



# BONAVISTA ENERGY TRUST

2007 EDITION  
VIEWPOINT

**Maintaining the Course  
in a Changing Landscape**

[www.bonavistaenergy.com](http://www.bonavistaenergy.com)

# MAINTAINING PERFORMANCE

Since our conversion into an energy trust in July 2003, we have successfully delivered 14 successive quarters of profitable growth. The reason, quite simply, is that very little in our operating strategy has changed. We continue to apply the same proven principles and execute our strategy in a disciplined and cost-effective manner. Both management and the Board of Directors are determined to maintain a sustainable energy trust, where the cycle of modest production growth from reinvested cash flow creates enough momentum to continue generating strong profitability and a continuity of distributions. We believe that we have found a formula that achieves this sustainability. By investing approximately 50% of our cashflow, we are able to develop our assets, enhance production, increase cash flow and maintain distributions.

## About This Publication

This is the third edition of our publication, featuring a new format for communications with our investors. With our conversion into an energy trust, Bonavista recognized that our investor base had changed. This report will help our unitholders better understand both the energy industry and Bonavista. It explains what we do, why we do it and how all of our activities are aimed at continuing to build a sustainable energy trust. We also recognize that some readers are looking for comprehensive disclosure and we will continue to provide this information in our complementary publications: the Annual Report, which contains our Management's Discussion and Analysis and our Audited Financial Statements; our Annual Information Form, which provides comprehensive disclosure on reserves and operations; our Information Circular; and other mandated information. All of these documents can be accessed on our website at [www.bonavistaenergy.com](http://www.bonavistaenergy.com) or through SEDAR at [www.sedar.com](http://www.sedar.com).



## Table of Contents

<b>Address to Unitholders</b>	<b>3</b>	<b>Operating Regions</b>	<b>12</b>
Understand the operating strategies Bonavista uses to create long-term sustainability in this overview by President and CEO, Keith MacPhail and Executive Vice President and CFO, Ron Poelzer.		Examine the four core regions where Bonavista operates and the activity underpinning another year of record drilling, operating and financial performance.	
<b>Financial and Operational Highlights</b>	<b>8</b>	<b>Key Statistics</b>	<b>16</b>
Gain insight into the key indicators of Bonavista's performance as well as the answers to three common questions about cash distributions.		Analyze a strong history of success with this guide to the financial, operational and performance facts behind Bonavista's results.	
<b>Life Cycle of Bonavista</b>	<b>10</b>	<b>The Bonavista Team</b>	<b>BC</b>
Learn about the strong foundation of this sustainable energy trust and review the events that have delivered top performance both before and after Bonavista's conversion into an energy trust.		In 2006, our team continued to provide the technical, operational and financial talents that enables Bonavista to accomplish its goals.	



## Bonavista's Sustainable Energy Trust

**B**onavista operates using the principles of a sustainable energy trust, which brings together the right combination of people, assets and technology to deliver industry-leading results. Sustainability means diligently pursuing opportunities using only the most cost-effective operating models. It demands the use of principled and ethical business and operating practices that protect all of our stakeholders for the long term. To our corporate team, sustainability means more than delivering distributions today; it means planning, working and delivering for tomorrow as well.

### Spotlight - Value Creation

We create value for Bonavista's unitholders by actively pursuing low to medium-risk drilling opportunities on our extensive undeveloped land base. All development is focused within four geographically concentrated core areas. We rely on our team of experts who know our assets, understand our fundamental operating approach and exercise the financial discipline and attention to detail that, in the long run, are keys to our ongoing success. Finally, we're able to complement this activity with strategic acquisitions that allow us to add value by using our existing technical expertise.

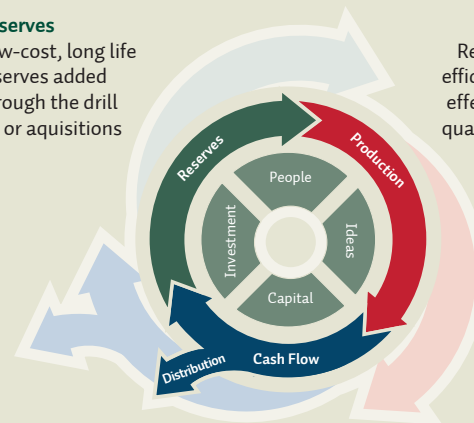
### SUSTAINABILITY MODEL

#### Reserves

Low-cost, long life reserves added through the drill bit or acquisitions

#### Production

Reserves convert efficiently and cost effectively to high quality production



#### Cash Flow

Favourable commodity prices and low cost structure generate solid cash flow, the basis for distributions and reinvestment



## YOUR TEAM AT WORK

From understanding how an area has been developed to what the production history has yielded, this team has got it covered. For as long as Bonavista has been in business, our priority has been to bring together the technical, operational and financial talent required to deliver sustained value for Bonavista's unitholders. We have built an organization where our people are both owners and partners. Together, our directors, management and employees hold approximately 18% of the Bonavista units, creating a strong alignment with the interests of all unitholders. Our strong technical teams have built four core regions and the assets within them into the operations that we run today. Having played such a key role in building Bonavista, these teams know how to get the most from every aspect of our business. Finally, through a flat corporate structure, Bonavista has benefited from the multi-disciplined approach that our teams bring to any challenge we encounter along the way. A complete list of our dedicated employees is on the back cover of this report.

## Taxation Of Trusts

On October 31, 2006, the Federal Government announced a proposal pertaining to the taxation of distributions from publicly traded Canadian income trusts, royalty trusts and partnerships. The proposal includes a 31.5 % tax imposed on income before distributions at the trust level and taxed to the taxable Canadian investor, effectively as a dividend. If enacted, the proposal would apply to the Trust effective January 1, 2011. On December 21, 2006, the Department of Finance issued draft legislation consistent with the proposal described above. As at December 31, 2006, the legislative proposal has not been substantively enacted. Bonavista continues to monitor and assess the implications of the Federal Government's announcement on its existing business, and along with the Coalition of Canadian Energy Trusts, we have expressed our concerns on this proposed taxation of trusts to the Federal Government. Despite the proposed legislation's significant negative impact on the overall energy trust sector, Bonavista is still well positioned to take advantage of the opportunities arising from the changing landscape. Our success is based on the consistent application of our core philosophy and operating strategies. As such, the application of these principles will not change under the new tax regime as our team is dedicated to continue to create significant value in the oil and natural gas business for our investors.



## Maintaining the Course in a Changing Landscape

**S**ince Bonavista was restructured with a new management team in 1997, we have diligently followed a consistent core operating philosophy that has significantly rewarded our shareholders and our unitholders. Remaining sensitive to external factors, we are confident that we will continue to reward our investors, regardless of the economic environment, due to the many key strengths we possess at Bonavista.

When a strategy works, the best thing a management team can do is simply let it work and monitor its success. That has been the case for Bonavista over the past nine years, including the last four years as an energy trust. Although the energy industry has endured many changes and challenges over the last nine years, Bonavista's adherence to its core strategies has rewarded our investors with a long-term advantage of generating consistent top quartile performance. Our operating philosophy has focused on finding and developing low cost reserves efficiently and cost-effectively through the application of our technical expertise. This philosophy worked for us as a junior company, as an intermediate company and since 2003 as an energy trust in an ever-changing landscape. We have every confidence this approach will continue to work for years to come despite the most recent temporary setback resulting from the Federal Government's announced proposal to tax distributions of publically traded Canadian income trusts.

# Performance Highlights

(July 2003 to December 2006)

Bonavista has continued to deliver solid results in many key performance areas over the last three and a half years. These factors all contribute to building a strong operational foundation that will generate consistent distributions over the long term.

- Total production volumes up 55%
- Proven plus probable reserves per unit up 21%
- Reserve life index up 44%
- Average ROE of 29%

# 157%

total investment return  
to shareholders

# 116%

reserve increase

# 24%

undeveloped land increase



## Results in 2006

As in previous years, our performance in 2006 delivered solid operating results and profitability that rank us near the top of our sector. Our goal during the year was to modestly grow our reserves and production base through our internal prospect generation capabilities, which we are proud to report, have been accomplished.

### DEVELOPMENT ACTIVITIES.

In 2006, we invested \$316.4 million in our exploitation, development and acquisition activities. The majority of these expenditures were concentrated on our drilling program resulting in the drilling of 325 wells on our existing land base. The overall success rate realized with this program was 94%, with finding, development and acquisition costs of \$15.29 per boe on a proven and probable basis, inclusive of future development capital. This level of finding, development and acquisition costs are significantly below the energy trust sector average in 2006. This program also resulted in the replacement of 126% of our production. We also concluded 13 complementary acquisitions for a total of \$35.8 million.

### FINANCIAL RESULTS.

With strong results from our capital programs, production grew 4% to 52,593 boe per day in 2006, which in turn generated \$496.4 million (\$4.86 per unit) of cash flow and \$301.3 million (\$2.95 per unit) of net income. These financial results met our budget expectations and were accomplished despite significantly weaker natural gas prices in 2006 compared to 2005.

## RETURN TO INVESTORS.

Bonavista's operating philosophy, executed with financial discipline, has allowed us to deliver consistent and stable distributions to our investors. The distributions to our unitholders in 2006 were \$3.87 per unit or 65% of cash flow. This allowed Bonavista to retain sufficient resources to sustain our reserves and production and provide a solid base on which to build long-term investor returns.

**We are delighted to report that since inception as an energy trust in July 2003 to March 14, 2007, Bonavista has delivered a total return of 157% to our investors: 79% from increases in the unit price and the remaining 78% in the form of cash distributions.**

## Operating philosophy

Bonavista's core philosophy is focused on developing our assets in an efficient and intelligent manner, an approach that has rewarded our investors handsomely. We have both the technical expertise and the financial discipline to make the most out of what we find and produce. Having one of the energy trust sector's lowest cost structures allows us to maximize operating netbacks for the benefit of our unitholders.

As opposed to assets being spread widely across the Western Canadian Sedimentary Basin, Bonavista has chosen to geographically concentrate its operations, focusing on areas where we have strong technical and operational knowledge, in a small number of areas that we understand intimately. By deploying a consistent operating team over a portfolio of familiar assets, we can maximize production while minimizing costs. We intend to continue operating our assets in the same way we have in the past. We actively pursue operatorship and high working interests. We also seek to dominate the land and infrastructure, as well as the use of our seismic database to gain strategic knowledge, control the pace of development, and bring on new reserves in a timely and cost-effective manner. This creates a natural barrier to entry and a competitive advantage for us.

Acquisitions have always played an important role in our success. They allow us to improve our drilling inventory, while consolidating infrastructure and increasing efficiencies within our existing core areas. Generally speaking, we will only consider

an acquisition if it complements our existing activities or if we can add value by applying our unique knowledge of an area.

## A proven team

The entire team at Bonavista is committed to deliver on the operating strategy that ultimately results in modest growth, consistent distributions, and ongoing value creation for our unitholders. Our team is truly exceptional and has proven their ability to apply their technical, operational and financial skills consistently over time.

Bonavista's employees know how important it is to build and maintain the trust of our investors, especially considering that they are large investors in Bonavista themselves. Toward this end, we are committed to demonstrating a consistently high standard of conduct in carrying out our business. From the safety practices at our work sites, to the environmental criteria we've put in place, setting and observing high standards is essential to our continued success.

We have gone one step further and extended this standard to the policies and procedures governing our corporate activities and decisions. Bonavista has always adhered to a high level of integrity and ethical standards, a commitment we continue to enforce in all areas of our business.

## Balance reduces risk, stabilizes returns

**Bonavista's current production base of 52,500 boe/d is weighted 55% towards natural gas, geographically focused within select medium-depth, multi-zone regions in Alberta, British Columbia and Saskatchewan. We continue to have one of the lowest operating cost structures in the oil and natural gas trust sector. Together, these attributes result in top-quartile netbacks for Bonavista. Also, these high working interest assets are mainly operated by the Trust, ensuring that operating and capital cost efficiencies are maintained.**

Our balanced production and geographic diversity in our core regions provide a natural hedge against price fluctuations in any one commodity and offers an additional balance of risk and reward. Furthermore, it also enhances the predictability in our financial results and distributions to our unitholders.

## Six strategies to work by:

**Bonavista succeeds by adhering to disciplined and proven core business principles that have been the cornerstone of our accomplishments over the past nine years.**

**These include:**

- Building a qualified and experienced team to apply strong technical, operational and financial expertise;
- Creating operational strength and dominance in select core regions;
- Developing low-cost, low-risk economic opportunities with good commodity balance;
- Enforcing capital efficiency and strict cost controls;
- Maintaining financial flexibility; and
- Pursuing selective, long reserve life, low-decline asset acquisitions.

### A sustainable asset base

Bonavista is focused in four core regions in western Canada, where we have built a solid land, seismic and production infrastructure position. Today, we have 1.1 million net acres of undeveloped land and have identified over 500 high-quality, low-risk drilling prospects. Furthermore, given our technical teams' detailed knowledge of this land base, new ideas and drilling prospects are generated all the time. We are confident that this inventory of land can sustain our production base for at least the next three years. In addition, we continue to actively participate in Crown land sales and industry farm-ins, further enhancing this inventory.

### Financial and capital discipline is essential

As our production grows, we will continue to maintain strict financial and capital discipline. This is just as important in strong markets as in weak ones, and equally essential whether our entity is a trust or a corporation. We continually strive for the lowest costs possible in order to achieve a cash flow recycle ratio of 2.0:1 or greater, and on average, have consistently met or exceeded this target as an energy trust. We have proven our ability to take cash flow from a barrel of oil equivalent that we produce and invest it to find two more barrels. This translates into strong profitable results, which is a key metric of efficiency and sustainability.

Maintaining a strong balance sheet affords Bonavista a certain level of protection against rapid changes in the broader market and creates additional flexibility in tough markets. We are determined to maintain this financial flexibility, which enables us to effectively respond to new opportunities.

### Proposed new tax regime highlights Bonavista's quality

Since the announcement of a proposed new tax regime for income trusts, the trust sector has lost 15% to 20% of total market capitalization which has significantly increased the cost of capital for the industry. This hurts some organizations much more than others. The marketplace will increasingly differentiate top performers from weaker organizations on the basis of their proven track record and their financial strength and operational performance. Bonavista's sustainable business strategy and our strong balance sheet protects us against rapid changes in the broader market environment and creates flexibility and opportunity in tough markets. We are unwavering in our commitment to maintain our financial flexibility. By never using excessive bank debt, we are able to respond to any commodity price environment.

The proposed new tax regime, if implemented, will encourage energy trusts to return to their operating roots through expanded exploitation and development activities. Once again, Bonavista's operational and technical expertise and clear strategy places us in a very good position going forward. As the trust marketplace separates the best from the rest, Bonavista's track record and consistent profitability will continue to serve our unitholders well.

## Plans for 2007

In 2007, we are planning a similar capital program as 2006. We will invest between \$280 million and \$300 million, with the bulk of this amount being dedicated to our development drilling program. We are forecasting to drill between 260 and 280 wells within our four core regions and expect similar success rates and finding costs as in 2006. Based on this activity, production should increase modestly in 2007 to between 53,000 and 54,000 boe per day. Despite the high activity levels being experienced in the industry today, and the inflationary cost pressures that go with this activity, we remain confident that we can continue to achieve above-average results in 2007 and beyond.

## Toward the future with confidence

In business, it is rarely one single factor that creates success. Rather, it is a combination of factors consistently applied over time that makes an entity perform well. At Bonavista, our success has been the result of applying a disciplined operational and financial strategy, selecting solid assets and allowing exceptional people to apply their technical and operational skills to create value. It has

proven to be a winning strategy for Bonavista, one that we believe will continue to deliver sustainable value to our unitholders.

We sincerely thank the entire Bonavista team for their contributions and continued enthusiasm. We also extend our appreciation to our Board of Directors for their continued guidance and tremendous support every day. Finally, we thank you, our investors, for your ongoing confidence in Bonavista.

Our strategy continues to work exceptionally well. We will maintain the course.

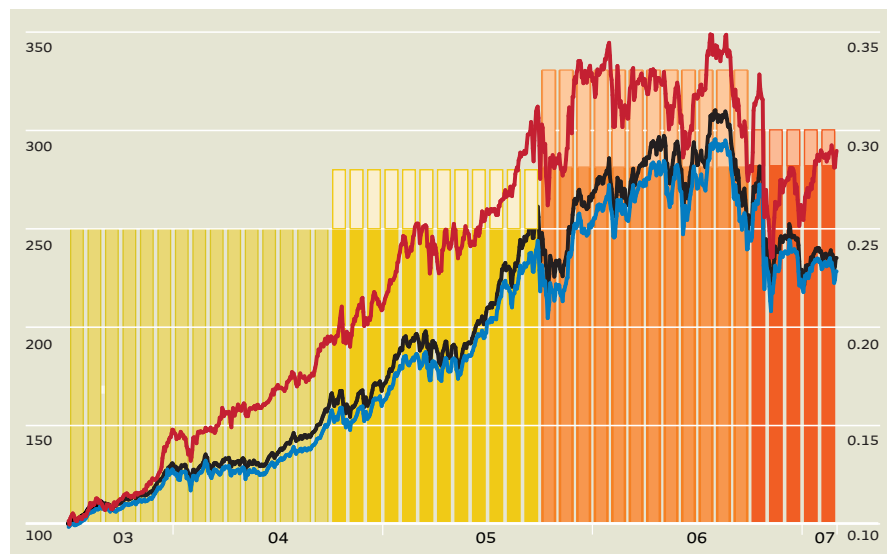
On behalf of the Board of Directors,

Keith A. MacPhail  
Chairman, President and  
Chief Executive Officer

Ronald J. Poelzer  
Executive Vice President and  
Chief Financial Officer

March 14, 2007

## DELIVERING VALUE TO UNITHOLDERS



### Monthly Distributions

BASE	SUPPLEMENTAL	TOTAL
\$0.25	-	\$0.25 per month
\$0.25	0.025	\$0.275 per month
\$0.28	\$0.05	\$0.33 per month
\$0.28	\$0.02	\$0.30 per month

From inception as an energy trust on July 2, 2003 to March 14, 2007, Bonavista has delivered a total return to its investors of 157%, comprised of a 79% increase in unit price and a 78% return from cash distributions.

In addition, Bonavista has significantly outperformed both the CIBC WM Energy Trust Sector Index and the TSX Income Trust Total Return Index during this period.

- Bonavista Trust Energy Return
- CIBC WM Energy Trust Sector
- S&P/TSX Income Trust Return



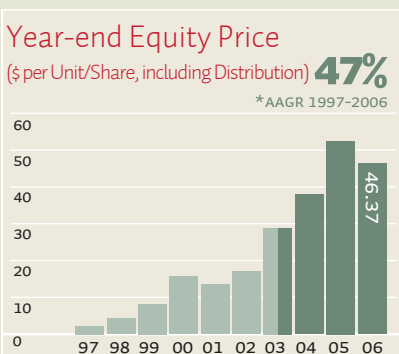
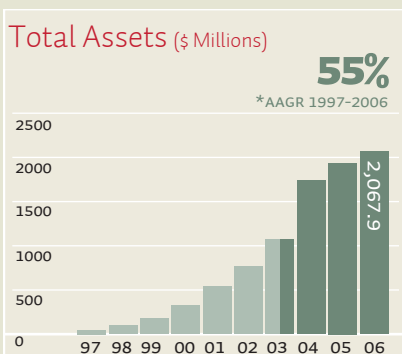
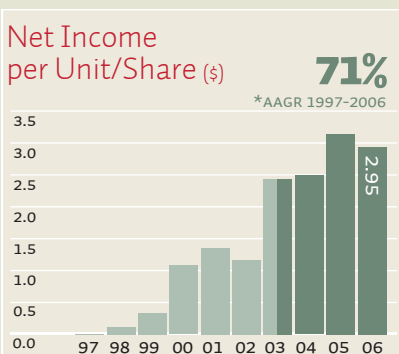
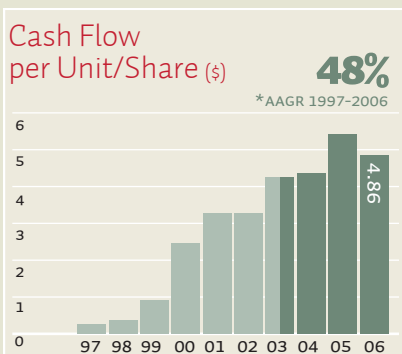
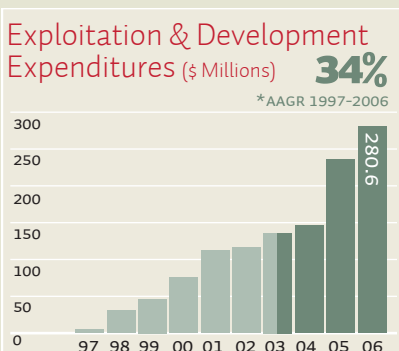
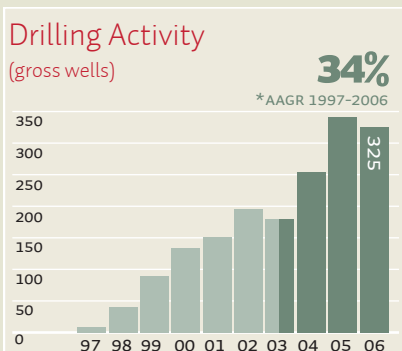
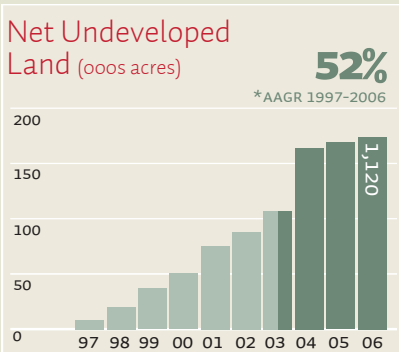
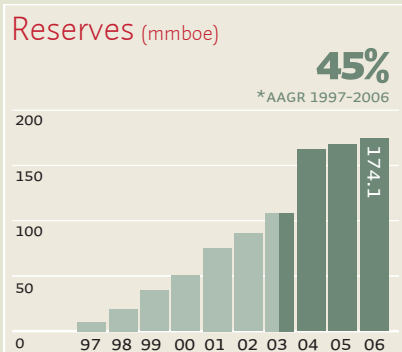
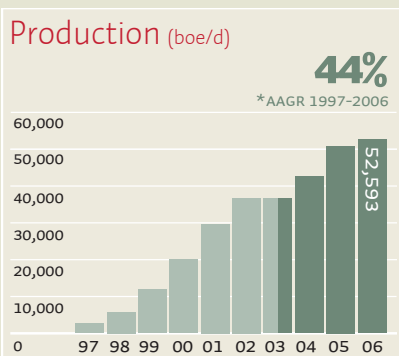
## Overview

**B**onavista sets annual targets for performance, a process that keeps us accountable and allows us to focus on the task at hand: profitability and modest growth.

With 2006 operating costs of \$7.92 per boe and administrative costs of \$0.58 per boe, Bonavista is one of the lowest-cost producers in our industry. Even in 2006's high cost environment, Bonavista's strict operational and financial discipline resulted in low finding, development and acquisition costs of \$15.29 per boe, including changes in future development expenditures.

Our debt to 2006 cash flow ratio of approximately 1.0:1 compares very favourably with the 1.8:1 ratio of the energy trust sector peer group.

# BONAVISTA'S NINE YEAR TRACK RECORD OF GROWTH



■ Bonavista Petroleum Ltd.  
■ Bonavista Energy Trust

\*Average Annual Growth Rate

## How does Bonavista create value for unitholders?

Bonavista creates value for unitholders in two ways. Firstly, by reinvesting cash flow to develop and operate new production on our extensive, undeveloped land base. And secondly, by distributing cash flow from operations directly to unitholders. This long-established operating strategy has resulted in a recycle ratio of 2.1:1, a key measure of Bonavista's efficiency in replacing the oil or natural gas being extracted. In effect, we are generating two dollars or more of cash flow for every dollar we invest in developing reserves.

## What is Bonavista's cash distribution policy?

Bonavista's goal is to maintain production and distributions at sustainable and consistent levels. However, distributions can change based on variations in commodity prices and operating results, which directly impacts cash flow. Bonavista's current monthly distribution rate is \$0.30 per unit. This monthly distribution is comprised of a base distribution of \$0.28 per unit plus a supplementary distribution of \$0.02 per unit due to the strength in commodity prices currently being realized.

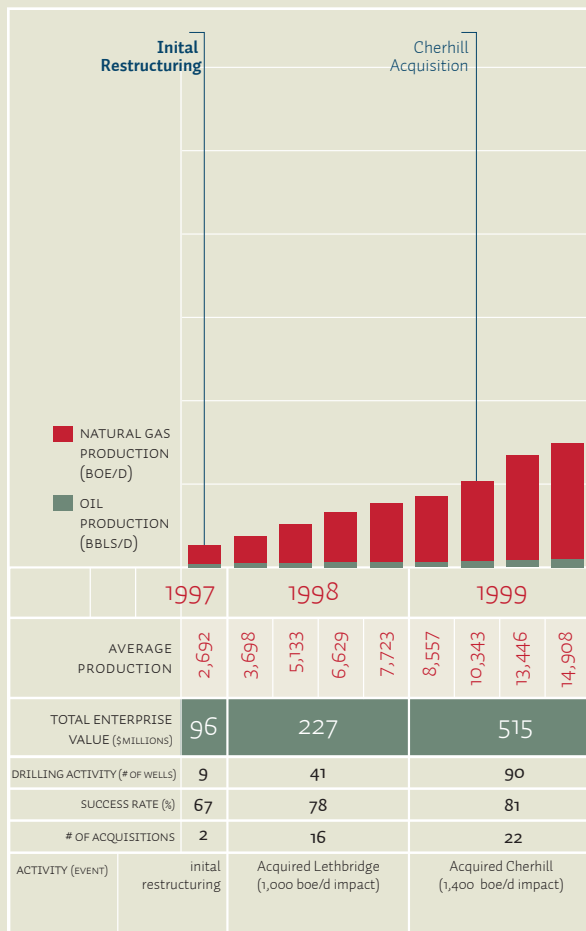
## How will the proposed taxation changes to income trusts affect Bonavista's distributions after 2011?

Since the proposed change was announced, the income trust sector has been working hard to understand how this change will affect unitholders. Almost every day, it seems, there are new and sometimes contradictory signals coming from Ottawa. Bonavista's approach is not to put the cart (taxation) before the horse (profitable production). Regardless of changes in taxation, we will continue to pursue a strategy that has proven its worth in all kinds of business environments. As for the impact on distributions, we believe it's too soon to tell. As soon as we know something definitive, we will communicate it to our unitholders.

# Life cycle of Bonavista

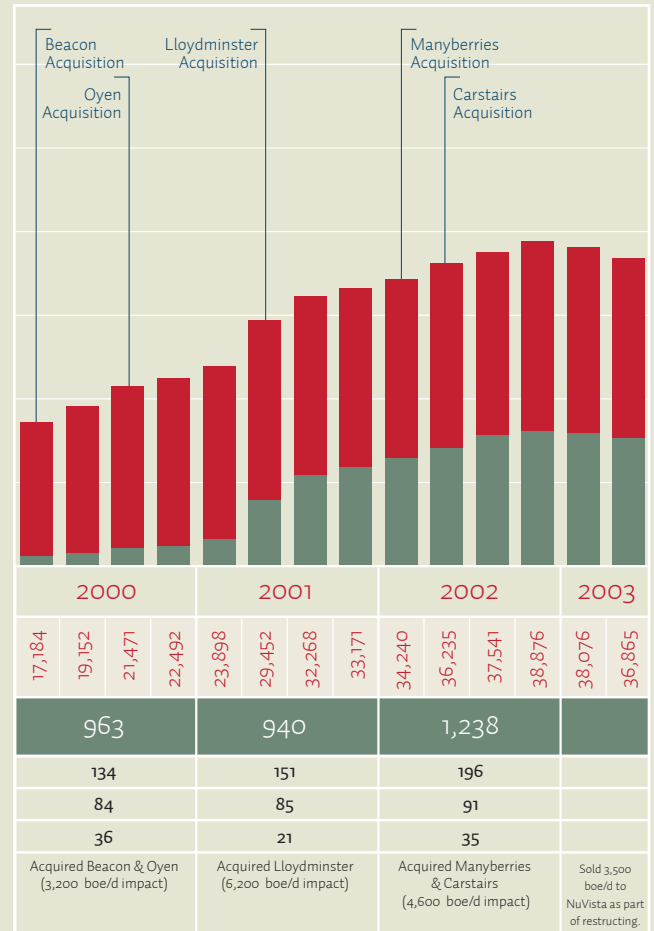
## The Junior Phase

Bonavista began as a junior oil and gas company, but progressed through this stage in only two and a half years. Most analysts define the junior stage as the period between start up and 15,000 boe per day. At this stage, annual production growth of 40% to 80% is achievable. During this time, Bonavista doubled production each year, from 2,700 boe per day in 1997 to a 1999 exit rate of 15,000 boe per day. At the same time, our investors enjoyed an increase in their investment from \$0.75 per share to \$8.15 per share. By 2000, Bonavista was becoming a solid intermediate player with a strong asset base upon which to build.



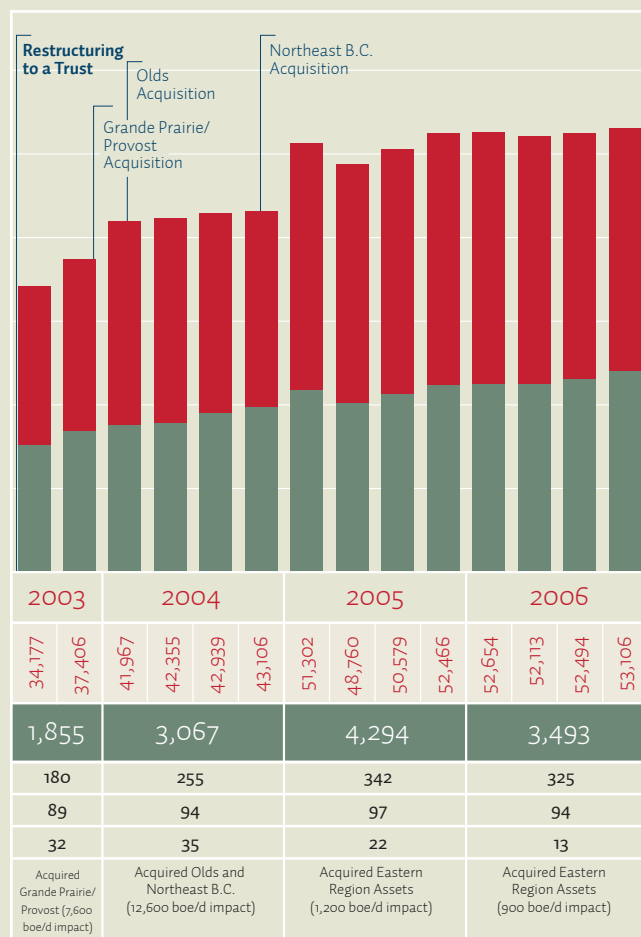
## The Intermediate Phase

From 2000 on, Bonavista continued to grow production levels at a more modest, but still substantial, annual rate of 20% to 40%. The size of our asset base and efficiency of our overall operations boosted earnings significantly, resulting in a return on equity of over 35%. As a result of our strong profitability, Bonavista was approaching a taxable position and along with the cost-of-capital advantages, conversion to an energy trust became a more attractive option. It became clear that there would be increased value to our investors by converting to a trust, particularly in light of the more tax-efficient distribution model a trust would offer.



## The Trust Phase

In July 2003, Bonavista converted to an income trust, but our philosophy and operating strategies have remained consistent. Bonavista's operating model continues to emphasize profitability, the stability of production and sustainability of distributions, which stands in marked contrast to the drive for growth evident in other business models. With this sustainable energy trust model, we can quickly and cost-effectively add new production. Indeed, the trust model is ideal for Bonavista because of our focus on profitability and our large, high-quality asset base.



## FROM JUNIOR TO INTERMEDIATE TO TRUST

**B**onavista has followed a core operational philosophy since we were established in 1997. As the company has grown over the years, we have adapted our structure to reflect a changing business environment, although our core philosophy has not changed.



## Features of our Core Regions:

Bonavista's four core areas span the Western Canadian Sedimentary Basin and are located in the provinces of Alberta, British Columbia and Saskatchewan. All of Bonavista's core areas share a number of common features that result in:

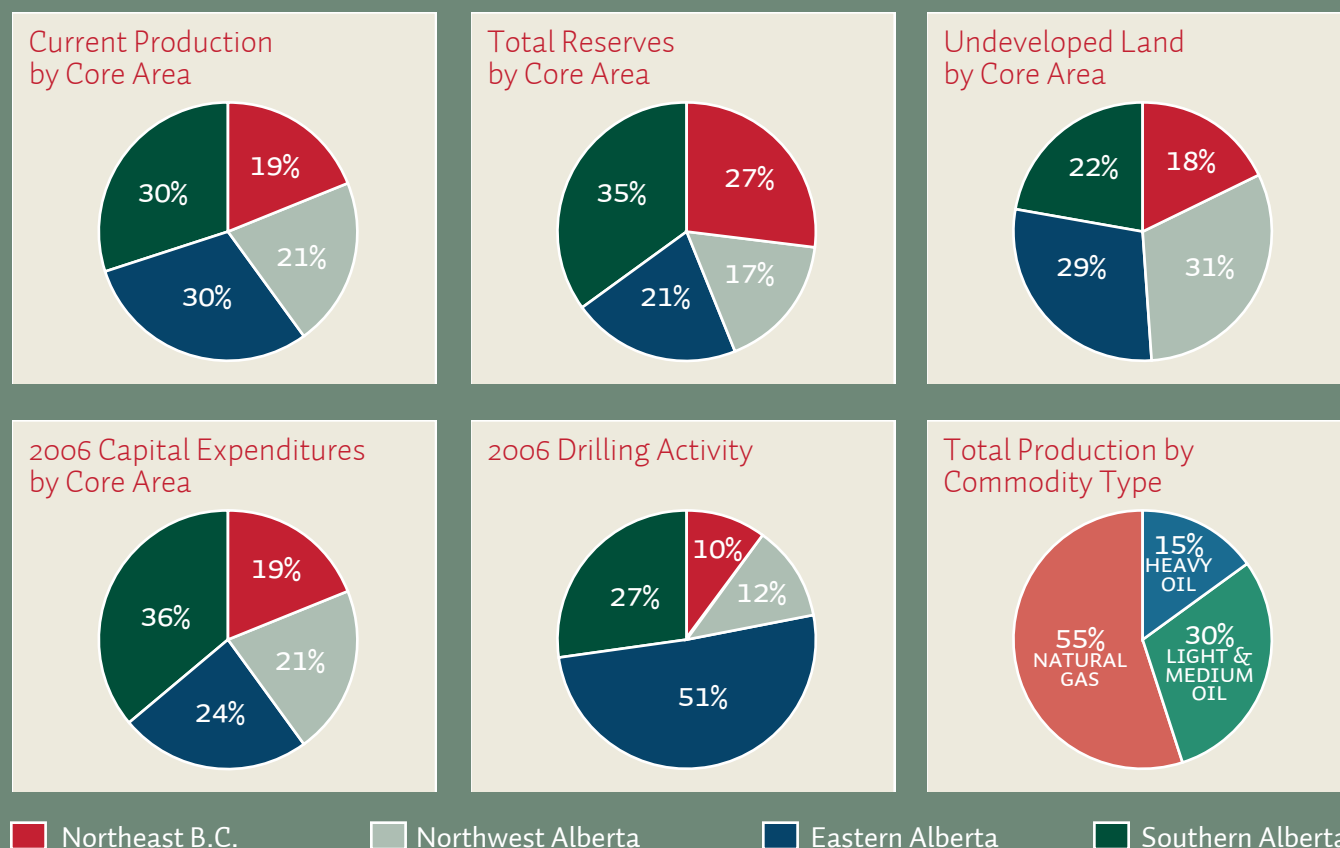
- A balanced production base: Bonavista is 55% weighted to natural gas, 30% towards medium oil and 15% towards heavy oil and is also geographically and geologically focused in medium-depth areas
- Abundant, low-risk drilling opportunities: currently Bonavista has over 500 prospects
- Control of operations: 85% of production is operated, providing a high degree of control
- Large contiguous land base: average working interest across all properties totals 75%
- Low cost structure: combined operating and general and administrative costs of \$8.50 per boe
- Shallowing base decline and lengthening reserve life index, up 44% since inception to 8.9 years

**B**onavista Energy Trust's major properties are concentrated within four core regions in the Western Canadian Sedimentary Basin. Each core region has a well-balanced portfolio of operated oil and natural gas properties with considerable exploitation, development and acquisition potential.

Our production base is weighted 55 % towards natural gas and is geographically and geologically focused within select medium-depth regions of Alberta, British Columbia and Saskatchewan. In addition, the multi-zone potential of the assets, with mostly year-round access, allows for consistent and predictable production patterns from each of these regions. Our average working interest in these properties is approximately 75 %. Operatorship and high working interest ownership remains a key component of our business plan, enabling us to control the pace of Bonavista's future reserve and production additions.

In 2006, Bonavista invested \$280.6 million in our exploitation and development program that included drilling 325 wells with an

overall success rate of 94%. We also completed 13 complementary acquisitions in our core regions, spending \$35.8 million to help expand our asset base through acquisitions in 2006. In 2007, we will invest between \$280 million and \$300 million to expand our core regions. Approximately 90% of this amount will be dedicated to drilling 260 to 280 wells within a well-planned program of exploitation, development and optimization of our existing assets, and the remainder of the capital targeted for the acquisition program. Based on our past and current success, these capital expenditures are expected to result in 2007 production averaging between 53,000 and 54,000 boe/d.



## Operational Advantages:

### Core Regions

Bonavista's core regions provide multi-zone potential and mostly year-round access. In addition, Bonavista's operating areas are organized to best use our existing team's technical knowledge.

### Undeveloped Land

We have identified over 500 high-quality drilling prospects on our 1.1 million net acres of undeveloped land. Additional locations are generated every week by our dedicated technical teams, such that our inventory continues to build despite our active drilling program.

### Production

Low cost production and well-paced development are the result of holding a high working interest of 75% in all areas and operating 85 % of our production.

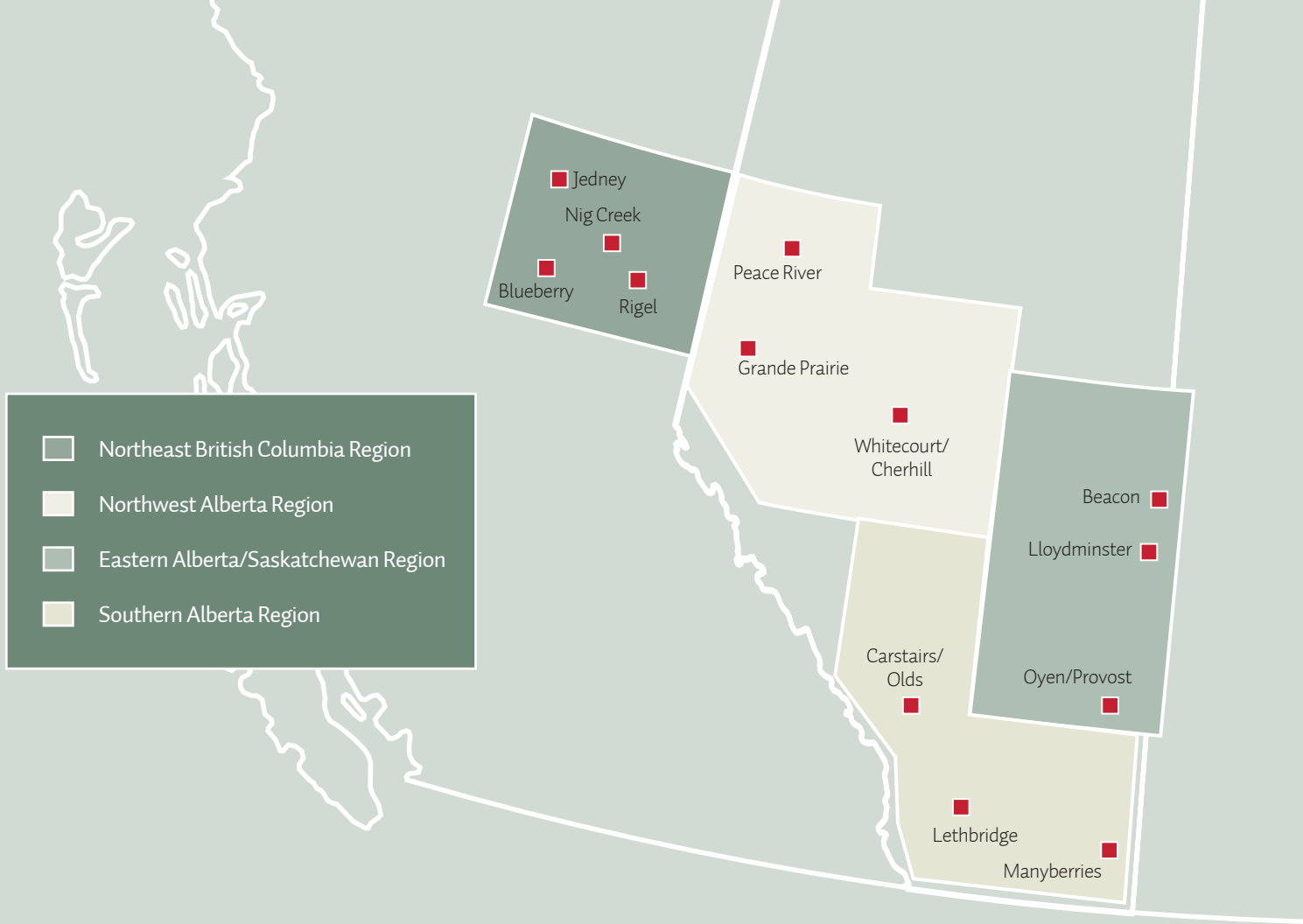
### Bonavista's Properties

2006 AVERAGE PRODUCTION

- 177.1 mmcf/d of natural gas
- 23,068 bbls/d of crude oil and liquids
- 52,593 boe/d total

### Drilling Activity

- 2005 = 342 wells
- 2006 = 325 wells
- 2007 = 260 - 280 wells



## Profile: Core Regions

Region	Current Production (boe/d)	Reserves (mmboe)	Reserves Life Index (years)	Current Undeveloped Land (net acres)	2006 Drilling Activity (wells)	2007 Drilling Activity (est. wells)
Northeast BC	10,300	47.1	12.6	204,600	31	30
Northwest AB	11,000	30.1	7.5	343,500	40	30
Eastern AB/SK	15,600	37.0	6.5	328,500	165	160
Southern AB	15,600	59.9	10.5	243,400	89	50
<b>TOTAL</b>	<b>52,500</b>	<b>174.1</b>	<b>8.9</b>	<b>1,120,000</b>	<b>325</b>	<b>270</b>

	BONAVISTA ENERGY TRUST				BONAVISTA PETROLEUM LTD.		
	2006	2005	2004	2003	2002	2001	2000
<b>OPERATIONAL</b>							
Production:							
Natural gas (mmcf/day)	177	176	144	124	132	127	109
Oil and liquids (bbls/day)	23,068	21,421	18,607	15,841	14,776	8,519	1,869
Total oil equivalent (boe/day)	52,593	50,779	42,551	36,573	36,693	29,676	20,047
Reserves (mboe)	174,091	169,071	164,130	106,816	88,111	75,311	50,651
Reserve life index (years)	8.9	8.8	8.6	7.3	6.2	6.1	6.2
Undeveloped land (net acres)	1,120,336	1,152,266	1,312,504	1,141,990	1,108,414	867,526	642,507
Drilling activity (gross wells)	325	342	255	180	196	151	134
Average success rate	94%	97%	94%	89%	91%	85%	84%
Number of acquisitions	13	22	35	32	35	21	36
<b>FINANCIAL</b>							
Revenue (\$ millions)	901.7	912.4	599.4	483.7	340.2	307.9	214.2
Cash flow (\$ millions)	496.4	522.7	344.2	285.1	205.4	188.0	139.1
Per unit / share <sup>(1)(2)</sup>	4.86	5.41	4.29	4.24	3.28	3.26	2.45
Distributions declared							
(\$ millions – effective July 2, 2003)	324.0	270.8	194.9	80.8	n/a	n/a	n/a
Per unit	3.87	3.47	3.08	1.50	n/a	n/a	n/a
Percentage of cash flow distributed	65%	52%	57%	63%	n/a	n/a	n/a
Net income (\$ millions) <sup>(2)</sup>	301.3	302.9	199.0	163.2	73.4	77.9	61.4
Per unit / share <sup>(1)(2)</sup>	2.95	3.14	2.48	2.43	1.17	1.35	1.08
Capital expenditures (\$ millions):							
Exploitation and development	280.6	236.0	145.8	136.0	116.6	111.8	75.7
Net acquisitions	35.8	59.1	605.6	247.4	151.4	155.7	78.9
Total assets (\$ millions) <sup>(2)</sup>	2,067.9	1,934.9	1,763.5	1,088.0	765.9	540.6	325.8
Unit/Shareholders' equity (\$ millions) <sup>(2)</sup>	1,130.3	1,103.5	871.7	589.8	409.0	247.9	170.6
<b>PERFORMANCE/EFFICIENCY</b>							
Cash flow net back (\$/boe) <sup>(2)</sup>	25.86	28.20	22.10	21.35	15.33	17.36	19.00
Controllable cash costs (\$/boe) <sup>(2)</sup>	9.92	8.73	7.23	6.69	5.13	4.19	3.05
Finding and development costs (\$/boe)	15.29	13.13	10.88	11.94	9.33	7.53	7.27
Recycle ratio <sup>(3)</sup>	1.7	2.1	2.0	1.8	1.6	2.3	2.6
Return on equity <sup>(3)</sup>	27%	30%	29%	31%	25%	45%	57%
Year-end unit/share price <sup>(1)(3)</sup>	46.37 <sup>(4)</sup>	52.45 <sup>(4)</sup>	37.98 <sup>(4)</sup>	28.79 <sup>(4)</sup>	17.02	13.50	15.70
Total enterprise value (\$ millions)	3,493.3	4,294.1	3,067.2	1,855.0	1,237.8	939.6	962.5

## NOTES

- <sup>(1)</sup> For periods prior to July 2, 2003 amounts are adjusted for a 2 to 1 stock split.
- <sup>(2)</sup> Adjusted for retroactive adoption of new accounting policies as fully outlined in 2005 annual report.
- <sup>(3)</sup> Key nine year compound annual averages include:
- Recycle ratio = 2.1:1 on \$2.59 billion of capital invested
  - ROE = 31%, ROCE = 20%
  - Investor average annual ROI = 47%
- <sup>(4)</sup> Includes cumulative cash distributions and value of NuVista distributed to shareholders on July 2, 2003.

## ANNUAL MEETING

The Annual and Special Meeting of the unitholders of Bonavista Energy Trust will be held at 3 pm on Thursday, May 10, 2007 in the McMurray Room at the Calgary Petroleum Club located at 319 – 5th Avenue SW, Calgary, Alberta. Unitholders who are unable to attend this meeting are requested to complete and return their proxies to Valiant Trust Company at their earliest convenience.

1999	1998	1997
66	31	13
873	642	547
11,856	5,808	2,692
36,729	19,997	8,330
7.1	7.4	7.6
416,396	244,258	64,820
90	41	9
81%	78%	67%
22	16	2
72.1	26.9	13.3
46.1	15.4	5.7
0.92	0.36	0.27
n/a	n/a	n/a
n/a	n/a	n/a
n/a	n/a	n/a
17.1	4.6	(0.2)
0.34	0.11	(0.01)
46.3	30.4	5.1
55.1	25.6	28.1
177.5	97.7	48.4
107.9	53.3	39.9
10.65	7.28	5.82
3.03	3.65	6.03
4.82	4.06	4.04
2.2	1.8	1.4
24%	11%	n/a
8.15	4.25	2.18
514.6	226.9	96.2

**FORWARD-LOOKING INFORMATION**

The information provided throughout this document contains forward-looking statements and information. The reader is cautioned that assumptions used in the preparation of such information, although considered reasonable by the Trust at the time of preparation, may prove to be incorrect. The actual results achieved may vary from the information provided herein and the variations may be material. Consequently, there is no representation by Bonavista that actual results achieved during the forecast period will be the same in whole or in part as those forecast.

**Directors**

**Keith A. MacPhail**  
Bonavista Energy Trust

**Ian S. Brown**  
Independent Businessman

**Michael M. Kanovsky**  
Sky Energy Corporation

**Harry L. Knutson**  
Nova Bancorp Inc.

**Margaret A. McKenzie**  
Range Royalty Management Ltd.

**Ronald J. Poelzer**  
Bonavista Energy Trust

**Walter C. Yeates**  
Independent Businessman

**Officers**

**Keith A. MacPhail**  
Chairman, President and CEO

**Ronald J. Poelzer**  
Executive Vice President and CFO

**Glenn A. Hamilton**  
Senior Vice President

**John A. Curkan**  
Vice President, Marketing

**Orest G. Humeniuk**  
Vice President, Land

**Dean M. Kobelka**  
Vice President and Controller

**Thomas J. Mullane**  
Vice President, Engineering

**Lynda J. Robinson**  
Vice President, Human Resources  
and Administration

**Jason E. Skehar**  
Vice President, Production

**Hank R. Spence**  
Vice President, Operations

**Johannes H. Thiessen**  
Vice President, Exploration

**Greg R. Warner**  
Vice President, Treasury and Tax

**Grant A. Zawalsky**  
Corporate Secretary

**Head Office**

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Calgary, Alberta T2P 3H2  
Telephone: (403) 213-4300  
Facsimile: (403) 262-5184  
Email: [inv\\_rel@bonavistaenergy.com](mailto:inv_rel@bonavistaenergy.com)

**Auditors**

KPMG LLP, Chartered Accountants  
Calgary, Alberta

**Bankers**

Canadian Imperial Bank of Commerce  
Bank of Montreal  
Royal Bank of Canada  
The Bank of Nova Scotia  
The Toronto-Dominion Bank  
Alberta Treasury Branches  
BNP Paribas (Canada)  
National Bank of Canada  
HSBC Bank Canada  
Société Général (Canada Branch)  
Union Bank of California N.A. (Canada Branch)  
Canadian Western Bank  
Calgary, Alberta

**Engineering Consultants**

GLJ Petroleum Consultants Ltd.  
Ryder Scott Company Canada  
Calgary, Alberta

**Legal Counsel**

Burnet, Duckworth & Palmer LLP  
Calgary, Alberta

**Registrar and Transfer Agent**

Valiant Trust Company  
Calgary, Alberta

**Stock Exchange Listing**

Toronto Stock Exchange  
Trading Symbol "BNP.UN",  
"BNP.DB" and "BNP.DB.A"

Website: [www.bonavistaenergy.com](http://www.bonavistaenergy.com)

**Abbreviations**

<b>Bbl</b>	Barrel
<b>Bbls/d</b>	Barrels per day
<b>Bcf</b>	Billion cubic feet
<b>Boe</b>	Barrel(s) of oil equivalent
<b>Boe/d</b>	Barrel(s) of oil equivalent per day
<b>Mbbl</b>	Thousands of barrels
<b>Mboe</b>	Thousand barrels of oil equivalent
<b>Mmboe</b>	Million barrels of oil equivalent
<b>Mcf</b>	Thousand cubic feet
<b>Mcf/d</b>	Thousand cubic feet per day
<b>Mmcf</b>	Million cubic feet
<b>Mmcf/d</b>	Million cubic feet per day
<b>WTI</b>	West Texas Intermediate

Units of natural gas are converted into barrels of oil equivalent at a ratio of six thousand cubic feet of natural gas to one barrel of oil.

**We have been incredibly fortunate to have retained a strong technical and professional team of employees over the years, a group who continue to bring their concentrated effort, conscientious attention to detail and strong work ethic to us everyday. Our dedicated and determined team is unique in its commitment and extraordinary ability to consistently undertake a project and see it through to a successful end. We acknowledge and appreciate the contributions of each member of our team who has assisted Bonavista in realizing significant achievements together.**

Mona Ahmed · Kurt Albiez · Larry Anderson · Kelly Ashdown · Connie Baker · Cheryl Barclay · Donna Bauman · Shawn Baxter · Kent Beakley  
Bernie Beebe · Alex Beier · Andrew Beingessner · Chris Birt · Connie Black · Douglas Black · Pam Bochulak · Ernie Bradley · Michael Breen  
Kenneth Brogan · Gillian Brown · Ryan Brown · Peggy Brown · Keith Browning · Fiona Buchholz · Joanne Bunz · Wendy Burlock · Deborah Butt  
Kyle Calmusky · Lisa Cambridge · Scott Cameron · Tod Cavalier · Stacey Chene · Don Connell · Bob Cook · Roger Craig · Marilyn Crawford  
Sherry Crawford · Georgina Crump · Garry Cullen · John Curkan · Bob Dallyn · Clark Damer · Jeb Davis · William Deagle · Kirby Deforest  
Stacey DeIure · Caitlyn Depper · Jill Dextrase · Kellie D'Hondt · Lyle Dietrich · Natalie Dobie · Sarah Donahue · Bruce Donald · Wayne Draney  
Daniel Duriez · Kevin Engman · Bernadette Enos · Nicole Evans · Nancy Farmer · Vanda Favaro · John Fernandes · Dawn Finney  
Marc Fonteyne · Barbara Foran · Allen Fothergill · Wendy Frieze · Brenda Gabel · Jay Garcia · Liana Geddert · Scott Gerber  
Derek Gilliatt · Harold Gold · Jody Goliath · Rocky Good · Sharmila Goswami · Nelson Gramlich · David Gray · Ann Green · Myrna Griffin  
Bryce Hames · Glenn Hamilton · Sherry Hannah · Scott Hanson · Melissa Hartwell · Colin Hennel · Nathan Hiebert · Cory Hipkiss · Bruce Hoff  
Scott Hogg · Colleen Hughes · Stephen Hughes · Orest Humeniuk · James Hunter · Bruce Jensen · Maria Regina Joaquin · Ryan Karr · Sara Kast  
Edward Katrusik · Pamela Kelly · Kevin Kelts · Chan Khanthavongsa · Sylvia King · Kael Klassen · Pamela Knoll · Dean Kobelka · Tyra Kraig  
Brandi Krivak · Chris Kube · Jason Kube · Don Lambert · Amber Landmark · Scott Langdon · Melony Larsen · Wayne Lashmore · Mae Le  
Christopher Lee · Wade Leonard · Winson Leung · Wade Lillico · Don Lind · Rochelle Lindberg · Michael Llewellyn · Carrie Loewen · Paige Luong  
Bruce Luyendyk · Jacqueline Maa · Colin Macaulay · Craig MacDonald · Angie MacLean · Keith MacPhail · Glen Mak · Kelly Maksymovitch  
Kenneth Maloney · Tara Mathews · Angus McCallum · David McDonald · Stephen McKenzie · Shannon McLean · Mike McLeod  
Robert McNicol · Andrew McWilliams · June Melsted · Wayne Merkel · Ellen Metzinger · Stephen Michalsky · Naava Migneault  
Miranda Mitchelmore · Robert Moncrieff · Tony Monteith · Greg Moody · Michelle Moore · Krista Morton · Jerri Mowbray · Tom Mullane  
Kevin Mullie · Luciano Muzzin · Evelyn Nahnybida · Debbie Needham · Sheri Needham · John Nelson · Joe Ng · Barbara Niddrie · Donna Norndon  
Craig Norton · Brenda Odell · Riley O'Hare · Tee Ong · Donna Orbeck · Rodney Owens · Kathryn Palmer · Tim Pauls · Andy Pausch · Poul Pedersen  
Wade Perry · Glen Perry · Wanda Peterson · Ross Pickett · Cheryl Piper · Ronald Poelzer · Floyd Polehoykie · William Portingale · Chantel Pottruff  
Cecilia Price-Jones · Sebastian Quek · Chatan Rai · Colin Ranger · Murry Rasmussen · Bob Regner · Darren Reid · Kim Reinhart · Pamela Ristau  
Sheldon Roberts · Donald Robertson · Lynda Robinson · Donald Rodger · Robert Schonknecht · Donna Schuler · Joey Schwartz · Bernie Schwindt  
Sarah Sellmann · Victoria Sharp · Jason Sherriffs · Louise Sidorenko · Trevor Sieben · Jason Skehar · Steven Smith · Ken Smith · Sandra Sparkes  
Harold Spence · Ken Staniforth · Anton Stephens · Gabriela Stevenson · Douglas Stewart · Carter Stickel · Renee Stokes · Frank Subasic  
Heather Sydor · Shane Sypher · Arnold Tacey · Jennifer Taylor · Johannes Thiessen · Lisa Thompson · Carol Thompson · Tara Timmer  
Brian Tippe · Murray Tluchak · Heather Toft · Chris Turpin · Kiley Turpin · Travis Tweit · Catherine Underhill · Diane Vander Veen · Greg Warner  
John Webb · Arlene Wickham · Gerald Willey · Brent Woods · Gordon Yee · Katie Yeung · Byron Yip · Susan Yuen · Marty Yurchak



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