



# SEPAC

## INVESTOR SHOWCASE

NOVEMBER 21, 2011

The Value of Bonterra

Growth  
Performance  
Sustainability

TSX: BNE

# FORWARD LOOKING INFORMATION

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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

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Shares issued	19.4 million
Market capitalization	\$959.7 million*
Directors/employee ownership	25 percent
Payout ratio based on funds flow	55 – 70 percent
Current monthly dividend	\$0.26/share
Current annualized yield	6.3 percent*
Production profile	71% oil / 29% nat. gas
Cash netback (nine months ended 09/30/2011)	\$42.52
Drilling inventory	> 15 years
Tax pools	\$408 million
Tax horizon	Beyond 2016
Debt (at 09/30/2011 including working capital)	\$116 million

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\* Based on November 10, 2011 closing price of \$49.47

\*\* Funds flow is not a recognized measure under IFRS. For these purposes, the Company defines funds flow as funds provided by operations including proceeds from sale of investments and investment income received excluding the effects of changes in non-cash operating working capital items, restricted cash and decommissioning expenditures settled.

# 2011 HIGHLIGHTS

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- **Increased dividends twice in 2011** and paid out \$2.28 per share in dividends in the first nine months of the year, a 22% increase compared with the same period in 2010. Presently on pace to pay out over \$3.00 per share in 2011.
- **Horizontal drill success** with **14 gross (11.1 net) operated** Cardium horizontal wells drilled in the Halo areas of the Pembina and Willesden Green Fields, **2 gross (0.3 net) non-operated** Cardium horizontal wells in the main Pembina pool and **1 gross (0.13 net) non-operated** horizontal well in southeast SK, all with a 100% success rate.
- Anticipate drilling an additional **7 gross (5.61 net) operated** Cardium horizontal wells in both the Halo areas and main pool and **2 gross (0.56 net) non-operated** Cardium horizontal wells in the fourth quarter of 2011.
- **Average daily production increased by 13 percent** to 6,201 BOE/day for the first nine months of 2011 compared to the first nine months of 2010.
- **Reserve Life Index (P+P) of 17.8 years** is one of the highest among conventional producers.

# FINANCIAL RESULTS



## Highlights

(000s except per share amounts)	Nine Months Ended 09/30/2011	Year 2010	Year 2009 <sup>(2)</sup>
Funds Flow <sup>(1)</sup>	\$75,987	\$79,651	\$66,504
Per share – basic	\$3.93	\$4.23	\$3.69
Payout ratio	58%	60%	46%
Cash flow from operations	\$71,229	\$66,238	\$38,893
Per share - basic	\$3.69	\$3.52	\$2.16
Payout ratio	62%	72%	79%
Net earnings	37,541	39,954	68,563
Per share - basic	1.94	2.12	3.81
Capital expenditures and acquisitions (net of dispositions)	42,157	70,680	5,640
Working capital deficiency	\$43,362	\$17,905	\$10,162
Long-term debt	\$72,391	\$85,386	\$59,823

(1) Funds flow is not a recognized measure under IFRS. For these purposes, the Company defines funds flow as funds provided by operations including proceeds from sale of investments and investment income received excluding the effects of changes in non-cash operating working capital items, restricted cash and decommissioning expenditures settled.

(2) 2009 financial highlights have not been restated for the adoption of IFRS.

# 2011 GUIDANCE



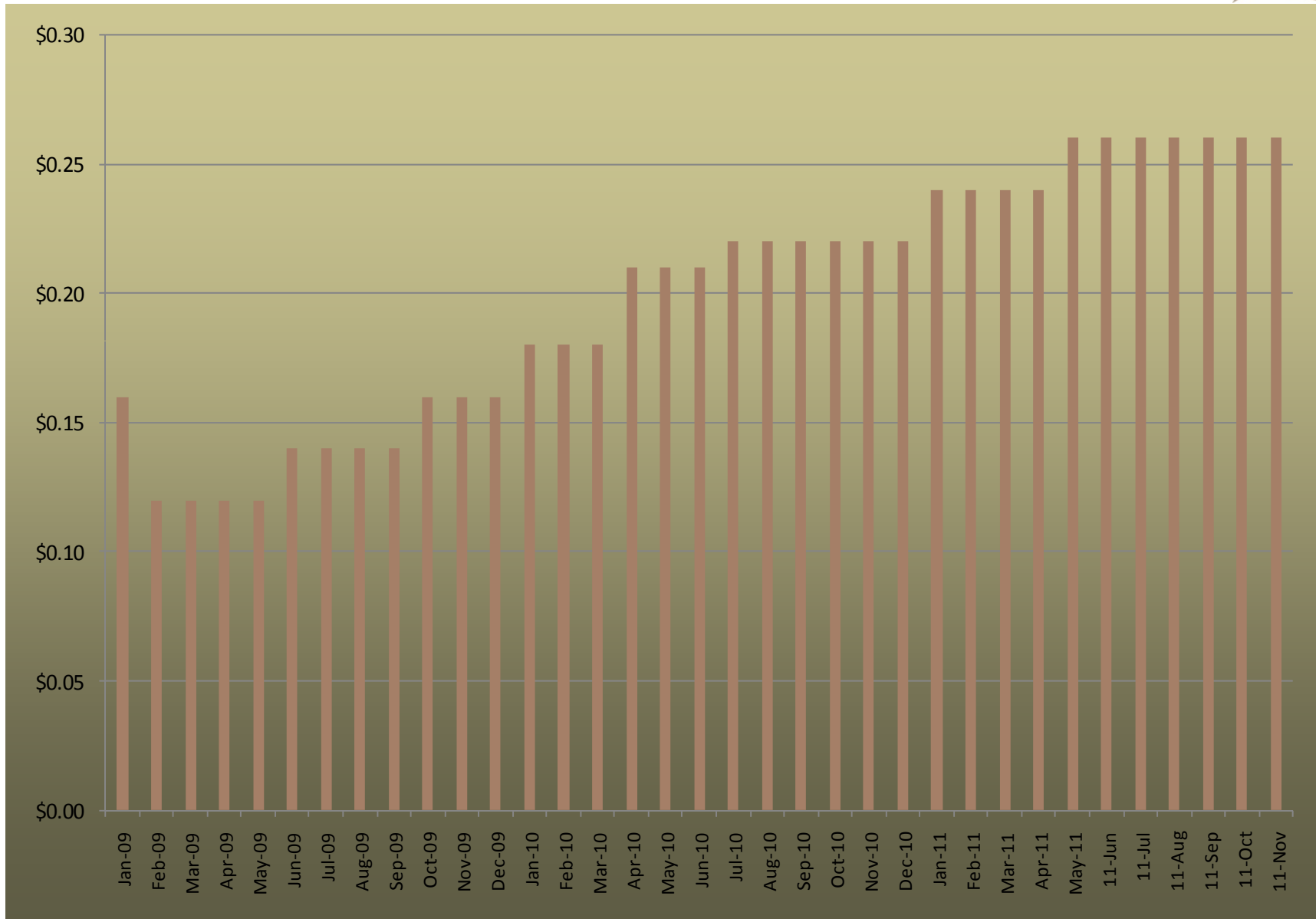
2011 Capital Development Budget	\$60 million	26 gross (17.7 net) operated and non-operated wells planned with the majority in the halo area of the Pembina Cardium and Willesden Green fields and the main pool of the Pembina Cardium
Production Levels	6,200 to 6,500 BOE per day	Targets a 10 to 15 percent increase over 2010 levels
Operating Costs	\$14.50 - \$15.25 per BOE	Revised upwards due to increased Q1/Q2 costs
Payout Ratio	55 to 70 percent	Anticipate fully funding capital development program from cash flow, exercise of stock options and sale of investments
Debt	1.0:1 to 1.5:1 range	Sustainable capital program

<b>Sensitivity Analysis<sup>(1)</sup></b> (estimate for 2011)	<b>Cash Flow</b>	<b>Cash Flow Per Share<sup>(2)</sup></b>
U.S. \$1.00 per barrel	\$1,376,000	\$0.072
Canadian \$0.10 per MCF	\$349,000	\$0.018
Change of Canadian \$0.01 / U.S. \$ exchange rate	\$1,161,000	\$0.060

(1) Based on Sproule Proved Developed Producing production of 5,643 BOE per day

(2) Based on year end outstanding common shares of 19,219,541

# HISTORY OF DIVIDEND GROWTH



# SUPERIOR BEFORE & AFTER TAX RETURNS

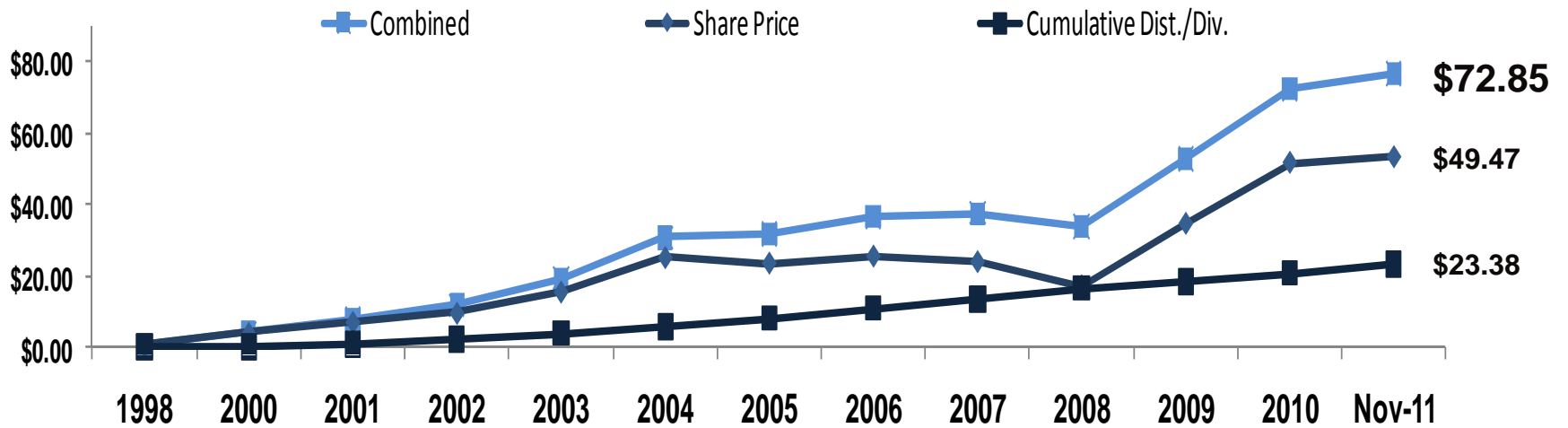


## \$100,000 Investment:

Bonterra Investment		Bank Investment	
Dividend Rate 6.3%	\$6,300	Interest Rate 1.25%	\$1,250
AB Tax Rate	17%	AB Tax Rate	39.5%
<b>After Tax Income</b>	<b>\$5,229</b>	<b>After Tax Income</b>	<b>\$756</b>
<b>Net Return</b>	<b>5.2%</b>	<b>Net Return</b>	<b>0.76%</b>

***Bonterra's current tax pools of \$408 million extend its tax horizon past 2016 maximizing returns to shareholders.***

# SHAREHOLDER VALUE



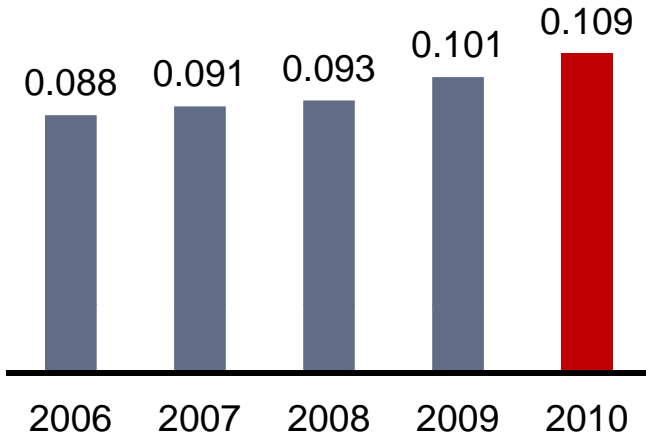
\* Based on November 10, 2011 closing price of \$49.47



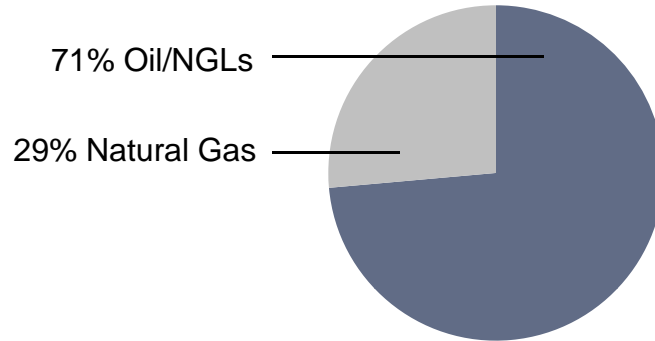
# INCREASING SHAREHOLDER VALUE



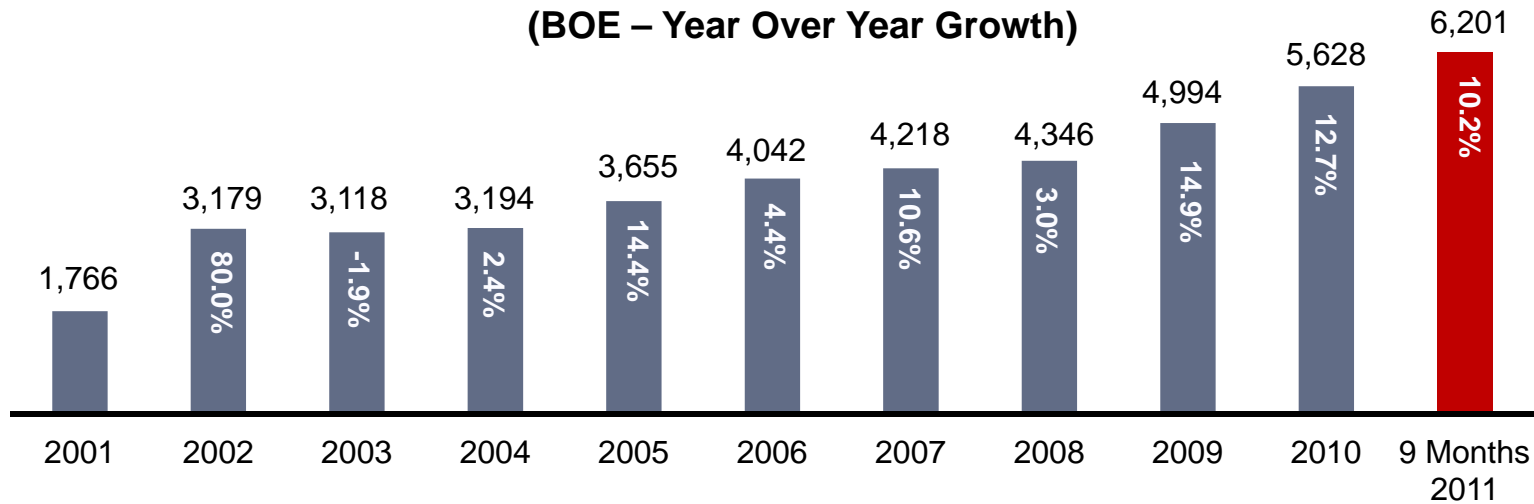
**Production per Share**  
(BOE per share)



**Production Profile**



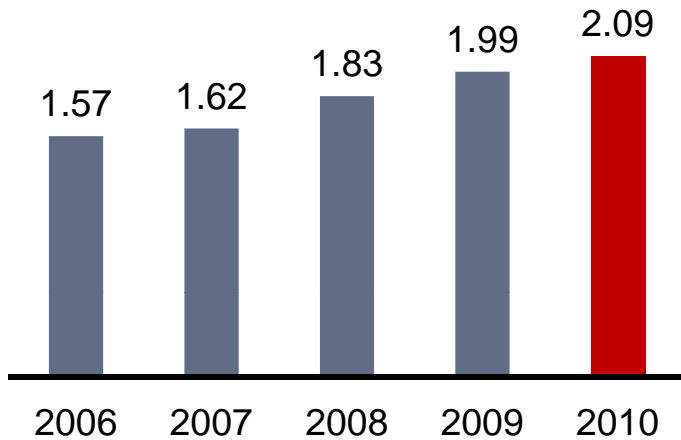
**Gross Production**  
(BOE – Year Over Year Growth)



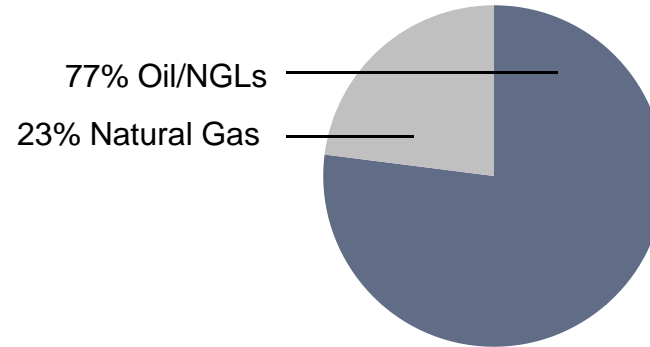
# INCREASING SHAREHOLDER VALUE



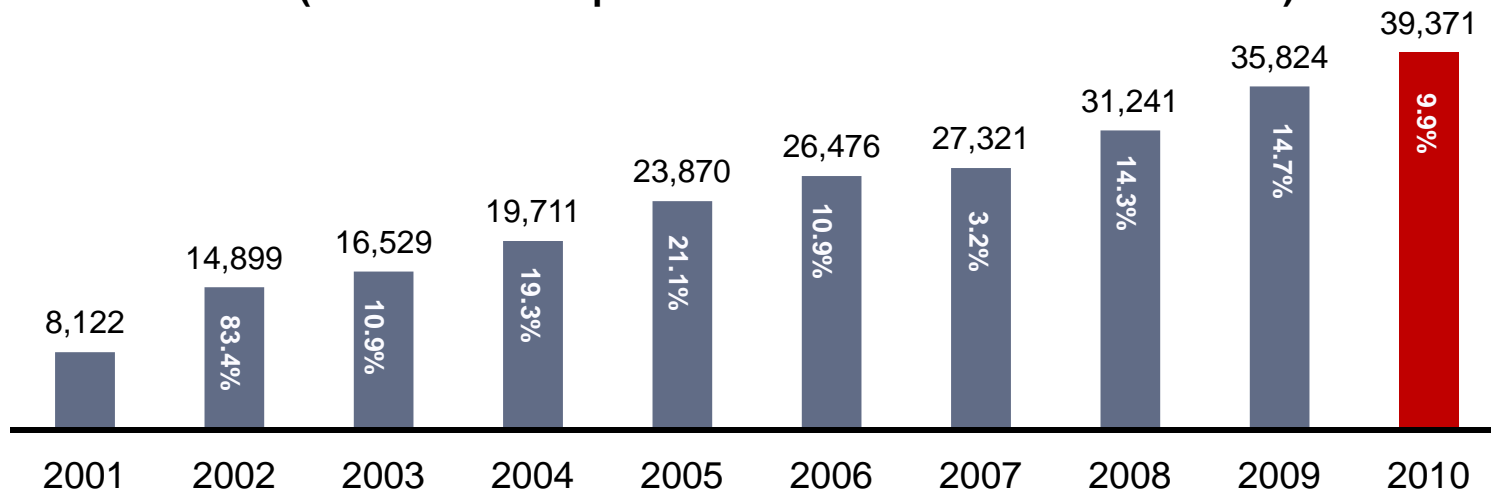
**Reserves per Share**  
(BOE per share) (Proved plus Probable)



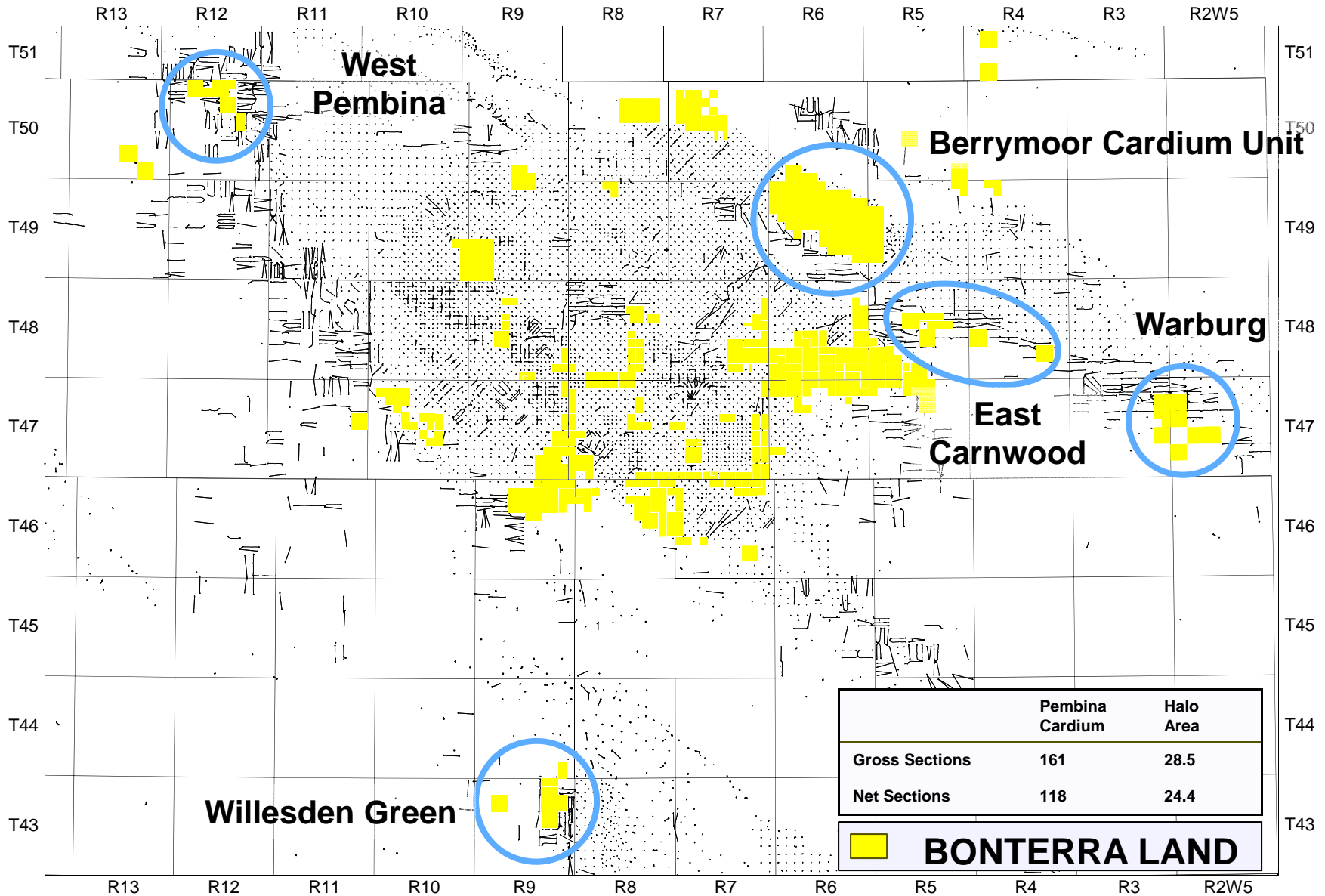
**Reserves Profile**  
(Proved plus Probable)



**Gross Reserves**  
(MBOE - Proved plus Probable – Year Over Year Growth)



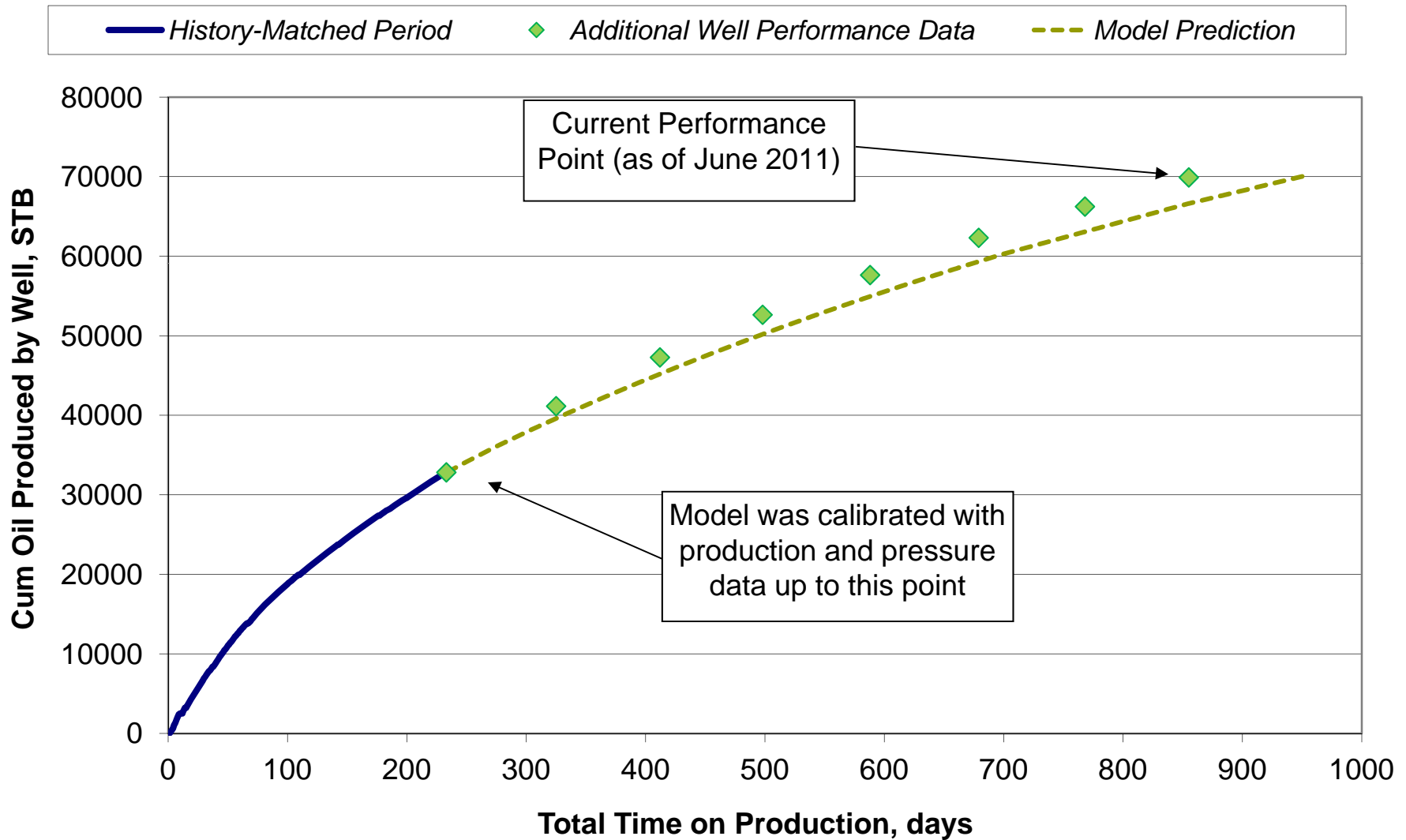
# PEMBINA CARDIUM



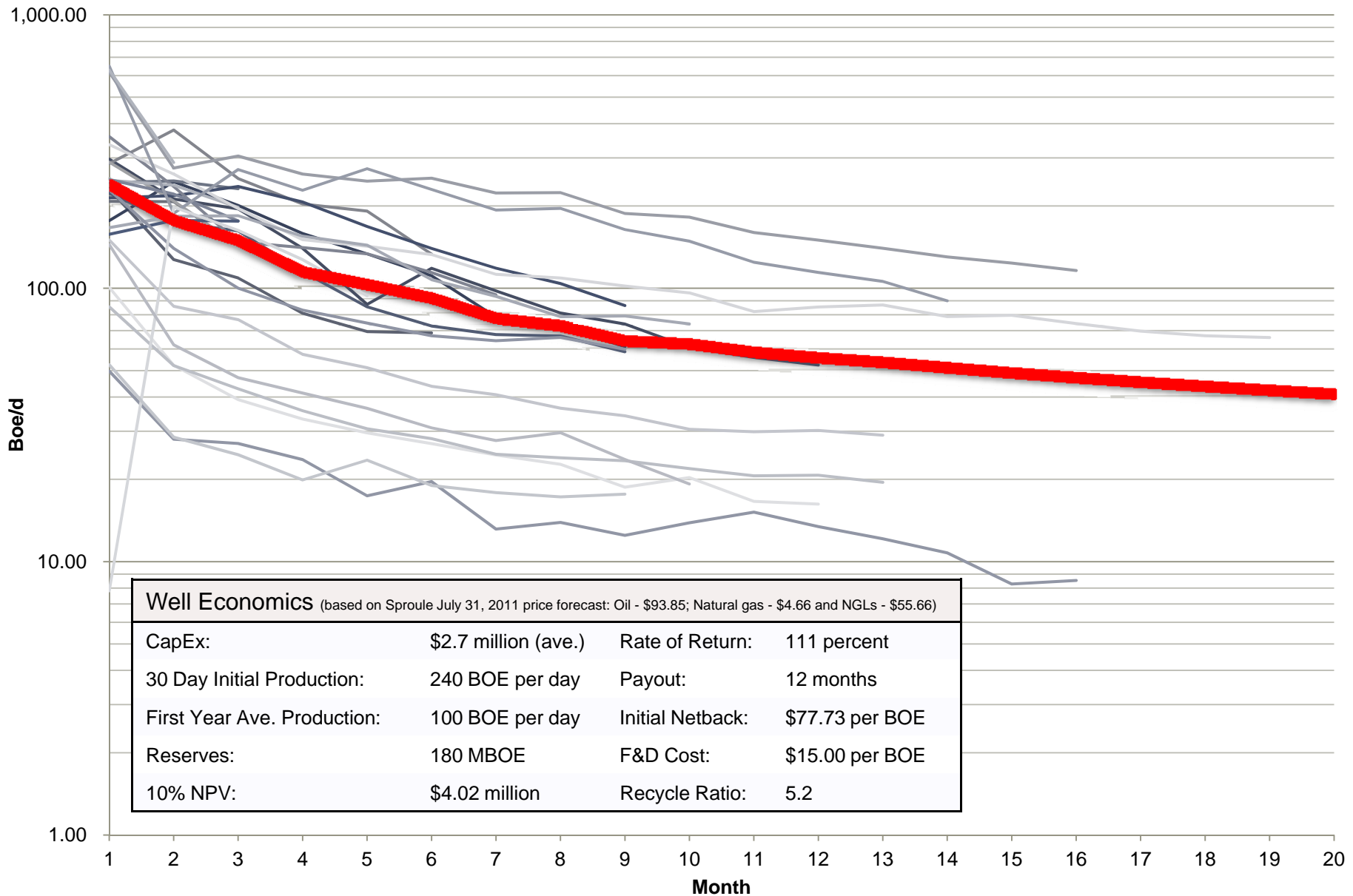
# A LEADER IN HORIZONTAL DEVELOPMENT



## Illustrating Validity of 3D Model of Section 25-047-03W5



# CARDIUM HORIZONTAL PRODUCTION

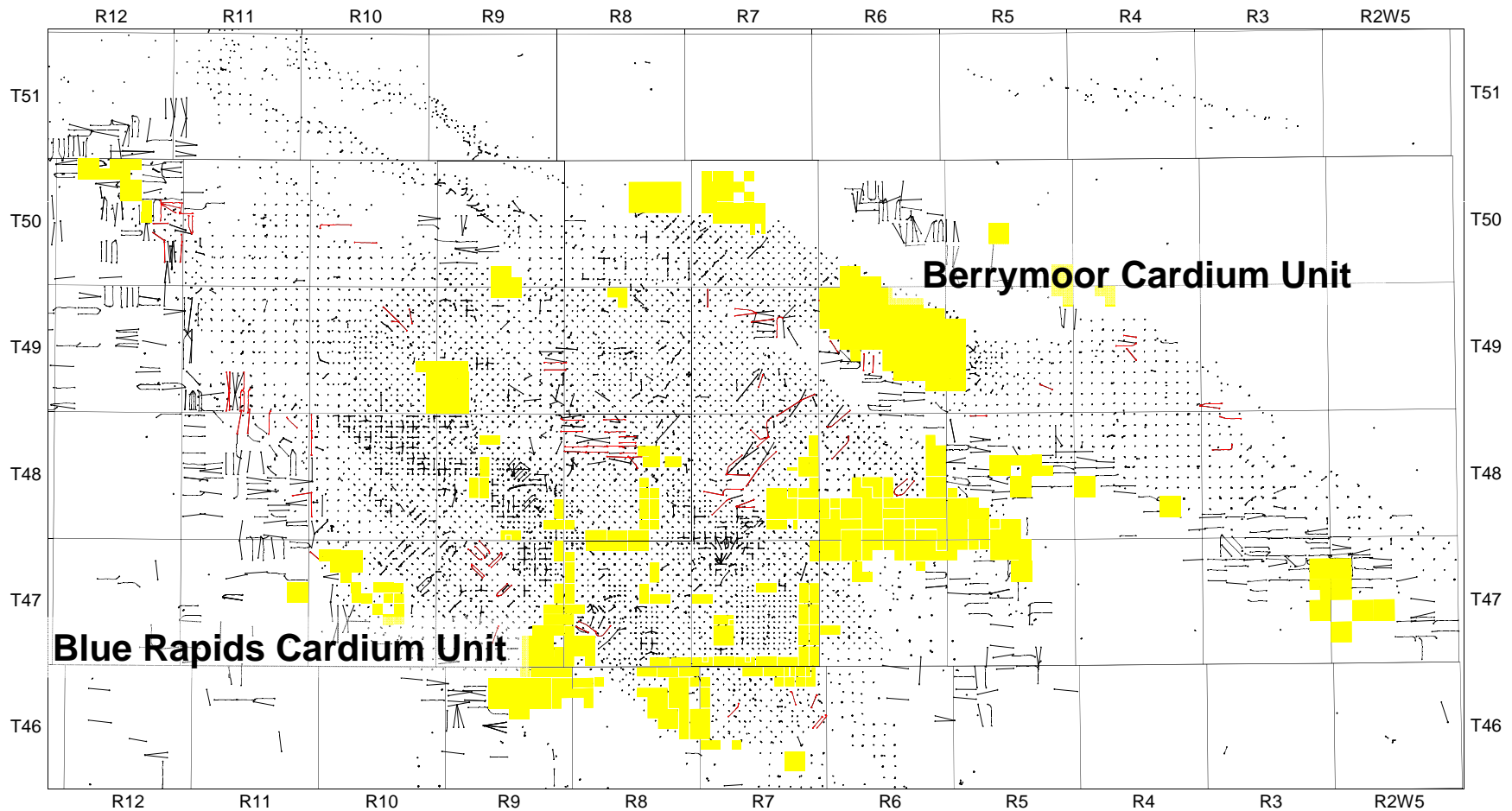


Well Economics (based on Sproule July 31, 2011 price forecast: Oil - \$93.85; Natural gas - \$4.66 and NGLs - \$55.66)			
CapEx:	\$2.7 million (ave.)	Rate of Return:	111 percent
30 Day Initial Production:	240 BOE per day	Payout:	12 months
First Year Ave. Production:	100 BOE per day	Initial Netback:	\$77.73 per BOE
Reserves:	180 MBOE	F&D Cost:	\$15.00 per BOE
10% NPV:	\$4.02 million	Recycle Ratio:	5.2

# MAIN POOL DEVELOPMENT



Bonterra plans to advance the use of horizontal multi-stage technology in the main Pembina Cardium pool in 2011 by initiating a multi-well horizontal drilling program later in the year with the objective of changing the pool exploitation strategy to horizontal well development from vertical well development.



# MAIN POOL RESULTS



- The Company participated in drilling 7 gross (1.05 net) non-operated, horizontal Berrymoor Cardium Unit wells in the main Pembina Cardium pool to date.

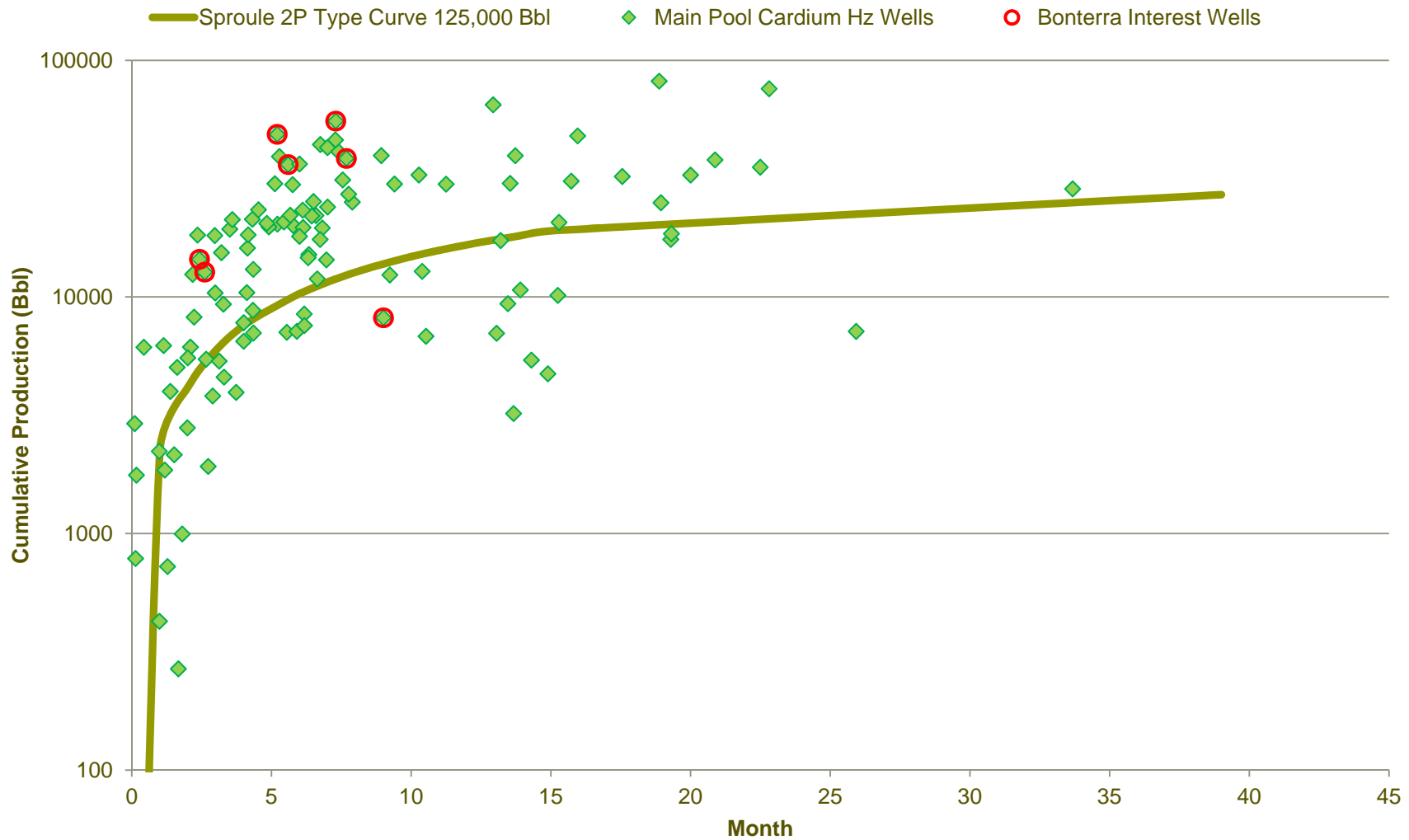
Location	Months on Production	Initial Rate (BOE/day)	Cumulative Production (BOE)	Current Rate (BOE/day)*
01-07-049-05 W5	10	216	77,400	225
04-12-049-06 W5	11	187	48,650	70
10-10-049-06 W5 +	8	281	50,300	105
11-12-049-06 W5	9	418	65,250	220
05-31-049-06 W5**	12	38	11,175	28
10-19-049-06 W5 +	4.5	251	19,200	65
04-20-049-06 W5 +	4.5	221	22,900	115

\* As of August 31, 2011 \*\* Well was not frac'd + ½ section horizontals

# MAIN POOL PERFORMANCE



## Main Pool Cardium Hz Performance vs. Sproule 2P Type Curve (125,000 Bbl)



# LARGE OPPORTUNITY SET



Gross undrilled locations:

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

Horizontal Cardium 55 – 75\*

Potential Horizontal Cardium 500\*\*

Other: 25

Bonterra has a maximum of 500 gross (350 net) additional horizontal locations based on 4 wells per section. The technical and economically feasible number of locations has yet to be determined.

Including Edmonton Sand, Gething, Notikewin, Banff and Upper and Lower Shaunavon.

\* 47 gross (34.5 net) booked horizontal locations

\*\* Currently 60 gross (48.3 net) booked vertical locations

## Greater than 15 year drilling inventory



# THE VALUE OF BONTERRA

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## GROWTH

- Consistently provides investors with production and reserves growth on both a total and per share basis.
- 2011 capital development program of \$60 million mainly focused on Cardium horizontal wells in the Halo area and Pembina main pool. This focus will continue in 2012.
- Targeting 10 to 15% production growth in 2011 with production for the year estimated at 6,200 to 6,500 BOE per day.

## PERFORMANCE

- Provides investors with superior returns and paid out \$2.78 per share to date in 2011 (includes Nov. 2011 dividend).
- Current monthly dividend of \$0.26 per share (\$3.12 annualized).
- Current annualized yield of ~6.3%.
- \$408 million in tax pools extend the Company's tax horizon beyond 2016.

## SUSTAINABILITY

- Approximately 161 gross (118 net) Cardium sections including 28.5 gross (24.4 net) in the halo area.
- 77% of Proved plus Probable reserves and 69% of 2010 production weighted to crude oil/liquids.
- Drilling inventory in excess of 15 years.



**901, 1015 – 4<sup>th</sup> Street SW Calgary, AB T2R 1J4**  
**Telephone: (403) 262-5307 Fax: (403) 265-7488**  
**Website: [www.bonterraenergy.com](http://www.bonterraenergy.com)**