NUVISTA ENERGY LTD.

Notice of
Annual and Special Meeting of Shareholders
to be held on Thursday, May 13, 2010

The annual and special meeting of the shareholders of NuVista Energy Ltd. will be held in the McMurray Room of the Calgary Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta, T2P 0L5 on Thursday, May 13, 2010 at 3:00 p.m. (Calgary time) to:

1. receive and consider our consolidated financial statements for the year ended December 31, 2009, together with the report of the auditors and the report of our Board of Directors;

2. fix the number of directors to be elected at the meeting at seven members;

3. elect seven directors;

4. appoint the auditors and to authorize the directors to fix their remuneration as such;

5. consider and, if thought fit, approve an ordinary resolution to approve the grant of unallocated stock options under our stock option plan and certain amendments to our stock option plan; and

6. transact such other business as may properly be brought before the meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the meeting are set forth in the information circular – proxy statement accompanying this notice.

If you are unable to attend the meeting in person we request that you date and sign the enclosed form of proxy and mail it to or deposit it with our Corporate Secretary, c/o Valiant Trust Company, Suite 310, 606 – 4th Street S.W., Calgary, Alberta, T2P 1T1. In order to be valid and acted upon at the meeting, forms of proxy must be returned to the aforesaid address not less than 48 hours before the time for holding the meeting or any adjournment thereof.

Only shareholders of record at the close of business on March 26, 2010, will be entitled to vote at the meeting, unless that shareholder has transferred any shares subsequent to that date and the transferee shareholder, not later than 10 days before the meeting, establishes ownership of the shares and demands that the transferee's name be included on the list of shareholders entitled to vote at the meeting.

DATED at Calgary, Alberta this 26th day of March, 2010.

By order of the Board of Directors

"*Robert F. Froese*"

Robert F. Froese
Corporate Secretary

NUVISTA ENERGY LTD.

Information Circular - Proxy Statement
for the Annual and Special Meeting to be held on Thursday, May 13, 2010

PROXIES

Solicitation Of Proxies

This information circular - proxy statement is furnished in connection with the solicitation of proxies for use at the annual and special meeting of the shareholders of NuVista Energy Ltd. to be held on Thursday, May 13, 2010, in the McMurray Room of the Calgary Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta, T2P 0L5 at 3:00 p.m. (Calgary time) and at any adjournment thereof. Forms of proxy must be addressed to and reach our Corporate Secretary, c/o Valiant Trust Company, Suite 310, 606 – 4th Street S.W., Calgary, Alberta, T2P 1T1, not less than 48 hours before the time for holding the meeting or any adjournment thereof. Only shareholders of record at the close of business on March 26, 2010, will be entitled to vote at the meeting, unless that shareholder has transferred any shares subsequent to that date and the transferee shareholder, not later than 10 days before the meeting, establishes ownership of the shares and demands that the transferee's name be included on the list of shareholders entitled to vote at the meeting.

The instrument appointing a proxy must be in writing and must be executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation.

The persons named in the enclosed form of proxy are our officers. As a shareholder you have the right to appoint a person, who need not be a shareholder, to represent you at the meeting. To exercise this right you should insert the name of the desired representative in the blank space provided on the form of proxy and strike out the other names or submit another appropriate proxy.

Advice To Beneficial Holders Of Common Shares

The information set forth in this section is of significant importance to you if you do not hold your common shares in your own name. Only proxies deposited by shareholders whose names appear on our records as the registered holders of common shares can be recognized and acted upon at the meeting. If common shares are listed in your account statement provided by your broker, then in almost all cases those common shares will not be registered in your name on our records. Such common shares will likely be registered under the name of your broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co., the registration name for CDS Clearing and Depository Services Inc., which acts as nominees for many Canadian brokerage firms. Common shares held by your broker or their nominee can only be voted upon your instructions. Without specific instructions, your broker or their nominee is prohibited from voting your shares.

Applicable regulatory policy requires your broker to seek voting instructions from you in advance of the meeting. Every broker has its own mailing procedures and provides its own return instructions, which you should carefully follow in order to ensure that your shares are voted at the meeting. Often, the form of proxy supplied by your broker is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on your behalf. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. Broadridge mails a scannable voting instruction form in lieu of the form of proxy. You are asked to complete and return the voting instruction form to them by mail or facsimile. Alternately, you can call their toll-free telephone number or visit their website to vote your shares. They then tabulate the results of all instructions received and provide appropriate instructions respecting the voting of shares to be represented at the meeting. If you receive a voting instruction form from Broadridge it cannot be used as a proxy to vote shares directly at the meeting as the proxy must be returned to Broadridge well in advance of the meeting in order to have the shares voted.

Revocability Of Proxy

You may revoke your proxy at any time prior to a vote. If you or the person you give your proxy attends personally at the meeting, you or such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation. To be effective the instrument in writing must be deposited either at our head office at any time up to and including the last business day before the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of the meeting on the day of the meeting, or any adjournment thereof.

Persons Making The Solicitation

This solicitation is made on behalf of our management. We will bear the costs incurred in the preparation and mailing of the form of proxy, notice of annual and special meeting and this information circular - proxy statement. In addition to mailing forms of proxy, proxies may be solicited by personal interviews, or by other means of communication, by our directors, officers and employees who will not be remunerated therefor.

Exercise Of Discretion By Proxy

The common shares represented by proxy in favour of management nominees will be voted on any poll at the meeting. Where you specify a choice with respect to any matter to be acted upon, the shares will be voted on any poll in accordance with the specification so made. If you do not provide instructions, your shares will be voted in favour of the matters to be acted upon as set out herein. The persons appointed under the form of proxy, which we have furnished, are conferred with discretionary authority with respect to amendments or variations of those matters specified in the form of proxy and notice of annual and special meeting and with respect to any other matters which may properly be brought before the meeting or any adjournment thereof. At the time of printing this information circular - proxy statement, we know of no such amendment, variation or other matter.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

We are authorized to issue an unlimited number of common shares without nominal or par value. As at March 26, 2010, there were 88,515,732 common shares issued and outstanding. As a holder of common shares you are entitled to one vote for each share you own. We are also authorized to issue 1,200,000 class B performance shares without nominal or par value. As at March 26, 2010, there were no class B performance shares issued and outstanding. Based on information supplied to them, to the knowledge of our directors and officers, as at March 26, 2010 no person or company beneficially owns, or controls or directs, directly or indirectly, more than 10% of our common shares, other than as set forth below:

Name	Number of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly	Percentage of Issued and Outstanding Common Shares
Ontario Teachers' Pension Plan (1)	14,302,246	16.2%
Franklin Templeton Investments Corp., on behalf of its operating division, Bissett Investment Management (2)	9,545,204	10.8%

Notes:

(1) Based on insider reports filed on the System for Electronic Disclosure by Insiders (SEDI) as at March 15, 2010.

(2) Based on an alternative monthly report dated at September 10, 2009 and filed on the System for Electronic Document Analysis and Retrieval (SEDAR).

As at March 26, 2010, our directors and officers, as a group, beneficially owned, or controlled or directed, directly or indirectly, 8.0 million common shares or approximately 9.0% of our issued and outstanding common shares.

MATTERS TO BE ACTED UPON AT THE MEETING

Election Of Directors

At the meeting, shareholders will be asked to fix the number of directors to be elected at the meeting at seven members and to elect seven directors.

Management is soliciting proxies, in the accompanying form of proxy, for an ordinary resolution in favour of fixing the Board of Directors at seven members, and in favour of the election as directors of the seven nominees set forth below:

W. Peter Comber
Pentti O. Karkkainen
Keith A. MacPhail
Ronald J. Poelzer
Alex G. Verge
Clayton H. Woitas
Grant A. Zawalsky

In the event that a vacancy among such nominees occurs because of death or for any reason prior to the meeting, the proxy shall not be voted with respect to such vacancy.

The following information relating to the nominees is based partly on our records and partly on information received by us from the nominees, and sets forth the names, ages and cities of residence of the nominees, their committee memberships, the year each became a director of us (or a predecessor of us), the present occupations and brief biographies of such persons, and the number of our securities beneficially owned, or controlled or directed, directly or indirectly by each and the number of stock options held as at as at December 31, 2009.

			Common Shares Owned, Controlled or Directed		**Stock Options**		**Total Market Value of Common Shares and Stock Options (1) $**	
Nominee for Election as Director	**Age**	**Director Since**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Keith A. MacPhail	**53**	2003	2,287,220	2,293,470	16,000	29,750	28,544,506	19,824,684

Keith A. MacPhail
Calgary, Alberta

Member of:
- Reserves Committee
- Non-Board Executive Committee (2)

Mr. MacPhail has more than 30 years experience in the oil and gas industry and is currently Chairman & CEO of Bonavista Petroleum Ltd. Prior to joining Bonavista Petroleum Ltd., in 1997, Mr. MacPhail held progressively more responsible positions with Canadian Natural Resources Limited with his final position being Executive Vice President and COO. Prior thereto, he held the position of Production Manager with Poco Petroleums Ltd.

Mr. MacPhail holds a Bachelor of Science (Honours) degree in Petroleum Engineering from the Montana College of Mineral Science and is a member of the Association of Professional Engineers, Geologists & Geophysicists of Alberta.

Mr. MacPhail is also a member of the board of directors of Canadian Natural Resources Limited and Chairman and Chief Executive Officer of Bonavista Petroleum Ltd. and is also on a number of other private advisory boards.

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed		Stock Options		Total Market Value of Common Shares and Stock Options [(1)] $	
			2009	2008	2009	2008	2009	2008
W. Peter Comber	67	2004	9,495	9,495	18,500	21,000	130,223	86,142

W. Peter Comber
Toronto, Ontario

Member of:
- Audit Committee
- Compensation Committee
- Governance and Nominating Committee

Mr. Comber has more than 40 years experience in various aspects of the financial services industry. Mr. Comber is a Chartered Accountant and has worked in corporate finance and investment management both in Toronto and Calgary. Since August 1999, Mr. Comber is the managing director of Barrantagh Investment Management Inc., investment counsellors based in Toronto, Ontario. Mr. Comber was the President of Newtonhouse Investment Management Ltd., investment counsellors located in Toronto, Ontario from May 1993 to August 1999. Between June 1989 and December 1991, Mr. Comber was Senior Vice-President, Thornmark Capital Corporation, an investment holding company, and principal officer of Thornmark Capital Funding Corporation, merchant bank. Prior thereto, Mr. Comber was Senior Vice President and Managing Director of Prudential-Bache Securities Canada Limited, an investment dealer in Toronto, Ontario.

Mr. Comber is a Chartered Accountant and holds a Bachelor of Arts degree from the University of Toronto and a Masters of Business Administration from York University.

Mr. Comber is also a director of Sure Energy Inc. and Exshaw Oil Corporation.

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed		Stock Options		Total Market Value of Common Shares and Stock Options [(1)] $	
			2009	2008	2009	2008	2009	2008
Pentti O. Karkkainen	55	2003	45,000	45,000	16,000	16,000	561,600	388,350

Pentti O. Karkkainen
Calgary, Alberta

Member of:
- Audit Committee
- Reserves Committee
- Compensation Committee
- Lead Director

Mr. Karkkainen has 24 years of investment management, energy sector research and investment banking experience, as well as four years of industry experience with Gulf Canada Resources. Mr. Karkkainen is a founding and General Partner of KERN Partners Ltd., a Calgary based energy sector private equity firm that was established in late 2000. KERN Partners has $1.1 billion of capital under management from a variety of North American and European pension funds, endowments, family offices and other financial institutions. Prior to establishing KERN Partners, Mr. Karkkainen was Managing Director and Head of Oil and Gas Equity Research at RBC Capital Markets.

Mr. Karkkainen holds a Bachelor of Science (Honours) degree in Geology from Carleton University in Ottawa and a Masters of Business Administration degree from Queen's University in Kingston.

Mr. Karkkainen is also a director of several Calgary based private energy infrastructure and oil and gas exploration and development companies including Altex Energy Ltd., Connaught Oil & Gas Ltd., Dolomite Energy Inc. and Peloton Exploration Inc.

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed 2009	Common Shares Owned, Controlled or Directed 2008	Stock Options 2009	Stock Options 2008	Total Market Value of Common Shares and Stock Options [(1)] $ 2009	Total Market Value of Common Shares and Stock Options [(1)] $ 2008
 **Ronald J. Poelzer** Calgary, Alberta Member of: - Non-Board Executive Committee	48	2003	2,506,011	2,506,011	16,000	29,750	31,225,017	21,658,912

Mr. Poelzer has more than 27 years experience in the oil and gas industry and is currently Executive Vice President & Vice Chairman of Bonavista Petroleum Ltd. Prior to joining Bonavista Petroleum Ltd. in 1997, Mr. Poelzer held various financial, merger and acquisition and strategic planning roles with Poco Petroleums Ltd. leading to his appointment as Vice President, Business Development. Prior thereto, Mr. Poelzer was in public practice.

Mr. Poelzer holds a Bachelor of Commerce (Distinction) degree from the University of Saskatchewan and has been a member of the Institute of Chartered Accountants of Alberta since 1985.

Mr. Poelzer is also a member of the board of directors of Bonavista Petroleum Ltd., as well as various private companies and a charitable foundation.

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed 2009	Common Shares Owned, Controlled or Directed 2008	Stock Options 2009	Stock Options 2008	Total Market Value of Common Shares and Stock Options [(1)] $ 2009	Total Market Value of Common Shares and Stock Options [(1)] $ 2008
 **Alex G. Verge** Calgary, Alberta	49	2003	2,176,737	1,995,498	248,250	267,500	27,165,678	17,373,510

Mr. Verge has more than 28 years experience in the oil and gas industry. Mr. Verge became President and Chief Executive Officer of NuVista Energy Ltd. on completion of the plan of arrangement with Bonavista Petroleum Ltd. in July of 2003. In 1998, Mr. Verge joined Bonavista Petroleum Ltd. with his final position being Vice President of Engineering. Prior to joining Bonavista Petroleum Ltd., Mr. Verge worked in the Business Development Group at Poco Petroleums Ltd. Prior thereto, Mr. Verge held various engineering positions at Rising Resources, Shell Canada Resources and Gulf Canada Resources.

Mr. Verge has a Bachelor of Science degree in Chemical Engineering from the University of Toronto and a Masters of Engineering degree in Chemical and Petroleum Engineering from the University of Calgary. Mr. Verge is a member of the Association of Professional Engineers, Geologists & Geophysicists of Alberta.

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed 2009	Common Shares Owned, Controlled or Directed 2008	Stock Options 2009	Stock Options 2008	Total Market Value of Common Shares and Stock Options (1) $ 2009	Total Market Value of Common Shares and Stock Options (1) $ 2008
Clayton H. Woitas	61	2003	31,310	31,310	16,000	16,000	390,749	270,205

Clayton H. Woitas
Calgary, Alberta

Member of:
- Audit Committee
- Reserves Committee
- Governance and Nominating Committee

Mr. Woitas has 35 years experience in the oil and gas industry and is currently Chairman, President and Chief Executive Officer of Range Royalty Management Ltd., general partner of Range Royalty Limited Partnership (an oil and gas royalty limited partnership). Mr. Woitas was President and Chief Executive Officer of Profico Energy Management Ltd. (a private oil and gas company) from February 2000 to June 2006. Prior thereto, Mr. Woitas was President and Chief Executive Officer of Renaissance Energy Ltd.

Mr. Woitas is also a director of AspenAir Corp., EnCana Corporation, EnerMark Inc. (the administrator of Enerplus Resources Fund), Flagstone Energy Inc. and Chairman and a director of Spur Resources Ltd. (a private oil and gas company).

Mr. Woitas holds a Bachelor of Science degree in Civil Engineering from the University of Alberta and is a member of the Association of Professional Engineers, Geologists & Geophysicists of Alberta.

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed 2009	Common Shares Owned, Controlled or Directed 2008	Stock Options 2009	Stock Options 2008	Total Market Value of Common Shares and Stock Options (1) $ 2009	Total Market Value of Common Shares and Stock Options (1) $ 2008
Grant A. Zawalsky	50	2003	49,394	48,620	16,000	18,500	616,437	425,416

Grant A. Zawalsky
Calgary, Alberta

Member of:
- Compensation Committee
- Governance and Nominating Committee

Mr. Zawalsky is a Partner, Burnet, Duckworth & Palmer LLP (Barristers and Solicitors). Mr. Zawalsky has been a Partner of Burnet, Duckworth & Palmer LLP since 1994.

Mr. Zawalsky holds a Bachelor of Commerce degree and LL.B. from the University of Alberta and is a member of the Law Society of Alberta.

Mr. Zawalsky currently sits on the board of directors of a number of public and private companies including Endurance Energy Ltd., Flagstone Energy Inc., Home Quarter Resources Ltd., Northpoint Energy Ltd., Range Royalty Management Ltd. (general partner of Range Royalty Limited Partnership), Spur Resources Ltd., Whitecap Resources Inc., Zargon Oil & Gas Ltd. (administrator of Zargon Energy Trust) and is Corporate Secretary of Bonavista Energy Trust, Echoex Ltd. and Rock Energy Ltd.

Note:

(1) The "Total Market Value of Common Shares and Stock Options" is the sum of (i) the number of common shares held by each nominee as of December 31, 2009, in respect of 2009 and as of December 31, 2008 in respect of 2008 multiplied by the closing price of our common shares on the Toronto Stock Exchange on each such date ($12.48 and $8.63 respectively); and (ii) the value of unexercised in-the-money options of each nominee based on the number of common shares issuable upon exercise of the stock options held by the nominee as of December 31, 2009, in respect of 2009 and as of December 31, 2008, in respect of 2008 multiplied by the difference between the closing price of our

common shares on the Toronto Stock Exchange on each such date ($12.48 and $8.63 respectively) and the exercise price of the applicable stock option.

Additional Disclosure Relating to Proposed Directors

Except as otherwise disclosed herein, none of our directors (nor any personal holding company of any of such persons) is, as of the date hereof, or was within ten years before the date hereof, a director, chief executive officer or chief financial officer of any company (including us), that was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "Order") that was issued while the director was acting in the capacity as director, chief executive officer or chief financial officer; or was subject to an Order that was issued after the director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as otherwise disclosed herein, none of our directors (nor any personal holding company of any of such persons) is, as of the date hereof, or has been within the ten years before the date hereof, a director or executive officer of any company (including us) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, other than Mr. Zawalsky who was formerly a director of Efficient Energy Resources Ltd. (a private electrical generation company) which agreed to the voluntary appointment of a receiver in 2005 and Mr. MacPhail who was formerly a director of The Resort at Copper Point Ltd. (a private real estate development company) which was placed in receivership in 2009. In addition, none of our directors (nor any personal holding company) or any such person has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

None of our directors (nor any personal holding company of any of such persons) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Majority Voting for Directors

Our board has adopted a policy stipulating that if the votes in favour of the election of a director nominee at a shareholders' meeting represent less than a majority of our common shares voted and withheld, the nominee will submit his resignation promptly after the meeting, for the Governance and Nominating Committee's consideration. The Governance and Nominating Committee will make a recommendation to the board after reviewing the matter, and the board's decision to accept or reject the resignation offer will be disclosed to the public within 90 days of the applicable shareholders' meeting. Resignations are expected to be accepted except in situations where extenuating circumstances would warrant the applicable director to continue to serve as a board member. The nominee will not participate in any committee or board deliberations on the resignation offer. The policy does not apply in circumstances involving contested director elections.

Appointment Of Auditors

Management is soliciting proxies, in the accompanying form of proxy, in favour of the appointment of the firm of KPMG LLP, Chartered Accountants, as our auditors, to hold office until the next annual meeting of our shareholders and to authorize the directors to fix their remuneration as such. See "*Audit Committee Information*" in our annual information form for the year ended December 31, 2009, for additional information including a description of fees we paid to KPMG LLP during the past two years.

Matters Respecting Our Stock Option Plan

Shareholders will also be asked at the meeting to consider and, if thought fit, pass an ordinary resolution to approve the grant of unallocated stock options under our stock option plan as well as certain amendments to our stock option plan. The stock option plan was last approved by our shareholders at a meeting held on May 3, 2007. As of March 26, 2010, we had 6,553,228 stock options outstanding (representing approximately 7.4% of our issued and outstanding common shares). Since May 3, 2007, we have issued 6,221,243 stock options under our plan (representing approximately 7.0% of our issued and outstanding common shares), 1,157,250 options have been exercised (representing approximately 1.3% of our issued and outstanding common shares) and 1,791,990 options have been cancelled or expired (representing approximately 2.0% of our issued and outstanding common shares). See *"Executive Compensation – Summary Compensation of NEO's – Long Term Incentive Plans – Stock Option Plan"* for a description of our current stock option plan.

Approval of Grant of Unallocated Stock Options

Section 613(a) of the Toronto Stock Exchange Company Manual provides that every three (3) years after the institution of a security based compensation arrangement all unallocated rights, options or other entitlements under such arrangement which does not have a fixed maximum number of securities issuable must be approved by the issuer's directors and by a majority of the issuer's security holders. As our stock option plan is considered to be a security based compensation arrangement and as the maximum number of common shares issuable pursuant to our plan is not a fixed number and instead is equal to 10% of our outstanding common shares less the number of issued and outstanding performance shares, if any, approval is being sought at the meeting to approve the grant of unallocated stock options under our plan. If approval is obtained at the meeting, we will not be required to seek further approval of the grant of unallocated stock options under our stock option plan until May 13, 2013. If approval is not obtained at the meeting, stock options which are outstanding as of May 3, 2009 will be unaffected; however, stock options which have not been allocated as of May 3, 2010 and stock options which are outstanding as of May 3, 2010 and which are subsequently cancelled, terminated or exercised will not be available for a new grant of stock options under our plan. In addition, pursuant to the requirements of the Toronto Stock Exchange, we may not issue any additional stock options after May 3, 2010 under our until approval is obtained.

In accordance with the requirements of the Toronto Stock Exchange, the grant of unallocated stock options under our stock option plan requires approval of a majority of the votes cast at the meeting.

Accordingly, effective March 8, 2010, our board unanimously approved, subject to regulatory and shareholder approval, the grant of unallocated stock options under our stock option plan.

Approval of Amendments to our Stock Option Plan

On March 8, 2010, our board approved certain other minor amendments to our stock option plan, which do not require shareholder approval. On the same date, our board unanimously approved the following amendments to our stock option plan, which require regulatory and shareholder approval:

1. an amendment to reduce the maximum number of common shares issuable to non-management directors pursuant to the stock option plan from a maximum of 1% of our outstanding common shares to 0.25% of our outstanding common shares;

2. an amendment to add a restriction that the value of stock options granted to any one non-management director during a calendar year, as calculated at the date of grant, shall not exceed $100,000;

3. an amendment to reduce the maximum expiry period for any stock options granted under our plan from ten years to six years;

4. an amendment to replace the amendment provision of our stock option plan with the following:

"14. **Amendment or Discontinuance of the Plan**

Subject to the restrictions set out in this Section 14, the Board of Directors may amend or discontinue the Plan or Stock Options granted thereunder at any time without shareholder approval; provided any amendment to the Plan that requires approval of any stock exchange on which the Common Shares are listed for trading may not be made without approval of such stock exchange. Without the prior approval of the shareholders, as may be required by such exchange, the Committee may not make any amendment to the Plan or Stock Options granted thereunder to: (a) increase the percentage of Common Shares issuable on exercise of outstanding Stock Options at any time pursuant to Section 4 hereof; (b) reduce the exercise price of any outstanding Stock Options or in respect of the cancellation or re-issuance of Stock Options; (c) extend the term of any outstanding Stock Option beyond the original expiry date of such Stock Option unless such extension is due to a Blackout Period being in effect; (d) increase the maximum limit on the number of securities that may be issued to Insiders pursuant to Section 4(c); (e) amend the limits on grants of Stock Options to non management directors above the amount contained in Sections 4(d) or 4(e); (f) change participants eligible to receive Stock Options under the Plan to permit the introduction or re-introduction of non-employee directors on a discretionary basis; (g) permit an Optionee to transfer or assign Stock Options to a new beneficial holder, other than for estate settlement purposes; and (h) amend this Section 14. In addition, no amendment to the Plan or Stock Options granted pursuant to the Plan may be made without the consent of the Optionee, if it adversely alters or impairs any Stock Option previously granted to such Optionee under the Plan.";

5. the addition of the following clauses to our stock option the plan to allow us to comply with proposed stock option withholding obligations recently announced in the Federal Budget:

"16. **Tax Withholding**

NuVista shall have the power and the right to deduct or withhold, or require an Optionee to remit to NuVista, the required amount to satisfy federal, provincial, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan, including the grant or exercise of Options granted under the Plan. With respect to required withholding, NuVista shall have the irrevocable right (and the Optionee consents to) NuVista setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by NuVista to the Optionee (whether arising pursuant to the Optionee's relationship as a director, officer or employee of NuVista or as a result of the Optionee providing services on an ongoing basis to NuVista or otherwise), or may make such other arrangements satisfactory to the Optionee and NuVista. In addition, NuVista may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of Common Shares as it determines are required to be sold by NuVista, as trustee, to satisfy the withholding obligation net of selling costs. The Optionee consents to such sale and grants to NuVista an irrevocable power of attorney to effect the sale of such Common Shares and acknowledges and agrees that NuVista does not accept responsibility for the price obtained on the sale of such Common Shares.

17. **No Guarantees Regarding Tax Treatment**

Optionees (or their beneficiaries) shall be responsible for all taxes with respect to any Options under the Plan, whether arising as a result of the grant or exercise of Options or otherwise. The Committee and NuVista make no guarantees to any person regarding the tax treatment of Options or payments made under the Plan and none of NuVista, nor any of its employees or representatives shall have any liability to an Optionee with respect thereto."; and

6. an amendment to clause 9(a)(ii) of the stock option plan to permit us, at our sole discretion to allow an optionee to claim such deductions in computing the optionee's taxable income, if any, that may be available to the optionee in respect of the payment of the purchase price of their vested options.

A copy of our stock option plan, after giving effect to the amendments described above has been filed and is available on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

In accordance with the requirements of the Toronto Stock Exchange, approval of the above amendments to our stock option plan require approval of the majority of the votes cast at the meeting.

Resolution to be Approved at the Meeting

At the meeting, shareholders will be asked to consider and, if thought fit, pass an ordinary resolution as follows:

"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. all unallocated stock options issuable pursuant the stock option plan (the "**stock option plan**") of NuVista Energy Ltd. (the "**Corporation**") are approved and authorized until May 13, 2013;

2. the amendments of the stock option plan of the Corporation on the terms described in the information circular – proxy statement of the Corporation dated March 26, 2010, be and the same is hereby approved; and

3. any officer or director of the Corporation be and is hereby authorized for and on behalf of the Corporation (whether under its corporate seal or otherwise) to execute and deliver an amendment to the stock option plan and all other documents and instruments and to take all such other actions as such officer or director may deem necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of such documents and other instruments or the taking of any of such actions."

It is the intention of the persons named in the enclosed form of proxy, if named as proxy and not expressly directed to the contrary in the form of proxy, to vote those proxies in favour of the above resolution.

DIRECTORS' COMPENSATION

Director Compensation

Our board, through the Governance and Nominating Committee, is responsible for the development and implementation of a compensation plan for our directors who are not also officers. We do not pay any compensation to officers for acting as a director.

The main objectives of our compensation plan for directors are to attract and retain the services of the most qualified individuals and to compensate the directors in a manner that is commensurate with the risks and responsibilities assumed in board and committee membership and at a level that is similar to the compensation paid to directors of a peer group of oil and gas companies. In addition, our philosophy of using compensation to foster a culture of ownership also extends to our director compensation policies. Our board believes it is important that directors demonstrate their commitment to our stewardship through common share ownership. We have established an equity ownership policy that non-executive directors must have an equity ownership interest in our common shares within six months of joining our board of at least three times their annual retainer. Following the phase-in period, directors are expected to be in continuous compliance with these guidelines. In the event that an individual who has achieved the target ownership level subsequently falls below such target ownership level due solely to a decline in the market price of our common shares, such individual will be considered to be in compliance with the ownership guidelines as long as the adjusted cost base of his or her common shares exceeds the target ownership level.

We currently pay our outside directors annual retainers and meeting fees for their roles on our board and board committees and outside directors are also reimbursed for their out-of-pocket expenses incurred in carrying out their duties as directors. Mr. MacPhail and Mr. Poelzer have requested that they not receive any retainer or meeting fees. The following table summarizes the annual retainer and meetings fees paid for the year ended December 31, 2009.

Compensation Element	Amount	
	Jan 1 – June 30, 2009	July 1 – Dec 31, 2009
Board Retainer - Annual	$ 20,000	$ 25,000
Board Committees - Annual		
Chair Retainer - Board	$ -	$ -
Lead Director Retainer	5,000	7,500
Chair Retainer - Audit	8,000	15,000
Chair Retainer - Other (1)	5,000	7,500
Member Retainer - Audit	3,000	6,000
Member Retainer - Other (1)	2,000	4,000
Per Meeting Attendance Fee		
Board Regular Meeting	$ 1,000	$ 1,200
Board Short Meeting	750	750
Committee Regular Meeting	1,000	1,200
Committee Short Meeting	750	750

Note:

(1) Retainers for our Reserves Committee, Nominating and Governance Committee and Compensation Committee.

In addition, we grant stock options to our directors. The maximum number of stock options granted to outside directors is limited to 1% of our issued and outstanding common shares. At the meeting, shareholders will be asked to approve an amendment to reduce this maximum to 0.25% of our outstanding common shares. See "*Matters to be Acted Upon at the Meeting – Matters Respecting Our Stock Option Plan*".

We do not make annual stock option grants to our directors. No new options were granted to directors in 2009.

As at December 31, 2009, our outside directors held an aggregate of 98,500 options, which represented 0.1% of our issued and outstanding common shares as at such date. For information regarding the outstanding options held by the independent directors, see "*Outstanding Option-Based and Share-based Awards*" and "*Incentive Plan Awards – Value Vested or Earned during the Year*" below.

Directors' Summary Compensation Table

The following table sets forth for the year ended December 31, 2009, information concerning the compensation paid to our directors other than Mr. Verge. For information regarding Mr. Verge's compensation, see "*Executive Compensation*" below.

Name	Fees earned ($)	Share-based awards ($)	Option-based awards ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
Keith A. MacPhail	-	-	-	-	-	-	-
W. Peter Comber	60,100	-	-	-	-	-	60,100
Pentti O. Karkkainen	61,400	-	-	-	-	-	61,400
Ronald J. Poelzer	-	-	-	-	-	-	-
Craig W. Stewart	29,200	-	-	-	-	-	29,200
Clayton H. Woitas	52,200	-	-	-	-	-	52,200
Grant A. Zawalsky (1)	47,450	-	-	-	-	-	47,450

Note:

(1) Mr. Zawalsky is a partner at the law firm of Burnet, Duckworth & Palmer LLP, which receives fees for the provision of legal services to us.

Directors' Outstanding Option-Based Awards and Share-Based Awards

The following table sets forth all option-based awards and share-based awards outstanding at the end of the year ended December 31, 2009 for each of our directors, other than Mr. Verge.

	Option-based Awards				Share-based Awards	
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options (1) ($)**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of share-based awards that have not vested ($)**
Keith A. MacPhail	16,000	17.63	(2)	-	-	-
W. Peter Comber	2,500 16,000	7.79 17.63	May 16, 2010 (2)	11,725 -	-	-
Pentti O. Karkkainen	16,000	17.63	(2)	-	-	-
Ronald J. Poelzer	16,000	17.63	(2)	-	-	-
Clayton H. Woitas	16,000	17.63	(2)	-	-	-
Grant A. Zawalsky	16,000	17.63	(2)	-		-

Notes:

(1) Calculated based on the difference between the market price of our common shares at December 31, 2009 ($12.48) and the exercise price of the options.

(2) 25% of the options expire on July 1, 2011, July 1, 2012, July 1, 2013 and June 30, 2014 respectively.

Directors' Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each of our directors, other than Mr. Verge, the value of option-based awards and share-based awards, which vested during the year ended December 31, 2009, and the value of non-equity incentive plan compensation earned during the year ended December 31, 2009.

Name	**Option-based awards – Value vested during the year (1) ($)**	**Share-based awards – Value vested during the year ($)**	**Non-equity incentive plan compensation – Value earned during the year ($)**
Keith A. MacPhail	-	-	-
W. Peter Comber	-	-	-
Pentti O. Karkkainen	-	-	-
Ronald J. Poelzer	-	-	-
Craig W. Stewart	-	-	-
Clayton H. Woitas	-	-	-
Grant A. Zawalsky	-	-	-

Note:

(1) All stock options vesting during 2009 had an exercise price greater than the market price of our common shares on the vesting date.

Meeting Attendances

The following is a summary of attendance of our directors at meetings of our board and its committees for 2009.

Name	Board Meetings Attended	Audit Committee Meetings Attended	Reserves Committee Meetings Attended	Governance and Nominating Committee Meetings Attended	Compensation Committee Meetings Attended
W. Peter Comber	7/7	4/4	1/1[(1)]	2/2	5/5
Pentti O. Karkkainen	7/7	4/4	1/1	2/2[(1)]	5/5
Keith A. MacPhail	7/7	4/4[(1)]	1/1	2/2[(1)]	5/5[(1)]
Ronald J. Poelzer	7/7	4/4[(1)]	1/1[(1)]	2/2[(1)]	4/5[(1)]
Craig W. Stewart	5/5[(2)]	3/3[(1) (2)]	1/1[(2)]	1/1[(1) (2)]	3/3[(1) (2)]
Alex G. Verge	6/7	3/4[(1)]	1/1[(1)]	2/2[(1)]	5/5[(1)]
Clayton H. Woitas	7/7	4/4	1/1	2/2	4/5[(1)]
Grant A. Zawalsky	7/7	4/4[(1)]	1/1[(1)]	2/2	5/5

Notes:

(1) Attendance by non-committee member.
(2) Mr. Stewart resigned from our board on November 12, 2009.

EXECUTIVE COMPENSATION

For the year ended December 31, 2009 our named executive officers or NEO's, were Mr. Verge, our President and Chief Executive Officer, Mr. Froese, our Vice President, Finance, Chief Financial Officer and Corporate Secretary, Mr. Christie, our Vice President, Exploration, Mr. McKinnon, our Vice President, Engineering and Mr. McDavid, our Vice President, Operations.

Compensation Discussion and Analysis

We have developed an executive compensation strategy built on offering a competitive compensation package, which is oriented toward developing a culture of ownership by providing long-term equity-based incentives. As a result, the awarding of stock options is a significant component of our executive compensation. This approach is based on the assumption that our common share price performance over the long-term is an important indicator of long-term performance.

Our compensation philosophy is based on the following fundamental principles:

- Our compensation programs must be aligned with shareholder interests by aligning the goals of executives with maximizing long-term shareholder value.
- Our compensation to NEO's must be performance sensitive by linking compensation to our operating and market performance.
- Our compensation programs must be market competitive in terms of value and structure in order to retain existing employees who are performing according to their objectives and to attract new individuals of the highest calibre.

Compensation Decision-Making Process

The purpose of our Compensation Committee is to assist our board in fulfilling its responsibilities by monitoring our compensation plans and practices and ensuring their congruence with our objectives and goals by assessing and making recommendations regarding compensation, benefits, short and long-term incentive programs and employee retention. Our Compensation Committee is currently composed of three non-management directors, Mr. Karkkainen (Chair), Mr. Comber and Mr. Zawalsky. All members of the Compensation Committee are independent directors.

Our Chief Executive Officer presents recommendations to the Compensation Committee regarding salary adjustments, bonuses and long-term incentives for all staff. The focus of the discussion is on the individual executive salaries and bonuses with a review of the aggregate level of salary and bonuses for the balance of the staff. The Compensation Committee makes specific recommendations to our board on our Chief Executive Officer's salary, bonus payments and long-term incentive awards. The Compensation Committee also approves the salaries, bonus payments and long-term incentive awards of all other officers. Typically, recommendations regarding officer salaries are presented to the Compensation Committee in December and recommendations regarding bonuses are presented to the Compensation Committee in February. Recommendations regarding officer long-term incentive awards are typically made at the same time as awards to all of our employees.

Our board reviews all recommendations of the Compensation Committee before final approval. Any director who is also an officer is excused from the directors' meeting during any discussion of their compensation.

Analysis of Compensation Practices of Competitors

Aggregate compensation for each NEO is designed to be competitive. In order to assess the market competitiveness of our executive compensation programs and assist the Compensation Committee in its evaluation of compensation, we participate in the annual Mercer Total Compensation Survey for the Petroleum Industry ("Mercer") and reviewed compensation data from peer companies. In 2009, we considered data from Mercer for 32 companies with production rates of between 10,000 and 100,000 barrels of oil equivalent ("boe") per day. We also examined a subset of the Mercer data as selected by the Compensation Committee focused on 15 companies which the Committee felt more closely correlated with NuVista's size and structure.

The purpose of reviewing the Mercer and peer company data was to:

- Understand the competitiveness of current pay and bonus levels for each executive position relative to companies of similar size.
- Identify and understand any gaps that may exist between actual compensation levels and market compensation levels.
- Establish as a basis for developing salary adjustments and short and long-term incentive awards.

Components of Compensation Plan

Our executive compensation program provides a balanced set of components designed to deliver the objectives of our compensation philosophy. The salary component provides a base of secure compensation necessary to attract and retain executive talent but is lower than the median of the Mercer data for executives. The variable components, bonus and long-term incentives are designed to balance short-term performance with our long-term interests and motivate the superior performance of both. The long-term incentive plan also aligns NEO's with shareholders and helps retain executive talent. Our employee stock savings plan further aligns NEO's with shareholders and allows NEO's to accumulate savings for retirement or other purposes. The combination of the fixed components and the variable incentive opportunities delivers a competitive compensation package although the base salary component is lower than many of our competitors.

In determining salary increases, annual bonuses and other compensation, the Compensation Committee considers overall corporate performance, performance across a number of operating measures to evaluate the execution of our business strategy and other subjective elements such as the strengthening of staff resources, processes and internal communication and individual performance.

Summary Compensation of NEO's

The following table sets forth for the years ended December 31, 2009 and December 31, 2008, information concerning the actual compensation paid to our NEO's.

Name and principal position	Year	Salary ($)	Share-based awards (1) ($)	Option-based awards (2) ($)	Non-equity incentive plan compensation		Pension value ($)	All other compen-sation ($)	Total cash compen-sation (4) ($)	Total compen-sation ($)
					Annual incentive plans (3) ($)	Long-term incentive plans ($)				
Alex G. Verge President and Chief Executive Officer	2009 2008	235,000 200,000	47,369 142,065	253,569 342,749	95,000 104,000	- -	- -	28,380 22,011	358,380 326,011	639,318 810,825
Robert F. Froese Vice President, Finance, Chief Financial Officer and Corporate Secretary	2009 2008	235,000 200,000	47,369 142,065	280,111 377,024	100,000 104,000	- -	- -	28,380 21,193	363,380 325,193	690,860 844,282
Kevin J. Christie Vice President, Exploration (5)	2009 2008	216,667 112,500	37,649 202,292	240,772 1,069,271	77,500 57,000	- -	- -	26,730 11,787	320,897 181,287	599,318 1,452,850
Dan B. McKinnon Vice President, Engineering	2009 2008	201,667 180,000	40,603 126,940	240,772 308,474	85,000 95,000	- -	- -	26,023 19,272	312,690 294,272	594,065 729,686
D. Chris McDavid Vice President, Operations	2009 2008	201,667 185,000	39,987 126,940	230,977 308,474	87,500 90,000	- -	- -	26,180 20,077	315,347 295,077	586,311 730,491

Notes:

(1) Based on the grant date fair value of the applicable awards on the date of the grant. These amounts are not necessarily reflective of actual amounts that may be realized on exercise. See "*Outstanding Share-Based Awards and Option-based Awards*" which reflect the value at December 31, 2009.

(2) Based on the grant date fair value of the applicable options on the date of grant. The fair value of each option granted is determined on the date of grant using the Black-Scholes option pricing model. In the pricing model, the risk free interest rate was 2% during 2009; volatility ranged between 40% to 52% during 2009; an average expected life of 4.5 years; an estimated forfeiture rate of 10%; and dividends of nil. **These amounts are not necessarily reflective of actual amounts that may be realized on exercise.** See "*Outstanding Share-Based Awards and Option-based Awards*" which reflect the value at December 31, 2009.

(3) This represents cash bonuses paid to our NEO's.

(4) This represents the total of salary, annual incentive plans and all other compensation.

(5) Mr. Christie commenced employment on June 9, 2008.

Base Salary

In setting base salaries, our Compensation Committee reviews executive compensation of comparable organizations in the oil and gas industry. Historically we have encouraged an executive compensation philosophy where a significant component of compensation is variable and salaries that are below market medians. This philosophy reflects our focus on control of general and administrative cash costs and emphasis on executive compensation being linked to share performance. Salaries of senior executive officers reflect market conditions and levels of responsibility and are determined utilizing salary survey information from comparable companies.

Typically, salary increases are determined for all employees, including executives in December of each year. The determination of 2009 executive salary increases was made in December, 2008 and implemented effective January 1, 2009. In 2009, NEO's received increases effective January 1, 2009 of between 5.0% and 8.3 %. In 2009, as part of their ongoing review of compensation practices, the Compensation Committee and management retained a compensation consultant to review overall company compensation programs. The purpose of this review was to refine our compensation strategies and programs and review them in the context of the current economic environment. This review included a detailed review of the compensation amounts and mix of compensation components for executives, and resulted in additional executive salary adjustments of between 5.1% and 14.0% effective May 1, 2009. Notwithstanding the increase, our executive salaries remain below the Mercer median data for comparable positions. This is consistent with our compensation philosophy to weight total compensation in favour of variable, long-term performance based components.

The following table summarizes annual base salaries for our NEO's at December 31, 2008 and December 31, 2009.

Name and principal position	2009 Base Salary ($)	2008 Base Salary ($)	Increase
Alex G. Verge President and Chief Executive Officer	245,000	200,000	23%
Robert F. Froese Vice President, Finance, Chief Financial Officer and Corporate Secretary	245,000	200,000	23%
Kevin J. Christie (1) Vice President, Exploration	220,000	112,500	10%
Dan B. McKinnon Vice President, Engineering	205,000	180,000	14%
D. Chris McDavid Vice President, Operations	205,000	185,000	11%

Note:

(1) Mr. Christie commenced employment on June 9, 2008, with an annual salary of $200,000.

Bonuses

Our Compensation Committee approves an annual bonus amount for all employees and specific bonus amounts for officers (including NEO's). The total amount of the annual bonus pool is approved by our board and is based on our performance with respect to bonus performance metrics, current market conditions and other factors considered relevant by our board. A performance factor ranging from 0.50 to 1.75 is determined based on the level of performance achieved relative to the bonus performance metrics. In 2009, our level of performance relative to the bonus performance metrics was strong, resulting in a performance factor of 1.325. Based on this performance factor, an assessment of competitor bonus levels and other considerations, the board approved an overall 2009 company bonus of 21% of 2009 annual salaries paid or $2.5 million.

The 2009 target bonus levels for executives, including NEO's, were 40% of annual salary. Actual bonuses paid as a percentage of 2009 salary reflect the year's corporate performance and individual and team specific contribution and performance.

For 2009 and 2008, the performance factor was based on the four bonus performance metrics outlined below.

- Proved plus probable finding, development and acquisition costs (including revisions and changes in future development costs) per boe.
- Growth in proved plus probable reserves (adjusted for debt) per share.

- Growth in average annual production (adjusted for debt) per share.
- Cash costs (operating, general and administrative and interest expenses) per boe.

The bonus performance metrics are designed to reflect key operating and financial metrics that have a significant impact on achieving our business plan and are aligned to the creation of shareholder value. The bonus performance metrics are intentionally based on operating metrics that are controllable by management rather than based on cash flow or share price that are heavily influenced by oil and natural gas prices. Share price performance is the primary determinant for compensation under our long-term incentive plans.

The 2009 bonus performance metrics are set forth below.

	Weighting	2009 Target	2009 Actual	Bonus Payout Range			2009 Factor
				0.50	**1.00**	**1.75**	
FD&A (P&P)(inc. FDC)/Boe (1)	35%	$16.00	$11.77	> $19	$13 - $19	<$13	1.75
Reserves/Share Growth (2)	25%	7.5%	12.6%	<5%	5% - 10%	>10%	1.75
Production Per Share Growth (3)	25%	7.5%	-0.7%	<5%	5% - 10%	>10%	.50
Cash Costs/Boe (4)	15%	$11.00	$11.37	>$12	$10-$12	>$10	1.00
	100%						
2009 Bonus Performance Factor							**1.325**

Notes:

(1) Finding, development and acquisition costs (proved and probable reserves), including future development capital divided by barrels of oil equivalent.

(2) Proved plus probable reserves at December 31, 2009, divided by the number of common shares outstanding at December 31, 2009, and comparing this amount to the calculated amount at December 31, 2008. If required, the calculated reserves per share at December 31, 2009, are adjusted for increased debt levels on a boe basis at December 31, 2009

(3) Average 2009 production on a boe basis divided by the average number of shares outstanding during 2009 and comparing this amount to the calculated amount for 2008. If required, the calculated production per share for 2009 is adjusted for increased debt levels on a flowing boe per day basis at December 31, 2009.

(4) Operating, general administrative (before bonuses) and interest costs divided by average barrel of oil equivalent production for 2009.

The following table summarizes bonuses paid to our NEO's for the years ended December 31, 2009 and December 31, 2008.

Name and principal position	2009 Bonus ($)	2008 Bonus ($)	2009 Bonus as a % of 2009 Base Salary(1)
Alex G. Verge President and Chief Executive Officer	95,000	104,000	40.4%
Robert F. Froese Vice President, Finance, Chief Financial Officer and Corporate Secretary	100,000	104,000	42.6%
Kevin J. Christie Vice President, Exploration	77,500	57,000	35.8%
Dan B. McKinnon Vice President, Engineering	85,000	95,000	42.1%
D. Chris McDavid Vice President, Operations	87,500	90,000	43.4%

Note:

(1) Calculated as a percentage of the actual salary paid in 2009, as these NEO's received a mid-year salary adjustment.

Long-term Incentive Plans

Our long-term incentive plans consist of our stock option plan, our restricted stock unit plan ("RSU Plan") and our employee stock savings plan. Our long-term incentive plans are designed to align the interests of our employees with shareholders by linking a component of compensation to the long-term performance of our common shares. Prior to 2008, our long-term incentive plans consisted only of our stock option and employee stock savings plans. In 2008, based on the review of our compensation programs by management and our compensation consultant, it was determined that we should add restricted stock units ("RSU's") to our compensation mix. This decision was based on a general compensation trend to include full–value incentives such as RSU's as replacement for a portion of gain-based incentives such as stock option awards. In addition, RSU's can provide an employee retention component that can be effective even in a declining share price environment.

Stock Option Plan

Our stock option plan is designed to motivate all employees to focus on our long-term growth and success. It also provides an effective retention tool. Total option awards are presently limited to 10% of our outstanding common shares less the number of issued and outstanding performance shares, if any. Any increase in our issued and outstanding common shares will result in an increase in the available number of common shares issuable under the plan and any exercises of options will make new awards available under the plan.

The number of common shares issuable pursuant to the plan to any one person shall not exceed 5% of the outstanding common shares. The number of common shares reserved for issuance at any time or issued within one year, pursuant to the plan and all of our other established or proposed share compensation arrangements to insiders shall not exceed 10% of our outstanding common shares and the number of common shares issuable within one year, pursuant to the plan and all of our other established or proposed share compensation arrangements to any one insider and such insider's associates shall not exceed 5% of our outstanding common shares. In addition, the number of common shares issuable pursuant to the plan to non-management directors is limited to a maximum of 1% of our outstanding common shares. At the meeting, shareholders will be asked to approve an amendment to reduce this maximum to 0.25% of our outstanding common shares. See "*Matters to be Acted Upon at the Meeting – Matters Respecting Our Stock Option Plan*".

All options awarded pursuant to the plan will expire on a date as determined at the time of the grant provided that no stock option may be exercised beyond ten years from the time of the grant. At the meeting, shareholders will be asked to reduce this to six years from the date of grant. See "*Matters to be Acted Upon at the Meeting – Matters Respecting Our Stock Option Plan*".

Options are issued with an exercise price equal to the volume weighted average trading price of our common shares for the five trading days prior to the date of grant. Any stock options which have not been exercised by the expiry date shall expire and become null and void. If the expiry date of any option falls within any blackout period imposed by our board or within ten business days following the end of any blackout period, then the expiry date of such options shall be extended to the date that is ten business days following the end of such blackout period. Unless approved by our board, no stock options may be exercised by an optionee during a blackout period. Our plan does not provide for any financial assistance to be provided by us to facilitate the exercise of an option.

If an optionee ceases to be a director, officer or employee of us or ceases to be providing services to us on an ongoing basis for any reason whatsoever, including without limitation resignation, dismissal or otherwise but excluding the optionee's death, the optionee may, prior to the expiry date and within 30 days from the date of ceasing to be a director, officer or a employee or ceasing to provide services to us on an ongoing basis, exercise the stock options which are vested within such period, after which time the stock option shall terminate. If an optionee dies prior to the expiry date, the optionee's legal representative may, within six months from the optionee's death and prior to the expiry date, exercise the stock options which are vested within such period, after which time any remaining stock options shall terminate. If there is a "change of control" as defined in the stock option agreement all outstanding stock options vest prior to the date of the change of control. All options granted pursuant to the plan are not assignable.

Optionees have the right (the "Put Right") to request that we purchase each of their vested options for a price equal to the difference, if positive, between the market price of our common shares on the day prior to date of notice of exercise of the Put Right and the exercise price of the option. We have the discretion to not accept any exercise of the Put Right. At the meeting, shareholders will be asked to approve a minor amendment to this provision. See "*Matters to be Acted Upon at the Meeting – Matters Respecting Our Stock Option Plan*".

In addition, each optionee that exercises the Put Right may purchase common shares from treasury with the proceeds of the exercise of the Put Right at the market price of our common shares. In certain circumstances as set forth in the plan, an optionee that exercises the Put Right may purchase common shares from us, which may, at our election, be issued on a flow-through basis under the *Income Tax Act* (Canada). The maximum number of common shares available under the Put Right is currently set at 700,000 common shares.

Our board can amend or discontinue the plan or options granted thereunder at any time without shareholder approval; provided any amendment to the plan that requires approval of any stock exchange on which our common shares are listed for trading may not be made without approval of such stock exchange. However, without the prior approval of the shareholders, as may be required by such exchange, we may not: (a) make any amendment to the plan to increase the percentage of common shares issuable on exercise of outstanding options at any time; (b) reduce the exercise price of any outstanding stock options held by insiders; (c) extend the term of any outstanding stock option held by insiders beyond the original expiry date of such stock option; (d) make any amendment to increase the maximum limit on the number of securities that may be issued to insiders; or (e) make any amendment to the amendment clause. In addition, no amendment to the plan or stock options granted pursuant to the plan may be made without the consent of the optionee, if it adversely alters or impairs any stock option previously granted to such optionee under the plan. At the meeting, shareholders will be asked to approve various amendments to this clause. See "*Matters to be Acted Upon at the Meeting – Matters Respecting Our Stock Option Plan*".

In December 2008, based on a review of our stock option plan, our policy regarding the vesting terms and expiry dates for all new stock options awards were changed. For all future stock option awards, one-third of the total award will vest on each of the first three anniversary dates and options will expire 2.5 years following the vesting date. For stock option awards prior to this date, vesting was one-quarter of the total award on each of the first four anniversary dates with an expiry date two years following the vesting date. In addition, our form of option agreement was amended to ensure that the change of control provisions in our long-term incentive plans were consistent.

All of our employees participate in the stock option plan. Subject to regulatory requirements, the terms and conditions of options granted under the stock option plan are determined by our board based on recommendations from the Compensation Committee. Stock option awards are approved for each officer with the award value based on percentage of salary adjusted for individual performance and other factors.

Our historical practise has been to grant stock options on an annual basis, except in the case of new hires. In the fall of 2008, we decided to split the annual long-term incentive grants into semi-annual awards (May and November) to address the volatility in our share price.

All employees, including NEO's, received stock option grants in May and November 2009.

Restricted Stock Unit Incentive Plan

Our RSU Plan is designed to motivate all employees to focus on our long-term growth and success. The plan also provides employees with a compensation component that is linked to share performance but has less leverage to our share price than stock options. We believe that RSU's enhance our ability to attract and retain employees and complements the other components in our compensation program. The mix of RSU's and stock options received by an employee is based on their level in the organization and their role. Generally the long-term incentive awards for more senior employees are weighted towards stock options and awards for other employees are weighted towards RSU's.

All of our employees participate in the RSU Plan. Our outside directors are not eligible to participate in the RSU Plan. The terms and conditions of RSU's awarded under the RSU Plan are determined by our board based on recommendations from the Compensation Committee. RSU awards are approved for each executive with the award value based on percentage of salary, adjusted for individual performance and other factors.

All employees, including NEO's, received RSU awards in May and November, 2009.

Each RSU entitles an employee to a cash payment equal to the fair market value of our underlying common shares on the date that the RSU matures. For this purpose, fair market value means the volume weighted average of the prices at which our common shares traded on the Toronto Stock Exchange for the five (5) trading days prior to the maturity date. Unless otherwise determined by our Compensation Committee, each RSU granted pursuant to the RSU Plan has a fixed term of not more than 36 months less a day. All RSU's expire at the end of the term.

Unless otherwise provided in the grant agreement or the participant's employment contract: (i) if a holder ceases to be an employee "for cause", all RSU's shall be forfeited; (ii) if a holder voluntarily ceases to be an employee, all unpaid and matured RSU's shall be paid in full and all unmatured RSU's shall be forfeited; and (iii) if a holder ceases to be an employee as a result of the death or retirement or involuntary termination without cause, all unpaid and matured RSU's shall be payable in full and the holder shall be entitled to a proportionate share of unmatured RSU's. If there is a "change of control" as defined in the RSU Plan, all outstanding RSU's are payable in full prior to the date of the change of control. All RSU's granted pursuant to the plan are not assignable.

Our board may amend or discontinue the RSU Plan or RSU's granted under the RSU Plan at any time without shareholder approval; provided any amendment to the RSU Plan that requires approval of any stock exchange may not be made without approval of such stock exchange. In addition, no amendment to the RSU Plan or RSU's granted pursuant to the RSU Plan may be made without the consent of the participant, if it adversely alters or impairs any RSU's previously granted to such participant.

At December 31, 2009, there were 414,791 RSU's outstanding.

Employee Stock Savings Plan

We have an employee savings plan whereby all employees, including executive officers, are encouraged to contribute up to a maximum of 6% of their salary to the employee stock savings plan. Employees can choose to direct this money into a registered or non-registered savings plan. For each dollar contributed by the employee to the plan, we contribute 1.5 dollars. The funds are used to purchase our common shares in the open market. Both the employee and the employer contributions are subject to a one-year restriction on removal from the plan. Since the plan is available to all employees, it has been successful in encouraging employees to become shareholders of us and promoting the principle of alignment with shareholder interests. The Compensation Committee considers this program to be competitive. There is no other form of retirement or savings program. All NEO's participated in the program in 2009. These amounts are included in the "*All Other Compensation*" on the Summary Compensation Table above.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth for each NEO, all option-based awards and share-based awards outstanding at the end of the year ended December 31, 2009.

	Option-based Awards				Share-based Awards	
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options [1] ($)**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of share-based awards that have not vested [2] ($)**
Alex G. Verge	30,000	7.92	[3]	136,800	11,247	140,363
	6,250	10.60	Dec. 31, 2010	11,750		
	27,000	11.05	[4]	38,610		
	30,000	11.14	[5]	40,200		
	37,500	14.09	[6]	-		
	40,000	14.32	[7]	-		
	50,000	15.49	[8]	-		
	15,000	18.05	[9]			
Robert F. Froese	33,000	7.92	[3]	150,480	11,247	140,363
	30,000	11.05	[4]	42,900		
	33,000	11.14	[5]	44,220		
	30,000	14.09	[6]	-		
	40,000	14.32	[7]	-		
	50,000	14.35	[10]	-		
	25,000	14.35	Feb. 27, 2012	-		
	55,000	15.49	[8]	-		
Kevin J. Christie	51,000	7.92	[3]	232,560	10,347	129,131
	25,000	11.05	[4]	35,750		
	29,000	11.14	[5]	38,860		
	140,000	19.02	[11]	-		
Dan B. McKinnon	27,000	7.92	[3]	123,120	9,893	123,465
	5,000	8.50	[9]	19,900		
	4,000	10.60	Dec. 31, 2010	7,520		
	25,000	11.05	[4]	35,750		
	29000	11.14	[5]	38,860		
	10,000	13.61	[12]	-		
	30,000	14.09	[6]	-		
	30,000	14.32	[7]	-		
	45,000	15.49	[8]			
	10,000	18.05	[9]			
D. Chris McDavid	27,000	7.92	[3]	123,120	9,833	122,716
	4,000	10.60	Dec. 31, 2010	7,520		
	25,000	11.05	[4]	35,750		
	27,000	11.14	[5]	36,180		
	11,000	13.61	[12]	-		
	31,500	14.09	[6]	-		
	40,000	14.32	[7]	-		
	45,000	15.49	[8]	-		
	12,000	18.05	[9]	-		

Notes:

(1) Calculated based on the difference between the market price of our common shares at December 31, 2009 ($12.48) and the exercise price of the options.

(2) Calculated based on the value of our common shares at December 31, 2009.

(3) 33% of the options expire on June 23, 2012, June 23, 2013 and June 22, 2014 respectively.

(4) 33% of the options expire on May 23, 2013, May 23, 2014 and May 22, 2015 respectively.

(5) 33% of the options expire on November 12, 2013, November 12, 2014 and November 11, 2015 respectively.

(6) 33% of the options expire on July 1, 2010, July 1, 2011 and June 30, 2012 respectively.

(7) 25% of the options expire on July 3, 2010, July 3, 2011, July 3, 2012 and July 2, 2013 respectively.

(8) 25% of the options expire on March 17, 2011, March 17, 2012, March 17, 2013 and March 16, 2014 respectively.

(9) 50% of the options expire on December 31, 2010 and December 31, 2011 respectively.
(10) 50% of the options expire on, March 20, 2010 and March 20, 2011 respectively.
(11) 25% of the options expire on June 9, 2011, June 9, 2012, June 9, 2013 and June 8, 2014 respectively.
(12) 50% of the options expire on July 2, 2010 and July 1, 2011 respectively.

Incentive Plan Awards – Value Vested or Earned During the Year

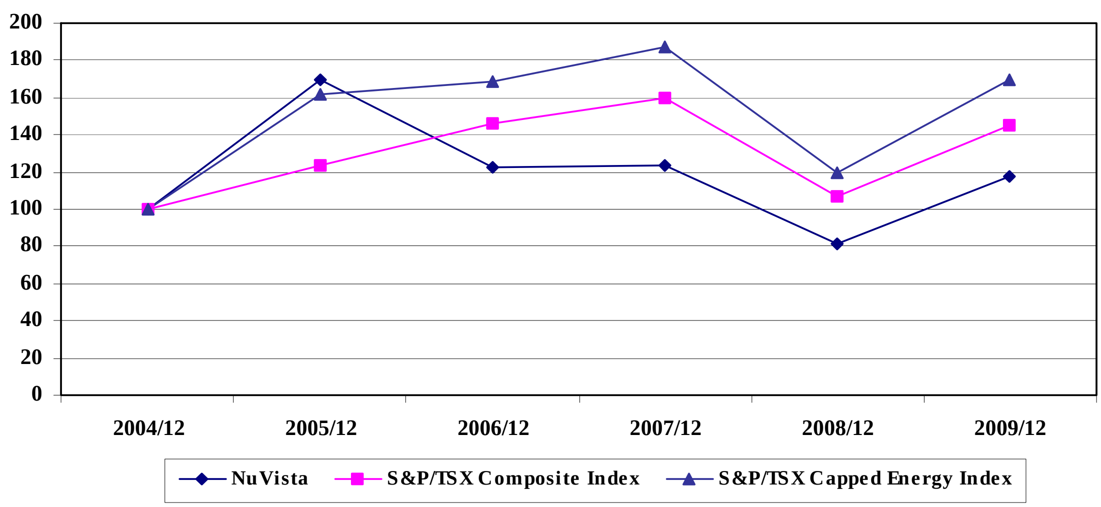
The following table sets forth for each NEO, the value of option-based awards and share-based awards which vested during the year ended December 31, 2009, and the value of non-equity incentive plan compensation earned during the year ended December 31, 2009.

Name	Option-based awards – Value vested during the year (1) ($)	Share-based awards – Value vested during the year (2) ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Alex G. Verge	43,100	25,057	-
Robert F. Froese	47,410	25,057	-
Kevin J. Christie	73,270	37,557	-
Dan B. McKinnon	38,790	22,360	-
D. Chris McDavid	38,790	22,360	-

Notes:

(1) Calculated based on the difference between the market price of our common shares on the vesting date and the exercise price of the options on the vesting date.
(2) Calculated based on the five day volume weighted average share price for the five trading days prior to the vesting date.

Performance Graph



	2004/12	2005/12	2006/12	2007/12	2008/12	2009/12
NuVista Energy Ltd.	100	170	123	124	81	118
S&P/TSX Composite Index (1)	100	124	146	160	107	145
S&P/TSX Capped Energy Index (1)	100	162	169	187	120	170

Note:

(1) Total Return Index.

Salaries and bonuses for our executive officers are based in part on the achievement of certain pre-determined performance metrics at the beginning of each fiscal year. The achievement of these objectives is measured against corporate and individual targets, as described earlier, and does not necessarily track the changes in the market value of our common shares.

Our long-term incentive plans are designed to align the interests of employees, including NEO's, with shareholders by linking a component of compensation to our common share performance. The mix of stock options and restricted stock units in our NEO's compensation is more heavily weighted towards stock options.

Securities Authorized for Issuance Under Equity Compensation Plans

The following sets forth information in respect of securities authorized for issuance under our equity compensation plans as at December 31, 2009.

Plan Category	**Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)**	**Weighted average exercise price of outstanding options, warrants and rights (b)**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)**
Equity compensation plans approved by securityholders [(1)]	6,574,823	$13.16	2,261,252
Equity compensation plans not approved by securityholders	-	-	-
Total	6,574,823	$13.16	2,261,252

Note:

(1) A floating number of options equal to 10% of the aggregate number of common shares outstanding has been approved by our shareholders.

Pension Plan Benefits

We do not have any pension plans for our employees. We have established a savings plan to assist employees in meeting their savings goals. See "*Compensation Discussion and Analysis – Employee Stock Savings Plan*".

Employment Agreements

We have entered into employment agreements with each of our NEO's pursuant to which we have agreed to make certain payments to the executive in the event of termination without cause, a "change of control" without termination and a "change of control" with termination.

For the purpose of the employment agreements a "change of control" is defined as the occurrence of:

- a successful "take-over bid" as defined in the *Securities Act* (Alberta), as amended, or any successor legislation thereto, pursuant to which the "offeror" would, as a result of such take-over bid, if successful, beneficially own in excess of 50% of our common shares;
- the issuance to or acquisition by any person or group of persons acting in concert, of our shares which is the aggregate total of 50% or more of our issued and outstanding common shares;
- the sale of substantially all our assets; and
- our winding up or termination,

provided that notwithstanding the application of any of the foregoing, a "change of control" shall be deemed to not have occurred:

- pursuant to an arrangement, merger or other form of reorganization where the holders of our outstanding voting securities or other interests immediately prior to the completion of the reorganization will hold more than 90% of the outstanding voting securities or interests of the continuing entity upon completion of the reorganization; or
- if a majority of the our board determines that in substance the arrangement, merger or reorganization has occurred or the circumstances are such that a change of control should be deemed to not have occurred and any such determination shall be binding and conclusive for all purposes of the agreement.

The following is a description of payments or the nature of the vesting of long-term incentives due to NEO's departure upon resignation, termination without cause, normal retirement, change of control without termination and a change of control with termination. For the purpose of the employment agreements, termination includes constructive dismissal.

Resignation

- Retiring allowance – none.
- Stock options – within 30 days of ceasing to be an employee, the NEO can exercise all stock options vested or vesting within 30 days of the date of ceasing to be an employee.
- RSU's – all unpaid and unmatured RSU's are forfeited as of the date of ceasing to be an employee.

Termination Without Cause

- Retiring allowance to be paid within five business days of termination consisting of:
  - One and one-half times the NEO's current base salary;
  - plus 20% of such amounts in-lieu of employment benefits; and
  - One times the greater of any cash bonus paid to the NEO in the year prior to termination or an average of the cash bonuses paid to the NEO in the two years prior to termination.
- Stock options – within 30 days of ceasing to be an employee, the NEO can exercise all stock options vesting within one and one-half years of the date of ceasing to be an employee.
- RSU's – payment is received for all unpaid and matured RSU's and a proportionate share of unmatured RSU's.

Normal Retirement

- Retiring allowance – none.
- Stock options – within 30 days of ceasing to be an employee, the NEO can exercise all stock options vested or vesting within 30 days of the date of ceasing to be an employee.
- RSU's – payment is received for all unpaid and matured RSU's and a proportionate share of unmatured RSU's.

Change of Control Without Termination

- Retiring allowance – none.
- Stock options – all stock options outstanding vest prior to the change of control in accordance with the stock option agreement.
- RSU's – payment is received for all unpaid and matured or unmatured RSU's .

Change of Control With Termination

- Retiring allowance to be paid within five business days of termination consisting of:
  - One and one-half times the NEO's current base salary;
  - 20% of such amounts of employment benefits; and
  - One times the greater of any cash bonus paid to the NEO in the year prior to termination or an average of the cash bonuses paid to the NEO in the two years prior to termination.
- Stock options – all stock options outstanding vest prior to the change of control in accordance with the stock option agreement.

- RSU's – payment is received for all unpaid and matured or unmatured RSU's .

Other key terms of the employment agreements:

- We are entitled to terminate an NEO's employment for just cause at any time without notice and without any payment to the NEO whatsoever, save and except only for payment of the pro-rata salary earned for services rendered up to and including the termination date, plus any outstanding vacation pay and expenses.
- The NEO may resign by providing us with two months advance written notice of the resignation date.
- Should there be a change of control and an event that constitutes constructive dismissal within six months of the change of control, the NEO has the right, for a period of ninety days following the event or events that constituted the change of control, to elect to terminate his employment upon providing us with one week advance written notice.
- In the event of a change of control and the NEO elects to terminate his employment, the NEO will be required, at our option, to continue his employment with us for a period of up to two months at the NEO's then existing compensation package, to assist us in an orderly transition of management.

The following table summarizes the estimated payments to the NEO's as if the employment events listed above had occurred on December 31, 2009.

	Resignation $	**Termination (without cause) $**	**Normal Retirement $**	**Change of Control without Termination $**	**Change of Control with Termination $**
Alex G. Verge	57,350	735,540	109,770	292,843	833,343
Robert F. Froese	50,160	743,162	102,580	303,083	846,083
Kevin J. Christie	77,520	699,434	110,592	436,301	909,801
Dan B. McKinnon	48,560	630,240	94,164	282,059	741,059
D. Chris McDavid	48,560	630,276	93,644	258,730	716,480

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Board of Directors

The majority of our board of directors are independent. Our board has determined that Messrs. Comber, Karkkainen, Woitas and Zawalsky are independent. Mr. MacPhail is not considered independent as he is the Chairman and Chief Executive Officer of Bonavista Petroleum Ltd., and Mr. Poelzer is not considered independent as he is the Vice Chairman and Executive Vice President of Bonavista Petroleum Ltd., which, prior to November 1, 2008, provided services to us under the Technical Services Agreement and Services Agreement. Mr. Verge is not considered independent, as he is our President and Chief Executive Officer.

Our independent members of our board hold meetings immediately following regularly scheduled board and committee meetings. To provide leadership for the independent board members, our independent directors have appointed Mr. Karkkainen as our lead director.

The following directors are presently directors of other issuers that are reporting issuers (or the equivalent):

Director	Names of Other Issuers
W. Peter Comber	Sure Energy Inc.
Pentti O. Karkkainen	None
Keith A. MacPhail	Bonavista Petroleum Ltd. and Canadian Natural Resources Limited
Ronald J. Poelzer	Bonavista Petroleum Ltd.
Alex G. Verge	None
Clayton H. Woitas	EnCana Corporation and EnerMark Inc. (the administrator of Enerplus Resources Fund)
Grant A. Zawalsky	Zargon Energy Trust

Board Mandate

Our board, either directly or through its committees, is responsible for the supervision of management of our business and affairs with the objective of enhancing shareholder value. The following is a summary of our board's written mandate:

The board is responsible for the stewardship of us, our subsidiaries, partnerships and other controlled entities. In discharging its responsibility, the board is required to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and will act honestly and in good faith with a view to our best interests. In general terms, the board will:

- in consultation with our Chief Executive Officer, define our principal objectives;
- supervise the management of our business and affairs with the goal of achieving our principal objectives as defined by our board;
- discharge the duties imposed on our board by applicable laws;
- for the purpose of carrying out the foregoing responsibilities, take all such actions as the board deems necessary or appropriate;

Without limiting the generality of the foregoing, our board is also required to perform the following duties:

Strategic Direction and Capital and Financial Plans

- require our Chief Executive Officer to present annually to our board, a longer range strategic plan and a shorter range business plan for our business, which plans must:
  - be designed to achieve our principal objectives;
  - identify our principal strategic and operational opportunities and risks of our business; and
  - be approved by the board as a pre-condition to the implementation of such plans;
- review progress towards the achievement of the goals established in the strategic, operating and capital plans;
- identify the principal risks of our business and take all reasonable steps to ensure the implementation of the appropriate systems to manage these risks;
- approve the annual operating and capital plans;
- approve acquisitions and dispositions in excess of which require approval pursuant to expenditure limits established by our board;
- approve the establishment of credit facilities.
- approve issuances of common shares or other instruments to the public.

Monitoring and Acting

- monitor progress towards achieving its goals, and to revise and alter its direction through management in light of changing circumstances;
- monitor our overall human resources policies and procedures, including compensation and succession planning;
- approve our dividend policy;

- appoint our Chief Executive Officer and determine the terms of our Chief Executive Officer's employment with us;
- ensure systems are in place for the implementation and integrity of our internal control and management information systems;
- in consultation with our Chief Executive Officer, develop a position description for our Chief Executive Officer;
- evaluate the performance of our Chief Executive Officer at least annually;
- in consultation with our Chief Executive Officer, establish the limits of management's authority and responsibility in conducting our business;
- in consultation with our Chief Executive Officer, appoint our officers and approve the terms of our officer's employment;
- develop a system under which succession to senior management positions will occur in a timely manner;
- approve any proposed significant change in our management organization structure;
- approve all of our sponsored retirement plans for officers and employees;
- in consultation with our Chief Executive Officer, establish our disclosure policy;
- generally provide advice and guidance to management; and
- approve all matters relating to a takeover bid for our securities.

Finances and Controls

- review our systems to manage the risks of our business and, with the assistance of management, our auditors and others (as required), evaluate the appropriateness of such systems;
- monitor the appropriateness of our capital structure;
- ensure that our financial performance is properly reported to shareholders, other security holders and regulators on a timely and regular basis;
- in consultation with our Chief Executive Officer, establish the ethical standards to be observed by all of our officers and employees and use reasonable efforts to ensure that a process is in place to monitor compliance with those standards;
- require that our Chief Executive Officer institute and monitor processes and systems designed to ensure compliance with applicable laws by us and our officers and employees;
- require that our Chief Executive Officer institute, and maintain the integrity of, internal control and information systems, including maintenance of all required records and documentation;
- approve material contracts to be entered into by us;
- recommend to our shareholders a firm of chartered accountants to be appointed as our auditors;
- ensure our oil and gas reserves report fairly represents the quantity and value of our reserves in accordance with generally accepted engineering principles and applicable securities laws; and
- take reasonable actions to gain reasonable assurance that all financial information made public by us (including our annual and quarterly financial statements) is accurate and complete and represents fairly our financial position and performance.

Governance

- in consultation with the chair of our board, develop a position description for the chair;
- selecting nominees for election to our board;
- facilitate the continuity, effectiveness and independence of our board by, amongst other things:
  - appointing a chair of our board;
  - appointing from amongst the directors, an audit committee and such other committees of our board as our board deems appropriate;
  - defining the mandate of each committee of our board;
  - ensuring that processes are in place and are utilized to assess the effectiveness of the chair of our board, the board as a whole, each committee of our board and each director; and
  - establishing a system to enable any director to engage an outside advisor at our expense;
- review annually the composition of our board, and its committees and assess directors' performance on an ongoing basis, and propose new members to our board; and

- review annually the adequacy and form of the compensation of directors.

Delegation

- our board may delegate its duties to, and receive reports and recommendations from, any committee of our board.

Composition

- our board should be composed of at least five individuals elected by the shareholders at the annual meeting;
- a majority of the members of our board should be independent directors (within the meaning of National Instrument 58-101) and free from any business or other relationship that could impair the exercise of independent judgment;
- members of our board should have or obtain sufficient knowledge of us and the oil and gas business to assist in providing advice and counsel on relevant issues;
- members of our board should offer their resignation from the board to the Chair of the Governance and Nominating Committee following:
  - a change in personal circumstances which would reasonably interfere with the ability to serve as a director; and
  - a change in personal circumstances, which would reasonably reflect poorly on us (for example, finding by a Court of fraud, or conviction under Criminal Code or securities legislation).

Meetings

- our board shall meet at least four times per year and/or as deemed appropriate by the Chair;
- our board shall meet at the end of its regular quarterly meetings without members of management being present;
- minutes of each meeting shall be prepared;
- our Chief Executive Officer and Chief Financial Officer shall be available to attend all meetings of the board upon invitation by our board; and
- Vice Presidents and such other staff as appropriate to provide information to our board shall attend meetings at the invitation of the board.

Authority

- the board shall have the authority to review any corporate report or material and to investigate our activities and to request any employees to cooperate as requested by the board; and
- the board may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at our expense.

Board Committees

Our board has four committees: an Audit Committee, a Compensation Committee, a Reserves Committee and a Governance and Nominating Committee, all members of whom are independent directors, other than Mr. MacPhail who is a member of the Reserves Committee. Our board has accepted overall responsibility for health, safety and environment and no separate committee has been established to deal with these issues.

Audit Committee

The members of our Audit Committee are Mr. Comber (Chair), Mr. Karkkainen and Mr. Woitas. The committee's mandate includes:

- overseeing the work of our external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting;
- monitoring, on behalf of the board, our control systems, including:
  - identifying, monitoring and mitigating business risks; and

  - ensuring compliance with legal, ethical and regulatory requirements including the certification process;
- reviewing our annual financial statements prior to their submission to the board for approval. The process should include but not be limited to:
  - reviewing the appropriateness of significant accounting principles and any changes in accounting principles, or in their application, which may have a material impact on the current or future years' quarterly unaudited and annual audited financial statements;
  - reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;
  - reviewing accounting treatment of unusual or non-recurring transactions;
  - ascertaining compliance with covenants under loan agreements;
  - reviewing the adequacy of the asset retirement obligation in the financial statements;
  - reviewing disclosure requirements for commitments and contingencies;
  - reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
  - reviewing unresolved differences between management and the external auditors;
  - reviewing non-recurring transactions;
  - reviewing related party transactions; and
  - obtaining explanations of significant variances with comparative reporting periods;
- reviewing the financial statements, prospectuses, management discussion and analysis (MD&A), annual information forms (AIF) and all public disclosure containing audited or unaudited financial information before release and prior to approval of the board. The committee must be satisfied that adequate procedures are in place for the review of our disclosure of all other financial information and shall periodically access the accuracy of those procedures;
- with respect to the appointment of external auditors by the board, the committee shall:
  - recommend to the board the appointment of our external auditors;
  - recommend to the board the terms of engagement of our external auditors, including the compensation of the auditors and a confirmation that the external auditors shall report directly to the committee;
  - when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and
  - review and approve any non-audit services to be provided by the external auditors' firm and consider the impact on the independence of the auditors;
- reviewing with external auditors (and internal auditor if one is appointed by us) their assessment of our internal controls, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The committee shall also review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon our financial statements;
- pre–approving all non–audit services to be provided to us by our external auditors. The committee may delegate to one or more members the authority to pre–approve non–audit services, provided that the members report to the committee at the next scheduled meeting such pre–approval and the members comply with such other procedures as may be established by the committee from time to time;
- reviewing our financial risk management policies and procedures (i.e. hedging, litigation and insurance);
- establishing a procedure for:
  - the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters; and
  - the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters;
- reviewing and approving our hiring policies regarding employees and former employees of our present and former external auditors;
- meeting periodically with the external auditors, independent of management. The issues for consideration should include, but are not limited to:
  - obtaining feedback on competencies, skill sets and performance of key members of the financial reporting team;
  - enquiring as to significant differences from prior year period audits or reviews;
  - enquiring as to transactions accounted for in an acceptable manner but on a basis which in the opinion of the external auditor, was not the preferable accounting treatment;
  - enquiring as to any differences between management and the external auditor;
  - enquiring as to material differences in accounting policies, disclosures or presentation from prior periods;

    - enquiring as to deficiencies in internal controls identified in the course of the performance of the procedures by the external auditors; and
    - enquiring as to any other matters or observations that the external auditors would like to bring to the attention of the committee; and
- retaining persons having special expertise and/or obtain independent professional advice to assist in filling their responsibilities at our expense without any further approval of the board.

Compensation Committee

The members of our Compensation Committee are Mr. Karkkainen (Chair), Mr. Comber and Mr. Zawalsky. The Compensation Committee's mandate includes:

- to oversee all aspects of our human resources policies and procedures to ensure that we are able to attract, motivate and retain the quality of personnel required to meet our business objectives. The process should include but not be limited to:
    - reviewing overall salary increases for our employees and making recommendations to the board;
    - reviewing all compensation and benefit proposals for our officers and making recommendations to the board;
    - undertaking, in consultation with the board, an annual performance review of the Chief Executive Officer, and review the Chief Executive Officer's appraisal of our officers;
    - reviewing the terms and conditions of appointment, termination or retirement of officers, including all employment contracts and making recommendations to the board;
    - reviewing, at least annually, succession plans for our officers;
    - reviewing and recommending to the board for approval, the compensation report for inclusion in our information circular; and
    - reviewing all proposed compensation plans and any amendments to our compensation plans.

See "*Executive Compensation – Compensation Discussion and Analysis*".

Reserves Committee

The members of our Reserves Committee are Mr. Woitas (Chair), Mr. Karkkainen and Mr. MacPhail. The Reserves Committee's mandate with respect to reserves includes, in consultation with our senior engineering management, to:

- meet with our independent evaluating engineers being considered for appointment to review their qualifications and independence to ensure the independent evaluating engineers being considered for appointment are technically qualified and competent, are independent of management and to establish the terms of their engagement;
- recommend to the board the appointment of the independent evaluating engineers to assist us in the annual review of our petroleum and natural gas reserves; and
- determine the scope of the annual review of the petroleum and natural gas reserves by the independent evaluating engineers, having regard to regulatory reporting requirements.

The committee is to review both the procedures for providing petroleum and natural gas reserves information to the independent evaluating engineers and the information used by the independent evaluating engineers to enable the independent evaluating engineers to provide a report that will meet regulatory reporting requirements;

In consultation with our senior engineering management and the independent evaluating engineers, it is the committee's responsibility to:

- determine whether any restrictions affect the ability of the independent evaluating engineers to report on reserves data without reservations; and
- review the reserves data and the report of the independent evaluating engineers.

It is the responsibility of the committee to:

- recommend to the board for filing, the report from the independent evaluating engineers and/or senior engineering management on our petroleum and natural gas reserves data;
- ensure the disclosure to the public on our petroleum and natural gas reserves is in compliance with regulatory requirements;
- review any proposals to change the independent evaluating engineers and/or resolve any differences between the independent evaluating engineers and management;
- meet on an annual basis with our senior engineering management and/or the independent evaluating engineers to review and consider the evaluation of our petroleum and natural gas reserves;
- meet separately with the independent evaluating engineers and/or senior engineering management when the committee deems it desirable and advise the board on the results of such meeting; and
- co-ordinate meetings with the Audit Committee, our senior engineering management, independent evaluating engineers and auditors as required to address matters of mutual concern in respect of the evaluation of our petroleum and natural gas reserves.

Governance and Nominating Committee

The members of our Governance and Nominating Committee are Mr. Zawalsky (Chair), Mr. Comber and Mr. Woitas. The Governance and Nominating Committee's mandate includes:

- to assist the board in meeting its responsibility for our stewardship, the committee shall review the following matters, at least annually, to ensure that such items are being addressed by us and our board. It is understood that the committee will provide oversight and recommendations in respect of these areas of activity and will in no way limit or detract from board and management responsibilities in these matters:
    - adoption of a corporate strategy and a strategic planning process;
    - adoption, on an annual basis, of corporate objectives;
    - identification of our principal business risks and the system to manage such risks;
    - succession planning, including the appointment, training and monitoring of senior management;
    - our disclosure policy; and
    - the integrity of our internal control and management information systems.
- to review annually, and to recommend to the board for approval, the composition, membership and mandates of the committees of the board, with a view that committees be generally composed of independent directors;
- to review annually, and to recommend to the board for approval, the corporate governance guidelines outlining the duties and responsibilities of the board;
- to review annually, and to recommend to the board for approval, the mandate of the board;
- to review annually, and update as appropriate, for approval of the board, the position description outlining the duties and responsibilities of the Chair of the board and the Chief Executive Officer, as prepared by them and to review their performance at least annually;
- in conjunction with the Chair, the make-up and size of the board and all nominees to the board. The Committee will also develop, for approval by the board, the guidelines for the nominating process which shall include, without limitation, considering what competencies and skills the board, as a whole, should possess, the competencies and skills the board considers each existing director to possess and the competencies and skills each proposed nominee will bring to the board as well as whether the new nominee can devote sufficient time and resources to his or her duties as a member of the board;
- the corporate governance report, including a description of our system of corporate governance for inclusion in our information circular;
- the committee also has the responsibility to:
    - ensure that an appropriate orientation and education program is provided to new members of the board;
    - develop, review, update and ensure procedures are in place for monitoring compliance with our Code of Business Conduct and Ethics;
    - conduct, with the Chair of the board, an annual assessment of the effectiveness of the board and the committees of the board, and to report on such assessment to the full board;

- review the adequacy and form of compensation of the directors annually to ensure the compensation realistically reflects the responsibilities and risk involved in being an effective director and make appropriate recommendations to the board for approval;
- consider any other matters which would assist the board to meet their corporate governance responsibilities, including adherence to any appropriate governance guidelines established by the securities regulatory authorities in Canada or other regulatory bodies, and to this end, monitor, on a continuous basis, regulatory law and guidelines in respect of governance matters; and
- consider, with the Chairman of the board, any requests by individual directors to engage outside advisors at our expense.

Orientation And Continuing Education

Upon joining our board, a new director will be provided with a directors' information binder which will include a copy of all board and committee mandates, corporate policies, relevant position descriptions, organizational structure, the structure of the board and its committees, by-laws as well as agendas and minutes for board and committee meetings for the preceding 12 months. In addition, any new director will receive presentations with respect to our operations. As part of continuing education, our board receives management presentations with respect to the operations and risks of our business at least 4 times per year, with a more significant presentation provided in conjunction with the annual budgeting process and annual strategic planning meeting with all directors and officers in attendance. In addition, the individual directors identify their continuing education needs through a variety of means, including discussions with management and at board and committee meetings.

Ethical Business Conduct

Our board has adopted a Code of Business Conduct and Ethics, a copy of which is available to review at *www.sedar.com*.

Each employee, officer and director confirms annually that he or she has read, understood and complied with the code. Any reports of variance from the code are reported to the board.

Our board has also adopted a whistleblower policy which provides employees with the ability to report, on a confidential and anonymous basis, any violations within our organization including (but not limited to), falsification of financial records, unethical conduct, harassment or theft. Our board believes that providing a forum for employees, officers and directors to raise concerns about ethical conduct and treating all complaints with the appropriate level of seriousness fosters a culture of ethical conduct.

Nomination

We have established a Governance and Nominating Committee which, among other things, has the responsibility for establishing a nomination process and making recommendations to the board with respect to nomination of directors. See *"Board Committees – Governance and Nominating Committee"* for a summary of the committee's mandate. The Governance and Nominating Committee is composed entirely of independent directors. In accordance with the mandate of the Governance and Nominating Committee, the guidelines include considering what competencies and skills the board, as a whole, should possess, the competencies and skills the board considers each existing director to possess and the competencies and skills each proposed nominee will bring to the board as well as whether the new nominee can devote sufficient time and resources to his or her duties as a member of the board. In seeking nominees, the Governance and Nominating Committee encourages input from all members of the board and may use the services of professional recruiters if required.

Board Assessment

We annually conducted a formal assessment of our board and its committees and the individual directors under the direction of the Governance and Nominating Committee. Our board is satisfied its committees and individual directors are performing effectively.

Position Descriptions

Our board has developed position descriptions for each of the Chairman, the President and Chief Executive Officer and the chairman of each committee of our board.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

For the year ended December 31, 2009, we purchased director and officer's liability insurance with an annual aggregate limit of $30 million. The premium expensed in the fiscal year ended December 31, 2009, for the director and officer's liability insurance was $89,364. The program carries a deductible of $200,000, which would be our responsibility.

In addition, we have entered into indemnity agreements with each of our directors and officers pursuant to which we have agreed to indemnity such directors and officers from liability arising in connection with the performance of their duties. Such indemnity agreements conform to the provisions of the *Business Corporations Act* (Alberta).

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein or as set forth below, there were no material interests, direct or indirect, of our insiders, proposed nominees for election as directors, or any associate or affiliate of such insiders or nominees since January 1, 2009 or in any proposed transaction, which has affected or would materially affect us or any of our subsidiaries.

INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON

Our management is not aware of any material interest of any director or executive officer or anyone who has held office as such since the beginning of our last financial year or of any associate or affiliate of any of the foregoing in any matter to be acted on at the meeting, save as is disclosed herein.

ADDITIONAL INFORMATION

We undertake to provide, upon request, a copy of our 2009 annual report, containing financial information in the management's discussion and analysis of financial condition and results of operations and the 2009 audited financial statements sections, as well as a copy of our annual information form, subsequent interim financial statements and this information circular - proxy statement. Our annual information form also contains disclosure relating to our audit committee and the fees paid to KPMG LLP in 2009. Copies of these documents may be obtained on request without charge from the Vice President, Finance and Chief Financial Officer of NuVista Energy Ltd. at 3500, 700 – 2nd Street S.W., Calgary, Alberta, T2P 2W2, telephone (403) 538-8500 or by accessing the disclosure documents available through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) website at *www.sedar.com*.

OTHER MATTERS

Our management knows of no amendment, variation or other matter to come before the meeting other than the matters referred to in the notice of annual and special meeting. However, if any other matter properly comes before the meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person voting the proxy.

The contents and the sending of this information circular - proxy statement have been approved by our directors.

Dated: March 26, 2010