



DIVIDEND REINVESTMENT PLAN

PURPOSE

The Dividend Reinvestment Plan (the "**Plan**") of Bonavista Energy Corporation (the "**Corporation**") provides eligible holders ("**Shareholders**") of common shares ("**Common Shares**") of the Corporation with the advantage of accumulating additional Common Shares by reinvesting their cash dividends ("**Dividends**").

The Corporation will determine prior to each Dividend Payment Date (as defined below) the amount of Common Shares, if any, that will be made available under the Plan on that date. No assurances can be made that Common Shares will be made available on a regular basis, or at all.

At the discretion of the Corporation, Common Shares will either be issued from treasury at 95 percent of the Average Market Price (as defined below) or acquired at prevailing market rates with no discount. Generally, the Corporation expects to issue Common Shares from treasury at a discount to satisfy the dividend reinvestment component of the Plan.

Unless otherwise announced by the Corporation, Shareholders who are not residents of Canada are not entitled to participate, directly or indirectly, in the Plan.

DEFINITIONS

In this Plan:

"**Authorization Form**" means an authorization form, approved by the Corporation in consultation with the Plan Agent, to be completed by a Shareholder to participate in the Plan;

"**Average Market Price**" means, in respect of a particular Dividend Payment Date, the volume weighted average trading price of the Common Shares (calculated to four decimal places) on the TSX for the trading days in the Trading Period on which at least one board lot of Common Shares is traded, as adjusted for certain events as set forth under "*Price of Common Shares*" below;

"**Calgary time**" means Mountain Standard Time or Mountain Daylight Time, as in effect;

"**CDS**" refers to The Canadian Depository for Securities Limited, which acts as a nominee for certain Canadian brokers, investment dealers, financial institutions and other Nominees, or its nominee or successor, as applicable;

"**CDS Participant**" refers to a broker, investment dealer, financial institution or other Nominee in its capacity as a participant in the CDS depository service, who holds Common Shares registered in the name of CDS on behalf of or for the account of eligible beneficial owners of Common

Shares and who is acting on behalf of such beneficial owners with respect to participation in the Plan;

"Dividend Payment Date" refers to the date of the payment of a Dividend;

"Dividend Record Date" refers to the record date in respect of a Dividend;

"Nominee" refers to a broker, investment dealer, financial institution or other Nominee who holds Common Shares registered in its own name on behalf of an eligible beneficial owner of Common Shares;

"Participant" means an eligible registered holder of Common Shares who, on the applicable Dividend Record Date, is enrolled in the Plan (provided that a reference to a Participant shall only refer to CDS to the extent CDS has enrolled in the Plan on behalf of eligible beneficial owners of Common Shares and to Nominees to the extent such Nominees have enrolled in the Plan on behalf of eligible beneficial owners of Common Shares);

"Plan Agent" means Valiant Trust Company, its successors or assigns, or such other trust company as is appointed by the Corporation from time to time to act as Plan Agent under the Plan;

"Price of Common Shares" has the meaning ascribed thereto in the section of this Plan entitled *"Price of Common Shares"*;

"Trading Period" means the five (5) consecutive trading days immediately prior to the applicable Dividend Payment Date;

"TSX" means the Toronto Stock Exchange; and

"Withdrawal Form" means a withdrawal request form, approved by the Corporation in consultation with the Plan Agent, to be completed by a Shareholder to withdraw Common Shares from or terminate its participation in the Plan.

As used herein, words importing the singular number also shall include the plural and vice versa and words importing gender shall include all genders.

ADVANTAGES

The Plan provides eligible Shareholders with the advantage of acquiring additional Common Shares at potentially lower prices by reinvesting their cash dividends without paying any commissions, service charges or brokerage fees. An eligible Shareholder may, by enrolling in the Plan, direct that cash dividends on all Common Shares registered in the name of such Shareholder, together with existing cash dividends on Common Shares held for the account of such Shareholder under the Plan, be applied to the purchase of additional Common Shares, and may elect to have the additional Common Shares held for the account of such Shareholder under the Plan. Common Shares will, in the discretion of the Corporation, either be issued from treasury at 95 percent of the Average Market Price (the "Discount") or acquired at prevailing market rates.

Additional Common Shares which are purchased pursuant to the Plan will be purchased by the Plan Agent, who acts on behalf of the Participants. Where a Participant directs that additional Common Shares be purchased with the dividends on the Participant's existing Common Shares, the Plan Agent will hold the additional Common Shares under the Plan for the account of the Participant.

Dividends paid on additional Common Shares purchased with reinvested dividends that are held under the Plan will automatically be reinvested in additional Common Shares in accordance with the Plan and the current election of the Participant.

No commissions, service charges or brokerage fees are payable by Participants in connection with the purchase of additional Common Shares under the Plan. Although the Corporation is not permitted to issue fractions of Common Shares, full investment of cash dividends is possible because the Plan permits fractions of Common Shares (to four decimal places) as well as whole Common Shares to be credited to Participants' accounts.

The Plan Agent, on behalf of Participants, will acquire Common Shares pursuant to the Plan. The Common Shares purchased will be held under the Plan for the account of participating Shareholders.

Beneficial owners of Common Shares who wish to participate in the Plan should consult their Nominee who holds their Common Shares to enquire as to what fees (if any) their Nominee may charge to enroll or participate in the Plan on their behalf. See "*Enrollment – Beneficial Holders*".

ADMINISTRATION

Valiant Trust Company has been appointed as Plan Agent under the Plan for and on behalf of Participants. If Valiant Trust Company ceases to act as Plan Agent for any reason, another qualified trust company will be designated by the Corporation to act as Plan Agent and Participants will be promptly notified of the change.

On each Dividend Payment Date, the Corporation will pay to the Plan Agent all cash dividends made on the Common Shares registered in the name of, or held under the Plan for the account of, Participants who have enrolled in the Plan. Subject to proration described below under the heading "*Determination of Availability of Common Shares*", the Plan Agent will use such funds, to purchase additional Common Shares. The Common Shares (including fractions of Common Shares computed to four decimal places) will be credited to the applicable Participants' accounts.

Dividends in respect of Common Shares that are held under the Plan by the Plan Agent for the account of a Participant are automatically reinvested in Common Shares in accordance with the Plan. Common Shares purchased under the Plan by CDS Participants on behalf of beneficial holders of Common Shares will not be held under the Plan by the Plan Agent but will instead be credited to the accounts of such CDS Participants (and the underlying beneficial Shareholders) through CDS.

Under the Plan, the Plan Agent will purchase (at the express direction of the Corporation), on each Dividend Payment Date, for each Participant's account the additional Common Shares, including fractions computed to four decimal places in the following manner, at the Corporation's election:

- (a) in the case of a market purchase, the average of the actual price paid (excluding brokerage commissions, fees and transaction costs) per Common Share by the Plan Agent on the TSX (or applicable market) during the three (3) Business Days following the Dividend Payment Date; or
- (b) in the case of a treasury purchase, the Average Market Price.

Any reinvestment of dividends will, at the discretion of the Corporation, either be purchased from treasury or invested in additional Common Shares purchased through the market.

All funds received by the Plan Agent under the Plan will be applied to the purchase of additional Common Shares on behalf of Participants. In no event will interest be paid to Participants on any funds held for reinvestment under the Plan.

ENROLLMENT

Registered Holders

Eligible registered Shareholders (other than CDS) may enroll in the Plan at any time by delivering to the Plan Agent a duly completed and signed Authorization Form in the form provided by the Corporation for this purpose.

CDS will provide separate instructions to the Plan Agent regarding the extent of its participation in the Plan on behalf of beneficial owners of Common Shares.

The Authorization Form or CDS instructions, as the case may be, will direct (or be deemed to direct, as applicable) the Plan Agent to reinvest on a Participant's behalf all Dividends payable in respect of Common Shares registered in the Participant's name or held for the Participant's account under the Plan in additional Common Shares in accordance with and subject to the provisions of the Plan.

An Authorization Form must be received by the Plan Agent no later than 3:00 p.m. Calgary time on the business day prior to a Dividend Record Date in order to take effect on the Dividend Payment Date to which the Dividend Record Date relates. If an Authorization Form is received by the Plan Agent from a registered Shareholder after that time, the Authorization Form will only take effect on the next following and subsequent Dividend Record Date. CDS instructions must be received by the Plan Agent by such deadline as may be agreed between CDS and the Plan Agent.

An Authorization Form may be obtained from the Plan Agent at any time upon request or from the Corporation's website at www.bonavistaenergy.com.

Beneficial Holders

Beneficial owners whose Common Shares are registered in the name of CDS or another person (such as a Nominee) may participate in the Plan only if they: (i) transfer their Common Shares into their own name and then enroll in the Plan directly; or (ii) arrange for the applicable CDS Participant or other Nominee to enroll in the Plan on their behalf. **Beneficial owners of Common Shares registered in the name of CDS or a Nominee may not directly enroll in the Plan.**

Where an eligible beneficial owner of Common Shares wishes to enroll in the Plan through a CDS Participant in respect of Common Shares registered in the name of CDS, appropriate instructions must be received by CDS from the applicable CDS Participant no later than such deadline preceding a Dividend Record Date as CDS may set from time to time in order to take effect on the Dividend Payment Date to which the Dividend Record Date relates. If such instructions are received by CDS after that time, such instructions will not take effect until the next following Dividend Record Date. CDS Participants holding Common Shares on behalf of eligible beneficial owners of Common Shares registered in the name of CDS must arrange for CDS to enroll in the Plan on behalf of such beneficial owners of Common Shares in respect of each Dividend Payment Date.

Eligible beneficial owners of Common Shares should contact their Nominee who holds their Common Shares to provide instructions regarding their participation in the Plan.

Once a Participant (other than CDS) has enrolled in the Plan, participation in the manner elected by the Participant continues automatically until the Plan is terminated by the Corporation or until such participation in the Plan is terminated by the Participant or the Corporation. See "*Termination of Participation*" and "*Amendment, Suspension or Termination of the Plan*" below.

SHAREHOLDERS OUTSIDE OF CANADA

Unless otherwise announced by the Corporation, Shareholders who are not residents of Canada are not entitled to participate, directly or indirectly, in the Plan.

The Corporation and the Plan Agent reserve the right to deny participation in the Plan to any person or agent of any person who appears to be or who the Corporation or the Plan Agent has reason to believe is subject to the laws of any jurisdiction which do not permit participation in the Plan in the manner sought by such person. In such circumstances, the Corporation or Plan Agent may require as a condition to participation or continued participation, that the Shareholder provide a declaration satisfactory to the Corporation that the person is not a non-resident of Canada. See "*Termination of Participation*" below.

The Corporation reserves the right to determine, from time to time, a minimum number of Common Shares that a Shareholder must hold in order to be eligible for, or continue to be enrolled in, the Plan. The Corporation reserves the right to refuse participation to, or cancel participation of, any person who, in the opinion of the Corporation, is participating in the Plan primarily with a view to arbitrage trading.

DETERMINATION OF AVAILABILITY OF COMMON SHARES

The Corporation will determine, prior to each Dividend Payment Date, the amount of Common Shares, if any, that will be made available for issuance under the Plan from treasury of the Corporation on that Dividend Payment Date and the Corporation will also determine if additional Common Shares will be purchased on the market. While it is the Corporation's general expectation to issue Common Shares from treasury at a discount to satisfy the dividend reinvestment component of the Plan, no assurances can be made that Common Shares will be made available for issuance from treasury on a regular basis, or at all or whether Common Shares will be purchased on the market. No assurances can be made that if the determination is made to purchase additional Common Shares on the market that a sufficient number of additional Common Shares will be available for purchase on the market. In such an event, dividends will be paid out in cash.

If, in respect of any Dividend Payment Date, the amount of Shareholders equity issuable on the reinvestment of Dividends under the Plan exceeds the limit, if any, on new equity available as may be set by the Corporation, then the available equity will be prorated among all Participants according to the relative number of their Common Shares under the Plan.

If the Corporation determines not to issue Common Shares through the Plan on a particular Dividend Payment Date, and if the Corporation has instructed the Plan Agent not to otherwise purchase Common Shares on the market at prevailing market prices in accordance with the Plan, or if the market Common Shares are unavailable during the three (3) day market buy; all Participants will receive the cash dividend to which they would otherwise be entitled to on such Dividend Payment Date which will not be reinvested in the Plan as a result of such determination.

PRICE OF COMMON SHARES

Dividends due to Participants will be paid to the Plan Agent and will be applied to the purchase of Common Shares.

Subject to the restrictions on the acquisition of additional Common Shares described herein, additional Common Shares may be acquired, at the election of the Corporation, either from treasury or through the facilities of the TSX or other exchanges on which the Common Shares may be listed for trading. Additional Common Shares can be acquired through the facilities of the TSX or other exchanges on which the Common Shares may be listed for trading at any time during the three (3) business day period following the relevant Dividend Payment Date at prevailing market rates not exceeding 115 percent of the volume weighted average trading price. At the discretion of the Corporation, additional Common Shares may be issued from treasury, at a price equal to 95 percent of the Average Market Price or the Corporation may purchase additional Common Shares through the facilities of the TSX or other exchanges on which the Common Shares may be listed for trading.

The Average Market Price will be appropriately adjusted for any subdivision, consolidation or similar pro rata change in the number of outstanding Common Shares into a greater or lesser number of Common Shares, any reclassification of Common Shares into other securities of the Corporation, or any issue of Common Shares or other securities or assets of the Corporation (other

than dividends in the ordinary course) to the holders of all or substantially all of the then outstanding Common Shares, the effective date of which or the record date for which falls within the 5-day period for which the Average Market Price is calculated.

COSTS

No commissions, service charges or brokerage fees are payable by Participants in connection with the purchase of Common Shares from treasury under the Plan. All administrative costs of the Plan will be paid by the Corporation.

Beneficial holders of Common Shares who wish to participate in the Plan should consult their Nominee, who holds their Common Shares, to confirm what fees (if any) such Nominee may charge to enroll or participate in the Plan on their behalf. See "*Enrollment – Beneficial Holders*".

ACCOUNTS AND REPORTS TO PARTICIPANTS

An account will be maintained by the Plan Agent for each Participant with respect to purchases of Common Shares under the Plan for the account of such Participant. An unaudited statement regarding purchases under the Plan will be mailed on a quarterly basis to each Participant who is a registered holder of Common Shares. These statements are a Participant's continuing record of purchases of Common Shares made on behalf of such Participant pursuant to the Plan and should be retained for income tax purposes.

Shareholders are responsible for calculating and monitoring their own adjusted cost base in Common Shares for income tax purposes, as certain averaging rules may apply and such calculations may depend on the cost of other Common Shares held by a Shareholder.

Beneficial owners of Common Shares who are enrolled in the Plan through a Nominee may or may not be provided with such reports or forms from their Nominee.

CERTIFICATES FOR COMMON SHARES

Common Shares purchased and held under the Plan by the Plan Agent will be registered in the name of the Plan Agent, or its nominee, or recorded in accounts designated by the Plan Agent, for the account of the Participants. Certificates for whole Common Shares will be issued to Participants only if the Plan is terminated by the Corporation, participation in the Plan is terminated by a Participant or by the Corporation, or a Participant withdraws all or some of its Common Shares held by the Plan Agent for the Participants from its account under the Plan. Certificates will only be issued in the name of the applicable Participant and will only be issued for whole Common Shares.

A Participant who is a registered holder of Common Shares may, upon written request to the Plan Agent and without terminating its participation in the Plan, have a certificate issued in such Participant's name for any number of whole Common Shares held by the Plan Agent under the Plan for the account of such Participant. Any Common Shares (including any fraction of a Common Share) remaining in a Participant's account will continue to be held by the Plan Agent under the Plan for the account of such Participant.

DISPOSITION OF COMMON SHARES HELD UNDER THE PLAN

Common Shares held by the Plan Agent under the Plan for the account of a Participant may not be sold, pledged or otherwise disposed of by the Participant while so held. Participants who wish to sell, pledge or otherwise dispose of any Common Shares held by the Plan Agent under the Plan for their account will first be required to request that a certificate representing such Common Shares be issued in their name by the Plan Agent.

TERMINATION OF PARTICIPATION

A Participant may voluntarily terminate its participation in the Plan by delivering to the Plan Agent, not less than 10 business days prior to a Dividend Record Date, by completing the termination portion of the Withdrawal Request Form indicating termination from the Plan or by completing the applicable portion of the DRIP statement received from the Plan Agent. A certificate for the number of whole Common Shares held by the Plan Agent under the Plan for the account of such Participant will be issued to, and in the name of, such Participant, together with a cheque for the value of any remaining fraction of a Common Share held for the account of such Participant (based on the Average Market Price of Common Shares used for the immediately preceding Dividend Payment Date). Any fraction of a Common Share held for the account of such Participant will be cancelled in exchange for such cash payment.

Participation in the Plan of a Participant will be terminated automatically in the event that a Participant ceases to be a resident of Canada for the purposes of the *Income Tax Act* (Canada), as amended from time to time (the "**Tax Act**"), and a Participant must deliver to the Plan Agent a written notice stating the occurrence of such event. A certificate for the number of whole Common Shares held by the Plan Agent under the Plan for the account of such Participant will be issued in the name of such Participant, together with a cheque for the value of any remaining fraction of a Common Share held for the account of such Participant (based on the Average Market Price of Common Shares used for the immediately preceding Dividend Payment Date). Any fraction of a Common Share held for the account of such Participant will be cancelled in exchange for such cash payment. To the extent that a Participant ceases to be a resident of Canada, Dividends will be subject to applicable non-resident withholding tax.

Participation in the Plan will be terminated automatically following receipt by the Plan Agent of a written notice and sufficient evidence of the death of a Participant. A certificate for the number of whole Common Shares held by the Plan Agent under the Plan for the account of such deceased Participant will be issued in the name of such deceased Participant or the deceased Participant's estate, as applicable, together with a cheque for the value of any remaining fraction of a Common Share held for the account of such deceased Participant (based on the Average Market Price of Common Shares used for the immediately preceding Dividend Payment Date). Any fraction of a Common Share held for the account of such deceased Participant will be cancelled in exchange for such cash payment.

A notice of termination, notice of non-residence or a notice of a Participant's death will take effect upon receipt of such notice by the Plan Agent unless such notice is received by the Plan Agent after 3:00 p.m. Calgary time on the business day immediately preceding a Dividend Record Date and prior to 3:00 p.m. Calgary time on the Dividend Payment Date to which the Dividend Record

Date relates. If a notice of termination, or notice of a Participant's death, is received by the Plan Agent during such period, then the Participant's account will not be closed, and participation in the Plan will not be terminated, until after the Dividend Payment Date to which such Dividend Record Date relates.

Beneficial owners of Common Shares who are enrolled in the Plan through a Nominee and who wish to terminate their participation in the Plan must so advise their Nominee who will terminate participation in the Plan on behalf of the beneficial owner.

RISK OF MARKET PRICE FLUCTUATIONS

Participants should recognize that Common Shares acquired under the Plan are no different from an investment in Common Shares directly held. Accordingly, neither the Corporation, the Corporation nor the Plan Agent can assure a profit or protect Participants against a loss on the Common Shares purchased under the Plan.

RIGHTS OFFERING

In the event that the Corporation makes available to its Shareholders rights to subscribe for additional Common Shares or other securities, rights certificates will be issued by the Corporation to each Participant in respect of whole Common Shares held in a Participant's account under the Plan on the record date for such rights issue.

Rights issuable on a fraction of a Common Share held for a Participant's account will be sold for such Participant by the Plan Agent and the net proceeds of such sale paid to the Participant.

SUBDIVISIONS

In the event of a subdivision, consolidation or similar pro rata change in the number of outstanding Common Shares into a greater or lesser number of Common Shares, the Plan Agent will proportionately credit or debit the account of each Participant maintained under the Plan according to the number of Common Shares held for the account of that Participant prior to the effective time of the subdivision, consolidation or similar change.

SHAREHOLDER VOTING

Whole Common Shares held under the Plan by the Plan Agent for a Participant's account on the record date for a vote of Shareholders will be voted in accordance with the instructions of the Participant given on a form to be furnished to the Participant by the Plan Agent. Common Shares for which voting instructions are not received will not be voted. No voting rights will attach to any fraction of a Common Share held for a Participant's account under the Plan.

RESPONSIBILITIES OF THE CORPORATION AND THE PLAN AGENT

Neither the Corporation nor the Plan Agent nor any of their respective trustees, directors, officers, shareholders or representatives will be liable to any registered or beneficial Shareholder or to CDS or any CDS Participant or Nominee for any act or omission or for any failure to act in connection with the operation of the Plan including without limitation any claims or liability:

- (a) relating to the prices and times at which Common Shares are purchased under the Plan for the account of a Participant;
- (b) with respect to decisions by the Corporation to raise or not raise equity through the Plan in any given month, or the amount of equity raised, if any; and
- (b) arising out of a prorating, for any reason, of the number of Common Shares that may be acquired by a Participant under the Plan, in the circumstances described herein;
- (c) relating to any decision to amend, suspend, terminate or replace the Plan in accordance with the terms herein;
- (d) arising out of the involuntary termination of a Shareholder's enrollment in the Plan in the circumstances described herein; and
- (e) relating to the income or other tax considerations to a Shareholder of enrolling in and acquiring beneficial ownership of Common Shares issued pursuant to the Plan.

Participants and beneficial owners of Common Shares should recognize that none of the Corporation, the Corporation or the Plan Agent can assure a profit or protect them against a loss on the Common Shares purchased under the Plan.

Shareholders should also be aware that certain brokers, investment dealers, financial institutions or other nominees may not allow participation in the Plan, and neither the Corporation nor the Plan Agent is responsible for monitoring or advising which brokers, investment dealers, financial institutions or other nominees allow participation.

AMENDMENT, SUSPENSION OR TERMINATION OF THE PLAN

The Corporation reserves the right to amend or terminate the Plan at any time, but such action shall have no retroactive effect that would prejudice the interests of the Shareholders. In the event that the Corporation amends the Plan, no written notice of any such amendment will be sent to Participants unless the interests of Participants are, in the opinion of the Corporation, materially prejudiced as a result of such amendment. Generally, no notice will be given to Participants regarding any amendments to the Plan intended to cure, correct or rectify any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions. Any amendments to the Plan must be pre-cleared and approved by the TSX.

In the event that the Corporation terminates the Plan, all Participants will be sent written notice of such termination and the Plan Agent will send to each Participant a certificate for whole Common Shares held for the Participant's account under the Plan and a cheque for the value of any remaining fraction of a Common Share in such Participant's account (based on the Average Market Price of Common Shares used for the immediately preceding Dividend Payment Date). Any fractional interest in a Common Share held for the account of such Participant will be cancelled in exchange for such cash payment. In the event that the Corporation terminates the Plan, no investment will be made by the Plan Agent on the Dividend Payment Date immediately following the effective date of such termination, and any Dividends paid after the effective date of

such termination that would, but for the termination, be reinvested under the Plan, will be paid to the Participants.

INTERPRETATION

Any issues of interpretation arising in connection with the Plan or its application shall be conclusively determined exclusively by the Corporation.

NOTICES

All notices or other documents required to be given to Participants under the Plan, including certificates for Common Shares and cheques, shall be mailed to Participants who are registered holders of Common Shares at their address as shown in the register of Shareholders maintained by the registrar and transfer agent of the Corporation or to Participants which are CDS Participants at their address as shown in the accounts or other records maintained by the Plan Agent in respect of CDS Participants.

Notices to the Plan Agent shall be sent to:

Valiant Trust Company
310, 606 – 4th Street S.W.
Calgary, Alberta T2P 1T1

Attention: Account Manager
Telephone: (403) 233-2801
Fax: (403) 233-2857

Notices to the Corporation or the Corporation shall be sent to:

Bonavista Energy Corporation
1500, 525 – 8th Avenue S.W.
Calgary, AB T2P 1G1

Attention: Senior Vice President and Chief Financial Officer
Fax: (403) 262-5184

NOTICES TO SHAREHOLDERS

All notices or other documents to be given to Participants pursuant to or in connection with the Plan, including Common Share certificates and cheques, will be mailed to Participants at the addresses as shown on the records of the Plan Agent.

EFFECTIVE DATE:

The effective date of the Plan is November 3, 2011.