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GPAC/PJVA CONFERENCE

NOVEMBER 14, 2012



BONAVISTA

ENERGY CORPORATION

HOADLEY GLAUCONITE

DEVELOPMENT OF A LIQUIDS
RICH GAS RESOURCE PLAY

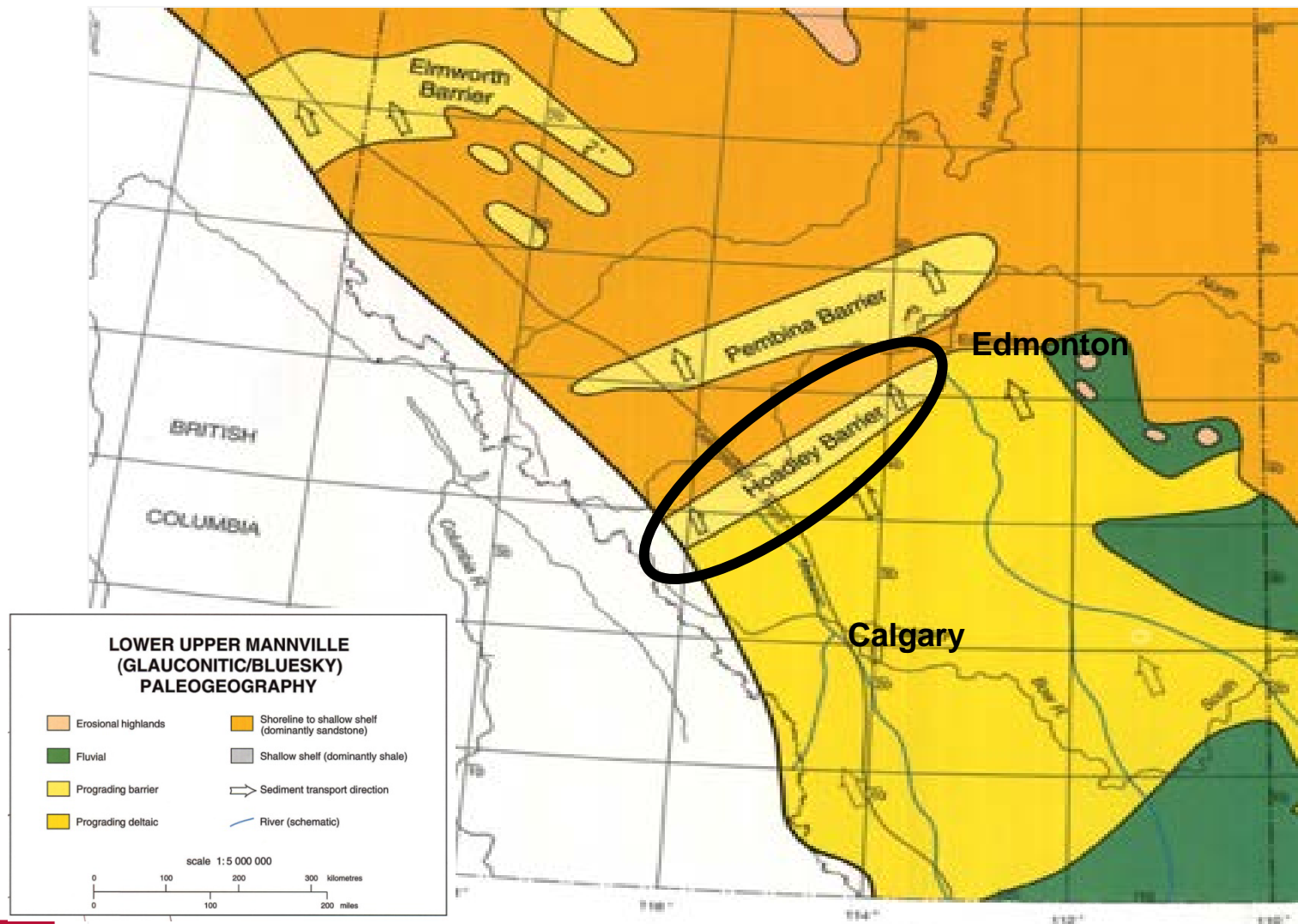


Hoadley Glauconite

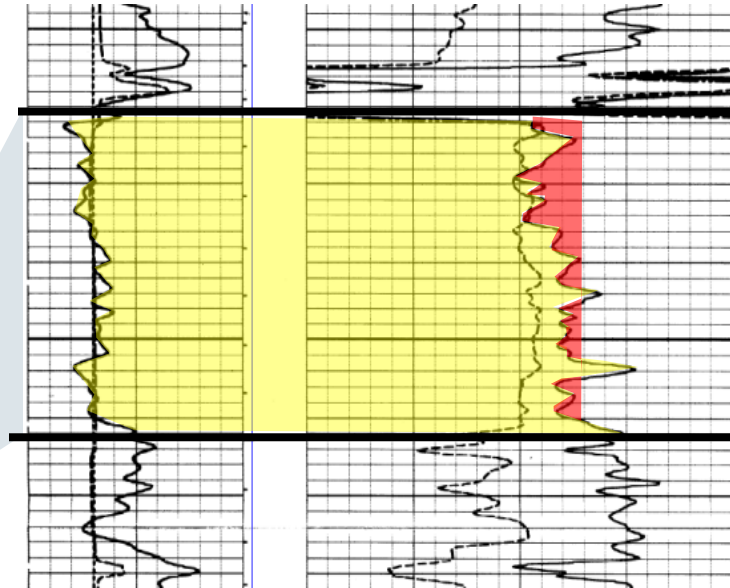
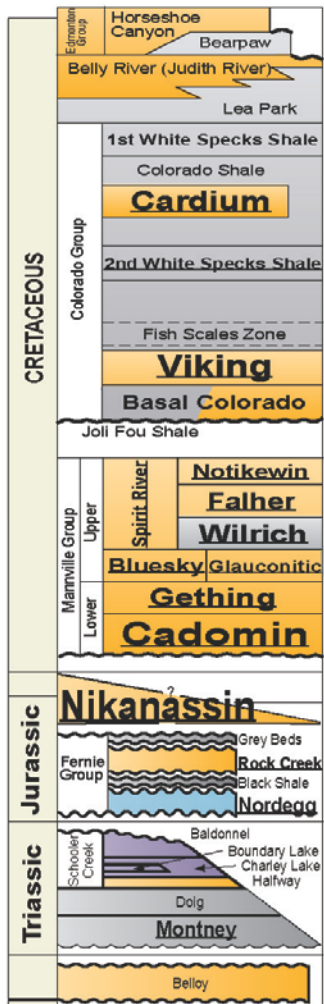
Development of a Liquids Rich Gas Resource Play

1. Identification of the Economics and Scale of the Play
2. Construction of Appropriate Infrastructure to Accommodate the Pace of Development
3. Impact of NGL Recovery On Economic Value

Hoadley Glauconitic Barrier Bar

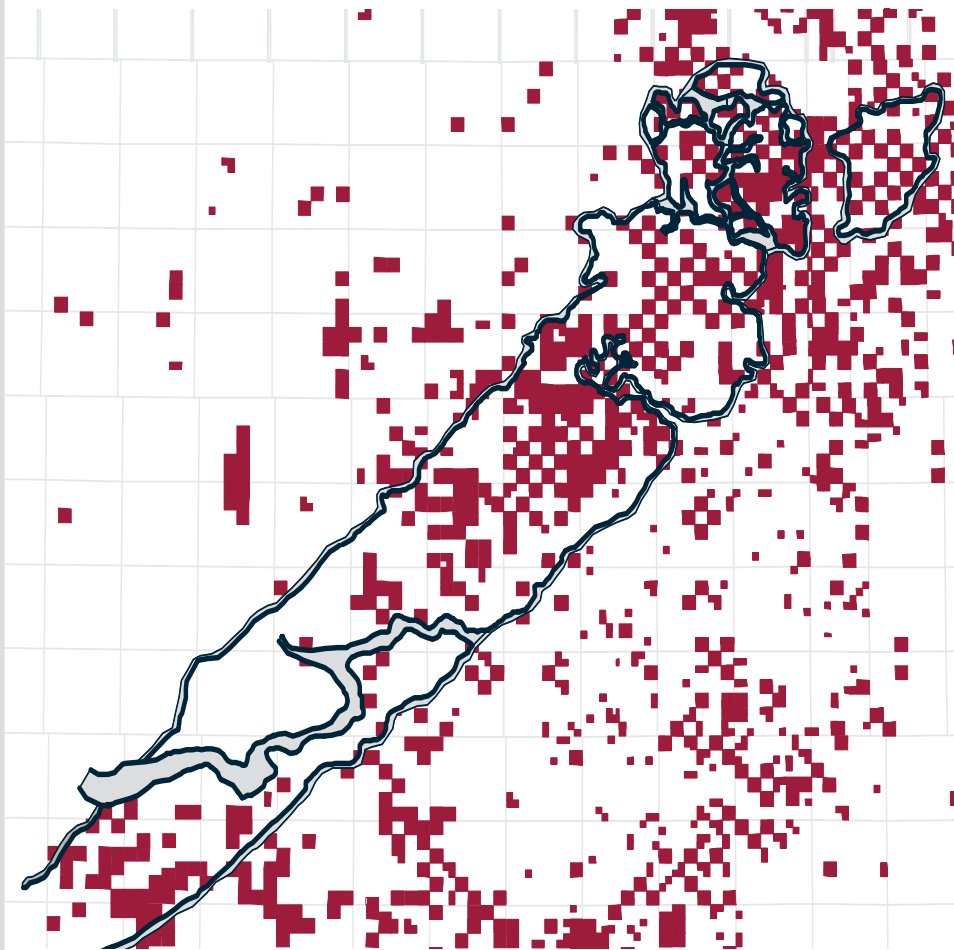


Hoadley Glauconite – Reservoir Parameters



20 meters of average sand thickness
80% typical net to gross pay ratio
6 to 10% typical porosity range
0.5 to 2 md typical permeability range

Hoadley Glauconite Development

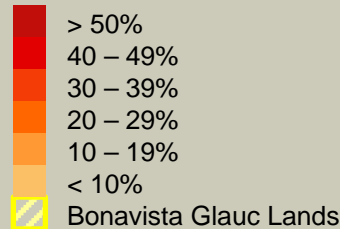


- Areally Extensive Reservoir
> 10 Tcf OGIP
- 1970s – Discovery of Productive Formation
- 1970s to mid 2000s - Conventional Vertical Development in higher permeability areas
- Mid 2000s to Present - Multistage Horizontal Well Development targeting lower portion of the sands

Hoadley Glaucionite – Recovery Factor

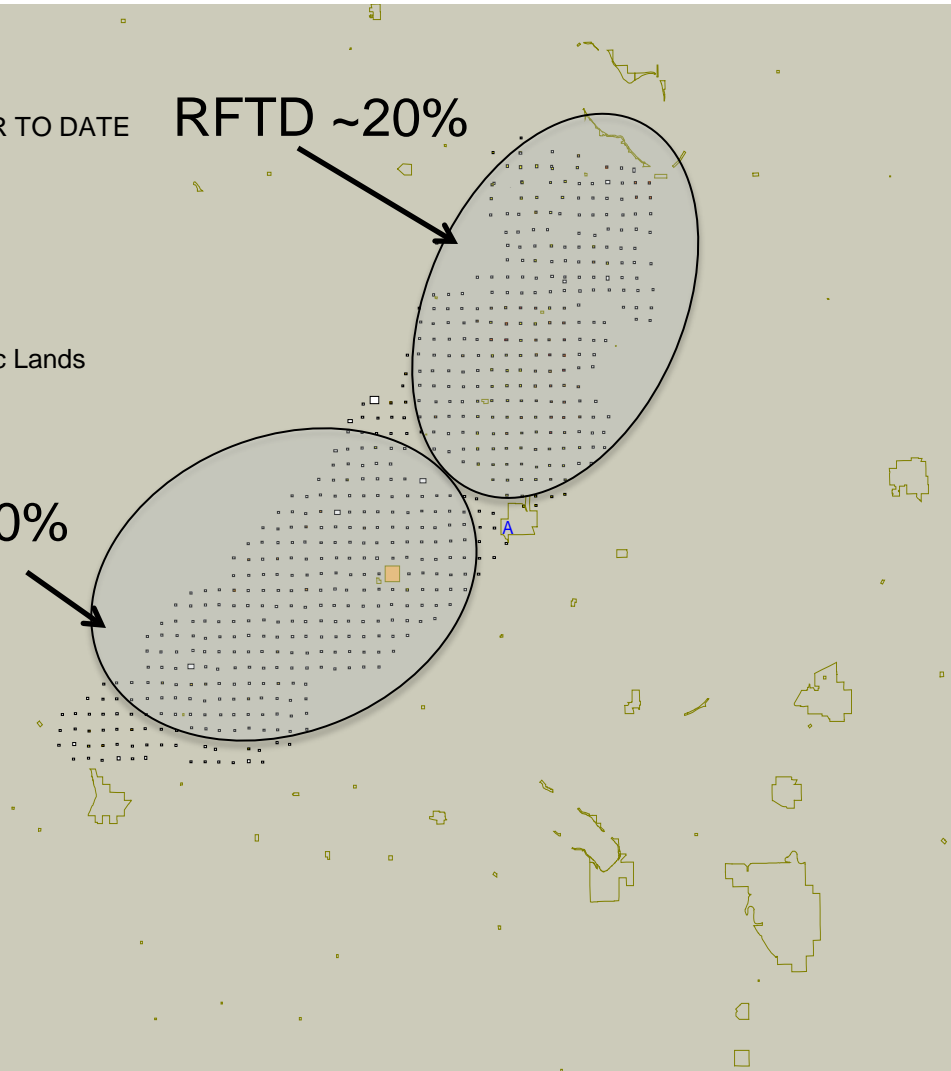
- Over 700 vertical wells drilled to date
- Recovery factor to date is higher in areas of greater permeability
- Average recovery factor to date of less than 15%
- Targeting lower recovery areas with horizontal development

RECOVERY FACTOR TO DATE



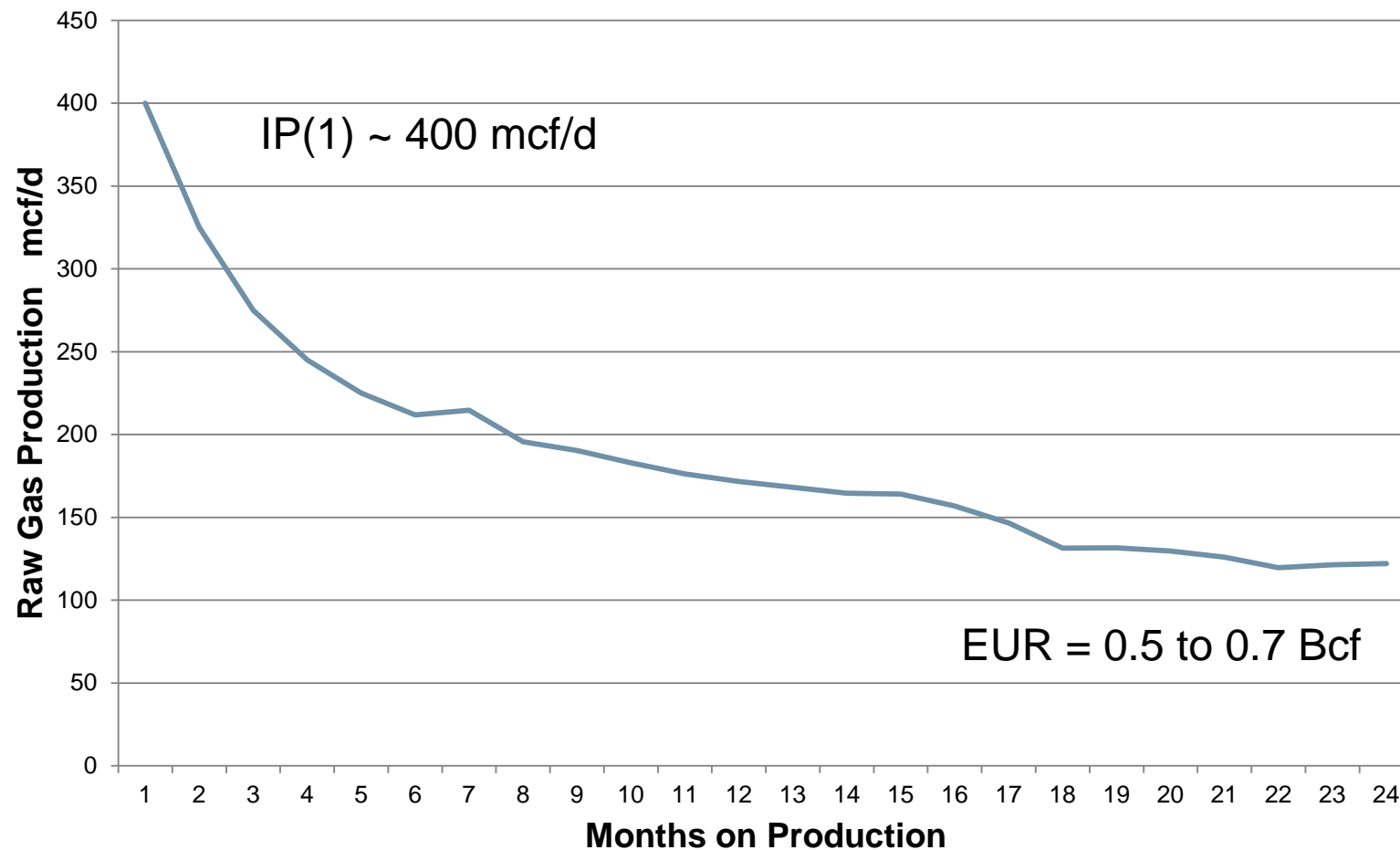
RFTD ~20%

RFTD <10%



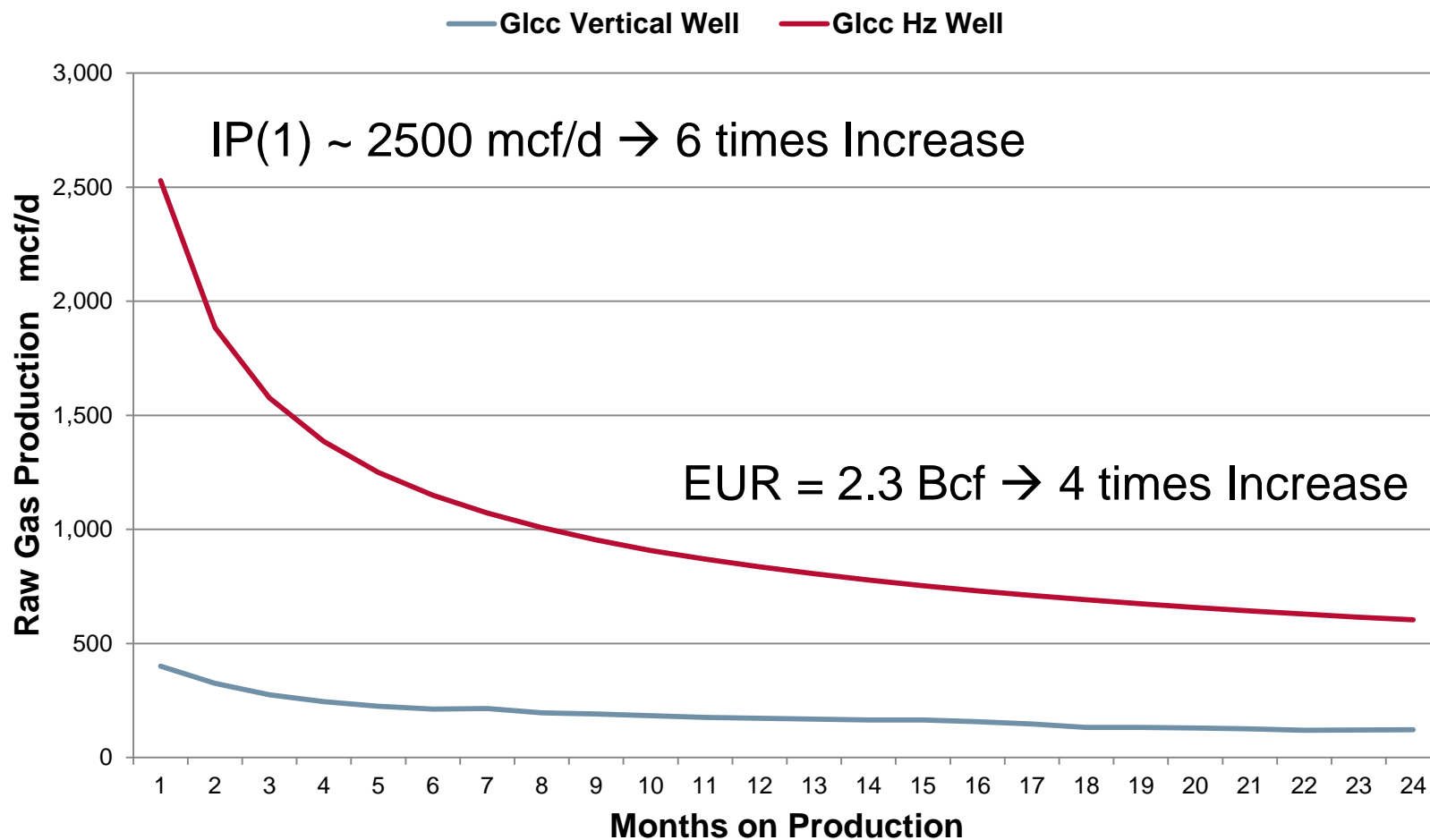
Hoadley Glauconite – Vertical Well Trend

- in Areas of Low Recovery Factor to Date

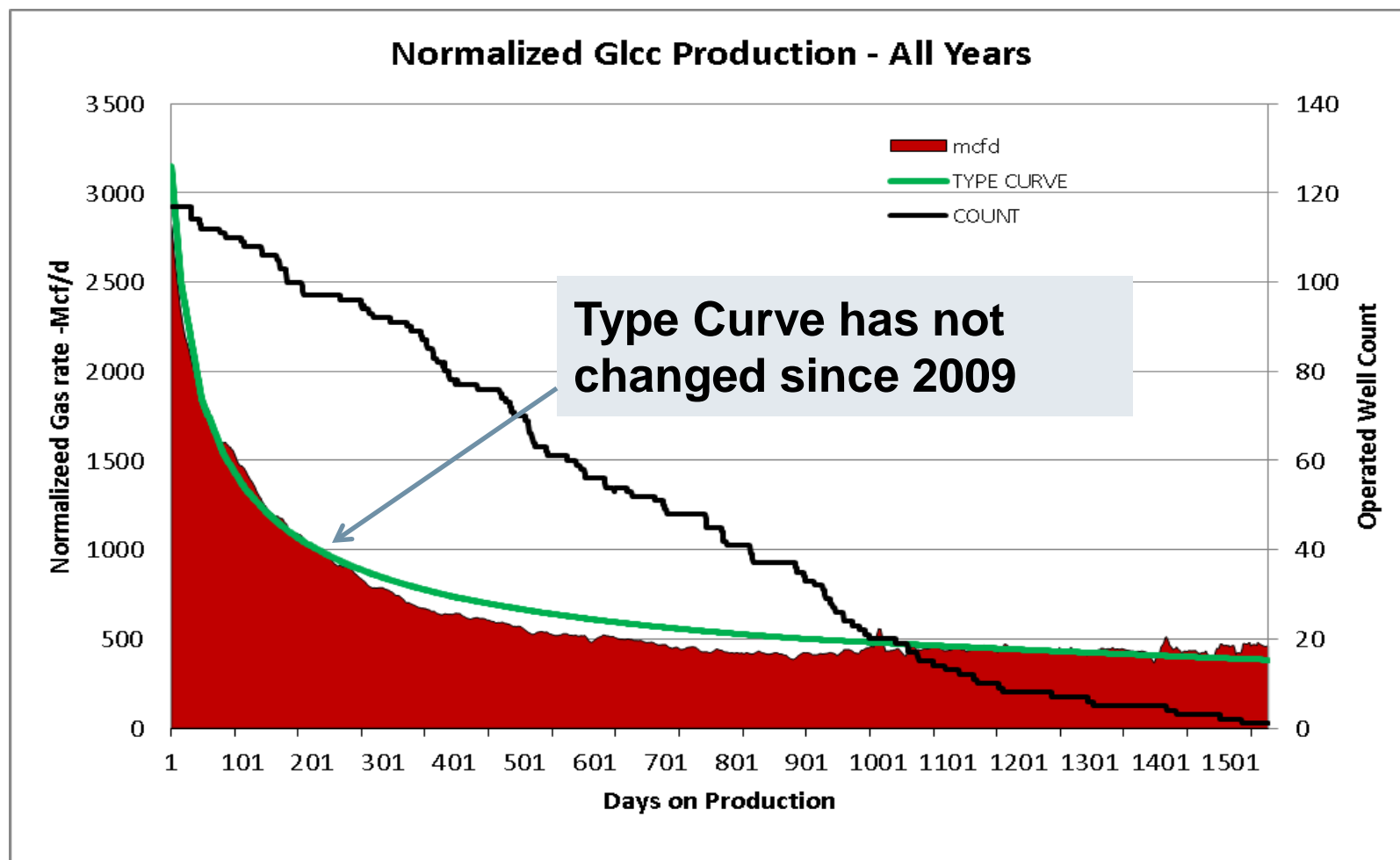


Hoadley Glauconite

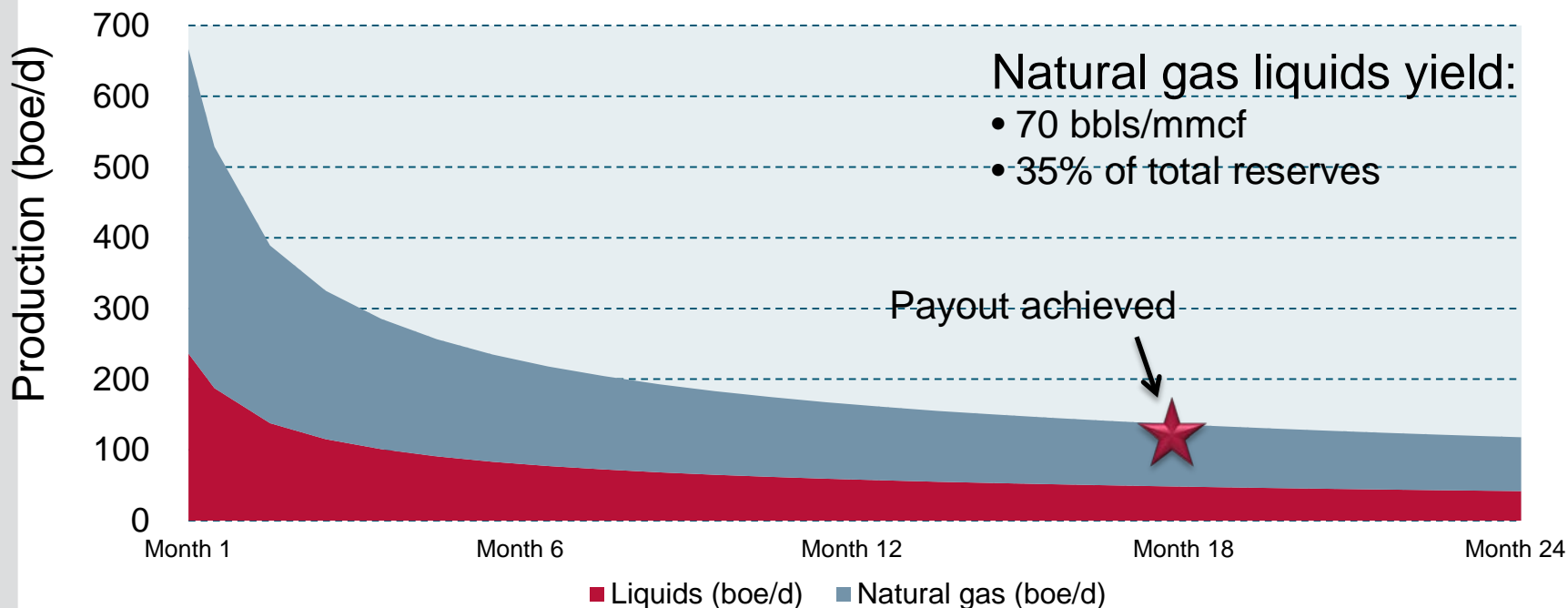
Horizontal Well Improvement



Hoadley Glauconite – Type Curve



Hoadley Glauconite – Economics

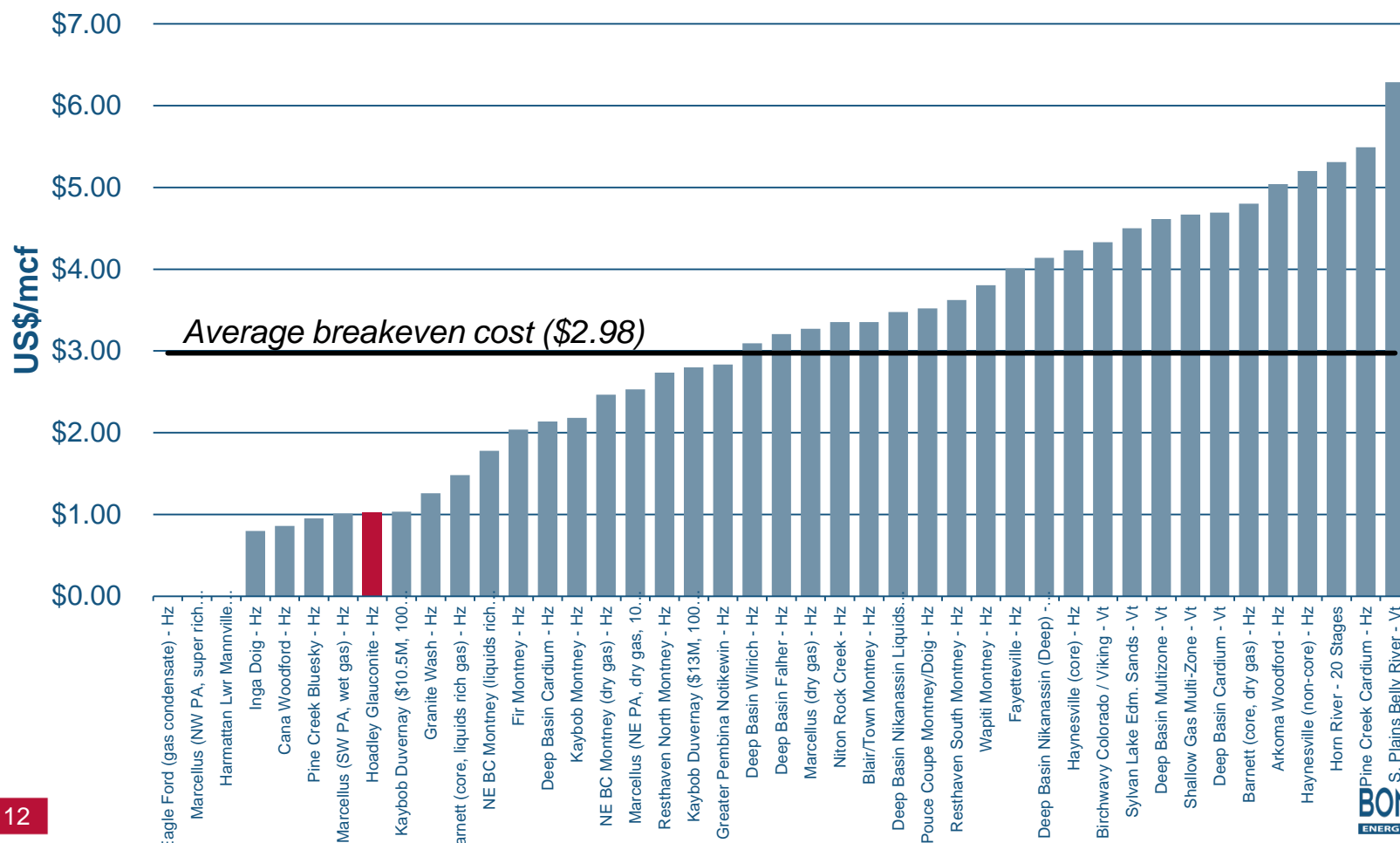


| Reserves: | (mboe) | % |
|--------------|------------|------------|
| Natural gas | 317 | 65 |
| Ethane | 48 | 10 |
| Propane | 57 | 12 |
| Butane | 28 | 6 |
| Condensate | 30 | 7 |
| TOTAL | 480 | 100 |

| Single Well Economics: (C\$3.40/GJ and C\$80/bbl) | |
|---|---------|
| NPV (10% BT \$millions) | \$3.5 |
| IRR (%BT) | 54% |
| F&D (\$/boe) | 6.82 |
| On-stream Cost, IP ₆ (\$/boe/d) | \$9,500 |
| Recycle Ratio | 3.5 |
| P/I | 1.1 |

Hoadley Glaucanite

Breakeven comparison of North American natural gas plays*



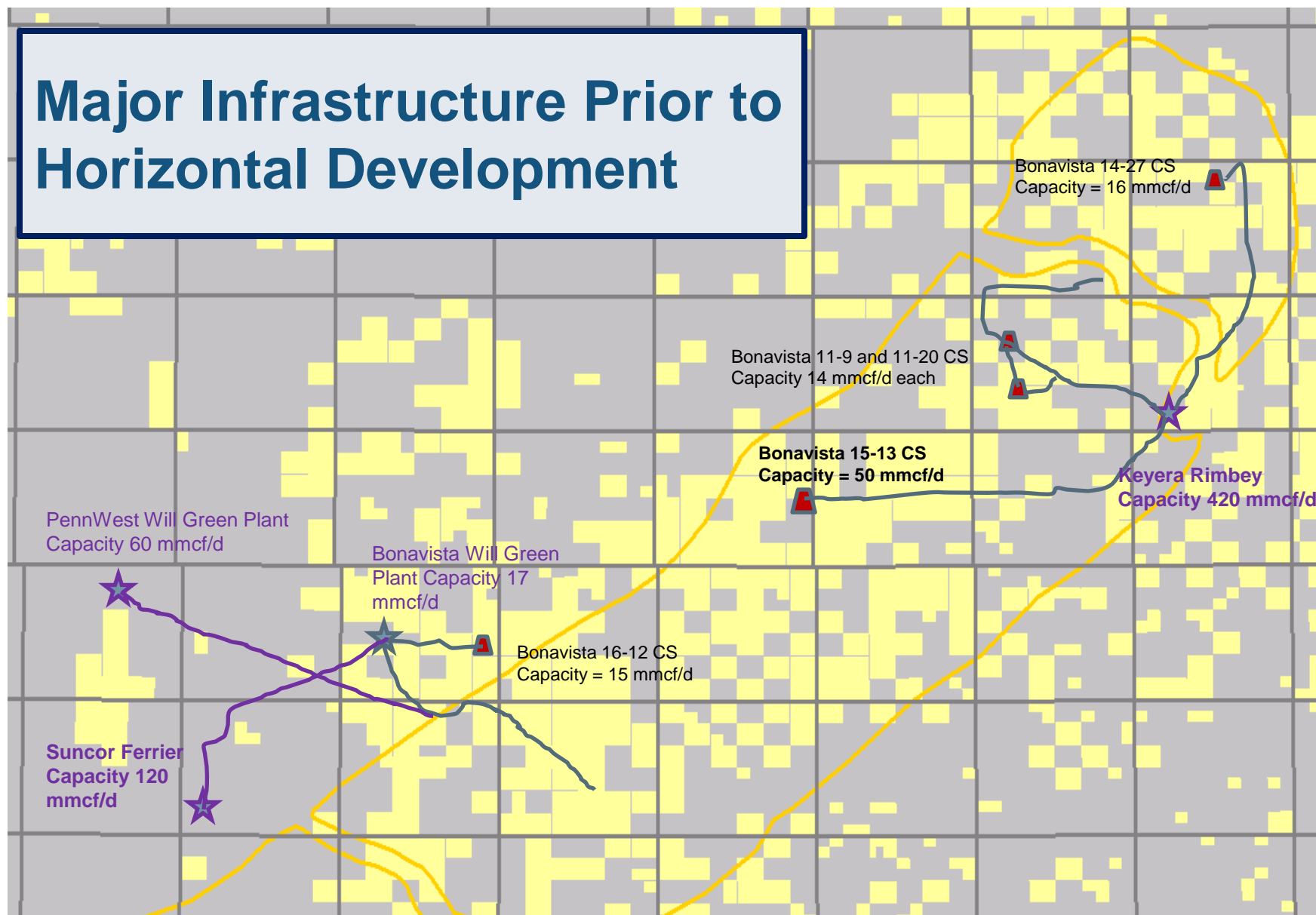
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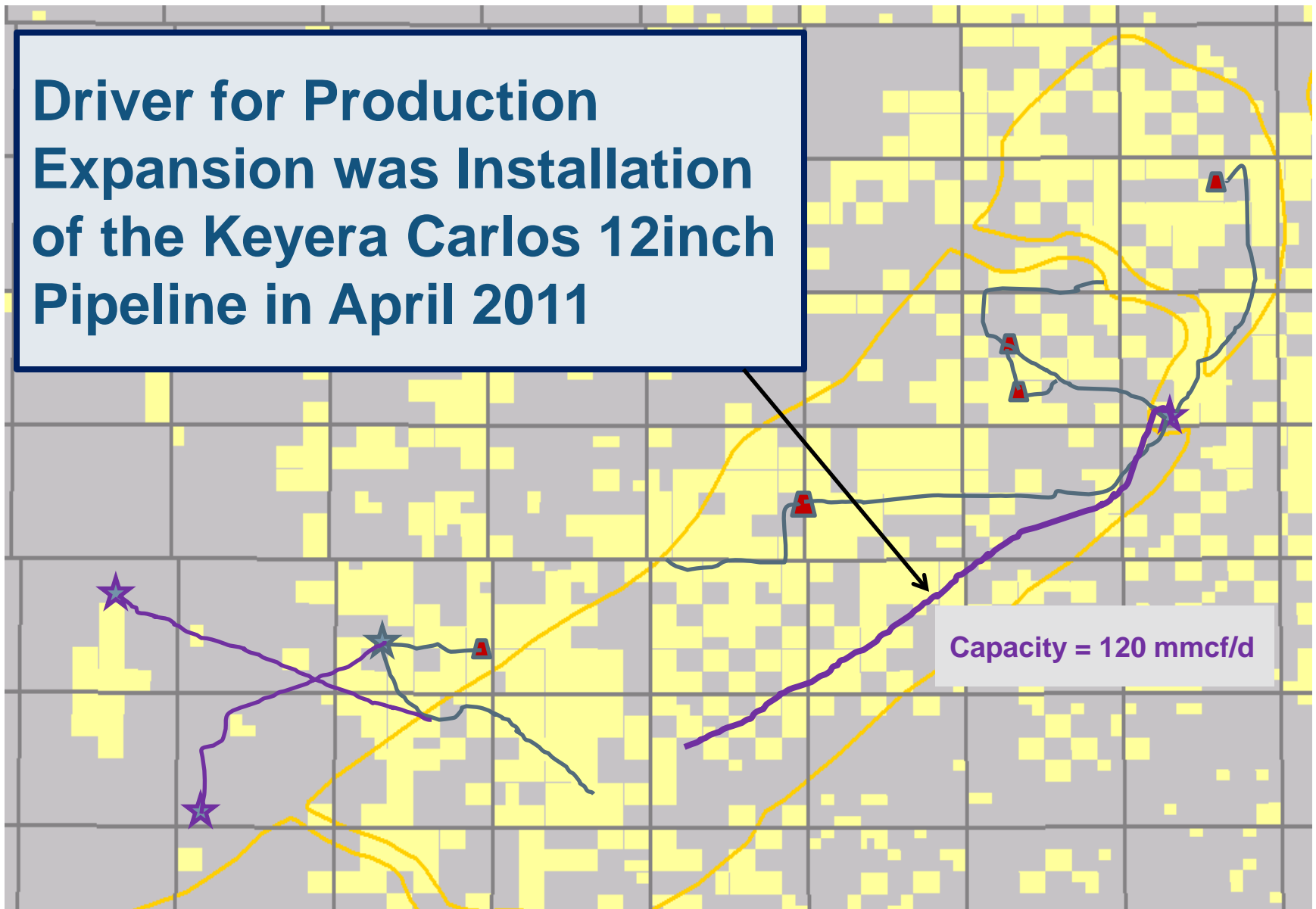
CONSTRUCTION OF APPROPRIATE
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ACCOMMODATE THE PACE OF
DEVELOPMENT



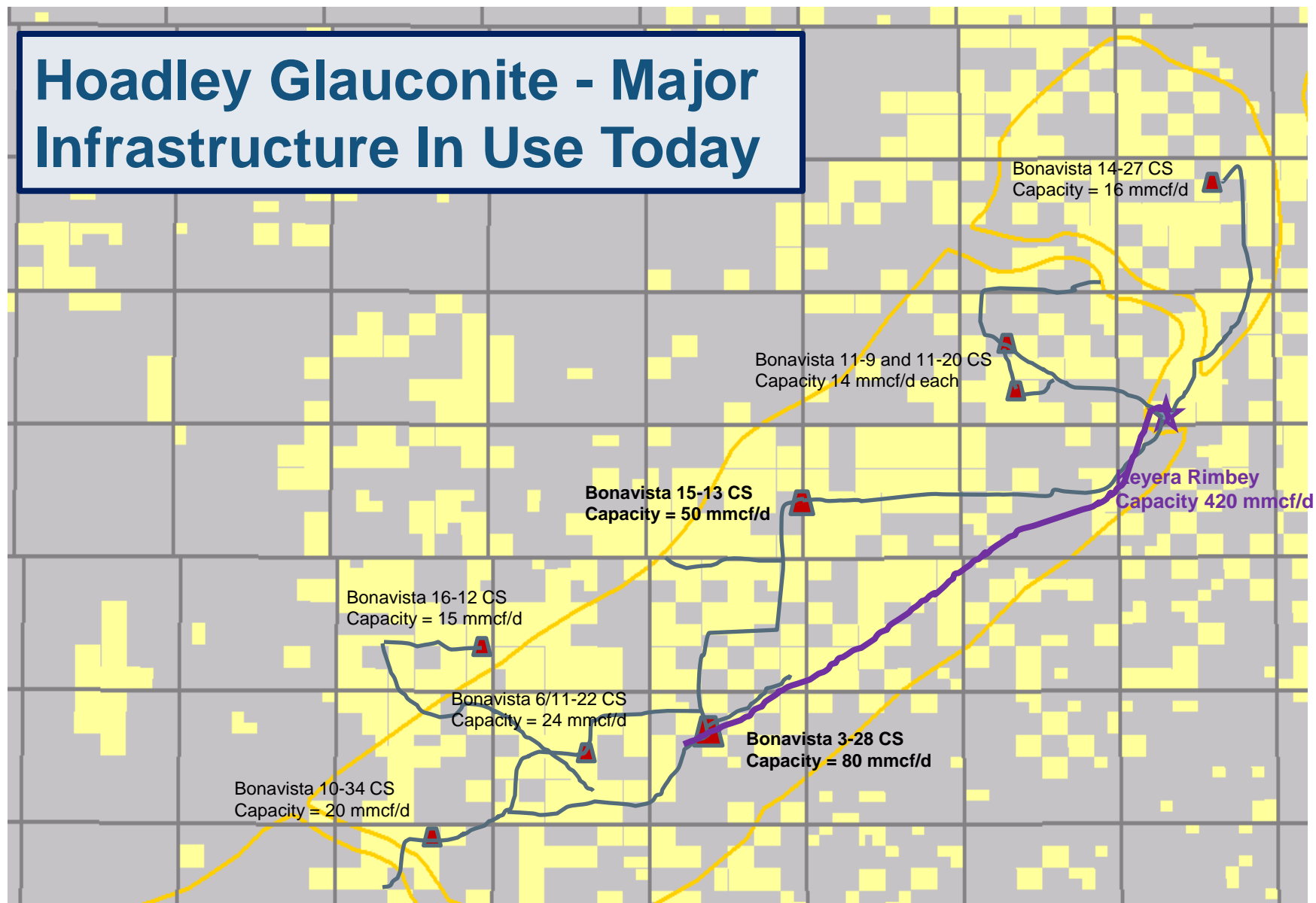
Major Infrastructure Prior to Horizontal Development



**Driver for Production
Expansion was Installation
of the Keyera Carlos 12inch
Pipeline in April 2011**

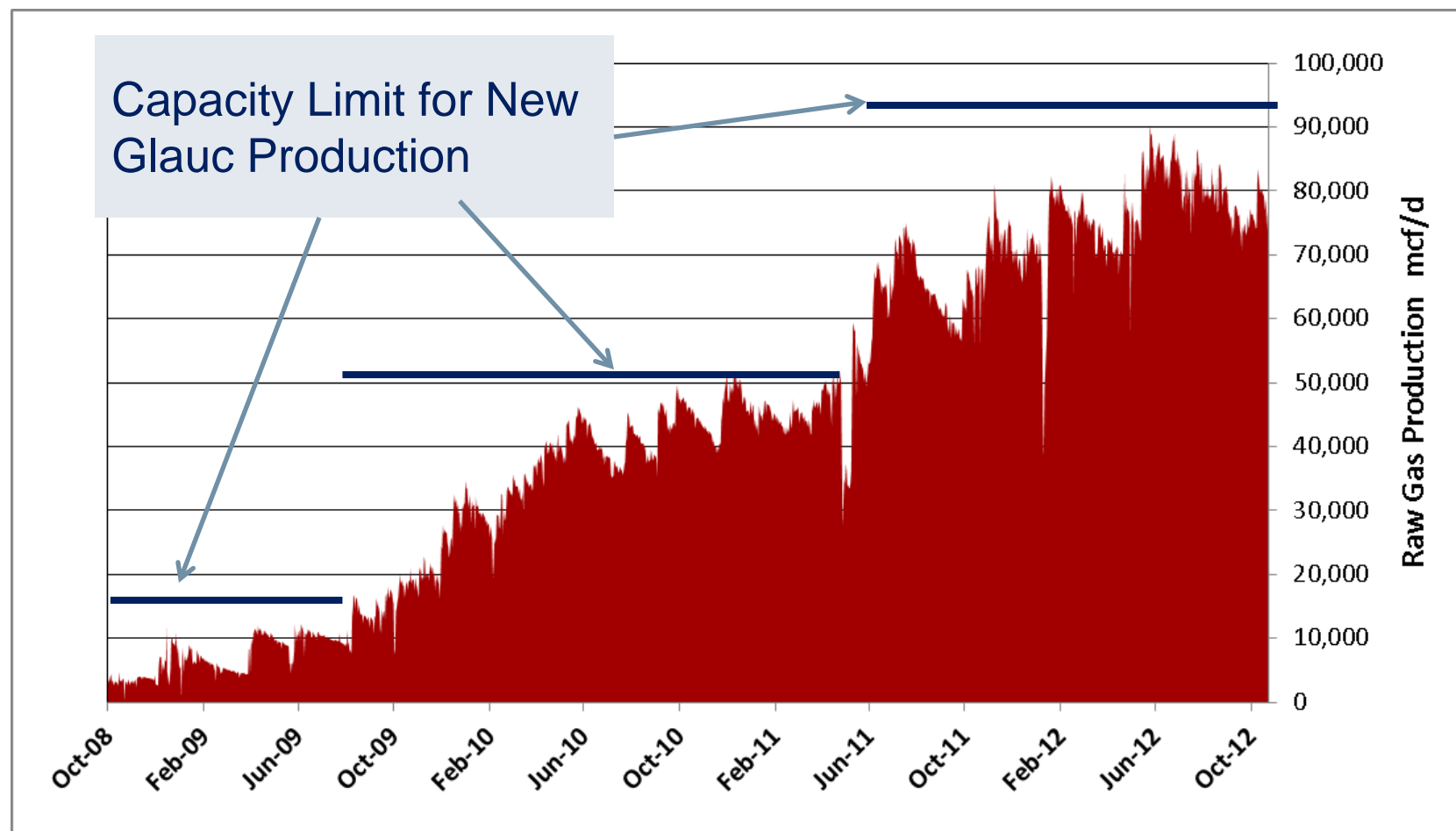


Hoadley Glauconite - Major Infrastructure In Use Today



Hoadley Glaucionite - Production

Operated horizontal well production

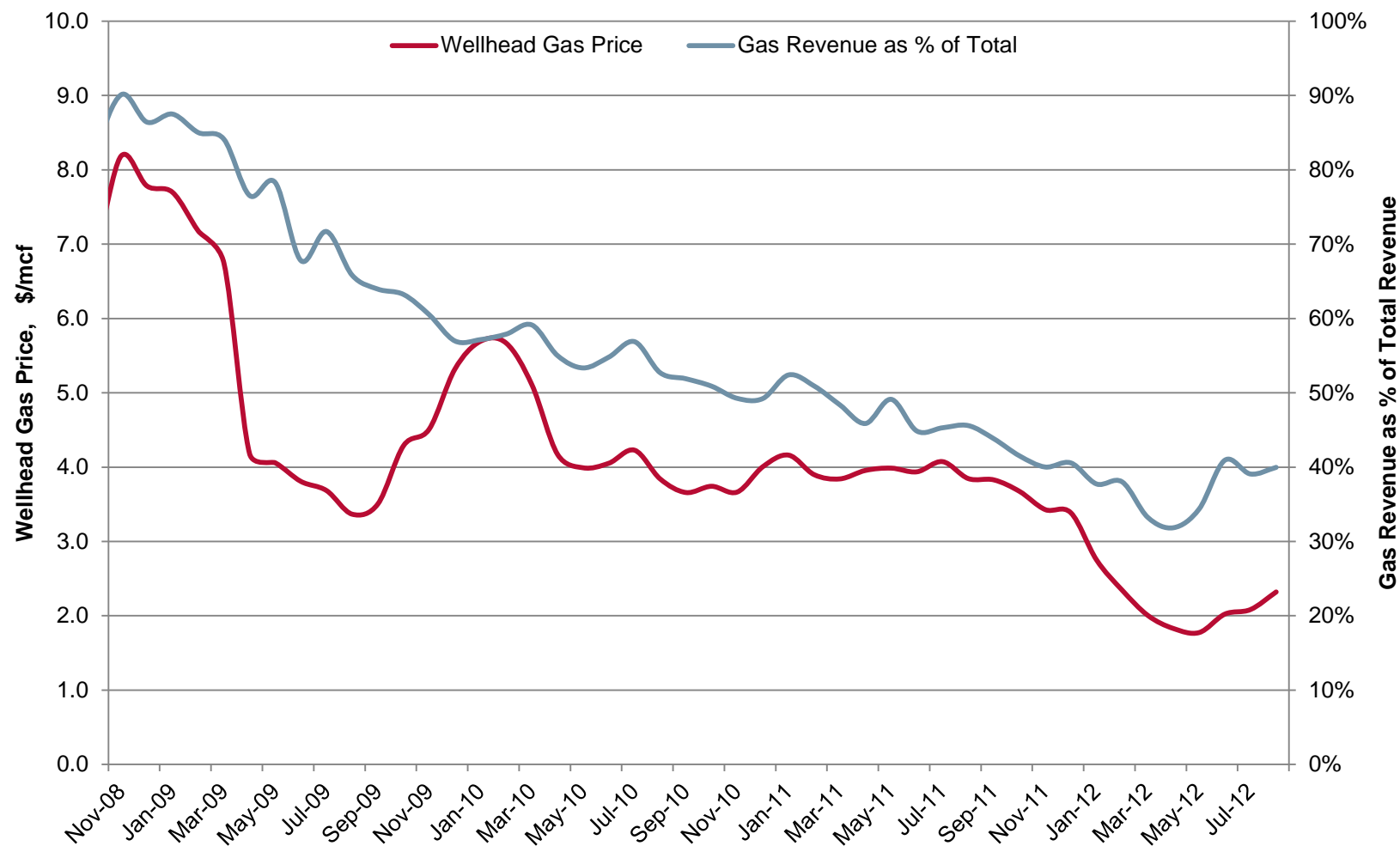




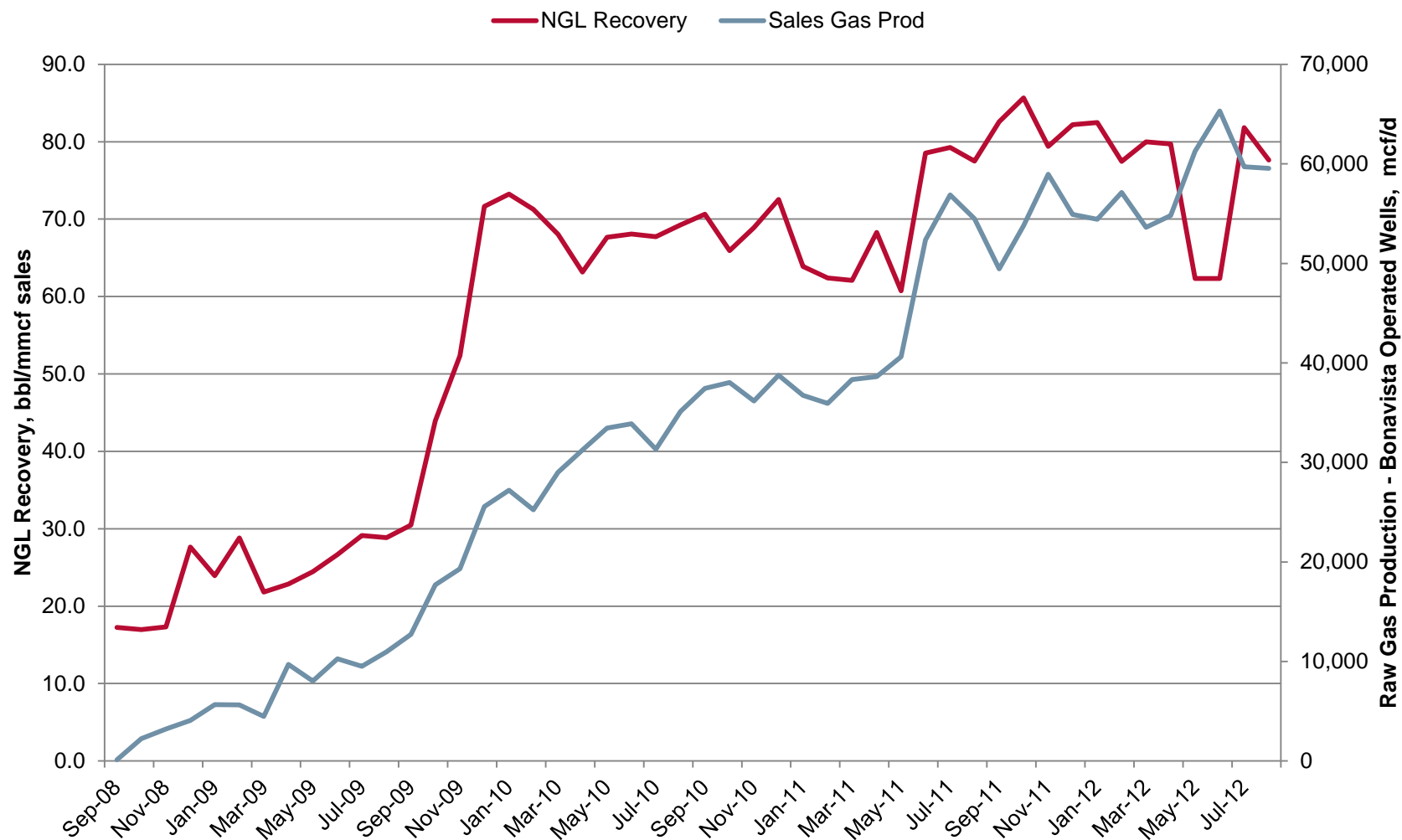
IMPACT OF NGL RECOVERY ON ECONOMIC VALUE



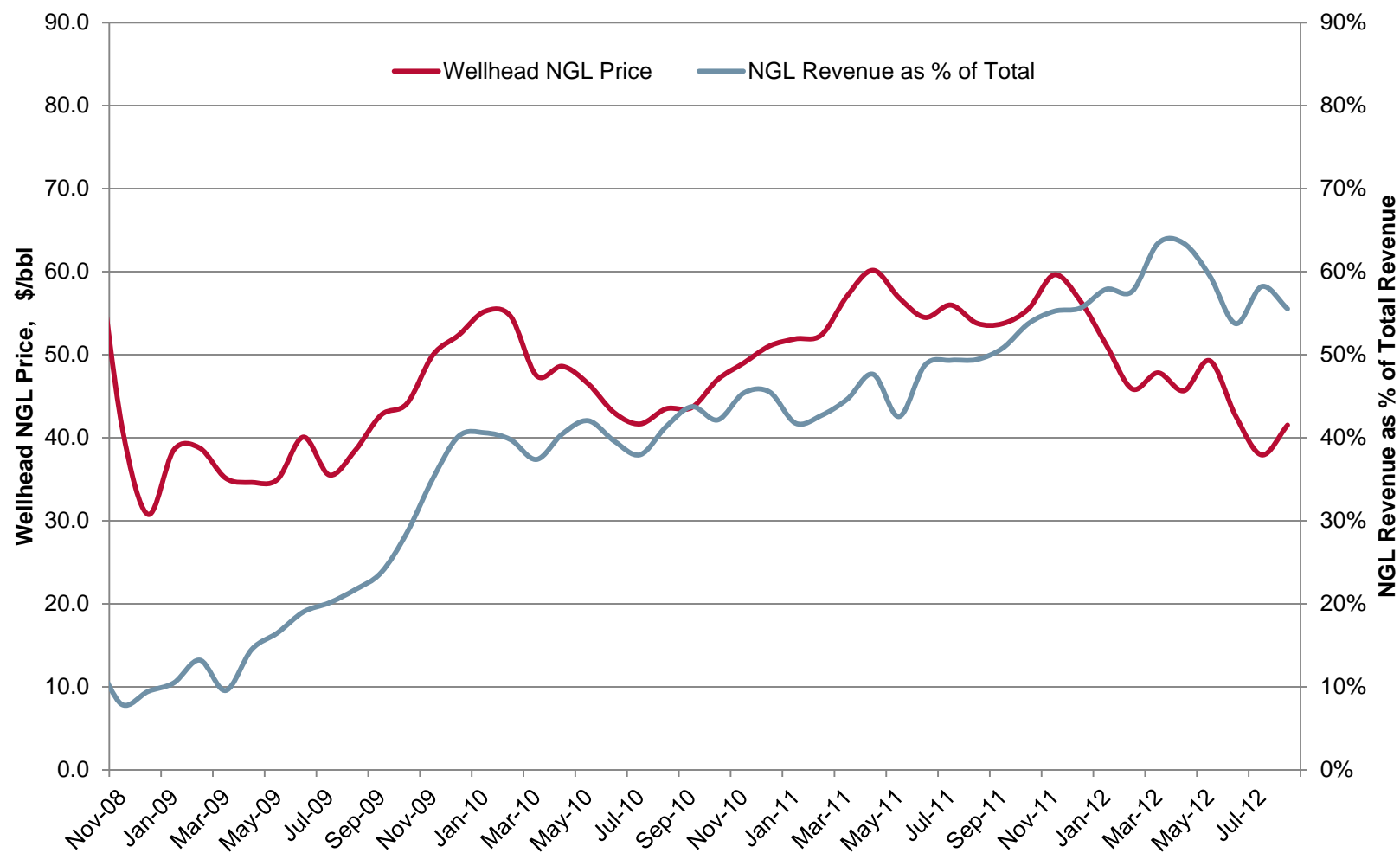
Hoadley Glaucionite – Gas Price Trend



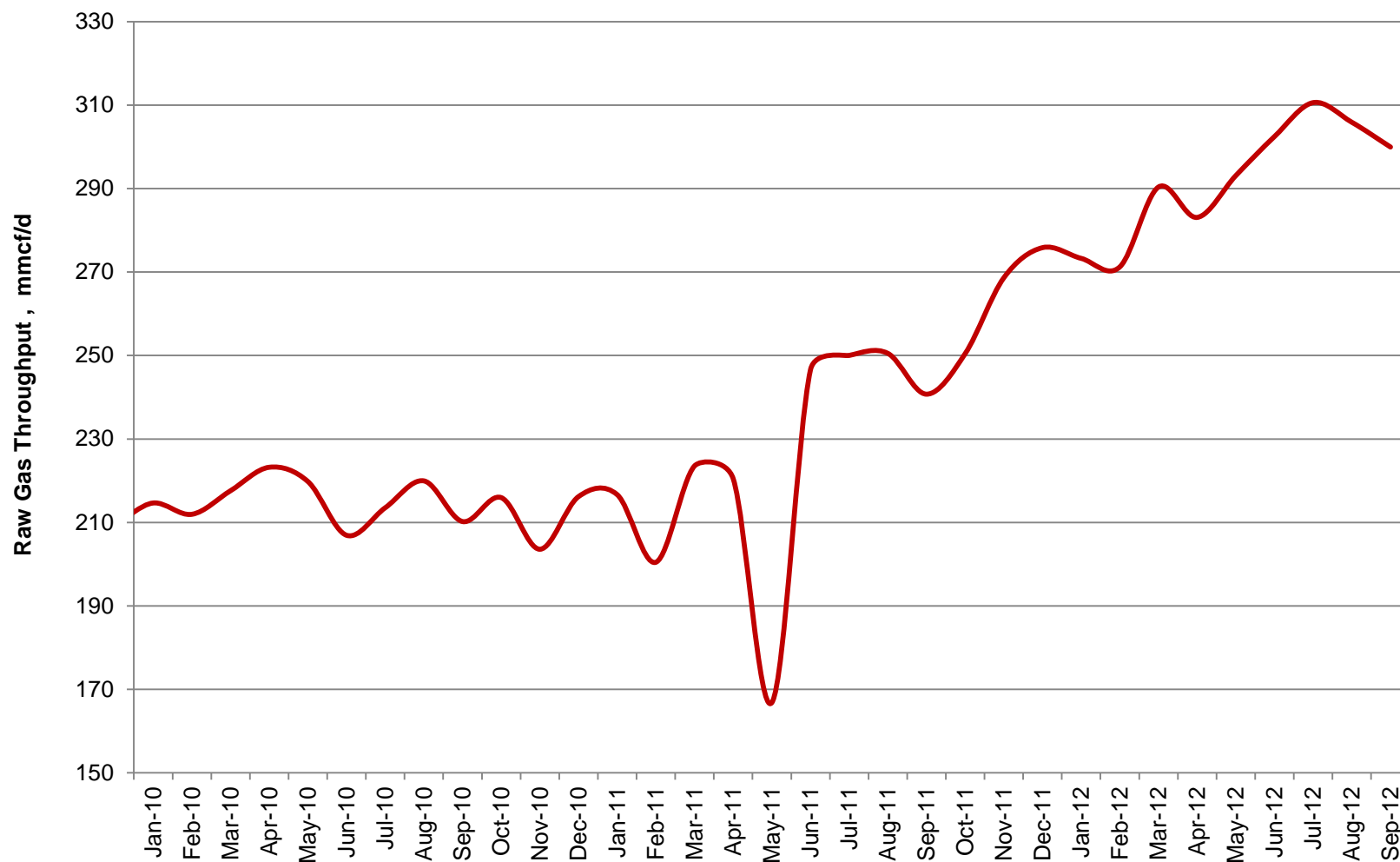
Hoadley Glauconite – NGL Recovery Efficiency



Hoadley Glaucionite – NGL Price Trend



Keyera Rimbey – Impact of Glauc Development



Keyera Announcement – October 1, 2012

- **“Keyera announces \$210 million investment in turbo expander at Rimbey gas plant to increase NGL recoveries”**
- “will allow Keyera to recover over 90% of the ethane at the Rimbey gas plant”
- “start-up expected in late 2014”

Keyera Announcement – October 1, 2012

- Opportunity to extract further economic value from the Glaucinite Play
 - **Increase NGL Recovery from 70 to 103 bbl/mm**
 - **Reduce F&D by 11% to \$6.10/boe**
 - **Increase NPV at 10% by 15%**



Q & A