

NUVISTA ENERGY LTD.

Condensed Statements of Financial Position
(Unaudited)

(\$Cdn thousands)	June 30	December 31
	2016	2015
Assets		
Current assets		
Cash and cash equivalents	\$ —	\$ —
Accounts receivable and prepaid expenses	26,735	29,541
Financial derivative assets (note 13)	5,897	25,770
	32,632	55,311
Financial derivative assets (note 13)	2,185	—
Exploration and evaluation assets (note 5)	79,870	83,291
Property, plant and equipment (note 6)	806,714	843,035
Total assets	\$ 921,401	\$ 981,637
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 26,404	\$ 48,643
Accrued environmental remediation liabilities (note 4)	1,176	4,790
Current portion of asset retirement obligations (note 9)	9,000	9,501
Deferred premium on flow through shares (note 10)	1,626	—
	38,206	62,934
Long-term debt (note 7)	89,386	196,733
Senior unsecured notes (note 8)	66,904	—
Financial derivative liabilities (note 13)	—	14
Asset retirement obligations (note 9)	78,723	92,317
	273,219	351,998
Shareholders' equity		
Share capital (note 10)	1,161,920	1,140,170
Contributed surplus	46,236	44,576
Deficit	(559,974)	(555,107)
	648,182	629,639
Total liabilities and shareholders' equity	\$ 921,401	\$ 981,637

Subsequent events (note 14)

Commitments (note 14)

See accompanying notes to the condensed interim financial statements.

NUVISTA ENERGY LTD.

Condensed Statements of Loss and Comprehensive Loss
(Unaudited)

(\$Cdn thousands, except per share amounts)	Three months ended June 30		Six months ended June 30	
	2016	2015	2016	2015
Revenues				
Oil and natural gas	\$ 57,840	\$ 57,502	\$ 117,559	\$ 115,429
Royalties	2,802	(1,847)	(269)	(4,686)
Net revenue from oil and natural gas sales	60,642	55,655	117,290	110,743
Realized gain on financial derivatives	7,228	8,160	18,693	20,429
Unrealized loss on financial derivatives	(14,020)	(15,617)	(17,674)	(26,213)
Net revenue from oil and natural gas sales and gains (losses) on financial derivatives	53,850	48,198	118,309	104,959
Expenses				
Transportation	4,412	1,228	10,770	7,941
Operating	20,617	25,068	45,175	47,929
General and administrative	4,464	5,317	8,873	10,566
Share-based compensation (note 12)	1,216	1,291	2,260	2,773
Depletion, depreciation, amortization and impairment (note 6)	24,065	35,051	47,516	61,004
Exploration and evaluation (note 5)	350	1,009	350	2,135
Loss (gain) on property dispositions	3,152	(115)	2,785	(604)
Note receivable recovery	—	—	(350)	—
Financing costs	2,894	2,254	5,797	4,791
	61,170	71,103	123,176	136,535
Loss before taxes	(7,320)	(22,905)	(4,867)	(31,576)
Deferred income tax expense (benefit)	—	(1,548)	—	(2,560)
Loss and comprehensive loss	\$ (7,320)	\$ (21,357)	\$ (4,867)	\$ (29,016)
Net loss per share (note 11)				
Basic	\$ (0.05)	\$ (0.14)	\$ (0.03)	\$ (0.20)
Diluted	\$ (0.05)	\$ (0.14)	\$ (0.03)	\$ (0.20)

See accompanying notes to the condensed interim financial statements.

NUVISTA ENERGY LTD.

Condensed Statements of Changes in Shareholders' Equity
(Unaudited)

(\$Cdn thousands)	Six months ended June 30	
	2016	2015
Share capital (note 10)		
Balance, January 1	\$ 1,140,170	\$ 1,029,017
Issued for cash on offering of common shares	—	90,000
Issued for cash on offering of flow-through common shares, net of implied premium of \$1.6 million (2015 - \$1.1 million)	20,003	20,861
Issued for cash on exercise of stock options	1,345	2,590
Contributed surplus transferred on exercise of stock options	466	893
Conversion of restricted share awards	44	52
Share issue costs, net of deferred tax benefit of \$nil (2015 – \$0.04 million)	(108)	(3,717)
Balance, end of period	\$ 1,161,920	\$ 1,139,696
Contributed surplus		
Balance, January 1	\$ 44,576	\$ 40,812
Share-based compensation	2,170	2,341
Transfer to share capital on exercise of stock options	(466)	(893)
Conversion of restricted share awards	(44)	(52)
Balance, end of period	\$ 46,236	\$ 42,208
Deficit		
Balance, January 1	\$ (555,107)	\$ (382,182)
Net earnings (loss)	(4,867)	(29,016)
Balance, end of period	\$ (559,974)	\$ (411,198)
Total shareholders' equity	\$ 648,182	\$ 770,706

See accompanying notes to the condensed interim financial statements.

NUVISTA ENERGY LTD.

Condensed Statements of Cash Flows
(Unaudited)

(\$Cdn thousands)	Three months ended June 30		Six months ended June 30	
	2016	2015	2016	2015
Cash provided by (used in)				
Operating activities				
Net earnings (loss)	\$ (7,320)	\$ (21,357)	\$ (4,867)	\$ (29,016)
Items not requiring cash from operations:				
Depletion, depreciation, amortization and impairment	24,065	35,051	47,516	61,004
Exploration and evaluation	350	1,009	350	2,135
Loss (gain) on property dispositions	3,152	(115)	2,785	(604)
Share-based compensation (note 12)	871	1,071	1,770	2,224
Unrealized loss on financial derivatives	14,020	15,617	17,674	26,213
Deferred income tax expense (benefit)	—	(1,548)	—	(2,560)
Accretion (note 9)	481	578	1,029	1,227
Asset retirement expenditures (note 9)	(581)	(1,069)	(5,628)	(3,412)
Change in non-cash working capital	(9,142)	(7,853)	(9,303)	3,153
	25,896	21,384	51,326	60,364
Financing activities				
Issue of share capital, net of share issue costs	22,725	108,893	22,866	109,639
Decrease in long-term debt	(141,236)	(79,112)	(107,347)	(18,542)
Issuance of senior unsecured notes, net of financing costs	66,893	—	66,893	—
	(51,618)	29,781	(17,588)	91,097
Investing activities				
Property, plant and equipment expenditures	(28,214)	(49,951)	(88,988)	(150,555)
Exploration and evaluation expenditures	(551)	(3,808)	(969)	(10,520)
Property acquisitions	(1,001)	—	(1,001)	(600)
Proceeds on property dispositions	69,495	7,384	69,945	10,136
Change in non-cash working capital	(14,007)	(4,790)	(12,725)	78
	25,722	(51,165)	(33,738)	(151,461)
Change in cash and cash equivalents	—	—	—	—
Cash and cash equivalents, balance January 1	—	—	—	—
Cash and cash equivalents, end of period	\$ —	\$ —	\$ —	\$ —
Cash interest paid	\$ 2,163	\$ 2,067	\$ 4,148	\$ 3,842

See accompanying notes to the condensed interim financial statements.

NUVISTA ENERGY LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)

Three and six months ended June 30, 2016 with comparative figures for 2015. All tabular amounts are in thousands of Canadian dollars, except share and per share amounts, unless otherwise stated.

1. Corporate information

NuVista Energy Ltd. ("NuVista" or the "Company") is a Canadian publicly traded company incorporated in the province of Alberta. The Company is an oil and natural gas company actively engaged in the exploration, development and production of oil and natural gas reserves in the Western Canadian Sedimentary Basin. NuVista's primary focus is on the scalable and repeatable condensate-rich Montney formation in the Alberta Deep Basin.

The address of the Company's head office is 3500, 700 – 2nd Street S.W., Calgary, Alberta, Canada, T2P 2W2.

2. Basis of preparation

These condensed interim financial statements (the "financial statements") have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting". These financial statements have been prepared following the same accounting policies except as noted below and methods of computation as the annual financial statements for the year ended December 31, 2015. These financial statements do not include all the information required for annual financial statements and should be read in conjunction with the audited financial statements for the year ended December 31, 2015, which have been prepared in accordance with Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were approved and authorized for issuance by the Board of Directors on August 9, 2016.

3. New accounting policies

Future accounting changes

Below is a brief description of new IFRS standards and amendments that are not yet effective and have not been applied in the preparation of these financial statements.

In May 2014, the IASB issued IFRS 15, "Revenue from Contracts with Customers", which replaces IAS 18, "Revenue" and IAS 11, "Construction Contracts". The standard is now effective January 1, 2018 and is required to be adopted retrospectively or using a modified transition approach. The Company will be required to adopt this standard and is currently evaluating the impact this standard may have on the financial statements.

In July 2014, the IASB issued IFRS 9, "Financial Instruments" to replace IAS 39, "Financial Instruments: Recognition and Measurement". The new standard replaces the current multiple classification and measurement models for financial asset and liabilities with a single model that has only two classification categories: amortized cost and fair value. As of January 1, 2018, the Company will be required to adopt the standard. The Company is evaluating the impact this standard may have on the financial statements.

In January 2016, the IASB issued IFRS 16 "Leases" which replaces IAS 17 "Leases". The standard will come into effect for annual periods beginning on or after January 1, 2019, with earlier adoption permitted if the entity is also applying for IFRS 15 "Revenue from Contracts with Customers". IFRS 16 will be applied by NuVista on January 1, 2019 and the Company is currently evaluating the impact of the standard may have on the financial statements.

4. Accrued environmental remediation liabilities

	June 30, 2016	December 31, 2015
Balance, January 1	\$ 4,790	\$ —
Environmental remediation expense	—	9,300
Remediation costs incurred	(3,614)	(4,510)
Balance, end of period	\$ 1,176	\$ 4,790

During the third quarter of 2015, the Company identified a leak in a remote pipeline carrying oil emulsion in the Non-Core area of Northwest Alberta. The pipeline was immediately shut down and the Company's emergency response plan was activated. The Company's insurers have been notified and are currently evaluating to determine if this is an insurable event. The Company recorded \$9.3 million in environmental remediation expense in the December 31, 2015 year end financial statements, which is the current best estimate of the total cost of remediation. To date, \$8.1 million million has been spent. It is anticipated that majority of the remaining remediation will continue to occur throughout 2016 and 2017.

5. Exploration and evaluation assets

	June 30, 2016	December 31, 2015
Balance, January 1	\$ 83,291	\$ 98,906
Additions	969	15,884
Acquisitions	1,001	6,323
Dispositions	(1,032)	(7,198)
Capitalized share-based compensation	285	6
Transfers to property, plant and equipment (note 6)	(4,294)	(20,900)
Expiries (exploration and evaluation expense)	(350)	(2,942)
Impairment	—	(6,788)
Balance, end of period	\$ 79,870	\$ 83,291

6. Property, plant and equipment

	June 30, 2016	December 31, 2015
Cost		
Balance, January 1	\$ 1,545,216	\$ 1,355,406
Additions	88,988	257,358
Acquisitions	—	—
Dispositions	(309,878)	(95,913)
Change in asset retirement obligations (note 9)	3,471	7,465
Transfers from exploration and evaluation assets (note 5)	4,294	20,900
Balance, end of period	\$ 1,332,091	\$ 1,545,216

	June 30, 2016	December 31, 2015
Accumulated depletion, depreciation, amortization and impairment		
Balance, January 1	\$ 702,181	\$ 530,291
Depletion and depreciation expense	47,516	160,901
Dispositions	(224,320)	(63,410)
Impairments	—	74,399
Balance, end of period	\$ 525,377	\$ 702,181

	June 30, 2016	December 31, 2015
Carrying value		
Balance, January 1	\$ 843,035	\$ 825,115
Balance, end of period	\$ 806,714	\$ 843,035

In June 2016, NuVista sold assets in the Wapiti Sweet operating area for proceeds after closing adjustments of \$69.5 million, resulting in a loss on dispositions of \$3.2 million.

7. Long-term debt

At June 30, 2016, the Company had a \$200.0 million (December 31, 2015 – \$300.0 million) extendible revolving term credit facility available from a syndicate of Canadian chartered banks. Borrowing under the credit facility may be made by prime loans, bankers' acceptances and/or US libor advances. These advances bear interest at the bank's prime rate and/or at money market rates plus a borrowing margin. For the three and six months ended June 30, 2016, borrowing costs averaged 3.3% (December 31, 2015 – 3.2%). The credit facility is secured by a first floating charge debenture, general assignment of book debts and the Company's oil and natural gas properties and equipment. The credit facility has a 364-day revolving period and is subject to an annual review by the lenders, at which time a lender can extend the revolving period or can request conversion to a one year term loan. During the revolving period, a review of the maximum borrowing amount occurs semi-annually on October 30 and April 30. During the term period, no principal payments would be required until a year after the revolving period matures.

During the second quarter, the semi annual review by the lenders was completed with a reduction in the credit facility from \$300.0 million to \$200.0 million. The next review is scheduled for October 30, 2016.

As at June 30, 2016, the Company had drawn \$89.4 million (December 31, 2015 – \$196.7 million). The credit facility does not contain any financial covenants, but the Company is subject to various non-financial covenants under its credit facility. Compliance with these covenants is monitored on a regular basis and as at June 30, 2016, the Company was in compliance with all covenants.

8. Senior unsecured notes

On June 22, 2016, the Company issued \$70.0 million of 9.875% senior unsecured notes ("Notes") with a 5 year term by way of private placement. Proceeds net of discount and costs amounted to \$66.9 million. Interest is payable in equal quarterly installments in arrears. The Notes are fully and unconditionally guaranteed as to the payment of principal and interest, on a senior unsecured basis by the Company. There are no maintenance or financial covenants.

The Notes are non callable by the Company prior to the two and a half year anniversary of the closing date. At any time on or after December 22, 2018, the Company may redeem all or part of the Notes at the redemption prices set forth in the table below plus any accrued and unpaid interest:

12 month period ended:	Percentage
December 22, 2019	104.938%
December 22, 2020	102.469%
December 22, 2021	100.000%

If a change of control occurs at any time prior to June 22, 2017, each holder of the Notes will have the right to require the Company to purchase all or any part of that holder's Notes for an amount in cash equal to 110% of the aggregate principle repurchased plus accrued and unpaid interest. If a change of control occurs after June 22, 2017, each holder of Notes will have the right to require the Company to purchase all or any part of that holder's Notes for an amount in cash equal to 101% of the aggregate principle repurchased plus accrued and unpaid interest.

9. Asset retirement obligations

The Company's asset retirement obligations are based on estimated costs to reclaim and abandon ownership interests in oil and natural gas assets including well sites, gathering systems and processing facilities. At June 30, 2016, the estimated total undiscounted amount of cash flows required to settle the asset retirement obligations is \$129.2 million (December 31, 2015 – \$150.8 million), which is estimated to be incurred over the next 50 years. A risk-free rate of 1.7% (December 31, 2015 – 2.2%) and an inflation rate of 2.0% (December 31, 2015 – 2.0%) were used to calculate the net present value of the asset retirement obligations. A reconciliation of the asset retirement obligations is provided below:

	June 30, 2016	December 31, 2015
Balance, January 1	\$ 101,818	\$ 111,307
Accretion expense	1,029	2,385
Liabilities incurred	1,113	2,926
Liabilities disposed	(12,967)	(10,500)
Change in estimates and discount rate	2,358	4,539
Liabilities settled	(5,628)	(8,839)
Balance, end of period	\$ 87,723	\$ 101,818
Expected to be incurred within one year	9,000	9,501
Expected to be incurred beyond one year	\$ 78,723	\$ 92,317

10. Share capital

Common shares

	June 30, 2016		December 31, 2015	
	Number	Amount	Number	Amount
Balance, January 1	153,310,265	\$ 1,140,170	138,676,908	\$ 1,029,017
Issued for cash on offering of common shares	—	—	11,465,000	90,000
Issued for cash on offering of flow-through common shares ⁽¹⁾	3,252,411	20,003	2,544,040	20,861
Issued for cash on exercise of stock options	269,647	1,345	609,538	2,927
Contributed surplus transferred on exercise of stock options	—	466	—	1,005
Conversion of restricted share awards	5,772	44	14,779	80
Share issue costs, net of deferred tax benefit of \$nil (2015 – \$1.2 million)	—	(108)	—	(3,720)
Balance, end of period	156,838,095	\$ 1,161,920	153,310,265	\$ 1,140,170

⁽¹⁾ Net of implied premium \$1.6 million (2015 - \$1.1 million) on flow-through share price compared to trading price at announcement of equity issuance.

In June 2016, pursuant to a private placement, the Company issued 3.3 million common shares on a flow-through basis in respect of Canadian Development expenses ("CDE") at a price of \$6.65 per share for gross proceeds of \$21.6 million. The implied premium on the flow-through common shares was determined to be \$1.6 million million on the date of issue. Under the terms of the flow-through share agreements, the Company is committed to spend \$21.6 million on qualifying CDE prior to December 31, 2016.

11. Loss per share

The following table summarizes the weighted average common shares used in calculating net loss per share:

(thousands of shares)	Three months ended June 30		Six months ended June 30	
	2016	2015	2016	2015
Weighted average common shares outstanding				
Basic	153,455	148,593	153,387	143,680
Diluted	153,455	148,593	153,387	143,680

12. Share-based compensation

Stock Options

The Company has established a stock option plan whereby officers, directors and employees may be granted options to purchase common shares. Options granted vest at the rate of 1/3 per year and expire 2.5 years after the vesting date. The maximum number of stock options currently outstanding and available to be issued as at June 30, 2016 is 10,614,921. The following continuity table summarizes the stock option activity:

	June 30, 2016		December 31, 2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, January 1	6,213,614	\$ 7.14	6,378,553	\$ 7.45
Granted	972,350	6.23	1,608,305	6.22
Exercised	(269,647)	4.99	(609,538)	4.80
Forfeited	(233,014)	7.81	(307,703)	8.60
Expired	(172,760)	8.76	(856,003)	8.87
Balance, end of period	6,510,543	\$ 7.02	6,213,614	\$ 7.14
Weighted average share price on date of exercise	269,647	\$ 6.05	609,538	\$ 7.74

The following table summarizes stock options outstanding and exercisable under the plan at June 30, 2016:

Range of exercise price	Options outstanding			Options exercisable	
	Number of options outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
\$3.47 to \$4.99	1,474,542	2.37	\$ 4.38	747,058	\$ 4.49
\$5.00 to \$9.99	4,487,124	2.55	7.43	2,400,954	7.40
\$10.00 to \$12.04	548,877	2.39	10.79	368,206	10.79
\$3.47 to \$12.04	6,510,543	2.50	\$ 7.02	3,516,218	\$ 7.14

The Company uses the fair value based method for the determination of the share-based compensation costs. The fair value of each option granted during the year was estimated on the date of grant using the Black-Scholes option pricing model.

Restricted Stock Units

The Company has a Restricted Stock Unit ("RSU") Plan for employees and officers. Each RSU entitles participants to receive cash equal to the trading price of the equivalent number of shares of the Company. All RSUs granted vest and become payable within three years after the date the RSUs are issued. As of June 30, 2016, all outstanding RSUs have vested, and the plan has been terminated.

The compensation expense was calculated using the fair value method based on the trading price of the Company's shares at the end of each reporting year. The RSU plan The following table summarizes the change in the number of RSUs:

	June 30, 2016	December 31, 2015
Balance, January 1	145,665	501,110
Settled	(131,166)	(343,647)
Granted	—	—
Forfeited	(14,499)	(11,798)
Balance, end of period	—	145,665

The following table summarizes the change in compensation liability relating to RSUs:

	June 30, 2016		December 31, 2015	
Balance, January 1	\$	463	\$	2,057
Change in accrued compensation liabilities		(463)		(1,594)
Balance, end of period	\$	—	\$	463
Compensation liabilities – current (included in accounts payable and accrued liabilities)	\$	—	\$	463

Restricted Share Awards

The Company has a Restricted Share Award ("RSA") Plan for employees and officers which entitle the employee to receive one common share for each RSA granted upon vesting. RSA grants vest within three years from the date of grant. The maximum number of common shares reserved for issuance under the RSA plan is 1,650,000 of which 1,252,418 remain to be issued.

The fair value of RSAs is determined based on the weighted average trading price of the five days preceding the grant date. This fair value is recognized as share-based compensation expense over the vesting period with a corresponding increase to contributed surplus. The amount of the compensation expense is reduced by an estimated forfeiture rate determined at the date of the grant and updated each period. Upon vesting of the RSAs and settlement in common shares, the previously recognized value in contributed surplus will be recorded as an increase to share capital.

The following table summarizes the change in the number of RSAs:

	June 30, 2016		December 31, 2015	
Balance, January 1		385,142		138,181
Settled		(5,772)		(14,779)
Granted		203,400		275,850
Forfeited		(21,131)		(14,110)
Balance, end of period		561,639		385,142

The following table summarizes share-based compensation relating to stock options, RSUs and RSAs:

	Six months ended June 30							
	2016				2015			
	Stock options	RSU	RSA	Total	Stock options	RSU	RSA	Total
Share-based compensation	\$ 1,242	\$ (349)	\$ 528	\$ 1,421	\$ 1,933	\$ (792)	\$ 291	\$ 1,432
RSU cash paid	—	839	—	839	—	1,341	—	1,341
Share-based compensation expense	\$ 1,242	\$ 490	\$ 528	\$ 2,260	\$ 1,933	\$ 549	\$ 291	\$ 2,773
Gross capitalized share-based compensation	\$ 191	\$ (115)	\$ 209	\$ 285	\$ 78	\$ 202	\$ 37	\$ 317
RSU cash paid	—	—	—	—	—	(399)	—	(399)
Net capitalized share-based compensation	\$ 191	\$ (115)	\$ 209	\$ 285	\$ 78	\$ (197)	\$ 37	\$ (82)

13. Risk management activities

(a) Financial instruments

The Company's financial instruments recognized on the statement of financial position consists of cash and cash equivalents, accounts receivable and prepaid expenses, financial derivative contracts, accounts payable and accrued liabilities, accrued environmental remediation liabilities, compensation liabilities and long-term debt. The carrying value of the long-term debt approximates its fair value as it bears interest at market rates. Except for the financial derivative contracts and compensation liabilities, which are recorded at fair value, carrying values reflect the current fair value of the Company's financial instruments due to their short-term maturities. The estimated fair values of recognized financial instruments have been determined based on quoted market prices when available, or third-party models and valuation methodologies that use observable market data.

The Company classifies fair value measurements according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The Company's cash and cash equivalents are classified as Level 1 and financial derivative contracts as Level 2. The Company uses third party models and valuation methodologies to determine the fair value of financial derivative contracts. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

(b) Financial assets and financial liabilities subject to offsetting

The following is a summary of the Company's financial assets and financial liabilities that are subject to offsetting:

	June 30, 2016			December 31, 2015		
	Gross financial assets	Gross financial liabilities	Net financial assets	Gross financial assets	Gross financial liabilities	Net financial assets
Current assets (liabilities)	\$ 8,664	\$ (2,767)	\$ 5,897	\$ 26,000	\$ (230)	\$ 25,770
Long-term assets (liabilities)	2,341	(156)	2,185	2	(16)	(14)
Net position	\$ 11,005	\$ (2,923)	\$ 8,082	\$ 26,002	\$ (246)	\$ 25,756

(c) Risk management contracts

The following is a summary of the financial derivatives as at June 30, 2016:

	Volume (Bbls/d)	Pricing (Cdn\$/Bbl)	Term of contract
WTI crude oil sales price derivatives			
Fixed price swap	3,050	\$75.92	Jul 1, 2016 - Dec 31, 2016
Fixed price swap	100	\$58.15	Jan 1, 2017 - Jun 30, 2017

	Volume (MMbtu/d)	Pricing (US\$/MMbtu)	Term of contract
Nymex natural gas sales price derivative			
AECO-NYMEX basis	10,000	(\$0.66)	Jul 1, 2016 - Dec 31, 2016
AECO-NYMEX basis	20,000	(\$0.72)	Jan 1, 2017 - Sep 30, 2017
AECO-NYMEX basis	20,000	(\$0.71)	Oct 1, 2017 - Dec 31, 2017
AECO-NYMEX basis	10,000	(\$0.69)	Jan 1, 2018 - Sep 30, 2018
AECO-NYMEX basis	23,261	(\$0.65)	Oct 1, 2018 - Dec 31, 2018
AECO-NYMEX basis	25,000	(\$0.64)	Jan 1, 2019 - Mar 31, 2019
Chicago-NYMEX basis	10,000	(\$0.01)	Jul 1, 2016 - Dec 31, 2016
Chicago-NYMEX basis	5,000	(\$0.05)	Jan 1, 2017 - Dec 31, 2017
Nymex fixed price swap	10,000	\$2.60	Jul 1, 2016 - Dec 31, 2016

The following is a reconciliation of movement in the fair value of financial derivative contracts:

	June 30, 2016	December 31, 2015
Fair value of contracts, beginning of year	\$ 25,756	\$ 47,211
Change in the fair value of contracts in the period	1,019	21,346
Fair value of contracts realized in the period	(18,693)	(42,801)
Fair value of contracts, end of year	\$ 8,082	\$ 25,756
Financial derivative assets – current	\$ 5,897	\$ 25,770
Financial derivative assets – long term	\$ 2,185	\$ (14)

(d) Physical delivery sales contracts

The following is a summary of the physical delivery sales contracts as at June 30, 2016:

	Volume (GJ/d)	Pricing (Cdn\$/GJ)	Term of contract
AECO natural gas physical delivery sales contracts			
Costless Collar	5,000	\$3.40 - \$3.85	Jul 1, 2016 - Dec 31, 2016
Fixed Price Swap	54,500	\$3.49	Jul 1, 2016 - Sep 30, 2016
Fixed Price Swap	59,500	\$3.40	Oct 1, 2016 - Dec 31, 2016
Fixed Price Swap	50,000	\$3.30	Jan 1, 2017 - Mar 31, 2017
Fixed Price Swap	35,000	\$3.23	Apr 1, 2017 - Jun 30, 2017
Fixed Price Swap	25,000	\$3.20	Jul 1, 2017 - Sep 30, 2017
Fixed Price Swap	20,000	\$3.26	Oct 1, 2017 - Dec 31, 2017
Fixed Price Swap	2,500	\$2.85	Jan 1, 2018 - Oct 31, 2018

14. Commitments

The following is a summary of the Company's commitments as at June 30, 2016:

	Total	2016	2017	2018	2019	2020	Thereafter
Transportation and processing	\$ 506,872	\$ 27,508	\$ 63,320	\$ 63,694	\$ 57,359	\$ 54,126	\$ 240,865
Office lease	5,246	1,967	3,279	—	—	—	—
Drilling rig contracts	4,735	1,967	2,768	—	—	—	—
Total commitments	\$ 516,853	\$ 31,442	\$ 69,367	\$ 63,694	\$ 57,359	\$ 54,126	\$ 240,865

Subsequent to June 30, 2016, the company entered into a transportation commitment for \$24.1 million starting in 2018.