

NUVISTA ENERGY LTD.

FORM 51-102 F4 AMENDED BUSINESS ACQUISITION REPORT

Item 1 Identity of Reporting Issuer

1.1 Name and Address of Reporting Issuer

NuVista Energy Ltd. ("**NuVista**" or the "**Company**")
700, 311 – 6th Avenue S.W.
Calgary, Alberta T2P 3H2

1.2 Executive Officer

The name of the executive officer of NuVista, who is knowledgeable about the significant acquisition and this report is Rob Froese, Vice President, Finance & Chief Financial Officer and his business telephone number is (403) 538-8530.

Item 2 Details of Acquisition and Disposition

2.1 Nature of Assets Acquired

On March 4, 2008, NuVista completed its previously announced acquisition of Rider Resources Ltd. ("**Rider**"). The acquisition was completed pursuant to a plan of arrangement that was approved by both Rider and NuVista shareholders.

Rider's oil and gas assets were located in Alberta west of the fifth and sixth meridians in areas characterized by deeper, liquids-rich, higher productivity and longer reserve life natural gas production. Rider had production of approximately 11,500 boe/d primarily in the Wapiti, Waskahigan, Pembina and Ferrier/Sunchild areas of Alberta. At the time of the acquisition, NuVista management estimated Rider's proved plus probable reserves as of December 31, 2007 to be approximately 33 million boe. In April 2008, GLJ Petroleum Consultants Ltd. ("**GLJ**") completed an evaluation of Rider's reserves effective December 31, 2007 (the "**GLJ Report**") and estimated Rider's proved plus probable reserves to be 32.9 million boe (a summary of these reserves is included in Item 2.4 of this report). Rider also had approximately 155,000 net acres of undeveloped land with an average working interest of 77% and 75 identified drilling locations.

2.2 Date of Acquisition

The acquisition closed March 4, 2008 and the Rider assets are included in NuVista's results of operations as of this date.

2.3 Consideration

The acquisition was completed by way of a plan of arrangement under the *Business Corporations Act (Alberta)*, pursuant to which NuVista acquired all of the issued and outstanding common shares of Rider ("**Rider Shares**") on the basis of 0.3540 of a common share of NuVista ("**NuVista Share**") for each Rider Share, which resulted in the issuance of approximately 19.8 million NuVista Shares. Concurrent with the closing of the acquisition NuVista completed a private placement of six million units with the Ontario Teachers' Pension Plan ("**OTPP**") at a price of \$14.00 per unit for total proceeds of \$84.0 million. Each unit was comprised of one NuVista Share and one-half of one common share purchase warrant. Each full warrant entitles the holder to purchase one NuVista Share for an exercise price of \$15.50, subject to adjustment in certain circumstances, on or before March 4, 2009. NuVista also increased the maximum borrowing commitment of its credit facilities to \$450 million from \$220 million.

2.4 Effect on Financial Position

The acquisition is consistent with NuVista's strategy of acquiring low operating cost, operated properties with infrastructure, undeveloped land and significant lower risk development potential. The acquisition of Rider by NuVista resulted in a strong intermediate exploration and production company with a continued focus on disciplined growth. The acquisition of Rider was accretive to NuVista on the bases of funds from operations per share, proved plus probable reserves per share, production per share and net asset value per share.

Following the acquisition of Rider, NuVista has taken steps to reduce aggregate debt levels and create the financial flexibility required to implement its longer term business plan. NuVista used the proceeds of the private placement with OTPP to reduce debt levels and intends to further reduce debt levels during 2008.

During February and March 2008 as natural gas prices increased, NuVista hedged a significant portion of its natural gas production from April to October 2008, at prices that will assist NuVista in achieving its debt reduction targets.

Reserves Data

The reserves data set forth below is based upon an evaluation by GLJ with an effective date of December 31, 2007 as contained in the GLJ Report. The reserves data summarizes the crude oil, natural gas liquids and natural gas reserves acquired from Rider and the net present values of future net revenue for these reserves using forecast prices and costs, not including the impact of any hedging activities. The GLJ Report has been prepared in accordance with the standards contained in the COGE Handbook and the reserve definitions contained in National Instrument 51-101. We engaged GLJ to provide an evaluation of Rider's proved and proved plus probable reserves and no attempt was made to evaluate possible reserves. All of Rider's reserves are located in the province of Alberta.

Due to uncertainties and lack of sufficient details with which to determine royalties for some product types under the proposed Alberta new royalty regime (the "NRF"), the reserves data set forth below has been prepared using the existing royalties. However, a high and low sensitivity calculation with respect to the potential impact of the NRF is provided in the notes to certain of the reserves data tables set forth below.

All evaluations of future net revenue are after the deduction of royalties, development costs, production costs and well abandonment costs but before the consideration of future income taxes, indirect costs such as administrative overhead and other miscellaneous expenses. The estimated future net revenue contained in the following tables does not necessarily represent the fair market value of the reserves. There is no assurance that the forecast price and cost assumptions contained in the evaluation will be attained and variations could be material. Other assumptions and qualifications relating to costs and other matters are summarized in the notes following the tables below. The recovery and reserve estimates on our properties described herein are estimates only. Actual reserves may be greater or less than those calculated.

The term "Boe" or barrels of oil equivalent may be misleading, particularly if used in isolation. A Boe conversion ratio of six thousand cubic feet per barrel (6 Mcf: 1 Bbl) of natural gas to barrels of oil equivalence is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

**SUMMARY OF RIDER'S OIL AND NATURAL GAS RESERVES
AND NET PRESENT VALUES OF FUTURE NET REVENUE
AS OF DECEMBER 31, 2007 ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾
FORECAST PRICES AND COSTS**

RESERVES CATEGORY	RESERVES							
	LIGHT AND MEDIUM OIL		HEAVY OIL		NATURAL GAS		NATURAL GAS LIQUIDS	
	Total Company Interest (Mbbls)	Net (Mbbls)	Total Company Interest (Mbbls)	Net (Mbbls)	Total Company Interest (MMcf)	Net (MMcf)	Total Company Interest (Mbbls)	Net (Mbbls)
PROVED:								
Developed Producing	1,091	1,009	10	9	94,636	75,098	3,920	2,780
Developed Non-Producing	26	24	-	-	11,092	8,744	516	364
Undeveloped	40	36	-	-	61	42	2	2
TOTAL PROVED	1,157	1,069	10	9	105,789	83,884	4,438	3,145
PROBABLE	431	400	2	2	44,827	36,306	1,744	1,238
TOTAL PROVED PLUS PROBABLE	1,588	1,469	12	11	150,616	120,190	6,183	4,383

RESERVES CATEGORY	NET PRESENT VALUES OF FUTURE NET REVENUE BEFORE INCOME TAXES DISCOUNTED AT (%/year)				
	0% (\$000s)	5% (\$000s)	8% (\$000s)	10% (\$000s)	15% (\$000s)
PROVED:					
Developed Producing	650,634	491,860	433,167	402,548	344,910
Developed Non-Producing	72,270	52,839	45,982	42,474	35,985
Undeveloped	1,058	810	687	614	457
TOTAL PROVED	723,963	545,509	479,837	445,636	381,352
PROBABLE	313,960	169,698	129,597	111,233	81,013
TOTAL PROVED PLUS PROBABLE	1,037,923	715,207	609,434	556,869	462,366

Notes:

- (1) Numbers may not add due to rounding.
- (2) "**Total Company Interest**" means total working interest and/or royalty interest share before deducting the amounts attributable to royalties owned by others.

"**Net**" means total working interest and/or royalty interest share after deducting the amounts attributable to royalties owned by others.

"**Royalties**" refers to royalties paid to others. The royalties deducted from the reserves are based on the percentage royalty calculated by applying the applicable royalty rate or formula. In the case of Crown sliding scale royalties which are dependent on selling prices, the price forecasts for the individual properties in question have been employed.

"**Reserves**" are the estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable 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. Reserves are classified according to the degree of certainty associated with the estimates.

"**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. At least a 90% probability that the quantities actually recovered will equal or exceed the estimated Proved Reserves is the targeted level of certainty.

"**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. At least a 50% probability that the quantities actually recovered will equal or exceed the sum of the estimated Proved plus Probable Reserves is the targeted level of certainty.

"**Proved 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.

"**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.

"**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.

"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, possible) to which they are assigned. The escalating cost and price assumptions assume the continuance of current laws and regulations and increases in wellhead selling prices, and take into account inflation with respect to future operating and capital costs. Operating costs are assumed to escalate at 2.0% per annum.

- (3) The escalating cost and price assumptions assume the continuance of current laws and regulations and changes in wellhead selling prices based on forecast market conditions, and take into account inflation with respect to future operating and capital costs. The reserves were evaluated using GLJ's January 1, 2008 forecast crude oil and natural gas price assumptions, summarized below:

**SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS
AS OF JANUARY 1, 2008
FORECAST PRICES AND COSTS**

Year	OIL				NATURAL GAS	NATURAL GAS LIQUIDS	NATURAL GAS LIQUIDS	INFLATION RATES %/ Year ^(c)	EXCHANGE RATE (\$US/\$Cdn) ^(b)
	WTI Cushing Oklahoma (\$US/Bbl)	Edmonton Par Price 40° API (\$Cdn/Bbl)	Hardisty Heavy 12° API (\$Cdn/Bbl)	Cromer Medium 29. 3° API (\$Cdn/Bbl)	AECO Gas Price (\$Cdn/MMBtu)	Edmonton Propane (\$Cdn/Bbl)	Edmonton Butane (\$Cdn/Bbl)		
Forecast									
2008	92.00	91.10	54.02	79.26	6.75	58.30	72.88	2.0	1.000
2009	88.00	87.10	51.61	75.78	7.55	55.74	69.68	2.0	1.000
2010	84.00	83.10	49.19	72.30	7.60	53.18	66.48	2.0	1.000
2011	82.00	81.10	47.98	70.56	7.60	51.90	64.88	2.0	1.000
2012	82.00	81.10	47.98	70.56	7.60	51.90	64.88	2.0	1.000
2013	82.00	81.10	49.04	70.56	7.60	51.90	64.88	2.0	1.000
2014	82.00	81.10	50.09	70.56	7.80	51.90	64.88	2.0	1.000
2015	82.00	81.10	51.15	70.56	7.97	51.90	64.88	2.0	1.000
2016	82.02	81.12	52.21	70.57	8.14	51.91	64.89	2.0	1.000
2017	83.66	82.76	53.29	72.00	8.31	52.97	66.21	2.0	1.000
2018	85.33	84.42	54.36	73.44	8.48	54.03	67.53	2.0	1.000
2019	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr		

Notes:

- (a) Inflation rates for capital and operating costs.
(b) Exchange rates used to generate the benchmark reference prices in this table.

- (4) Undiscounted future development costs included in the evaluation for total proved reserves were \$4.3 million and for total proved plus probable were \$28.7 million.
- (5) Management has estimated that the impact of the NRF is to decrease the net present values of future net revenue (before income taxes) by approximately 2% percent in the low case and to increase the net present values of future net revenue (before income taxes) by approximately 4% percent in the high case using a 10% discount rate and using the GLJ forecast prices set forth above.
- (6) The methodology used to calculate the new royalties for the net present value of future net revenue amounts set forth in Note (5) was based on the following criteria: (i) in the case of heavy oil, a heavy oil par price was used for the high case and for the low case the light oil par price was used; (ii) since Rider did not have a substantial volume of solution gas, application of the new conventional gas royalty formula on solution gas production will not be material to our overall net present value so no changes were made; and (iii) in the case of deep gas, GLJ assumed that the deep gas royalty adjustment applies to all existing and future wells in the high case and for the low case GLJ assumed that the deep gas royalty adjustment only applies to wells drilled after 2008.

2.5 Prior Valuations

None.

2.6 Parties to Transaction

Not applicable.

2.7 Date of Report

May 12, 2008.

Item 3 Financial Statements

3.1 Audited Comparative Annual Financial Statements

Audited Rider Consolidated Financial Statements for the years ended December 31, 2007 and 2006 are attached as Schedule 1.

3.2 Pro Forma Financial Statements

The pro forma Consolidated Statement of Operations for the year ended December 31, 2007 is attached as Schedule 2.

SCHEDULE 1

AUDITORS' REPORT

To the Directors of NuVista Energy Ltd.

We have audited the consolidated balance sheets of Rider Resources Ltd. as at December 31, 2007 and 2006 and the consolidated statements of operations, comprehensive income and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Calgary, Canada
May 8, 2008

RIDER RESOURCES LTD.
CONSOLIDATED BALANCE SHEETS
(thousands)

December 31

	2007	2006
Assets		
Current assets		
Accounts receivable	\$ 20,149	\$ 23,282
Prepaid expenses	5,465	1,209
	25,614	24,491
Investments <i>(note 4)</i>	-	4,000
Property, plant and equipment <i>(note 6)</i>	581,111	327,266
	\$ 606,725	\$ 355,757
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 29,057	\$ 33,344
Current portion of long term debt <i>(note 6)</i>	991	-
	30,048	33,344
Long term debt <i>(note 6)</i>	278,773	121,600
Fair value of financial instruments <i>(note 6)</i>	11,836	-
Asset retirement obligations <i>(note 7)</i>	8,065	6,072
Future income taxes <i>(note 9)</i>	33,221	30,914
	361,943	191,930
Shareholders' equity		
Share capital <i>(note 8)</i>	166,918	93,029
Contributed surplus <i>(note 8)</i>	9,580	7,753
Retained earnings	68,284	63,045
	244,782	163,827
	\$ 606,725	\$ 355,757

Commitments (notes 8 and 12)

Subsequent event (note 13)

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:



W. Peter Comber, Director



Pentti O. Karkkainen, Director

RIDER RESOURCES LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE INCOME AND RETAINED EARNINGS
(thousands, except per share amounts)

Years Ended December 31

	2007	2006
Revenue		
Oil and gas sales	\$ 180,398	\$ 154,153
Royalties	(35,967)	(31,626)
	144,431	122,527
Expenses		
Production	30,448	22,476
Transportation	2,155	2,005
Interest	15,487	4,776
Financing fees	1,739	-
Foreign exchange gain	(7,830)	-
Unrealized loss on financial instruments	11,836	-
General and administrative	2,314	2,756
Stock-based compensation	2,517	3,180
Depletion, depreciation and accretion	77,114	45,111
	135,780	80,304
Income before taxes	8,651	42,223
Future income taxes <i>(note 9)</i>	3,412	11,912
Net income and comprehensive income	5,239	30,311
Retained earnings, beginning	63,045	32,734
Retained earnings, ending	\$ 68,284	\$ 63,045
Net income per share - basic	\$ 0.10	\$ 0.66
Net income per share - diluted	\$ 0.10	\$ 0.63

See accompanying notes to consolidated financial statements.

RIDER RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(thousands)

Years Ended December 31,

	2007	2006
Cash provided by (used in):		
Operating		
Net income	\$ 5,239	\$ 30,311
Stock-based compensation	2,517	3,180
Depletion, depreciation and accretion	77,114	45,111
Unrealized foreign exchange gain	(7,830)	-
Unrealized loss on financial instruments	11,836	-
Future income taxes	3,412	11,912
Asset retirement expenditures	(233)	(253)
	<u>92,055</u>	<u>90,261</u>
Net change in non-cash working capital	(5,410)	(464)
	<u>86,645</u>	<u>89,797</u>
Financing		
Increase in long term debt	165,994	61,454
Issue of share capital, net of issue costs	70,242	516
	<u>236,236</u>	<u>61,970</u>
Investing		
Capital expenditures	(124,501)	(148,023)
Property acquisitions, net of dispositions	(202,380)	256
Disposition (purchase) of investments	4,000	(4,000)
	<u>(322,881)</u>	<u>(151,767)</u>
Change in cash	-	-
Cash, beginning	-	-
Cash, ending	<u>\$ -</u>	<u>\$ -</u>

See note 10 for additional cash information.

See accompanying notes to consolidated financial statements.

Rider Resources Ltd.
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2007
(thousands, except per share amounts)

1. Basis of Presentation

The consolidated financial statements for the year ended December 31, 2007, include the accounts of Rider Resources Ltd. (the "Corporation"), its wholly-owned subsidiary Roberts Bay Resources Ltd. and the jointly owned Rider 2001 Energy Partnership. All intercompany transactions and balances have been eliminated.

2. Significant Accounting Policies

Use of Estimates

The consolidated financial statements of the Corporation have been prepared by management in accordance with Canadian generally accepted accounting principles. Since the determination of many assets, liabilities, revenues and expenses is dependent upon future events, the preparation of these financial statements requires the use of estimates and assumptions, which have been made with careful judgment. Specifically, the amounts recorded for depletion and depreciation of property, plant and equipment and the provision for asset retirement obligations and abandonment costs are based on estimates. The ceiling test is based on estimates of reserves, production rates, petroleum and natural gas prices, future costs and other relevant assumptions. The amounts for stock-based compensation are based on estimates of risk-free rates, expected lives and volatility. The fair value estimates for derivatives are based on expected future petroleum and natural gas prices, interest rate and foreign exchange rates and volatility in these variables. Future income taxes are based on estimates as to the timing of the reversal of temporary differences and tax rates currently substantively enacted. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of such changes in such estimates in future periods could be significant. In the opinion of management, these financial statements have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

Petroleum and Natural Gas Properties

A portion of the exploration, development and production activities of the Corporation is conducted jointly with others. The consolidated financial statements reflect only the Corporation's proportionate interest in such activities.

The Corporation follows the full cost method of accounting for its petroleum and natural gas properties. All costs directly related to the exploration for and development of petroleum and natural gas reserves, whether producing or non-producing, are capitalized into a single Canadian cost center. Such costs include land acquisition, geological and geophysical expenditures, lease rental costs on non-producing properties, drilling costs of both producing and non-producing wells, production equipment, asset retirement costs and overhead charges directly related to these activities. Proceeds of disposals are normally deducted from the full cost pool without recognition of a gain or loss, unless a change of 20% or more in the depletion and depreciation rate occurs.

Depletion and Depreciation

Petroleum and natural gas properties and related equipment are depleted and depreciated using the unit-of-production method, based on estimated proven reserves of oil and natural gas before royalties, as determined by independent consulting engineers. For the purpose of this calculation, production and reserves of natural gas are converted to barrels of oil equivalent based on relative energy content of six thousand cubic feet of natural gas to one barrel of oil. Costs of unproved properties are excluded from the calculation until proved reserves are established or impairment occurs. These properties are assessed periodically to ascertain whether impairment has occurred.

Depreciation of office furniture, equipment and software is provided for on a declining balance basis at an annual rate of 20%, 33% and 50%, respectively.

Ceiling Test

The recoverability of a cost centre is tested by comparing the carrying value of the cost centre to the sum of the undiscounted cash flows expected from the production of proved reserves and the lower of cost and market of unproved properties. If the carrying value is unrecoverable the cost centre is written down to its fair value using the expected present value approach. This approach incorporates risks and uncertainties in the expected future cash flows from proved and probable reserves and the lower

of cost and market of unproved properties which are discounted using a risk free rate. The cash flows are estimated using expected future product prices and costs.

Foreign Currency Translation

Monetary assets and liabilities denominated in a currency other than the Canadian dollar are translated at the rate of exchange in effect at the balance sheet date. Revenues and expenses denominated in a foreign currency are translated at the average exchange rate for the period. Translation gains and losses are included in income the period in which they arise.

Asset Retirement Obligations

This standard requires the recognition of the fair value of obligations associated with the retirement of tangible long-lived assets be recorded in the period the asset is put into use, constructed or purchased, with a corresponding increase to the carrying amount of the related asset. The obligations recognized are statutory, contractual or legal obligations. The liability is accreted over time for changes in the fair value of the liability through charges to asset retirement accretion which is included in depletion, depreciation and accretion expense. The costs capitalized to the related assets are amortized to earnings in a manner consistent with the depreciation, depletion and amortization of the related assets. Actual costs incurred upon settlement of the retirement obligations are charged against the obligation to the extent of the liability recorded.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Upon initial recognition all financial instruments, including all derivatives, are recognized on the balance sheet at fair value. Subsequent measurement is then based on the financial instruments being classified into one of five categories: held for trading, held to maturity, loans and receivables, available for sale and other liabilities. The Corporation has designated its cash and cash equivalents as held for trading which are measured at fair value. Accounts receivable are classified as loans and receivables which are measured at amortized cost. Accounts payable and accrued liabilities and long term debt are classified as other liabilities which are measured at amortized cost, which is determined using the effective interest method.

The Corporation is exposed to market risks resulting from fluctuations in crude oil and natural gas prices, foreign currency and interest rate fluctuations in the normal course of operations. A variety of derivative instruments may be used by the Corporation to reduce its exposure to fluctuations in crude oil and natural gas prices, foreign currency and interest rates. The Corporation does not use these derivative instruments for trading or speculative purposes. The Company considers all of these transactions to be economic hedges, however, the majority of the Company's contracts do not qualify or have not been designated as hedges for accounting purposes. As a result, all derivative contracts are classified as held for trading and are recorded on the balance sheet at fair value, with changes in the fair value recognized in net income, unless specific hedge criteria are met. The fair values of these derivative instruments are based on an estimate of the amounts that would have been received or paid to settle these instruments prior to maturity given future market prices and other relevant factors. Proceeds and costs realized from holding the derivative contracts are recognized in net income at the time each transaction under a contract is settled.

The Corporation has elected to account for its commodity sales and other non-financial contracts, which were entered into and continue to be held for the purpose of receipt or delivery of non-financial items in accordance with its expected purchase, sale or usage requirements as executory contracts on an accrual basis rather than as non-financial derivatives.

The Corporation measures and recognizes embedded derivatives separately from the host contracts when the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract, when it meets the definition of a derivative and when the entire contract is not measured at fair value. Embedded derivatives are recorded at fair value.

The Corporation immediately expenses all transaction costs incurred in relation to the acquisition of a financial asset or liability. Long term debt is presented net of deferred interest payments, with interest recognized in net income using the effective interest method.

The Corporation applies trade-date accounting for the recognition of a purchase or sale of cash equivalents and derivative contracts.

Income Taxes

Future income taxes are calculated using the asset and liability method of tax allocation. Differences between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future income tax liabilities or assets. Future income tax assets or liabilities are calculated using the substantially enacted tax rates anticipated to apply in periods that the temporary differences are expected to reverse.

Flow-through Shares

The Corporation has financed a portion of its exploration and development activity through the issue of flow-through shares. Under the terms of the flow-through share agreements, the tax attributes of the related expenditures are renounced to the subscribers. The estimated value of the tax pools foregone is reflected as a reduction to share capital and a corresponding increase in future income tax liability when the expenditures are renounced.

Revenue Recognition

Oil and gas sales revenue is recognized when the title and risks pass to the purchaser. Oil and gas sales have been presented prior to transportation costs and a separate expense for transportation costs has been presented in the consolidated statement of operations.

Stock-based Compensation

The Corporation uses the fair value method for valuing stock option grants. The fair value is measured at the grant date and charged to income over the vesting period with a corresponding increase in contributed surplus. Consideration paid on exercise of options is credited to share capital together with the amount of previously recognized compensation expense included in contributed surplus. Compensation cost attributable to awards to employees that call for settlement in cash or other assets are measured at intrinsic value and recognized over the vesting period. Changes in intrinsic value between the grant date and the measurement date result in a change in the measure of compensation cost.

Per Share Amounts

Basic per share amounts are computed by dividing net income by the weighted average number of shares outstanding for the period. Diluted per share amounts are calculated using the treasury stock method where the weighted average number of shares outstanding is adjusted for the dilutive effect of options. The dilutive effect of options is calculated as the net change in common shares resulting from the notional exercise of all in-the-money options assuming the proceeds are used to repurchase common shares at the average trading price during the period.

Comparative Figures

Certain comparative figures have been reclassified to conform with current period presentation.

3. Changes in accounting policies:

On January 1, 2007, the Corporation adopted the new Canadian accounting standards for financial instruments – recognition and measurement, financial instruments – presentations and disclosures, hedging and comprehensive income. Adopting these standards had no impact on the measurement of existing financial assets and liabilities.

Effective January 1, 2008, the Corporation will be required to adopt three new accounting standards: Section 1535, Capital Disclosures, Section 3862, Financial Instruments – Disclosures and Section 3863, Financial Instruments – Presentation. Section 1535, requires disclosure of an entity's objectives, policies and processes for managing capital, including: quantitative data about what the entity considers capital, whether the entity has complied with any capital requirements and the consequences of non-compliance if the entity has not complied. Sections 3862 and 3863 specify standards of presentation and enhanced disclosures on financial instruments. It is not anticipated that the adoption of these new standards will impact the amounts reported in the Corporation's financial statements as they primarily relate to disclosure.

In February 2008, the Canadian Accounting Standards Board confirmed January 1, 2011 as the effective date for the requirement to report under International Financial Reporting Standards ("IFRS") with the comparative 2010 periods converted as well. The Canadian generally accepted accounting principles as we currently know them, will cease to exist for all publicly reporting entities. Currently, the application of IFRS to the oil and gas industry in Canada requires considerable clarification. The concept of full cost accounting will not be retained in IFRS. The Canadian Securities Administrators are in the process of examining

changes to securities rules as a result of this initiative. The Corporation has not yet determined the effect of IFRS on the accounting policies and reporting standards.

4. Investments

On May 18, 2006, the Corporation acquired \$4,000 principal amount of 5.0 per cent secured convertible debentures from a private company. The debentures paid interest quarterly on March 31, June 30, September 30 and December 31 and had a maturity date of July 18, 2007. The debentures were convertible, at the option of the Corporation, to 8,000 common shares at a conversion price of \$0.50 per share.

The investment was accounted for at cost. On March 26, 2007, the convertible debentures were redeemed at par for \$4,000 plus accrued interest.

5. Property, Plant and Equipment

	December 31, 2007	December 31, 2006
Cost	\$ 747,810	\$ 417,390
Accumulated depletion and depreciation	(166,699)	(90,124)
	<u>\$ 581,111</u>	<u>\$ 327,266</u>

During the year ended December 31, 2007, the Corporation capitalized overhead charges of \$1,594 (2006 – \$1,483) and stock based compensation of \$1,852 (2006 – \$288). Costs related to unproved properties of \$35,066 (2006 – \$40,108) were excluded from the depletion calculation. Future development capital of \$4,325 (2006 - \$5,874) was included in the depletion calculation.

On May 11, 2007, the Corporation acquired certain oil and natural gas properties for cash of \$199,674 with associated asset retirement obligations of \$571.

The following table summarizes the future benchmark prices and the Corporation's prices used in the ceiling test which determined that there is no impairment in the value of the Corporation's assets at December 31, 2007.

	WTI Oil (\$US/bbl)	Foreign Exchange Rate	Edmonton Par Oil (\$Cdn/bbl)	Corporation's Oil Price (\$Cdn/bbl)	AECO Gas (\$Cdn/mmbtu)	Corporation's Gas Price (\$Cdn/mcf)
2008	\$92.00	1.00	\$91.10	\$85.77	\$6.53	\$7.25
2009	\$88.00	1.00	\$87.10	\$82.15	\$7.33	\$8.11
2010	\$84.00	1.00	\$83.10	\$78.52	\$7.37	\$8.16
2011	\$82.00	1.00	\$81.10	\$76.95	\$7.37	\$8.16
2012	\$82.00	1.00	\$81.10	\$77.00	\$7.37	\$8.17
2013	\$82.00	1.00	\$81.10	\$77.04	\$7.37	\$8.16
Annual escalation thereafter	2%		2%	2%	2%	2%

6. Long Term Debt

Revolving and Operating Facilities

At December 31, 2006, a Canadian chartered bank had provided the Corporation with a revolving line of credit of \$150,000. On January 31, 2007, a syndicate of banks provided the Corporation with a revolving line of credit of \$130,000 and a Canadian chartered bank provided the Corporation with an operating line of credit of \$20,000. These facilities are fully secured by first priority security interests in all acquired properties and assets of the Corporation and affiliated entities. Interest on advances under these facilities is dependent on the prime interest rate or stamping fees charged by the banks and the debt to EBITDA ratio of the Corporation at the end of each quarter.

On March 22, 2007, to facilitate the purchase of the oil and natural gas properties described in note 5, a syndicate of banks agreed to increase the revolving line of credit to \$210,000 with the operating line of credit remaining at \$20,000. The interest

terms, security and covenants of these facilities remained the same. These facilities must be renewed by June 13, 2008, and, if not renewed, outstanding advances become term loans repayable on June 30, 2009. As a result, amounts outstanding under these facilities are classified as long-term.

As of December 31, 2007, \$181,130 (2006 - \$121,600) had been drawn under these facilities at an effective interest rate of 6.11 per cent (2006 – 5.35 per cent).

Bridge Facility

To facilitate the purchase of the oil and natural gas properties described in note 5, a Canadian chartered bank agreed to provide the Corporation with a \$110,000 bridge credit facility which was scheduled to mature in October 2007. On May 11, 2007, the Corporation drew the full amount of the \$110,000 bridge credit facility. Amounts borrowed under the bridge facility were subject to interest based on the prime interest rate plus 150 basis points. The Corporation closed the equity issue described in note 8 on May 11, 2007, and used net proceeds of \$51,746 to partially repay amounts outstanding under the bridge credit facility. On June 29, 2007, the Corporation used proceeds from the second lien loan facility, described further below, to fully repay any amounts outstanding under this facility.

Senior Second Lien Term Loan

On June 29, 2007, a syndicate of lenders provided the Corporation with a US\$100,000 senior second lien term loan, repayable in quarterly principal installments of US\$250 with the balance due on maturity on June 29, 2012. Amounts borrowed under the senior second lien term loan are subject to variable rate interest based on the three month LIBOR rate plus 425 basis points. This term loan is secured by second priority interests in all acquired properties and assets of the Corporation and affiliated entities. The loan is fully repayable at any time subject to a 1 per cent penalty on prepayments made prior to June 30, 2008.

As of December 31, 2007, \$98,634 (US\$99,500) is outstanding under this term loan of which the current portion is \$991 (US \$1,000), with the balance of \$97,643 (US\$98,500) reflected as long term debt. At December 31, 2007, the Corporation's effective interest rate was fixed at 9.56 per cent.

Future scheduled repayments have been fixed in Canadian dollars as follows: 2008 – \$991 (US\$1,000); 2009 – \$991 (US\$1,000); 2010 – \$991 (US\$1,000); 2011 – \$991 (US\$1,000); and 2012 – \$94,670 (US\$95,500).

In conjunction with the senior second lien term loan, the Corporation entered into a cross currency interest rate swap arrangement for the same term as the senior second lien term loan. The swap arrangement establishes a fixed foreign exchange rate on principal repayments of \$1.07 CDN to \$1.00 US and a fixed interest rate of 9.56 per cent. As of December 31, 2007, the fair value of the swap was a loss of \$11,836.

The covenants require the proved reserves value to be greater than 1.5 times debt, determined semi-annually, and EBITDA must exceed interest expense by more than 3.5 times. The Corporation was in compliance with these covenants as at December 31, 2007.

7. Asset Retirement Obligations

At December 31, 2007, the estimated total undiscounted amount required to settle asset retirement obligations was \$19,302 (2006 - \$14,900). These obligations will be settled based on the useful lives of the underlying assets, which currently extend up to 21 years into the future. This amount has been discounted using a credit adjusted risk-free interest rate of 8.0 per cent (2006 – 8.0 per cent) and inflation rate of 2.0 per cent (2006 – 2.0 per cent).

Changes to asset retirement obligations were as follows:

	December 31, 2007	December 31, 2006
Asset retirement obligations, beginning	\$ 6,072	\$ 4,565
Liabilities incurred	1,116	1,367
Liabilities incurred on acquisition (<i>note 5</i>)	571	-
Liabilities settled	(233)	(253)
Accretion	539	393
Asset retirement obligations, ending	\$ 8,065	\$ 6,072

The asset retirement accretion expense of \$539 (2006 - \$393) has been included in depletion, depreciation and accretion expense.

8. Share Capital

- Authorized - unlimited number of common shares
- unlimited number of first and second preferred shares

	Common Shares	
	Number of Shares	Amount
Balance at December 31, 2005	45,700	\$ 92,185
Exercise of stock options	161	516
Stock-based compensation on exercise of stock options	-	328
Balance at December 31, 2006	45,861	\$ 93,029
Issue of flow-through shares	1,350	14,355
Issue of common shares for equity financing	7,500	52,470
Exercise of stock options	1,348	4,522
Stock-based compensation on exercise of stock options	-	2,542
Balance at December 31, 2007	56,059	\$ 166,918

On February 15, 2007, the Corporation issued 1,350 flow-through common shares at a price of \$11.00 per share for gross proceeds of \$14,850 and net proceeds of \$14,355 after issue costs of \$495 (net of tax of \$260). The commitment to spend \$14,850 on exploration activity must be completed by December 31, 2008. At December 31, 2007, approximately \$13,623 has been spent on exploration for flow-through share purposes.

The Corporation, pursuant to a prospectus, issued 7,500 subscription receipts at \$7.25 per share for gross proceeds of \$54,375 and net proceeds of \$52,470 after issue costs of \$1,905 (net of tax of \$845). The proceeds were held in trust until May 11, 2007, when, upon closing of the oil and natural gas property acquisition described in note 5, the subscription receipts were exchanged for an equal number of common shares and the proceeds were released, and applied against the outstanding amount drawn on the bridge credit facility described in note 6.

There were no first or second preferred shares issued as at December 31, 2007 and 2006.

(a) Per Share Amounts

Weighted average number of common shares outstanding	Years ended December 31	
	2007	2006
Basic	53,014	45,842
Dilutive effect of options	641	2,163
Diluted	53,655	48,005

b) Stock Options

The Corporation has implemented a stock option plan for directors, officers, employees and consultants for up to 10 per cent of outstanding common shares. Under this plan, the exercise price of each option equals the weighted average closing market price of the Corporation's stock on the 5 days before the grant. Each option has a term of five years and vests one-third on each of the first three anniversary dates.

Stock Options – Common Shares	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years
Outstanding at December 31, 2005	4,255	\$ 6.90	3.38
Granted	501	8.30	4.94
Cancelled	(693)	18.27	3.86
Exercised	(161)	3.21	1.58
Outstanding at December 31, 2006	3,902	5.22	2.48
Granted	3,515	8.28	4.27
Cancelled	(907)	9.38	1.55
Exercised	(1,348)	3.35	0.74
Outstanding at December 31, 2007	5,162	\$ 7.06	3.30
Options exercisable at December 31, 2007	1,681	\$ 4.42	1.34

	Years ended December 31	
	2007	2006
Weighted average fair value of stock options granted (per option)	\$ 2.81	\$ 2.82
Expected life of stock options (years)	5	5
Expected volatility (weighted average)	30.0%	30.0%
Risk free rate of return (weighted average)	4.0%	4.0%
Expected dividend yield	0.0%	0.0%

(c) Contributed Surplus – Stock-based Compensation

	Years ended December 31	
	2007	2006
Balance, beginning of year	\$ 7,753	\$ 4,613
Stock-based compensation	4,369	3,468
Transfer to share capital on exercise of options	(2,542)	(328)
Balance, end of year	\$ 9,580	\$ 7,753

9. Future Income Taxes

(a) The provision for future income taxes was determined as follows:

	Years ended December 31	
	2007	2006
Income before taxes	\$ 8,651	\$ 42,223
Tax rate (%)	32.12	34.50
Expected provision for future income taxes	2,779	14,567
Non-deductible Crown payments	-	3,590
Resource allowance	-	(3,390)
Non-deductible stock-based compensation	809	1,097
Reduction in tax rates and other	(176)	(3,022)
Utilization of previously unrecognized losses	-	(930)
	\$ 3,412	\$ 11,912

(b) Net future income tax liability:

	Years ended December 31	
	2007	2006
Future income tax assets (liabilities):		
Capital assets, differences between net book value and value for tax purposes	\$ 9,304	\$ 17,624
Timing of partnership items	29,971	15,391
Asset retirement obligations	(2,097)	(1,950)
Share issue costs and other	(3,957)	(151)
	<u>\$ 33,221</u>	<u>\$ 30,914</u>

10. Cash Taxes and Interest Paid

During the year ended December 31, 2007 no (2006- \$91), cash taxes were paid by the Corporation. During the year ended December 31, 2007, interest paid was \$15,934 (2006 - \$5,037).

11. Financial Instruments

Foreign currency exchange risk:

The Corporation is exposed to foreign currency fluctuations as crude oil and natural gas prices received are referenced to US dollar denominated prices. The Corporation's exposure to foreign currency fluctuations on its US dollar denominated debt has been mitigated through the cross currency interest rate swap arrangement which has fixed the foreign exchange rate on principal repayments.

Credit risk:

A substantial portion of the Corporation's accounts receivable are with customers and joint venture partners in the oil and natural gas industry and are subject to normal industry credit risks. Purchasers of the Corporation's natural gas, crude oil and natural gas liquids are subject to internal credit review to minimize the risk of non-payment.

Interest rate risk:

The Corporation is exposed to interest rate risk to the extent that revolving and operating debt facilities are at a floating rate of interest. The Corporation's exposure to interest rate fluctuations on its senior second lien term loan facility has been mitigated by the cross currency interest rate swap arrangement which has fixed the interest rate at 9.56 per cent.

Fair value of financial instruments:

The fair values of accounts receivable, accounts payable and accrued liabilities approximate their carrying values due to their short-terms to maturities.

The Corporation's Canadian dollar long term debt bears interest at a floating market rate and accordingly the fair market value approximates the carrying value. The Corporation's US dollar debt has been swapped into Canadian dollars and the floating interest rate has been fixed. The fair market value of the cross currency interest rate swap arrangement, as shown in note 6, will vary as foreign exchange and interest rates change.

Risk management activity:

The Corporation had natural gas physical sales contracts in place for April 1 to October 31, 2007. The Corporation realized a gain of \$3,659 on these contracts that has been included in oil and gas sales revenue.

12. Commitments

The following is a summary of the Corporation's contractual obligations and commitments as at December 31, 2007:

	Payments Due by Period					
	Total	2008	2009	2010	2011	2012 and thereafter
Credit facilities ⁽¹⁾	\$ 181,130	\$ -	\$ 181,130	\$ -	\$ -	\$ -
Senior second lien debt	98,634	991	991	991	991	94,670
Transportation	1,458	857	444	123	34	-
Office premises	1,312	328	328	328	328	-
Total contractual obligations	\$ 282,534	\$ 2,176	\$ 182,893	\$ 1,442	\$ 1,353	\$ 94,670

⁽¹⁾ Based on the existing terms of the revolving and operating lines of credit, the first payment may be required in June, 2009. (see note 6)

13. Subsequent Event

On March 4, 2008, NuVista Energy Ltd. ("NuVista") acquired all of the issued and outstanding shares of the Corporation. As a result each common share of the Corporation was exchanged for 0.3540 of a NuVista common share.

SCHEDULE 2

Pro Forma Consolidated Statement of Operations For the year ended December 31, 2007 (Unaudited)

	NuVista	Rider	Pro Forma Adjustments	Notes	Pro Forma Consolidated
Revenues:					
Production	\$ 212,386	\$ 180,398	\$ 22,459	2(a)	\$ 415,243
Royalties	(48,724)	(35,967)	(5,659)	2(a)	(90,350)
Realized and unrealized gains on commodity derivatives	4,138	-	-		4,138
	<u>167,800</u>	<u>144,431</u>	<u>16,800</u>		<u>329,031</u>
Expenses:					
Operating	36,550	30,448	1,322	2(a)	68,320
Transportation	4,422	2,155	-		6,577
General and administrative	5,254	2,314	-		7,568
Interest	9,510	17,226	(763)	2(c)	25,973
Stock-based compensation	2,833	2,517	-		5,350
Foreign exchange gain	-	(7,830)	-		(7,830)
Unrealized loss on financial instruments	-	11,836	-		11,836
Depletion, depreciation and accretion	85,246	77,114	11,275	2(b)	173,635
	<u>143,815</u>	<u>135,780</u>	<u>11,834</u>		<u>291,429</u>
Earnings before income and other taxes	23,985	8,651	4,966		37,602
Future income tax (reduction)	(2,342)	3,412	1,390	2(d)	2,460
Net earnings	<u>\$ 26,327</u>	<u>\$ 5,239</u>	<u>\$ 3,576</u>		<u>\$ 35,142</u>
Net earnings per share:					
Basic					<u>\$ 0.46</u>
Diluted					<u>\$ 0.45</u>

See accompanying notes to the pro forma consolidated statement of operations.

Notes to Pro Forma Consolidated Statement of Operations

For the year ended December 31, 2007
(Unaudited)

1. Basis of presentation:

The accompanying unaudited pro forma consolidated statement of operations for the year ended December 31, 2007 of NuVista Energy Ltd. (the "Company" or "NuVista") (the "Pro Forma Statement") has been prepared for inclusion in the Business Acquisition Report dated May 12, 2008.

Effective March 4, 2008 NuVista acquired all the issued and outstanding shares of Rider with Rider shareholders will receiving 0.3540 of a NuVista common share for each Rider common share held. For further details of the acquisition refer to the interim consolidated financial statements of NuVista as at and for the three months ended March 31, 2008. In connection with the closing of the acquisition, Ontario Teachers' Pension Plan ("OTPP") subscribed for 6.0 million units ("Units") of NuVista at a price of \$14.00 per Unit for proceeds of \$84 million issued on a private placement basis. Each Unit was comprised of one common share of NuVista and one-half of one common share purchase warrant of NuVista ("Warrant"). Each full Warrant entitles the holder of the Warrants to purchase one common share of NuVista for an exercise price of \$15.50, subject to certain adjustment provisions, prior to March 5, 2009.

This Pro Forma Statement has been prepared by management in accordance with Canadian generally accepted accounting principles. This Pro Forma Statement may not be indicative of the results that actually would have occurred if the events reflected therein had been in effect on the dates indicated or of the results which may be obtained in the future. In preparing the Pro Forma Statement no adjustments have been made to reflect operating synergies and administrative cost savings that could result from the operations of the combined assets. Accounting policies used in preparation of the Pro Forma Statement are in accordance with those disclosed in NuVista's and Rider's audited consolidated financial statements as at and for the year ended December 31, 2007. The Pro Forma Statement has been prepared from information derived from and should be read in conjunction with the following:

- NuVista's audited consolidated financial statements as at and for the year ended December 31, 2007; and
- Rider's audited consolidated financial statements as at and for the year ended December 31, 2007.

In the opinion of management, the Pro Forma Statement includes all the necessary adjustments for a fair presentation of the ongoing entity in accordance with Canadian generally accepted accounting principles.

Notes to Pro Forma Consolidated Statement of Operations

For the year ended December 31, 2007
(Unaudited)

2. Pro forma Statement assumptions and adjustments:

The Pro Forma Statement gives effect to the acquisition of Rider described in note 1 and the following assumptions and adjustments as if they had occurred at January 1, 2007:

- a) Production revenues, royalties, operating expenses and transportation costs have been adjusted, based on the unaudited accounting records, to reflect Rider's acquisition of the Talisman assets on May 11, 2007 with operating results being adjusted for the period January 1, 2007 to May 10, 2007.
- b) Depletion, depreciation and accretion has been adjusted to reflect the application of the appropriate unit-of-production rate for the full cost pool allocated to NuVista based on the estimated proved petroleum and natural gas reserves as determined by independent reserve engineers.
- c) Interest expense has been adjusted to reflect the:
 - increase in pro forma debt for the Rider acquisition;
 - proceeds received from the OTPP private placement;
 - NuVista's average cost of borrowing for the period January 1, 2007 to December 31, 2007.
- d) The provision for future income taxes has been adjusted to reflect the adjustments above.

3. Pro forma shares outstanding

Net earnings per share have been calculated based on the following:

	Year ended December 31, 2007
Weighted average NuVista shares outstanding	51,375,406
Shares issued on the acquisition of Rider	19,845,020
Shares issued to OTPP private placement	6,000,000
Weighted average NuVista shares outstanding - basic	77,220,426
Dilutive effect of NuVista stock options ⁽¹⁾	586,307
Weighted average NuVista shares outstanding - diluted	77,806,733

(1) OTPP warrants totaling 3,000,000 have been excluded from dilutive earnings per share as they are anti-dilutive.