



February 25, 2009

To Former Holders of Trust Units:

SUBJECT: Letter of Instruction for Eligible Former Bonterra Energy Income Trust (the "Trust") Unitholders

This Tax Election package (the "package") is made available to all Eligible Holders (see definition below) who exchanged units of the Trust ("Trust Units") for common shares ("Bonterra Shares") of Bonterra Oil & Gas Ltd. ("Bonterra" or the "Company") as part of the Bonterra Arrangement announced on August 15, 2008 (the "Bonterra Arrangement"), which became effective November 12, 2008.

All Eligible Holders should consult their own tax advisors before making the joint tax election described herein.

THIS MATTER REQUIRES YOUR IMMEDIATE ATTENTION. THE DEADLINE TO SUBMIT DOCUMENTS FOR EXECUTION BY BONTERRA IS MARCH 31, 2009.

Disclaimers

General Disclaimer

There are detailed rules in the Tax Act prescribing limits as the Elected Amount. Unitholders are referred to Information Circular 76-19R3 and Interpretation Bulletin IT-291R3 issued by the CRA for further information respecting the Joint Tax Election. Eligible Holders wishing to make a Joint Tax Election should consult their own tax advisors in respect of whether to do so, to select the appropriate Elected Amount and in respect of any applicable provincial tax legislation. The comments herein with respect to such elections are provided for general assistance only. The law in this area is complex and contains numerous technical requirements.

The following instructions are of a general nature only, may not be exhaustive and are not intended to be, nor should they be construed as, legal or tax advice to any particular Eligible Holder concerning the Joint Tax Election described herein. Furthermore, neither the Trust nor Bonterra has provided or will provide Eligible Holders with any advice respecting the Joint Tax Election or the manner of completion or execution of the required forms by virtue of the following:

- the following instructions;
- the enclosed partially completed Form T2057; or
- Bonterra's execution of said forms.

Accordingly, Eligible Holders are urged to consult with their own tax advisors for specific advice in respect of making the Joint Tax Election and the proper completion and execution of the required forms, having regard to their personal circumstances.

For further information, you may wish to review Information Circular 76-19R3 and Interpretation Bulletin IT-291R3 issued by the Canada Revenue Agency (CRA), the text of which can be found on CRA's website at:

http://www.cra-arc.gc.ca/menu/APAP_I-e.html

Contents of this Package

This Tax Election Package contains two copies of CRA Form T2057. If an Eligible Holder is a partnership, two copies of CRA Form T2058 (not included) must be completed and forwarded to Bonterra for execution. Where the Trust Units were held as partnership property, a partner designated by the partnership must submit to Bonterra, no later than March 31, 2009, two copies of CRA form T2058 on behalf of the partnership (and where applicable, the corresponding provincial forms), along with a list containing the name, address, social insurance number or account number of each partner as well as a letter signed by each partner authorizing the designated partner to complete, sign and file the form on their behalf. Form T2058 is available on the CRA website mentioned above.

This package does not contain forms that may be required to be filed in compliance with provincial tax legislation. Eligible Holders are responsible for obtaining and completing such provincial forms and must submit any such forms to Bonterra for signature no later than March 31, 2009.

Who is Eligible to File a Tax Election

Only Eligible Holders are permitted to make this election jointly with Bonterra. An Eligible Holder is a former holder of Trust Units who is:

- A resident of Canada for purposes of the Tax Act, other than those exempt from tax under the Act, such as an RRSP, RRIF, RESP or pension plan; or
- A partnership that is a Canadian partnership for the purposes of the Tax Act and if one or more of the partners would be an Eligible Holder if such partner held the Trust Units directly.

Joint Ownership

Where Trust Units are held in joint ownership and two or more of the co-owners wish to elect, one of the co-owners designated for such purpose should provide Bonterra with a letter signed by each co-owner and the designated co-owner to complete, sign and file the Joint Tax Election and the designation and two signed copies of the Joint Tax Election (and where applicable the corresponding provincial form) for each co-owner

along with a list of all co-owners electing, which list should contain the address and social insurance number or tax account number of each co-owner. Where the Trust Units are held as partnership property, a partner designated by the partnership must provide Bonterra with two signed copies of the Joint Tax Election, including (and where applicable the corresponding provincial form) on behalf of all members of the partnership. Such form must be accompanied by a list containing the name, address, social insurance number or tax account number of each partner as well as the letter signed by each partner authorizing the designated partner to complete and file the form.

Purpose of the Election

A Unitholder who is an Eligible Holder and, under the Bonterra Arrangement, Exchanges Trust Units for Bonterra Shares, may make a joint election (“Joint Tax Election”) with Bonterra pursuant to subsection 85(1) of the Tax Act (or, in the case of a holder that is a partnership, pursuant to subsection 85(2) of the Tax Act) and thereby obtain a full or partial tax-deferred “rollover” for Canadian income tax purposes, depending on the amount specified in that election (the “Elected Amount”) and the adjusted cost base to the Unitholder of such Trust Units at the time of the Bonterra Arrangement. Eligible Holders may elect so as not to realize any capital gain for the purposes of the Tax Act on the Bonterra Arrangement. Where a Unitholder and Bonterra make a Joint Tax Election, the Unitholder will be deemed to have disposed of the Trust Units for proceeds of disposition equal to the Elected Amount. If such deemed proceeds of disposition are equal to the adjusted cost base to the Unitholder of the Trust Units immediately before the exchange, net of any reasonable costs incurred by the Unitholder in connection with the exchange, the Unitholder will not realize any capital gain or capital loss on the exchange.

A Unitholder who does not make a valid Joint Tax Election will be considered to have disposed of each Trust Unit for proceeds of disposition equal to the fair market value of the Bonterra Shares received in exchange for Trust Units.

Prescribed Election Form

The form prescribed under Canadian federal tax law which must be completed in order to make a Section 85 election is Form T2057 “*Election on Disposition of Property by a Taxpayer to a Taxable Canadian Corporation*”, or Form T2058 if the transferor is a partnership. Unfortunately, this form is complex due to the inherent complexity of this section of the Act and is usually prepared by tax professionals. However, as described below, we are attempting to simplify the process of completing these forms to the extent possible. There are no short-form versions of these forms available. **This form, in its entirety, must be properly completed and delivered to Bonterra by the Eligible Holder no later than March 31, 2009.**

Provincial Election Forms

It is the responsibility of the Unitholder to provide to Bonterra any relevant provincial tax election forms. Bonterra agrees to execute any properly completed provincial election forms and return such forms to the Unitholder for filing with the applicable tax authority. Eligible Holders are urged to consult their own tax advisors for advice on any additional filing requirements.

Timing of Election

We must receive two copies of the duly completed election form no later than March 31, 2009. Any Eligible Holder who does not ensure that Bonterra has received a duly completed election on or before March 31, 2009 will not be able to benefit from the rollover provisions of the Tax Act. Accordingly, all Eligible Holders who wish to enter into an election with Bonterra should give their immediate attention to this matter.

BONTERRA AGREES ONLY TO EXECUTE AND FILE DULY COMPLETED FORMS RECEIVED BY IT ON OR BEFORE MARCH 31, 2009.

Future Legislation Considerations

The Tax Proposals released on July 14, 2008 contain proposals for a tax deferred exchange of publicly traded trust units for shares of a publicly traded taxable Canadian corporation. If such legislation is enacted and the requirements thereof are satisfied, the deferral will be automatic without the need to file an election. The legislation has not been enacted and is in draft form only. In the event that the proposals are enacted and are determined prior to March 31, 2009 to apply to the exchange of Trust Units for Bonterra Shares such that a Joint Tax Election is not required in order to obtain a deferral on the exchange, Bonterra will advise former Unitholders.

Elected Amount

In general, the Elected Amount cannot be less than the lesser of: (i) the adjusted cost base to the Eligible Holder of the Trust Units, determined immediately before the time of the Bonterra Arrangement; and (ii) the fair market value of the Trust Units at the time of the Bonterra Arrangement. In addition, the Elected Amount cannot exceed the fair market value of the Trust Units at the time of the Bonterra Arrangement.

Agreed Amount and Adjusted Cost Base

Each Eligible Holder on the tax election form will need to provide the Agreed Amount. Normally, to take maximum advantage of the tax deferral, one would choose an Elected Amount equal to the ACB of their Trust Units for Canadian tax purposes.

It is the sole responsibility of each Eligible Holder to calculate the ACB of the Trust Units he, she or it held. Eligible Holders should consult their own tax advisors if they have any questions concerning this aspect of the Tax Election. Bonterra will not provide assistance in determining an Eligible Holder's ACB outside of the information already provided to the public.

With respect to the ACB of the Trust Units, note that the 2008 tax information is available in the press release "Bonterra Energy Income Trust Tax Information for 2008" dated February 25, 2009 available on www.sedar.com. As well, the 2008 tax information letter to investors and all historical tax letters are available on the Bonterra website at www.bonterraenergy.com.

Fair Market Value of Trust Units

The fair market value of the Trust Units exchanged for Bonterra Shares must be determined on a reasonable basis. There is no specific method prescribed by the CRA for determining the fair market value of a share or unit, nor is there any clear published guidance in this respect.

Management has determined, based on the facts and circumstances of the Bonterra Arrangement, that it is appropriate for Canadian federal and provincial tax purposes to value the disposition of the Trust Units using the closing price for Trust Units on November 12, 2008, being the last complete trading day ending before the Arrangement was effective. Based on this method of valuation, the estimated fair market value for a Trust Unit is Cdn \$25.85. Bonterra agrees to execute only those tax elections which use that value.

Although Management believes the above value is reasonable, they make no explicit representation as to its accuracy and note that the value is not binding on any party (including the CRA) and has not been pre-approved by the CRA.

Instructions for Completing the T2057 Forms

Each Eligible Holder who chooses to make a Joint Tax Election is solely responsible for ensuring Form T2057 or T2058, as applicable, is properly completed. The following section illustrates the information required to be included by Eligible Holders on Form T2057 only. **Although the instructions may be useful for those completing Form T2058, or applicable provincial forms, please consult your tax advisor regarding the completion of such forms. The information should be typed or legibly printed on the form. Do not handwrite the required information on these instruction pages.**

Page 1 of Form T2057

Complete the information in this first box for the Eligible Holder making the election:

Name of taxpayer (transferor) (print)					Social insurance number or Business Number					
Address					Postal code					
Taxation year of taxpayer for the period from Year Month Day to Year Month Day										Tax services office

For individuals, the "taxation year" is typically the calendar year. Corporations or partnerships may have taxation year-ends that do not coincide with the calendar year. The "Tax Services Office" is where you typically file your annual tax return each year (i.e. Calgary, etc.)

Complete this box if your Trust Units are held in joint ownership, otherwise enter "N/A":

Name of co-owner(s), if any (if more than one, attach schedule giving similar details) (print)					Social insurance number					
Address					Postal code					Tax services office

We have completed the next section. Please do not mark this section.

Name of corporation (transferee) (print) Bonterra Oil & Gas Ltd.				Business Number 10497 9539 RC0001			
Address 901, 1015 - 4th Street SW, Calgary, AB				Postal code T2R 1J4			
Taxation year of corporation for the period from	Year	Month	Day	to	Year	Month	Day
	2 0 0 8	0 1	0 1		2 0 0 8	1 2	3 1
Tax services office Calgary							

Complete the next section, by filling in your name and telephone number or, if appropriate, the name and telephone number of your tax advisor:

Name of person to contact for additional information	Area code	Telephone number

The last section of page 1 of Form T2057 relates to late filed elections and is to be completed only by those who submit an election form after the filing deadline prescribed in the Act. This section should not be applicable to any former Unitholders.

Page 2 of Form T2057

The first 5 questions should be answered as follows:

- 1 - Is there a written agreement relating to this transfer? yes no
- 2 - Does a price adjustment clause apply to any of the properties? (See the Interpretation Bulletin IT-169 for details.) yes no
- 3 - Do any persons other than the taxpayer own or control directly or indirectly any shares of any class of the transferee? yes no
- 4 - Does a non-arm's length rollover exist between 2 or more corporations? yes no
 - a) Have all or substantially all (90% or more) of all the properties of the corporation(s) been transferred to the transferee corporation? yes no
- 5 - Is the taxpayer a non-resident of Canada? yes no

Question 6 should be answered based on each Eligible Holder's particular circumstances. Whether a Trust Unit was a capital property to a particular Eligible Holder is a question of fact and law that must be determined by each Eligible Holder based on a consideration of all the surrounding circumstances. If you are unsure of whether your Trust Units were capital property, contact your tax advisor. Bonterra is unable to assist you in making this determination.

- 6 - Are any of the properties transferred capital properties? yes no

The remaining questions should be answered as follows (if yes):

- a) have they been owned continuously since Valuation-Day (V-Day)? yes no
- b) have they been acquired after V-Day in a transaction considered not to be at arm's length? yes no
- c) since V-Day, has the taxpayer or any person from whom shares were acquired in a non-arm's length transaction received any subsection 83(1) dividends for transferred shares? (If yes, provide details of amounts and dates received and attach a schedule.) yes no
- 7 - Is the agreed amount of any of the transferred properties based on an estimate of fair market value on V-Day? yes no

8 - Has an election under subsection 26(7) of the *Income Tax Application Rules* (Form T2076) been filed by or on behalf of the taxpayer? yes no

The next section is not applicable – leave this blank.

Where shares of the capital stock of a private corporation are included in the property disposed of, provide the following:		
Name of corporation (print)	Business Number	Paid-up capital of shares transferred

Eligible Holders must complete the information in the two blank boxes in the next section, as follows:

Number of shares transferor received	Class of shares	Redemption value per share	Paid-up capital	Voting or non-voting	Are shares retractable? *
(1)	Common	N/A	(2)	Voting	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

1. Enter the number of Trust Units you owned immediately prior to the Arrangement. This is equal to the number of Bonterra Shares you received on the exchange.

2. The “paid-up capital” amount will generally be equal to the Agreed Amount. Once you have completed Page 3, return to this section and enter the Agreed Amount.

Page 3 of Form T2057

The date of the transaction, November 12, 2008, has been entered in the following section:

Date of sale or transfer of all properties listed below:	Year	Month	Day
	2008	11	12

Complete the information in the following section according to the instructions below:

	Property Disposed of				Amount to be reported B - A (If > 0 see Note 4)	Consideration Received		
	Description	Elected Amount Limits*		Agreed Amount B		Non-share	Share	Fair Market Value of Total Consideration
		Fair Market Value	A			Description	Number and Class	
Capital Property Excluding Depreciable Property	(Brief legal) (1) Bonterra Energy Income Trust Units	\$ (2)	(See Note 1) \$ (3)	\$ (4)	\$ (5)	(6)	(7)	\$ (8)

This section should be completed if the Trust Units were held as capital property. If the Trust Units were held as inventory, complete the section with the sidebar entitled “Inventory Excluding Real Property” in a similar manner.

(1) Enter the number of Trust Units you owned immediately prior to the Arrangement.

Submission of the Form

In order to make a Joint Tax Election, among other requirements, an Eligible Holder must provide to Bonterra, on or before March 31, 2009 (a) two signed copies of the necessary election form, duly completed including the details of the number of Trust Units transferred and the applicable Elected Amount for the purposes of the election; and (b) a tax election filing authorization letter, if applicable (collectively, the "Joint Tax Election Package"). Subject to the election form complying with the provisions of the Tax Act, the form will be executed by Bonterra and forwarded by mail (within 30 days after the receipt thereof by Bonterra) to the CRA with a copy to the Eligible Holder. Bonterra will not execute any Joint Election Package received after March 31, 2009.

Once you have properly completed and executed the form, you should submit two copies, no later than March 31, 2009 directly to the following address:

Attention: Office of the Chief Financial Officer
Bonterra Oil & Gas Ltd.
901, 1015 - 4th Street S.W.
Calgary, AB T2R 1J4



ELECTION ON DISPOSITION OF PROPERTY BY A TAXPAYER TO A TAXABLE CANADIAN CORPORATION

- For use by a taxpayer and a taxable Canadian corporation to jointly elect under subsection 85(1) where the taxpayer has disposed of eligible property within the meaning of subsection 85(1.1) to the corporation and has received as consideration shares of any class in that corporation.
File one completed copy of the election and related schedules (if any) as follows:
1 - a) one copy by the transferor, or
b) two or more copies if two or more transferors elect regarding the transfer of the same property (co-ownership), or two or more members of the same partnership elect for the transfer of their partnership interests.
2 - on or before the earlier date on which any one of the parties to the election is required to file an income tax return for the taxation year in which the transaction occurred, taking into consideration any election under subsection 99(2) (due date);
3 - at the tax centre where the transferor's income tax return is normally filed.
4 - separate from any tax returns.
Sections and subsections referred to on this form are from the Income Tax Act.

Do not use this area

Name of taxpayer (transferor) (print) Social insurance number or Business Number
Address Postal code
Taxation year of taxpayer for the period from Year Month Day to Year Month Day Tax services office

Name of co-owner(s), if any (if more than one, attach schedule giving similar details) (print) Social insurance number
Address Postal code Tax services office

Name of corporation (transferee) (print) Business Number
Bonterra Oil & Gas Ltd. 10497 9539 RC0001
Address 901, 1015 - 4th Street SW, Calgary, AB Postal code T2R 1J4
Taxation year of corporation for the period from Year Month Day to Year Month Day Tax services office Calgary
Name of person to contact for additional information Area code Telephone number

Penalty for late-filed and amended elections

An election that is filed after its due date is subject to a late-filing penalty. Form T2057 can be filed within 3 years after its due date if an estimate of the penalty is paid at the time of filing. Form T2057 can also be amended or filed after the 3-year period, but in these situations, a written explanation of the reason for why the election is amended or late-filed must be attached for consideration by the Minister and an estimate of the applicable penalty must be paid at the time of submission.

Calculation of late-filing penalty:

Fair market value of property transferred
Less: agreed amount
Difference A
Amount A x 1/4 x 1% x N* = B
\$100 x N* = C

*N represents the sum of each month or each part of a month in the period from the due date to the actual filing date. Amount C cannot exceed \$8,000.

Late-filing penalty is the lesser of B and C above

Make cheque or money order payable to the Receiver General. Specify "T2057" on the remittance and, to ensure proper credit, indicate the name and social insurance number of the taxpayer, or Business Number if a corporation.

Amount enclosed

Unpaid amounts including late-filing penalties are subject to daily compound interest, at a prescribed rate.

Do not use this area

Information required

On the following page, list, describe, and state the fair market value of transferred properties. The description and fair market value of the consideration received has to be shown opposite the related property transferred. Where the transferred property is a partnership interest, attach a schedule of the calculation of the adjusted cost base. If space on the form is insufficient, attach schedules giving similar details. You have to designate the order of disposition of each depreciable property. With this election you do not have to file the following materials: schedules supporting this designation, documentation relating to the responses to the questions below, and a brief summary of the method of evaluating the fair market value of each property transferred. However you have to keep them as the Canada Revenue Agency may ask to see them at a later date.

- 1 - Is there a written agreement relating to this transfer? yes no
- 2 - Does a price adjustment clause apply to any of the properties? (See the Interpretation Bulletin IT-169 for details.) yes no
- 3 - Do any persons other than the taxpayer own or control directly or indirectly any shares of any class of the transferee? yes no
- 4 - Does a non-arm's length rollover exist between 2 or more corporations? yes no
 - a) Have all or substantially all (90% or more) of all the properties of the corporation(s) been transferred to the transferee corporation? yes no
- 5 - Is the taxpayer a non-resident of Canada? yes no
- 6 - Are any of the properties transferred capital properties? yes no
 - If yes,
 - a) have they been owned continuously since Valuation-Day (V-Day)? yes no
 - b) have they been acquired after V-Day in a transaction considered not to be at arm's length? yes no
 - c) since V-Day, has the taxpayer or any person from whom shares were acquired in a non-arm's length transaction received any subsection 83(1) dividends for transferred shares? (If yes, provide details of amounts and dates received and attach a schedule.) yes no
- 7 - Is the agreed amount of any of the transferred properties based on an estimate of fair market value on V-Day? yes no
 - a) If yes, does a formal documented V-Day value report exist? yes no
- 8 - Has an election under subsection 26(7) of the *Income Tax Application Rules* (Form T2076) been filed by or on behalf of the taxpayer? yes no

Where shares of the capital stock of a private corporation are included in the property disposed of, provide the following:

Name of corporation (print)	Business Number	Paid-up capital of shares transferred
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Description of shares received

Number of shares transferor received	Class of shares	Redemption value per share	Paid-up capital	Voting or non-voting	Are shares retractable? *
					<input type="checkbox"/> yes <input type="checkbox"/> no
					<input type="checkbox"/> yes <input type="checkbox"/> no
					<input type="checkbox"/> yes <input type="checkbox"/> no
					<input type="checkbox"/> yes <input type="checkbox"/> no
					<input type="checkbox"/> yes <input type="checkbox"/> no

* Retractable means redeemable at the option of the holder.

Informative notes

- The rules for section 85 elections are complex. Essential information is contained in Information Circular, IC76-19 and Interpretation Bulletins, IT-169, IT-291, and IT-378.
- Complete all the information areas and answer all questions. If this form is incomplete, the Canada Revenue Agency may consider the election invalid, and subsequent submissions may be subject to a late-filing penalty.
- If the agreed amount exceeds the adjusted cost base of the property in the election, you must report the difference as a capital gain, as income or a combination of both, whichever applies.

Particulars of Eligible Property Disposed of and Consideration Received

Date of sale or transfer of all properties listed below:	Year	Month	Day	Note: For properties sold or transferred on different dates, use separate T2057s.
	2008	11	12	

	Property Disposed of			Agreed Amount B	Amount to be reported B - A (If > 0 see Note 4)	Consideration Received		
	Description	Elected Amount Limits*				Non-share	Share	Fair Market Value of Total Consideration
		Fair Market Value	A			Description	Number and Class	
Capital Property Excluding Depreciable Property	(Brief legal)	\$	\$ (See Note 1)	\$	\$			\$
Depreciable Property	(Description and prescribed Class)		(See Note 2)					
Eligible Capital Property	(Kind)		(See Note 3)					
Inventory Excluding Real Property	(Kind)		(Cost Amount)					
Resource Property	(Brief legal)		NIL					
Security or Debt Obligation Property	(Description)		(Cost Amount)					
Specified Debt Obligation (For financial institutions only)								
Capital Property That is Real Property Owned by a Non-Resident Person								
NISA Fund No. 2								

Note 1: Adjusted cost base (which is subject to adjustment per section 53).

Note 2: The lesser of undepreciated capital cost of all property of the class and the cost of the property.

Note 3: The lesser of 4/3 x cumulative eligible capital and the cost of the property. (New rules will apply on subsequent dispositions of eligible capital property occurring after December 20, 2002).

Note 4: This amount is to be reported either as a capital gain or as income, whichever applies. Also, in the case of depreciable property or eligible capital property, a portion of the amount may have to be reported as a capital gain while another portion may have to be reported as income.

*Refer to current Interpretation Bulletin IT-291 for more information on eligible property and an explanation of the limits.

Election and Certification

The taxpayer **and** corporation hereby jointly elect under subsection 85(1) in respect of the property specified, and certify that the information given in this election, and in any documents attached, is to the best of their knowledge, correct and complete.

Signature of Transferor, of **Authorized Officer** or Authorized Person*

and

Signature of **Authorized Officer** of Transferee

Date

* Attach a copy of authorizing agreement

ELECTION ON DISPOSITION OF PROPERTY BY A TAXPAYER TO A TAXABLE CANADIAN CORPORATION

- For use by a taxpayer and a taxable Canadian corporation to jointly elect under subsection 85(1) where the taxpayer has disposed of eligible property within the meaning of subsection 85(1.1) to the corporation and has received as consideration shares of any class in that corporation.
- File one completed copy of the election and related schedules (if any) as follows:
 - one copy by the transferor, or
 - two or more copies if two or more transferors elect regarding the transfer of the same property (co-ownership), or two or more members of the same partnership elect for the transfer of their partnership interests. In these situations, one transferor designated for the purpose should file simultaneously one copy for each transferor, together with a list of all transferors electing. This list should contain the address and Social insurance number or Business Number of each transferor;
 - on or before the **earlier date** on which any one of the parties to the election is required to file an income tax return for the taxation year in which the transaction occurred, taking into consideration any election under subsection 99(2) (due date);
 - at the tax centre where the transferor's income tax return is normally filed. Where two or more co-owners or members of a partnership referred to above elect, the elections will be processed in bulk and should be filed at the tax centre of the transferee; and
 - separate from any tax returns. You may put it in the same envelope with a return, but do not insert it in or attach it to the return.
- Sections and subsections referred to on this form are from the *Income Tax Act*.

Do not use this area

Name of taxpayer (transferor) (print)				Social insurance number or Business Number			
Address				Postal code			
Taxation year of taxpayer for the period from	Year	Month	Day	to	Year	Month	Day
				Tax services office			

Name of co-owner(s), if any (if more than one, attach schedule giving similar details) (print)			Social insurance number		
Address			Postal code		
			Tax services office		

Name of corporation (transferee) (print)				Business Number			
Bonterra Oil & Gas Ltd.				10497 9539 RC0001			
Address				Postal code			
901, 1015 - 4th Street SW, Calgary, AB				T2R 1J4			
Taxation year of corporation for the period from	Year	Month	Day	to	Year	Month	Day
	2	0	8		2	0	8
	0	1	0		1	2	3
	1	0	1		1	2	3
				Tax services office			
				Calgary			
Name of person to contact for additional information				Area code		Telephone number	

Penalty for late-filed and amended elections

An election that is filed after its due date is subject to a late-filing penalty. Form T2057 can be filed within 3 years after its due date if an estimate of the penalty is paid at the time of filing. Form T2057 can also be amended or filed after the 3-year period, but in these situations, a written explanation of the reason for why the election is amended or late-filed must be attached for consideration by the Minister and an estimate of the applicable penalty must be paid at the time of submission.

Calculation of late-filing penalty:

Fair market value of property transferred	_____	
Less: agreed amount	_____	
Difference	=====	A
Amount A _____ x 1/4 x 1% x N*	= _____	B
\$100 x N*	= _____	C

*N represents the sum of each month or each part of a month in the period from the due date to the actual filing date. Amount C cannot exceed \$8,000.

Late-filing penalty is the lesser of B and C above _____

Make cheque or money order payable to the Receiver General. Specify "T2057" on the remittance and, to ensure proper credit, indicate the name and social insurance number of the taxpayer, or Business Number if a corporation.

Amount enclosed _____

Unpaid amounts including late-filing penalties are subject to daily compound interest, at a prescribed rate.

Do not use this area

Information required

On the following page, list, describe, and state the fair market value of transferred properties. The description and fair market value of the consideration received has to be shown opposite the related property transferred. Where the transferred property is a partnership interest, attach a schedule of the calculation of the adjusted cost base. If space on the form is insufficient, attach schedules giving similar details. You have to designate the order of disposition of each depreciable property. With this election you do not have to file the following materials: schedules supporting this designation, documentation relating to the responses to the questions below, and a brief summary of the method of evaluating the fair market value of each property transferred. However you have to keep them as the Canada Revenue Agency may ask to see them at a later date.

- 1 - Is there a written agreement relating to this transfer? yes no
- 2 - Does a price adjustment clause apply to any of the properties? (See the Interpretation Bulletin IT-169 for details.) yes no
- 3 - Do any persons other than the taxpayer own or control directly or indirectly any shares of any class of the transferee? yes no
- 4 - Does a non-arm's length rollover exist between 2 or more corporations? yes no
 - a) Have all or substantially all (90% or more) of all the properties of the corporation(s) been transferred to the transferee corporation? yes no
- 5 - Is the taxpayer a non-resident of Canada? yes no
- 6 - Are any of the properties transferred capital properties? yes no
 - If yes,
 - a) have they been owned continuously since Valuation-Day (V-Day)? yes no
 - b) have they been acquired after V-Day in a transaction considered not to be at arm's length? yes no
 - c) since V-Day, has the taxpayer or any person from whom shares were acquired in a non-arm's length transaction received any subsection 83(1) dividends for transferred shares? (If yes, provide details of amounts and dates received and attach a schedule.) yes no
- 7 - Is the agreed amount of any of the transferred properties based on an estimate of fair market value on V-Day? yes no
 - a) If yes, does a formal documented V-Day value report exist? yes no
- 8 - Has an election under subsection 26(7) of the *Income Tax Application Rules* (Form T2076) been filed by or on behalf of the taxpayer? yes no

Where shares of the capital stock of a private corporation are included in the property disposed of, provide the following:

Name of corporation (print)	Business Number	Paid-up capital of shares transferred

Description of shares received

Number of shares transferor received	Class of shares	Redemption value per share	Paid-up capital	Voting or non-voting	Are shares retractable? *
					<input type="checkbox"/> yes <input type="checkbox"/> no
					<input type="checkbox"/> yes <input type="checkbox"/> no
					<input type="checkbox"/> yes <input type="checkbox"/> no
					<input type="checkbox"/> yes <input type="checkbox"/> no
					<input type="checkbox"/> yes <input type="checkbox"/> no

* Retractable means redeemable at the option of the holder.

Informative notes

- The rules for section 85 elections are complex. Essential information is contained in Information Circular, IC76-19 and Interpretation Bulletins, IT-169, IT-291, and IT-378.
- Complete all the information areas and answer all questions. If this form is incomplete, the Canada Revenue Agency may consider the election invalid, and subsequent submissions may be subject to a late-filing penalty.
- If the agreed amount exceeds the adjusted cost base of the property in the election, you must report the difference as a capital gain, as income or a combination of both, whichever applies.

Particulars of Eligible Property Disposed of and Consideration Received

Date of sale or transfer of all properties listed below:		Year	Month	Day	Note: For properties sold or transferred on different dates, use separate T2057s.			
		2008	11	12				
Property Disposed of	Property Disposed of			Agreed Amount B	Amount to be reported B - A (If > 0 see Note 4)	Consideration Received		
	Description	Elected Amount Limits*				Non-share	Share	Fair Market Value of Total Consideration
		Fair Market Value	A			Description	Number and Class	
Capital Property Excluding Depreciable Property	(Brief legal)	\$	\$ (See Note 1)	\$	\$			\$
Depreciable Property	(Description and prescribed Class)		(See Note 2)					
Eligible Capital Property	(Kind)		(See Note 3)					
Inventory Excluding Real Property	(Kind)		(Cost Amount)					
Resource Property	(Brief legal)		NIL					
Security or Debt Obligation Property	(Description)		(Cost Amount)					
Specified Debt Obligation (For financial institutions only)								
Capital Property That is Real Property Owned by a Non-Resident Person								
NISA Fund No. 2								

Note 1: Adjusted cost base (which is subject to adjustment per section 53).

Note 2: The lesser of undepreciated capital cost of all property of the class and the cost of the property.

Note 3: The lesser of 4/3 x cumulative eligible capital and the cost of the property. (New rules will apply on subsequent dispositions of eligible capital property occurring after December 20, 2002).

Note 4: This amount is to be reported either as a capital gain or as income, whichever applies. Also, in the case of depreciable property or eligible capital property, a portion of the amount may have to be reported as a capital gain while another portion may have to be reported as income.

*Refer to current Interpretation Bulletin IT-291 for more information on eligible property and an explanation of the limits.

Election and Certification

The taxpayer **and** corporation hereby jointly elect under subsection 85(1) in respect of the property specified, and certify that the information given in this election, and in any documents attached, is to the best of their knowledge, correct and complete.

Signature of Transferor, of **Authorized Officer** or Authorized Person*

and

Signature of **Authorized Officer** of Transferee

Date

* Attach a copy of authorizing agreement