

BONAVISTA

ENERGY CORPORATION

(TSX:BNP)

FOR IMMEDIATE RELEASE

November 3, 2011

NEWS RELEASE

Announces 2011 Third Quarter Results

Calgary - Bonavista Energy Corporation is pleased to report to shareholders its interim consolidated financial and operating results for the three and nine months ended September 30, 2011.

Highlights

	Three months ended September 30,			Nine months ended September 30,		
	2011	2010	% Change	2011	2010	% Change
Financial						
(\$ thousands, except per share)						
Production revenues	264,349	222,656	19%	759,247	704,020	8%
Funds from operations ⁽¹⁾	134,772	123,562	9%	402,460	399,729	1%
Per share ^{(1) (2)}	0.84	0.79	6%	2.53	2.62	(3%)
Dividends declared	50,834	64,106	(21%)	148,182	188,056	(21%)
Per share	0.36	0.48	(25%)	1.08	1.44	(25%)
Percentage of funds from operations ⁽¹⁾	38%	52%	(14%)	37%	47%	(10%)
Net income	31,166	24,695	26%	140,505	149,072	(6%)
Per share ⁽³⁾	0.19	0.18	6%	0.88	1.15	(23%)
Adjusted net income ⁽⁴⁾	16,358	46,855	(65%)	122,389	153,688	(20%)
Per share ⁽³⁾	0.11	0.35	(69%)	0.77	1.18	(35%)
Total assets				3,771,975	3,455,331	9%
Long-term debt, net of working capital ⁽⁵⁾				1,057,875	1,032,830	2%
Long-term debt, net of adjusted working capital ⁽⁴⁾⁽⁵⁾				1,066,748	1,040,185	3%
Shareholders' equity				2,051,230	1,288,318	59%
Capital expenditures:						
Exploration and development	123,756	84,370	47%	372,515	254,031	47%
Acquisitions, net	99,477	15,168	556%	96,400	260,315	(63%)
Weighted average outstanding equivalent shares: (thousands) ⁽³⁾						
Basic	161,321	133,530	21%	158,828	130,162	22%
Diluted	162,457	156,084	4%	159,968	153,765	4%

Operating

(boe conversion – 6:1 basis)

Production:

Natural gas (mmcf/day)	266	248	7%	251	237	6%
Natural gas liquids (bbls/day)	13,319	11,870	12%	12,305	11,284	9%
Oil (bbls/day) ⁽⁹⁾	13,941	14,743	(5%)	13,786	14,726	(6%)
Total oil equivalent (boe/day)	71,636	68,029	5%	67,971	65,569	4%
Product prices: ⁽⁶⁾						
Natural gas (\$/mcf)	4.13	4.12	-	4.19	4.65	(10%)
Natural gas liquids (\$/bbl)	55.08	40.85	35%	53.61	44.96	19%
Oil (\$/bbl) ⁽⁹⁾	77.95	66.10	18%	79.34	68.44	16%
Operating expenses (\$/boe)	9.60	7.75	24%	8.98	8.12	11%
General and administrative expenses (\$/boe)	0.95	0.84	13%	0.96	0.86	12%
Cash costs (\$/boe) ⁽⁷⁾	12.33	9.77	26%	11.74	9.95	18%
Operating netback (\$/boe) ⁽⁸⁾	23.18	21.76	7%	24.45	24.16	1%

NOTES:

- (1) Management uses funds from operations to analyze operating performance, dividend coverage and leverage. Funds from operations as presented do not have any standardized meaning prescribed by IFRS 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 IFRS. 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 decommissioning liabilities.
- (2) Funds from operations per share is calculated based on the weighted average number of shares outstanding consistent with the calculation of net income per share.
- (3) Basic funds from operations per share calculations include exchangeable shares which are convertible to common shares on certain terms and conditions. For the comparative periods, exchangeable shares are included in the basic funds from operations per share calculation.
- (4) Basic net income per share calculations include exchangeable shares which are convertible to common shares on certain terms and conditions. For the comparative periods under the trust structure, exchangeable shares are excluded from the basic per share calculations in accordance with International Financial Reporting Standards.
- (5) Amounts have been adjusted to exclude unrealized gains or losses on financial instrument commodity contracts.
- (6) Amounts exclude convertible debentures, exchangeable shares and share-based compensation.
- (7) Product prices include realized gains or losses on financial instrument commodity contracts.
- (8) Cash costs equal the total of operating, general and administrative, and financing expenses.
- (9) Operating netback equals production revenues including realized gains or losses on financial instrument commodity contracts, less royalties, transportation and operating expenses, calculated on a boe basis.
- (9) Oil includes both conventional and heavy oil.

Share Trading Statistics	Three months ended			
	September 30, 2011	June 30, 2011	March 31, 2011	December 31, 2010
(\$ per share, except volume)				
High	29.98	30.36	32.00	29.50
Low	20.08	27.13	25.12	23.88
Close	23.56	28.57	30.00	28.80
Average Daily Volume - Shares	370,453	345,427	561,706	304,761

MESSAGE TO SHAREHOLDERS

Bonavista Energy Corporation ("Bonavista") is pleased to report to shareholders its financial and operating results for the three and nine months ended September 30, 2011. The consistent execution of our proven and disciplined business strategies resulted in another solid quarter for Bonavista. The unaudited financial statements and notes, as well as management's discussion and analysis, are available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at <http://www.sedar.com> and on Bonavista's website at www.bonavistaenergy.com.

During the quarter we witnessed continued weakening global economic trends and a corresponding decline in commodity prices and equity valuations. While the impact of this downturn to our industry was largely negative, it enabled Bonavista to negotiate two strategic private company acquisitions within our core areas at transaction metrics comparable to the level of adding production and reserves with our organic program. To accommodate these acquisitions totaling \$180 million and a concurrent \$40 million increase to our exploration and development program, Bonavista announced a bought deal equity financing on July 28, 2011 of 7 million common shares for net proceeds of approximately \$192 million. As a result, Bonavista expanded its 2011 capital expenditure program from \$380 million to \$600 million. Our strategy of pursuing accretive, counter-cyclical acquisitions while maintaining balance sheet flexibility is a well proven tactic for Bonavista and one we are confident will lead to continued success.

Other accomplishments for Bonavista in the third quarter of 2011 include:

- Increased average production volumes to a record 71,636 boe per day despite significant turnaround activity throughout the quarter. This represents an 8% increase over production levels in the second quarter of 2011 and a 5% increase over the production levels in the third quarter of 2010. With the volumes from our recent acquisitions now incorporated, we are currently producing approximately 75,000 boe per day;
- Invested \$123.8 million in exploration and development activities and \$99.5 million in net acquisition and divestiture activities resulting in total capital expenditures of \$223.3 million;
- Executed our budgeted exploration and development program, drilling 55 wells with an overall success rate of 100%. Our third quarter drilling activity included 44 horizontal wells in pursuit of unconventional resource development across seven different geological horizons. Notably, 75% of our wells drilled throughout the third quarter were oil wells;
- Participated at Crown land sales purchasing approximately 20,350 net acres of undeveloped land for a total of \$5.7 million, further enhancing our organic growth opportunities; and
- Generated funds from operations of \$134.8 million (\$0.84 per share) for the three months ended September 30, 2011. Bonavista distributed 38% of these funds for the three months ended September 30, 2011 to shareholders with the remaining funds reinvested to continue growing our production base.

Accomplishments for Bonavista subsequent to the third quarter of 2011 include:

- Completed the private placement of US\$150 million of unsecured senior notes with an interest rate of 4.25% for a ten year term and an extension of our existing \$1 billion bank facility to September 10, 2015 to further enhance our financial flexibility; and
- Since inception as a trust in 2003 and continuing in our current corporate structure, Bonavista has delivered cumulative dividends of over \$2.1 billion or \$24.39 per common share.

Third Quarter 2011 Operational Review:

Hoadley Glauconite Liquids Rich Natural Gas

Bonavista drilled 10 operated horizontal wells and participated in two additional non-operated horizontal wells on the highly prospective Glauconite trend. Our third quarter drilling program advanced the development of the south western area of the Glauconite trend with the drilling of four horizontal wells targeting the deeper, higher pressured regions of the reservoir. First month production results of these wells have modestly exceeded our expectations providing support for continued inventory and reserves growth in this region. Furthermore, Bonavista's third quarter acquisition activity consolidated our existing position in this region, adding critical operational mass and future growth opportunities with the addition of 16 incremental horizontal locations.

Bonavista continued to invest into facilities and infrastructure in the third quarter creating additional capacity to deliver incremental volumes to a midstream processing facility near Rimbey which offers premium liquids recoveries. As a result of this consistent investment throughout 2011, we have observed a 17% increase in the weighted average liquids yield to 70 bbls per mmcf, thereby improving the single well economics associated with our future development program.

With 99 horizontal Glauconite wells now drilled since entering this play in 2008, our production results have modestly outperformed our internal type curve expectations. Single well economics remain robust at current commodity prices with payout occurring within the first 13 months of production resulting in rates of return of approximately 80%. With a current drilling inventory of 380 future horizontal drilling locations, our Glauconite development program remains one of our key growth platforms where we expect to drill between 50 and 55 horizontal wells in 2012.

Rosevear Rock Creek Liquids Rich Natural Gas

The final three Rock Creek wells drilled in the second quarter were brought on production in July and averaged 550 boe per day per well in their first month of production. Enhanced liquids recovery efficiency at our Rosevear processing facility has led to a weighted average liquids profile of 40 bbls per mmcf from the 9 horizontal wells that we have drilled and tied into this facility to date. Bonavista's inventory level of 35 horizontal locations offers attractive single well economics with current anticipated rates of return of approximately 60%. We anticipate drilling five horizontal Rock Creek wells in 2012.

Pine Creek Bluesky Liquids Rich Natural Gas

Bonavista's three horizontal Bluesky wells drilled to date at Pine Creek continue to outperform our type curve delivering average rates of 440 boe per day per well over the past six months which includes a natural gas liquids yield of 40 bbls per mmcf. With a current inventory of 25 horizontal locations, the development profile of this pool is attractive with single well economics delivering rates of return of approximately 140% and payout occurring within 12 months.

Bonavista will be investing approximately \$10 million in the expansion of processing capacity to accommodate further Bluesky development in 2012. Subsequent to this capacity expansion, Bonavista anticipates drilling four horizontal Bluesky wells in the first quarter of 2012.

Cardium Light Oil

Bonavista participated in 13 Cardium horizontal oil wells in the third quarter, five of which were operated by Bonavista. Our operated development program was focused in the Ferrier area with three 100% working interest horizontal wells drilled and production tested at an average rate of 1,500 boe per day per well over a seven day period. We anticipate these wells will average approximately 800 boe per day per well in the first month on production, of which 80% of the volume will be oil and liquids.

Bonavista continued to employ water-based completion techniques in the third quarter with production results equal to or better than the offsetting oil stimulated wells, while offering cost savings of approximately \$400,000 per well.

Since initiating our unconventional Cardium development program in the fourth quarter of 2009, Bonavista has drilled 45 Cardium horizontal wells. We have delivered consistent year over year improvements in production rates by focusing our efforts in areas of greater reservoir quality and continuously refining our drilling and completion techniques.

With over 100 horizontal locations currently identified in inventory, Bonavista anticipates drilling between 20 and 25 horizontal Cardium wells in 2012.

Blueberry Montney Liquids Rich Natural Gas

Bonavista gained confidence with the technical and economic merits of this emerging resource play throughout the third quarter. Bonavista's two horizontal Upper Montney wells currently on production are exhibiting stabilized production performance of 125 boe per day per well with an average liquids yield of 100 bbls per mmcf of raw natural gas, 55% of which is free condensate. The attractive liquids production profile of these initial two horizontal wells has generated average netbacks of approximately \$40 per boe over the past 10 months. Currently, 80% of the cash flow generated from these wells is derived from the natural gas liquids components of the production stream.

Bonavista holds 55 contiguous net sections of Montney rights in the Blueberry area of which 100% are prospective for unconventional resource development in the Upper Montney horizon. Additionally, based on our technical work conducted to date and encouraging offsetting industry results, we consider the Lower Montney horizon to be prospective across approximately 65% of our land base.

Bonavista is currently drilling an additional horizontal well to further delineate the Upper Montney and is participating in a Lower Montney horizontal well to conclude our budgeted 2011 development program. We anticipate drilling between two and four horizontal wells in 2012 to further delineate and evaluate this large, liquids rich resource play in its progression towards full scale development in the future.

Emerging Opportunities

Bonavista is encouraged by recent industry developments in the emerging Duvernay shale play. Continued crown land sale results, well licensing, and drilling activity in the Willesden Green area will accelerate industry's awareness of the merits of this play. Bonavista is currently drilling our first vertical well in the Duvernay shale to enhance our understanding of the technical and commercial aspects of this resource. Currently our exposure to this opportunity consists of over 400 net sections in the Willesden Green area, of which 75 net sections are believed to be prospective for liquid rich natural gas.

In addition to the Duvernay formation, our technical teams continue to identify and evaluate additional emerging resource opportunities with a focus on tight sand and source rock prospects on, or in close proximity to our extensive land base. These opportunities include the Viking, Ellerslie, Pekisko, Fahler, Notikewin, Wilrich, Banff, and Second White Specks formations.

Strengths of Bonavista Energy Corporation

Beginning in 1997 with an initial restructuring to create a high growth junior exploration company, throughout the income trust phase between July 2003 and 2010, and now operating as a dividend paying corporation, Bonavista remains committed to the same strategies that have resulted in our tremendous success over the last 14 years. We have maintained a high level of investment activity on our asset base, increasing current production by approximately 100% since converting to an energy trust in July 2003 and a further 14% since converting back to a corporation at the end of 2010. More importantly, profitability metrics remained strong over this period. These results stem from the operational, technical and financial focus of our people, their attention to detail, and their entrepreneurial approach to generating low risk, highly profitable projects 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 value to our shareholders. We actively participate in undeveloped land acquisitions, property purchases and farm-in opportunities, which have all enhanced the quality and quantity of our extensive drilling inventory. These activities have led to low cost reserve additions, lengthening of our reserve life index, and a predictable production base that continues to grow at a healthy pace. Our production base is currently weighted 61% towards 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 consistently optimized.

Our team brings a successful track record of executing low to medium risk development programs, including both asset and corporate acquisitions, along with 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 14% of the equity of Bonavista, resulting in the alignment of interests with all shareholders.

Outlook

Going forward, Bonavista plans to apply the same proven strategies that we committed to at inception in 1997. The essence of these strategies is to continually exercise cost discipline and a high level of capital spending efficiency in pursuit of low to medium risk drilling prospects. Additionally, we strive to complement our organic development activity with timely and strategic acquisition opportunities.

As we approach the final months of the year, we remain focused on executing our existing capital budget for 2011 of approximately \$600 million. This program should result in an annual production rate of approximately 70,000 boe per day. In addition, we are focused on rationalizing up to \$100 million of non-core assets over the next few quarters in an effort to continually high grade our asset base and enhance our financial flexibility. If successful, proceeds from our rationalization program will be used to expand our organic exploration and development programs in 2012.

While recent data indicates a slowly improving macroeconomic outlook, we acknowledge that commodity price volatility is likely to remain high causing concern over weak natural gas prices in the near term. With this in mind, we have established a conservative preliminary 2012 capital budget of between \$400 and \$425 million. This capital program will be entirely directed to our exploration and development initiatives within our core regions where we expect to drill between 140 and 150 wells. The majority of these wells will utilize horizontal drilling and multi-stage completion technology in the pursuit of unconventional resources. This level of activity is expected to result in 2012 production volumes of between 74,000 and 76,000 boe per day, an increase of between 6% and 9% over our average 2011 production guidance.

Facilitated by the efforts of our talented technical teams, Bonavista's inventory of future drilling prospects has more than doubled over the past three years to a current record level of approximately 1,430 locations representing approximately nine years of drilling inventory at the current pace of drilling. This inventory offers attractive economics in today's commodity price environment with approximately 85% targeting high impact, unconventional resource prospects with a focus on liquids rich natural gas and light oil.

As in years past, we will remain flexible with our capital expenditure plans in order to react to changes in commodity prices and the business environment. Furthermore, we will remain attentive to acquisition and disposition opportunities as we believe the increasing consolidation pressures in today's environment should benefit low cost operators with the financial flexibility and capital discipline to act accordingly.

We would like to thank our employees for their continued success in their efforts to execute an efficient capital expenditure program leading to a modest growth profile. Our core philosophy and key operating strategies have proven to work well throughout all phases of the business cycle and we look forward to continually creating long-term value for our shareholders. Our team is very committed to this vision.

FORWARD LOOKING INFORMATION

Corporate information provided herein contains forward-looking information. The reader is cautioned that assumptions used in the preparation of such information, particularly those pertaining to cash dividends, production volumes, commodity prices, operating costs and drilling results, which are considered reasonable by Bonavista at the time of preparation, may be proven to be incorrect. Actual results achieved during the forecast period will vary from the information provided herein and the variations may be material. 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.

Bonavista is a mid-sized energy corporation committed to maintaining its emphasis on operating high quality oil and natural gas properties, providing moderate growth and delivering consistent dividends to its shareholders and ensuring financial strength and sustainability.

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