an additional 3% contribution;
- Employee Stock Savings Plan – we will make an additional 2% quarterly company made contribution;
- Vacation – one additional week; or
- Health Spending Account – an additional contribution of 2% of base salary is added to the account.

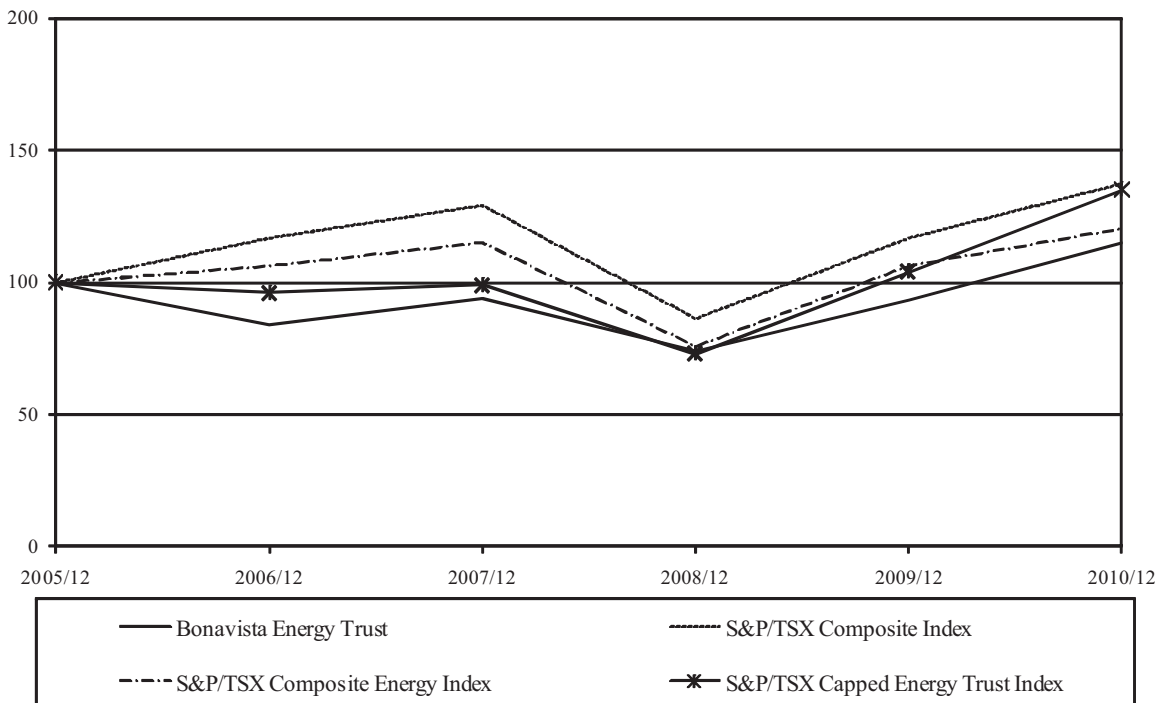
The incremental benefit was designed to offer employees more choice, allowing them to select the option that would provide the most positive impact for them and their families. Approximately 72% of our employees elected to increase contributions to the Employee Stock Savings Plan, providing even greater alignment of employee interests with those of our shareholders.

Summary

Our board of directors believes that long-term shareholder value is enhanced by compensation based upon corporate performance. Through the plans described above, a significant portion of the compensation for all employees, including officers, is based on corporate performance, as well as industry-competitive compensation practices.

Performance Graph

Our common shares commenced trading on the Toronto Stock Exchange on January 7, 2011 following completion of the plan of arrangement. The following graph illustrates changes from December 31, 2005 to December 31, 2010, in the cumulative unitholder return of our predecessor, Bonavista Energy Trust, assuming an initial investment of \$100 in trust units on December 31, 2005, compared to the S&P/TSX Composite Index, the S&P/TSX Composite Energy Index and the S&P/TSX Capped Energy Trust Index, with all dividends and distributions reinvested:



	2005/12	2006/12	2007/12	2008/12	2009/12	2010/12
Bonavista Energy Trust	100	84	94	74	93	115
S&P/TSX Composite Index ⁽¹⁾	100	117	129	86	117	137
S&P/TSX Composite Energy Index ⁽²⁾	100	106	115	76	106	120
S&P/TSX Capped Energy Trust Index ⁽³⁾	100	96	99	73	104	135

Notes:

- (1) The S&P/TSX Composite Index was previously called the TSE 300 Index.
- (2) The S&P/TSX Composite Energy Index was previously called S&P/TSX Composite Energy Trust Index.
- (3) The S&P/TSX Capped Energy Trust Index was previously called the S&P/TSX Canadian Energy Trust Index.

Compensation for management is based on the achievement of certain pre-determined criteria at the beginning of each fiscal year. These criteria include capital efficiency measures, meeting of sustainability objectives and other subjective objectives. The achievement of these objectives are measured against corporate and individual targets, as described earlier and do not necessarily track the changes in the market value of our trust units, especially near the end of 2008 with the impact of the decline of commodity prices and the overall impact on equity markets from the global decline in the economy and the related credit crisis.

Compensation of Named Executive Officers

Summary Compensation Table

The following table sets forth information concerning the compensation paid to our NEO's:

Name and principal position	Year	Salary (\$)	Unit-based awards (\$)	Option-based awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation ⁽³⁾	Total compensation (\$)
					Annual incentive plans ⁽²⁾	Long-term incentive plans			
Keith A. MacPhail Chairman & Chief Executive Officer	2010	185,000	Nil	237,250	Nil	Nil	Nil	Nil	422,250
	2009	185,000	Nil	Nil	Nil	Nil	Nil	Nil	185,000
	2008	185,000	Nil	316,836	Nil	Nil	Nil	Nil	501,836
Jason E. Skehar President & Chief Operating Officer	2010	275,000	Nil	355,875	100,000	Nil	Nil	Nil	730,875
	2009	255,000	Nil	749,700	122,500	Nil	Nil	Nil	1,055,100
	2008	208,333	Nil	380,203	120,000	Nil	Nil	Nil	663,536
Glenn A. Hamilton Senior Vice President & Chief Financial Officer	2010	225,000	Nil	237,250	85,000	Nil	Nil	Nil	547,250
	2009	220,000	Nil	599,700	80,500	Nil	Nil	Nil	842,080
	2008	210,000	Nil	380,203	86,400	Nil	Nil	Nil	644,203
Thomas J. Mullane Senior Vice President	2010	235,000	Nil	237,250	82,000	Nil	Nil	Nil	554,250
	2009	230,000	Nil	499,800	101,500	Nil	Nil	Nil	783,800
	2008	204,166	Nil	274,591	92,800	Nil	Nil	Nil	536,757
Johannes H. Thiessen Senior Vice President	2010	255,000	Nil	237,250	82,000	Nil	Nil	Nil	574,250
	2009	250,000	Nil	708,050	101,500	Nil	Nil	Nil	991,050
	2008	228,333	Nil	380,203	105,600	Nil	Nil	Nil	674,536

Notes:

- (1) Estimated fair value of Option-based awards using the Black-Scholes pricing model valued on the grant date.
- (2) Represents the amount of bonus earned during the year regardless of when the bonus was paid.
- (3) The value of perquisites, received by each of the NEO's, including property or other personal benefits provided to the NEO's that are not generally available to all employees, were not in the aggregate greater than \$50,000 or 10% of the NEO's total salary for the financial year.

Our total compensation to our NEO's in 2010 represented approximately 1.4% of our net income.

Outstanding Unit-Based Awards and Option-based Awards

The following table sets forth all option-based awards and unit-based awards outstanding at the end of the year ended December 31, 2010 for each NEO:

Name	Option-based Awards ⁽¹⁾				Unit-based Awards ⁽¹⁾	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽²⁾ (\$)	Number of units that have not vested (#)	Market or payout value of unit-based awards that have not vested ⁽³⁾ (\$)
Keith A. MacPhail	11,500	20.78	June 30, 2011	92,230	Nil	Nil
	7,000	21.74	July 4, 2011	49,420		
	7,000	21.74	June 30, 2012	49,420		
	7,500	30.43	July 4, 2011	-		
	7,500	30.43	July 3, 2012	-		
	7,500	30.43	July 2, 2013	-		
	7,500	30.43	June 30, 2014	-		
	6,250	20.76	January 2, 2013	50,250		
	6,250	20.76	January 2, 2014	50,250		
	6,250	20.76	January 2, 2015	50,250		
	6,250	20.76	December 31, 2015	50,250		
	6,250	22.69	July 1, 2013	38,188		
	6,250	22.69	July 1, 2014	38,188		
	6,250	22.69	July 1, 2015	38,188		
	Jason E. Skehar	10,500	20.78	June 30, 2011	84,210	Nil
9,000		21.74	July 4, 2011	63,540		
9,000		21.74	June 30, 2012	63,540		
9,000		30.43	July 4, 2011	-		
9,000		30.43	July 3, 2012	-		
9,000		30.43	July 2, 2013	-		
9,000		30.43	June 30, 2014	-		
11,250		12.35	July 4, 2011	185,063		
22,500		12.35	July 3, 2012	370,125		
22,500		12.35	July 2, 2013	370,125		
22,500		12.35	July 2, 2014	370,125		
11,250		12.35	December 31, 2014	185,063		
9,375		20.76	January 2, 2013	75,375		
9,375		20.76	January 2, 2014	75,375		
9,375		20.76	January 2, 2015	75,375		
9,375	20.76	December 31, 2015	75,375			
9,375	22.69	July 1, 2013	57,282			
9,375	22.69	July 1, 2014	57,282			

Name	Option-based Awards ⁽¹⁾				Unit-based Awards ⁽¹⁾	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽²⁾ (\$)	Number of units that have not vested (#)	Market or payout value of unit-based awards that have not vested ⁽³⁾ (\$)
	9,375	22.69	July 1, 2015	57,282		
	9,375	22.69	June 30, 2016	57,282		
Glenn A. Hamilton	11,500	20.78	June 30, 2011	92,230	Nil	Nil
	7,000	21.74	July 4, 2011	49,420		
	7,000	21.74	June 30, 2012	49,420		
	9,000	30.43	July 4, 2011	-		
	9,000	30.43	July 3, 2012	-		
	9,000	30.43	July 2, 2013	-		
	9,000	30.43	June 30, 2014	-		
	9,000	12.35	July 4, 2011	148,050		
	18,000	12.35	July 3, 2012	296,100		
	18,000	12.35	July 2, 2013	296,100		
	18,000	12.35	July 2, 2014	296,100		
	9,000	12.35	December 31, 2014	148,050		
	6,250	20.76	January 2, 2013	50,250		
	6,250	20.76	January 2, 2014	50,250		
	6,250	20.76	January 2, 2015	50,250		
	6,250	20.76	December 31, 2015	50,250		
	6,250	22.69	July 1, 2013	38,188		
	6,250	22.69	July 1, 2014	38,188		
	6,250	22.69	July 1, 2015	38,188		
	6,250	22.69	June 30, 2016	38,188		
Thomas J. Mullane	10,000	20.78	June 30, 2011	80,200	Nil	Nil
	7,000	21.74	July 4, 2011	49,420		
	7,000	21.74	June 30, 2012	49,420		
	6,500	30.43	July 4, 2011	-		
	6,500	30.43	July 3, 2012	-		
	6,500	30.43	July 2, 2013	-		
	6,500	30.43	June 30, 2014	-		
	7,500	12.35	July 4, 2011	123,375		
	15,000	12.35	July 3, 2012	246,750		
	15,000	12.35	July 2 2013	246,750		
	15,000	12.35	July 2, 2014	246,750		
	7,500	12.35	December 31, 2014	123,375		
	6,250	20.76	January 2, 2013	50,250		
	6,250	20.76	January 2, 2014	50,250		

Name	Option-based Awards ⁽¹⁾				Unit-based Awards ⁽¹⁾	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽²⁾ (\$)	Number of units that have not vested (#)	Market or payout value of unit-based awards that have not vested ⁽³⁾ (\$)
	6,250	20.76	January 2, 2015	50,250		
	6,250	20.76	December 31, 2015	50,250		
	6,250	22.69	July 1, 2013	38,187.50		
	6,250	22.69	July 1, 2014	38,187.50		
	6,250	22.69	July 1, 2015	38,187.50		
	6,250	22.69	June 30, 2016	38,187.50		
Johannes H. Thiessen	9,000	21.74	July 4, 2011	63,540	Nil	Nil
	9,000	21.74	June 30, 2012	63,540		
	11,500	20.78	June 30, 2011	92,230		
	9,000	30.43	July 4, 2011	-		
	9,000	30.43	July 3, 2012	-		
	9,000	30.43	July 2, 2013	-		
	9,000	30.43	June 30, 2014	-		
	21,250	12.35	July 2, 2013	349,562.50		
	21,250	12.35	July 2, 2014	349,562.50		
	10,625	12.35	December 31, 2014	174,781.25		
	6,250	20.76	January 2, 2013	50,250		
	6,250	20.76	January 2, 2014	50,250		
	6,250	20.76	January 2, 2015	50,250		
	6,250	20.76	December 31, 2015	50,250		
	6,250	22.69	July 1, 2013	38,187.50		
	6,250	22.69	July 1, 2014	38,187.50		
	6,250	22.69	July 1, 2015	38,187.50		
6,250	22.69	June 30, 2016	38,187.50			

Notes:

- (1) Pursuant to the plan of arrangement, all outstanding restricted trust unit awards and trust unit incentive rights granted under the restricted trust unit award plan and trust unit incentive rights plan were assumed by us. Such restricted unit awards and trust unit incentive rights will continue to vest in accordance with the original terms thereof except that the holders of such rights are entitled to receive common shares in lieu of trust units. No new rights will be granted under such plans but the plans will remain in place until such time as all outstanding rights granted thereunder have been exercised or expired.
- (2) Calculated based on the difference between the market price of the trust units at December 31, 2010 of \$28.80 and the exercise price of the options.
- (3) Calculated based on the closing price on December 31, 2010 of \$28.80 multiplied by the number of units.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each NEO, the value of option-based awards and unit-based awards which vested during the year ended December 31, 2010 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2010:

Name	Option-based awards – Value vested during the year⁽¹⁾ (\$)	Unit-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Keith A. MacPhail	14,270	Nil	Nil
Jason E. Skehar	227,795	Nil	Nil
Glenn A. Hamilton	186,130	Nil	Nil
Thomas J. Mullane	155,490	Nil	Nil
Johannes H. Thiessen	217,063	Nil	Nil

Note:

- (1) Calculated based on the difference between the market price of the trust units on the vesting date and the exercise price of the rights on the vesting date.

Pension Plan Benefits

We do not have any pension plans for our employees.

Termination and Change of Control Benefits

We do not have any employment agreements or severance payment arrangements with our employees, including our NEO's. However, vesting of rights previously granted under the trust unit incentive rights plan accelerate on a change of control.

The following table sets forth the estimated incremental benefit (rounded to the nearest hundred dollars) that would be made to each of the NEO's under the trust unit right incentive plan assuming that a "change of control" occurred on December 31, 2010:

Name	Incentive Rights (#)	Total Incremental Benefit (\$)
Keith A. MacPhail	72,000	403,200
Jason E. Skehar	158,250	1,519,500
Glenn A. Hamilton	120,000	1,143,400
Thomas J. Mullane	107,500	1,020,000
Johannes H. Thiessen	130,125	1,291,200

Note:

- (1) On the effective date of the change of control, any unvested trust unit incentive rights vest and become immediately exercisable. The amounts shown in the table includes the in-the-money value of unvested trust unit incentive rights, which has been calculated based on the difference between the closing price of the trust units on the Toronto Stock Exchange on December 31, 2010 (being \$28.80) and the exercise price of such rights on December 31, 2010.

Liability Insurance of Directors and Officers

We maintain directors' and officers' liability insurance coverage in the amount of \$20 million for losses to us if we are required to reimburse our directors and officers, where permitted, and for direct indemnity of directors and officers where reimbursement is not permitted by law. This insurance protects us against liability (including costs), subject to standard policy exclusions, which may be incurred by our directors and/or officers acting in such capacity.

All of our directors and officers are covered by the policy and the amount of insurance applies collectively to all. The cost of this insurance in 2010 was \$108,750.

In addition, we have entered into indemnity agreements with each of our directors and officers pursuant to which we have agreed to indemnify such directors and officers from liability arising in connection with the performance of their duties. Such indemnity agreements conform to the provisions of the *Business Corporations Act* (Alberta).

Pursuant to our by-laws, we have also indemnified, to the maximum extent permitted under the *Business Corporations Act* (Alberta), each of our directors and officers and each of our former directors and officers, and we may indemnify a person who acts or acted at our request as a director or officer of a body corporate of which we are or was a shareholder or creditor, and their heirs and legal representatives, against all costs, charges and expenses, including any amount paid to settle an action or satisfy a judgment, reasonably incurred by him or her in respect of any civil, criminal or administrative action or proceeding to which he or she is made a party by reason of being or having been a director or officer of us or such body corporate.

Director Compensation

Our board of directors, through the Governance and Nominating Committee, is responsible for the development and implementation of a compensation plan for our directors who are not also officers. Officers who are also directors are not paid any compensation for acting as a director.

The main objectives of the compensation plan for directors are to attract and retain the services of the most qualified individuals and to compensate the directors in a manner that is commensurate with the risks and responsibilities assumed in board and committee membership and at a level that is similar to the compensation paid to directors of a peer group of oil and gas companies. In addition, our philosophy of using compensation to foster a culture of ownership also extends to our director compensation policies.

Directors' Summary Compensation Table

The following table sets forth information concerning the compensation paid to our directors, other than directors who are also NEO's, for the year ended December 31, 2010:

Name	Fees earned (\$)	Unit-based awards ⁽¹⁾ (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Ian S. Brown	\$68,700	\$82,818	Nil	Nil	Nil	Nil	\$151,518
Michael M. Kanovsky	\$81,850	\$82,818	Nil	Nil	Nil	Nil	\$164,668
Harry L. Knutson	\$58,350	\$82,818	Nil	Nil	Nil	Nil	\$141,168
Margaret A. McKenzie	\$60,150	\$82,818	Nil	Nil	Nil	Nil	\$142,968
Christopher P. Slubicki	\$50,500	\$82,818	Nil	Nil	Nil	Nil	\$133,318
Walter C. Yeates	\$63,200	\$82,818	Nil	Nil	Nil	Nil	\$146,018

Note:

(1) Estimated fair value of Unit-based awards using the weighted average trading price on the grant date.

The following table sets forth the principal elements of the compensation plan for the year ended December 31, 2010:

Compensation Element	Amount (\$)
Board Retainer – Annual	35,000
Additional Chair Retainers – Annual:	
Lead Director	15,000
Audit	15,000
Compensation	6,000
Governance and Nominating	6,000
Reserves	6,000
Committee Membership	
Audit	7,500
Compensation	4,000
Governance and Nominating	4,000
Reserves	4,000
Meeting Attendance Fee	1,400
Special and Telephone Meetings	750

As at December 31, 2010, our outside directors held an aggregate of 9,000 trust unit incentive rights and 18,000 restricted trust unit awards, which represented 0.02% of the issued and outstanding common shares and common shares issuable on the exchange of exchangeable shares as at such date. For information regarding the outstanding incentive rights held by the independent directors, see "Outstanding Option-based and Unit-based Awards" and "Incentive Plan Awards – Value Vested or Earned during the Year" below.

Directors' Outstanding Option-Based Awards and Unit-Based Awards

The following table sets forth for each of our directors other than directors who are also NEO's, all option-based awards and unit-based awards outstanding at the end of the year ended December 31, 2010:

Name	Option-based Awards ⁽¹⁾				Unit-based Awards ⁽¹⁾	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽²⁾ (\$)	Number of units that have not vested (#)	Market or payout value of unit-based awards that have not vested ⁽³⁾ (\$)
Ian S. Brown	-	-	-	Nil	3,600	103,680
Michael M. Kanovsky	-	-	-	Nil	3,600	103,680
Harry L. Knutson	-	-	-	Nil	3,600	103,680
Margaret A. McKenzie	3,000	20.78	June 30, 2011	24,060	3,600	103,680
Christopher P. Slubicki	3,000	21.74	May 10, 2011	21,180	3,600	103,680
	3,000	21.74	May 9, 2012	21,180	-	-
Walter C. Yeates	-	-	-	Nil	3,600	103,680

Notes:

- (1) Pursuant to the plan of arrangement, all outstanding restricted trust unit awards and trust unit incentive rights granted under the restricted trust unit award plan and trust unit incentive rights plan were assumed by us. Such restricted trust unit awards and trust unit incentive rights will continue to vest in accordance with the original terms thereof except that the holders of such rights are entitled to receive common shares in lieu of trust units. No new rights will be granted under such plans but the plans will remain in place until such time as all outstanding rights granted thereunder have been exercised or expired.
- (2) Calculated based on the difference between the market price of the trust units at December 31, 2010 and the exercise price of the options.
- (3) Calculated based on the closing price of December 31, 2010 of \$28.80 multiplied by the number of units.

Directors' Incentive Plan Awards – Value Vested or Earned During the Year

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Unit-based awards – Value vested during the year ⁽²⁾ (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Ian S. Brown	-	-	-
Michael M. Kanovsky	-	-	-
Harry L. Knutson	-	-	-
Margaret A. McKenzie	3,300	-	-
Christopher P. Slubicki	5,130	-	-
Walter C. Yeates	-	-	-

Notes:

- (1) Calculated based on the difference between the market price of the trust units on the vesting date and the exercise price of the trust unit incentive rights on the vesting date.
- (2) Directors were granted restricted trust unit awards during 2010 but none were vested in 2010.

Ownership Guidelines

We have established an equity ownership policy that non-executive directors must have an equity ownership interest in common shares or exchangeable shares within 6 months of joining the board of at least three times the fixed retainer and the Chairman & Chief Executive Officer and the Executive Vice President & Vice Chairman must have an equity ownership interest in common shares or exchangeable shares within six months of joining us of at least three times their salary.

As at March 21, 2011 the market value of the common shares and exchangeable shares owned by our board of directors was approximately \$659.9 million.

The following table sets out the ownership levels of the Chairman & Chief Executive Officer and the Executive Vice President & Vice Chairman and each of our other directors as at December 31, 2010:

Name	Ownership Guideline		Ownership Value		Guideline Met or Investment Required to Meet Guideline
	Multiple	Amount (\$)	Multiple	Amount (\$) ⁽¹⁾	
Keith MacPhail	3 x base salary	555,000	534	296,094,082	Yes
Ronald Poelzer	3 x base salary	555,000	467	258,955,945	Yes
Independent Directors:					
Ian Brown	3 x retainer	105,000	6	632,448	Yes
Michael Kanovsky	3 x retainer	105,000	250	80,696,253	Yes
Harry Knutson	3 x retainer	105,000	3	343,670	Yes
Margaret McKenzie	3 x retainer	105,000	6	592,128	Yes
Christopher Slubicki	3 x retainer	105,000	5	480,816	Yes
Walter Yeates	3 x retainer	105,000	3	316,800	Yes

Note:

- (1) Based on the closing price of the trust units on the Toronto Stock Exchange on December 31, 2010 (being \$28.80).

Securities Authorized for Issuance Under Equity Compensation Plans

The following sets forth information in respect of securities authorized for issuance under our equity compensation plans as at December 31, 2010:

Plan Category	# of common shares to be issued upon exercise of outstanding rights	% of common shares to be issued upon exercise of outstanding rights / restricted shares	Weighted average exercise price of outstanding rights / base price of restricted shares	# of available common shares available for future issuance under both long-term incentive plans	% of common shares available for future issuance under both long-term incentive plans
Equity compensation plans approved by securityholders:					
• Common share incentive rights ⁽¹⁾	3,956,728	2.5%	\$20.08	-	-
• Restricted shares ⁽¹⁾	248,552	0.2%		-	-
• Stock Options ⁽²⁾	-	-		6,238,398	4.0%
• Restricted Share Awards ⁽²⁾	-	-		2,079,466	1.3%
Equity compensation plans not approved by securityholders	-	-	-	-	-
Total ⁽³⁾	4,205,280		\$19.08	8,317,864	

Notes:

- (1) Pursuant to the plan of arrangement, all outstanding restricted trust unit awards and trust unit incentive rights granted under the restricted trust unit award plan and trust unit incentive rights plan were assumed by us. Such restricted trust unit awards and trust unit incentive rights will continue to vest in accordance with the original terms thereof except that the holders of such rights are entitled to receive common shares in lieu of trust units. No new rights will be granted under such plans but the plans will remain in place until such time as all outstanding rights granted thereunder have been exercised or expired.
- (2) As part of the plan of arrangement, we also implemented a stock option plan and a restricted share award incentive plan. See "Statement of Executive Compensation – Executive Compensation Discussion and Analysis – Elements of Compensation Plan – Long-Term Incentive Plans" for further information on our long-term incentive plans.
- (3) The total dilution from our long-term incentive plans is limited to 8% of our outstanding common shares (including shares issuable upon exchange of exchangeable shares).

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Board of Directors

The majority of our board of directors is independent. The board of directors has determined that Messrs. Brown, Kanovsky, Knutson, Slubicki, Yeates and Ms. McKenzie are independent. Mr. MacPhail is not considered independent as he is our Chairman & Chief Executive Officer. Mr. Poelzer is not considered independent as he is our Executive Vice President & Vice Chairman.

Our independent Board members conduct "in-camera" sessions as part of the agenda of each regularly scheduled meeting, generally immediately following regularly scheduled board of directors or committee meetings chaired by our lead director Mr. Kanovsky.

To provide leadership for the independent board members, the non-management directors have determined that given the size of the board of directors they are capable of providing effective governance without an independent chair. We have also appointed Mr. Kanovsky as lead director.

The following directors and nominees are presently directors of other issuers that are reporting issuers (or the equivalent):

Director	Names of Other Issuers
Keith A. MacPhail	Canadian Natural Resources Limited and NuVista Energy Ltd.
Ronald J. Poelzer	NuVista Energy Ltd.
Ian S. Brown	Cathedral Energy Services Ltd., Consolidated Westview Resources Ltd., Petrobank Energy and Resources Ltd., PetroBakken Energy, Karnalyte Resources Inc. and Sembiosys Genetics Inc.
Michael M. Kanovsky	ARC Resources Ltd., Argosy Energy Inc., Devon Energy Corporation, Pure Technologies Ltd. and TransAlta Corporation.
Harry L. Knutson	AgriMarine Industries Inc., Canadian Phoenix Resources Corp., Kasten Chase Applied Research Limited, Novus Energy Inc., Pure Energy Services Ltd. and Terrex Energy Inc.
Margaret A. McKenzie	Zargon Oil & Gas Ltd.
Christopher P. Slubicki	Insignia Energy Ltd. and OPTI Canada Inc.
Walter C. Yeates	None

Meeting Attendance

The following is a summary of attendance of our directors at meetings of the board of directors and its committees for 2010:

Name	Meetings Attended					
	Board of Directors	Audit Committee	Compensation Committee	Reserves Committee	Governance and Nominating Committee	Independent Directors' ⁽¹⁾
Keith A. MacPhail	14/14			1/1		
Ronald J. Poelzer	14/14				2/2	
Ian S. Brown	14/14	6/6			1/2	14/14
Michael M. Kanovsky	13/14	5/6	1/1	1/1		13/14
Harry L. Knutson	13/14		1/1		2/2	13/14
Margaret A. McKenzie	12/14	6/6			2/2	12/14
Christopher P. Slubicki	12/14		1/1	0/1		12/14
Walter C. Yeates	14/14	6/6		1/1		14/14

Note:

- (1) Our board of directors conducts non-management director "in camera" sessions as part of the agenda at each regularly scheduled meeting.

Board of Directors Mandate

Our board of directors, either directly or through its committees, is responsible for the supervision of management of our business and affairs with the objective of enhancing shareholder value. The board of directors' written mandate is as follows:

The Board of Directors (the "**Board**") of Bonavista Energy Corporation ("**Bonavista**") is responsible for the stewardship of Bonavista, the other subsidiaries, partnerships, trusts and other controlled entities of Bonavista. In discharging its responsibility, the Board will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and will act honestly and in good faith with a view to the best interests of Bonavista. In general terms, the Board will:

- In consultation with the chief executive officer of Bonavista (the "CEO"), define the principal objectives of Bonavista;
- Supervise the management of the business and affairs of Bonavista with the goal of achieving Bonavista's principal objectives as defined by the Board;
- Discharge the duties imposed on the Board by applicable laws; and
- For the purpose of carrying out the foregoing responsibilities, take all such actions as the Board deems necessary or appropriate.

Without limiting the generality of the foregoing, the Board will perform the following duties:

Strategic Direction and Capital and Financial Plans

- Require the CEO to present annually to the Board a longer range strategic plan and a shorter range business plan for Bonavista's business, which plans must:
 - be designed to achieve Bonavista's principal objectives;
 - identify the principal strategic and operational opportunities and risks of Bonavista's business; and
 - be approved by the Board as a pre-condition to the implementation of such plans.
- Review progress towards the achievement of the goals established in the strategic, operating and capital plans.
- Identify the principal risks (Enterprise Risk Assessment) of Bonavista's business and take all reasonable steps to ensure the implementation of the appropriate systems to manage these risks.
- Approve the annual operating and capital plans.
- Approve acquisitions and dispositions in excess of which require approval pursuant to expenditure limits established by the Board.
- Approve the establishment of credit facilities.
- Approve issuances of additional Common Shares, Exchangeable Shares or other instruments to the public.

Monitoring and Acting

- Monitor Bonavista's progress towards achieving its goals, and to revise and alter its direction through management in light of changing circumstances.
- Monitor overall human resources policies and procedures, including compensation and succession planning.
- Appoint the CEO and determine the terms of the CEO's employment with Bonavista.
- Approve the dividend policy of Bonavista.
- Ensure systems are in place for the implementation and integrity of Bonavista's internal control and management information systems.
- In consultation with the CEO, develop a position description for the CEO.

- Evaluate the performance of the CEO at least annually.
- In consultation with the CEO, establish the limits of management's authority and responsibility in conducting Bonavista's business.
- In consultation with the CEO, appoint all officers of Bonavista and approve the terms of each officer's employment with Bonavista.
- Develop a system under which succession to senior management positions will occur in a timely manner.
- Approve any proposed significant change in the management organization structure of Bonavista.
- Approve all retirement plans for officers and employees of Bonavista.
- In consultation with the CEO, establish a disclosure policy for Bonavista.
- Generally provide advice and guidance to management.
- Approve all matters relating to a takeover bid for the securities of Bonavista.

Finances and Controls

- Review Bonavista's systems to manage the risks of Bonavista's business and, with the assistance of management, Bonavista's auditors and others (as required), evaluate the appropriateness of such systems.
- Monitor the appropriateness of Bonavista's capital structure.
- Ensure that the financial performance of Bonavista is properly reported to shareholders, other securityholders and regulators on a timely and regular basis.
- In consultation with the CEO, establish the ethical standards to be observed by all officers and employees of Bonavista and use reasonable efforts to ensure that a process is in place to monitor compliance with those standards.
- Require that the CEO institute and monitor processes and systems designed to ensure compliance with applicable laws by Bonavista and its officers and employees.
- Require the CEO institute, and maintain the integrity of, internal control and information systems, including maintenance of all required records and documentation.
- Approve material contracts to be entered into by Bonavista.
- Recommend to shareholders of Bonavista a firm of chartered accountants to be appointed as Bonavista's auditors.
- Ensure Bonavista's oil and gas reserve report fairly represents the quantity and value of corporate reserves in accordance with generally accepted engineering principles and applicable securities laws.
- Take reasonable actions to gain reasonable assurance that all financial information made public by Bonavista (including Bonavista's annual and quarterly financial statements) is accurate and complete and represents fairly Bonavista's financial position and performance.

Governance

- In consultation with the Chairman of the Board, develop a position description for the Chairman of the Board.
- Select nominees for election to the Board.
- Facilitate the continuity, effectiveness and independence of the Board by, amongst other things:
 - appointing a Chairman of the Board;
 - appointing a Lead Director;
 - appointing from amongst the directors an audit committee and such other committees of the Board as the Board deems appropriate;
 - defining the mandate of each committee of the Board;
 - ensuring that processes are in place and are utilized to assess the effectiveness of the Chairman of the Board, the Board as a whole, each committee of the Board and each director; and
 - establishing a system to enable any director to engage an outside adviser at the expense of Bonavista.
- Review annually the composition of the Board and its committees and assess Directors' performance on an ongoing basis, and propose new members to the Board.
- Review annually the adequacy and form of the compensation of directors.

Delegation

- The Board may delegate its duties to, and receive reports and recommendations from, any committee of the Board.

Composition

- The Board should be composed of at least 5 individuals elected by the shareholders and exchangeable shareholders at the annual meeting.
- A majority of Board members should be independent Directors (within the meaning of National Instrument 58-101) and free from any business or other relationship that could impair the exercise of independent judgment.
- Members should have or obtain sufficient knowledge of Bonavista and the oil and gas business to assist in providing advice and counsel on relevant issues.
- Board members should offer their resignation from the Board to the Chairman of the Board Governance Committee following:
 - change in personal circumstances which would reasonably interfere with the ability to serve as a Director; and
 - change in personal circumstances which would reasonably reflect poorly on Bonavista (for example, finding by a Court of fraud, or conviction under Criminal Code or securities legislation).

Meetings

- The Board shall meet at least four times per year and/or as deemed appropriate by the Board Chair.

- The Board shall meet at the end of its regular quarterly meetings without members of management being present.
- Minutes of each meeting shall be prepared.
- The CEO, the Executive Vice President, the President & Chief Operating Officer and the Senior Vice President and Chief Financial Officer shall be available to attend all meetings of the Board upon invitation by the Board.
- Vice Presidents and such other staff as appropriate to provide information to the Board shall attend meetings at the invitation of the Board.

Authority

- The Board shall have the authority to review any corporate report or material and to investigate activity of Bonavista and to request any employees to cooperate as requested by the Board.
- The Board may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of Bonavista.

Board Committees

Our board has four committees; the Audit Committee, Compensation Committee, Reserves Committee and Governance and Nominating Committee, all members of whom are independent directors, other than Mr. MacPhail who is a member of the Reserves Committee and Mr. Poelzer who is a member of the Governance and Nominating Committee. The board has accepted overall responsibility for health, safety and environment and no separate committees have been established to deal with these issues. The full text of the Mandate of each committee is available on our website www.bonavistaenergy.com.

Audit Committee

The members of the Audit Committee are: Mr. Brown (Chair), Mr. Kanovsky, Ms. McKenzie and Mr. Yeates. The committee's mandate includes:

- reviewing the annual audited consolidated financial statements and the auditors' report thereon and related public disclosure documents prior to submission to the board for approval;
- reviewing the quarterly consolidated financial statements prior to submission to the board for approval;
- reviewing the scope of external and internal audits;
- reviewing and discussing accounting and reporting policies and changes in accounting principles;
- reviewing our internal control systems and procedures; and
- oversee the work of the external auditors and meet with the external auditors independently of our management.

Compensation Committee

The members of the Compensation Committee are: Mr. Kanovsky (Chair), Mr. Knutson and Mr. Slubicki. The Compensation Committee's mandate includes:

- determining compensation and terms of employment for executives, including the granting of common shares and incentive programs;
- approving our compensation and bonus plans; and
- assessing, at least annually, the compensation and terms of employment of the Chairman & Chief Executive Officer.

Reserves Committee

The members of the Reserves Committee are Mr. Yeates (Chair), Mr. Kanovsky, Mr. Slubicki and Mr. MacPhail. The Reserves Committee's mandate with respect to reserves includes:

- reviewing management's recommendations for the appointment of the independent engineers;
- reviewing the terms of the independent engineers' engagement and the appropriateness and reasonableness of the proposed fees;
- reviewing the scope and methodology of the independent engineers' evaluation;
- reviewing any significant new discoveries, additions, revisions and acquisitions;
- reviewing assumptions and consistency with prior years;
- reviewing any problems experienced by the independent engineer in preparing the reserve report, including any restrictions imposed by management or significant issues on which there was a disagreement with management; and
- reviewing all public disclosure documents containing reserve information prior to its release, including, the annual report, the annual information form and management's discussion and analysis.

Governance and Nominating Committee

The members of the Governance and Nominating Committee are: Mr. Knutson (Chair), Mr. Brown, Ms. McKenzie and Mr. Poelzer. The Governance and Nominating Committee's mandate includes:

- assessing our corporate governance practices and making recommendations to the board with respect to corporate governance practices;
- establishing a nomination process and making recommendations to the board with respect to the nomination of directors; and
- assessing, at least annually, the effectiveness of the board and its committees.

Director Orientation and Continuing Education

Upon joining our board, a new director will be provided with a directors' information binder which will include a copy of all board and committee mandates, corporate policies, relevant position descriptions, organizational structure, the structure of the board and its committees, by-laws as well as agendas and minutes for board and committee meetings for the preceding 12 months. In addition, any new director will receive presentations with respect to our operations. As part of continuing education, the board receives management presentations with respect to the operations and risks of our business at least 4 times per year, with a more significant presentation provided in conjunction with the annual budgeting process and annual strategic planning meeting with all directors

and officers in attendance. In addition, the individual directors identify their continuing education needs through a variety of means, including discussions with management and at board and committee meetings.

Ethical Business Conduct

Our board has adopted a Code of Business Conduct and Ethics, a copy of which is available to review at www.sedar.com and on our website at www.bonavistaenergy.com. Annually each employee, officer and director confirms in that he or she has read, understood and complied with the code. Any reports of variance from the code will be reported to the board.

Our board has also adopted a whistleblower policy which provides employees with the ability to report, on a confidential and anonymous basis, any violations within our organization including (but not limited to), falsification of financial records, unethical conduct, harassment or theft. The board believes that providing a forum for employees, officers and directors to raise concerns about ethical conduct and treating all complaints with the appropriate level of seriousness foster a culture of ethical conduct.

Board Nomination

We have established a Governance and Nominating Committee which, among other things, has the responsibility for establishing a nomination process and making recommendations to the board with respect to nomination of directors. See "*Board Committees – Governance and Nominating Committee*" for a summary of the committee's mandate. The Governance and Nominating Committee is composed of a majority of independent directors. In accordance with the mandate of the Governance and Nominating Committee, the guidelines include considering what competencies and skills the board, as a whole, should possess, the competencies and skills the board considers each existing director to possess and the competencies and skills each proposed nominee will bring to the board as well as whether the new nominee can devote sufficient time and resources to his or her duties as a member of the board. In seeking nominees the Governance and Nominating Committee encourages input from all members of the board and may use the services of professional recruiters if required.

Board Assessment

We have a formal process of assessing the board and its committees or the individual directors, under the direction of the Governance and Nominating Committee. Our process consists of an annual written director self assessment completed by all directors as well as one-on-one personal interviews conducted by our Lead Director and Chairman of the Governance and Nominating Committee with each member of the board. The board has satisfied itself that the board, its committees and individual directors are performing effectively through this process.

Position Descriptions

The board has developed position descriptions for each of the Chairman & Chief Executive Officer, the lead director and chairman of the board committees.

Succession Planning

Our board has developed a succession plan for each of the senior officers, including the Chairman and Chief Executive Officer. These plans are reviewed by the board annually with the Chairman and Chief Executive Officer and are reviewed in the in-camera meetings of the independent directors.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein, there were no material interests, direct or indirect, of our insiders, proposed nominees for election as directors, or any associate or affiliate of such insiders or nominees since January 1, 2009, or in any proposed transaction, which has affected or would materially affect us or any of our subsidiaries.

INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON

Our management is not aware of any material interest of any director or executive officer or anyone who has held office as such since the beginning of our last financial year or of any associate or affiliate of any of the foregoing in any matter to be acted on at the meeting, save as is disclosed herein.

ADDITIONAL INFORMATION

We undertake to provide, upon request, a copy of our 2010 annual report, containing financial information in the management's discussion and analysis of financial condition and results of operations and the 2010 audited financial statements sections, as well as a copy of our annual information form, a copy of our 2010 Viewpoint, subsequent interim financial statements and this information circular - proxy statement. Our annual information form also contains disclosure relating to our audit committee and the fees paid to KPMG LLP in 2010. Copies of these documents may be obtained on request without charge from Investor Relations of Bonavista Energy Corporation at 1500, 525 – 8th Avenue S.W., Calgary, Alberta, T2P 1G1, telephone (403) 213-4300 or our website www.bonavistaenergy.com or by accessing the disclosure documents available through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) website at www.sedar.com.

OTHER MATTERS

Our management knows of no amendment, variation or other matter to come before the meeting other than the matters referred to in the notice of annual meeting. However, if any other matter properly comes before the meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person voting the proxy.

The contents and the sending of this information circular – proxy statement have been approved by our directors.

Dated: March 21, 2011