

Bucking Horse Energy Inc.

Formerly NRG Investments Inc.

Interim Consolidated Financial Statements

For the period ending May 31, 2008 and 2007

Bucking Horse Energy Inc. (Formerly NRG Investments Inc.)

Interim Consolidated Balance Sheets

(Unaudited - prepared by Management)

(Expressed in US dollars)

	As at May 31, 2008	As at August 31, 2007
ASSETS		
Current assets		
Cash	\$ 2,064,473	\$ 733,265
Short term investments	1,005,834	—
Accounts receivable	6,577,155	140,368
Prepaid expenses	340,233	11,156
Income tax receivable	981,981	—
	10,969,676	884,788
Investment in Exxel Energy Corp	788,460	—
Investment in Giant Energy Limited	251,458	—
Oil and gas properties	127,369,160	2,287,767
	\$ 139,378,755	\$ 3,172,555
LIABILITIES		
Current liabilities		
Accounts payable & accrued liabilities	2,172,994	17,039
Obligation under hedge agreement	433,699	—
Income taxes payable	—	—
	2,606,693	17,039
Notes payable	—	1,419,917
Bank indebtedness	13,500,000	—
Debentures payable	28,886,106	—
Future income taxes	13,290,483	—
Asset retirement obligation	544,110	8,280
SHAREHOLDERS' EQUITY		
Share capital	59,871,718	2,136,701
Cumulative translation adjustment	—	(62,810)
Equity portion of debentures payable	20,178,028	—
Accumulated other comprehensive income	(5,138,752)	—
Retained earnings (deficit)	5,640,370	(346,572)
	80,551,364	1,727,319
	\$ 139,378,755	\$ 3,172,555

"Gordon Nielsen"

Director

"Raymond Deere"

Director

Bucking Horse Energy Inc. (Formerly NRG Investments Inc.)

Interim Consolidated Statements of Operations and Deficit

(Unaudited - prepared by Management)

(Expressed in US dollars)

	For the nine months ending May 31, 2008	For the three months ending May 31, 2008	For the nine months ending May 31, 2007	For the three months ending May 31, 2007
Revenue				
Oil and gas revenue - US properties	\$ 6,997,334	6,997,334	\$ -	-
Oil and gas revenue - CDN properties	384,778	125,339	575,341	220,266
Interest & miscellaneous	240,505	167,887	16,228	4,643
	7,622,618	7,290,561	591,569	224,909
Direct expenses				
Depletion & depreciation	1,395,262	1,181,106	236,555	81,680
State resource taxes - US properties	2,747,441	2,747,441	-	-
Royalties - CDN properties	77,199	23,115	156,727	43,651
Operating expenses	1,090,532	1,010,095	92,125	46,845
	5,310,434	4,961,757	485,407	172,176
	2,312,183	2,328,803	106,162	52,733
Expenses and costs				
General & administration	924,168	842,952	62,121	32,492
Accretion expense	44,494	44,494	-	-
Professional fees	969,960	841,153	48,447	22,011
Interest expense	2,757,227	2,635,838	109,448	51,102
Financing fees	325,000	325,000	-	-
Foreign exchange loss (gain)	(7,072,772)	(7,094,201)	42,613	359,220
	(2,051,923)	(2,404,764)	262,628	464,824
Income (loss) before other income	4,364,107	4,733,568	(156,466)	(412,091)
Other income / loss				
Gain on investment	(1,174,110)	(1,174,110)	-	-
Gain on cancellation of options	(2,025,926)	(2,025,926)	-	-
Loss on hedge valuation	433,699	433,699	-	-
Income (loss) before income taxes	7,130,443	7,499,904	(156,466)	(412,091)
Future income tax expense	1,143,500	1,143,500		
Net income (loss) for the period	5,986,943	6,356,404	(156,466)	(412,091)
Deficit, beginning of period	(346,572)	(716,034)	(19,522)	236,103
Earning (deficit), end of period	\$ 5,640,370	5,640,370	\$ (175,988)	(175,988)
Income (loss) per common share	\$ 0.26	0.28	\$ (0.02)	(0.05)
Weighted average shares outstanding- basic	23,061,713	23,061,713	7,959,616	7,959,616

Bucking Horse Energy Inc. (Formerly NRG Investments Inc.)

Interim Consolidated Statements of Cash Flow

(Unaudited - prepared by Management)

(Expressed in US dollars)

	For the nine months ending May 31, 2008	For the three months ending May 31, 2008	For the nine months ending May 31, 2007	For the three months ending May 31, 2007
Cash provided by (used in):				
Operating activities				
Net income (loss) for the period	\$ 5,986,943	6,356,405	\$ (156,466)	(412,091)
Accretion expense	44,494	44,494	-	-
Depletion & depreciation	1,395,262	1,181,106	236,555	81,680
Stock-based compensation	-	-	15,577	15,577
Future income taxes	1,143,500	1,143,500	-	-
Cumulative translation adjustment	62,810	-	-	-
Net cash from operations	8,633,009	8,725,505	95,666	(314,834)
Investing activities				
Gemini Energy Corp. purchase:				
Oil and gas property expenditures	(125,940,826)	(125,653,429)	(1,413,127)	313,797
Assumption of pre-paid expenses	(329,077)	(340,233)	(5,575)	19,942
Assumption of accounts receivable	(6,436,787)	(6,449,426)	(164,555)	(17,014)
Assumption of accounts payable	2,155,955	2,155,955	-	-
Assumption of income tax receivable	(981,981)	(9,221,961)	(1,283,240)	(21,338)
Assumption of future income taxes	12,146,983	12,146,983	-	-
	(119,385,734)	(127,362,112)	(2,866,497)	295,387
Issuance of debentures	49,019,638	49,019,638	-	-
Acquisition of investments	(1,039,919)	(1,039,919)	-	-
Unrealized impairment of investment	-	1,000	225	-
Loan payable	(1,419,917)	(1,647,571)	1,455,007	114,581
Purchase of short-term investments	(1,005,834)	(1,005,834)	-	-
	45,553,969	45,327,315	1,455,232	114,581
Financing activities				
Bank indebtedness	13,500,000	13,500,000	-	-
Obligation under hedge agreement	433,699	433,699	-	-
Issuance of share capital	57,735,017	57,734,017	470,801	-
Other accumulated comprehensive income	(5,138,752)	(5,138,752)	-	-
	66,529,964	66,528,964	470,801	-
Increase in cash position	1,331,208	(6,780,329)	(844,798)	95,134
Cash & cash equivalents, beginning of period	733,265	8,844,801	1,618,899	678,968
Cash & cash equivalents, end of period	\$ 2,064,473	2,064,473	\$ 774,103	774,103

Bucking Horse Energy Inc. (Formerly NRG Investments Inc.)

Interim Consolidated Statements of Comprehensive Loss

(Unaudited - prepared by Management)

(Expressed in US dollars)

	As at May 31, 2008
Comprehensive Loss	
Gemini Energy Corp:	
Opening other comprehensive income	25,103,832
Unrealized loss on investment	(34,052,923)
Foreign exchange	3,810,339
Total comprehensive loss	\$ (5,138,752)

BUCKING HORSE ENERGY INC. (Formerly NRG Investments Inc.)

**Notes to the Interim Consolidated Financial Statements
(Unaudited – prepared by Management)
(Expressed in US dollars)
For the nine months ended May 31, 2008 and 2007**

The accounting policies and methods of application used in the preparation of these interim unaudited Consolidated Financial Statements are consistent with those used in the Company's most recent annual audited Consolidated Financial Statements. The interim unaudited Consolidated Financial Statements should be read in conjunction with the annual audited Consolidated Financial Statements and the notes thereto for the year ended August 31, 2007.

1. Continued Operations

The Company was incorporated under the laws of the Province of British Columbia on April 28, 2006. Effective March 4, 2008 the Company changed its name from NRG Investments Inc. to Bucking Horse Energy Inc. and the Company acquired two additional wholly-owned subsidiaries, Gemini Energy Corp. and Arrowhead Resources (U.S.A.) Ltd. The Company's principal business activity is the exploration, development and production of petroleum and natural gas reserves located in Canada and the United States of America.

Effective March 1, 2008, the Company changed its functional and reporting currency to the United States dollar. Prior to March 1, 2008, the Company's functional and reporting currency was the Canadian dollar. In accordance with Canadian generally accepted accounting principles, all comparative amounts have been restated to the US dollar using the current rate method whereby all revenues, expenses and cash flows are translated at the average exchange rate that was in effect during that period and all assets and liabilities are translated at the closing rate in effect at the end of that period. Utilizing this method, the comparative consolidated statements of income and cash flows for the period ended May 31, 2008 are translated into US dollars using an average rate for the period of Cdn \$0.9994 per US \$1. The comparative consolidated balance sheet at May 31, 2008 is translated into US dollars using the prevailing rate at May 31, 2008 of Cdn \$0.9942 per US \$1.

This change in functional and reporting currency has been adopted because the Company's primary focus is on acquisition, exploration, development and production of natural gas and oil interests in the US. The majority of the Company's oil and gas property assets are in the US.

Management believes that the going concern assumption is appropriate for these financial statements. If this assumption were not appropriate, adjustments to the carrying amounts of the assets and liabilities, revenues and expenses and the balance sheet classifications used may be necessary.

BUCKING HORSE ENERGY INC. (Formerly NRG Investments Inc.)

Notes to the Interim Consolidated Financial Statements (Unaudited – prepared by Management) (Expressed in US dollars) For the nine months ended May 31, 2008 and 2007

2. Significant Accounting Policies

(a) Basis of consolidation:

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, N Holdings Inc., NRG Holdings Corp., Gemini Energy Corp., and Arrowhead Resources (U.S.A.) Inc. All material intercorporate transactions and balances have been eliminated upon consolidation.

(a) Investment in affiliated company:

The Company's investment in Exxel Energy Corp. and Giant Energy Limited, related parties, are companies not subject to significant influence and are recorded at fair value.

(c) Oil and gas properties:

The Company follows the full cost method of accounting for oil and gas operations whereby all costs associated with the exploration for and development of oil and gas reserves are capitalized. Such costs include land acquisition costs, geological and geophysical expenses, carrying charges on non-producing properties, costs of drilling both productive and non-productive wells and overhead charges directly related to acquisition, exploration and development activities.

Substantially all of the Company's exploration, development and production activities are conducted jointly with others and accordingly these financial statements reflect only the Company's proportionate interest in such activities.

(d) Revenue recognition:

Revenues from oil and gas operations are recognized at the time the oil is sold or natural gas is delivered, and collectibility is reasonably assured.

(e) Foreign currency translation:

The Company has adopted the United States dollar as its reporting currency, which is also its functional currency. The Company and its subsidiaries are considered to be integrated operations and the accounts in Canadian dollars are translated using the temporal method. Under this method, monetary assets and liabilities are translated at the rates of exchange in effect at the balance sheet date; non-monetary assets at historical rates and revenue and expense items at the average rates for the period other than

BUCKING HORSE ENERGY INC. (Formerly NRG Investments Inc.)

Notes to the Interim Consolidated Financial Statements (Unaudited – prepared by Management) (Expressed in US dollars) For the nine months ended May 31, 2008 and 2007

2. Significant Accounting Policies (cont'd)

(e) Foreign currency translation (cont'd):

depletion and depreciation which is translated at the same rates of exchange as the related assets. The net effect of the foreign currency translation is included in current operations.

(f) Stock-based compensation:

The Company accounts for all stock-based payments to employees and non-employees, granted on or after January 1, 2002, using the fair value based method. Consideration paid on the exercise of stock options is recorded as share capital.

Under the fair value based method, stock-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of the equity instruments issued, or liabilities incurred, whichever is more reliably measurable. The fair value of stock-based payments to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. The cost of stock-based payments to non-employees that are fully vested and non-forfeitable at the grant date is measured and recognized at that date.

Under the fair value based method, compensation cost attributable to awards to employees, is measured at fair value at the grant date and recognized over the vesting period. For awards that vest at the end of the vesting period, compensation cost is recognized on a straight-line basis; for awards that vest on a graded basis, compensation cost is recognized on a pro-rata basis over the vesting period.

(g) Derivative financial instruments:

Derivative financial instruments are utilized to manage risk from the Company's interest rate exposures. The notional principal to these contracts are not included in the consolidated balance sheet.

For derivative instruments treated as hedges, the Company formally documents all relationships between hedging instruments and hedged items as well as risk management objectives and strategy for undertaking various hedge transactions. The Company also formally assesses, at both hedge

BUCKING HORSE ENERGY INC. (Formerly NRG Investments Inc.)

Notes to the Interim Consolidated Financial Statements (Unaudited – prepared by Management) (Expressed in US dollars) For the nine months ended May 31, 2008 and 2007

2. Significant Accounting Policies (cont'd)

(g) Derivative financial instruments(cont'd):

inception and on an ongoing basis, whether the derivatives that are used in the hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. Derivative transactions which do not meet the hedge documentation and effectiveness criteria are accounted for on a mark-to-market basis.

In May 2008 the Company entered into the following open commodity derivative financial contracts to manage price risk on a portion of its natural gas production for the periods referenced below.

Type	Volume MMBTU/Day	Contract Period	Price US\$ / MMBTU
Swap (1)	2,000	June to December 2008	\$9.65 / MMBTU
Costless Collar (1)	2,000	June to December 2008	\$8.00 / MMBTU Floor \$12.14 / MMBTU Ceiling
Swap (2)	2,500	Calendar 2009	\$11.24 / MMBTU

- 1) Panhandle Eastern basis
- 2) Dominion South

(h) Use of estimates:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(i) Financial Instruments

Changes in accounting policies

Effective January 1, 2007, the Company adopted new Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 3855 "Financial Instruments - Recognition and Measurement", CICA 3861 "Financial Instruments - Disclosure and Presentation", CICA 3865 "Hedges", CICA 1530 "Comprehensive Income", CICA 3051 "Investments" and CICA 3251 "Equity". The new Handbook Sections establish standards governing the recognition and measurement of financial instruments, when and how hedge

BUCKING HORSE ENERGY INC. (Formerly NRG Investments Inc.)

Notes to the Interim Consolidated Financial Statements (Unaudited – prepared by Management) (Expressed in US dollars) For the nine months ended May 31, 2008 and 2007

2. Significant Accounting Policies (cont'd)

(i) Financial Instruments (cont'd):

accounting may be applied, and the reporting and presentation of comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources.

Under these new standards, all financial instruments are included on the consolidated balance sheet and are measured either at their fair value or, in limited circumstances, at cost or amortized cost as described in Note 3 below.

Upon adoption of these new standards, the Company designated its financial instruments to categories as follows:

Cash and cash equivalents	held for trading
Accounts receivables	loans and other receivables
Long-term investment	available-for-sale
Accounts payable and accrued expenses	other financial liabilities
Amounts payable to related parties	other financial liabilities
Notes payable	other financial liabilities
Long-term debt	other financial liabilities

Adoption of these new standards has resulted in the recognition of the fair value adjustment of the available-for-sale financial instruments to accumulated other comprehensive income as of January 1, 2007. The adoption of these standards has not been retrospectively applied to the Company's 2006 consolidated financial statements.

Recent accounting pronouncements

In May 2007, the CICA issued amended Handbook Section 1400, "General Standards of Financial Statement Presentation". The section provides revised guidance related to management's responsibility to assess and disclose the ability of an entity to continue as a going concern. This amended standard applies to interim and annual financial statements for fiscal years beginning on or after January 1, 2008. Early adoption is permitted. The adoption of this standard is not expected to have a significant impact on the Company's financial statements

BUCKING HORSE ENERGY INC. (Formerly NRG Investments Inc.)

Notes to the Interim Consolidated Financial Statements (Unaudited – prepared by Management) (Expressed in US dollars) For the nine months ended May 31, 2008 and 2007

2. Significant Accounting Policies (cont'd)

(i) Financial Instruments (cont'd):

In October 2006, the Accounting Standards Board issued CICA Handbook Section 1535, "Capital Disclosures", which establishes standards for disclosing information about an entity's capital and how it is managed. This standard is effective for interim and annual financial statements for fiscal years beginning on or after October 1, 2007. The Company does not expect that the adoption of this standard will have a material impact on the Company's financial statements.

In December 2006, the Accounting Standards Board issued CICA Handbook Section 3862, "Financial Instruments - Disclosure" and Section 3863, "Financial Instruments - Presentation" which replace Section 3861, "Financial Instruments Disclosure and Presentation". Section 3862 increases the emphasis on recognition and management of the risks associated with recognized and unrecognized financial instruments. This section carries forward the former presentation requirements and is effective for fiscal years beginning on or after October 1, 2007. The Company is currently assessing the impact of the new disclosure standard and has not yet determined its impact on the Company's financial statements.

In February 2008, the CICA Accounting Standards Board confirmed that public companies will be required to prepare interim and annual financial statements under International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. Management is currently assessing the impact of adopting IFRS and it has not yet determined its affect on the Company's consolidated financial statements

Investments

Investments in the shares of companies over which the Company does not have control or exercises significant influence are classified as available-for-sale and accounted for at fair market value. Unrealized gains or losses on these investments are recorded as other comprehensive income or loss. The carrying value of the equity investment is regularly reviewed for possible impairment. When there is a loss in value that is other than a temporary decline, the investment is written down to recognize the loss.

BUCKING HORSE ENERGY INC. (Formerly NRG Investments Inc.)

Notes to the Interim Consolidated Financial Statements (Unaudited – prepared by Management) (Expressed in US dollars) For the nine months ended May 31, 2008 and 2007

3. Financial Instruments

Prior to the adoption of CICA Handbook Section 3855, the Company disclosed the fair value of its financial instruments but was not required to adjust them to fair value.

In prior years the carrying values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximated their fair values due to the short terms to maturity of these financial instruments.

Capital Management

In order to continue the Company's future exploration and development program, the Company must maintain a strong capital base. A strong capital base results in increased market confidence, an essential factor in maintaining existing shareholders and in attracting new investors. The Company's commitment is to establish and maintain a strong capital base to enable the Company to access the equity and debt markets when deemed appropriate. In order to maintain a strong capital base, the Company continually monitors the risk reward profile of its exploration and development projects and the economic indicators in the market including, but not limited to, commodity prices, interest rates and foreign exchange rates.

The Company considers shareholders equity, bank debt and working capital as components of its capital base. The Company can access or increase capital through the issuance of its shares or other securities or through bank borrowings.

The Company's share capital is not subject to external restrictions.

There were no changes in the Company's approach to capital management during the period.

4. Comparative Figures

Certain comparative figures have been reclassified to conform to the fiscal 2008 consolidated financial statement presentation.

5. Contingency

Arrowhead Resources (USA) Ltd. was named in as a defendant in a lawsuit in 2006. No contingency amounts have been recorded in the consolidated financial statements.