

Press Release May 6, 2010

Calgary - Bonavista Energy Trust is pleased to report to unitholders its interim consolidated financial and operating results for the three months March 31, 2010.

Highlights

	Three months ended March 31,	
	2010	2009
Financial		
(\$ thousands, except per unit)		
Production revenues	253,632	179,146
Funds from operations ⁽¹⁾	146,099	105,685
Per unit ⁽¹⁾⁽²⁾	1.00	0.89
Distributions declared	60,090	55,074
Per unit	0.48	0.56
Percentage of funds from operations ⁽¹⁾	41%	52%
Net income	79,734	32,959
Per unit ⁽²⁾	0.54	0.28
Adjusted net income ⁽³⁾	62,213	45,733
Per unit ⁽²⁾	0.42	0.38
Total assets	3,139,920	2,557,096
Long-term debt, including working capital deficiency ⁽⁴⁾	870,687	636,369
Long-term debt, net of adjusted working capital ⁽³⁾⁽⁴⁾	882,372	684,922
Unitholders' equity	1,751,117	1,393,561
Capital expenditures:		
Exploration and development	101,873	57,148
Acquisitions, net	(3,213)	22,097
Weighted average outstanding equivalent trust units: (thousands) ⁽²⁾		
Basic	146,625	119,140
Diluted	149,552	121,040
Operating		
(boe conversion – 6:1 basis)		
Production:		
Natural gas (mmcf/day)	225	172
Oil and liquids (bbls/day)	25,216	22,757
Total oil equivalent (boe/day)	62,734	51,347
Product prices: ⁽⁵⁾		
Natural gas (\$/mcf)	5.46	6.37
Oil and liquids (\$/bbl)	63.20	51.35
Operating expenses (\$/boe)	8.71	10.49
General and administrative expenses (\$/boe)	0.88	0.83
Cash costs (\$/boe) ⁽⁶⁾	10.43	12.13
Operating netback (\$/boe) ⁽⁷⁾	27.60	24.51

NOTES:

- (1) Management uses funds from operations to analyze operating performance, distribution coverage and leverage. Funds from operations as presented do not have any standardized meaning prescribed by Canadian GAAP and therefore it may not be comparable with the calculations of similar measures for other entities. Funds from operations as presented is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash flow from operating activities, net income or other measures of financial performance calculated in accordance with Canadian GAAP. All references to funds from operations throughout this report are based on cash flow from operating activities before changes in non-cash working capital and asset retirement expenditures. Funds from operations per unit is calculated based on the weighted average number of units outstanding consistent with the calculation of net income per unit.
- (2) Basic per unit calculations include exchangeable shares which are convertible into trust units on certain terms and conditions.
- (3) Amounts have been adjusted to exclude unrealized gains or losses on financial instrument contracts and its related tax impact.
- (4) Amounts exclude convertible debentures.
- (5) Product prices include realized gains or losses on financial instrument contracts.
- (6) Cash costs equal the total of operating, general and administrative, and financing expenses.
- (7) Operating netback equals production revenues including realized gains or losses on financial instrument contracts, less royalties, transportation and operating expenses, calculated on a boe basis.

Trust Unit Trading Statistics	Three months ended			
	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009
(\$ per unit, except volume)				
High	25.70	24.00	21.89	19.95
Low	22.40	19.86	16.64	14.84
Close	23.35	22.30	20.42	18.04
Average Daily Volume - Units	341,312	314,701	566,846	231,577

MESSAGE TO UNITHOLDERS

Bonavista Energy Trust (“Bonavista” or the “Trust”) is pleased to report to unitholders (the “Unitholders”) its consolidated financial and operating results for the three months ended March 31, 2010. Bonavista has continued its pattern of generating profitable results since commencing operations as an energy trust in July 2003. The consistent execution of Bonavista’s proven strategies throughout the first quarter of 2010 has resulted in excellent operational and financial results for the quarter, providing us with unparalleled confidence as we progress through 2010 and into 2011.

In the first quarter of 2010, Bonavista continued its transition towards a hybrid business model which is designed to provide our stakeholders a combination of both growth and income. We anticipate the conversion to a dividend paying corporation at the end of 2010 and expect to provide more detailed guidance on this subject in the coming months. In the interim, we continue to introduce incremental operational and capital efficiencies into our business through cost discipline and the application of new technologies to both heritage assets and newly acquired properties. We have assembled an efficient inventory of growth opportunities over the past few years that will complement our hybrid business model for many years to come.

Bonavista's determination to position the organization for long-term growth and profitability resulted in the announcement of a strategic acquisition located in our Western Core Region. On March 24, 2010, Bonavista entered into an agreement to acquire certain long-life, liquids rich natural gas weighted properties (the “Acquired Properties”) for an estimated cash purchase price of \$228 million at closing. Similar to our transformational acquisition in the Hoadley area in August 2009, this acquisition is consistent with Bonavista's strategy of acquiring high quality, long reserve life assets with significant low risk development potential.

In conjunction with this acquisition, Bonavista completed a bought deal equity financing for gross proceeds of \$177 million. Details of the acquisition and financing are as follows:

- On closing, the Acquired Properties are expected to increase Bonavista's current production by 6% to approximately 68,000 boe per day (62% natural gas weighted);
- On closing, the Acquired Properties are expected to increase Bonavista's total proved plus probable trust interest reserves, effective January 1, 2010, by 8% to 294.9 million boe, and extend its reserve life index to 11.7 years;
- The Acquired Properties offer an opportunity for Bonavista to expand our application of leading technologies to access underdeveloped reservoirs, much like we have done over the past year in our Western Core Region. The Acquired Properties are located in the deep basin of Alberta which is characterized as a highly prolific multi-zone area with exposure to formations such as the Bluesky, Notikewin, Wilrich, Rock Creek, Cardium, Dunvegan, Viking, Gething, Cadomin, Nordegg, Montney, and Elkton;
- Bonavista has initially identified approximately 50 high impact horizontal drilling locations which offer the potential to significantly enhance production and resource recovery. Over time, we fully anticipate this drilling inventory will grow as we pursue numerous emerging opportunities on this land base; and
- The acquisition is expected to close on or about May 31, 2010 for an estimated cash purchase price of \$228 million. The cash to close the acquisition will be funded through a combination of bank debt and the successful April 15, 2010 issuance of 7.5 million trust units for gross proceeds of approximately \$177 million. Projected net debt upon closing the acquisition will be approximately \$950 million, resulting in a debt to trailing annualized cash flow ratio of 1.6:1.

Further accomplishments for Bonavista in the first quarter of 2010 include:

- Increased production volumes to a record level of 62,734 boe per day. This represents a 22% increase over the 51,347 boe per day of production in the first quarter of 2009;
- Executed an efficient capital program during the quarter investing \$101.9 million in exploration and development activities drilling 37 wells with an overall 100% success rate. Drilled 27 successful horizontal wells which include unconventional resource development in the Glauconite, Cardium, Notikewin, Halfway and Viking horizons. The key highlights of our horizontal drilling program are as follows:
 - a) Drilled 12 horizontal wells on the highly prospective Hoadley Glauconite trend in our Western Core Region. Bonavista has now drilled 37 horizontal Glauconite wells, with seven wells awaiting completions and tie-in, the 30 horizontal Glauconite wells currently on production have collectively added over 15,000 boe per day in their first month of production. With an average cost of approximately \$2.7 million per well, this development program generates attractive on-stream capital efficiencies of approximately \$6,000 boe/d. We have now successfully tested the application of this technology across 45 miles of the Hoadley Glauconite trend and the production profile of these producing wells to date continues to meet or exceed our expectations. Based on an increased understanding of the reservoir and a growing confidence in delivering repeatable results, our inventory of horizontal drilling locations has increased to 250 prospects on the Hoadley Glauconite trend. Bonavista believes that our Glauconite horizontal development program continues to compete with the top tier liquids rich natural gas resource developments in North America.
 - b) Drilled five horizontal wells on the emerging unconventional Cardium light oil play in our Western Core Region. With 11 horizontal Cardium wells drilled to date, we've experienced a pattern of improved results with a corresponding progression in our understanding and confidence in the success of this resource play. Based on our drilling results to date, we anticipate allocating incremental capital to this opportunity.
- Participated at Crown land sales purchasing over 50,000 net acres of undeveloped land, further enhancing our future drilling prospect inventory for several years;
- Managed our exposure to forward commodity price fluctuations by adding to our hedge portfolio resulting in the protection of approximately 28% of our forecasted natural gas and 38% of our forecasted oil and liquids production for 2010. Furthermore, we've weighted our hedge portfolio such that 35% of our forecasted natural gas production is protected through the second and third quarters of 2010;
- Achieved significant improvements in our operating cost structure with operating costs on a per boe basis decreasing 17% for the three months ended March 31, 2010 to \$8.71 per boe, from \$10.49 per boe in the comparable period of 2009;
- Generated funds from operations of \$146.1 million (\$1.00 per unit) for the three months ended March 31, 2010. Bonavista distributed 41% of these funds for the three months ended March 31, 2010 to Unitholders with the remaining funds reinvested in the business to continue growing our production base;
- Continued to record attractive levels of profitability in the first quarter of 2010 with a return on equity of 14% and an adjusted net income to funds from operations ratio of 43%. The above ratios reflect net income adjusted to negate the after tax impact of the unrealized gains and losses on financial instrument contracts; and
- Since inception as a Trust, Bonavista has delivered cumulative distributions of \$1.8 billion or \$21.59 per trust unit. These cumulative distributions are in excess of our closing price of \$16.00 per trust unit on the first trading day after we became an energy trust on July 2, 2003.

Strengths of Bonavista Energy Trust

Upon restructuring from an exploration and production corporation into an energy trust in July 2003, Bonavista employed the same strategy that resulted in our tremendous success between 1997 and 2003. We have maintained a high level of investment activity on our asset base, increasing current production by approximately 85% since 2003. This activity stems from the operational and technical focus of our people, their attention to detail, and their entrepreneurial approach to generating economic prospects on our asset base within the Western Canadian Sedimentary Basin. Our experienced technical teams have a solid understanding of our assets and they continue to exercise the discipline and commitment required to deliver long-term profitable results to our Unitholders. We actively participate in undeveloped land acquisitions through Crown land sales, property purchases and farm-in opportunities, which have all enhanced the quality and quantity of our extensive low-risk drilling inventory. These activities have led to low cost reserve additions, lengthening of our reserve life index, a significant increase in our drilling inventory and a growing production base. Our production base, upon closing of the recently announced property acquisition, will be weighted 62% in favour of natural gas and is geographically focused within select, multi-zone regions primarily in Alberta and British Columbia. The low cost structure of our asset base maintains attractive operating netbacks in most operating environments. In addition, our asset base is predominantly operated by Bonavista, providing control over the pace of operations and ensuring that operating and capital cost efficiencies are realized.

Our team brings a successful track record of executing low to medium risk development programs, including both asset and corporate acquisitions, along with a solid track record of sound financial management. Our Board of Directors and management team possess extensive experience in the oil and natural gas business. They have successfully guided our organization through many different economic cycles utilizing a proven strategy consisting of disciplined cost controls and prudent financial management. Directors, management and employees also own approximately 15% of the Trust after giving effect to the recent financing, resulting in the alignment of interests with all Unitholders.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis ("MD&A") of the financial condition and results of operations should be read in conjunction with Bonavista Energy Trust's ("Bonavista" or the "Trust") audited consolidated financial statements and MD&A for the year ended December 31, 2009. The following MD&A of the financial condition and results of operations was prepared at, and is dated May 6, 2010. Our audited consolidated financial statements, Annual Report, and other disclosure documents for 2009 are available through our filings on SEDAR at www.sedar.com or can be obtained from Bonavista's website at www.bonavistaenergy.com.

Basis of Presentation - The financial data presented below has been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). The reporting and the measurement currency is the Canadian dollar. For the purpose of calculating unit costs, natural gas is converted to a barrel of oil equivalent ("boe") using six thousand cubic feet of natural gas equal to one barrel of oil unless otherwise stated. A boe may be misleading, particularly if used in isolation. A boe conversion of 6 Mcf to one barrel is based on an energy equivalent conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Forward-Looking Statements - Certain information set forth in this document, including management's assessment of Bonavista's future plans and operations, contains forward-looking statements including: (i) forecasted capital expenditures; (ii) exploration, drilling and development plans, (iii) prospects and inventory; (iv) anticipated production rates; (v) expected royalty rate; (vi) anticipated operating and service costs; (vii) expected service agreement fees; (viii) our financial strength; (ix) incremental development opportunities; (x) expected conversion to a corporation and the timing thereof; (xi) anticipated natural gas supply and demand; (xii) improved natural gas pricing; (xiii) closing of the acquisition of the acquired properties, timing thereof and purchase price; (xiv) reserve life index; (xv) anticipated operating costs, which are provided to allow investors to better understand our business. By their nature, forward-looking statements are subject to numerous risks and uncertainties; some of which are beyond Bonavista's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, changes in environmental tax and royalty legislation, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Bonavista's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements or if any of them do so, what benefits that Bonavista will derive there from. Bonavista disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Investors are also cautioned that cash-on-cash yield represents a blend of return of an investor's initial investment and a return on investors' initial investment and is not comparable to traditional yield on debt instruments where investors are entitled to full return of the principal amount of debt on maturity in addition to a return on investment through interest payments.

Non-GAAP Measurements - Within Management's discussion and analysis, references are made to terms commonly used in the oil and natural gas industry. Management uses "funds from operations" and the "ratio of debt to funds from operations" to analyze operating performance and leverage. Funds from operations as presented does not have any standardized meaning prescribed by Canadian GAAP and therefore it may not be comparable with the calculation of similar measures for other entities. Funds from operations as presented is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash flow from operating activities, net income or other measures of financial performance calculated in accordance with Canadian GAAP. All references to funds from operations throughout this report are based on cash flow from operating activities before changes in non-cash working capital and abandonment expenditures. Funds from operations per unit is calculated based on the weighted average number of trust units outstanding consistent with the calculation of net income per unit. Operating netbacks equal production revenue and realized gains or losses on financial instrument contracts, less royalties, transportation and operating expenses calculated on a boe basis. Total boe is calculated by multiplying the daily production by the number of days in the period. Management uses these terms to analyze operating performance and leverage.

Operations - Bonavista's exploration and development program for the three months ended March 31, 2010 led to the drilling of 37 wells within our core regions with a success rate of 100%. This program resulted in 19 natural gas wells and 18 oil wells. Profitability continues to guide our exploration and development program which remains flexible to changes in commodity price, development risk and deliverability upside. Once again, our operations in the first quarter have resulted in superior capital efficiencies driven off of strong production performance, healthy reserve additions and a disciplined approach to spending with every well drilled. These activities, along with our significant acquisition completed in the second half of 2009, continue to enhance the predictability in our overall production base in addition to lengthening our reserve life index ("RLI") to approximately 11.7 years.

Production - For the three months ended March 31, 2010, production increased 22% to 62,734 boe per day when compared to 51,347 boe per day for the same period a year ago. Natural gas production increased 31% to 225 mmcf per day in the first quarter of 2010 from 172 mmcf per day for the same period a year ago, while total oil and liquids production increased 11% to 25,216 bbls per day in the first quarter of 2010 from 22,757 bbls per day for the same period in 2009.

The following table highlights Bonavista's production by product for the three months ended March 31:

	Three months ended March 31,	
	2010	2009
Natural gas (mmcf/day)	225	172
Oil and liquids (bbls/day):		
Light and medium oil	20,481	17,221
Heavy oil	4,735	5,536
Total oil and liquids (bbls/day)	25,216	22,757
Total oil equivalent (boe/day)	62,734	51,347

Bonavista's balanced commodity investment approach minimizes our dependence on any one product and has generated consistent results in the quarter. Our current production is approximately 64,000 boe per day, consisting of 61% natural gas, 32% light and medium oil and 7% heavy oil, excluding the recently announced acquisition anticipated to close on May 31, 2010.

Production revenues - Production revenues for the three months ended March 31, 2010 increased 42% to \$253.6 million when compared to \$179.1 million for the same period a year ago, due to both increased production volumes and higher average commodity prices. For the three months ended March 31, 2010, natural gas prices decreased 14% to \$5.46 per mcf, when compared to \$6.37 per mcf realized in the same period in 2009. The average oil and liquids price increased 23% to \$63.20 per bbl for the three months ended March 31, 2010 from \$51.35 per bbl for the same period in 2009.

The following table highlights Bonavista's realized commodity pricing for the three months ended March 31:

	Three months ended March 31,	
	2010	2009
Natural gas (\$/mcf):		
Production revenues	\$ 5.45	\$ 6.06
Realized gain on financial instrument contracts	0.01	0.31
	5.46	6.37
Light and medium oil (\$/bbl):		
Production revenues	62.34	43.42
Realized gain on financial instrument contracts	0.11	11.00
	62.45	54.42
Heavy oil (\$/bbl):		
Production revenues	66.31	36.84
Realized gain on financial instrument contracts	0.10	4.94
	66.41	41.78
Total (\$/boe):		
Production revenues	44.92	38.77
Realized gain on financial instrument contracts	0.07	5.26
	\$ 44.99	\$ 44.03

Commodity price risk management - As part of our financial management strategy, Bonavista has adopted a disciplined commodity price risk management program. The purpose of this program is to stabilize funds from operations against volatile commodity prices and protect acquisition economics. Bonavista's Board of Directors has approved a commodity price risk management limit of 60% of forecast production, net of royalties, primarily using costless collars. Our strategy of using costless collars limits Bonavista's exposure to downturns in commodity prices, while allowing for participation in commodity price increases.

For the three months ended March 31, 2010, our risk management program on financial instrument contracts resulted in a net gain of \$24.9 million, consisting of a realized gain of \$388,000 and an unrealized gain of \$24.5 million. The realized gain of \$388,000 consisted of a \$129,000 gain on natural gas commodity derivative contracts and a \$259,000 gain on crude oil commodity derivative contracts. For the same period in 2009, our risk management program on financial instrument contracts resulted in a net gain of \$6.9 million, consisting of a realized gain of \$24.3 million and an unrealized loss of \$17.4 million. The realized gain of \$24.3 million consisted of a \$4.8 million gain on natural gas commodity derivative contracts and a \$19.5 million gain on crude oil commodity derivative contracts.

Royalties - For the three months ended March 31, 2010, royalties increased by 22% to \$40.2 million from \$32.9 million for the same period a year ago, largely attributed to increased production volumes and higher average commodity prices. In addition, royalties as percentage of revenues (including realized gains and losses on financial instrument contracts) for the first quarter of 2010 decreased to 15.8% compared to 16.2% in 2009. The decrease in royalty rates is largely due to significantly lower natural gas royalties, resulting from a 14% decrease in natural gas prices, offset slightly by higher royalties incurred on our oil and liquids production base.

The following table highlights Bonavista's royalties by product for the three months ended March 31:

	Three months ended March 31, 2010 2009	
Natural gas (\$/mcf):		
Royalties	0.60	1.13
% of revenues ⁽¹⁾	11.0%	17.7%
Light and medium oil (\$/bbl):		
Royalties	12.46	8.25
% of revenues ⁽¹⁾	19.9%	15.2%
Heavy oil (\$/bbl):		
Royalties	12.08	5.51
% of revenues ⁽¹⁾	18.2%	13.2%

⁽¹⁾ % of revenues include realized gains and losses on financial instrument contracts

On October 25, 2007, the Alberta Government announced the New Royalty Framework ("NRF") which was subsequently revised on April 10, 2008 to provide further clarification on the NRF as well as to introduce two new royalty programs related to the development of deep oil and natural gas reserves. The NRF was legislated in November 2008 and took effect on January 1, 2009. Subsequent to legislation of the NRF, the Government of Alberta introduced the Transitional Royalty Plan ("TRP") in response to the decrease in development activity in Alberta resulting from declining commodity prices and the global economic downturn. The TRP offers reduced royalty rates for new wells drilled on or after November 19, 2008 that meet certain depth requirements. An election must be filed on an individual well basis in order to qualify for the TRP. The TRP is in place for a maximum of 5 years to December 31, 2013. All wells drilled between 2009 and 2013 that adopt the transitional rates will be required to shift to the NRF on January 1, 2014. On March 3, 2009, the Alberta Government announced a further royalty incentive program consisting of a three-point incentive program to stimulate new and continued economic activity in Alberta which includes a drilling royalty credit for new conventional oil and natural gas wells and a new royalty incentive program. In 2010, the net effect of these programs will add approximately \$30.0 million of royalty and drilling credits.

On March 11, 2010 the Alberta Competitiveness Review board made a number of recommendations for further improvements to Alberta's current royalty structure. These recommendations become effective on a permanent basis for the January 2011 production month and are outlined as follows:

- The current incentive program rate of 5% on new natural gas and conventional oil wells will become a permanent feature of the royalty system, with the current time and volume limits;
- The maximum royalty rate for conventional oil will be reduced at higher price levels from 50% to 40% to provide better risk-reward balance to investors;
- Recognizing the fundamental changes to the North American supply/demand balance and increased competition from other jurisdictions, the maximum royalty rate for conventional and unconventional natural gas will be reduced at higher price levels from 50% to 36%;
- All royalty curves will be finalized and announced by May 31, 2010; and
- The NRF legislated in November 2008 will continue until its original announced expiration on December 31, 2013. Effective January 1, 2011, no new wells will be allowed to select the transitional royalty rates. Wells that have already selected the transitional royalty rates will have the option to stay with those rates or switch to the new rates effective January 1, 2011.

Operating expenses - Operating expenses for the three months ended March 31, 2010 remained relatively unchanged at \$49.2 million compared to \$48.5 million for the same period a year ago. Although we experienced a significant increase in production volumes quarter over quarter, we were able to implement significant operating cost reduction initiatives in many areas of our operations, which led to operating costs on a per boe basis decreasing 17% for the three months ended March 31, 2010 to \$8.71 per boe, from \$10.49 per boe in the comparable period of 2009. Bonavista anticipates that operating costs on a per boe basis will decrease in 2010 to approximately \$8.50 to \$9.00 per boe as compared to the average \$9.80 per boe in 2009. The following table highlights Bonavista's operating expenses by product for the three months ended March 31:

	Three months ended March 31,	
	2010	2009
Natural gas (\$/mcf)	\$ 1.24	\$ 1.56
Light and medium oil (\$/bbl)	9.65	10.99
Heavy oil (\$/bbl)	14.51	14.91
Total (\$/boe)	\$ 8.71	\$ 10.49

Transportation expenses - For the three months ended March 31, 2010, transportation expenses remained unchanged at \$8.8 million (\$1.56 per boe) compared to \$8.8 million (\$1.90 per boe) for the same period in 2009. Per unit transportation costs have decreased 18% over this period as a result of our significant increase in production volumes in areas with lower associated transportation costs. For the three months ended March 31, 2010 transportation expenses by product were \$0.29 per mcf for natural gas, \$0.82 per bbl for light and medium oil and \$3.37 per bbl for heavy oil compared to \$0.36 per mcf for natural gas, \$0.89 per bbl for light and medium oil and \$3.81 per bbl for heavy oil for the same period in 2009.

General and administrative expenses - General and administrative expenses, after overhead recoveries, increased 28% to \$4.9 million for the three months ended March 31, 2010 from \$3.9 million in the same period in 2009. On a per boe basis, general and administrative expenses increased 6% for the three months ended March 31, 2010 to \$0.88 per boe from \$0.83 per boe in the same period in 2009. These increases are largely due to higher costs of personnel required to manage our growing operations. Our current level of general and administrative expenses still remains among the lowest in our sector.

In connection with its Trust Unit Incentive Rights and Restricted Trust Unit Plans, Bonavista recorded a unit-based compensation charge of \$2.7 million for the three months ended March 31, 2010, compared to \$2.8 million for the same period in 2009.

Financing expenses - Financing expenses, which include interest expense on long-term debt and convertible debentures, increased 29% to \$4.8 million for the three months ended March 31, 2010, from \$3.7 million for the same period in 2009 and on a per boe basis, increased slightly to \$0.85 per boe for the three months ended March 31, 2010 from \$0.81 per boe for the same period in 2009. The increase in financing expenses for the three months ended March 31, 2010 compared to the same period in 2009 is largely the result of an increase in our bank loan facility used to finance, in part, our significant acquisition that we closed on August 20, 2009. For the three months ended March 31, 2010, Bonavista paid cash interest of \$3.9 million compared to \$3.5 million for the same period in 2009. Bonavista's effective interest rate as at March 31, 2010 was approximately 2.0% (2009 – 1.8%).

Depreciation, depletion and accretion expenses - Depreciation, depletion and accretion expenses increased 26% to \$82.4 million for the three months ended March 31, 2010 from \$65.5 million for the same period of 2009. This increase is due to higher costs of finding, developing and acquiring reserves and a larger asset base in 2010. For the three months ended March 31, 2010, the average cost increased to \$14.60 per boe from \$14.18 per boe for the same period in 2009.

Income taxes - For the three months ended March 31, 2010, the provision for income taxes was \$7.9 million compared to a recovery of \$12.9 million for the same period in 2009. The provision in the first quarter of 2010 is mainly attributable to the unrealized gain on financial instrument contracts. Bonavista made no cash payments on tax installments for the three months ended March 31, 2010, or for the comparative periods in 2009.

Funds from operations, net income and comprehensive income - For the three months ended March 31, 2010, Bonavista experienced a 38% increase in funds from operations to \$146.1 million (\$1.00 per unit, basic) from \$105.7 million (\$0.89 per unit, basic) for the same period in 2009. Despite weaker natural gas prices quarter over quarter, funds from operations increased for the three months ended March 31, 2010 due to both increased production volumes and higher crude oil prices. Net income and comprehensive income for the three months ended March 31, 2010, increased 142% to \$79.7 million (\$0.54 per unit, basic) from \$33.0 million (\$0.28 per unit, basic) for the same period in 2009.

The following table is a reconciliation of a non-GAAP measure, funds from operations, to its nearest measure prescribed by GAAP:

Calculation of Funds From Operations:	Three months ended March 31,	
	2010	2009
(thousands)		
Cash flow from operating activities	\$ 157,075	\$ 80,561
Asset retirement expenditures	2,110	2,240
Changes in non-cash working capital	(13,086)	22,884
Funds from operations	\$ 146,099	\$ 105,685

Capital expenditures - Capital expenditures for the three months ended March 31, 2010 were \$98.7 million, consisting of \$101.9 million spent on exploration and development activities offset by property acquisition adjustments of \$3.9 million and property dispositions adjustments of \$700,000. For the same period in 2009, capital expenditures were \$79.2 million, consisting of \$57.1 million on exploration and development spending and \$22.1 million on property acquisitions. While we saw considerable downward movement in service costs throughout 2009, we anticipate service costs to stabilize at current levels for 2010. This attractive level will allow Bonavista to continue to generate attractive returns with its exploration and development program despite relatively weak natural gas prices.

Liquidity and capital resources - As at March 31, 2010, long-term debt including working capital (excluding unrealized losses on financial instrument contracts, its related tax impact and convertible debentures) was \$882.4 million with a debt to first quarter 2010 annualized funds from operations ratio of 1.5:1. Bonavista has significant flexibility to finance future expansions of its capital programs, through the use of its current funds generated from operations and our bank loan facility totalling \$1.4 billion, of which \$517.6 million is unused borrowing capability.

Bonavista has two bank loan facilities totalling \$1.4 billion provided by a syndicate of 12 domestic and international banks. Both facilities have a maturity date of August 10, 2011 and may, at the request of the Trust and with the consent of the lenders be extended on an annual basis.

Under the terms of both credit facilities, the Trust has provided the covenant that its: (i) consolidated senior debt borrowing will not exceed three times net income before unrealized gains and losses on financial instruments and marketable securities, interest, taxes and depreciation, depletion and accretion; (ii) consolidated total debt will not exceed three and one half times consolidated net income before unrealized gains and losses on financial instruments and marketable securities, interest, taxes and depreciation, depletion and accretion; and (iii) consolidated senior debt borrowing will not exceed one-half of consolidated total debt plus consolidated unitholders' equity of the Trust, in all cases calculated based on a rolling prior four quarters.

In 2010, Bonavista plans to invest between \$530 and \$560 million on its capital programs within its core regions and grow its production. This capital budget includes the recently announced acquisition of certain long-life natural gas weighted properties located adjacent to its Whitecourt property in west central Alberta for a purchase price of approximately \$228 million on closing, expected to be on or about May 31, 2010. The Trust intends on financing its 2010 capital program with a combination of funds from operations, its recently announced \$177 million bought deal financing and to the extent required, its existing credit facility. Going forward, the Trust remains committed to the fundamental principle of maintaining financial flexibility and the prudent use of debt.

Unitholders' equity - As at March 31, 2010, Bonavista had 146.7 million equivalent trust units outstanding. This includes 9.5 million exchangeable shares, which are exchangeable into 21.5 million trust units. The exchange ratio in effect at March 31, 2010 for exchangeable shares was 2.25913:1. As at May 6, 2010, Bonavista had 154.4 million equivalent trust units outstanding. This includes 9.5 million exchangeable shares, which are exchangeable into 21.6 million trust units. The exchange ratio in effect at May 6, 2010 for exchangeable shares was 2.27443:1. In addition, Bonavista has 4.1 million trust unit incentive rights outstanding at May 6, 2010, with an average exercise price of \$20.73 per trust unit.

Distributions - Bonavista's distribution policy is constantly monitored and is dependent upon its forecasted operations, funds from operations, debt levels and capital expenditures. One of the main objectives of the Trust is to maintain sustainability, which is defined as maintaining both production and reserves over an extended period of time with a minimum amount of capital. This is accomplished by retaining sufficient funds from operations to replace the reserves that have been produced. With these considerations, for the three months ended March 31, 2010 the Trust declared distributions of \$60.1 million (\$0.48 per unit) compared to \$55.1 million (\$0.56 per unit) in the same period in 2009. We continuously monitor all the factors influencing our distribution rate and the necessity to adjust the monthly distribution in the future.

The following table illustrates the relationship between cash flow provided from operating activities and distributions declared, as well as net income and distributions declared. Net income includes significant non-cash charges, such as depreciation, depletion and accretion, unrealized gains and losses on financial instruments and marketable securities, fluctuations in future income taxes due to changes in tax rates and tax rules. These non-cash charges do not represent the actual cost of maintaining our production capacity given the natural declines associated with oil and natural gas assets. For the three months ended March 31, 2010, the non-cash charges amounted to \$66.4 million compared to \$72.7 million for the same period in 2009. In instances where distributions exceed net income, a portion of the cash distribution paid to Unitholders may be considered an economic return of Unitholders' capital.

Distribution Analysis (thousands)	Three months ended March 31,	
	2010	2009
Cash flow provided from operating activities	\$ 157,075	\$ 80,561
Net income	79,734	32,959
Distributions declared	60,090	55,074
Excess of cash flow provided from operating activities over distributions declared	96,985	25,487
Excess (shortfall) of net income over distributions declared	19,644	(22,115)

Bonavista announces its distribution policy on a quarterly basis. Distributions are determined by the Board of Directors and are dependent upon the commodity price environment, production levels, and the amount of capital expenditures to be financed from funds from operations. For 2010, our objective is to distribute up to 50% of our funds from operations, which allows us to withhold sufficient funds to finance capital expenditures required to maintain or modestly grow our production base. Our current distribution rate of \$0.16 per unit per month will place us slightly below this targeted level for the year assuming current strip prices are realized.

Quarterly financial information - The following table highlights Bonavista's performance for the eight quarterly periods ending on June 30, 2008 to March 31, 2010:

	2010		2009				2008		
	March 31	December 31	September 30	June 30	March 31	December 31	September 30	June 30	
(\$ thousands, except per unit amounts)									
Production revenues	253,632	232,870	180,977	166,430	179,146	221,782	354,667	361,555	
Net income	79,734	39,647	33,339	661	32,959	129,192	207,594	29,282	
Net income per unit:									
Basic	0.54	0.27	0.25	0.01	0.28	1.09	1.77	0.26	
Diluted	0.53	0.27	0.25	0.01	0.28	1.09	1.75	0.26	

Production revenues over the past eight quarters have fluctuated between a low of \$166.4 million in the second quarter of 2009 to a high of \$361.6 million in the second quarter of 2008, largely due to the volatility of commodity prices. Net income in the past eight quarters has fluctuated from a low of \$661,000 in the second quarter of 2009 to a high of \$207.6 million in the third quarter of 2008. These fluctuations are primarily influenced by production volumes, commodity prices, realized and unrealized gains and losses on financial instrument contracts and future income tax recoveries associated with the reduction in corporate income tax rates. Net income increased 142% in the first quarter of 2010 as compared to the first quarter of 2009. The increase in net income in the first quarter of 2010 is largely attributed to both, higher production volumes and higher average commodity prices, as well as the impact of the unrealized gains on financial instrument contracts.

Disclosure controls and procedures - Disclosure controls and procedures have been designed to ensure that information to be disclosed by Bonavista is accumulated and communicated to management, as appropriate, to allow timely decisions regarding required disclosures. The Chief Executive Officer and Chief Financial Officer have concluded, as of the end of the period covered by the interim filings that Bonavista's disclosure controls and procedures are appropriately designed and operating effectively to provide reasonable assurance that material information relating to the issuer is made known to them by others within the Trust.

Internal control over financial reporting - Internal control over financial reporting is a process designed to provide reasonable assurance that all assets are safeguarded, transactions are appropriately authorized and to facilitate the preparation of relevant, reliable and timely information. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objective of the control system is met. Management has assessed the effectiveness of Bonavista's internal control over financial reporting as defined by National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings. Management has concluded that their internal control over financial reporting was effective as of March 31, 2010. There were no material changes to the internal controls over financial reporting during the three months ended March 31, 2010.

Update on SIFT tax and corporate conversion - Bonavista is currently reviewing alternative legal structures for post December 31, 2010. Although we believe a conversion back to a corporate structure is the most likely scenario when the SIFT tax rules come into effect, we have not finalized this decision at this time. The form of legal structure and the timing of such conversion are dependent on many factors such as the strength of commodity prices and equity markets, operating performance, tax regulations and Bonavista's continued success in developing its inventory of prospects. If there is a conversion to a corporation, total shareholder return is still expected to have a component of both growth and yield.

International financial reporting standards - On January 1, 2011 International Financial Reporting Standards ("IFRS") will become the generally accepted accounting principles in Canada. The adoption date of January 1, 2011 will require restatement, for comparative purposes, of amounts reported by Bonavista for the year ended December 31, 2010, including the opening balance sheet as at January 1, 2010. An internal project team assisted by external consultants has been set up to manage the conversion from Canadian GAAP to IFRS. The members of this project team have attended IFRS industry specific seminars and continue to guide the Trust's transition to IFRS. The Trust's auditors have and continue to be involved throughout the process to ensure that the Trust's accounting policies are in accordance with the standards set out by IFRS.

Management has not yet finalized its IFRS accounting policies and as such is unable to quantify the impact on its consolidated financial statement by adopting IFRS. The Trust is currently in the process of evaluating its accounting policy choices and the resulting impact these choices have on the financial statements. Once determined, management will present their recommendations of chosen exemptions available under IFRS 1 to the Audit Committee and the Board of Directors for their review and approval.

In July 2009, the International Accounting Standards Board ("IASB") issued amendments to IFRS 1, "First Time Adoption of IFRS" allowing an entity that used full cost accounting under its previous GAAP, at its time of adoption, to measure exploration and evaluation assets at the amount determined under the entity's previous GAAP and to measure oil and natural gas assets in the development or production phases by allocating the amount determined under the entity's previous GAAP for those assets to the underlying assets pro rata using reserve volumes or reserve values as of that date. The Trust currently plans to adopt this exemption under IFRS 1. IFRS 1 also provides a number of other optional and mandatory exemptions in certain areas to the general requirement for full retrospective application of IFRS. Management is analyzing the various exemptions available under IFRS 1 and will implement those determined to be the most appropriate for the Trust which at this time are summarized as follows:

- Property, Plant and Equipment ("PP&E") – IFRS 1 provides the option to value the PP&E assets at their deemed cost being the Canadian GAAP net book value assigned to these assets as at the date of transition, January 1, 2010. This amendment is for entities that follow the full cost accounting guidelines under Canadian GAAP that accumulate all oil and natural gas assets into one cost centre. Under IFRS, the Trust's PP&E assets are allocated to cash generating units ("CGU"), the net book value of these assets on the date of transition will be allocated to the CGU's on the basis of either the reserve volumes or value at that point in time.
- Business Combinations – IFRS 1 would allow the Trust to use the IFRS rules from business combinations on a prospective basis rather than restating all business combinations.

The transition from present Canadian GAAP to IFRS on January 1, 2011 is significant and may materially affect our reported financial position and results of operations. At this time, Bonavista has identified the following key differences that will impact its financial statements:

- Exploration and Evaluation ("E&E") expenditures – Upon transition to IFRS, Bonavista will reclassify all E&E expenditures that are currently included in the PP&E balance on the Consolidated Balance Sheet. This will consist of the book value for Bonavista's undeveloped land that relates to exploration properties. E&E assets will not be depleted and must be assessed for impairment when indicators of impairment exist.
- Depletion Expense – Upon transition to IFRS, Bonavista has the option to base the depletion calculation on either proved reserves or proved and probable reserves. Bonavista has not concluded at this time which method will be used for calculating depletion.
- Impairment of PP&E assets – Under IFRS, an impairment test of PP&E must be performed on specific portions of PP&E as opposed to the entire PP&E balance which is currently required under Canadian GAAP through the full cost ceiling test. Impairment calculations will be performed at the cash generating unit level based on reserve values or other estimates of fair value.
- Provisions for Asset Retirement costs – Under IFRS, Bonavista is required to revalue its liability for asset retirement costs at each balance sheet date using a current liability specific discount rate. Under present Canadian GAAP, once recorded, asset retirement obligations are not adjusted for future changes in discount rates.

In addition to accounting policy differences, Bonavista's transition to IFRS is expected to impact internal controls over financial reporting, disclosure controls and procedures, certain business activities and information systems.

- Internal controls over financial reporting ("ICFR") – in conjunction with assessing our accounting policy choices, we will also determine whether any changes will be required for ICFR. This will be an ongoing process throughout 2010 to ensure that all changes in accounting policy include the appropriate controls and procedures for IFRS reporting requirements.
- Disclosure controls and procedures – during this transition period Bonavista will assess its stakeholders' information requirements to ensure that adequate and timely information is provided to meet these needs.

- Business activities – Upon transition to IFRS, management has been cognizant of ensuring that any existing agreements that contain references to Canadian GAAP are modified to allow for IFRS statements.
- Information Systems – Bonavista has tested the accounting system updates required in order to handle IFRS reporting. The updates while not significant are critical to allow for reporting of both Canadian GAAP and IFRS statements in 2010. Certain modifications have also been made to track PP&E and E&E expenditures required for IFRS reporting. Additional modifications may be required as we finalize our accounting policy choices.

OUTLOOK

As we navigate through our thirteenth year since restructuring Bonavista in 1997, and our seventh year since converting to an energy trust, we continue to benefit from the same qualities that drove the success of Bonavista both as a corporation and an energy trust. We continue to apply the same proven strategy and execute this strategy in a disciplined and cost-effective manner, much the same way we did in 1997 when we started on our journey of creating value for our investors. The foundation of this strategy is to actively pursue low to medium-risk drilling opportunities on our extensive land base within geographically concentrated areas of operations. Even with a very active exploration and development program over the past several years, the quality and quantity of our inventory of opportunities continues to improve each and every year. Our consistent strategy also involves a component of strategic and timely acquisitions where we can add value utilizing our own technical expertise. Our timely and prudent approach to capital investments has been very effective in the past, and our attention to detail together with our steadfast commitment to adding Unitholder value, will continue to provide the foundation for the future success of our organization. Today our efficiency, productivity, and confidence are at the highest level in our twelve year history.

We continue to monitor natural gas fundamentals closely and remain optimistic that the current North American oversupply situation will ultimately balance itself. We anticipate a decline in supply over the next few quarters which, when coupled with modestly increasing industrial demand, should result in improved natural gas prices throughout the year and into 2011. With this in mind, Bonavista will continue to maintain maximum flexibility with its capital spending program by directing capital to the most profitable opportunities. We have established a capital spending program of between \$530 and \$560 million, which includes the recently announced \$228 million asset acquisition. The remainder will be allocated to our exploration and development program with approximately two-thirds of the expenditures concentrated in our Western Core Region development initiatives. In total for 2010, we expect to drill between 115 and 130 wells, with approximately 75% of these wells drilled horizontally offering enhanced capital efficiencies. It is anticipated that this capital program will result in 2010 production volumes to average between 64,500 to 65,500 boe per day.

As always, we will continue to closely monitor the economic climate together with our drilling results and remain flexible to adjust the level of capital spending depending on the circumstances. In particular, an unprecedented amount of Crown land and property acquisition opportunities are being brought to the market in 2010. As a result, we are exercising extra diligence when considering these incremental investment opportunities. As in the past, our objective will be to invest in those projects that will maximize value both in the short and long term.

We are proud of our accomplishments in the first quarter of 2010 and despite some short term commodity weakness, our enthusiasm and confidence towards the future is greater than it has ever been. We would like to thank our employees for their significant effort and their continued perseverance as we position ourselves for the future. We remain confident that our operating philosophy works well in any environment and we will continue to create long-term value for our unitholders. Throughout many business cycles and changes in the business environment, Bonavista has converted adversity into opportunity, pursued counter-cyclical strategies and has emerged an even stronger entity as a result of this approach. Ultimately our legal structure will likely change back to a corporation, but our primary focus of executing a proven strategy that has worked so well over twelve years will remain unchanged. Our team is very committed to this vision.

On behalf of the Board of Directors



Keith A. MacPhail
Chairman and Chief Executive Officer



Jason E. Skehar
President and Chief Operating Officer

May 6, 2010
Calgary, Alberta

BONAVISTA ENERGY TRUST
Consolidated Balance Sheets

(thousands)	March 31, 2010	December 31, 2009
(unaudited)		
Assets:		
Current assets:		
Accounts receivable and prepaids	\$ 144,200	\$ 128,363
Marketable securities	3,738	6,322
Financial instrument contracts	21,588	5,626
Future income tax asset	1,611	4,424
	171,137	144,735
Oil and natural gas properties and equipment	2,927,462	2,906,073
Goodwill	41,321	41,321
	\$ 3,139,920	\$ 3,092,129
Liabilities and Unitholders' Equity:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 205,252	\$ 157,019
Distributions payable	20,048	19,937
Financial instrument contracts	6,607	15,169
Convertible debentures	38,336	38,093
Future income tax	4,907	1,641
	275,150	231,859
Long-term debt	805,010	832,138
Asset retirement obligations	162,605	160,314
Future income tax	146,038	144,235
Unitholders' equity:		
Unitholders' capital and debenture conversion component	1,538,809	1,531,299
Exchangeable shares	58,007	59,295
Contributed surplus	14,987	13,319
Accumulated earnings	139,314	119,670
	1,751,117	1,723,583
	\$ 3,139,920	\$ 3,092,129

See accompanying notes to the consolidated financial statements.

BONAVISTA ENERGY TRUST

Consolidated Statements of Operations, Comprehensive Income and Accumulated Earnings

(thousands, except per unit amounts)	Three months ended March 31,	
	2010	2009
(unaudited)		
Revenues:		
Production	\$ 253,632	\$ 179,146
Royalties	(40,229)	(32,915)
	213,403	146,231
Realized gains on financial instrument contracts	388	24,284
Unrealized gains (losses) on financial instrument contracts	24,524	(17,342)
	24,912	6,942
	238,315	153,173
Expenses:		
Operating	49,153	48,477
Transportation	8,799	8,773
General and administrative	4,941	3,850
Financing	4,799	3,730
Gain on marketable securities	(2,094)	-
Unit-based compensation	2,731	2,754
Depreciation, depletion and accretion	82,370	65,534
	150,699	133,118
Income before taxes	87,616	20,055
Income taxes (reductions)	7,882	(12,904)
Net income and comprehensive income	79,734	32,959
Accumulated earnings, beginning of period	119,670	231,029
Distributions declared	(60,090)	(55,074)
Accumulated earnings, end of period	\$ 139,314	\$ 208,914
Net income per unit – basic	\$ 0.54	\$ 0.28
Net income per unit – diluted	\$ 0.53	\$ 0.28

See accompanying notes to the consolidated financial statements.

BONAVISTA ENERGY TRUST
Consolidated Statements of Cash Flows

(thousands, except per unit amounts)

	Three months ended March 31,	
	2010	2009
(unaudited)		
Cash provided by (used in):		
Operating Activities:		
Net income	\$ 79,734	\$ 32,959
Items not requiring cash from operations:		
Depreciation, depletion and accretion	82,370	65,534
Unit-based compensation	2,731	2,754
Unrealized (gains) losses on financial instrument contracts	(24,524)	17,342
Gain on marketable securities	(2,094)	-
Future income tax (reductions)	7,882	(12,904)
Asset retirement expenditures	(2,110)	(2,240)
Changes in non-cash working capital items	13,086	(22,884)
	157,075	80,561
Financing Activities:		
Issuance of equity, net of issue costs	4,704	452
Distributions	(59,979)	(68,025)
Changes in long-term debt	(27,128)	71,607
Changes in non-cash working capital items	872	279
	(81,531)	4,313
Investing Activities:		
Exploration and development	(101,873)	(57,148)
Property acquisitions	3,958	(22,097)
Property dispositions	(745)	-
Proceeds on sale of marketable securities	4,678	-
Changes in non-cash working capital items	18,438	(5,629)
	(75,544)	(84,874)
Change in cash	-	-
Cash, beginning of period	-	-
Cash, end of period	\$ -	\$ -

See accompanying notes to the consolidated financial statements.

BONAVISTA ENERGY TRUST

Notes to Consolidated Financial Statements

For the three months ended March 31, 2010 (unaudited)

Structure of the Trust and Basis of Presentation:

Bonavista Energy Trust ("Bonavista" or the "Trust") is an open-ended unincorporated investment trust governed by the laws of the Province of Alberta. The Trust was established on July 2, 2003 under a Plan of Arrangement entered into by the Trust, Bonavista Petroleum Ltd. ("BPL") and its subsidiaries and partnerships and NuVista Energy Ltd. ("NuVista"). Under the Plan of Arrangement, a wholly-owned subsidiary of the Trust amalgamated with BPL and became the successor company. The Trust has two significant subsidiaries in which it owns 100% of the common shares of BPL (excluding the exchangeable shares – see note 6) and 100% of the units of Bonavista Trust (2003) ("BT"). The activities of these entities are financed through interest bearing notes from the Trust and third party debt as described in the notes to the consolidated financial statements. The business of the Trust is carried on through the entities owned by the subsidiaries of the Trust, Bonavista Petroleum, a general partnership ("BP") and Bonavista Energy Limited Partnership ("BELP"). The net income of the Trust is generated from interest on notes advanced to its subsidiaries, royalty payments on oil and natural gas assets owned by BP, as well as any dividends or distributions paid by its subsidiaries. The Trustee must declare payable to the Trust Unitholders all of the taxable income of the Trust.

1. Significant accounting policies:

The interim consolidated statements of the Trust have been prepared by management in accordance with generally accepted accounting policies in Canada. The unaudited interim consolidated financial statements have been prepared following the same accounting policies and methods of computation as the consolidated financial statements for the fiscal year ended December 31, 2009. The interim consolidated financial statement note disclosures do not include all of those required by Canadian generally accepted accounting principles ("GAAP") applicable for annual financial statements. Accordingly, the interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes hereto as at and for the year ended December 31, 2009.

2. Business relationships:

Bonavista and NuVista are considered related as two directors of NuVista, one of whom is NuVista's chairman, are directors and officers of Bonavista and another director of NuVista is also an officer of Bonavista.

For the three months ended March 31, 2010, no management fees were charged by NuVista for our jointly owned partnership (2009 - \$337,500). As at March 31, 2010, the amount payable to NuVista was \$517,000 (2009 - \$726,000).

3. Asset retirement obligations:

The Trust's asset retirement obligations result from net ownership interests in oil and natural gas assets including well sites, gathering systems and processing facilities. The Trust estimates the total undiscounted amount of expenditures required to settle its asset retirement obligations is approximately \$750.2 million (2009 - \$600.9 million) which will be incurred over the next 51 years. The majority of the costs will be incurred between 2011 and 2038. A credit-adjusted risk-free rate of 7.5% (2009 - 7.5%) and an inflation rate of 2% (2009 - 2%) were used to calculate the fair value of the asset retirement obligations.

A reconciliation of the asset retirement obligations is provided below:

	Three months ended March 31,	
	2010	2009
(thousands)		
Balance, beginning of period	\$ 160,314	\$ 127,467
Accretion expense	2,797	2,249
Liabilities incurred	1,604	729
Liabilities acquired	-	2,128
Liabilities settled	(2,110)	(2,240)
Change in estimate	-	421
Balance, end of period	\$ 162,605	\$ 130,754

4. Long-term debt:

The Trust has two bank loan facilities totaling \$1.4 billion with a syndicate of chartered banks. These combined facilities are unsecured, covenant-based, extendible revolving facilities and include a \$50 million working capital facility. The facilities provide that advances may be made by way of prime rate loans, bankers' acceptances and/or US dollar LIBOR advances. These advances bear interest at the banks' prime rate and/or at money market rates plus a stamping fee. The facilities are revolving credit and may, at the request of the Trust with the consent of the lenders, be extended on an annual basis. The facilities have a maturity of August 10, 2011 with no principal payments required until then. There is an accordion feature providing that at anytime during the term, on participation of any existing or additional lenders, we can increase the facility by \$250 million.

Under the terms of the credit facilities, the Trust has provided the covenant that its: (i) consolidated senior debt borrowing will not exceed three times net income before unrealized gains and losses on financial instruments and marketable securities, interest, taxes and depreciation, depletion and accretion; (ii) consolidated total debt will not exceed three and one half times consolidated net income before unrealized gains and losses on financial instruments and marketable securities, interest, taxes and depreciation, depletion and accretion; and (iii) consolidated senior debt borrowing will not exceed one-half of consolidated total debt plus consolidated unitholders' equity of the Trust, in all cases calculated based on a rolling prior four quarters.

Financing expenses for the three months ended March 31, 2010 include interest on bank loans of \$2.8 million (2009 - \$3.0 million) and convertible debentures of \$642,000 (2009 - \$763,000). For the three months ended March 31, 2010, Bonavista paid cash interest of \$3.9 million (2009 - \$3.5 million). For the three months ended March 31, 2010 our effective interest rate was approximately 2.0% (2009 - 1.8%).

5. Convertible debentures:

The 6.75% debentures have a conversion price of \$29.00 per trust unit, maturing on June 30, 2010. The Trust may elect to satisfy the principal obligation of this debenture by issuing trust units to the holders of the debentures. The debt component of the debentures has been recorded net of the fair value of the conversion feature and issue costs. The fair value of the conversion feature of the debentures included in Unitholders' equity at the date of issue was \$2.8 million. The issue costs are amortized to net income over the term of the obligation. The debt portion is accreted over the term of the obligation to the principal value on maturity with a corresponding charge to net income. The following table sets out the convertible debenture activities to March 31, 2010:

	Debt Component	Equity Component
(thousands)		
Balance, December 31, 2009	\$ 38,093	\$ 808
Accretion	149	-
Amortization of issue expenses	94	-
Balance, March 31, 2010	\$ 38,336	\$ 808

6. Unitholders' equity:

a) Authorized:

Unlimited number of voting trust units.

b) Issued and outstanding:

(i) Trust units:

	Number of Units	Amount
(thousands)		
Balance, December 31, 2009	124,604	\$ 1,530,491
Issued on conversion of exchangeable shares	469	1,288
Issued upon exercise of trust unit incentive rights	220	4,704
Conversion of restricted trust units	4	-
Unit-based compensation	-	1,518
Balance, March 31, 2010	125,297	\$ 1,538,001

(ii) Contributed surplus:

	Amount
(thousands)	
Balance, December 31, 2009	\$ 13,319
Unit-based compensation expense	2,731
Unit-based compensation capitalized	455
Exercise of trust unit incentive rights and conversion of restricted trust units	(1,518)
Balance, March 31, 2010	\$ 14,987

(iii) Exchangeable shares:

	Number	Amount
(thousands)		
Balance, December 31, 2009	9,707	\$ 59,295
Exchanged for trust units	(211)	(1,288)
Balance, March 31, 2010	9,496	58,007
Exchange ratio, March 31, 2010	2.25913	-
Trust units issuable on exchange	21,453	\$ 58,007

c) Long term incentive plans:

For the three months ended March 31, 2010 there were 65,635 restricted trust units granted and 603,750 trust unit incentive rights issued with an average exercise price of \$22.52 per trust unit and an estimated fair value of \$9.49 per trust unit. As at March 31, 2010 there were 255,428 restricted trust units outstanding and 4.3 million trust unit rights outstanding with an average exercise price of \$21.01 per trust unit. The Trust uses the fair value based method for the determination of the unit-based compensation costs. The fair value of each incentive right granted was estimated on the date of grant using the modified Black-Scholes option-pricing model. In the pricing model, the risk free interest rate was 3.5%; volatility of 46%; a forfeiture rate of 10% and an expected life of 4.5 years.

d) Per unit amounts:

The following table summarizes the weighted average trust units, exchangeable shares and convertible debentures used in calculating net income per trust unit:

	Three months ended March 31, 2010
(thousands)	
Trust units	125,055
Exchangeable shares converted at the exchange ratio	21,570
Basic equivalent trust units	146,625
Convertible debentures	1,330
Trust unit incentive rights	1,342
Restricted trust units	255
Diluted equivalent trust units	149,552

For the purposes of calculating net income per trust unit on a diluted basis, the net income has been increased by \$885,000 (2009 - \$943,000) with respect to the accretion, amortization and interest expense on the convertible debentures.

7. Financial instruments:

The Trust has exposure to credit and market risks from its use of financial instruments. This note provides information about the Trust's exposure to each of these risks, the Trust's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

a) Credit risk:

The carrying amount of accounts receivable represents the maximum credit exposure. As at March 31, 2010 the Trust's receivables consisted of \$82.1 million of receivables from crude oil and natural gas marketers which has substantially been collected, subsequent to March 31, 2010, \$24.7 million from joint venture partners of which \$1.1 million has been subsequently collected, and \$37.4 million of Crown deposits and prepaid expenses. As at March 31, 2010 the Trust has \$10.1 million in accounts receivable that is considered to be past due. Although these amounts have been outstanding for greater than 90 days, they are still deemed to be collectible. The Trust does not have an allowance for doubtful accounts as at March 31, 2010 and did not provide for any doubtful accounts nor was it required to write-off any receivables during the three months ended March 31, 2010.

b) Commodity price risk:

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for crude oil and natural gas are impacted not only by global economic events that dictate the levels of supply and demand but also by the relationship between the Canadian and United States dollar. The Trust has attempted to mitigate a portion of the commodity price risk through the use of various financial instrument contracts and physical delivery sales contracts. The Trust's policy is to enter into commodity price contracts when considered appropriate to a maximum of 60% of net after royalty, forecasted production volumes.

i) Financial instrument contracts:

As at March 31, 2010, the Trust has hedged by way of costless collars to sell natural gas and crude oil as follows:

Volume		Average Price	Term
35,000	gjs/d	CDN\$4.46 - CDN\$5.89 - AECO	April 1, 2010 - October 31, 2010
20,000	gjs/d	CDN\$4.56 - CDN\$6.12 - AECO	April 1, 2010 - December 31, 2010
5,000	gjs/d	CDN\$4.50 - CDN\$7.24 - AECO	April 1, 2010 - October 31, 2011
10,000	gjs/d	CDN\$5.13 - CDN\$7.75 - AECO	November 1, 2010 - March 31, 2011
10,000	gjs/d	CDN\$5.25 - CDN\$7.20 - AECO	January 1, 2011 - December 31, 2011
5,000	gjs/d	CDN\$5.00 - CDN\$6.50 - AECO	April 1, 2011 - October 31, 2011
9,000	bbls/d	CDN\$68.06 - CDN\$92.83 - WTI	April 1, 2010 - December 31, 2010
1,500	bbls/d	CDN\$75.00 - CDN\$92.68 - WTI	July 1, 2010 - September 30, 2010
1,500	bbls/d	CDN\$75.00 - CDN\$93.58 - WTI	October 1, 2010 - December 31, 2010
2,500	bbls/d	CDN\$80.00 - CDN\$97.14 - WTI	January 1, 2011 - December 31, 2011

As at March 31, 2010, the Trust limited its downside exposure to natural gas prices by entering into option contracts. The Trust has also hedged its exposure to electricity pricing by entering into a swap which determines a fixed price paid throughout the term of the contract. These financial instrument contracts are outlined below:

Volume		Price	Contract	Term
5,000	gjs/d	CDN \$4.50	Purchased Put - AECO	April 1, 2010 - October 31, 2010
10,000	gjs/d	CDN \$6.45	Sold Call - AECO	April 1, 2011 - October 31, 2011
1	mw/h	CDN\$55.00	Swap - AESO	April 1, 2010 - December 31, 2010

Financial instrument contracts are recorded on the consolidated balance sheet at fair value at each reporting period with the change in fair value being recognized as an unrealized gain or loss on the consolidated statements of operations, comprehensive income and accumulated earnings. As at March 31, 2010 the fair market value recorded on the consolidated balance sheet for these financial instrument contracts was a net asset of \$15.0 million, compared to a net liability of \$9.5 million in the first quarter of 2009. These financial instrument contracts had the following gains and losses reflected in the consolidated statements of operations, comprehensive income and accumulated earnings:

	Three months ended March 31,	
	2010	2009
Realized gains on financial instrument contracts	\$ 388	\$ 24,284
Unrealized gains (losses) on financial instrument contracts	24,524	(17,342)
	\$ 24,912	\$ 6,942

Bonavista mitigates its risk associated with fluctuations in commodity prices by utilizing financial instrument contracts. A \$0.10 change in the price per thousand cubic feet of natural gas - AECO would have an impact of approximately \$1.3 million on net income for those financial instrument contracts that were in place as at March 31, 2010. A \$1.00 change in the price per barrel of oil - WTI would have an impact of approximately \$1.4 million on net income for those financial instrument contracts that were in place as at March 31, 2010.

ii) Physical purchase and sale contracts:

As at March 31, 2010, the Trust has entered into physical contracts to sell natural gas as follows:

Volume		Average Price	Term
15,000	gjs/d	CDN\$4.58 - CDN\$6.41 - AECO	April 1, 2010 - October 31, 2010
5,000	gjs/d	CDN\$5.00 - CDN\$6.60 - AECO	April 1, 2010 - December 31, 2010
10,000	gjs/d	CDN\$5.00 - CDN\$7.34 - AECO	November 1, 2010 - March 31, 2011
10,000	gjs/d	CDN\$5.13 - CDN\$6.99 - AECO	January 1, 2011 - December 31, 2011

As at March 31, 2010, the Trust has entered into physical contracts to sell natural gas and to purchase electricity as follows:

Volume		Average Price	Term
5,000	gjs/d	CDN \$5.06 - AECO	April 1, 2010 - December 31, 2010
4	mw/h	CDN\$50.54 - AESO	April 1, 2010 - December 31, 2010
4	mw/h	CDN\$51.70 - AESO	January 1, 2011 - December 31, 2011

Physical purchase and sale contracts are being accounted for as they are settled.

Fair value of financial instruments:

The fair value of financial instrument contracts is determined by the financial intermediary to extinguish all rights or obligations of the financial instrument contracts. As at March 31, 2010, the fair market value of these financial instrument contracts was a net asset of approximately \$15.0 million (2009 - \$9.5 million net liability).

Fair market value of the convertible debentures as at March 31, 2010 is \$39.0 million (2009 - \$45.2 million), as determined using its most recent closing trading price.

Fair market value of marketable securities as at March 31, 2010 is \$3.7 million (2009 - nil), as determined using the closing price of common shares.

Bank debt bears interest at a floating market rate and accordingly the fair market value approximates the carrying value.

8. Subsequent events:

a) Property acquisition:

On March 24, 2010 Bonavista agreed to acquire certain long-life natural gas properties for a cash purchase price, at closing, of approximately \$228 million. The acquisition is effective January 1, 2010 and is expected to close on or about May 31, 2010. Completion of the acquisition is subject to customary regulatory approval and other conditions.

b) Equity financing:

In connection with the acquisition, Bonavista entered into an agreement to sell, on a bought deal basis, 7.5 million Trust Units at a price of \$23.60 per Trust Unit for gross proceeds of approximately \$177 million to a syndicate of underwriters. The closing of the offering occurred on April 15, 2010.

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Vice President, Human Resources and Administration

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Vice President, Operations

Grant A. Zawalsky,

Corporate Secretary

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Chartered Accountants

Calgary, Alberta

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Bank of Montreal

Royal Bank of Canada

The Bank of Nova Scotia

National Bank of Canada

Alberta Treasury Branches

Union Bank of California, N.A. (Canada Branch)

Fortis Capital (Canada) Ltd.

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