SECOND INTERIM REPORT 2004

Press Release August 4, 2004

Calgary – NuVista Energy Ltd. is pleased to announce today its financial and operating results for the three and six months ended June 30, 2004 as follows:

Corporate Highlights

	Three Months ended June 30, 2004	Six Months ended June 30, 2004
Financial		
($ thousands, except per share)		
Production revenue	16,642	32,098
Cash flow from operations [(1)]	11,368	20,967
Per share – basic	0.30	0.56
Per share – diluted	0.30	0.54
Net income [(2)]	4,540	8,272
Per share – basic	0.12	0.22
Per share – diluted	0.12	0.21
Total assets		101,051
Bank loan, net of working capital		10,275
Shareholders' equity		80,760
Net capital expenditures	10,946	18,120
Weighted average common shares outstanding (thousands):		
Basic	37,334	37,335
Diluted	38,519	38,517
Operating		
(boe conversion – 6:1 basis)		
Production:		
Natural gas (mmcf/day)	21.2	20.9
Crude oil (bbls/day)	1,187	1,181
Total oil equivalent (boe/day)	4,712	4,682
Product prices:		
Natural gas ($/mcf)	6.80	6.58
Crude oil ($/bbl)	32.94	32.40
Operating expenses:		
Natural gas ($/mcf)	0.65	0.64
Crude oil ($/bbl)	3.94	3.93
Total oil equivalent ($/boe)	3.91	3.86
General and administrative expenses ($/boe)	0.35	0.35
Cash costs ($/boe)	4.50	4.41
Cash flow netback ($/boe) [(1)]	26.51	24.61

NOTES:

(1) Cash flow from operations is used before changes in non-cash working capital to analyze operating performance and leverage. Cash flow does not have a standardized measure prescribed by Canadian Generally Accepted Accounting Principles and therefore may not be comparable with the calculations with similar measures for other companies.

(2) Net income and net income per share for 2003 have been restated for the adoption of new accounting standards for asset retirement obligations and stock based compensation. See Note 1 of the interim consolidated financial statements for details of this restatement.

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, 2004. NuVista has now completed its first full year of operations and the Board of Directors and management are very pleased with the results, accomplishments and corresponding value created for its shareholders. The results of the second quarter of 2004 represents the fourth consecutive quarter of continuous profitable growth for NuVista since its creation through the Plan of Arrangement involving Bonavista Petroleum Ltd. and Bonavista Energy Trust (collectively "Bonavista") on July 2, 2003.

Subsequent to June 30, 2004, NuVista was also successful in the completion of one major acquisition, a private company, for approximately $47.4 million. Through a series of transactions, NuVista acquired 1,280 boe per day of production, consisting of 7.1 mmcf per day of natural gas and 100 bbls per day of oil and natural gas liquids. This acquisition provides NuVista with a significantly expanded land position and prospect inventory in two areas, the Provost area (a northwest extension of NuVista's Eastern Natural Gas Region) and a new core region in the Pembina area. Concurrent with this acquisition, NuVista announced an expansion in its 2004 capital program from $70 million to $95 million and an increase in its drilling program to 95 wells from the 80 to 85 wells previously forecasted. This expanded capital program will allow NuVista to focus on organic growth through active land and seismic acquisitions and an increased number of drilling prospects in these areas over the remainder of 2004 and 2005. The issue of 3 million shares in connection with the acquisition and the expansion in NuVista's bank facility in June, leaves NuVista with significant financial flexibility, with a projected 2004 exit debt to cash flow ratio remaining unchanged at 0.5:1.

Other significant highlights for NuVista include:

- Since inception, production has increased by 35% to average 4,712 boe per day for the second quarter of 2004, consisting of 21.2 mmcf per day of natural gas and 1,187 bbls per day of crude oil from the 3,500 boe per day. This significant growth was accomplished while capital expenditures were only 1.1 times cash flow during this period. With the acquisition of the private company, installation of additional natural gas compression and recent tie-ins of second quarter wells, NuVista's current production has increased to 6,350 boe per day, consisting of 29.7 mmcf per day of natural gas and 1,400 bbls per day of oil and natural gas liquids;
- Increased undeveloped land by 72%, to over 295,000 net acres from the 172,000 net acres on commencement of operations, further enhancing the drilling prospect inventory in its Core Regions. In addition, NuVista has optioned over 40,000 net acres of undeveloped land through farm-in commitments with industry partners;
- Acquired 700 kilometers of 2D and 90 square kilometers of 3D seismic to further enhance the prospectivity of NuVista's undeveloped land thus far in 2004;
- Participated in 38 (30.1 net) wells year to date in 2004, with an overall success rate of 84%;
- Evaluated and submitted proposals on a number of acquisition opportunities in the second quarter of 2004, resulting in commitments for four complimentary property acquisitions, two in the Eastern Natural Gas Region and two in the Provost-Amisk Region;
- Continued focus on controllable cash costs has been a top priority, with recorded cash costs of $4.50 per boe for the second quarter of 2004, maintaining NuVista in the top decile of its industry peers; and
- In June 2004, completed the expansion of the bank facility from $32 million to $43 million, leaving it with significant financial flexibility to fund future opportunities as they arise.

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 the unaudited consolidated financial statements for the six months ended June 30, 2004 and NuVista's audited consolidated financial statements and MD&A for the period from July 2, 2003 to December 31, 2003. Barrels of oil equivalent ("boe") have been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil.

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, 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.

New accounting policies – On January 1, 2004, NuVista adopted and implemented retroactively, new accounting policies pursuant to requirements of the Canadian Institute of Chartered Accountants ("CICA") Handbook. The new accounting policies adopted included: "Asset Retirement Obligations", "Stock-based Compensation and Other Stock-based Payments" and "Hedge Accounting" and are detailed further in Note 1 of the Notes to the Consolidated Financial Statements.

Operating activities - In the second quarter of 2004, NuVista drilled 20 wells with an average working interest of 83%. The success rate of 80% in this drilling program resulted in 13 natural gas wells and three oil wells. Of the 20 wells, 15 were medium depth natural gas prospects drilled in the Eastern Alberta Natural Gas Region. As currently being reported throughout the industry, NuVista also experienced some weather related delays resulting in drilling five fewer natural gas tests than originally planned and the delay of tie-ins and compression projects until late in the second quarter. NuVista is currently completing and connecting the successful second quarter wells and will drill the remaining second quarter locations as part of the third quarter program. NuVista operated 17 of the 20 wells, with an average working interest of 89% in the operated wells. During the quarter, NuVista also participated in three non-operated wells with an average working interest of 50% in these wells. NuVista continues to actively drill in its core regions, with approximately 55 wells planned for the remainder of the year. For the six months ended June 30, 2004, NuVista drilled 38 (30.1 net) wells, operating 32 of them, resulting in 24 natural gas wells, eight oil wells and six dry holes.

Production - NuVista's production results for the six months ended June 30, 2004 benefited from continued success in its Eastern Alberta Core Region drilling program. Although NuVista's average production of 4,712 boe per day, comprised of 21.2 mmcf per day of natural gas and 1,187 bbls per day of crude oil, for the second quarter of 2004 represents only a 1% increase over the first quarter of 2004, a significant portion of NuVista's second quarter natural gas drilling success will be brought on-stream in July and August, 2004. NuVista has recently drilled four horizontal and three vertical oil wells at Amisk, which were brought on stream in late June. In addition, a facility expansion was completed at Amisk in mid-July, which resulted in further increased oil production due to increased water handling capability.

Revenues – Revenues for the three months ended June 30, 2004 were $16.6 million, an 8% increase from $15.5 million for the three months ended March 31, 2004. Revenues for the six months ended June 30, 2004 were $32.1 million, a 28% increase from $25.1 million for the six months ended December 31, 2003. These revenues were comprised of $25.1 million of natural gas revenues and $7.0 million of crude oil revenues for the six months ended June 30, 2004. The increase in revenues for the six months ended June 30, 2004 versus the six months ended December 31, 2003, results from a 9% increase in production and a 13% increase in the natural gas price to $6.58 per mcf from $5.81 per mcf and a 17% increase in the crude oil price to $32.94 per bbl from $28.08 per bbl, respectively. Revenues for the three and the six months ended June 30, 2004 were slightly reduced by $240,000 as a result of hedging activities.

Royalties – Royalties of $3.3 million for the three months ended June 30, 2004 were 17% lower than $4.0 million for the three months ended March 31, 2004. The reduction in royalties in the second quarter resulted from lower actual natural gas crown royalties than estimated for the first quarter. Royalties for the reporting period were $7.4 million, an average rate of 23% versus $6.1 million or 24% for the six months ended December 31, 2003. Natural gas royalties were $6.3 million, an average royalty rate of 25% and crude oil royalties were $1.2 million, or an average royalty rate of 16.7%.

Operating expenses – Operating expenses of $1.7 million for the three months ended June 30, 2004 were comparable to the $1.6 million for the three months ended March 31, 2004. Operating expenses for the six months ended June 30, 2004 were $3.3 million, a 17.8% increase from $2.8 million for the six months ended December 31, 2003. This increase resulted primarily from the higher production volumes in the six months ended June 30, 2004, from the six months ended December 31, 2003. In the first half of 2004, natural gas operating expenses averaged $0.64 per mcf and crude oil expenses were $3.93 per bbl as compared to $0.58 per mcf and $4.32 per bbl respectively for the six months ended December 31, 2003. On a boe basis, operating costs increased 5% to $3.86 per boe in the first half of 2004 as compared to $3.69 per boe for the six months ended December 31, 2003, primarily due to cost pressures facing the entire industry. Despite this increase, NuVista still remains in the top decile for oil and natural gas companies in its peer group. Overall, NuVista's cash costs, which include operating, general and administrative, interest expenses and Large Corporation Tax, have remained consistent at $4.50 per boe in the second quarter of 2004. This too places us in the top decile in our peer group in this performance criteria.

General and administrative – General and administrative expenses of $153,000 net of overhead recoveries, were comparable with the charge of $149,000 for the three months March 31, 2004. General and administrative expenses, net of overhead recoveries were $302,000 or $0.35 per boe for the six months ended June 30, 2004. Included in these expenses is an allocation of $520,000 from Bonavista, pursuant to the Technical Services

Agreement entered into as part of the Plan of Arrangement. The Technical Services Agreement allowed NuVista to initiate and continue with a successful and active program, through the use of Bonavista's personnel in managing its operations and at the same time take advantage of Bonavista's low overhead cost structure. In addition, as a result of adopting the new accounting rules, NuVista recorded a stock based non-cash compensation charge of $478,000 for the six months ended June 30, 2004, in connection with both of the Class B Performance shares and stock options.

Interest expenses – For the three months ended June 30, 2004, interest expense was $78,000, up from $51,000 in the first quarter of 2004, due to higher average debt levels in the second quarter. Interest expense during the first half of 2004 was $129,000 or $0.15 per boe versus $282,000 or $0.37 per boe for the six months ended December 31, 2003 because of lower average debt levels in the first half of 2004. Currently, NuVista's average borrowing rate is approximately 3.1%.

Depreciation, depletion and accretion expenses - Depreciation, depletion and accretion expenses were $3.5 million for the second quarter of 2004. The average cost per unit was $8.13 per boe in the second quarter of 2004 versus $7.63 per boe for the three months ended March 31, 2004 due to higher costs of adding reserves in the current quarter as compared to historic levels. The overall depreciation, depletion and accretion rate has been reduced as a result of the retroactive adoption of the new accounting rules relating to asset retirement obligations.

Income and other taxes – For the second quarter of 2004, the provision for income and other taxes was $3.1 million for an effective tax rate of 40.7%, as compared to $2.4 million with an effective tax rate of 39.3% for the first quarter of 2004. For the six months ended June 30, 2004, the provision for income and other taxes was $5.5 million for an effective tax rate of 40.1% as compared to the restated provision of $3.7 million, with an effective tax rate of 39.5% for the period from July 2 to December 31, 2003.

Capital expenditures - Capital expenditures were $10.9 million during the second quarter of 2004 and consisted primarily of exploration and development spending. These expenditures were 17% lower than the planned amount of approximately $13.2 million for the quarter, as poor weather conditions delayed NuVista's field activities. In addition, only a small portion of the acquisition budget was spent in the quarter. In spite of these factors, NuVista still exceeded its production and cash flow targets for the current reporting period. For the six months ended June 30, 2004, capital expenditures were $18.1 million, which represents approximately 86% of the cash flow for the period.

Cash flow and net income – In the second quarter of 2004, cash flow was $11.4 million ($0.30 per share, basic), an 18% increase over $9.6 million ($0.26 per share, basic) for the first quarter of 2004. For the six months ended June 30, 2004, NuVista's cash flow was $21.0 million ($0.56 per share, basic), a 34.6% increase from $15.6 million ($0.43 per share, basic) for the six months ended December 31, 2003. Net income also increased 45.6% during the first half of 2004 to $8.3 million ($0.22 per share, basic) from $5.6 million ($0.15 per share, basic), restated for the six months ended December 31, 2003. These increases resulted from stronger commodity prices and increased production rates for the reporting period in 2004 and allowed NuVista to maintain a strong net income to cash flow ratio of almost 40%.

Liquidity and capital resources - As at June 30, 2004, total bank debt (net of working capital) was $10.3 million, resulting in a debt to cash flow ratio of approximately 0.3 to 1. NuVista has approximately $32.7 million of unused bank borrowing capability based on the current line of credit of $43 million, which provides substantial flexibility to fund expanded capital programs into the future.

Quarterly financial information - The following table highlights NuVista's performance for the quarterly periods from July 2, 2003 to June 30, 2004. NuVista commenced operations on July 2, 2003 through the Plan of Arrangement involving Bonavista:

	2004		2003	
	June 30	March 31	December 31	July 2 to September 30
(thousands, except per share amounts)			(restated)	(restated)
Production revenue	$ 16,642	$ 15,456	$ 12,735	$ 12,399
Net income	4,540	3,732	2,878	2,746
Net income per share:				
Basic	$ 0.12	$ 0.10	$ 0.08	$ 0.08
Diluted	0.12	0.10	0.08	0.07

BUSINESS RISKS AND OUTLOOK

NuVista's management remains committed to the same principles and disciplined growth strategy that has led to the tremendous success of Bonavista. The undeveloped land base now exceeding 295,000 net acres, an increased drilling inventory, coupled with our strong balance sheet, leaves NuVista positioned to continue posting strong operational and financial results for the remainder of 2004 and beyond. With the $47.4 million acquisition completed on July 29, 2004, NuVista announced an increase of its base capital budget from $70 million to $95 million for 2004 and the increase in the drilling program by 10 to 15 wells to 95 wells. The expanded capital program for 2004 will enable NuVista's 2004 forecasted exit production to increase 12% to 7,500 boe per day as opposed to the 6,700 boe per day originally forecasted. NuVista will continue to focus on its core strategy of applying technical expertise to its operating regions in a prudent and disciplined manner, through both the drill bit and strategic acquisitions. The execution of these strategies will enable NuVista to continue to grow its production, cash flow and net income consistently and profitability. The continued expectations of exploration, development and acquisition success, leaves NuVista in an excellent position to average approximately 5,600 boe per day and a cash flow estimate of $1.30 per share in 2004. Furthermore, our solid financial position, will enable us to execute our 2004 capital program and remain positioned to pursue additional strategic opportunities as they arise. The increase in the 2004 base capital program positions NuVista to deliver profitable long term growth. We remain unwavering in our commitment to enhance shareholder value by accessing the broad depth and expertise of the Bonavista team in a diligent and prudent manner.

On Behalf of the Board of Directors

Alex G. Verge
President and
Chief Executive Officer

Glenn A. Hamilton
Vice President and
Chief Financial Officer

August 4, 2004
Calgary, Alberta

Consolidated Balance Sheets

(thousands)		June 30, 2004		December 31, 2003
		(unaudited)		(restated)
Assets				
Accounts receivable	$	6,784	$	6,251
Oil and natural gas properties and equipment		91,603		79,959
Future tax asset		2,664		8,164
	$	101,051	$	94,374
Liabilities and Shareholders' Equity				
Accounts payable and accrued liabilities	$	9,328	$	12,402
Bank loan		-		6,928
		9,328		19,330
Bank loan		7,731		-
Asset retirement obligation		3,232		3,027
Shareholders' equity:				
Share capital		65,925		65,932
Contributed surplus		939		461
Retained earnings		13,896		5,624
		80,760		72,017
	$	101,051	$	94,374

Consolidated Statement of Operations and Retained Earnings

(thousands, except per share amounts)		Three Months ended June 30, 2004		Six Months ended June 30, 2004
(unaudited)				
Revenues:				
Production	$	16,642	$	32,098
Royalties, net of Alberta Royalty Tax Credit		(3,342)		(7,375)
		13,300		24,723
Expenses:				
Operating		1,676		3,289
General and administrative		153		302
Financing charges		78		129
Stock based compensation expense		246		478
Depreciation, depletion and accretion		3,487		6,717
		5,640		10,915
Income before income and other taxes		7,660		13,808
Income and other taxes		3,120		5,536
Net income		4,540		8,272
Retained earnings, beginning of period		9,356		5,668
Retroactive application of changes in accounting policies (Note 1)		-		(44)
Retained earnings, end of period	$	13,896	$	13,896
Net income per share – basic	$	0.12	$	0.22
Net income per share – diluted	**$**	0.12	$	0.21

Consolidated Statement of Cash Flows

(thousands)

(unaudited)	Three Months ended June 30, 2004	Six Months ended June 30, 2004
Cash provided by (used in):		
Operating Activities:		
Net income	$ 4,540	$ 8,272
Items not requiring cash from operations:		
Depreciation, depletion and accretion	3,487	6,717
Stock based compensation expense	246	478
Future income taxes	3,095	5,500
Funds flow from operations	11,368	20,967
Asset retirement expenditures	(13)	(36)
Increase in non-cash working capital items	(1,681)	(3,607)
	9,674	17,324
Financing Activities:		
Repurchase of share capital	-	(7)
Increase in bank loan	1,272	803
	1,272	796
Investing Activities:		
Oil and natural gas properties and equipment additions	(11,048)	(18,222)
Proceeds on disposal of oil and natural gas properties and equipment	102	102
	(10,946)	(18,120)
Decrease in cash	-	-
Cash, beginning of period	-	-
Cash, end of period	$ -	$ -

SELECTED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

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 period from July 2, 2003 to December 31, 2003, except as noted below. These interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the period from July 2, 2003 to December 31, 2003.

1. Changes in accounting policies:

a) Oil and natural gas assets:

Oil and natural gas assets are evaluated in each reporting period to determine that the carrying amount in a cost centre is recoverable and does not exceed the fair value of the properties in the cost centre.

The carrying amounts are assessed to be recoverable when the sum of the undiscounted cash flows expected from the production of proved reserves, the lower of cost and market of unproved properties and the cost of major development projects exceeds the carrying amount of the cost centre. When the carrying amount is not assessed to be recoverable, an impairment loss is recognized to the extent that the carrying amount of the cost centre exceeds the sum of the discounted cash flows expected from the production of proved and probable reserves, the lower of cost and market of unproved properties and the cost of major development projects of the cost centre. The cash flows are estimated using expected future product prices and costs and are discounted using a risk-free interest rate.

Effective January 1, 2004, NuVista adopted the new accounting standard relating to full cost accounting. The adoption of this new policy on January 1, 2004 resulted in no write-down to the carrying value of oil and natural gas assets. Prior to January 1, 2004 the ceiling test amount was the sum of the undiscounted cash flows expected from the production of proved reserves, the lower of cost or market of unproved properties and the cost of major development projects less estimated future costs for administration, financing, site restoration and income taxes. The cash flows were estimated using period end prices and costs.

NuVista has performed the ceiling test under AcG-16 as of January 1, 2004. The impairment test was calculated using the benchmark reference prices as at January 1, 2004 for the years 2004 to 2008 and adjusted for commodity price differentials specific to NuVista:

Benchmark Reference Price Forecast:			**Year**		
	2004	**2005**	**2006**	**2007**	**2008**
WTI ($U.S./bbl)	29.00	26.50	25.50	25.00	25.00
AECO ($Cdn/mmbtu)	5.80	5.47	5.14	4.94	4.78

b) Asset retirement obligations:

On January 1, 2004, NuVista adopted CICA Handbook Section 3110 “Asset Retirement Obligations”. This change in accounting policy has been applied retroactively with the restatement of the prior period presented for comparative purposes. Previously, NuVista recognized a provision for future site reclamation and abandonment costs calculated on the unit-of-production method over the life of the oil and natural gas properties based on total estimated proved reserves and the estimated future liability.

As a result of this change in accounting policy, net income increased by $313,000 ($481,000 net of a future tax expense of $168,000) or $0.01 per share on a basic and diluted basis for the period from inception on July 2, 2003 to December 31, 2003. The Asset Retirement Obligation increased by $1.7 million, oil and natural gas properties and equipment, net of accumulated depreciation and depletion increased by $3.2 million, future tax asset decreased by $509,000, share capital increased by $642,000 and retained earnings increased by $313,000 as at December 31, 2003.

c) Stock-based compensation:

NuVista has retroactively adopted the new accounting standard for stock-based compensation, which requires the use of the fair value method for valuing stock option grants on or after January 1, 2002. Under this method, the compensation cost attributable to all share options granted is measured at fair value at the grant date and expensed over the vesting period with a corresponding increase to contributed surplus. Upon the exercise of the stock options, consideration received together with the amount previously recognized in contributed surplus is recorded as an increase to share capital. NuVista has incorporated an estimated forfeiture rate of 10% for stock options.

As a result of adopting the new accounting standard, net income decreased by $357,000, or $0.01 per share on a basic and diluted basis for the period from July 2, 2003 to December 31, 2003. The completion of this change in accounting policy resulted in an increase of $357,000 to contributed surplus and a decrease of $357,000 to retained earnings as at December 31, 2003.

d) Hedge relationships:

The Canadian Institute of Chartered Accountants ("CICA") issued Accounting Guideline 13 – Hedging Relationships, which deals with the identification, designation, documentation and effectiveness of hedging relationships for the purpose of applying hedge accounting. The guideline establishes conditions for applying hedge accounting. The guideline is effective for fiscal years beginning on or after July 1, 2003. Where hedge accounting does not apply, any changes in the fair value of the financial derivative contracts relating to a financial period can either reduce or increase net income and net income per share for that period.

2. Asset retirement obligations:

NuVista's asset retirement obligations result from net ownership interests in oil and natural gas assets including well sites, gathering systems and processing facilities. NuVista estimates the total undiscounted amount of cash flows required to settle its asset retirement obligations is approximately $11.6 million which will be incurred over the next 51 years. The majority of the costs will be incurred between 2018 and 2034. A credit-adjusted risk-free rate of 8.0% was used to calculate the fair value of the asset retirement obligations.

A reconciliation of the asset retirement obligation is provided below:

	Six months ended June 30, 2004	**Period from July 2 to December 31, 2003**
(thousands)		
Balance, beginning of period	$ 3,027	$ 2,846
Accretion expense	103	85
Liabilities incurred	138	206
Liabilities settled	(36)	(110)
Balance, end of period	$ 3,232	$ 3,027

3. Bank loan:

In June 2004, the Company and its lenders agreed to amend the Company's revolving bank loan facility to increase the maximum borrowing to $43 million. The facility is subject to an annual review by the lenders, at which time a lender can request conversion to a term loan for one year. Under the term period, no principal payments would be required until June 29, 2006 or later after the annual review. As such, this loan facility is now classified as a long-term liability.

4. Share capital:

As at June 30, 2004 there were 37,334,487 common shares and 1,193,750 Class B Performance Shares outstanding. In addition, there were 1,436,950 stock options outstanding, with an average exercise price of $6.44 per share as at June 30, 2004.

5. Hedging activities:

As at June 30, 2004, NuVista has entered into physical purchase contracts to sell 200 bbls per day for the period from April 1, 2004 to September 30, 2004 at prices ranging from US $27.50 per bbl to US $28.50 per bbl. In addition, NuVista has sold 3,000 gj's per day for the period from April 1, 2004 to October 31, 2004 by way of costless collars with an average floor price of $5.00 per gj and an average ceiling price of $6.62 per gj at AECO and 3,000 gj's per day for the period from November 1, 2004 to March 31, 2005 by way of costless collars with an average floor price of $6.63 per gj and an average ceiling price of $10.48 per gj.

6. Subsequent event:

On July 29, 2004, the Company completed the acquisition of all of the outstanding shares of a private company. The consideration for this acquisition consisted of three million common shares of NuVista plus $23.7 million of cash and assumption of debt, for a total purchase price of approximately $47.4 million.

CORPORATE INFORMATION

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