Q2 QUARTERLY REPORT **FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2005**

August 29, 2005 (Calgary) - RIVAL ENERGY LTD. (“RGY” – TSX Venture Exchange) is pleased to release its operating and financial performance for the second quarter and first six months of 2005. For this most recent quarter, Rival Energy’s oil and natural gas revenues rose to a record $3.4 million, a 34% increase over the second quarter of 2004. Cash flow per share increased by 50%, to $0.09 per share, from the same quarter last year. Considering the timing of our drilling and the delay in receiving governmental and surface approvals for the completion and tie-in of the four successful wells drilled, the Company still realized a 17% increase in average daily production, averaging 789 barrels of oil equivalent versus 672 for the second quarter of 2004. Rival Energy remains on track to achieve record corporate performance in 2005. With current production of just over 1000 barrels of oil equivalent per day (boe/d), an additional 100 boe/d of production to come on-stream and a solid platform of drilling opportunities, the Company expects to meet or exceed all of its 2005 financial objectives and should achieve our year-end exit rate of 1200 boe/d by the end of Rival’s fiscal third quarter.

Highlights Table

	Three Months Ended June 30			Six Months Ended June 30		
Financial	**2005**	2004	Percent Change	**2005**	2004	Percent Change
Oil & gas sales	**$3,443,770**	$2,573,141	34	**$6,623,058**	$5,218,866	27
Cash flow from operations	**1,742,433**	1,098,677	59	**3,051,712**	2,228,847	37
Net income	**580,624**	278,193	109	**642,858**	354,492	81
Cash flow per share	**0.09**	0.06	50	**0.16**	0.12	33
Net income per share	**0.03**	0.01	200	**0.03**	0.02	50
Average shares outstanding (000)	**19,121**	19,200	0	**19,121**	19,192	0
Operating (6:1 BOE)						
Average daily production						
Natural gas (mcfd)	**2,972**	2,593	15	**3,012**	2,774	9
Oil and NGL (bblsd)	**294**	240	23	**283**	249	14
Barrels of oil equivalent (boe)	**789**	672	17	**785**	711	10
Average Sales Price						
Natural gas ($/mcf)	**$ 7.38**	$ 6.90	7	**$ 7.15**	$ 6.61	8
Oil and NGL ($/bbl)	**54.67**	43.47	26	**52.54**	41.51	27

Rival’s second quarter drilling activity was reduced in scope due to weather and surface related delays and partner approvals. As a result, we were only able to drill five wells during this time period, resulting in two oil wells, two natural gas wells and one well that was abandoned. At this time only the two successful oil wells have been placed on production as the two natural gas wells drilled in Robsart are still awaiting tie-in due to governmental approval for surface access for the pipeline. Rival currently has approximately 100 boe/d of production waiting to be placed on-stream.

Production averaged 789 boe/d during this most recent quarter as no new production was placed on-stream and the sale of our Suffield, Sask. oil property and natural declines limited the positive impact of the Killam discovery well that commenced production in mid February of this year. The two development wells drilled in Killam during the second quarter are now on production and the pool is producing approximately 400 barrels per day of water-free clean oil net to Rival’s account. The Company presently plans to drill two additional wells in this pool over the next 30 days.

Success in Robsart has resulted in an increased drilling program being proposed for the area and additional wells have also been approved for the Company’s W4M and W5M areas of exploration. Rival expects to drill at least another four wells in these areas over the next sixty days, with additional drilling proposed for the fourth quarter to follow-up on the positive results from these programs.

Rival expects the results from this drilling program to continue the Company’s growth momentum and drive production to exceed its exit rate target of 1200 boe/d. At the same time, Rival is making considerable progress in its effort toward establishing an additional core area within central W5M and the Peace River Arch (W6M) areas of Alberta. The Company is very interested in gaining a foothold in these areas in order to complement its shallower oil and natural gas opportunities with a few higher impact oil and natural gas plays. Rival will be increasing its technical manpower over the next thirty days and believes that with this additional strength and the Company’s cash flow, we can now support participation in these areas.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis ("MD&A") of the financial and operating results for Rival Energy Ltd. ("Rival" or "the Company") , should be read in conjunction with the audited financial statements of the Company for the years ended December 31, 2004 and 2003 and the notes to those audited financial statements.

Cash flow from operations, which is determined before changes in non-cash working capital, is used by the Company as a key measure of performance. Cash flow from operations does not have a standardized meaning prescribed by GAAP and therefore may not be comparable with the calculation of similar measures for other companies. Cash flow from operations as presented is not intended to represent operating profits for the period nor should it be viewed as an alternative to cash provided by operating activities, net earnings or other measures of financial performance calculated in accordance with GAAP. Natural gas volumes are expressed in terms of barrels of oil equivalent (boe) based upon the estimated relative energy content of six thousand cubic feet of gas to one barrel of oil.

Production

Production volumes averaged 789 boe per day for the second quarter of 2005 a 17 percent increase over the second quarter of 2004. Oil and natural gas liquids volumes averaged 294 barrels per day for the second quarter, an increase of 23 percent over the prior year second quarter due to the Company's new pool oil discovery in Killam, where the discovery well commenced production at 125 barrels per day (100 barrels net to Rival). Oil and natural gas liquids volumes in the second quarter were only 21 barrels per day higher than the first quarter of 2005 as a result of the sale of the Suffield oil property effective March 31, 2005 and natural production declines. Second quarter natural gas volumes were 15 percent higher than the same period of 2004 due to additional production from our successful drilling program, partially offset by the loss of two natural gas wells that watered out unexpectedly. The Company is currently waiting for environmental approval to tie-in the recently drilled Robsart wells and these wells will significantly augment Rival's natural gas production once on-stream.

Petroleum and Natural Gas Sales

Petroleum and natural gas sales for the second quarter of 2005 rose to a record $3.4 million, a 34 percent increase over the second quarter of 2004, which led to sales of $6.6 million for the six months in 2005. This was an increase of 27 percent over the same six months in 2004. Higher oil and natural gas volumes and stronger commodity prices in 2005 under-pinned this increase in sales.

Royalties

Royalties averaged 18 percent of sales for the second quarter and the first half of 2005, which was comparable to the same periods in 2004. Overall, Company royalty rates will increase with higher volumes from the recently drilled Killam oil wells which are subject to a higher fixed rate freehold royalty.

Operating Costs

Well operating costs excluding transportation averaged $11.21 per barrel of oil equivalent for the first six months of 2005 compared with $8.70 for the same period in 2004. This increase was due to $88,000 in the near doubling of operating costs at Robsart after the change of operator in the summer of 2004. Rival Energy Ltd. and the new operator are currently developing a plan to re-establish more effective operating practices and significantly reduce operating costs to their previous levels.

Product Transportation and Tariff

Transportation and tariff costs were higher in the 2005 June quarter and six months due to higher volumes than in the corresponding 2004 periods and a general increase in costs.

General and Administrative

General and administrative expenses (G&A) were 12 percent lower for the June quarter and first half of 2005 compared to the same 2004 periods, due to the reduction in staff in 2005 and a continuing focus on costs. We expect G&A costs to increase from current levels as the Company adds to its technical team to increase production growth and exploration activity.

Interest

Interest expense was eight percent lower in the second quarter of 2005 compared to the same 2004 quarter due to the application to the Company's bank debt of the proceeds from the sale of the Suffield property in April 2005. Interest expense for the six months of 2005 was nine percent higher than in the 2004 six months due to higher average loan balances in the first quarter of 2005 as the Company expanded its capital program.

Cash Flow from Operations

Cash flow from operations was a record $1,742,433 ($0.09 per share), for the second quarter of 2005, a 59 percent increase over the 2004 second quarter. The Killam discovery well, in its first full quarter of production, added over $350,000 of cash flow to Rival's second quarter results. The two development wells drilled into the same pool, which commenced production in July, are currently producing at over 250 barrels per day net to the Company, and will have a significant impact on ensuring Rival exceeds its $0.34 per share cash flow target for 2005.

Depletion and Depreciation

Depletion expense for the second quarter of 2005 was $12.86 per boe which was 21 percent lower than the $16.66 per boe in the first quarter of 2005 due to the addition of proved reserves at Killam and Robsart. On a percentage of sales basis, Rival's depletion expense for the quarter was 27 percent of sales, compared to 29 percent for the same 2004 period. Higher commodity prices have led to higher drilling and service costs, which result in an increase to finding costs on a per boe basis.

Accretion

Upward revisions to estimated cash flows of $22,766 which were added to accretion expense in the March 2005 quarter were reversed in the June quarter and then added to the asset carrying value, resulting in a reduced accretion expense for the June quarter. The six month amounts for 2005 and 2004 were virtually identical.

Stock Based Compensation

Stock based compensation expense was dramatically lower in both the June quarter and the six months of 2005 compared to the same 2004 periods due to the cancellation of 910,000 stock options in 2005.

Income Taxes

Capital taxes were lower in the current quarter due to a credit from a prior over-accrual of Saskatchewan resource surcharge. The Company is not currently taxable except for capital taxes. The Company has provided $211,000 for future income taxes in the June quarter of 2005 compared with nil (restated) for 2004. The 2004 provision of $605,000 was restated to nil after it was determined that a future tax asset still existed at June 30, 2004.

Net Income

Net income was $580,624 ($0.03 per share) for the 2005 June quarter, a 109% increase over the 2004 second quarter, due to stronger oil prices and higher oil and natural gas production volumes. For the six months of 2005 net income was 81 percent higher than the comparable 2004 six months due again to higher commodity prices and increased production volumes.

Capital Acquisitions and Expenditures

The following table summarizes the breakdown of capital expenditures for the first six months of 2005:

Petroleum and Natural Gas Properties	**2005**	2004
Land	**$ 247,873**	$ 210,103
Geological & geophysical	**26,043**	129,854
Drilling & completion	**1,199,374**	2,642,484
Equipping & facility	**1,142,583**	54,307
Abandonment	**-**	-
Acquisition (Disposition)	**(991,287)**	-
Office	**-**	442
Capitalized overhead	**125,000**	190,000
	$ 1,749,586	$ 3,227,190

Note: 2004 additions include the $50,000 purchase of Leadscan software rights for Rival shares, which is not shown on the statement of cash flows since the consideration was shares and not cash.

Liquidity

The working capital deficiency at June 30, 2005 was $6.9 million, including bank debt of $6.0 million, which is shown in current liabilities. Rival has improved its working capital position this quarter as a result of the sale of the Suffield oil property in April. In June 2005 the Company's bank operating line of credit was increased to $8.5 million with a $2.0 million line of credit for acquisitions or development activities. Rival Energy Ltd. expects to fund its proposed $8.0 million 2005 capital program through existing bank lines and cash flow. Prepaid expenses increased in the first quarter of 2005 compared with year end 2004 due to the annual insurance renewal. The annual renewal of Accumap geological software in the second quarter of 2005 increased prepaid expenses over the March 2005 quarter. Accounts payable was lower at June 30 2005 than December 31 2004 due to the lower activity level resulting from spring break-up.

Commitments

The Company has entered into an office lease effective November 1, 2005, and has committed to the expenditure of $1.8 million, including operating costs, over five years. Rival intends to sublet about 25 percent of this office space to others for at least two years.

Quarterly operating and financial summary

Per Quarter	**2005**				2004			
		Q2		Q1		Q4		Q3
Natural gas production (mcf/d)		**2,972**		3,052		3,099		2,729
Oil & NGLs production (bbls/d)		**294**		273		223		226
Average natural gas price received	**$**	**7.38**	$	6.98	$	6.47	$	6.32
Average oil & NGLs price received	**$**	**54.67**	$	49.93	$	43.69	$	48.16
Average shares outstanding (000)		**19,121**		19,121		19,196		19,233
Net income (loss)	**$**	**580,624**	$	117,423	$	(212,491)	$	64,663
Net income (loss) per share	**$**	**0.03**	$	0.01	$	(0.01)	$	0.00
Net income (loss) per share fully diluted	**$**	**0.03**	$	0.01	$	(0.01)	$	0.00

Per Quarter	2004				2003			
		Q2		Q1		Q4		Q3
Natural gas production (mcf/d)		2,593		2,956		3,322		3,724
Oil & NGLs production (bbls/d)		240		257		260		266
Average natural gas price received	$	6.90	$	6.35	$	5.63	$	5.73
Average oil & NGLs price received	$	43.47	$	39.68	$	33.93	$	35.62
Average shares outstanding (000)		19,200		19,183		19,183		16,170
Net income (loss)	$	278,193	$	76,298	$	(4,158,249)	$	167,972
Net income (loss)per share	$	0.01	$	0.00	$	(0.22)	$	0.01
Net income (loss) per share fully diluted	$	0.01	$	0.00	$	(0.22)	$	0.01

Note: Product transportation and tariff, which was previously shown as a reduction of sales, has been segregated in the expenses section of the Income Statement. Sales prices are now shown on a gross basis.

Company information applicable to Canadian securities regulations has been filed on the Sedar system at www.sedar.com and the Company's website at www.rivalenergy.com

Consolidated Financial Statements of

RIVAL ENERGY LTD.

Six months ended June 30, 2005 and 2004

The unaudited financial statements for the period ended June 30, 2004 are presented for comparative purposes and have not been reviewed by the Company's auditors.

RIVAL ENERGY LTD.

Consolidated Balance Sheets

	June 30, 2005 (Unaudited)	December 31, 2004 (Audited)
Assets		
Current assets		
Cash	$ -	$ -
Accounts receivable	2,185,819	2,096,345
Prepaid	196,992	136,712
	2,382,811	2,233,057
Petroleum and natural gas properties (Note 2)	22,578,341	22,943,793
	$ 24,961,152	25,176,850
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 3,249,657	3,732,633
Bank loan (Note 3)	5,998,239	6,667,635
	9,247,896	10,400,268
Asset retirement obligation (Note 5)	1,888,780	1,830,692
Future income tax	559,612	348,612
Shareholders' equity:		
Share capital (Note 4)	15,539,976	15,539,976
Contributed surplus (Note 4)	287,960	263,232
Retained earnings (deficit)	(2,563,072)	(3,205,930)
	13,264,864	12,597,278
	$ 24,961,152	25,176,850

See accompanying notes to consolidated financial statements.

RIVAL ENERGY LTD.

Consolidated Statements of Income and Deficit
(Unaudited)

	3 months ended June 30,		6 months ended June 30,	
	2005	2004	2005	2004
		(Restated)		(Restated)
Revenue:				
Oil and gas sales	$ 3,443,770	$ 2,573,141	$ 6,623,058	$ 5,218,866
Royalties	(633,247)	(470,966)	(1,186,214)	(950,417)
Alberta royalty tax credit	48,062	12,289	76,788	45,189
	2,858,585	2,114,464	5,513,632	4,313,638
Expenses:				
Operating	713,659	527,031	1,593,976	1,125,821
Product transportation and tariff	96,728	64,146	189,401	129,856
General and administrative	230,422	259,316	495,654	564,677
Interest and financing costs	77,121	83,866	155,212	143,009
Depletion and depreciation	925,000	745,000	2,100,000	1,725,000
Accretion	13,445	37,498	73,126	73,383
Stock based compensation	12,364	37,986	24,728	75,972
	2,068,739	1,754,843	4,632,097	3,837,718
Income before taxes	789,846	359,621	881,535	475,920
Capital taxes	(1,778)	81,428	27,677	121,428
Future income taxes	211,000	-	211,000	-
Net income for the period	580,624	278,193	642,858	354,492
Retained earnings (deficit), beginning	(3,143,696)	(2,700,711)	(3,205,930)	(2,359,047)
Accounting policy changes				
Asset retirement obligation	-	(635,584)	-	(922,757)
Stock based compensation	-	-	-	(130,790)
Retained earnings (deficit), end of period	$ (2,563,072)	$ (3,058,102)	$ (2,563,072)	$ (3,058,102)
Net income per share basic and diluted:	$ 0.03	$ 0.01	$ 0.03	$ 0.02

The net loss for 2004 comparative periods has been restated to conform to year end presentation and remove a future tax provision of $605,000, after it was determined this was incorrect and that a future tax asset still existed at June 30, 2004.

See accompanying notes to consolidated financial statements.

RIVAL ENERGY LTD.

Consolidated Statements of Cash Flows
(Unaudited)

	3 months ended June 30, 2005	3 months ended June 30, 2004	6 months ended June 30, 2005	6 months ended June 30, 2004
Cash provided by (used in):				
Operations				
Income for the period	$ 580,624	$ 278,193	$ 642,858	$ 354,492
Items not involving cash:				
Depletion and depreciation	925,000	745,000	2,100,000	1,725,000
Accretion	13,445	37,498	73,126	73,383
Stock based compensation	12,364	37,986	24,728	75,972
Future income tax	211,000	-	211,000	-
Cash flow	1,742,433	1,098,677	3,051,712	2,228,847
Change in non-cash working capital	(368,049)	567,340	(381,236)	1,124,173
	1,374,384	1,666,017	2,670,476	3,353,020
Investments:				
Petroleum and natural gas properties	(1,162,479)	(1,825,995)	(2,740,873)	(3,177,190)
Proceeds of sale of P&NG properties	950,000	-	991,287	-
Change in non-cash working capital	(150,910)	(147,176)	(251,494)	(280,410)
	(363,389)	(1,973,171)	(2,001,080)	(3,457,600)
Financing:				
Bank loan	(1,010,995)	307,154	(669,396)	98,970
	(1,010,995)	307,154	(669,396)	98,970
Increase (decrease) in cash	-	-	-	(5,610)
Cash, beginning of period	-	-	-	5,610
Cash, end of period	$ -	$ -	$ -	$ -

See accompanying notes to consolidated financial statements

1. Basis of presentation

The accompanying unaudited, consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada. The interim consolidated financial statements have been prepared following the same accounting policies and methods used in the consolidated financial statements for the fiscal year ended December 31, 2004.

The disclosures provided herein are incremental to those included with the annual consolidated financial statements and should be read in conjunction with those statements.

2. Petroleum and natural gas properties

June 30, 2005	Cost	Accumulated depletion & amortization	Net book value
Oil and gas properties	$ 55,036,873	$ 32,529,243	$ 22,507,630
Other assets	165,874	95,163	70,711
	$ 55,202,747	$ 32,624,406	$ 22,578,341

December 31, 2004	Cost	Accumulated depletion & amortization	Net book value
Oil and gas properties	$ 53,302,325	$ 30,439,243	$ 22,863,082
Other assets	165,874	85,163	80,711
	$ 53,468,199	$ 30,524,406	$ 22,943,793

The Company has reviewed the carrying value of its properties at June 30, 2005 and determined that the recoverable value of the reserves, based on the January 1, 2005 forecast of our independent evaluators, exceeded the recorded net book value.

During the first half of 2005, the Company capitalized $125,000 (2004 - $190,000) in overhead costs directly relating to petroleum and natural gas properties.

On April 11, 2005 Rival Energy Ltd. sold its Suffield oil property effective March 31, 2005 for $950,000 and applied the proceeds against the bank loan.

3. Bank loan

The Company has a credit facility with a revolving line of credit of $8.5 million at the bank's prime rate plus ½ percent, and an acquisition and development line of $2.0 million at the bank's prime interest rate plus one percent. Based on the demand nature of the facility, the Company's debt has been classified as a current obligation. These lines are intended to finance the ongoing activities of the Company, and are secured by a general assignment of book debts and a $25,000,000 first floating charge debenture on all assets.

4. Share capital

(a) Authorized

Unlimited number of common shares.

Unlimited number of preferred shares issuable in series, rights and privileges to be determined upon issue.

(b) Issued

	June 30, 2005		December 31, 2004	
	Number of shares	Amount	Number of shares	Amount
Balance beginning of year	19,121,281	$15,539,976	19,183,281	$15,569,162
Common share issue	-	-	50,000	50,000
Share repurchases	-	-	(112,000)	(79,186)
Issued and outstanding	19,121,281	$15,539,976	19,121,281	$15,539,976
Weighted average number of shares outstanding	19,121,281		19,203,114	

(c) Options

The Company has a fixed stock option plan in which it may grant up to 1,918,328 common share options to its directors, officers and employees. Under this plan, the exercise price of each option equals the market price of the Company's stock on the date of grant, and an option's maximum term is five years. Options are granted periodically throughout the year.

In 2004 the Company granted 440,000 common share options to directors, officers and employees at the market price of $1.10. On December 15, 2004 the Company re-priced 340,000 options for employees to the market price of $0.65 and issued 665,000 options to directors and officers at $0.65. The options vest over four years and expire five years from the date of issue. On April 13, 2005, 910,000 options with an exercise price of $1.10 were cancelled, leaving 1,005,000 options outstanding.

(d) Stock based compensation

The following table sets out the changes in contributed surplus related to the stock based compensation expense.

4 (d) continued

Contributed surplus beginning of period	$	263,232
Stock based compensation 2005		24,728
Exercise of options		-
Closing balance June 30, 2005	$	287,960

5. Asset retirement obligation

At June 30, 2005 the Company estimates the total inflated and undiscounted amount of cash flows required to settle its asset retirement obligations is $5,061,264, of which the majority for the wells is expected to be incurred between 2009 and 2020. A credit adjusted risk-free rate of 8% per annum was used to calculate the fair value of the asset retirement obligations.

The following table sets out changes in the asset retirement obligation in the six months ended June 30, 2005.

		2005
Opening balance December 31	$	1,830,692
Current period accretion expense		73,126
Current period additions to asset carrying value		76,792
Revisions to estimated cash flows		(91,830)
Abandonment costs incurred		-
Closing balance June 30	$	1,888,780

6. Tax Pools

Rival Energy Ltd. had the following income tax pools available at June 30, 2005:

	(millions)
Canadian Exploration Expense (CEE)	$ 3.0
Canadian Development Expense (CDE)	1.5
Canadian Oil and Gas Property Expense (COGPE)	9.4
Undepreciated Capital Cost (UCC)	3.7
Foreign Exploration and Development Expense (FEDE)	1.1
Share issue costs	0.6
Total	$ 19.3

7. Commitments

The Company has entered into an office lease effective November 1, 2005, and has committed to the expenditure of $1.8 million, including operating costs, over five years.

Corporate Information

Directors
Larry M. Jones
Independent Businessman
Calgary, Alberta

Colin F. Ogilvy
President and Chief Executive Officer,
Rival Energy Ltd.
Calgary, Alberta

Douglas R. Martin
President, Charles Avenue Capital Corp.
Calgary, Alberta

F.K. Roy Gillespie
Independent Businessman
Calgary, Alberta

Harley L. Winger
Partner, Burstall Winger LLP
Calgary, Alberta

Officers
Larry M. Jones
Chairman

Colin F. Ogilvy
President and Chief Executive Officer

John E. Clark
Vice President, Engineering

George D. Ziroff
Vice President, Finance

Harley L. Winger
Corporate Secretary

Key Employees

Clarence A. Murray
Operations Manager

Ron G. Britton
Senior Geologist

R. Kenneth Pretty
Manager, Land

Steven W. Book
Senior Accountant

Deborah A. Sears
Revenue / Joint Venture Accountant

Auditors
BDO Dunwoody LLP

Banker
National Bank of Canada

Reserve Engineers
Gilbert Laustsen Jung Associates Ltd.

Legal Counsel
Burstall Winger LLP

Transfer Agent
Olympia Trust Company

Stock Exchange
TSX Venture Exchange Listing: "RGY"

Head Office
1500, 340–12th Avenue S.W.
Calgary, Alberta T2R 1L5
Tel: 403-233-0039
Fax: 403-265-8452
E-mail: info@rivalenergy.com
Website: www.rivalenergy.com

Abbreviations

bbl	barrel
mcf	thousand cubic feet
mbbl	thousand barrels
mmcf	million cubic feet
bcf	billion cubic feet
boe	barrel of oil equivalent
mboe	thousand barrels of oil equivalent

RIVAL ENERGY LTD