



PETRO VISTA ENERGY CORP.

PTV-TSX V: \$0.20 — **SPECULATIVE BUY**

TARGET PRICE: \$0.60; PROJECTED RETURN: 200%

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PETRO VISTA INCREASES ITS CASH WITH THE ACQUISITION OF LOON ENERGY

EVENT – PETRO VISTA TO ACQUIRE LOON ENERGY

Petro Vista has entered into a non-binding letter of intent to acquire Loon Energy for 19.2 million units. A definitive agreement with the final acquisition terms is expected by March 13, 2009, and the transaction is expected to close in May 2009.

IMPACT – DILUTIVE, BUT NECESSARY TO FUND DRILLING

Highlights

- A total of 19.2 million units are expected to be issued. Each unit will be comprised of one common share plus one-third of a share purchase warrant. If Petro Vista's production does not average over 500 bbl/d in calendar Q1/10, a total of 6.4 million warrants will be convertible into common shares.
- Loon has two assets located in South America, one in Colombia, and one in Peru. Loon also has US\$2.75 million (C\$3.4 million) in cash and no debt.
- Petro Vista will acquire a 20% interest in a 2.4 million acre (480,000 net) exploration block in Peru. Near-term plans include a US\$11.5 million 2D seismic program, which is at no cost to Petro Vista.
- Petro Vista will acquire a 20% interest in a producing well (12 bbl/d net) located in the Upper Magdalena Basin of Colombia.
- Petro Vista receives a US\$2.0 million loan from Loon that is repayable in the event the transaction does not close.

VALUATION – RISKED NAV FALLS FROM \$0.85 TO \$0.59

Assuming the successful completion of the transaction, our risked net asset value estimate decreases from \$0.85/fd share to \$0.59/fd share.

MAINTAIN SPECULATIVE BUY, LOWERING TARGET PRICE

The Loon acquisition gives Petro Vista access to capital that is needed to fund its current drilling program in Colombia and Brazil. In addition, Petro Vista adds a new high-impact exploration project in Peru with no near-term capital commitments. Loon shareholders gain access to Petro Vista's current development drilling program and a strong management team. Given the difficult financial markets, we believe that the Loon acquisition is a good source of funding. We maintain our **SPECULATIVE BUY** recommendation and we are lowering our target price from \$0.85 to \$0.60, equivalent to our new risked net asset value estimate.

VALUATION CATALYSTS – DRILLING SUCCESS

Operations on the Morichito #2 well in Colombia are underway. This is a relatively low-risk well that could add 600 bbl/d (420 bbl/d net) of production, which would increase corporate production to over 500 bbl/d.

Per Share Data (C\$)

Shares O/S (mm):	62.7	Mkt. Cap (\$ mm):	\$12.5
FD Shares (mm):	73.7	W.Capital (\$ mm)*:	\$3.4
Float (mm):	62.7	Ent.Value (\$ mm):	\$9.1
52-Wk High:	\$1.75	52-Wk Low:	\$0.12

*Estimated working capital as of February 23, 2008

FY September 30 2008E 2009E 2010E 2011E

Reference Pricing	(September 30 Fiscal Year End)			
Oil (US\$/bbl WT1)	\$99.92	\$60.00	\$75.00	\$75.00
Gas (C\$/mcf)	na	na	na	na

Production

Liquids (bbl/d)	na	488	1,350	1,755
Gas (mmcf/d)	na	-	-	-
Boe/d (6:1)	na	488	1,350	1,755

Financials

Cash Flow (\$ mm)	na	\$6.2	\$20.8	\$27.2
CFPS (FD)	na	\$0.08	\$0.28	\$0.37
EPS (FD)	na	\$0.04	\$0.20	\$0.27
EV/DACF	na	2.0x	0.6x	0.5x
D/CF	na	na	na	na

Target Valuation Parameter

1.0 x Risked NAV/FD share



Courtesy of BigCharts.com

Key Risks

Petro Vista is an early-stage investment in a junior international oil and gas company. The current investment environment limits the company's financial flexibility, and the future profitability of the company is dependent on early development and exploration success.

Corporate Profile

Petro Vista Energy Corp. (www.pvecorp.com) is an independent oil and gas exploration and development company with a balanced portfolio of development and exploration opportunities located in Brazil and Colombia.

This report has been created by Analysts that are employed by Research Capital Corporation, a Canadian Investment Dealer. For further disclosures, please see last page of this report.

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PERU – BLOCK 127

Loon holds a 20% interest in a 2.4 million acre (480,000 net) exploration license in Block 127 located in northeastern Peru. Block 127 is surrounded by very large oil discoveries, ranging from 12 million to 220 million barrels in size (Figure 1). In October 2007, Loon announced a farm-out agreement with CEPSA, a large integrated energy company headquartered in Madrid, Spain. Near-term plans include a US\$11.5 million 2D seismic program, which is at no cost to Loon. After a review of the seismic data, CEPSA can elect to fund the first US\$15 million of the Phase 2 work program, which includes the drilling of an exploration well.



Figure 1. Block 127, Peru
Source. Loon presentation



RISKED NET ASSET VALUE

Proven + Probable Asset Value

	C\$ mm	C\$/share
Reserve Value*		
Proven	\$3.7	\$0.06
Probable	\$7.0	\$0.11
Total 2P	\$10.7	\$0.17
Estimated Working Capital**	\$3.4	\$0.05
Net Asset Value	\$14.1	\$0.22

* After-tax discounted at 10%, forecasted prices and costs

**Estimated as of February 23, 2009 assuming acquisition of Loon

Prospective Resource	Risked		Un Risked	
	C\$ mm	C\$/share	C\$ mm	C\$/share
Morichito #1N	\$6.3	\$0.10	\$30.2	\$0.48
Tartaruga Sidetrack	\$1.7	\$0.03	\$7.9	\$0.13
Tartaruga Re-entry	\$0.9	\$0.02	\$4.5	\$0.07
La Maye Prospect #1	\$13.9	\$0.22	\$92.8	\$1.48
Total Near-Term Exploration	\$22.9	\$0.36	\$135.4	\$2.16
Total Risked NPV (Basic)	\$37.0	\$0.59	\$149.5	\$2.38
Dilution Items				
8.8 million warrants avg. \$0.99	0	\$0.02	\$1.4	\$0.02
2.2 million options @ E0.60	0	\$0.14	\$8.8	\$0.14
Total Dilution Income	\$0.0	\$0.00	\$10.2	\$0.00
Fully-Diluted NAV	\$37.0	\$0.59	\$159.7	\$2.17

Figure 2. Risked Net Asset Value Estimates
Source. Company reports, Research Capital



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