BONTERRA ENERGY CORP.

ANNUAL INFORMATION FORM

For the year ended December 31, 2015

March 17, 2016

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GLOSSARY OF TERMS

Unless the context otherwise requires, in this Annual Information Form, the following terms and abbreviations have the meanings set forth below.

"Bonterra" means Bonterra Energy Corp. the Company formed on amalgamation of Bonterra Corp. and Bonterra Oil & Gas Ltd. effective January 1, 2010;

"Bonterra Corp." means Bonterra Energy Corp. a former wholly owned subsidiary of Bonterra Trust which was wound-up and dissolved January 1, 2010;

"**Bonterra Oil & Gas Ltd.**" means the former corporation whose assets consisted of all the issued and outstanding trust units of Bonterra Trust;

"Bonterra Trust" means Bonterra Energy Income Trust;

"Economic Life" means, with respect to an oil and gas property, the time remaining before production of petroleum substances from the property is forecast to be uneconomic;

"Proved Reserves" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves;

"Probable Reserves" are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves;

"Reserve Life Index" or **"RLI"** is an index reflecting the theoretical production life of a property if the remaining reserves were to be produced out at current production rates. The index is calculated by dividing the reserves in the selected reserve category at a certain date by the annualized fourth quarter production from the preceding 12 month period;

"Shareholder" means a holder of Bonterra common shares;

"Sproule" means Sproule Associates Limited, independent petroleum consultants;

"Sproule Report" means the independent engineering evaluations of Bonterra's oil, natural gas and NGLs interests prepared by Sproule dated February 8, 2016 and effective December 31, 2015 utilizing commodity price forecasts of Sproule dated December 31, 2015; and

"Trustee" means Computershare Trust Company of Canada, or its successor as trustee of the Company.

ABBREVIATIONS

Oil and Natural Gas Liquids	Natural Gas
Bbl – barrels	GJ – gigajoules
MBbl – thousand barrels	GJ/d – gigajoules per day
Bbl/d – barrels per day	Mcf – thousand cubic feet
NGLs – natural gas liquids	MMcf – million cubic feet
	MMbtu – million British thermal units
	Bcf – billion cubic feet
	Mcf/d – thousand cubic feet per day

Other

AECO	means Alberta Energy Company interconnect with the NOVA System.
BOE	means barrel of oil equivalent. In all cases of this document, a BOE conversion ratio for natural gas of 6 Mcf:1Bbl has been used. The conversion is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead and as such may be misleading, particularly if used in isolation.
MBOE	means thousand BOE.
BOE/d	means BOE per day.
WTI	means West Texas Intermediate at Cushing, Oklahoma, the benchmark crude oil for pricing purposes.
GCA	means gas cost allowance deduction taken off of provincial (Crown) royalties, to offset the capital and direct operating costs associated with processing the Crown's share of raw gas at a gas plant, and transporting the Crown's share of residue gas through a sales line.

CONVERSIONS

The following table sets forth certain standard conversions between Standard Imperial Units and the International System of Units (or metric units).

To convert from	To	Multiply By
Mcf	Cubic Metres	28.174
Cubic Metres	Cubic Feet	35.494
Bbl	Cubic Metres	0.159
Cubic Metres	Bbl	6.293
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471

ADVISORY

In this Annual Information Form where amounts are expressed on a barrel of oil equivalent basis, natural gas volumes have been converted to oil equivalence at six thousand cubic feet per barrel. The term BOE may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet per barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil, based on the current market prices thereof, is significantly different from the energy equivalency ratio of six to one, utilizing a BOE conversion ratio on this basis may be misleading as an indication of value.

Unless otherwise specified, references to oil include oil and NGLs. NGLs include condensate, propane, butane and ethane.

Where any disclosure of reserves data is made in this Annual Information Form or the documents incorporated by reference herein that does not reflect all of the reserves of Bonterra, the reader should note that the estimates of reserves and future net revenue for individual properties or groups of properties may not reflect the same confidence level as estimates of the reserves and future net revenue for all properties, due to the effects of aggregation.

PRESENTATION OF OIL AND GAS INFORMATION

All oil and gas information contained in this Annual Information Form or the documents incorporated by reference herein, has been prepared and presented in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* (NI 51-101). The actual oil and gas reserves and future production will be greater than or less than the estimates provided herein. The estimated value of future net revenue from the production of the disclosed oil and gas reserves does not represent the fair market value of these reserves. There is no assurance that the forecast prices and costs or other assumptions made in connection with the reserves disclosed herein will be attained and variances could be material.

DEFINITIONS AND NOTES TO RESERVE DATA TABLES

Certain terms used herein are defined in NI 51-101 or the Canadian Oil and Gas Evaluation Handbook (COGE Handbook) and, unless the context otherwise requires, shall have the same meanings in this Annual Information Form as in NI 51-101 or the COGE Handbook.

The following definitions form the basis of the classification of reserves and values presented in the Sproule Report. Reserve data tables may not add due to rounding.

The determination of oil and gas reserves involves the preparation of estimates that have an inherent degree of associated uncertainty. Categories of proved, probable, and possible reserves have been established to reflect the level of these uncertainties and to provide an indication of the probability of recovery.

The estimation and classification of reserves requires the application of professional judgement combined with geological and engineering knowledge to assess whether or not specific reserves classification criteria have been satisfied. Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods is required to properly use and apply reserves definitions. These concepts are presented and discussed in greater detail within the guidelines in Section 5.5 of the COGE Handbook.

The following definitions apply to both estimates of individual reserves entities and the aggregate of reserves for multiple entities.

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recovered from known accumulations, from a given date forward, based on:

- analysis of drilling, geological, geophysical and engineering data;
- the use of established technology; and
- specified economic conditions, which are generally accepted as being reasonable, and shall be disclosed.

Reserves are classified according to the degree of certainty associated with the estimates.

1. Proved Reserves

Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

2. Probable Reserves

Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

3. Possible Reserves

Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves. Possible reserves have not been considered in this Annual Information Form.

Other criteria that must also be met for categorization of reserves are provided in Section 5.5.4 of the COGE Handbook.

Each of the reserves categories (proved, probable and possible) may be divided into developed and undeveloped categories.

4. Developed Reserves

Developed reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g., when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.

5. Developed Producing Reserves

Developed producing reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

6. Developed Non-Producing Reserves

Developed non-producing reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.

7. Undeveloped Reserves

Undeveloped reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable or possible) to which they are assigned.

In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to subdivide the developed reserves for the pool between developed producing and developed non-producing. This allocation is typically based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

8. Levels of Certainty for Reported Reserves

The qualitative certainty levels contained in the definitions in Sections 1, 2 and 3 above are applicable to individual reserves entities, which refers to the lowest level at which reserves calculations are performed, and to reported reserves, which refers to the highest level sum of individual entity estimates for which reserve estimates are presented.

Reported reserves should target the following levels of certainty under a specific set of economic conditions:

a) At least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves;
b) At least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves; and
c) At least a 10 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves plus possible reserves.

A quantitative measure of the certainty levels pertaining to estimates prepared for the various reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of reserves estimates are prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional clarification of certainty levels associated with reserves estimates and the effect of aggregation is provided in Section 5 of the COGE Handbook.

CURRENCY

In this Annual Information Form, unless otherwise noted, all dollar amounts are expressed in Canadian dollars.

FORWARD-LOOKING STATEMENTS

This Annual Information Form, including documents incorporated by reference herein, contains forward-looking statements. These statements relate to future events or Bonterra's future performance. All statements other than statements of historical fact may be forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", or the negative of these terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially. In addition, this Annual Information Form and documents incorporated by reference herein may contain forward-looking statements attributed to third party industry sources. Undue reliance should not be placed on these forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Forward-looking statements in this Annual Information Form and the documents incorporated by reference herein include, but are not limited to, statements with respect to:

- the quantity and quality of the oil and natural gas reserves;
- the performance and characteristics of Bonterra's oil and natural gas properties;
- future development and exploration activities and the timing thereof;
- future land expiries;
- results of various projects of Bonterra;
- timing of receipt of regulatory approvals;
- timing of development of undeveloped reserves;
- the tax horizon and taxability of Bonterra;
- supply and demand for oil, NGLs and natural gas;

- expectations regarding Bonterra's ability to raise capital and to continually add to reserves through development and acquisitions;
- the impact of Canadian federal and provincial governmental regulation on Bonterra relative to other natural resource issuers of similar size;
- realization of the anticipated benefits of acquisitions and dispositions;
- weighting of production between different commodities;
- projections of commodity prices and costs;
- expected levels of royalty rates, operating costs, general and administrative costs, costs of services and other costs and expenses;
- capital expenditure programs and the timing and method of financing thereof; and
- treatment under government regulation and taxation regimes.

Although Bonterra believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Bonterra cannot guarantee future results, levels of activity, performance, or achievements. Moreover, neither Bonterra nor any other person assumes responsibility for the outcome of the forward-looking statements. Many of the risks and other factors are beyond Bonterra's control, which could cause results to differ materially from those expressed in the forward-looking statements contained in this Annual Information Form and the documents incorporated by reference herein. The risks and other factors include, but are not limited to:

- general economic conditions in Canada, the United States and globally, including reduced availability of debt and equity financing generally;
- industry conditions, including fluctuations in the price of oil, NGLs and natural gas;
- liabilities inherent in oil and natural gas operations;
- the ability to generate sufficient cash flow from operations and other sources to meet current and future obligations, including costs of projects and repayment of debt;
- governmental regulation of the oil and gas industry, including environmental regulation;
- fluctuation in foreign exchange or interest rates;
- geological, technical, drilling and processing problems and other difficulties in producing reserves;
- the uncertainty of reserve estimates and reserve life;
- weather;
- unanticipated operating events which can reduce production or cause production to be shut in or delayed;
- failure to realize anticipated benefits of acquisitions;
- failure to obtain industry partner and other third party consents and approvals, when required;
- health, safety and environmental risks;
- stock market volatility and market valuations;
- competition for, among other things, capital, acquisitions or reserves, deposits, undeveloped land and skilled personnel;
- competition for and inability to retain drilling rigs and other services;
- rights to surface access;
- the ability of management to execute its business plan;
- the need to obtain required approvals from regulatory authorities; and
- the other factors considered under "Risk Factors" in this Annual Information Form.

These factors should not be considered as exhaustive. Statements relating to "reserves" are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources, reserves and deposits described can be profitably produced in the future. With respect to forward-looking statements contained in this Annual Information Form and the documents incorporated by reference herein, Bonterra has made assumptions regarding: future exchange rates; the impact of increasing competition; conditions in general economic and financial markets; availability of drilling and related equipment; availability of skilled labour; current technology; cash flow; production rates; timing and amount of capital expenditures; the prices and marketability of oil, NGLs and natural gas; royalty rates; effects of regulation by governmental agencies; future operating costs; and the company's ability to obtain financing on acceptable terms. Readers are cautioned that the foregoing list of factors is not exhaustive.

The above summary of assumptions and risks related to forward-looking information has been provided in this Annual Information Form and the documents incorporated by reference herein in order to provide readers with a more complete perspective on Bonterra's future operations. Readers are cautioned that this information may not be appropriate for other purposes.

The forward-looking statements contained in this Annual Information Form and the documents incorporated by reference herein are expressly qualified by this cautionary statement. Bonterra is not under any duty to update or revise any of the forward-looking statements except as expressly required by applicable securities laws.

STRUCTURE OF BONTERRA ENERGY CORP.

Bonterra Energy Corp.

Bonterra Energy Corp. ("Bonterra" or "the Company") is a high-yield, dividend paying, oil and gas company headquartered in Calgary, Alberta. The Company's assets consist of crude oil and natural gas assets.

The head and principal office of Bonterra is located at:
901, 1015 4th Street S.W., Calgary, Alberta, T2R 1J4.

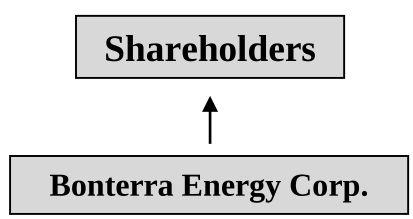
The Company's primary focus is to maximize total return to shareholders by growing production and maintaining and enhancing cash dividends through the optimum utilization and development of existing crude oil and natural gas properties and acquisition and development of new producing or undeveloped properties. Currently, development efforts are focused in the Cardium zone of the Pembina and Willesden Green fields located in west central Alberta.

Transfer Agent and Registrar

The Registrar and Transfer Agent for the common shares is Computershare Trust Company of Canada at 600, 530-8th Avenue SW Calgary, Alberta T2P 3S8

Organization Chart

At December 31, 2015, the structure of Bonterra was as set forth below:



The common shares trade under the symbol BNE on the Toronto Stock Exchange (TSX).

Bonterra Energy Corp. was formed effective January 1, 2010 when Bonterra Oil & Gas Ltd. wound up Bonterra Energy Income Trust ("Bonterra Trust") and amalgamated with its wholly owned subsidiary Bonterra Energy Corp. pursuant to the provisions of the Canada Business Corporations Act to continue as one corporation under the name Bonterra Energy Corp. effective January 1, 2010.

Prior to the amalgamation, Bonterra Trust (a trust which was wholly owned by Bonterra Oil & Gas Ltd.) was wound-up and dissolved in accordance with subsection 88.1 of the Income Tax Act (Canada). As a result of the amalgamation and dissolution of Bonterra Trust, Bonterra holds all of the assets formerly held by the former subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS

Property and Corporate Acquisitions and Dispositions in 2015, 2014 and 2013

On April 15, 2015, Bonterra acquired certain oil and gas assets from a senior oil and gas producer, adding production of approximately 1,700 BOE per day. The assets are Cardium focused in the Pembina area, complementary to current Bonterra acreage. Bonterra paid $170 million, before adjustments, financed mainly through bank debt. The transaction had an effective date of January 1, 2015.

During the first quarter of 2014, the Company sold a portion of its undeveloped land in the Willesden Green area for cash proceeds of $1.0 million.

During the second quarter of 2013, the Company sold a portion of its non-core Southeast Saskatchewan property for cash proceeds of $2.4 million.

Bonterra completed a corporate acquisition, through a plan of arrangement, on January 25, 2013. The acquisition advanced Bonterra's strategic objective to maintain and consolidate its position in the Cardium. The properties in the acquired corporation were a strong geographical fit to Bonterra's asset base, had significant operational synergies and provided additional drilling inventory over the long-term. Bonterra has completed extensive geological mapping of the acquired corporation’s land base and fully integrated the assets into its capital program in 2013.

Legal Proceedings

There are no material legal proceedings to which Bonterra is subject or which is known by the Company to be contemplated.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

PART I – DATE OF STATEMENT

The reserves data and other oil and gas information set forth below is based upon an evaluation by Sproule Associates Limited (Sproule), an independent qualified reserves evaluator within the meaning of National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* (NI 51-101) with an effective date of December 31, 2015 contained in the Sproule Report dated February 8, 2016.

PART II– DISCLOSURE OF RESERVE DATA

The reserves data summarizes the oil, liquids and natural gas reserves of Bonterra and the net present values of future net revenue for these reserves using forecast prices and costs. The reserves data conforms to the requirements of NI 51-101. Additional information not required by NI 51-101 has been presented to provide continuity and additional information which Bonterra believes is important to the readers of this information. Bonterra engaged Sproule to provide an evaluation of Proved and Probable Reserves and no attempt was made to evaluate possible reserves.

Readers should not assume that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The recovery and reserve estimates of crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas liquid reserves may be greater than or less than the estimates provided herein. For more information as to the risks involved see "Risk Factors – Oil and Natural Gas Prices" and "Risk Factors – Reserves".

Due to the amendments to NI 51-101 effective July 1, 2015 (the “Amendments”), abandonment and reclamation costs included in the calculation of the net present value of future net revenues for 2015 are different than abandonment and reclamation costs included in Bonterra's 2014 disclosure of the net present value of future net revenues for 2014. The Amendments require that all abandonment and reclamation costs be included in the net present value of future net revenues including all existing estimated abandonment and reclamation costs, plus all forecast estimates of abandonment and reclamation costs attributable to future development activity associated with the reserves.

In accordance with the requirements of NI 51-101, attached hereto are the following appendices: 1) Appendix A: Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor in Form 51-101F2 containing certain information estimated using forecast prices and costs based on December 31, 2015 pricing assumptions; and 2) Appendix B: Report of Management and Directors on Oil and Gas Disclosure in Form 51-101F3.

FORM 51-101F1 PART 2.1(1)
SUMMARY OF OIL AND GAS RESERVES
AS OF DECEMBER 31, 2015
FORECAST PRICES AND COSTS

	Light and Medium Crude Oil		Conventional Natural Gas		Natural Gas Liquids		Total	
Reserves Catelgory:	Gross (MBbl)	Net (MBbl)	Gross (MMcf)	Net (MMcf)	Gross (MBbl)	Net (Mbbl)	Gross (MBoe)	Net (MBoe)
PROVED								
Developed Producing	26,276.3	24,230.3	57,900	53,356	2,692.9	1,971.6	38,619.1	35,094.6
Developed Non-Producing	1,293.4	1,204.3	7,685	7,136	239.2	169.9	2,813.5	2,563.5
Undeveloped	19,466.8	17,551.6	45,587	42,293	2,186.3	1,779.7	29,250.9	26,380.2
TOTAL PROVED	47,036.5	42,986.2	111,172	102,785	5,118.4	3,921.2	70,683.5	64,038.3
PROBABLE	12,521.8	10,651.3	34,957	32,368	1,590.0	1,215.3	19,937.9	17,261.3
TOTAL PROVED PLUS PROBABLE	59,558.3	53,637.5	146,129	135,153	6,708.4	5,136.5	90,621.4	81,299.6

The Company only operates in Canada.

FORM 51-101F1 PART 2.1(2)
SUMMARY OF NET PRESENT VALUES OF FUTURE NET REVENUE
AS OF DECEMBER 31, 2015
FORECAST PRICES AND COSTS

Net Present Values of Future Net Revenue Before Income Taxes
Discounted at (%/Year)

($ Millions) Reserves Category[(1)]	0%	5%	10%	15%	20%	Unit Value Discounted at 10%/YR ($/BOE)
PROVED						
Developed Producing	1,444.6	960.8	713.8	567.8	472.4	20.3
Developed Non-Producing	64.8	45.0	33.4	25.9	21.0	13.0
Undeveloped	815.9	472.7	295.6	192.3	126.7	11.2
TOTAL PROVED	2,325.3	1,478.5	1,042.8	786.1	620.1	16.3
PROBABLE	921.9	488.0	321.8	238.6	189.1	18.6
TOTAL PROVED PLUS PROBABLE	3,247.2	1,966.5	1,364.6	1,024.7	809.2	16.8

(1) Unit values are based on net reserves.

The Company only operates in Canada.

FORM 51-101F1 PART 2.1(2)
SUMMARY OF NET PRESENT VALUES OF FUTURE NET REVENUE
AS OF DECEMBER 31, 2015
FORECAST PRICES AND COSTS

Net Present Values of Future Net Revenue After Income Taxes
Discounted at (%/Year)

($ Millions) Reserves Category	0%	5%	10%	15%	20%
PROVED					
Developed Producing	1,193.2	814.8	618.2	500.2	422.0
Developed Non-Producing	47.1	32.9	24.4	19.0	15.4
Undeveloped	595.2	332.1	195.1	115.0	64.3
TOTAL PROVED	1,835.4	1,179.8	837.7	634.2	501.7
PROBABLE	673.1	355.9	234.5	173.7	137.6
TOTAL PROVED PLUS PROBABLE	2,508.5	1,535.7	1,072.2	807.9	639.3

The Company only operates in Canada.

FORM 51-101F1 PART 2.1(3)(b)
TOTAL FUTURE NET REVENUE (UNDISCOUNTED)
AS OF DECEMBER 31, 2015
FORECAST PRICES AND COSTS

($ Millions) Reserves Catergory:	Revenue	Royalties	Operating Costs	Development Costs	Abandonment and Reclamation Costs	Future Net Revenue Before Income Taxes	Income Taxes	Future Net Revenue After Income Taxes
PROVED	5,124.3	492.8	1,724.8	497.8	83.7	2,325.3	489.9	1,835.4
PROVED PLUS PROBABLE	6,717.5	722.1	2,151.3	518.5	78.4	3,247.2	738.7	2,508.5

The Company only operates in Canada.

FORM 51-101F1 PART 2.1(3)(c)
NET PRESENT VALUE OF FUTURE NET REVENUE
BY PRODUCTION GROUP
AS OF DECEMBER 31, 2015
FORECAST PRICES AND COSTS

Reserve Category	Production Group	Future Net Revenue Before Income Taxes (Discounted at 10%/Year) ($ Millions)	Unit Value Before Income Taxes (Discounted at 10%/Year) ($/BOE)[1]
Proved	Light And Medium Crude Oil (Including solution gas and associated by-products)	1,016.8	16.93
	Heavy Oil (Including solution gas and associated by-products)	-	-
	Natural Gas (Including associated by-products)[2]	25.9	6.50
Total		1,042.8	
Proved Plus Probable	Light And Medium Crude Oil (Including solution gas and associated by-products)	1,327.5	17.64
	Heavy Oil (Including solution gas and associated by-products)	-	-
	Natural Gas (Including associated by-products)[2]	37.1	6.12
Total		1,364.6	

(1) Unit values are based on net reserves.
(2) Includes corporate GCA, if applicable.

The Company only operates in Canada.

PART III – PRICING ASSUMPTIONS

<u>Forecast Prices</u>

The Forecast Prices used in the appendix are:

Year	Canadian Light Sweet Crude 40° API (Cdn $ per Bbl)	Natural Gas AECO-C Spot (Cdn $ per MMbtu)	NGL Butanes Edmonton (Cdn $ per Bbl)	NGL Pentanes Edmonton (Cdn $ per Bbl)	Operating Cost Inflation Rate (%/Yr)[2]	Capital Cost Inflation Rate (%/Yr)[2]	Exchange Rate ($US/$Cdn)
HISTORICAL							
2011	95.16	3.72	71.25	104.12	1.4	5.3	1.012
2012	86.57	2.43	64.48	100.76	1.0	4.5	1.001
2013	93.27	3.13	69.88	105.48	1.0	0.7	0.971
2014	93.99	4.50	68.02	102.39	2.0	(1.0)	0.905
2015	57.45	2.70	36.81	61.45	1.4	(19.7)	0.783
FORECAST[1]							
2016	55.20	2.25	39.09	59.10	0.0	0.0	0.750
2017	69.00	2.95	51.43	73.88	0.0	4.0	0.800
2018	78.43	3.42	58.46	83.98	1.5	4.0	0.830
2019	89.41	3.91	66.64	95.73	1.5	4.0	0.850
2020	91.71	4.20	68.35	98.19	1.5	1.5	0.850
2021	93.08	4.28	69.38	99.66	1.5	1.5	0.850
2022	94.48	4.35	70.42	101.16	1.5	1.5	0.850
2023	95.90	4.43	71.48	102.68	1.5	1.5	0.850
2024	97.34	4.51	72.55	104.22	1.5	1.5	0.850
2025	98.80	4.59	73.64	105.78	1.5	1.5	0.850
2026	100.28	4.67	74.74	107.37	1.5	1.5	0.850
Crude oil, natural gas and liquid prices escalate at 1.5 percent thereafter.							

(1) The forecasted prices were provided by the independent reserves evaluator Sproule Associates Limited.

(2) Inflation rates for forecasting prices and costs.

The Company's weighted average historical prices by production type for the 2015 financial year are as follows:

Light and Medium Crude Oil ($ per barrel)	54.08
Conventional Natural Gas ($ per Mcf)	2.94
Natural Gas Liquids ($ per barrel)	20.80

PART IV – RECONCILIATION OF CHANGES IN RESERVES

RECONCILIATION OF COMPANY GROSS RESERVES (BEFORE ROYALTY) BY PRINCIPAL PRODUCT TYPE AS OF DECEMBER 31, 2015 FORECAST PRICES AND COSTS

	Light and Medium Crude Oil (MBbl)	Conventional Natural Gas (MMcf)	Natural Gas Liquids (MBbl)	Total (MBOE)
PROVED				
December 31, 2014	**40,529.3**	**108,128**	**4,244.7**	**62,795.3**
Extensions(1)	1,480.1	3,171	123.3	2,131.9
Technical Revisions	214.8	3,989	640.1	1,519.6
Discoveries	-	-	-	-
Acquisitions	8,665.2	9,077	564.6	10,742.6
Dispositions	(119.1)	(176)	(6.1)	(154.5)
Economic Factors	(591.7)	(5,870)	(182.3)	(1,752.4)
Production	(3,142.1)	(7,146)	(266.0)	(4,599.0)
December 31, 2015	**47,036.5**	**111,172**	**5,118.3**	**70,683.5**
PROBABLE				
December 31, 2014	**11,190.0**	**30,759**	**1,136.4**	**17,452.9**
Extensions(1)	383.5	841	32.7	556.4
Technical Revisions	(1,580.7) -	2,648	123.2	(1,898.6)
Discoveries	-	-	-	-
Acquisitions	2,521.1	2,911	184.8	3,191.1
Dispositions	(30.5)	(45)	(1.4)	(39.3)
Economic Factors	38.4	3,138	114.3	675.6
Production	-	-	-	-
December 31, 2015	**12,521.8**	**34,956**	**1,590.0**	**19,937.9**
PROVED PLUS PROBABLE				
December 31, 2014	**51,719.3**	**138,887**	**5,381.1**	**80,248.2**
Extensions(1)	1,863.6	4,012	156.0	2,688.3
Technical Revisions	(1,365.9)	1,341	763.3	(379.0)
Discoveries	-	-	-	-
Acquisitions	11,186.3	11,988	749.4	13,933.7
Dispositions	(149.6)	(221)	(7.5)	(193.8)
Economic Factors	(553.3)	(2,732)	(68.0)	(1,076.8)
Production	(3,142.1)	(7,146)	(266.0)	(4,599.0)
December 31, 2015	**59,558.3**	**146,128**	**6,708.3**	**90,621.4**

(1) Included in extensions is infill drilling.

The Company only operates in Canada.

PART V – ADDITIONAL INFORMATION RELATED TO RESERVE DATA

Undeveloped Reserves

Company Gross Reserves – First Attributed by Year [(1)]

Proved Undeveloped Reserves

	Light and Medium Crude Oil (MBbl)		Conventional Natural Gas (MMcf)		Natural Gas Liquids (MBbl)		Total (MBOE)	
	First Attributed	Total at Year End	First Attributed	Total at Year End	First Attributed	Total at Year End	First Attributed	Total at Year End
2013	10,380	16,655	15,767	30,372	590	1,180	13,598	22,897
2014	5,357	18,471	23,865	52,506	1,003	2,158	10,337	29,380
2015	3,787	19,447	6,586	45,587	421	2,186	5,306	29,251

Probable Undeveloped Reserves

	Light and Medium Crude Oil (MBbl)		Conventional Natural Gas (MMcf)		Natural Gas Liquids (MBbl)		Total (MBOE)	
	First Attributed	Total at Year End	First Attributed	Total at Year End	First Attributed	Total at Year End	First Attributed	Total at Year End
2013	4,661	7,285	6,841	11,842	236	451	6,037	9,710
2014	1,498	5,287	6,307	14,008	264	565	2,812	8,187
2015	1,244	5,576	2,271	17,751	139	824	1,761	9,358

As of December 31, 2015, proved undeveloped reserves were assigned by Sproule Associates Limited in accordance with the COGE Handbook. Bonterra's proved undeveloped reserves amount to 29,251 MBOE and represent approximately 41.4 percent of the total proved reserves and 32.3percent of total proved plus probable reserves. Proved Undeveloped reserves are those reserves that can be estimated with a high degree of certainty and are expected to be recovered from known accumulations. In general, proved undeveloped reserves were assigned to certain properties as a result of Bonterra's four year capital program. Bonterra plans to convert the undeveloped reserves to proved developed producing reserves over the next four years.

Probable undeveloped reserves were assigned by Sproule Associates Limited in accordance with the COGE Handbook. Bonterra's probable undeveloped reserves amount to 9,358 MBOE and represent approximately 10.3 percent of the total Proved plus probable reserves. Probable undeveloped reserves are assigned for similar reasons and generally to the same properties as proved undeveloped reserves. Probable undeveloped reserves are those reserves that are less certain to be recovered than proved reserves and are expected to be recovered from known accumulations.

Bonterra's proved plus probable undeveloped reserves are primarily comprised of Cardium horizontal locations.

Significant Factors or Uncertainties

For significant factors and uncertainties affecting components of reserves data please see discussions under "Risk Factors" in this Annual Information Form and "Management's Discussion and Analysis" as contained in the Company's 2015 Annual Report.

Abandonment and Reclamation Costs

In connection with its operations, the Company will incur abandonment and reclamation costs for surface leases, wells, facilities and pipelines. The Company budgets for and recognizes as a liability the estimated present value of the future decommissioning liabilities associated with its property, plant and equipment. The Company estimates such costs through a model that incorporates data from the Company's operating history, industry sources and cost formulas used by the Alberta's Energy Regulator, together with other operating assumptions. The Company expects all of its 1,531.9 net wells to incur these costs. The Company anticipates the total amount of such costs to be approximately $232,413,000 on an undiscounted basis and $9,519,000 discounted at 10% in accordance with NI 51-101. The calculations of future net revenue associated with proved plus probable reserves under "Oil and Natural Gas Reserves" in this Annual Information Form excludes approximately $153,202,000 on an undiscounted basis and $4,365,000 discounted at 10% as these amounts represent cost for abandonment and reclamation of facilities and wells for which no reserves have been attributed. In the next three financial years, the Company anticipates that a total of approximately $195,000 on an undiscounted basis and $167,000 discounted at 10% will be incurred in respect of abandonment and reclamation costs.

Future Development Costs

$ 000s	Forecast Prices and Costs	
Year	Proved	Proved Plus Probable
2016	70,815	70,829
2017	174,489	174,489
2018	170,701	186,408
2019	81,786	86,818
2020	-	-
Total Undiscounted	497,791	518,544

The above future development costs will be funded primarily from 2016 to 2019 cash flow from operations, sale of investments, exercising of employee share options and if required from the Company's line of credit. Should these sources of funds be insufficient the Company will access the public markets as required.

PART VI – OTHER OIL AND GAS INFORMATION

Oil and Gas Properties

All of Bonterra's oil and natural gas properties are located in the Provinces of Alberta, British Columbia and Saskatchewan. In 2015, production volumes from Bonterra's properties were approximately 74 percent light and medium crude oil and NGLs and 26 percent conventional natural gas on a BOE basis. During the year ended December 31, 2015, Bonterra's oil and natural gas properties yielded average production of 12,656 BOE per day (2014 – 13,195 BOE per day, 2013 – 12,190 BOE per day). As at December 31, 2015 the oil and natural gas property interests held by Bonterra are estimated to contain Proved plus Probable Reserves of 90,621.4 MBOE.

Pembina and Willesden Green Area, West Central Alberta

Properties

The Pembina and Willesden Green Cardium fields are Bonterra's major properties located in central Alberta. The Cardium reservoir is the largest conventional oil reservoir in western Canada that features large original oil in place with very low recoveries. Combined, they are the Company's largest producing asset and represent 97.1 percent of Proved plus Probable reserves. Production is primarily oil and solution gas from the Cardium formation and to a lesser extent oil and natural gas from the Edmonton Sands, Belly River, Paskapoo and the Ardley Coals.

The Pembina Cardium field is the largest conventional oil field in Canada with an estimate of original oil in place (OOIP) of 10.6 billion barrels with less than 13 percent produced to date. This field has proved to be a significant area for multi-zone oil and natural gas exploration with predictable results. Horizontal drilling with multi stage fracing drastically improves recoveries from areas developed with vertical drilling and extends the economic edge of the reservoir where vertical drilling is not economic. Bonterra operates 89 percent of its production with an average land working interest of 76 percent.

On April 15, 2015, the Company acquired certain oil and gas assets (the "Pembina Assets") from a senior oil and gas producer (the "Acquisition"). The Pembina Assets are Cardium focused in the Pembina Area of Alberta, with a production base that is complementary to current Bonterra acreage, and which provides additional inventory of long-term drilling locations. If Bonterra had closed the Acquisition on January 1, 2015, the Pembina Assets would have added approximately 1,700 BOE per day of production. The combined production for the Company for the year would have been 13,147 BOE per day. The Pembina Assets are approximately 87 percent oil and NGL weighted with a low decline rate of seven percent. These assets also include 136 net future potential drilling locations and supporting infrastructure. For more information about the Acquisition, refer to Note 5 of the December 31, 2015 audited financial statements.

Bonterra has identified 1,137 gross (773 net) potential horizontal drilling locations within its acreage. Currently only 280 gross (235 net) undeveloped horizontal drilling locations are reflected in Bonterra's 2015 reserve report.

The Company drilled 20 gross (16.7 net) operated horizontal wells in the Cardium formation with a 100 percent success rate.

Facilities

Bonterra operates approximately 62 oil batteries of various capacities in the Pembina area. Oil is gathered via pipeline or trucked to the batteries for processing. Treated oil is transferred into the Pembina midstream gathering system for transportation to Edmonton. Solution gas is separated at the batteries and pipeline connected to either the Pembalta stations, Keyera MBL, Keyera Lodgepole, Conoco Lodgepole, Conoco Sand Creek, Suncor Ferrier or Bonterra Keystone gas plants.

In the current year the Company was subject to approximately 590 BOE per day of shut-in production in the Cardium fields due to non-operated facility turnarounds, oil apportionments, gas capacity restrictions imposed by Trans Canada Pipelines and further restrictions for a downstream non-operated meter station expansion. To further alleviate potential gas capacity issues, in the fourth quarter of 2015, Bonterra took over operatorship of a third gas plant in the Pembina Cardium area that it has an ownership in.

Prespatou Area, Northeast British Columbia

The Prespatou area of northeast British Columbia (NEBC) consists almost entirely of natural gas and associated natural gas liquids with annual production of approximately 93 BOE per day for 2015.

As natural gas prices have remained depressed in 2015, the Company has focused on cost minimization and low cost optimizations to maximize profitability in the area. The Company has evaluated the geology of the entire area, in which it holds interests, to assess and identify potential drilling and workover opportunities. The 2016 development plans will focus on continued optimization of production from existing well bores and recompletions of area suspended wellbores. As natural gas prices improve the Company will continue to evaluate its established drilling inventory.

Facilities

The NEBC area facilities are comprised of five gathering systems that each feed into an independent compressor station. Bonterra has operated and non-operated ownership in these facilities with working interests varying from five to 100 percent. After the gas is gathered and compressed through the company owned gathering systems and compression facilities, it is delivered to either the Spectra Energy gas transmission pipeline for transportation to the McMahon gas plant or the CNRL gas gathering system located east of Fort St. John for treating and processing.

Shaunavon Area, Southwest Saskatchewan

Properties

Bonterra's Shaunavon properties are located in the Chambery field and produce medium density crude oil from the upper Shaunavon formation currently under waterflood. Annual production for 2015 was 150 BOE per day (net). The wells in this area are generally long-life with stable and low-decline production profiles.

Facilities

Bonterra has ownership in all facilities required to process its Shaunavon production. All oil production is processed through owned and operated facilities for emulsion treating and water disposal. All natural gas produced is used for fuel gas in the production and processing of the oil, therefore, no processing facilities are required for processing solution gas.

Well Count

The wells in which Bonterra had an interest as at December 31, 2015 that it considers capable of production are set out in the following table:

	Producing Wells				Non-Producing Wells				Total			
	Oil Wells		Gas Wells		Oil Wells		Gas Wells		Oil Wells		Gas Wells	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
AB	1,468.0	945.1	183.0	87.6	431.0	294.7	81.0	48.2	1,899.0	1,239.7	264.0	135.8
BC	-	-	75.0	10.8	-	-	14.0	3.7	-	-	89.0	14.5
SK	91.0	84.0	-	-	56.0	50.8	5.0	7.0	147.0	134.8	5.0	7.0
Total	1,559.0	1,029.1	258.0	98.4	487.0	345.5	100.0	58.9	2,046.0	1,374.6	358.0	157.3

Properties with No Attributable Reserves

Bonterra's properties with no attributable reserves consist of approximately 62,383 gross and 34,389 net undeveloped acres.

None of these land rights require any work commitment and 3,540 gross (3,540 net) acres are subject to expiry in the next twelve months.

The Company is currently reviewing these properties with a focus on maximizing their value.

Risk Management Commodity Contracts

The Company has used various risk management contracts in the past to set price parameters for a portion of its production. Management, in agreement with the Board of Directors, decided that at least in the near term it will not enter into commodity price agreements. The Company will assume full risk in respect of commodity prices.

Tax Horizon

The Company has the following tax pools, which may be used to reduce taxable income in future years, limited to the applicable rates of utilization:

($ 000s)	Rate of Utilization (%)	Amount
Undepreciated capital costs	20-100	112,723
Eligible capital expenditures	7	2,414
Share issue costs	20	2,729
Canadian oil and gas property expenditures	10	179,037
Canadian development expenditures	30	197,794
Canadian exploration expenditures	100	8,063
Income tax losses carried forward (1)	100	18,439
		521,199

(1) Income tax losses carried forward expire in 2035.

The Company has $8,834,000 (December 31, 2014 - $8,573,000) remaining of investment tax credits that expire in the following years; 2021 - $1,824,000; 2022 - $1,735,000; 2023 - $1,097,000; 2024 - $1,241,000; 2025 - $1,323,000; 2026 - $1,105,000; 2027 - $410,000; and 2035 - $99,000.

The Company also has $67,691,000 (December 31, 2014 - $68,881,000) of capital loss carry forwards which can only be claimed against taxable capital gains.

On November 14, 2013, the Company received a proposal letter from the Canada Revenue Agency (CRA) which stated its intention to challenge the tax consequences of Bonterra's reorganization from a trust to a Corporation, which occurred on November 18, 2008. On November 27, 2014, the Company reached an agreement with CRA ("the Agreement") to adjust certain tax pools, resulting in a $43,503,000 reduction in the Company's deferred tax assets and investment tax credit receivable. The reduction was charged to deferred tax expense in the statement of comprehensive income. The Company also utilized $6,645,000 of federal investment tax credits to reduce current taxes payable of $3,860,000. No current taxes were owing for the 2015 fiscal year.

Capital Expenditures Incurred

The following table summarizes petroleum and natural gas capital expenditures incurred by Bonterra on acquisitions, land, seismic, exploration and development drilling and production facilities for the years ended December 31:

($ 000s)	2015	2014
Land	479	402
Acquisitions - proved properties	170,430	-
Disposals	-	(1,152)
Exploration and development costs	58,019	155,262
Net petroleum and natural gas capital expenditures	228,928	154,512

Exploration and Development Activities

The following tables summarize Bonterra's gross and net drilling activity and success:

	2015					
	Development		Exploratory		Total	
	Gross	Net	Gross	Net	Gross	Net
Oil wells	26.0	17.5	-	-	26.0	17.5
Natural gas wells	-	-	-	-	-	-
Dry wells	-	-	-	-	-	-
Total	26.0	17.5	-	-	26.0	17.5
Success rate	100%	100%	-	-	100%	100%

	2014					
	Development		Exploratory		Total	
	Gross	Net	Gross	Net	Gross	Net
Oil wells	65.0	47.5	-	-	65.0	47.5
Natural gas wells	-	-	-	-	-	-
Dry wells	-	-	-	-	-	-
Total	65.0	47.5	-	-	65.0	47.5
Success rate	100%	100%	-	-	100%	100%

Please see discussion under Undeveloped Reserves for important current and likely exploration and development activities.

Production Estimates 2016

	2016			
	Light and Medium Crude Oil (Bbl/d)	Conventional Natural Gas (Mcf/d)	NGLs (Bbl/d)	Total (BOE/d)
Alberta(1)	9,871	22,800	1,058	14,728
British Columbia	-	326	4	58
Saskatchewan	98	3	-	99
	9,969	23,129	1,062	14,884

(1) Substantially all of Alberta's production is from the Pembina and Willesden Green fields.

The above production estimates are based on the proved and probable reserve estimates using forecasted prices and costs contained in the Sproule Report.

Production History 2015

Product Type Yearly Quarter	Production Volume per day	Average per Unit of Volume ($/Bbl and $/Mcf) Price	Royalties	Production Costs	Netbacks
Light and Medium Crude Oil (Bbl)					
1 Quarter	8,128	48.70	3.18	12.47	32.78
2 Quarter	8,823	64.27	2.79	13.10	48.38
3 Quarter	9,177	52.26	3.06	12.74	37.46
4 Quarter	8,424	49.50	2.55	14.44	32.51
Conventional Natural Gas (Mcf)					
1 Quarter	19,709	2.97	0.59	1.69	0.75
2 Quarter	19,452	2.83	0.46	1.40	0.97
3 Quarter	19,191	3.36	0.51	1.74	1.11
4 Quarter	20,423	2.61	0.42	1.00	1.19
Natural Gas Liquids (Bbl)					
1 Quarter	791	22.36	3.18	11.13	8.05
2 Quarter	677	21.35	2.79	14.95	3.61
3 Quarter	753	18.05	3.06	10.71	4.28
4 Quarter	710	21.49	2.55	8.47	10.47

The following table provides a summary of the average production volumes from Bonterra's producing areas.

	2015 Light and Medium Crude Oil and NGL (Bbl per day)	Conventional Natural Gas (Mcf per day)	Total (BOE per day)
Alberta	9,244	19,013	12,413
Saskatchewan	120	184	150
British Columbia	10	498	93
	9,374	19,694	12,656

Lease Holdings

Bonterra's holdings of petroleum and natural gas leases and rights are as follows:

	2015		2014	
	Gross Acres	Net Acres	Gross Acres	Net Acres
Alberta	296,684	179,503	245,263	150,835
Saskatchewan	8,891	6,200	9,576	6,509
British Columbia	62,045	22,639	62,045	22,639
	367,620	208,342	316,884	179,983

INFORMATION RESPECTING BONTERRA ENERGY CORP.

Operations of Bonterra Energy Corp.

Management Policies and Acquisition Strategy

The objectives of the management of Bonterra are to maximize total return to shareholders over the long-term by growing production and maintaining and enhancing cash dividends to shareholders. These objectives are met through the optimum utilization and development of existing crude oil and natural gas properties and acquisition or development of new producing or undeveloped properties.

Bonterra selectively acquires producing and non-producing oil and natural gas properties with exploration, development or operational enhancement opportunities. The development and exploration opportunities acquired are generally of a low risk nature. Where higher risk oil and gas prospects are acquired as part of a package of properties, Bonterra may sell, farm out or develop the exploration prospects, depending on management's assessment of the prospects' potential, costs involved and Bonterra's own technical expertise.

Dividends

Shareholders of record on a dividend record date, currently established by Bonterra to be on or about the 15th of each calendar month, will be entitled to receive dividends which are paid by Bonterra to those shareholders on the corresponding dividend payment date, generally on the last day of each calendar month.

See "Dividends to Shareholders" for the past cash dividends made or declared to shareholders of Bonterra.

Environmental Obligations

Bonterra emphasizes the importance of creating and maintaining a safe and environmentally sound operation. The Company focuses on having management involvement in establishing safety policies, proper training of field operators, continuous and thorough review of operating procedures and policies conducted by the field operation's staff and management and by monitoring and ensuring compliance with safety and environmental regulations.

Acquisition Due Diligence

Bonterra conducts due diligence on all prospective acquisitions. Site inspections and file reviews are conducted by an internal team. Potential contamination and operational issues are identified at this stage to help protect Bonterra from purchasing properties with significant environmental liabilities.

Spill and Incident Control

Bonterra field operators and staff are required to report all spills, incidents and near misses to the management of Bonterra for review and to the regulatory agency when required. The investigation of all such incidents allows Bonterra, including management, to determine the factors responsible and assist in the identification of other similar situations prior to incidents occurring and ensuring proper actions are taken. Overall, Bonterra is confident that the program will reduce the occurrence of spills and assist in reducing future losses.

Insurance

Bonterra carries insurance coverage to protect its assets. Insurance coverage is subject to policy limitations and deductibles. Coverage is determined and placed by Bonterra subsequent to giving consideration to the perceived risk of loss, limit of coverage determined appropriate and the cost of coverage. Coverage currently in place includes protection against third party liability, property damage or loss and business interruption.

Borrowing

The Company's debt obligations consist of a bank facility, a subordinated promissory note and borrowing from a related party. Details of the banking arrangement is contained in Note 14 of Bonterra's audited annual financial statements for the year ended December 31, 2015, contained in the Company's 2015 Annual Report. The financial statements and management discussion and analysis are incorporated herein for reference.

Personnel

At the date of this report, Bonterra employed a total of 38 persons and contracted numerous office and field operations personnel.

INDUSTRY CONDITIONS

Government Regulation

The oil and natural gas industry is subject to extensive controls, laws and regulations imposed by various levels of government. These laws and regulations may be changed in response to economic or political conditions, and regulate among other things, land tenure and the exploration, development, production, handling, storage, transportation, and disposal of oil and gas, oil and gas by-products, and other substances and materials produced or used in connection with oil and gas operations Although, it is not expected that any of these controls or regulations will affect the operations of Bonterra in a manner materially different than they would affect other oil and natural gas corporations of similar size, the controls and regulations should be considered carefully by investors. All current legislation is a matter of public record and the Company is unable to predict what additional legislation or amendments may be enacted.

Pricing and Marketing – Oil

In Canada, producers of oil negotiate sales contracts directly with oil purchasers, with the result that the market determines the price of oil. The price depends in part on oil quality, prices of competing fuels, distance to market, availability of infrastructure, the value of refined products, the supply/demand balance, other contractual terms and the world price for oil.

Pricing and Marketing – Natural Gas

In Canada the price of natural gas sold in intra-provincial, interprovincial and international trade is determined by negotiation between buyers and sellers. The price received by a natural gas producer depends, in part, on the price of competing natural gas and other fuels, on natural gas quality, distance to market, access to downstream transportation, length of contract term, weather conditions, the supply/demand balance and other contractual terms.

The government of Alberta also regulates the volume of natural gas which may be removed from the province for consumption elsewhere, based on such factors as reserve availability, transportation arrangements and other market conditions.

Pricing and Marketing- Natural Gas Liquids

The price of condensate and other natural gas liquids ("NGLs") sold in intra-provincial, interprovincial and international trade is determined by negotiations between buyers and sellers. Such price depends, in part on the quality of the NGLs, price of competing chemical stock, distance to market, access to downstream transportation, length of contract term, the demand/supply balance and other contractual terms.

Export from Canada

In order to export oil or natural gas from Canada, certain approvals are required from the National Energy Board (NEB) and the Government of Canada. The approval(s) required are dependent on the hydrocarbon substance being exported and the length of the proposed export arrangement.

Oil exports may be made pursuant to export contracts with terms not exceeding one year in the case of light crude, and not exceeding two years in the case of heavy crude, provided that an order approving any such export has been obtained from the NEB. Any oil export to be made pursuant to a contract of longer duration (to a maximum of 25 years) requires an exporter to obtain an export license from the NEB and the issuance of such a license requires the approval of the Governor in Council.

Natural gas and NGLs exported from Canada are subject to regulations by the NEB. Exporters are free to negotiate prices and other terms with purchasers, provided the export contracts continue to meet certain criteria prescribed by the NEB and the Governor in Council.

Bonterra does not export directly.

The North American Free Trade Agreement

The North American Free Trade Agreement ("NAFTA") among the Canadian, United States and Mexican governments came into effect on January 1, 1994. Under NAFTA, the Canadian government is free to determine whether exports of energy resources to the United States or Mexico should be allowed, provided that export restrictions do not: (1) reduce the proportion of energy resources exported relative to energy resources consumed domestically, (2) impose a higher export price than domestic price, and (3) disrupt normal channels of supply.

The Trans-Pacific Partnership Agreement

In October 2015, the Canadian government concluded negotiations of a free trade agreement between the members of the Trans-Pacific Partnership, which includes Canada, Australia, Brunei, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam. The Canadian government is currently in the process of consulting with Canadians on the agreement and states that it will provide greater transparency and more predictable market access for cross-border trade in services related to the oil and gas industry.

Royalties

For Crude oil, natural gas and related production from Federal or Provincial government lands, the royalty regime is a significant factor in the profitability of our production. Crown royalties payable in respect of crown lands are determined by governmental regulations and are typically calculated as a percentage of the value of gross production. The value of the production and rate of royalties payable generally depend on prescribed reference prices, well productivity, geographical location, the field discovery rate and type of product produced.

Royalties payable on production from privately owned lands are determined by negotiations between the mineral owner and the resource owner, although production from such lands is subject to certain provincial taxes and royalties. Any such royalties (or royalty-like interests) are carved out of the working interest owner's interest through non-public transactions and are often referred to as overriding royalties, gross overriding royalties, net profit interest or net carried interests

From time to time, provincial governments have established incentive programs for exploration and development. Such programs often provide for royalty reductions, credits and holidays, and are generally introduced when commodity prices are low. The programs are designed to encourage exploration and development activity by improving earnings and cash flow within the industry.

Royalties-Alberta

On March 11, 2010, the Government of Alberta announced changes to its royalty system intended to increase Alberta's competitiveness in the upstream oil and gas sectors. The changes, effective for the January 2011 production month, include the reduction of the maximum royalty rates and making certain temporary incentive programs permanent. The royalties payable for conventional oil and natural gas are derived using a sliding rate formula, which incorporate a market price component and a production volume component. The royalty rates for conventional oil currently range from 0% to 40%; and royalty rates for natural gas (methane and ethane) currently range from 5% to 36%. Rates for propane and butane are fixed at 30% and pentane is fixed at 40%. Condensate royalties are calculated on a basis similar to conventional oil and currently range from 0% to 40%.

The changes also provide permanent status to the new well program which for eligible new wells, provides for a maximum royalty rate of five percent for either the first 12 months of production or until cumulative production reaches a maximum of approximately 50,000 barrels of oil or 500 MMcf of natural gas produced.

For wells spud on or after May 1, 2010, horizontal oil wells will receive a maximum royalty rate of 5% with production and volume limits set according to the depth of the well. The new well royalty program extends the maximum 5% new well royalty on qualifying horizontal oil wells from 12 producing months to between 18 and 48 producing months, up to a maximum of 50,000 and 100,000 BOE of production, monthly production and volume limits set according to depth of well.

On January 29, 2016, the provincial government of Alberta announced the key highlights of a proposed Modernized Royalty Framework ("MRF") that will be effective on January 1, 2017. These highlights include providing royalty incentives for the efficient development of conventional crude oil, natural gas, and NGL resources, no changes to the royalty structure of wells drilled prior to 2017 for a 10 year period from the royalty program's implementation date, the replacement of royalty credits or holidays on conventional wells by a revenue minus cost framework with a post-revenue minus cost royalty rate based on commodity prices, the reduction of royalty rates for mature wells, and a neutral internal rate of return for any given play compared to the current royalty framework. Since the provincial government of Alberta has not yet released all of the details of the MRF, the Company cannot determine if the MRF will have a material impact on Bonterra's results of operations on a go forward basis.

Bonterra will evaluate the impact of the MRF on the Company’s expected results of operations and cash flows as more details are released.

Royalties-Saskatchewan

The amount payable as a royalty with respect to oil depends on the type and vintage of the oil, the quality of the oil produced in the month and the value of the oil determined monthly by the provincial government. Each month, royalty rates are adjusted based on reference prices established by the Province for each type of oil. There are separate reference prices established for each type of oil (heavy oil, Southwest designated oil, or non-heavy oil other than Southwest designated oil) which represents the average well head price received by producers during the month for sales of that oil type in Saskatchewan.

The government of Saskatchewan has introduced the Oil and Gas Orphan Fund, funded by oil and gas companies to cover the cost of cleaning up abandoned wells and facilities where the owner cannot be located or has gone out of business. The program is composed of a security deposit, based upon a formula considering assets of the well and the facility licensee against the estimated cost of decommissioning the well and facility once it is no longer producing, and an annual levy assessed to each licensee.

Canadian Environmental Regulation

The oil and natural gas industry is currently subject to environmental regulation pursuant to provincial and federal legislation. Environmental legislation provides for restrictions and prohibitions on releases or emissions of various substances produced or utilized in association with certain oil and natural gas industry operations and can affect the location of wells and facilities and the extent to which exploration and development is permitted. In addition, legislation requires that well and facility sites be abandoned and reclaimed to the satisfaction of provincial authorities. A breach of such legislation may result in the imposition of fines and penalties, the suspension or revocation of necessary licenses and authorizations, restrictions on the transfer of well and facility sites and civil liability for pollution damage.

Alberta

In November, 2015, the Alberta government announced its climate leadership plan (the "CLP") and released to the public the climate leadership report to the Minister of Environment and Parks (the "Report") that it commissioned from the Climate Change Advisory Plan and on which the CLP is based. The CLP includes four strategies that the government will implement to address climate change: (i) the complete phase-out of coal-fired sources of electricity by 2030; (ii) implementing an Alberta economy-wide price on greenhouse gas (GHG) emissions of $30 per tonne; (iii) reducing oil sands emissions to a province-wide total of 100 megatonnes per year (compared to current industry emissions levels of approximately 70 megatonnes per year), with certain exceptions for cogeneration power sources and new upgrading capacity; and (iv) reducing methane emissions from oil and gas activities by 45% by 2025. Uncertainties exist with respect to the implementation of the CLP and the effects that the CLP, including the overall emissions limit, may have on the industry.

Environmental legislation in the Province of Alberta has largely been consolidated into the *Environmental Protection and Enhancement Act* (Alberta), and the *Oil and Gas Conservation Act* (Alberta). These statutes impose environmental standards, require compliance, reporting and monitoring obligations, and in certain instances also impose greater fines and penalties for violations. In addition, the emission reduction requirements in the *Climate Change and Emissions Management Act* (Alberta) came into effect on July 1, 2007. Under this legislation, Alberta facilities emitting certain levels of GHG emissions per year must report such emission to Alberta Environment and Environment Canada while facilities emitting even higher specific levels of GHG emissions per year must reduce their emissions intensity.

We currently operate or lease, and have in the past operated or leased, a number of properties that have been used for the exploration and production of oil and gas. Although we utilize and have utilized standard industry operating and disposal practices, hydrocarbons or other wastes may have been disposed of or released on or under the properties operated or leased by us or on or under other locations where such wastes have been taken for disposal. In addition, many of these properties have been operated by third parties whose treatment and disposal or release of hydrocarbons or other wastes was not under our control. These properties and the wastes disposed thereon may be subject to laws and regulations imposing joint and several, strict liability without regard to fault or the legality of the original conduct that could require us to remove previously disposed wastes or remediate property contamination, or to perform well plugging or pit closure or other actions of a remedial nature to prevent future contamination.

We believe that it is reasonably likely that the trend in environmental legislation and regulation will continue toward stricter standards. A recent example of this trend is the high-level of regulatory attention that the practice of hydraulic fracturing continues to receive in various jurisdictions. The Province of Alberta has recently announced its intention to adopt mandatory disclosure requirements and an online registry for hydraulic fracturing activities. Additionally, the AER, recently released a new Hydraulic Fracturing Directive, effective August 21, 2013, which sets out AER requirements for managing the subsurface integrity of wells associated with hydraulic fracturing. While we believe that we are in substantial compliance with applicable environmental laws and regulations in effect at the present time and that continued compliance with existing requirements will not have a material adverse impact on us, we cannot give any assurance that we will not be adversely affected in the future.

We have established internal guidelines to be followed in order to comply with environmental laws and regulations in the jurisdictions in which we operate. We employ an environmental, health, and safety department whose responsibilities include providing assurance that our operations are carried out in accordance with applicable environmental guidelines and safety precautions. Although we maintain pollution insurance against the costs of cleanup operations, public liability, and physical damage, there is no assurance that such insurance will be adequate to cover all such costs or that such insurance will continue to be available in the future.

The Company may be affected by the Lower Athabasca Region Plan ("LARP") under the Alberta Land Stewardship Act, which came into effect on September 1, 2012 and is currently being implemented. LARP is a legislative instrument equivalent to regulations and will be binding on the government of Alberta and provincial regulators, including those governing the oil and gas industry. LARP is the first of seven regional land use plans in the province and applies to our two million hectares of land and, among other things, implements management frameworks for air emissions, water use, and land disturbance to control cumulative environment effects of industrial development.

Saskatchewan

The Management and Reduction of Greenhouse Gases Act received Royal assent in the Province of Saskatchewan on May 20, 2010. However, this Act is still awaiting proclamation. The new legislation will establish a provincial plan for reducing GHG emissions to meet provincial targets and promote investments in low-carbon technologies. The Province has indicated that it intends to enter into an equivalency agreement with the federal government to achieve equivalent environmental outcomes under provincial regulations. A draft of the proposed regulations to accompany the Act calls for a reduction of emissions by 20% below 2006 levels by 2020.

British Columbia

British Columbia's *Environmental Assessment Act* creates an environmental assessment process for reviewing the potential environmental impact of major energy projects within the province. On February 27, 2007, the Government of British Columbia unveiled the BC Energy Plan, which outlines the province's energy strategy. The BC Energy Plan sets targets for reducing GHG emissions, promoting investments in innovation, and sustainable environmental management. The BC Energy Plan's objectives are to achieve clean energy through conservation and energy efficient practices, and to increase competitiveness in order to attract new investment in the oil and natural gas industry. In furtherance of these initiatives, the Government of British Columbia introduced the *Carbon Tax Act* on July 1, 2008. The carbon tax applies to fuels such as gasoline, diesel, natural gas, propane and coal, and it is revenue-neutral, meaning tax revenues will be returned to taxpayers through reductions in other provincial taxes.

Federal (Canada)

In December, 2015 the United Nations Framework Convention on Climate Change (the "UNFCCC") members met in Paris, France. Canada, along with 195 other countries, signed a new climate agreement (the "Paris Agreement"). Under the Paris Agreement, Canada is legally bound to report and monitor its GHG emissions, though details of how this will take place have yet to be determined. Signatory counties agreed to meet every five years to review their individual progress on GHG emissions reductions and consider amendments to their targets.

Additionally, the Paris Agreement contemplates that, by 2020, the parties will develop a new market-based mechanism related to carbon trading. It is expected that this mechanism will largely be based on the best practices and lessons learned from Kyoto Protocol's Clean Development Mechanism and Joint Implementation Regimes.

On December 12, 2015 the federal government stated that it will develop and announce its Canada-wide approach to implement the Paris Agreement within 90 days.

RISK FACTORS

The following are certain risk factors relating to the business of Bonterra which prospective investors should carefully consider before deciding whether to purchase shares. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Annual Information Form.

Oil and Natural Gas Prices/Foreign Exchange Rates

Bonterra's results of operations and financial condition are dependent on the prices received for their oil and natural gas production. Oil and natural gas prices have fluctuated widely during recent years and are determined by supply and demand factors, including weather and general economic conditions, availability of infrastructure, as well as conditions in other oil producing regions, which are beyond the control of

Bonterra. Any decline in oil and natural gas prices could have a material adverse effect on Bonterra's operations, financial condition, the value of the Company's reserves and the level of expenditures for the development of its oil and natural gas reserves. World oil prices are quoted in United States dollars and the price received by Canadian producers is therefore affected by the Canadian/U.S. dollar exchange rate that may fluctuate over time. A material increase in the value of the Canadian dollar may negatively impact Bonterra's net production revenue. The management of Bonterra may manage the risk associated with changes in commodity prices and foreign exchange rates by causing Bonterra to, from time to time, enter into oil or natural gas price hedges and foreign exchange contracts. To the extent that Bonterra engages in risk management activities related to commodity prices and foreign exchange rates, it will be subject to credit risks associated with counterparties with which it contracts. No contracts are currently entered into.

Bonterra conducts an annual assessment of the carrying value of its assets in accordance with International Financial Reporting Standards. If crude oil and natural gas prices decline significantly and remain at low levels for an extended period of time, the carrying value of the Corporation's assets may be subject to impairment.

Exploitation and Development

Exploitation and development risks arise due to the uncertain results of searching for and producing oil and natural gas using imperfect scientific methods. These risks are mitigated by using highly skilled staff, focusing exploitation efforts in areas in which Bonterra has existing knowledge and expertise or access to such expertise, using up-to-date technology to enhance methods and controlling costs to maximize returns. Advanced oil and natural gas related technologies such as three dimensional seismography, reservoir simulation studies and horizontal drilling will be used by Bonterra to improve is ability to find, develop and produce oil and natural gas.

Operations

Bonterra's operations are subject to all the risks normally incident to the operation and development of oil and natural gas properties and the drilling of oil and natural gas wells, including encountering unexpected formations or pressures, blow-outs, craterings, fires, vandalism or terrorism, all of which could result in personal injuries, loss of life and damage to property of Bonterra and others. Bonterra has both safety and environmental policies in place to protect its operators and employees, as well as to meet the regulatory requirements in those areas where they operate. In addition, Bonterra has liability insurance policies in place in such amounts as it considers adequate, however, it will not be fully insured against all of these risks, nor are all such risks insurable. Business interruption insurance may also be purchased for selected facilities, to the extent that such insurance is available. Bonterra may become liable for damages arising from such events against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons. The payment of such uninsured liabilities would reduce the funds available to it. The occurrence of a significant event that Bonterra is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on Bonterra's financial position, results of operations or prospects.

Continuing production from a property, and to some extent the marketing of production therefrom, are largely dependent upon the ability of the operator of the property. To the extent the operator fails to perform these functions properly, revenue may be reduced. Payments from production generally flow through the operator and there is a risk of delay and additional expense in receiving such revenues if the operator becomes insolvent. Although satisfactory title reviews are conducted in accordance with industry standards, such reviews do not guarantee or certify that a defect in the chain of title may not arise to defeat the claim of Bonterra to certain properties.

Regulatory Approvals

In order to conduct its oil and natural gas operations, the Company requires regulatory approvals from various government authorities. There can be no assurance that Bonterra will be able obtain or renew all of the regulatory approvals that may be required to conduct operations that it may wish to undertake or that it will obtain such equipment and terms and conditions acceptable to Bonterra.

Surface Conditions

The exploration for and development of oil and natural gas reserves depends upon access to areas where operations are to be conducted. Oil and gas industry operations are affected by road bans imposed from time to time during the winter break-up and thaw period in the spring. Road bans are also imposed due to snow, mud and rock slides and periods of high water or wild fires which can restrict access to Bonterra's well sites and production facilities.

Bonterra conducts a portion of its operations in areas accessible only on a seasonal basis. Unless the surface is sufficiently frozen, Bonterra is unable to access its properties, drill or otherwise conduct its operations as planned. In addition, if the surface thaws earlier than expected, Bonterra must cease its operations for the season earlier than planned. Limitations on Bonterra's ability to access properties or conduct its operations as planned could result in a shut down or slowdown of its operations, which may adversely affect its business.

Environmental Risk: Hydraulic Fracturing

Bonterra utilizes horizontal drilling, multi-stage hydraulic fracturing, specially formulated completion fluids and other technologies in connection with its drilling and completion activities. Public concern over the hydraulic fracturing process has raised questions regarding the completion fluids used in the fracturing process, their effect on fresh water aquifers and surface waterbodies, the use and disposal of water in connection with completion operations and the ability of such water to be recycled. Certain government and regulatory agencies in Canada and the United States have been investigating the potential risks associated with the hydraulic fracturing process. Bonterra is unable to predict the impact of any potential regulations upon the oil and gas industry and the impact to Bonterra's business. The implementation of new regulations with respect to water usage or hydraulic fracturing generally could increase Bonterra's costs of compliance, operating costs, the risk of litigation and environmental liabilities or negatively impact Bonterra's prospects, any of which may have a material adverse effect on our future business, financial condition and results of operations.

Shallow Rights Reversion

As part of Alberta's New Royalty Framework announced on October 25, 2007, Alberta Energy introduced Shallow Rights Reversion ("SRR") for Alberta Crown petroleum and natural gas agreements ("P&NG Agreements") pursuant to which mineral rights in all zones above the shallowest producing zone within affected P&NG Agreements would revert to the Crown. SRR would apply to P&NG Agreements purchased after January 1, 2009 and in addition, commencing April 2011, Alberta Energy was to begin issuing notices ("SRR Notices") for P&NG Agreements purchase prior to January 2009 that had been continued for an indefinite term. Alberta Energy since announced its intention to place an indefinite hold on serving SRR Notices with respect to pre-January 1 2009 P&NG Agreements. However this decision does not affect P&NG Agreements issued after January 1, 2009 as these agreements remain subject to SRR upon expiry, beginning in 2014. Bonterra allocates funds within its annual capital expenditure budget toward proving productivity and retaining as much of its acreage as possible. However SRR could result in some of Bonterra's shallow acreage reverting to the Crown. SRR is not specific to Bonterra and will affect the industry in Alberta generally.

Legal Proceedings

Bonterra may from time to time be subject to litigation and regulatory proceedings arising in the normal course of its business. Bonterra cannot determine whether such litigation and regulatory proceedings will, individually or collectively, have a material adverse effect on its business, results or operations and financial condition. To the extent expenses incurred in connection with litigation or any potential regulatory proceeding or action (which may include substantial fees of attorneys and other professional advisors and potential obligations to indemnify officers and directors who may be parties to such actions) are not covered by available insurance, such expenses could adversely affect Bonterra's cash position.

Third Party Credit Risk

Bonterra may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations, such failures could have a material adverse effect on Bonterra and its cash flow from operations. In addition, poor credit conditions in the industry and of joint venture partners may impact a joint venture partner's willingness to participate in Bonterra's ongoing capital program, potentially delaying the program and the results of such program until it finds a suitable alternative partner.

Numerous applications have been filed with regulatory bodies within Canada and the U.S. to build or expand existing pipeline infrastructure to transport crude oil and natural gas to markets. If the projects are not approved it may impact our ability to ship our products to sales markets, which could have a material adverse effect on production levels or on the prices that we receive for our production.

Operational Dependence

Other companies operate some of the assets in which Bonterra has an interest. As a result, Bonterra will have limited ability to exercise influence over the operation of those assets or their associated costs, which could adversely affect its financial performance. Bonterra's return on assets operated by others will therefore depend upon a number of factors that may be outside of its control, including the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

Access to Capital

The Company will have to incur substantial capital expenditures in the future in order to carry out its oil and natural gas exploration and development activities. While there are various financing forms available to the Company, including the issuance of new equity or debt, asset sales, joint ventures or other alternatives, the Company's ability to arrange such financings or other satisfactory arrangements in the future may depend in part upon the prevailing capital market conditions, as well as the Company's business performance. These factors could negatively impact the Company in terms of its ability to raise additional capital, as well as increased volatility in oil and gas prices which could affect revenues and cash flows and Company valuations.

Capital Investment

The timing and amount of capital expenditures will directly affect the amount of income for payment of dividends to shareholders. Dividends may be reduced, or even eliminated, at times when significant capital or other expenditures are made. To the extent that external sources of capital, including the issuance of additional common shares, become limited or unavailable, the ability of Bonterra to make necessary capital investments to maintain or expand its oil and gas reserves and to invest in assets, as the case may be, will be impaired. To the extent that Bonterra is required to use cash flow from operations to finance capital expenditures, property acquisitions or asset acquisitions, as the case may be, the level of dividends will be reduced.

General Economic Conditions, Business Environment

The business of the Company is subject to general economic conditions. Adverse changes in general economic and market conditions could negatively impact demand for crude oil and natural gas, revenues, operating costs, access to capital, timing and extent of capital expenditures, credit risk and counter party risk. There can be no assurance that any risk management steps taken by the Company, with the objective of the mitigating the foregoing risks, will avoid future loss due to the occurrence of such risks.

Credit Facility Arrangements

Bonterra has secured credit facilities. Variations in interest rates and scheduled principal repayments, if required under the terms of the banking agreements, could result in significant changes in the amount of working capital required to be applied to debt service. Although it is believed that the bank lines of credit are sufficient there can be no assurance that the amount will be adequate for the financial obligations of Bonterra or that additional funds can be obtained.

In addition, the maximum amount we are permitted to borrow is subject to periodic review by the lenders, typically semi-annually. The Company's lenders generally review the Company's oil and gas production and reserves, forecast prices, business environment and other factors to establish the amount we can borrow. In the event the lenders decide to reduce the amount of credit available, the Company may be required to repay all or a portion of the amounts owing.

Interest Rates

The Company may be exposed to fluctuations in interest rates as a result of the use of floating rate securities or borrowings. An increase in interest rates could increase Bonterra's net interest expense and negatively impact its financial results.

Delay in Cash Payments

In addition to the usual delays in payment by the purchasers of oil and natural gas to the operators of Bonterra's properties, and by the operator to Bonterra, payments between any of such parties may also be delayed by restrictions imposed by lenders, delays in the sale or delivery of products, delays in the connection of wells to a gathering system, blow-outs or other accidents, recovery by the operator of expenses incurred in the operation of the properties or the establishment by the operator of reserves for such expenses.

Reserves

Although Sproule has prepared Bonterra's reserve figures using methods of estimating reserves consistent with those commonly followed in the industry and believe that those methods have been verified by operating experience, such figures are estimates and no assurance can be given that the indicated levels of reserves will be produced. Probable reserves estimated for properties may require revisions based on the actual development strategies employed to prove such reserves. Estimated reserves may also be affected by changes in oil and natural gas prices. Declines in the reserves of Bonterra which are not offset by the acquisition or development of additional reserves may reduce the underlying value of the common shares to shareholders.

The reserve report under the heading "Operational Information – Disclosure of Reserve Data" has been prepared using certain commodity price assumptions which are described in the notes to the reserve tables. If lower prices for crude oil, NGLs and natural gas are realized by Bonterra and substituted for the price assumptions utilized in the reserve report, the present value of estimated future net cash flows for Bonterra's reserves would be reduced and the reduction could be significant, particularly based on the constant price case assumptions.

Investment Eligibility

Bonterra common shares are qualified investments for RRSPs, RRIFs, RESPs and DPSPs (collectively "Exempt Plans"). Where at the end of any month an Exempt Plan holds common shares that are not qualified investments, the Exempt Plan must, in respect of that month, pay a tax under Part XI.1 of the *Income Tax Act* (Canada) equal to one percent of the fair market value of the common shares at the time those common shares were acquired by the Exempt Plan. In addition, where a trust governed by an RRSP or RRIF holds common shares that are not qualified investments, the trust will become taxable on its income attributable to the common shares while they are not qualified investments. Where a trust governed by an RRSP or RRIF acquires common shares that are not qualified investments, the fair market value of the investment will be included in the income of the annuitant for the year of the acquisition. RESPs which hold common shares that are not qualified investments may have their registration revoked by the Canada Revenue Agency.

Environmental Concerns

The oil and natural gas industry is subject to environmental regulation pursuant to local, provincial and federal legislation. A breach of such legislation may result in the imposition of fines or issuance of clean up orders in respect of Bonterra or its properties. Such legislation may be changed to impose higher standards and potentially more costly obligations on Bonterra, and there can be no assurance that Bonterra will be able to satisfy its actual future environmental and reclamation obligations.

Actual asset retirement costs incurred in the ordinary course in a specific period will reduce the amount of cash available for payment of dividends to shareholders.

Climate Change Regulations

In 2015, the Alberta government announced new climate change policies which included a carbon tax that will be applied across all sectors and a cap on oil sand emissions with a target of 100 megatonnes limit in any year by 2030. These new regulations could have a material adverse impact on the Company's earnings and cashflow.

Royalty Regimes

There can be no assurance that the proposed MRF by the government of Alberta and potential changes by the federal or Saskatchewan governments may not occur that will make the Company's properties uneconomic. An increase in royalties would reduce the Company's earnings and cash flow and could make future capital investments or the Company's operations uneconomic.

Reliance on Management

Shareholders will be dependent on the management of Bonterra in respect of the administration and management of all matters relating to Bonterra and its operations and administration. The loss of the services of key individuals could have a detrimental effect on Bonterra. Investors who are not willing to rely on the management of Bonterra should not invest in the common shares.

Information Systems

The company depends on a variety of information systems to operate effectively. A failure or act of sabotage could result in operational difficulties or mishap, damage or loss of data, productivity loses or result in unauthorized knowledge and use of information.

Dividends

Payment of dividends from crude oil and natural gas production (without commodity price increases or cost effective acquisition and development activities) could be reduced in a manner consistent with declining production from typical oil, natural gas and NGL reserves.

Depletion of Reserves

Bonterra has certain unique attributes which may differentiate it from other oil and gas industry participants. Bonterra will not be reinvesting cash flow in the same manner as other industry participants. Bonterra has a long reserve life index and its decline rate is lower than many other industry participants. Bonterra will be retaining a portion of its cash flow for reinvestment purposes, but the retained amount may be less than other industry participants and could result in decreases in production levels and reserves.

The future oil and natural gas reserves and production of Bonterra, and therefore its cash flows, will be highly dependent on its success in exploiting its reserve base and acquiring additional reserves. Without reserve additions through acquisition or development activities, Bonterra's reserves and production will decline over time as reserves are exploited.

There can be no assurance that Bonterra will be successful in developing or acquiring additional reserves on terms that meet Bonterra's investment objectives.

Competition

There is strong competition relating to all aspects of the oil and natural gas industry. Bonterra will actively compete for capital, skilled personnel, undeveloped lands, reserves acquisitions, access to drilling rigs, service rigs and other equipment, access to processing facilities and pipeline and refining capacity and in all other aspects of its operations with a substantial number of other organizations, many of which may have greater technical and financial resources than Bonterra. Some of these organizations not only explore for, develop and produce oil and natural gas but also carry on refining operations and market petroleum and other products on a world-wide basis and as such have greater and more diverse resources on which to draw.

Return of Capital

Common shares will have no value when reserves from Bonterra's properties can no longer be economically produced or marketed and, as a result, cash dividends do not represent a "yield" in the traditional sense as they represent both return of capital and return on investment. Shareholders will have to obtain the return of capital invested out of cash flow derived from their investments in the common shares during the period when reserves can be economically recovered.

Net Asset Value

The net asset value of Bonterra’s assets from time to time will vary dependent upon a number of factors beyond the control of management, including oil, natural gas and NGL prices. The trading price of Bonterra’s common shares from time to time is also determined by a number of factors which are beyond the control of management and such trading prices may be less than the net asset value of Bonterra’s assets.

Potential Conflicts of Interest

There may be circumstances in which the interests of entities managed by Bonterra will conflict with those of Bonterra and its shareholders. Companies managed by Bonterra may acquire oil and natural gas properties or entities on their behalf and Bonterra may manage and administer those additional properties or entities, as well as enter into other types of energy related management, advisory and investment activities.

In the event of such conflicts, decisions will be made on a basis consistent with the objectives and financial resources of each group of interested parties, the time limitations on investment of such financial resources, and on the basis of operating efficiencies having regard to the then current holdings of properties of each group of interested parties consistent with the duties of Bonterra to each group of persons. Bonterra will use all reasonable efforts to resolve such conflicts of interest in a manner which will treat Bonterra and other interested parties fairly taking into account all of the circumstances of Bonterra and such interested party and to act honestly and in good faith in resolving such matters.

Circumstances may also arise where members of the Board of Directors of Bonterra are directors or officers of corporations or other entities involved in the oil and natural gas industry which are in competition with the interests of Bonterra. No assurances can be given that opportunities identified by such board members will be provided to Bonterra.

Global Financial Markets

The market events and conditions that transpired in recent years, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, have, among other things, caused significant volatility in commodity prices. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. These factors negatively impacted enterprise valuations and impacted the performance of the global economy. Petroleum prices are expected to remain volatile for the near future as a result of market uncertainties regarding the supply and demand fundamentals for petroleum products due to the current state of the world's economies, actions taken by the Organization of the Petroleum Exporting Countries, the ongoing risks facing the North American and global economies and increased supplies of crude oil which may be created by the application of new drilling technology to unconventional resource plays.

Changes in Legislation and Canadian Tax Considerations

There can be no assurances that income tax laws and government incentive programs relating to the oil and natural gas industry will not be changed in a manner which adversely affects Bonterra and its shareholders. There can be no assurance that the Canada Revenue Agency will agree with how Bonterra calculates its income for tax purposes or that the Canada Revenue Agency will not change its administrative practices to the detriment of Bonterra or its shareholders.

As Bonterra is engaged in the oil and natural gas business its operations are subject to certain unique provisions of the *Income Tax Act* (Canada) and applicable provincial income tax legislation relating to characterization of costs incurred in their businesses which effects whether such costs are deductible and, if deductible, the rate at which they may be deducted for the purposes of calculating taxable income. Bonterra has reviewed its historical income tax returns with respect to the characterization of the costs incurred in the oil and natural gas business as well as other matters generally applicable to all corporations including the ability to offset future income against prior year losses. Bonterra has filed or will file all required income tax returns and believes that it is full compliance with the provisions of the *Income Tax Act* (Canada) and applicable provincial income tax legislation, but such returns are subject to reassessment. In the event of a successful reassessment it may be subject to a higher than expected past or future income tax liability as well as potentially interest and penalties and such amount could be material.

On November 14, 2013, the Company received a proposal letter from the Canada Revenue Agency (CRA) which stated its intention to challenge the tax consequences of Bonterra's reorganization from a trust to a Corporation, which occurred on November 18, 2008. On November 27, 2014, the Company reached an agreement with CRA ("the Agreement") to adjust certain tax pools, resulting in a $43,503,000 reduction in the Company's deferred tax assets and investment tax credit receivable. The reduction was charged to deferred tax expense in the statement of comprehensive income. The Company also utilized $6,645,000 of federal investment tax credits to reduce current taxes payable of $3,860,000. No current taxes were owing for the 2015 fiscal year.

Internal Controls Over Financial Reporting

Internal control over financial reporting ("ICFR"), as defined in National Instrument 52-109 (NI 52-109), includes those policies and procedures that:

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of Bonterra;
2. Are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of Bonterra are being made in accordance with authorizations of management and Directors of Bonterra; and
3. Are designed to provide reasonable assurance regarding prevention or timely detection of authorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

The Company has designed and implemented ICFR as defined in NI 52-109 of the Canadian Securities Administrators, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework the Company used to design its ICFR was in accordance with the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013).

It should be noted that while the Company’s believes its internal controls and procedures provide a reasonable level of assurance and are effective; they do not expect that these controls will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that its objectives are met.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The financial statements and the management's discussion and analysis of its financial condition and results of operations for the year ended December 31, 2015, as contained in the Company's Annual Report for the year ended December 31, 2015 is incorporated by reference in this Annual Information Form.

DIVIDENDS TO SHAREHOLDERS

Cash Dividend Policy

Shareholders of record on a dividend record date are entitled to receive dividends which are paid by Bonterra to its shareholders on the corresponding dividend payment date. Bonterra has established that the dividend record date will be on or about the 15th day of each calendar month with the last day of each month being the corresponding payable date.

The following cash dividends were paid by Bonterra since 2013:

Month of Record and Payment Date	Amount per Share
January 2013	$0.26
February 2013	$0.26
March 2013	$0.28
April 2013	$0.28
May 2013	$0.28
June 2013	$0.28
July 2013	$0.28
August 2013	$0.28
September 2013	$0.28
October 2013	$0.28
November 2013	$0.28
December 2013	$0.28
January 2014	$0.29
February 2014	$0.29
March 2014	$0.29
April 2014	$0.29
May 2014	$0.29
June 2014	$0.29
July 2014	$0.30
August 2014	$0.30
September 2014	$0.30
October 2014	$0.30
November 2014	$0.30
December 2014	$0.30
January 2015	$0.30
February 2015	$0.15
March 2015	$0.15
April 2015	$0.15
May 2015	$0.15
June 2015	$0.15
July 2015	$0.15
August 2015	$0.15
September 2015	$0.15
October 2015	$0.15
November 2015	$0.15
December 2015	$0.15
January 2016	$0.10
February 2016	$0.10
March 2016	$0.10

The historical dividend payments described above may not be reflective of future dividend payments, which will be subject to review by the Board of Directors taking into account the prevailing financial circumstances of Bonterra at the relevant time. See "Risk Factors".

CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of common shares without nominal or par value. Transactions during the years 2015 and 2014 in the shares of the common stock of the Company are as follows:

Issued and fully paid – common shares	**December 31, 2015** Number	**December 31, 2015** Amount ($ 000s)	December 31, 2014 Number	December 31, 2014 Amount ($ 000s)
Balance, beginning of year	**32,169,623**	**728,934**	31,322,171	685,898
Share issuance, private placement	**973,812**	**31,162**	-	-
Share issue costs, net of tax		**(76)**		-
Issued pursuant to the Company share option plan	-	-	829,452	37,911
Transfer from contributed surplus to share capital		-		4,021
Shares issued for oil and gas properties	-	-	18,000	1,104
Balance, end of year	**33,143,435**	**760,020**	32,169,623	728,934

The Company is authorized to issue an unlimited number of Class "A" redeemable Preferred Shares and an unlimited number of Class "B" Preferred Shares. There are currently no outstanding Class "A" redeemable Preferred Shares or Class "B" Preferred Shares.

The Company provides an equity settled stock option plan for its directors, officers, employees and consultants. Under the plan, the Company may grant options for up to 3,3143,44 (December 31, 2014 – 3,216,962) common shares. The exercise price of each option granted will not be lower than the market price of the common shares on the date of grant and the option's maximum term is five years.

A summary of the status of the Company's stock option plan as of December 31, 2015 and December 31, 2014, and changes during the years ended on those dates is presented below:

	Number of options	**Weighted average exercise price**
At January 1, 2014	1,650,500	$48.31
Options granted	1,769,000	56.48
Options exercised	(904,000) [1]	47.09
Options cancelled	(194,000)	49.09
Options forfeited	(210,000)	55.01
At December 31, 2014	2,111,500	$54.94
Options granted	1,772,500	28.15
Options expired	(928,500)	50.46
At December 31, 2015	2,955,500	$40.28

[1] 93,000 options were exercised under the cashless option method, which resulted in 18,452 shares being issued in which the Company received no proceeds.

The following table summarizes information about options outstanding at December 31, 2015:

	Options Outstanding			Options Exercisable	
Range of exercise prices	Number outstanding at December 31, 2015	Weighted-average remaining contractual life	Weighted-average exercise price	Number exercisable at December 31, 2015	Weighted-average exercise price
$ 20.00 – $ 30.00	807,000	1.7 years	$20.46	-	$ -
30.01 – 40.00	965,500	1.8 years	34.57	-	-
40.01 – 65.00	1,183,000	0.8 years	58.46	164,000	51.52
$ 20.00 – $ 65.00	2,955,500	1.3 years	$40.28	164,000	$ 51.52

MARKET FOR SECURITIES

The outstanding shares are listed and posted for trading on the Toronto Stock Exchange (TSX) under the trading symbol BNE. The following table sets forth the high and low trading prices and the aggregate volume of trading of the shares and trust units as reported by the TSX for the periods indicated.

Month	Price Range	Volume
January 2015	$33.76 - $43.10	4,636,500
February 2015	$38.36 - $46.57	2,611,400
March 2015	$33.46 - $42.02	2,909,000
April 2015	$33.75 - $41.00	4,212,300
May 2015	$33.01 - $40.45	1,553,300
June 2015	$30.77 - $35.25	1,936,000
July 2015	$22.98 - $32.00	2,601,900
August 2015	$15.00 - $24.50	3,534,100
September 2015	$17.98 - $23.57	3,644,500
October 2015	$19.35 - $26.17	3,585,800
November 2015	$20.00 - $23.60	1,868,500
December 2015	$15.55 - $22.77	3,511,400

On December 31, 2015, the closing price of Bonterra shares on the TSX was $17.20 (December 31, 2014 - $41.65).

The Company as of December 31, 2015 had 33,143,435 shares outstanding.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

To the knowledge of the directors and executive officers of Bonterra, none of the securities of Bonterra are held in escrow or are subject to a contractual restriction on transfer as at the date hereof.

DIRECTORS AND OFFICERS

All directors of Bonterra are elected by its shareholders at each annual meeting of shareholders. All directors serve until the next annual meeting or until a successor is elected or appointed. All officers are appointed by the Board of Directors. The name, municipality of residence, principal occupation for the past five years and year of appointment as a director or commencement of employment for officers of Bonterra are set forth as follows:

Name and Municipality of residence	Position Since	Principal Occupation for Past Five Years
Brad A. Curtis Calgary, AB	Vice President, Business Development February, 2012	B. Com., B.Sc., P.Geo, Mr Curtis has been Vice President, Business Development since February 2012 and has held various positions with Bonterra since 2005.
Gary J. Drummond[(1)] Nassau, Bahamas	Director August, 1999	LLB., B.A., Mr. Drummond is a private investor and a director of Pine Cliff Energy Ltd.
George F. Fink Calgary, AB	CEO, Director and Chairman January, 1981	B.Com., C.A. Executive Chairman of the Board of Pine Cliff Energy Ltd and a director of Raging River Exploration Inc. (public resource companies)
Randy M. Jarock Calgary, AB	Director, June, 2012	B.Sc. in Petroleum Engineering. Formally President and COO of Bonterra since 2008 and prior thereto its Chief Operating Officer since 2005 and has been employed by the Company since 1998. Mr. Jarock is also a director of Pine Cliff Energy Ltd.
Carl R. Jonsson[(1)] Vancouver, B.C.	Director January, 1981	LLB., Lawyer and Principal of the Vancouver law firm of Tupper, Jonsson & Yeadon. Also a director of Pine Cliff Energy Ltd., Comet Industries Ltd., Astorius Resources Ltd., Alba Minerals Ltd. and DV Resources Ltd.
Adrian Neumann Calgary, AB	Chief Operating Officer, July, 2013	B.Sc., P.Eng., Mr. Neumann joined Bonterra as Vice President, Engineering and Operations in June, 2012. Prior thereto, Mr. Neumann was Lead Project Manager at Nexen Inc. and has previously held positions of increased responsibility for major oil and gas companies.

Robb D. Thompson Calgary, AB	CFO & Corporate Secretary February 2011	C. A., B.Com. Mr. Thompson has been CFO and Corporate Secretary since February 2011 . Prior thereto, from February 2008 to October 2010, Chief Financial Officer of Sonde Resources Corp., a public oil and gas company.
Rodger A. Tourigny[(1)] Calgary, AB	Director May, 2013	C. A., B.Com. Mr. Tourigny is President of Tourigny Management Ltd. (Calgary), a private consulting company, since 1979. Vice President of Finance of Siebens Oil and Gas Ltd. From 1976 to 1979 and Secretary Treasurer of Ranger Oil Canada Ltd. From 1969 to 1976. Mr. Tourigny is also director of LED Medical Diagnostics Inc.

Notes:
(1) Member of the Audit Committee. Chaired by Rodger A. Tourigny.

All five board members are on the Compensation committee; Policy, Governance and Nominating committee; Disclosure committee; and Reserves committee.

All of the directors and officers of Bonterra as a group beneficially owned, controlled, directly or indirectly, 4,105,854 common shares representing approximately 12.4 percent of the issued and outstanding common shares of Bonterra as at March 17, 2016 the date of this report.

Cease Trade Orders

To the best of Bonterra's knowledge, no director or executive officer is, or within the ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company (including the Company) that: (i) while that person was acting in that capacity, was subject to a cease trade or similar order or an order that denied such company access to any exemptions under securities legislation, that was in effect for a period of more than 30 consecutive days; or (ii) was subject to a cease trade or similar order or an order that denied such company access to any exemptions under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued after that person ceased to act in such capacity and which resulted from an event that occurred while that person was acting in such capacity.

Bankruptcies

Other than as set forth below, to the best of Bonterra's knowledge, no director or executive officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company: (i) is, as at the date of this Annual Information Form, or has been within the past 10 years, a director or executive officer of any company (including the Company) that while the person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the past ten years before the date of this Annual Information Form become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Thompson was the Chief Financial Officer of Sonde Resources Corp. (Sonde, formerly Canadian Superior Energy Inc.) when the issuer sought creditor protection under the CCAA. All executive positions at Sonde, other than the Chief Financial Officer and Vice President, Western Canada, were vacated in connection with the application for CCAA protection. Mr. Thompson maintained his employment with the company throughout the CCAA process. Ultimately, Sonde was able to repay its creditors in full, with interest, and it exited CCAA protection in October 2009.

Penalties or Sanctions

To the best of Bonterra's knowledge, no director or executive officer of the Company, or shareholder of the Company holding sufficient securities of the Company to affect materially the control of the Company, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

AUDIT COMMITTEE INFORMATION

The following information is provided in accordance with Form 52-110F1 under the Canadian Securities Administrators' National Instrument 52-110 - Audit Committees (NI 52-110).

Audit Committee Charter

The Audit Committee Charter is attached as Appendix "C" to this Annual Information Form.

Composition of the Audit Committee

The Audit Committee is comprised of Rodger A. Tourigny, Gary J. Drummond, and Carl R. Jonsson. Each director is considered "independent" and "financially literate" (as such terms are defined in NI 52-110).

Relevant Education and Experience

Collectively, the Audit Committee has the education and experience to fulfill the responsibilities outlined in the Audit Committee Charter. The education and current and past experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is summarized as follows:

Name	**Education and Experience**
Gary J. Drummond	• LLB., B.A. (Economics), businessman and private investor. • Director of several public corporations and a member of the Audit Committee of certain of those corporations. • 35 years of extensive experience directly related to all aspects of reading and understanding financial statements and matters. • Former President and CEO of Direct Energy Marketing Limited (a public resource company). • BA (Economics) and Law Degree.
Carl R. Jonsson	• LLB. Securities/corporate lawyer for many years, including extensive involvement in numerous natural resource related transactions. Principal of the Vancouver law firm of Tupper, Jonsson & Yeadon. • Currently Director and officer of numerous public corporations and a member of the Audit Committee of many of them. • Many years of extensive experience related to the supervision of the preparation of financial statements and as CFO of public companies.

Rodger A. Tourigny (Chairman)	• C. A., B.Com. Private investor and financial consultant. • Director of two public corporations and a member of the audit committee of both corporations. • Over 30 years providing advice on major transactions, investments and ongoing financial matters in the oil and gas, real estate and financial services industries. • Many years of experience related to the supervision of the preparation of financial statements and as CFO of oil and gas entities.

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board of Directors to review the performance of the Company's external auditors, and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services engaged by Bonterra. The Audit Committee is authorized to approve any non-audit services or additional work which the Chairman of the Audit Committee deems as necessary who will notify the other members of the Audit Committee of such non-audit or additional work. The audit committee has specified that management may authorize non-audit services to a maximum amount of $20,000 per project without prior audit committee approval.

External Auditor Service Fees (By Category)

The fees for auditor services billed by the Company's external auditors in each of the last two fiscal years ending December 31, are as follows:

Year	Audit	Audit Related Fees	Tax Fees	All Other Fees
2015	$196,000	$130,000	$ -	$ -
2014	$201,000	$72,000	$ -	$ -

REGULATORY ACTIONS

To the knowledge of Bonterra, there were no: (i) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the Company's most recently completed financial year; (ii) penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision; or (iii) settlement agreements the Company entered into before a court relating to securities legislation or with a securities regulatory authority during the most recently completed financial year.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as set out herein, management is not aware of any material interests, direct or indirect, of any directors or executive officers of Bonterra, any person or company which beneficially owns or controls or directs, directly or indirectly, more than ten percent of the outstanding common shares of the Company, or any known associate or affiliate of such persons, in any transaction within the last three financial years of the Company, or during the current financial year which has materially affected or is reasonably expected to materially affect the Company.

INTERESTS OF EXPERTS

Sproule Associates Limited prepared the Sproule Report.

The Company has been advised by Sproule Associates Limited that as of the date hereof, the directors, officers and associates as a group, do not beneficially own, directly or indirectly, any common shares of Bonterra.

The independent auditor of the corporation is Deloitte LLP ("Deloitte"), Independent Registered Chartered Accountants, Calgary, Canada. Deloitte has confirmed that it is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

MATERIAL CONTRACTS

During the year ended December 31, 2015, Bonterra has not entered into any contracts, nor are there any contracts still in effect, that are material to the business, other than contracts entered into the ordinary course of business.

ADDITIONAL INFORMATION

Additional information relating to Bonterra may be found on SEDAR at www.sedar.com. Information including directors' and officers' remuneration, principal holders of Bonterra's securities, and options to purchase securities is contained in Bonterra's Information Circular dated April 8, 2015. Additional financial information is contained in Bonterra's comparative financial statements and management's discussion and analysis of financial conditions and results of operations for the years ended December 31, 2015 and 2014, which are included in Bonterra's Annual Report for the year ended December 31, 2015.

For additional copies of this Annual Information Form and the materials listed in the preceding paragraph please visit our website at www.bonterraenergy.com or contact:

Bonterra Energy Corp.
901, 1015 4th Street S.W.
Calgary, Alberta
T2R 1J4
Attention: Ms. Erin Durtnall
Phone: (403) 750-2564 Facsimile: (403) 265-7488
Email: Edurtnall@bonterraenergy.com

APPENDIX "A"

FORM 51-101F2
REPORT ON RESERVES DATA
BY INDEPENDENT QUALIFIED RESERVES EVALUATOR OR AUDITOR

Report on Reserves Data

To the Board of Directors of Bonterra Energy Corp. (the "Company"):

1. We have evaluated the Company's reserves data as at December 31, 2015. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2015, estimated using forecast prices and costs.

2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook"), prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

5. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated by us as of December 31, 2015, and identifies the respective portions thereof that we have audited, evaluated and reviewed and reported on to the Company's management and Board of Directors:

Independent Qualified Reserves Evaluator or Auditor	Effective date	Location of Reserves (Country)	Net Present Value of Future Net revenue Before Income Taxes (10% Discount Rate)			
			Audited (M$)	Evaluated (M$)	Reviewed (M$)	Total (M$)
Sproule	**December 31, 2015**	**Canada**	**Nil**	**1,364,573**	**Nil**	**1,364,573**

6. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are presented in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.

7. We have no responsibility to update the report referred to in paragraph 5 for events and circumstances occurring after the effective date of our report, entitled " Evaluation of the P&NG Reserves of Bonterra Energy Corp. (As of December 31, 2015)"

8. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

Sproule Associates Limited Calgary, Alberta
February 8, 2016

(signed) “Douglas O. McNichol., P. Eng”
Senior Petroleum Engineer and Partner

(signed) “Robert R. Warholm P. Eng.”
Manager, Quality and Assurance and Partner

(signed) “Steven J. Golko, P, Eng.”
Vice-Preisdent, Field Development & Capital Strategies and Partner

(signed) “Weldon Dueck, P. Eng.”
Senior Vice-President, Canada and Director

(signed) “Daniel Horne, E.I.T.”
Engineer-in-Training

(signed) “Pavitra Iyer, E.I.T”
Engineer-in-training

(signed) Elizabeth (Betty) M. Swift, C.E.T.
Senior Petroleum Technologist

(signed) Alec Kovaltchouk, P. Geo
Vice-President, Geoscience and Partner

(signed) Nora T. Steward P. Eng.
Vice-President, Reserve certification and Director

APPENDIX "B"

FORM 51-101F3
REPORT OF MANAGEMENT AND DIRECTORS
ON OIL AND GAS DISCLOSURE

Report of Management and Directors on Reserves Data and Other Information

Management of Bonterra Energy Corp. (the "Company") is responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data which are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2015, estimated using forecast prices and costs.

An independent qualified reserves evaluator has evaluated the Company's reserves data. The report of the independent qualified reserves evaluator will be filed with securities regulatory authorities concurrently with this report.

The board of directors of the Company has:

a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluator;

b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and

c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The board of directors of the Company has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has approved:

a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;

b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator on the reserves data; and

c) the content and filing of this report.

Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

(signed) "George F. Fink"
George F. Fink, Chief Executive Officer

(Signed) "Rodger A. Tourigny"
Rodger A. Tourigny, Director

(Signed) "Robb D. Thompson"
Robb D. Thompson, Chief Financial Officer

(Signed) "Carl R. Jonsson"
Carl R. Jonsson, Director

(Signed) "Randy M. Jarock"
Randy M. Jarock, Director

(Signed) "Gary J. Drummond"
Gary J. Drummond, Director

March 17, 2016

APPENDIX "C"

AUDIT COMMITTEE CHARTER

Purpose of the Committee

The purpose of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of the Company is to provide an open avenue of communication between management, the Company's independent auditors and the Board and to assist the Board in its overseeing of:

(a) the integrity, adequacy and timeliness of the Company's financial reporting and disclosure practices;
(b) the Company's compliance with legal and regulatory requirements related to financial reporting; and
(c) the independence and performance of the Company's independent auditors.

The Committee shall also perform any other activities consistent with this Charter, the Company's By-laws and governing laws as the Committee or Board deems necessary or appropriate.

The Committee shall consist of at least three directors. Members of the Committee shall be appointed by the Board and may be removed by the Board in its discretion. The members of the Committee shall elect a Chairman from among their number. Each director appointed to the Committee shall be an outside director who is unrelated. An outside, unrelated director is a director who is independent of management and is free of any interest, any business or other relationship which could, or could reasonably be perceived, to materially interfere with the director's ability to act with the view to the best interests of the Company, other than interests and relationships arising from shareholding. In determining whether a director is independent of management, the Board shall make reference to the current legislation, rules, policies and instruments of applicable regulatory authorities. None of the members of the Committee may be officers or employees of the Company or of an affiliate of the Company.

Each member of the Committee shall be "financially literate". In order to be financially literate, a director must be, at a minimum, able to read and understand basic financial statements.

A director appointed by the Board to the Committee shall be a member of the Committee until replaced by the Board or until his or her resignation.

The Committee's role is one of overseeing. Management is responsible for preparing the Company's financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with International Financial Reporting Standards (IFRS). Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The independent auditors' responsibility is to audit the Company's financial statements and provide their opinion, based on their audit conducted in accordance with Canadian generally accepted auditing standards, that the financial statements present fairly, in all material respects, the financial position, and its financial performance and its cash flows in accordance with IFRS.

The Committee is responsible for recommending to the Board the independent auditors to be nominated for the purpose of auditing the Company's financial statements, preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, and for reviewing and recommending the compensation of the independent auditors. The Committee is also directly responsible for the evaluation of and oversight of the work of the independent auditors. The independent auditors shall report directly to the Committee.

Meetings of the Committee

The Committee shall convene a minimum of four times each year at such times and places as may be designated by the Chairman of the Committee and whenever a meeting is requested by the Board, a member of the Committee, the auditors, or an executive officer of the Administrator. Meetings of the Committee shall correspond with the review of the quarterly financial statements and Management's discussion and analysis.

Notice of each meeting of the Committee shall be given to each member of the Committee and to the auditors, who shall be entitled to attend each meeting of the Committee and shall attend whenever requested to do so by a member of the Committee.

The quorum for a meeting of the Committee is a majority of the members. With the exception of the foregoing quorum requirement, the Committee may determine its own procedures.

A member or members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities, as permits all persons participating in the meeting to communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at the meeting.

In the absence of the Chairman of the Committee, the members of the Committee shall choose one of the members present to be Chairman of the meeting. In addition, members of the Committee shall choose one of the persons present to be the Secretary of the meeting.

The following Management representatives shall be invited to attend all meetings, except private Committee sessions and private sessions with the independent auditors:

(i) Chief Executive Officer;
(ii) Chief Financial Officer;
(iii) Chief Operating Officer;
(iv) Vice President, Business Development; and
(v) Corporate Controller

The Chairman of the Board, executive management and other parties may attend meetings of the Committee; however the Committee (i) shall meet with the external auditors independent of management; and (ii) may meet separately with management.

Minutes shall be kept of all meetings of the Committee.

Authority and Responsibilities

In addition to the foregoing, in performing its overseeing responsibilities the Committee shall:

1. Monitor the adequacy of this Charter and recommend any proposed changes to the Board on an annual basis.
2. Review the appointments of the Chief Financial Officer and any other key financial executives involved in the financial reporting process.
3. Identify and monitor the management of the principal risks that could impact the financial reporting of the Company.
4. Review with management and the independent auditors the adequacy and effectiveness of the Company's accounting and financial controls and the adequacy and timeliness of its financial reporting processes.
5. Review with management and the independent auditors the annual financial statements and related documents and review with management the unaudited quarterly financial statements and related documents, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.

6. Where appropriate and prior to release, review with management any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public.

7. Review the Company’s financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.

8. Review the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by the Company, including consideration of the independent auditors' judgment about the quality and appropriateness of the Company’s accounting policies. This review may include discussions with the independent auditors without the presence of management.

9. Review with management and the independent auditor significant related party transactions and potential conflicts of interest.

10. Pre-approve all non-audit services to be provided to the Company by the independent auditors and applicable fees.

11. Inspect any and all of the books and records of the Company and its affiliates.

12. Discuss with the management of the Company and its affiliates and staff of the Company, any affected party, contractors and consultants of the Company and the external auditors, such accounts, records and other matters as any member of the Committee considers necessary and appropriate.

13. At the earliest opportunity after each meeting, report to the Board the results of its activities and any reviews undertaken and make recommendations to the Board as deemed appropriate.

14. When there is to be a change of external auditors, review all issues and provide documentation related to the change, including the information to be included in the Notice of Change of Auditors and documentation required pursuant to National Instrument 51-102 (or any successor legislation) of the Canadian Securities Administrators and the planned steps for an orderly transition.

15. Review all securities offering documents (including documents incorporated therein by reference) of the Company.

16. Review findings, if any, from examinations performed by regulatory agencies with respect to financial matters.

17. Review management's procedure for monitoring the Company’s compliance with laws and regulations.

18. Review current and expected future compliance with covenants under financing agreements.

19. Review the proposed issuance of debt and equity instruments including public and private debt, equity and hybrid securities, credit facilities with banks and others, and other credit arrangements such as material capital and operating leases. When applicable, the Committee shall review the related securities filings.

20. Monitor the independence of the independent auditors by reviewing all relationships between the independent auditors and the Company and all non-audit work performed for the Company by the independent auditors.

21. Establish and review the Company’s procedures for the:

    (a) receipt, retention and treatment of complaints regarding accounting, financial disclosure, internal controls or auditing matters; and

    (b) confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.

22. Review and approve the Company’s hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

23. Conduct or authorize investigations into any matters that the Committee believes is within the scope of its responsibilities. The Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of

such advisors at the expense of the Company. If these costs exceed $10,000 per annum for a Committee member, such member will obtain prior approval from the Board for the amount exceeding $10,000 per annum.

24. Perform such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting company in Parts 2 and 4 of Multilateral Instrument 52-110 of the Canadian Securities Administrators, all other applicable laws and policies and procedures of all applicable regulatory authorities, the *Business Corporations Act* (Alberta) and the By-laws of the Company.