



Investor Update

October 2009



FORWARD LOOKING INFORMATION

Certain statements contained in this Presentation include statements which contain words such as “anticipate”, “could”, “should”, “expect”, “seek”, “may”, “intend”, “likely”, “will”, “believe” and similar expressions, statements relating to matters that are not historical facts, and such statements of our beliefs, intentions and expectations about development, results and events which will or may occur in the future, constitute “forward-looking information” within the meaning of applicable Canadian securities legislation and are based on certain assumptions and analysis made by us derived from our experience and perceptions. Forward-looking information in this Presentation includes, but is not limited to: expected cash provided by continuing operations; cash distributions; future capital expenditures, including the amount and nature thereof; oil and natural gas prices and demand; expansion and other development trends of the oil and gas industry; business strategy and outlook; expansion and growth of our business and operations; and maintenance of existing customer, supplier and partner relationships; supply channels; accounting policies; credit risks; and other such matters.

All such forward-looking information is based on certain assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. The risks, uncertainties, and assumptions are difficult to predict and may affect operations, and may include, without limitation: foreign exchange fluctuations; equipment and labour shortages and inflationary costs; general economic conditions; industry conditions; changes in applicable environmental, taxation and other laws and regulations as well as how such laws and regulations are interpreted and enforced; the ability of oil and natural gas trusts to raise capital; the effect of weather conditions on operations and facilities; the existence of operating risks; volatility of oil and natural gas prices; oil and gas product supply and demand; risks inherent in the ability to generate sufficient cash flow from operations to meet current and future obligations; increased competition; stock market volatility; opportunities available to or pursued by us; and other factors, many of which are beyond our control. The foregoing factors are not exhaustive.

Actual results, performance or achievements could differ materially from those expressed in, or implied by, this forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits will be derived therefrom. Except as required by law, Bonterra disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

The forward-looking information contained herein is expressly qualified by this cautionary statement.



CURRENT SNAPSHOT



- **Listing: BNE (TSX)**
- **Shares issued: ~ 18.5 million**
- **Market capitalization: ~ \$531 million**
- **Directors and employees own approximately 25 percent**
- **Monthly dividend (09/09 dividend paid 10/09): \$0.16/share**
- **Current annualized yield: 6.7 percent ***
- **Reserve Life Index (P+P): 18.7 years**
- **High netbacks**
- **Tax pools: ~ \$455 million**

* Based on October 20, 2009 closing price of \$28.70



CORPORATE OVERVIEW

Bonterra Oil & Gas Ltd. is:

- **A high-yield, dividend-paying corporation**
 - Prudent financial management
 - Return 70 to 80 percent funds flow⁽¹⁾ to shareholders
 - Target strong dividend yield
- **A Canadian-based energy company**
 - Superior long-life, asset base with a RLI of 18.7 years
 - Production profile: 65% oil/liquids and 35% natural gas
- **Focused on delivering sustainable growth**
 - Inventory of undrilled locations in excess of 14 years
 - Consistent production and reserves growth on a per share basis
 - Developing new long term growth opportunities
 - Banking facility: \$120 million

(1) Funds flow is not a recognized measure under GAAP. For these purposes, the Company defines funds flow as funds provided by operations before changes in non-cash operating working capital items excluding gain on sale of property and asset retirement expenditures.



FINANCIAL AND OPERATIONAL RESULTS

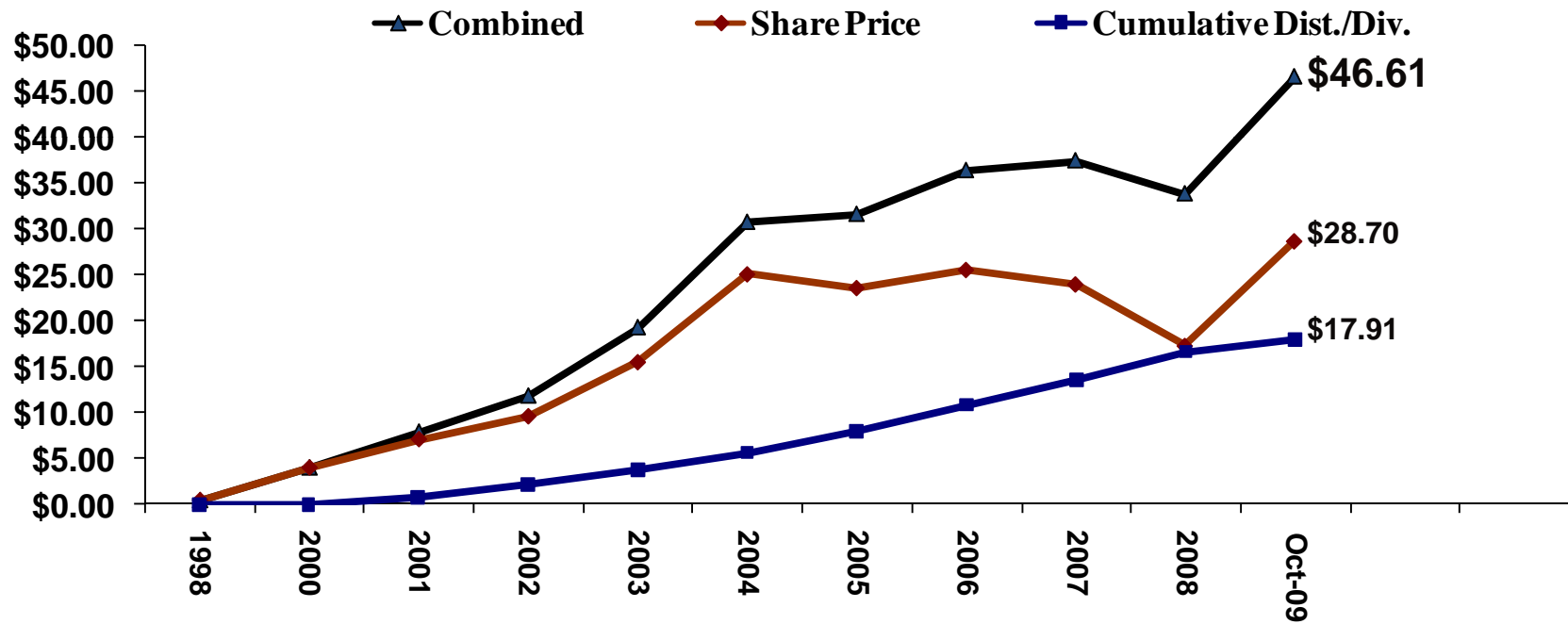
HIGHLIGHTS

(000's except per unit amounts)

	Six months ended June 30, 2009	Year 2008	Year 2007
Funds flow from operations	\$18,156	\$70,448	\$53,815
Per share / unit – basic	\$1.04	\$4.12	\$3.18
Net earnings	\$10,637	\$55,426	\$30,350
Per share / unit – basic	\$0.61	\$3.25	\$1.79
Reserve life index (P+P) – years	N/A	18.7	17.4
BOE per day	5,159	4,346	4,218
Reserves in BOE per weighted average outstanding share / unit (P+P)	N/A	1.83	1.62
Working capital deficiency	\$13,989	\$23,878	\$58,766
Long-term debt	\$71,573	\$79,910	\$ -



SHAREHOLDER VALUE



* Based on October 20, 2009 closing price of \$28.70



CORPORATION vs. TRUST

	As a trust	As a corporation
Cash distribution / dividend income before taxes	\$1.00	\$1.00
Trust / Corporation cash income taxes	(0%)	(0%)
Revenue to be distributed as a distribution / dividend	\$1.00	\$1.00
Distribution / dividend taxation at 39% vs.19% (AB and Fed highest taxation rate)	\$0.39	\$0.19
Net income after taxes for investor	\$0.61	\$0.81
Distribution / dividend taxation at 46% vs. 20% (ON and Fed highest taxation rate)	\$0.46	\$0.20
Net income after taxes for investor	\$0.54	\$0.80

The corporation structure maximizes value for investors



SUPERIOR BEFORE & AFTER TAX RETURNS

\$100,000 Investment	Return from GICs, BAs	Return from a 7% Dividend
Interest Rate 1% / Dividend Rate 7%	\$1,000	\$7,000
Income Tax Rate (ON / AB)	46% / 40%	20% / 19%
After Tax Income (ON / AB)	\$540 / \$600	\$5,600 / \$5,670
After Tax Income from a 7% Trust Distribution (ON/ AB)		\$3,780 / \$4,270

Bonterra's tax pools of \$455 million extend its tax horizon past 2018 providing a substantial period in which the Company can maximize returns to its shareholders.



SENSITIVITY ANALYSIS

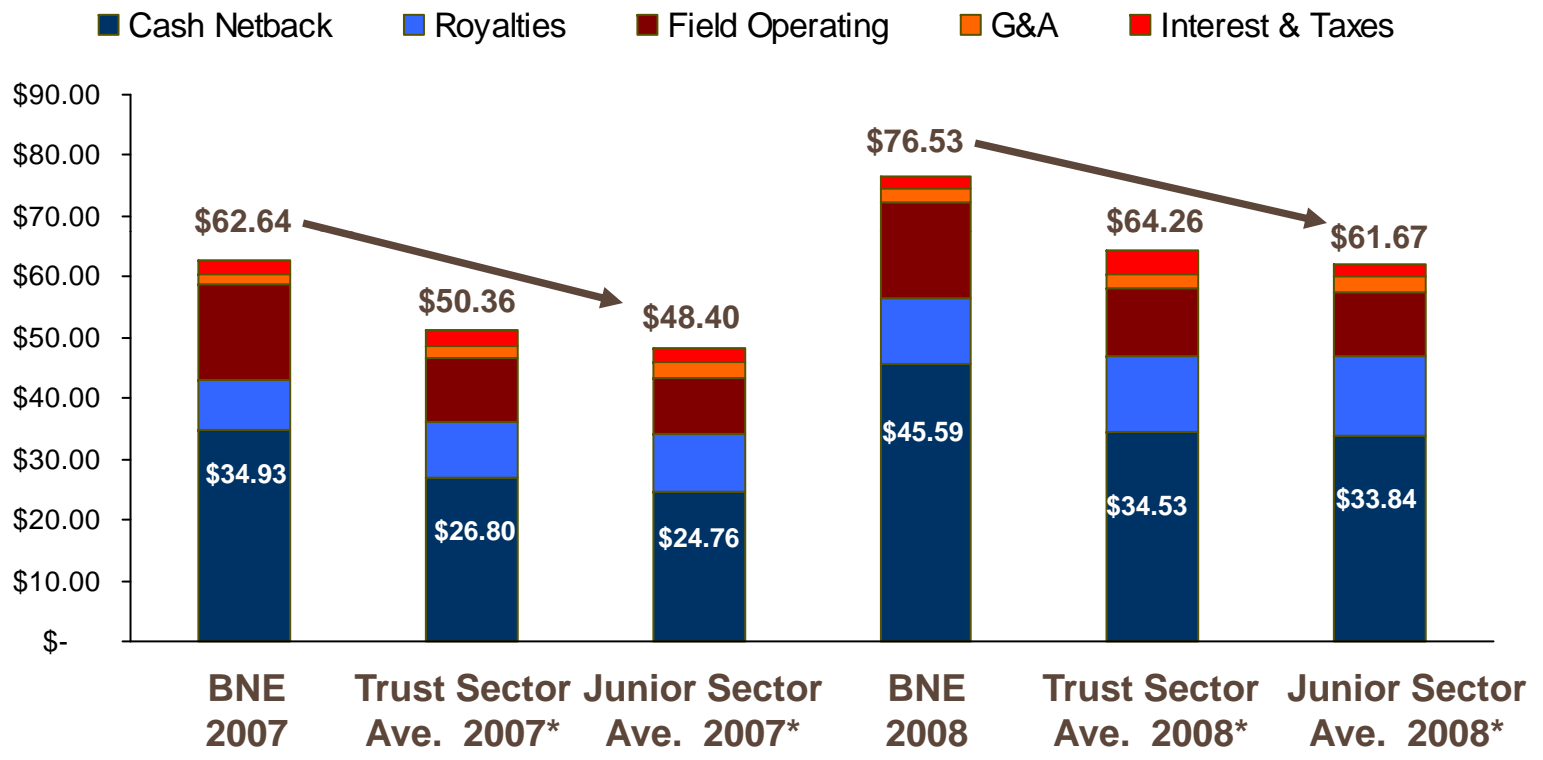
Commodity Prices					Net Annual (After-Tax)	
Oil (Edm. Par) (Cdn \$/ bbl)	Liquids (Cdn \$/bbl)	Nat. Gas (Cdn \$/mcf)	Annual Dividend	Monthly Dividend	(AB)	(ON)
\$55	\$33	\$3.50	\$1.38	\$0.115	\$1.10	\$1.09
65	40	4.00	1.86	0.155	1.50	1.48
75	47	5.00	2.34	0.195	1.89	1.87
85	54	5.50	2.70	0.225	2.18	2.16
95	61	6.00	3.12	0.260	2.52	2.50

* Assumes 18.5 million shares outstanding and production of 5,200 BOE per day (3,200 barrels oil & liquids; 12,000 MCF nat. gas)

Bonterra remains well-positioned to continue providing strong returns to shareholders on both a pre-tax and after-tax basis



STRONG NETBACKS



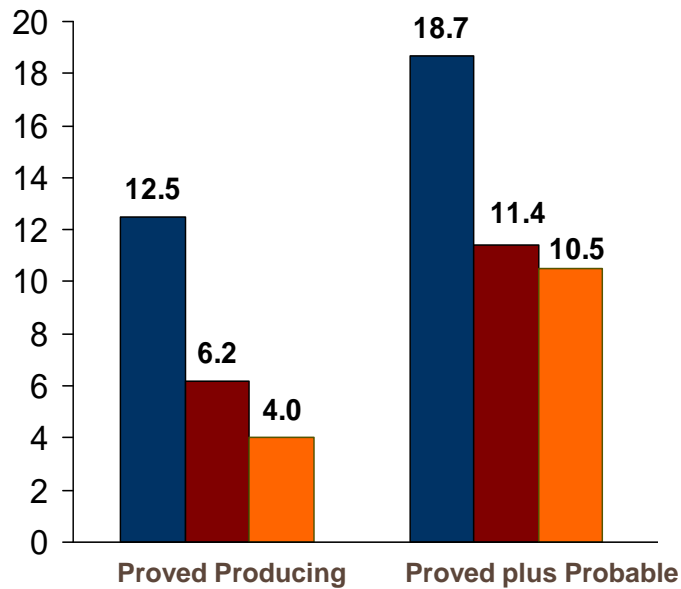
Gross Production Revenue is net of hedging impacts.

* Source: CIBC World Markets report dated April 17, 2009 (average of 20 trusts and 21 juniors)

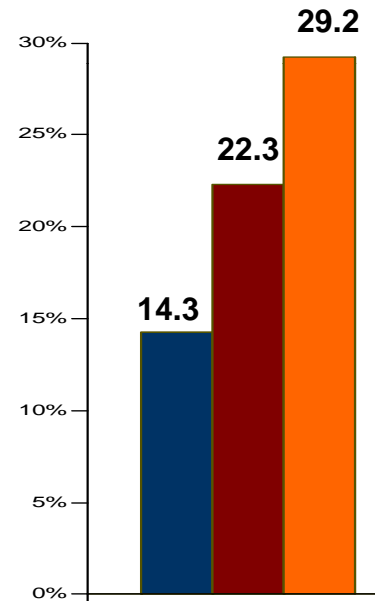


Superior Asset Base

Reserve Life Index (years)



Decline Rate (%)



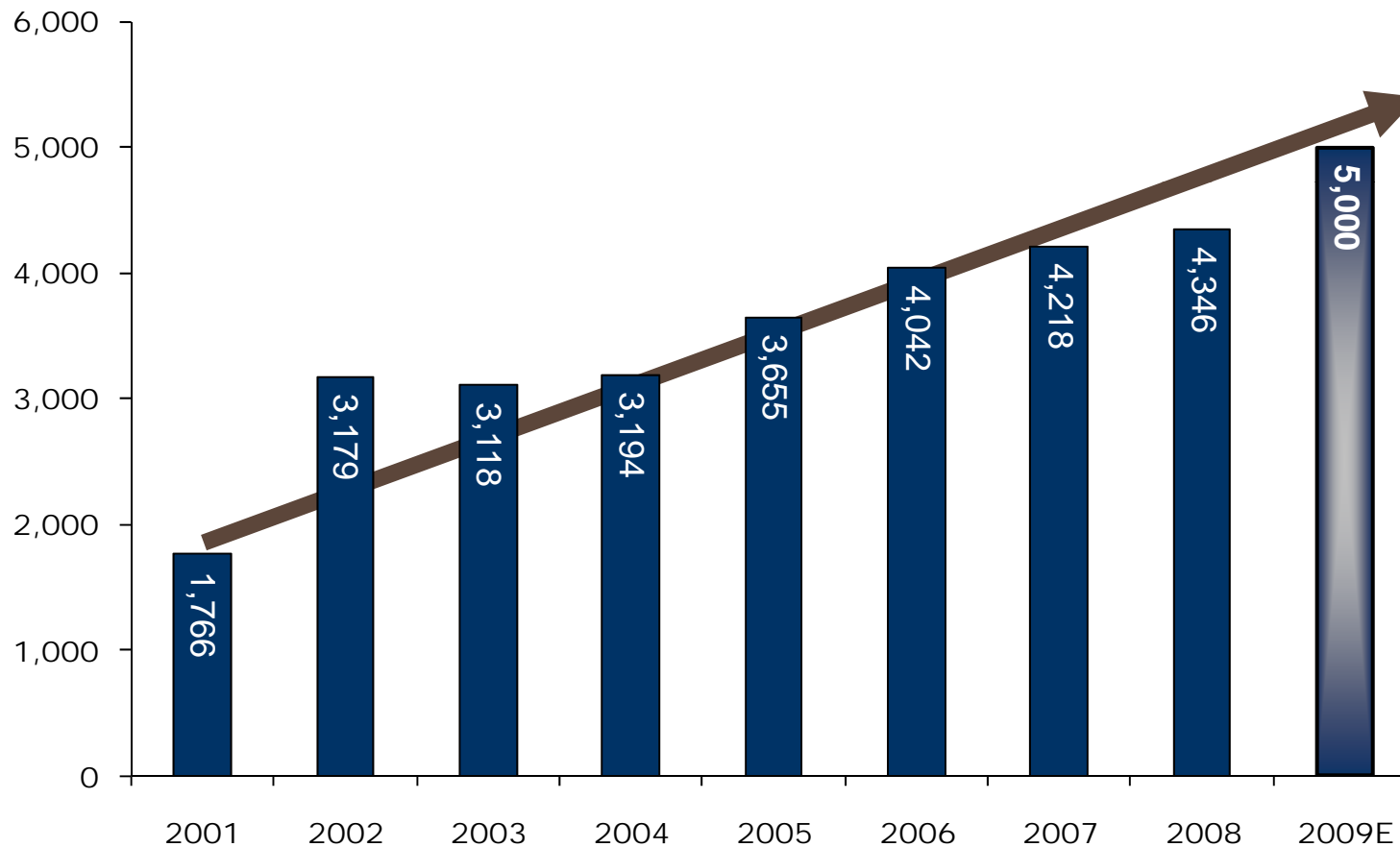
Bonterra **Peer Sector Average (16 trusts)*** **Peer Sector Average (21 juniors)***

*Source CIBC World Markets report dated 03/30/09



Track Record of Growth

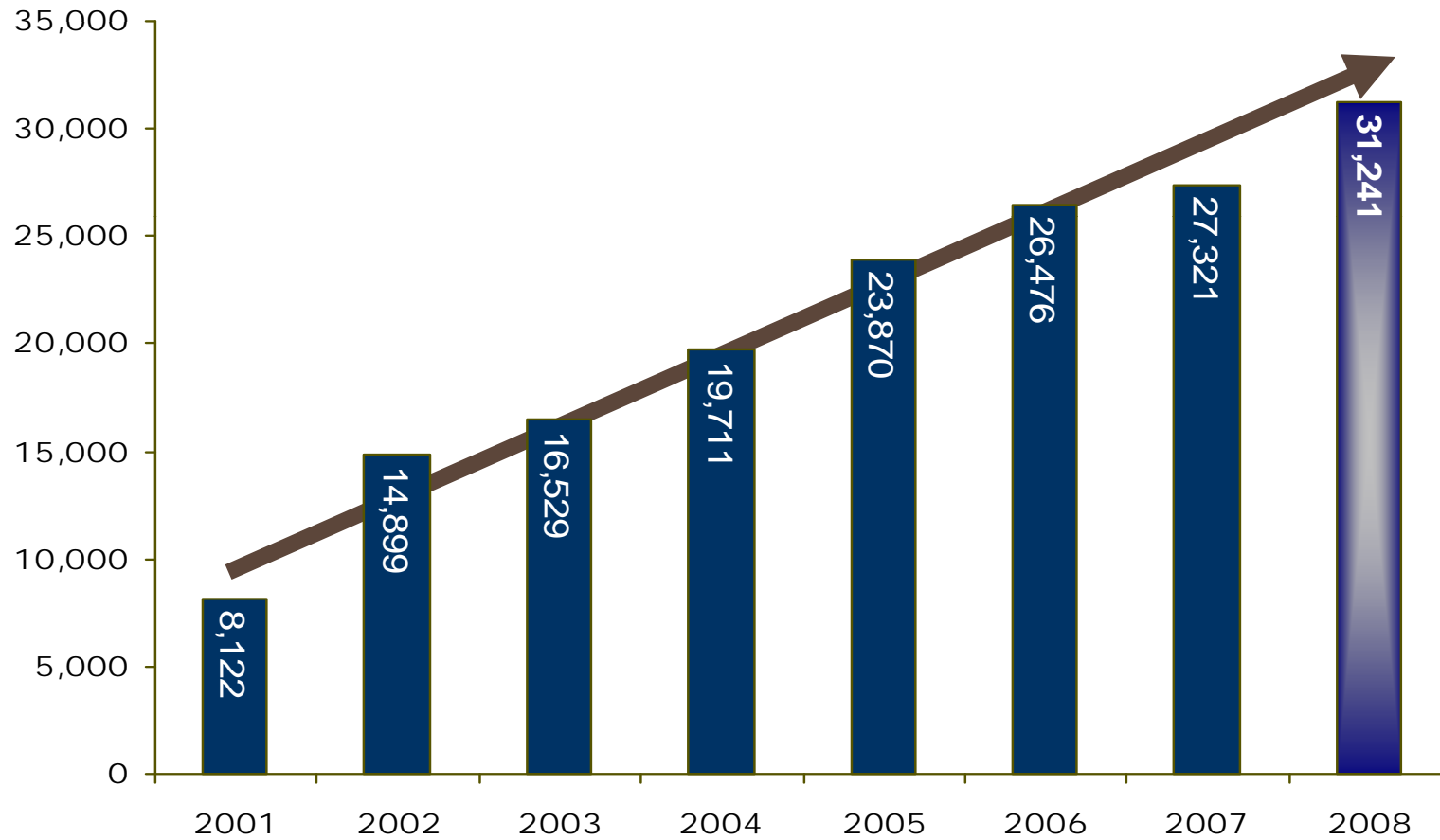
Production (boe per day)





Track Record of Growth

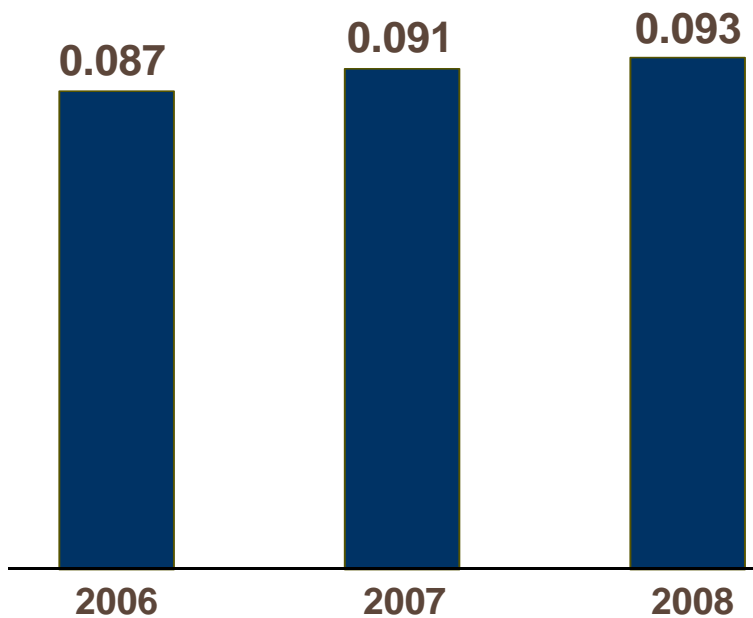
Reserves (P+P) (mboe)



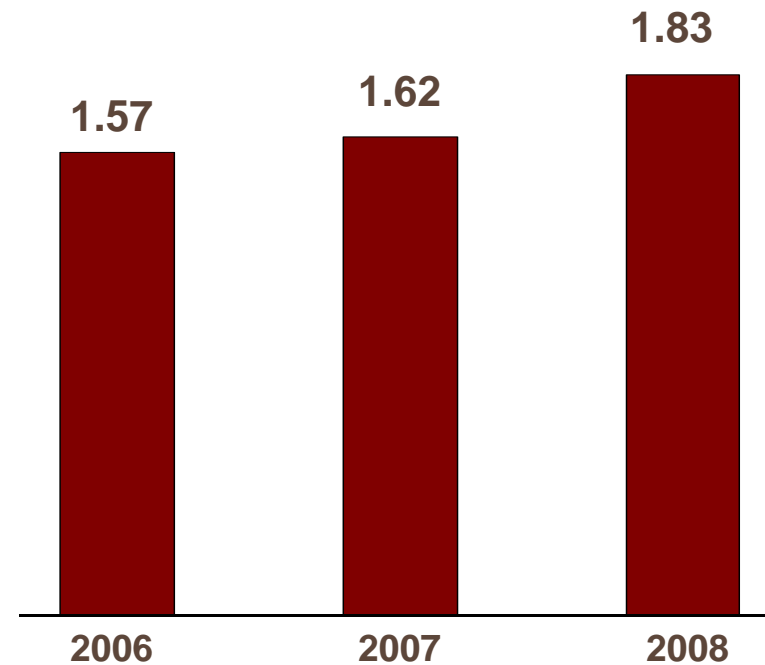


INCREASING SHAREHOLDER VALUE

Production per Share
(boe per share)



Reserves per Share
(boe per share*)

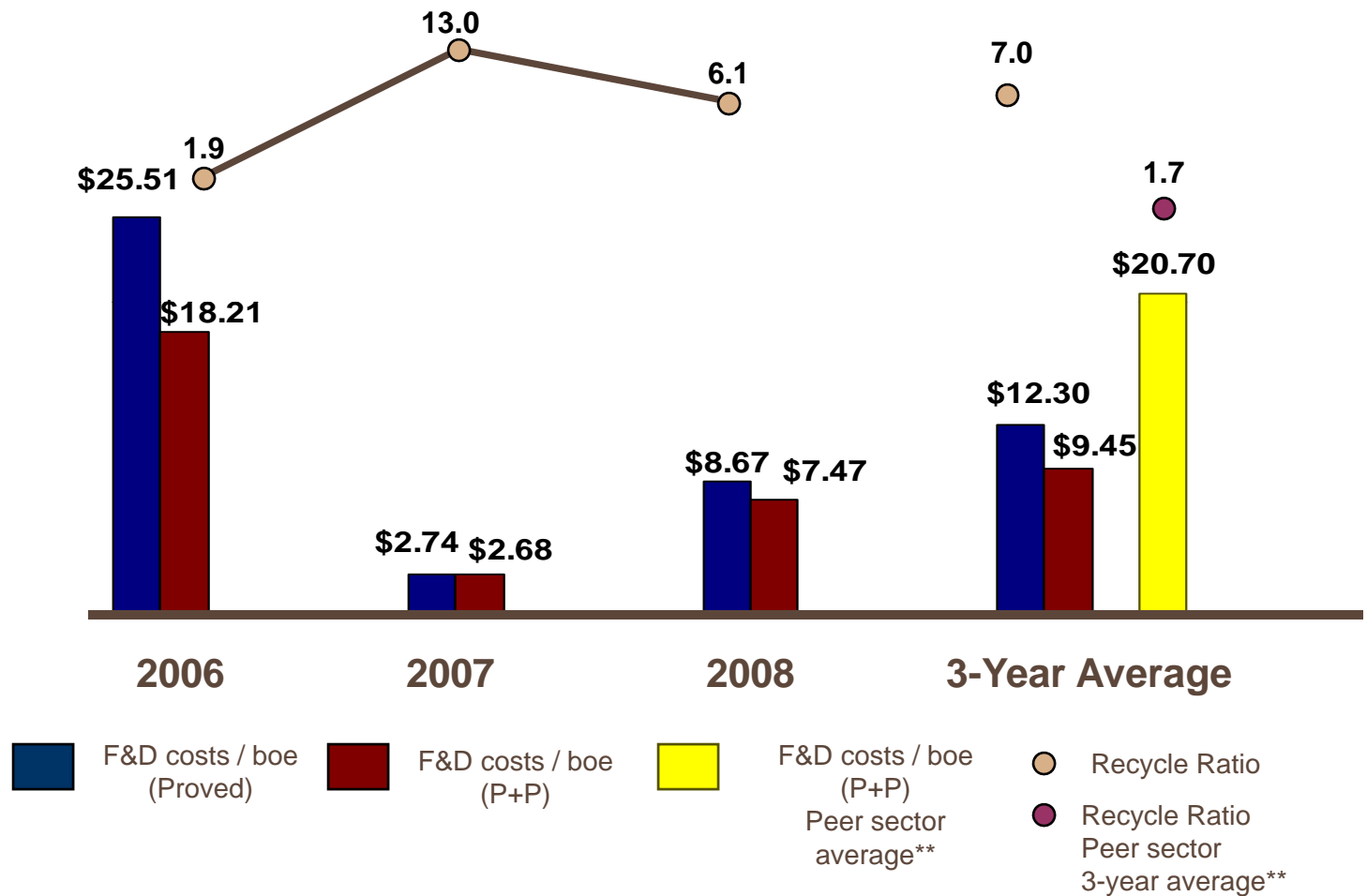


*based on Proved plus Probable reserves



ACHIEVING TECHNICAL SUCCESS

Finding and Development Cost Summary per BOE*



* Includes Future Development Costs

** Source: Average of 17 trusts – RBC Capital Markets report dated April 16, 2009



LARGE OPPORTUNITY SET

Net undrilled locations:

Inventory of new locations currently identified (subject to commodity prices and the terms of the Alberta royalty plan):

Cardium 330 (greater than 1,000 potential vertical locations if drilled to 40 acre spacing)

Edmonton Sand 10

Other: 15 (including Gething, Notikewin, Banff and Upper and Lower Shaunavon)

- Annual estimate of net wells that will be drilled over the next three years: 25 per year
- Coalbed methane future potential: Subject to government regulations and gas prices
- Acquiring land for long term growth projects at low prices in core areas

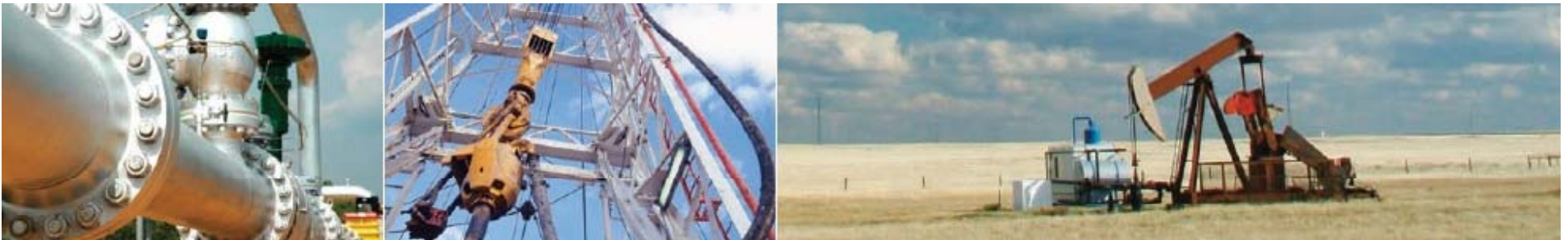
14 year inventory for Cardium, Edmonton Sand and other areas



PEMBINA CARDIUM POTENTIAL

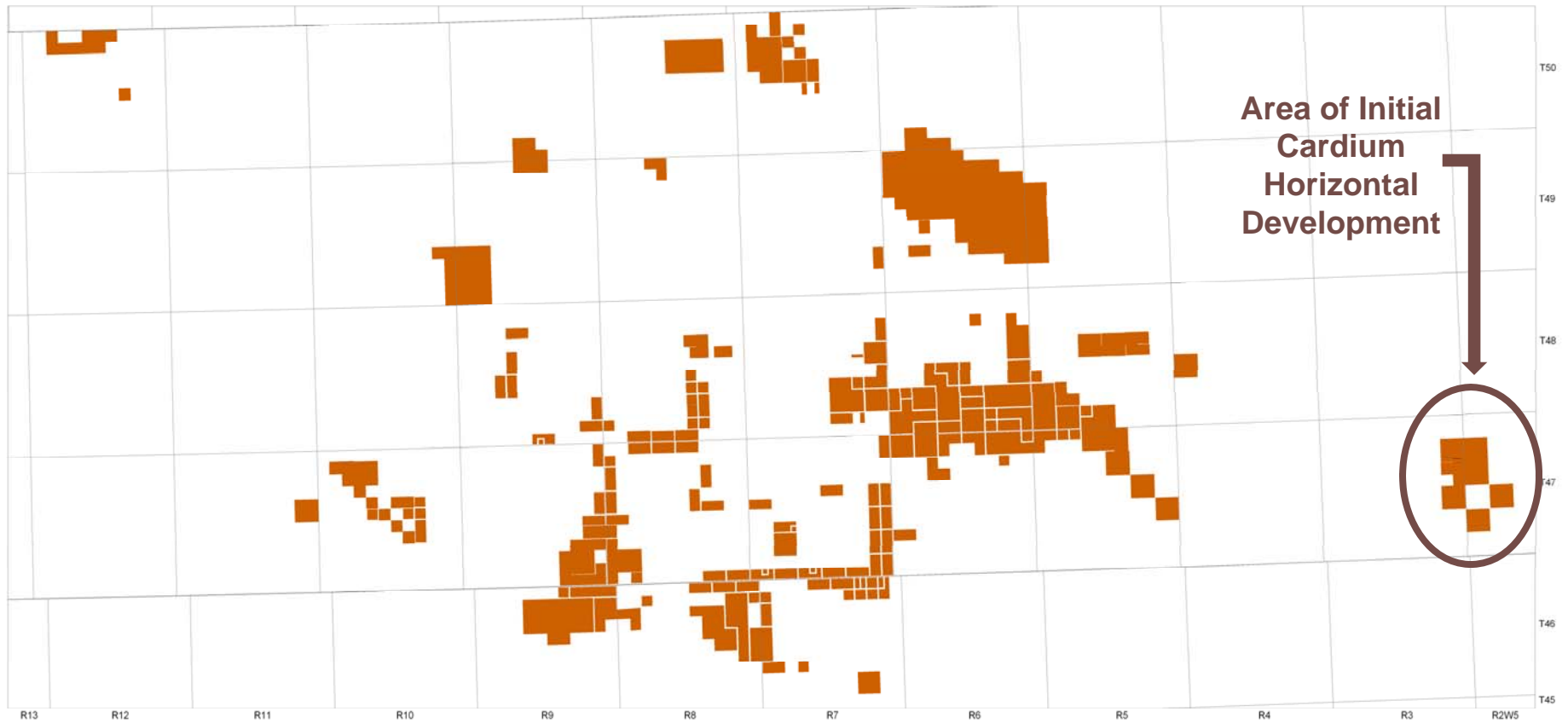
- Opportunity: light sweet oil and solution gas
- Estimated original oil in place: 7.8 billion barrels
- Estimated recovery from primary and water flood: 25 percent
- Recovery to date: 17 percent
- Bonterra is the third largest Cardium operator in Pembina

**Potential large positive impact on Bonterra
(75 percent of Bonterra's production is from the Cardium zone)**





PEMBINA CARDIUM LAND POSITION





PEMBINA CARDIUM HORIZONTAL WELL ACTIVITY

Horizontal Well Update:

First Well:	1-25	On production February 2009	Cum. to date 36,000 BOE
Second Well:	16-19	On production August 2009	Cum. to date 15,700 BOE
Third Well:	16-13	Just coming on production	N/A
Fourth Well:	8-30	On production November 2009	N/A
Fifth Well:	12-24	Spudded October 13, 2009	N/A

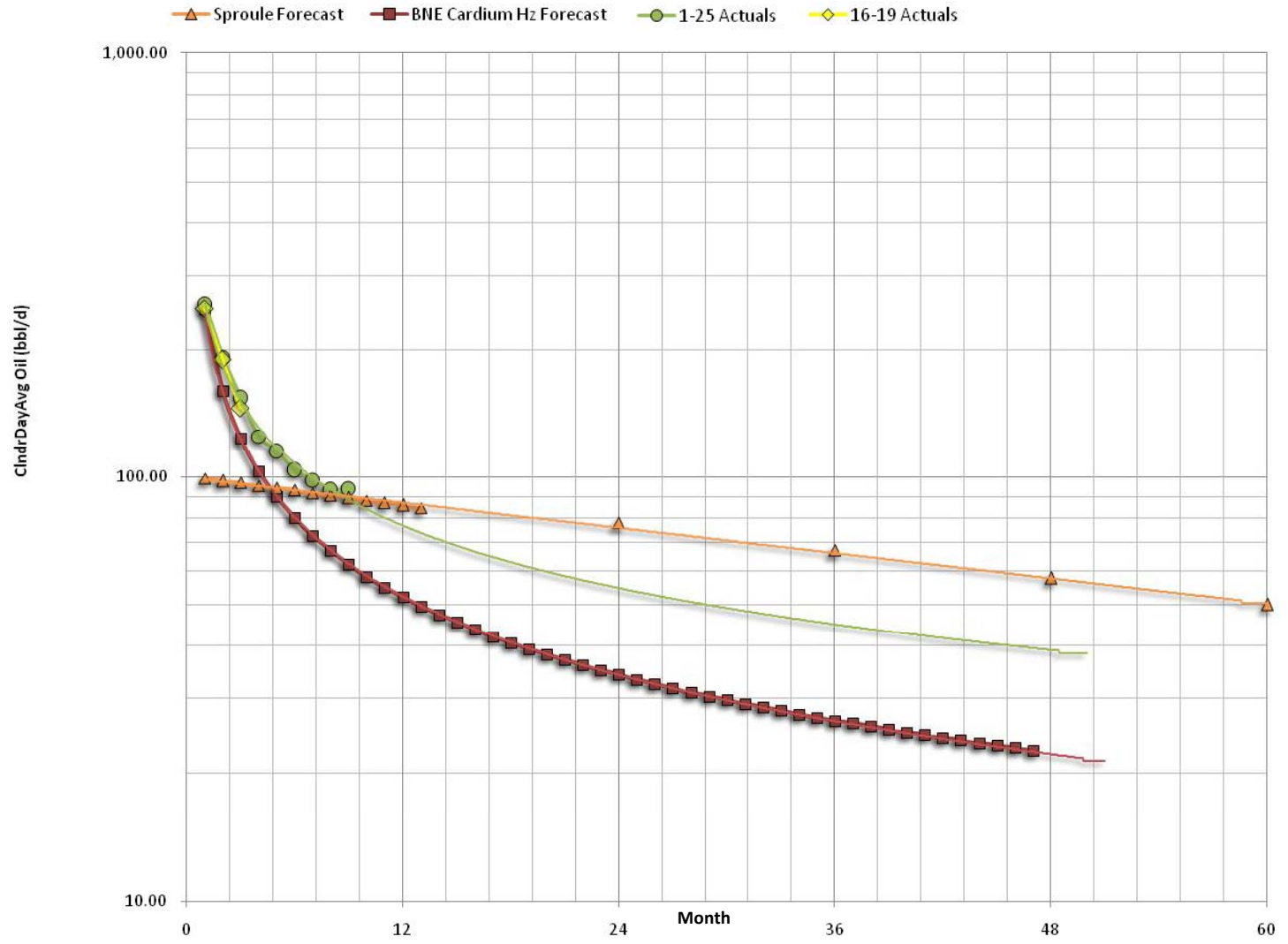
Estimated locations: 60 to 100

Estimated working interests: 80 percent





CARDIUM HORIZONTAL DECLINE



* 1-25 Actuals based on eight months of production and forecast thereafter. 16-19 Actuals based on two months of production and forecast thereafter.



CARDIUM VERSUS BAKKEN

Cardium Reservoir Characteristics		Bakken Reservoir Characteristics	
WAV K	0.04 mD	WAV K	0.05 mD
Porosity	12.00%	Porosity	10.00 %
Net Thickness	6.5M	Net Thickness	4.5M
Sw	15%	Sw	25%
API	35.77	API	42
Bo	1.255	Bo	1.255
Area	640 acres	Area	640 acres
OOIP per Section		OOIP per Section	
OOIP:	8,605,668 Bbl	OOIP:	4,380,713 Bbl
RF	9%	RF	10%
Recoverable Oil (Section)	774,510 Bbl	Recoverable Oil (Section)	438,071 Bbl
Recovery per Horizontal (2 per section)		Recovery per Horizontal (2 per section)	
OOIP:	4,302,834 Bbl	OOIP:	2,190,357 Bbl
Recoverable Oil	387,255 Bbl	Recoverable Oil	219,036 Bbl

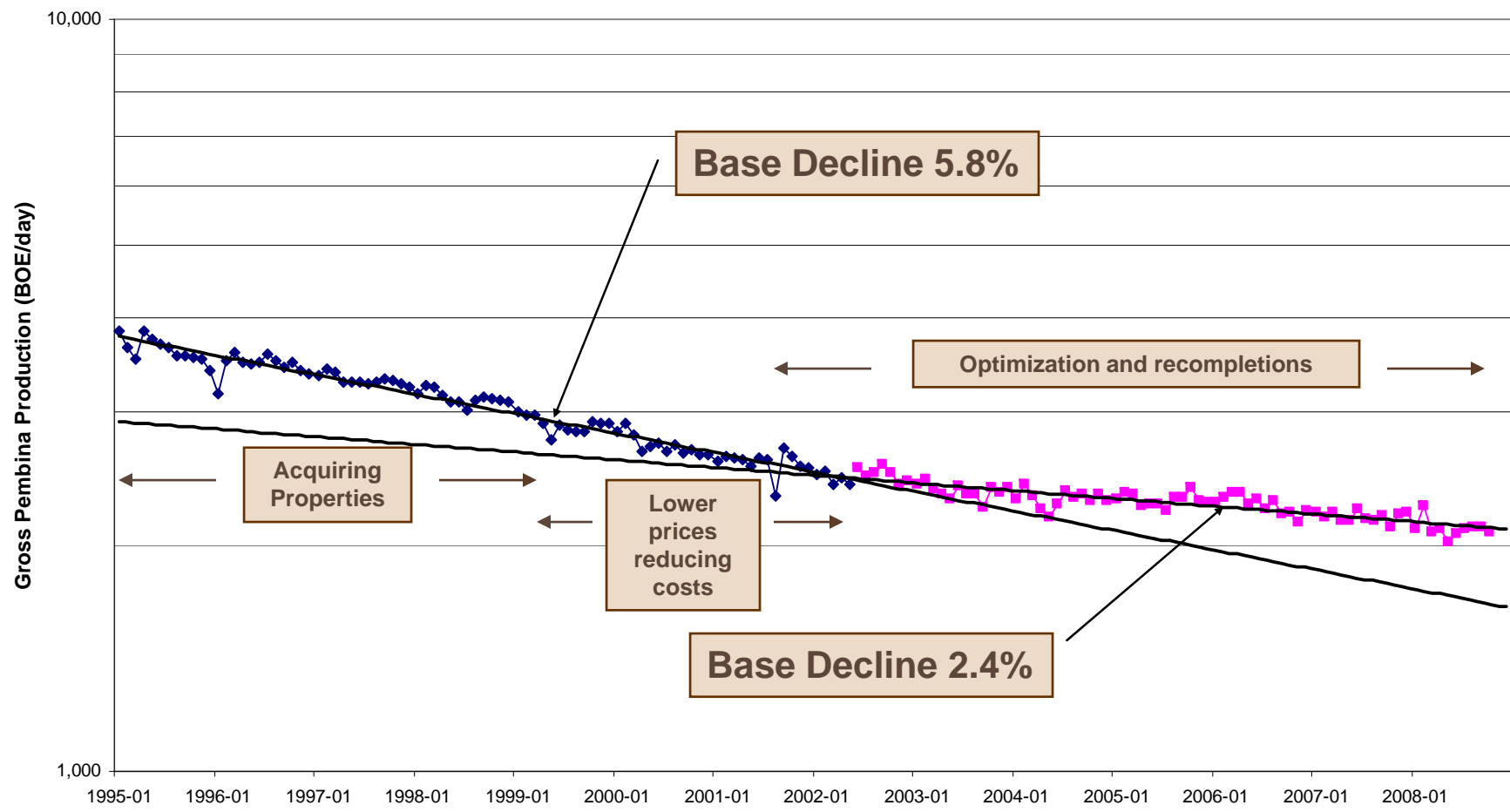
Notes

- OOIP Calc =area*thickness*7758*Porosity*(1/Bo)*(1-Sw)
- Bo = 1.255 Reference: Reservoir Fluid Study for Petro Canada Inc. PCI Pembina 11-18-47-8W5, Pembina Filed, Alberta; Core Laboratories; 1989/04/04; pp4 '@14010kPa, Bo=1.255 *Bo for Bakken unavailable - used Cardium value.
- Sw = 0.15 ERCB Pembina Cardium Pool value. Little to no free water produced. Sw is representative of bound water.
- Area Section - 640 acres
- Porosity & net thickness Values from mapping at the infill location (01-25-047-03) Net thickness >6% Por (Logs also indicate 12+% porosity)
- RF Based on Pembina Cardium Pool primary depletion. Hard to Estimate



SUSTAINABILITY & PERFORMANCE

Base Pembina Production Wells (Spudded prior to 2000)

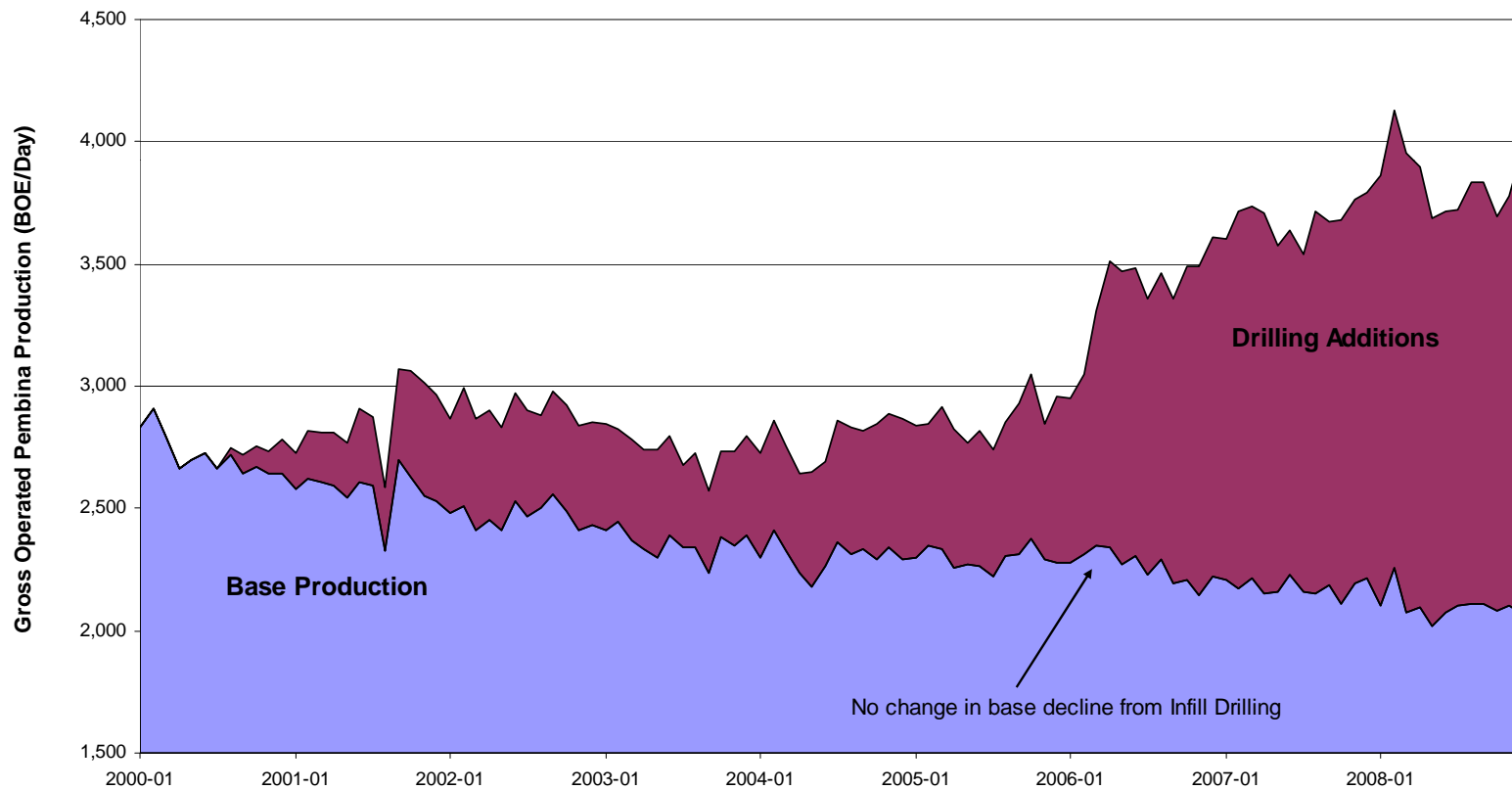


* Well count basically constant



DELIVERING SUSTAINABLE GROWTH

Pembina Drilling Program





THE BONTERRA ADVANTAGE



Bonterra has drill locations in all three western provinces and can quickly change its drilling program from province to province

Corporation conversion removes trust taxation overhang and provides increased value for investors

Maintains healthy returns while delivering sustainable growth and maximized dividends to investors

Financial and operational discipline with a strong balance sheet and steady pace of development

High-quality asset base with low decline rates and a drilling inventory in excess of ten years

Significant tax pools extend taxable horizon beyond 2018



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