SECOND INTERIM REPORT 2006

Press Release August 3, 2006

Calgary – NuVista Energy Ltd. is pleased to announce its financial and operating results for the three and six months ended June 30, 2006 as follows:

Corporate Highlights

	Three Months ended June 30, 2006	Three Months ended June 30, 2005	% Change	Six Months ended June 30, 2006	Six Months ended June 30, 2005	% Change
Financial						
($ thousands, except per share)						
Production revenue	45,375	30,626	48	95,915	57,891	66
Funds from operations (1)	25,498	18,495	38	54,923	34,924	57
Per share – basic	0.53	0.46	15	1.13	0.86	31
Per share – diluted	0.51	0.44	16	1.10	0.83	33
Net income	15,986	6,335	152	25,437	11,920	113
Per share – basic	0.33	0.16	106	0.52	0.29	79
Per share – diluted	0.32	0.15	113	0.51	0.28	82
Total assets				545,634	225,212	142
Bank loan, net of working capital				150,816	48,663	210
Shareholders' equity				284,306	127,692	123
Net capital expenditures	105,905	13,416	689	137,652	49,789	176
Weighted average common shares outstanding (thousands):						
Basic	48,499	40,562	20	48,464	40,562	19
Diluted	49,766	42,198	18	49,860	42,143	18
Operating						
(boe conversion – 6:1 basis)						
Production:						
Natural gas (mmcf/d)	55.0	32.7	68	54.2	32.4	67
Oil and liquids (bbls/d)	2,190	2,329	(6)	2,290	2,169	6
Total oil equivalent (boe/d)	11,357	7,783	46	11,330	7,572	50
Product prices:						
Natural gas ($/mcf)	6.66	7.48	(11)	7.66	7.24	6
Oil and liquids ($/bbl)	60.40	39.35	53	49.88	39.30	27
Operating expenses:						
Natural gas ($/mcf)	0.85	0.73	16	0.81	0.73	11
Oil and liquids ($/bbl)	9.30	7.43	25	8.61	7.21	19
Total oil equivalent ($/boe)	5.89	5.29	11	5.64	5.19	9
General and administrative expenses ($/boe)	0.60	0.48	25	0.57	0.47	21
Cash costs ($/boe) (2)	7.58	6.53	16	7.14	6.35	12
Funds from operations netback ($/boe) (1)	24.67	26.11	(6)	26.78	25.48	5

NOTES:

(1) Funds from operations, and funds from operations per share and per boe are not defined by GAAP in Canada and are referred to as non-GAAP measures. Funds from operations are based on cash flow from operating activities before changes in non-cash working capital and abandonment expenditures. Funds from operations per share is calculated based on the weighted average number of common shares outstanding consistent with the calculation of net income per share. Funds from operations netback equals the total of revenues less royalties, transportation, and cash costs calculated on a boe basis. Total boe is calculated by multiplying the daily production by the number of days in the period.

(2) Cash costs equal the total of operating, general and administrative, and interest expenses and cash taxes.

MESSAGE TO SHAREHOLDERS

NuVista Energy Ltd. ("NuVista") is pleased to report to shareholders its financial and operating results for the three and six months ended June 30, 2006. The results of the second quarter of 2006 represent the twelfth consecutive quarter of continuous profitable growth for NuVista since its creation on July 2, 2003, through the Plan of Arrangement involving Bonavista Petroleum Ltd. The Board of Directors and management are very pleased with the results, accomplishments and corresponding value created for its shareholders.

On June 1, 2006, NuVista completed a significant acquisition of natural gas assets in Saskatchewan for a cash purchase price of $81.7 million. Since approximately half of NuVista's 2006 capital budget of $190 million was allocated to acquisitions, this completes the acquisition component of the 2006 capital program and provides a significant portion of the planned 2006 production and reserve additions. Strategically this acquisition solidifies NuVista's dominant position in the Northwest Saskatchewan core area and provides a new core area in West Central Saskatchewan. The acquisition included approximately 106,000 net acres of undeveloped land on which NuVista has identified over 40 drilling and 30 recompletion opportunities targeting both natural gas and heavy oil. Production from the acquired properties is averaging 2,200 boe/d of natural gas, with this incremental production included for only one month in the three months ended June 30, 2006.

Production for the three months ended June 30, 2006 increased 46% to 11,357 boe/d from 7,783 boe/d when compared to the same period in 2005. For the six months ended June 30, 2006 compared to the same period in 2005, production increased 50% to 11,330 boe/d from 7,572 boe/d. Although second quarter production increased slightly over the first quarter of 2006, production for the second quarter was approximately 400 boe/d below capability due to facility turnarounds, pipeline replacement at the Amisk property and a prolonged spring break-up that restricted access to certain wells. In addition to the curtailment of production, weather impacted activity levels for the quarter with NuVista participating in only 20 wells compared to the 35-40 wells planned and tie-ins of wells drilled in the first and second quarter were delayed. NuVista currently anticipates implementing our full $190 million capital program and anticipates a very active second half with the drilling of approximately 90 wells.

NuVista expects 2006 annual production to be within the previously stated guidance of 12,400 boe/d to 13,000 boe/d, despite lower than initially anticipated second quarter production levels. Production remained curtailed in July 2006, however with the Amisk pipeline replacement project now completed and the tie-in of new production, NuVista expects production to reach estimated capability of 13,200 boe/d by mid August. NuVista currently has approximately 1,000 boe/d of production to be brought on-stream prior to year end. This production, as well as our active drilling program for the remainder of the year, should enable NuVista to achieve our forecast exit range of 14,000 - 14,500 boe/d for 2006.

Other highlights for NuVista in the second quarter of 2006 include:

- Drilled 20 gross wells during the second quarter resulting in 15 natural gas and three oil wells, for a 90% success rate. During the first half of 2006, Nuvista drilled a total of 63 gross wells resulting in 49 natural gas and seven oil wells, for an 89% success rate;
- Increased undeveloped land by 24% to 551,000 net acres at June 30, 2006 from 444,000 net acres at March 31, 2006;
- Acquired approximately 1,700 kilometers of 2D seismic and 100 square kilometers of 3D seismic to further enhance the prospectivity of NuVista's undeveloped lands; and
- Expanded NuVista's financial flexibility by increasing our credit facility to $180 million and ended the quarter with approximately $29 million undrawn.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis ("MD&A") of financial conditions and results of operations should be read in conjunction with NuVista's interim consolidated financial statements for the three and six months ended June 30, 2006 and the audited consolidated financial statements and MD&A for the years ended December 31, 2005 and 2004. Our audited consolidated financial statements, current annual information form and other disclosure documents are filed on SEDAR at *www.sedar.com*, and other corporate documentation can be obtained from our website at *www.nuvistaenergy.com*.

__Basis of Presentation__ – The reporting and the measurement currency is the Canadian dollar. For the purpose of calculating unit costs, natural gas is converted to a barrel of oil equivalent ("boe") using six thousand cubic feet of natural gas equal to one barrel of oil unless otherwise stated.

__Forward-Looking Statements__ – Certain information set forth in this document, including management's assessment of NuVista's future plans and operations, contains forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond NuVista's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management and services, stock market volatility and ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. NuVista's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements, or if any of them do so, what benefits that NuVista will derive therefrom. NuVista disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by law.

__Non-GAAP Measurements__ - Within Management's discussion and analysis, references are made to terms commonly used in the oil and gas industry. Management uses funds from operations to analyze operating performance and leverage. Funds from operations as presented does not have any standardized meaning prescribed by Canadian GAAP and therefore it may not be comparable with the calculation of similar measures for other entities. Funds from operations as presented is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash flow from operating activities, net income or other measures of financial performance calculated in accordance with Canadian GAAP. All references to funds from operations throughout this report are based on cash flow from operating activities before changes in non-cash working capital and abandonment expenditures. Funds from operations per share is calculated based on the weighted average number of common shares outstanding consistent with the calculation of net income per share. Total boe is calculated by multiplying the daily production by the number of days in the period.

Operating activities – During the second quarter of 2006, NuVista participated in 20 (19.8 net) wells and operated all of the wells drilled. The success rate of 90% in this drilling program resulted in 15 natural gas and three oil wells. For the six months ended June 30, 2006, NuVista drilled 63 (51.8 net) wells, resulting in 49 natural gas and seven oil wells, for a success rate of 89%. A warm winter and a long spring break-up delayed the drilling and tie-in of several wells during the first half of 2006. NuVista continues to actively drill in its core areas with 50 to 60 wells planned for the third quarter. NuVista has commenced its third quarter drilling program, participating in 18 wells thus far and currently has two drilling rigs contracted for the balance of the year.

Production – For the second quarter of 2006, NuVista's average production was 11,357 boe/d, comprised of 55.0 mmcf/d of natural gas and 2,190 bbls/d of oil and liquids, which represents a 46% increase over the same period in 2005. For the six months ended June 30, 2006 NuVista's average production was 11,330 boe/d, comprised of 54.2 mmcf/d of natural gas and 2,290 bbls/d of oil and liquids, which represents a 50% increase over the same period in 2005. The production volume increases for both the three month and six month periods, compared to the prior year, are a result of the property acquisitions completed on August 4, 2005 and June 1, 2006, and exploration and development activity, net of normal production declines. Since March 2006, NuVista's production at its Amisk property has been reduced by approximately 220 bbls/d due to the replacement of oil gathering lines. Full production returned to the Amisk property in early August 2006. Production in the second quarter of 2006 was also negatively impacted by facility turnarounds and shut-in production caused by the inaccessibility of wells during an extended spring break-up.

Revenues – Revenues, before transportation costs, for the three months ended June 30, 2006 were $45.4 million, as compared to $30.6 million for the three months ended June 30, 2005. This increase is due to a 46% increase in production volumes and a 2% increase in average realized prices. Revenues for the six months ended June 30, 2006 were $95.9 million as compared to $57.9 million for the six months ended June 30, 2005. This increase is due to a 50% increase in production volumes and an 11% increase in average realized prices. In the three months ended June 30, 2006 compared to the same period of 2005, the average natural gas price decreased 11% and oil and liquids prices increased 53%. In the first six months of 2006 as compared to the same period in 2005, the average natural gas price increased 6% and oil and liquids prices increased 27%. Revenues for the three months ended June 30, 2006 were comprised of $33.3 million of natural gas revenues and $12.1 million of oil and liquids revenues.

Commodity hedging – As part of our financial management strategy, NuVista has adopted a disciplined commodity-hedging program. The purpose of the hedging program is to reduce volatility in the financial results, protect acquisition economics and stabilize cash flow against the unpredictable commodity price environment. NuVista's Board of Directors has approved a hedging limit of 60% of forecast production, net of royalties, primarily using costless collars. Our strategy of using costless collars limits NuVista's exposure to downturns in commodity prices, while allowing for participation in commodity price increases. For the three months ended June 30, 2006, the hedging program resulted in a gain of $3.1 million as compared to a loss of $100,000 in the same period in 2005. For the six months ended June 30, 2006, the hedging program has resulted in a gain of $4.8 million as compared to nil in the same period of 2005. The gain of $4.8 million for the first half of 2006 consisted of a $4.9 million gain on natural gas hedges and a $100,000 loss on crude oil hedges. A summary of hedging contracts in place as at June 30, 2006 is included in note 5 of the interim consolidated financial statements for the six months ended June 30, 2006.

Royalties – Royalties for the three months ended June 30, 2006 were $11.2 million, as compared to $6.8 million reported for the three months ended June 30, 2005. Royalties for the six months ended June 30, 2006 were $24.6 million, as compared to $12.9 million reported for the six months ended June 31, 2005. The increase in royalties results from higher revenues in both the second quarter and first half of 2006 versus the same period in 2005. As a percentage of revenues, the average royalty rate for the second quarter of 2006 was 25% compared to 22% for the comparative period of 2005. Royalty rates by product for the second quarter of 2006 were 28% for natural gas and 15% for oil and liquids versus 24% for natural gas and 19% for oil and liquids for the similar period in 2005. For the six months ended June 30, 2006, the average royalty rate as a percentage of revenue was 26% compared to 22% for the comparative period of 2005. Royalty rates by product were 28% for natural gas and 16% for oil and liquids versus 24% for natural gas and 18% for oil and liquids for the similar period in 2005. The increase in the average royalty rates for both the three and six month periods ending June 30, 2006 compared to the same period in 2005, results primarily from higher royalty rates associated with Saskatchewan production acquired in August 2005 and June 2006, and higher average commodity prices.

Transportation – Transportation costs were $868,000 ($0.84/boe) for the three months ended June 30, 2006 as compared to $663,000 ($0.94/boe) for the same period of 2005. Transportation costs were $1.8 million ($0.86/boe) for the six months ended June 30, 2006 compared to $1.3 million ($0.97/boe) for the same period of 2005. The increase in transportation costs in 2006 compared to 2005 is primarily due to the 50% increase in production volumes. The reduction in per unit transportation costs in 2006 compared to 2005 is due to the increase in lower cost natural gas production relative to NuVista's overall production mix.

Operating – Operating expenses were $6.1 million ($5.89/boe) for the three months ended June 30, 2006 as compared to $3.7 million ($5.29/boe) for the three months ended June 30, 2005. This increase resulted from the 46% increase in production volumes and an 11% increase in per unit costs. Operating expenses were $11.6 million ($5.64/boe) for the six months ended June 30, 2006 as compared to $7.1 million ($5.19/boe) for the six months ended June 30, 2005. This increase resulted from the 50% increase in production volumes and a 9% increase in per unit costs. For the three months ended June 30, 2006 natural gas operating costs averaged $0.85/mcf and oil and liquids operating expenses were $9.30/bbl as compared to $0.73/mcf and $7.43/bbl respectively for the same period in 2005. For the six months ended June 30, 2006 natural gas operating expenses averaged $0.81/mcf and oil and liquids operating expenses were $8.61/bbl as compared to $0.73/mcf and $7.21/bbl respectively for the same period of 2005. The increase in per unit costs resulted from increasing cost pressures facing NuVista and the entire industry. Despite these increases, NuVista should remain in the top quartile for oil and natural gas companies in its peer group.

General and administrative – General and administrative expenses, net of overhead recoveries, were $624,000 ($0.60/boe) as compared to $338,000 ($0.48/boe) for the three months ended June 30, 2005. General and administrative expenses, net of overhead recoveries, for the six months ended June 30, 2006 were $1.2 million ($0.57/boe) as compared to $645,000 ($0.47/boe) for the six months ended June 30, 2005. This increase is directly attributable to the higher production base in NuVista, hiring of NuVista's own core area technical teams, higher employee costs experienced throughout the energy industry and the allocation of higher per unit overhead costs from Bonavista in accordance with the Technical Services Agreement (the "TSA"). For the six months ended June 30, 2006, Bonavista charged NuVista $976,000, as compared to $677,000 in the same period in 2005, for general and administrative services under the TSA. The TSA, entered into as part of the Plan of Arrangement, has allowed NuVista to initiate and continue with its successful and active capital programs, through the use of Bonavista's personnel in managing certain of its operations and at the same time taking advantage of Bonavista's low overhead cost structure.

NuVista recorded a stock-based compensation charge of $586,000 for the three month period ended June 30, 2006 versus $303,000 for the same period in 2005, relating to both stock options and Class B Performance Shares. For the six month period ended June 30, 2006 NuVista recorded a stock-based compensation charge, relating to both stock options and Class B Performance Shares, of $1.1 million versus $584,000 for the same period in 2005. The increase in stock-based compensation for the first half of 2006 as compared to the same period in 2005, is primarily due to an increase in the number of stock options granted by NuVista associated with the hiring of new employees.

Interest – For the three months ended June 30, 2005, interest expense was $1.2 million ($1.20/boe), up 205% from $406,000 ($0.57/boe) in the same period of 2005. For the six months ended June 30, 2006, interest expense was $1.9 million ($0.93/boe), up 176% from $688,000 ($0.50/boe) in the same period of 2005. Higher interest costs in the second quarter and the first half of 2006 are due to higher average debt levels and higher average interest rates. Debt levels increased in June 2006 as a result of the $81.7 million Saskatchewan property acquisition. Cash paid on interest for the six months ended June 30, 2006 was $1.8 million, compared to $688,000 for the same period in 2005. Currently NuVista's average borrowing rate is approximately 5.2%.

Depreciation, depletion and accretion – Depreciation, depletion and accretion expenses were $15.8 million for the second quarter of 2006 as compared to $8.0 million for the same period in 2005. The average per unit cost was $15.33/boe in the second quarter of 2006 as compared to $11.36/boe for the same period in 2005. Depreciation, depletion and accretion expenses for the six months ended June 30, 2006 were $29.6 million as compared to $15.2 million for the same period in 2005. The average per unit cost was $14.42/boe in the first half of 2006 as compared to $11.12/boe in the same period in 2005. The increase in the depreciation, depletion and accretion expenses for the three months and six months ended June 30, 2006 as compared to the same periods in 2005, was due to higher production volumes and also reflects an increase in unit costs. Per unit costs have increased in 2006 compared to 2005 due to the cost of property acquisitions completed in August 2005 and June 2006, coupled with higher industry exploration and development costs.

Income and other taxes – For the three months ended June 30, 2006, the provision for income and other taxes was a reduction of $7.0 million as compared to a provision of $3.9 million for the same period in 2005. For the six months ended June 30, 2006, the provision for income and other taxes was a reduction of $1.2 million compared to an expense of $7.4 million in the same period of 2005. The income tax reductions in both the three and six months ended June 30, 2006 related to legislative changes to income and capital tax rates enacted in the second quarter of 2006. Income tax reductions in the second quarter of 2006 totaled $9.7 million, with $9.6 million relating to the revaluation of NuVista's future income tax obligation for Federal and Provincial income tax rate reductions, and $120,000 relating to the recovery of the Large Corporations Tax recorded in the first quarter of 2006. The income tax expense for the six months ended June 30, 2006 includes an income tax provision of $8.4 million relating to income of this period at an effective tax rate of 35%, as compared to $3.9 million at an effective tax rate of 38% relating in the same period of 2005. For the six months ended June 30, 2006 cash paid on income and other taxes was $699,000 as compared to $349,000 for the same period in 2005.

Capital expenditures – Capital expenditures were $105.9 million during the second quarter of 2006, consisting of $81.7 million for acquisitions and $24.2 million for exploration and development. This compares to $13.4 million during the second quarter of 2005, spent primarily on exploration and development activities. Capital expenditures for the six months ended June 30, 2006 were $137.7 million, consisting of $81.7 million for acquisitions and $56.0 million for exploration and development spending. This compares to $49.8 million incurred for the same period of 2005, consisting of exploration and development spending of $22.7 million and $22.1 million of acquisitions.

Funds from operations and net income – In the second quarter of 2006, funds from operations were $25.5 million ($0.53/share, basic), a 38% increase over the $18.5 million ($0.46/share, basic) for the same period in 2005. For the six months ended June 30, 2006, NuVista's funds from operations was $54.9 million ($1.13/share, basic), a 57% increase from $34.9 million ($0.86/share, basic) for the six months ended June 30, 2005. Net income increased 152% during the second quarter of 2006 to $16.0 million ($0.33/share, basic) from the $6.3 million ($0.16/share, basic) for the same period in 2005. For the six months ended June 30, 2006 net income increased 113% to $25.4 million ($0.52/share, basic) from $11.9 million ($0.29/share, basic) for the same period in 2005. These increases in funds from operations and net income result primarily from increases in production and commodity prices in 2006 as compared to the same periods in 2005. Net income for the three and six months ended June 30, 2006 also increased due to the second quarter adjustment to income taxes of $9.6 million, relating to the reduction in Federal and Provincial income tax rates.

Liquidity and capital resources – As at June 30, 2006, bank debt (including working capital) was $150.8 million with approximately $29 million of unused bank borrowing capability based on the current credit facility of $180 million. These undrawn bank lines and cash flow from operations provide NuVista with substantial flexibility to fund its planned capital programs. NuVista expects the debt to annualized funds from operation ratio to decline to approximately 0.9:1 by year end. As at August 3, 2006, there were 48,979,445 common shares and 271,352 Class B Performance Shares outstanding. In addition, there were 3,675,624 stock options outstanding, with an average exercise price of $11.88/share.

Quarterly financial information – The following table highlights NuVista's performance for the eight quarterly reporting periods from September 30, 2004 to June 30, 2006:

	2006		2005				2004	
	June 30	March 31	December 31	September 30	June 30	March 31	December 31	September 30
Production (boe/d)	11,357	11,303	11,031	9,874	7,783	7,358	6,703	6,113
($ thousands, except per share amounts)								
Production revenue	$ 45,375	$ 50,540	$ 63,315	$ 48,474	$ 30,626	$ 27,265	$ 24,601	$ 22,020
Net income	$ 15,986	$ 9,451	$ 16,247	$ 11,339	$ 6,335	$ 5,585	$ 5,715	$ 4,335
Net income per share:								
Basic	0.33	0.20	0.34	0.25	0.16	0.14	0.14	0.11
Diluted	0.32	0.19	0.32	0.24	0.15	0.13	0.14	0.11

NuVista has seen growth in its production volumes over the prior eight quarter period. Likewise, revenues and net income have also experienced growth. In the second quarter of 2006, revenues were lower than the previous two quarters primarily due to the decrease in the price of natural gas. Net income in the second quarter of 2006 increased compared to the first quarter of 2006 due to income tax reductions.

BUSINESS RISKS AND OUTLOOK

NuVista's management remains committed to the same principles and disciplined growth strategy that has led to its considerable success over the past 36 months. In 2006, NuVista continued to increase its employee base with new technical, land and finance employees. With an increased prospect inventory and an undeveloped land base of approximately 551,000 net acres, coupled with our strong balance sheet, NuVista is well positioned for the remainder of 2006 and beyond.

For 2006, NuVista's Board of Directors has approved a capital program of $190 million with approximately half allocated to acquisitions and the remainder to exploration and development activities. The acquisition of the Saskatchewan natural gas properties for $81.7 million in June 2006, completed a significant component of the capital program and removes the uncertainty of the timing or the ability to complete the acquisition portion of the 2006 capital program. In the second half of 2006, NuVista plans to be very active by spending approximately $50 million for the drilling of 90 wells.

NuVista's 2006 capital program is expected to result in annual production averaging between 12,400 boe/d and 13,000 boe/d. Depending upon weather conditions, the timing of capital expenditures and the impact of lower than initially anticipated production in the second and third quarters, NuVista may be at the lower end of this guidance range. Based on commodity price estimates of US$8.00 for NYMEX natural gas and US$70/bbl WTI for oil, NuVista expects 2006 funds from operations to be in the range of $120 million to $130 million ($2.45/share to $2.65/share). The outlook for natural gas prices for the remainder of the year is uncertain due to high North American natural gas storage levels. For the period July to October 2006, NuVista has hedged 20,000 gj/d of natural gas at an average AECO floor price of $7.69/gj. For the period November 2006 to March 2007, NuVista has recently entered into additional natural gas hedges, resulting in total hedges for this period of 12,500 gj/d at an average AECO floor price of $8.50/gj.

Notwithstanding the significant pressures facing our industry with volatile natural gas prices and higher drilling and operating costs, NuVista will continue to focus on its core strategy of cost control and applying the proven expertise of its technical staff to its chosen areas of operations, through both the drill bit and strategic acquisitions. We remain confident that our commitment to enhance shareholder value over the long-term will be successful as our experienced team begins to fully exploit our recently acquired assets and undeveloped land base.

On Behalf of the Board of Directors

Alex G. Verge
President and
Chief Executive Officer

Robert F. Froese
Vice President, Finance and
Chief Financial Officer

August 3, 2006
Calgary, Alberta

Consolidated Balance Sheets

(thousands)	June 30, 2006	December 31, 2005
(unaudited)		
Assets		
Current assets:		
Accounts receivable	$ 19,797	$ 18,844
Oil and natural gas properties and equipment	471,398	359,149
Goodwill	54,439	54,439
	$ 545,634	$ 432,432
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 21,445	$ 18,223
Bank loan (note 2)	149,168	70,524
Asset retirement obligations (note 3)	18,641	14,790
Future income taxes	72,074	73,291
Shareholders' equity:		
Share capital (note 4)	192,840	189,831
Contributed surplus (note 4)	2,577	2,321
Retained earnings	88,889	63,452
	284,306	255,604
	$ 545,634	$ 432,432

Consolidated Statements of Operations and Retained Earnings

(thousands, except per share amounts)	Three Months ended June 30,		Six Months ended June 30,	
	2006	2005	2006	2005
(unaudited)				
Revenues:				
Production	$ 45,375	$ 30,626	$ 95,915	$ 57,891
Royalties	(11,177)	(6,842)	(24,588)	(12,943)
	34,198	23,784	71,327	44,948
Expenses:				
Operating	6,089	3,748	11,563	7,115
Transportation costs	868	663	1,765	1,328
General and administrative	624	338	1,177	645
Interest	1,237	406	1,897	688
Stock-based compensation	586	303	1,133	584
Depreciation, depletion and accretion	15,840	8,048	29,570	15,242
	25,244	13,506	47,105	25,602
Income before income and other taxes	8,954	10,278	24,222	19,346
Income and other taxes (reductions)	(7,032)	3,943	(1,215)	7,426
Net income	15,986	6,335	25,437	11,920
Retained earnings, beginning of period	72,903	29,531	63,452	23,946
Retained earnings, end of period	$ 88,889	$ 35,866	$ 88,889	$ 35,866
Net income per share – basic	$ 0.33	$ 0.16	$ 0.52	$ 0.29
Net income per share – diluted	$ 0.32	$ 0.15	$ 0.51	$ 0.28

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(thousands)

	Three Months ended June 30, 2006	Three Months ended June 30, 2005	Six Months ended June 30, 2006	Six Months ended June 30, 2005
(unaudited)				
Cash provided by (used in):				
Operating Activities:				
Net income	$ 15,986	$ 6,335	$ 25,437	$ 11,920
Items not requiring cash from operations:				
Depreciation, depletion and accretion	15,840	8,048	29,570	15,242
Stock-based compensation	586	303	1,133	584
Future income taxes (reductions)	(6,914)	3,809	(1,217)	7,178
Asset retirement expenditures	(106)	(70)	(316)	(72)
Decrease (Increase) in non-cash working capital items	(986)	(13,156)	152	(13,646)
	24,406	5,269	54,759	21,206
Financing Activities:				
Issue of share capital	1,697	58	2,132	79
Increase in bank loan	78,367	11,028	78,644	32,735
	80,064	11,086	80,776	32,814
Investing Activities:				
Property acquisitions (note 1)	(81,700)	(581)	(81,700)	(22,120)
Oil and natural gas properties and equipment additions	(24,205)	(12,835)	(55,952)	(27,669)
Decrease (Increase) in non-cash working capital items	1,435	(2,939)	2,117	(4,231)
	(104,470)	(16,355)	(135,535)	(54,020)
Change in cash	-	-	-	-
Cash, beginning of period	-	-	-	-
Cash, end of period	$ -	$ -	$ -	$ -

See accompanying notes to consolidated financial statements.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2006.

The unaudited interim consolidated financial statements have been prepared by management in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"), using the same accounting policies as those set out in note 1 to the consolidated financial statements for the years ended December 31, 2005 and 2004. The interim consolidated financial statements for the six months ended June 30, 2006 should be read in conjunction with the consolidated financial statements for the years ended December 31, 2005 and 2004. Certain amounts have been reclassified to conform with the current period's presentation.

1. Acquisition of Saskatchewan properties:

On June 1, 2006, NuVista completed the acquisition of certain natural gas properties in northwest and west central Saskatchewan for a total purchase price of $81.7 million. The purchase price is estimated by management based on currently available information. Two directors of NuVista are related parties with the vendor. NuVista purchased these properties through a series of transactions, with the assets being acquired in an existing partnership owned approximately 76% by NuVista and 24% by Bonavista Petroleum. The acquisition has been accounted for at the exchange amount, with results of operations included from the date of acquisition. The purchase equation, which reflects the NuVista portion of the acquisition, is as follows:

	Amount
(thousands)	
Net assets acquired:	
Oil and natural gas properties	$ 84,202
Asset retirement obligations	(2,502)
Net assets acquired	**$ 81,700**
Purchase consideration:	
Cash	81,700
Total purchase consideration	**$ 81,700**

2. Bank loan:

On May 31, 2006, NuVista and its lenders agreed to amend the Company's bank loan facilities to increase the maximum borrowing to $180 million. In addition, the revolving period of the facility has been extended to June 27, 2007, with a one year term period. All other key terms and conditions of the bank loan facility remain unchanged from December 31, 2005.

3. Asset retirement obligations:

A reconciliation of the asset retirement obligations is provided below:

	Six months ended June 30, 2006	**Year ended December 31, 2005**
(thousands)		
Balance, beginning of period	$ 14,790	$ 5,990
Accretion expense	635	767
Liabilities incurred	1,030	2,795
Liabilities acquired	2,502	4,271
Liabilities settled	(316)	(233)
Change in assumed inflation rate	-	1,200
Balance, end of period	**$ 18,641**	**$ 14,790**

4. Share capital:

Authorized:

(a) Unlimited number of voting Common Shares and 1,200,000 Class B Performance Shares.

(b) Issued:

(i) Common Shares

(thousands)	Number	Amount
Balance as at December 31, 2005	48,360	$ 189,825
Stock-based compensation	-	877
Exercise of stock options	335	2,184
Reacquired and cancelled	(1)	(3)
Cost associated with shares issued, net of future tax benefit	-	(49)
Balance as at June 30, 2006	**48,694**	**$ 192,834**

(ii) Class B Performance Shares

(thousands)	Number	Amount
Balance as at December 31, 2005	560	$ 6
Converted to Common Shares	-	-
Reacquired and cancelled	(10)	-
Balance as at June 30, 2006	**550**	**$ 6**

(iii) Contributed Surplus

(thousands)	Amount
Balance as at December 31, 2005	$ 2,321
Stock-based compensation	1,133
Exercise of stock options	(877)
Balance as at June 30, 2006	**$ 2,577**

(c) Stock options and stock-based compensation:

For the six months ended June 30, 2006, there were 606,500 options granted with an average exercise price of $16.60/share and an estimated fair value of $4.42/share. At June 30, 2006 there were 2,671,312 stock options outstanding, with an average exercise price of $10.92/share.

The Company uses the fair value based method for the determination of the stock-based compensation costs.
The fair value of each option granted was estimated on the date of grant using the Black-Scholes option pricing model. In the pricing model, the risk free interest rate was 3.5%; volatility of 25%; and an expected life of 4.5 years.

5. Hedging activities:

a) Financial instruments:

As at June 30, 2006, NuVista has hedged by way of costless collars the following crude oil:

Volume	Average Price	Term
250 bbls/d	CDN$51.87 - CDN$67.49 - Bow River	July 1, 2006 – September 30, 2006
250 bbls/d	CDN$65.05 - CDN$95.34 - WTI	July 1, 2006 – September 30, 2006
250 bbls/d	CDN$65.01 - CDN$95.74 - WTI	October 1, 2006 – December 31, 2006
250 bbls/d	CDN$51.74 - CDN$68.80 - Bow River	October 1, 2006 – December 31, 2006

As at June 30, 2006, NuVista has hedged by way of costless collars the following gas contracts:

Volume	Average Price (Cdn $/gj)	Term
5,000 gj's/d	$ 8.25 - $ 12.33 - AECO	July 1, 2006 – October 31, 2006
5,000 gj's/d	$ 8.50 - $ 12.25 - AECO	November 1, 2006 – March 31, 2007

As at June 30, 2006, the market value of the financial instrument contracts was approximately $2.3 million.

b) Physical purchase contracts:

As at June 30, 2006, NuVista has entered into direct sale costless collars to sell natural gas as follows:

Volume	Average Price (Cdn $/gj)	Term
15,000 gj's/d	$ 7.50 - $ 10.99 - AECO	July 1, 2006 – October 31, 2006
2,500 gj's/d	$ 8.00 - $ 11.35 - AECO	November 1, 2006 – March 31, 2007

CORPORATE INFORMATION

DIRECTORS

Keith A. MacPhail,
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W. Peter Comber,
Barrantagh Investment Management Inc.
Pentti O. Karkkainen,
KERN Partners
Ronald J. Poelzer,
Bonavista Energy Trust
Alex G. Verge,
President and CEO
Clayton H. Woitas,
Range Royalty Management Ltd.
Grant A. Zawalsky,
Burnet, Duckworth & Palmer LLP

MANAGEMENT

Keith A. MacPhail,
Chairman
Alex G. Verge,
President and CEO
Robert F. Froese,
Vice President, Finance and CFO
Steven J. Dalman,
Vice President, Engineering
D. Chris McDavid,
Vice President, Operations
***Patrick Miles*,**
Vice President, Exploration
Gordon Timm,
Vice President, Land
Glenn A. Hamilton,
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Royal Bank of Canada
Toronto-Dominion Bank
Calgary, Alberta

ENGINEERING CONSULTANTS

GLJ Petroleum Consultants Ltd.
Calgary, Alberta

LEGAL COUNSEL

Burnet, Duckworth & Palmer LLP
Calgary, Alberta

REGISTRAR AND TRANSFER AGENT

Valiant Trust Company
Calgary, Alberta

STOCK EXCHANGE LISTING

Toronto Stock Exchange
Trading Symbol "***NVA***"

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