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**(TSX:BNP)
FOR IMMEDIATE RELEASE
July 28, 2011**

NEWS RELEASE

Bonavista Energy Corporation Announces \$200 million Equity Offering

Calgary – Bonavista Energy Corporation ("Bonavista") announces today that it has entered into an agreement to sell, on a bought deal basis, to a syndicate of underwriters, 7.0 million common shares at \$28.55 per common share for gross proceeds of approximately \$200 million. The syndicate of underwriters will be co-led by TD Securities Inc. and CIBC World Markets Inc., and includes BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., Scotia Capital Inc., National Bank Financial Inc., Peters & Co. Limited, FirstEnergy Capital Corp., HSBC Securities (Canada) Inc. and Macquarie Capital Markets Canada Ltd. (collectively, the "Underwriters").

The net proceeds of the offering will be used to partially fund an expansion of Bonavista's 2011 capital program to between \$580 million and \$600 million from the previous program of between \$345 and \$375 million. Approximately \$180 million of this enhanced capital program will be allocated to our acquisition program where we will continue to consolidate complementary growth assets within our core areas of activity. The remainder of the incremental capital program will be allocated to the expansion of our exploration and development programs building on continued success within our key resource plays. Bonavista is focused on a balanced commodity approach and is committed to operating high quality oil and natural gas properties, delivering sustainable dividends to shareholders and providing modest production growth while maintaining financial strength and flexibility.

The financing will be offered in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and is expected to close on August 18, 2011, subject to obtaining required regulatory and stock exchange approvals.

Bonavista's common shares trade on the Toronto Stock Exchange under the symbol BNP.

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Advisory Regarding Forward-Looking Information and Statements

This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "will", "expects", "believe", "plans", "potential" and similar expressions are intended to identify forward-looking statements or information.

More particularly and without limitation, this press release contains forward looking statements and information concerning: closing of the Offering; our ability to complete the acquisition program; continued success in the exploration and development program; the sustainability of the dividend and growth objective;

The forward-looking statements and information in this press release are based on certain key expectations and assumptions made by Bonavista, including completion of the Offering on the timing planned; prevailing commodity prices and exchange rates; applicable royalty rates and tax laws; future well production rates; reserve and resource volumes; the performance of existing wells; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour and services; and the receipt, in a timely manner of regulatory, stock exchange and other required approvals. Although Bonavista believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because Bonavista can give no assurance that they will prove to be correct. There is no certainty that Bonavista will achieve commercially viable production from its undeveloped lands and prospects.

Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to the risks associated with the failure to obtain the necessary regulatory, stock exchange and other regulatory approvals and on the timelines it has planned, the risk that some other condition to the closing of the Offering is not satisfied; the oil and gas industry in general such as: operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to reserves, production, costs and expenses; health, safety and environmental risks; commodity price and exchange rate fluctuations; marketing and transportation of petroleum and natural gas and loss of markets; environmental risks; competition;; ability to access sufficient capital from internal and external sources; stock market volatility; and changes in legislation, including but not limited to tax laws, royalty rates and environmental regulations.

Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the operations or financial results of Bonavista are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

The forward-looking statements and information contained in this press release are made as of the date hereof and Bonavista undertake no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.