

**NUVISTA ENERGY LTD.****Consolidated Statements of Financial Position**  
(unaudited)

(\$Cdn thousands)	March 31, 2012	December 31, 2011
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ -	\$ -
Accounts receivable and prepaids	38,576	50,350
	<b>38,576</b>	50,350
Exploration and evaluation assets (note 3)	134,331	132,398
Property, plant and equipment (note 4)	1,196,121	1,182,166
Goodwill	8,791	8,791
<b>Total assets</b>	<b>\$ 1,377,819</b>	<b>\$ 1,373,705</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 57,665	\$ 67,710
Commodity derivative liabilities (note 9)	12,031	9,316
	<b>69,696</b>	77,026
Long-term debt (note 5)	317,964	289,431
Compensation liabilities (note 8)	399	300
Commodity derivative liabilities (note 9)	-	6,304
Asset retirement obligations (note 6)	166,309	174,741
Deferred tax liabilities	69,780	70,355
	<b>624,148</b>	618,157
<b>Shareholders' equity</b>		
Share capital	790,340	790,340
Contributed surplus	33,435	32,165
Deficit	(70,104)	(66,957)
	<b>753,671</b>	755,548
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,377,819</b>	<b>\$ 1,373,705</b>

Commitments (note 10)

See accompanying notes to the interim consolidated financial statements.

**NUVISTA ENERGY LTD.**

**Consolidated Statements of Earnings (Loss) and Comprehensive Income (Loss)**  
(unaudited)

(\$Cdn thousands, except per share amounts)

<b>Three months ended March 31,</b>	<b>2012</b>	<b>2011</b>
<b>Revenues</b>		
Oil and natural gas	\$ 73,856	\$ 88,237
Royalties	(10,162)	(12,418)
	<b>63,694</b>	<b>75,819</b>
Realized loss on commodity derivatives (note 9)	(2,851)	(2,958)
Unrealized gain (loss) on commodity derivatives (note 9)	3,589	(4,825)
	<b>64,432</b>	<b>68,036</b>
<b>Expenses</b>		
Operating	26,413	27,003
Transportation	1,678	1,942
General and administrative	5,266	4,910
Share-based compensation (note 8)	1,476	1,605
Depletion, depreciation and amortization (note 4)	34,453	38,698
Exploration and evaluation (note 3)	1,400	1,512
Gain on property dispositions (note 3,4)	(6,791)	(1,480)
Interest	3,170	5,198
Accretion (note 6)	1,089	1,129
	<b>68,154</b>	<b>80,517</b>
<b>Loss before taxes</b>	<b>(3,722)</b>	<b>(12,481)</b>
Deferred income tax reduction	575	2,891
<b>Net loss and comprehensive loss</b>	<b>\$ (3,147)</b>	<b>\$ (9,590)</b>
<b>Loss per share (note 7)</b>		
Basic	\$ (0.03)	\$ (0.10)
Diluted	\$ (0.03)	\$ (0.10)

See accompanying notes to the interim consolidated financial statements.

**NUVISTA ENERGY LTD.****Consolidated Statements of Changes in Shareholders' Equity**  
(unaudited)

(\$Cdn thousands)

<b>Three months ended March 31,</b>	<b>2012</b>	<b>2011</b>
<b>Share capital</b>		
Balance, beginning of period	<b>\$ 790,340</b>	\$ 689,757
Issued for cash	-	99,750
Dividend re-investment plan	-	771
Exercise of stock options	-	175
Share-based compensation	-	62
Share issue costs, net of deferred tax benefit of \$nil (March 31, 2011 – \$0.5 million)	-	(1,421)
Balance, end of period	<b>\$ 790,340</b>	\$ 789,094
<b>Contributed surplus</b>		
Balance, beginning of period	<b>\$ 32,165</b>	\$ 26,552
Share-based compensation	<b>1,270</b>	1,642
Exercise of stock options	-	(62)
Balance, end of period	<b>\$ 33,435</b>	\$ 28,132
<b>Retained earnings (deficit)</b>		
Balance, beginning of period	<b>\$ (66,957)</b>	\$ 76,843
Net loss and comprehensive loss	<b>(3,147)</b>	(9,590)
Balance, end of period	<b>\$ (70,104)</b>	\$ 67,253
<b>Total shareholders' equity</b>	<b>\$ 753,671</b>	\$ 884,479

See accompanying notes to the interim consolidated financial statements.

**NUVISTA ENERGY LTD.**

**Consolidated Statements of Cash Flows**  
(unaudited)

(\$Cdn thousands)

<b>Three months ended March 31,</b>	<b>2012</b>	<b>2011</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net loss	\$ (3,147)	\$ (9,590)
Items not requiring cash from operations:		
Depletion, depreciation and amortization	34,453	38,698
Exploration and evaluation	1,400	1,512
Gain on property dispositions	(6,791)	(1,480)
Share-based compensation	1,284	1,096
Unrealized (gain) loss on commodity derivatives	(3,589)	4,825
Deferred income tax reduction	(575)	(2,891)
Accretion	1,089	1,129
Asset retirement expenditures	(10,824)	(3,398)
Change in non-cash working capital	2,661	(6,307)
	<b>15,961</b>	<b>23,594</b>
<b>Financing activities</b>		
Issue of share capital, net of share issue costs	-	98,020
Increase (repayment) in long-term debt	28,533	(82,210)
Dividends paid	-	(3,667)
	<b>28,533</b>	<b>12,143</b>
<b>Investing activities</b>		
Property, plant and equipment expenditures	(45,610)	(36,491)
Property acquisitions	(1,016)	(62)
Proceeds on property dispositions	9,163	-
Exploration and evaluation expenditures	(6,237)	(3,223)
Change in non-cash working capital	(794)	4,039
	<b>(44,494)</b>	<b>(35,737)</b>
Change in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of period	-	-
<b>Cash and cash equivalents, end of period</b>	<b>-</b>	<b>-</b>
Cash interest paid	\$ 3,170	\$ 5,860

See accompanying notes to the interim consolidated financial statements.

**NUVISTA ENERGY LTD.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(unaudited)

Three months ended March 31, 2012 with comparative figures for 2011. All tabular amounts are in thousands of Canadian dollars, except share and per share amounts, unless otherwise stated.

**1. Corporate information**

NuVista Energy Ltd. (“NuVista” or the “Company”) is a publicly traded company incorporated under the laws of Alberta. The Company is an oil and natural gas company actively engaged in the exploration for and the development and production of oil and natural gas reserves.

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

**2. Basis of preparation**

These interim consolidated financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, “Interim Financial Reporting”. These interim consolidated financial statements have been prepared following the same accounting policies and methods of computation as the annual consolidated financial statements for the year ended December 31, 2011. These interim consolidated financial statements do not include all the information required for annual financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2011, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

These interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on May 4, 2012.

**3. Exploration and evaluation assets**

	<b>Three months ended March 31, 2012</b>	Year ended December 31, 2011
Balance, beginning of period	<b>\$132,398</b>	\$141,852
Additions	<b>6,237</b>	24,833
Acquisitions	<b>1,009</b>	3,754
Dispositions	<b>(228)</b>	(655)
Capitalized share-based compensation	<b>(53)</b>	-
Transfers to property, plant and equipment	<b>(3,632)</b>	(13,138)
Expiries (exploration and evaluation expense)	<b>(1,400)</b>	(13,848)
Unsuccessful exploration and evaluation costs	-	(10,400)
<b>Balance, end of period</b>	<b>\$134,331</b>	<b>\$132,398</b>

#### 4. Property, plant and equipment

	Three months ended March 31, 2012	Year ended December 31, 2011
<b>Cost</b>		
Balance, beginning of period	\$1,663,035	\$1,487,032
Additions	45,610	137,333
Acquisitions	7	4,524
Dispositions	(4,872)	(29,438)
Change in asset retirement obligations (note 6)	3,382	50,446
Transfers from exploration and evaluation assets	3,632	13,138
Balance, end of period	<b>\$1,710,794</b>	<b>\$1,663,035</b>

	Three months ended March 31, 2012	Year ended December 31, 2011
<b>Accumulated depletion, depreciation and amortization</b>		
Balance, beginning of period	\$ 480,869	\$ 184,783
Depletion, depreciation and amortization	34,453	159,499
Dispositions	(649)	(11,120)
Impairments	-	147,707
Balance, end of period	<b>\$ 514,673</b>	<b>\$ 480,869</b>

	Three months ended March 31, 2012	Year ended December 31, 2011
<b>Net book value</b>		
Balance, beginning of period	\$1,182,166	\$1,302,249
Balance, end of period	<b>\$1,196,121</b>	<b>\$1,182,166</b>

During the quarter ended March 31, 2012, the Company completed agreements to sell minor properties in the Pembina area in Alberta for total cash consideration of \$9.2 million. These assets had a net carrying amount of \$2.4 million resulting in a gain of \$6.8 million which is included in net loss for the period.

#### 5. Long-term debt

As at March 31, 2012 the Company had a \$440 million (December 31, 2011 – \$440 million) extendible revolving term credit facility available from a syndicate of Canadian chartered banks. Borrowing under the credit facility may be made by prime loans, bankers' acceptances and/or US libor advances. These advances bear interest at the bank's prime rate and/or at money market rates plus a borrowing margin. The credit facility is secured by a first floating charge debenture, general assignment of book debts and the Company's oil and natural gas properties and equipment. The credit facility has a 364-day revolving period and is subject to an annual review by the lenders, at which time a lender can extend the revolving period or can request conversion to a one year term loan. During the term period, no principal payments would be required until April 29, 2013. As at March 31, 2012, the Company had drawn \$318.0 million (December 31, 2011 – \$289.4 million). The Company completed the annual review of its borrowing base on April 30, 2012 with its lenders and the lenders approved a request for a revolving extendible credit facility with a maximum borrowing amount of \$380 million.

## 6. Asset retirement obligations

The Company's asset retirement obligations are based on estimated costs to reclaim and abandon ownership interests in oil and natural gas assets including well sites, gathering systems and processing facilities. At March 31, 2012, the estimated total undiscounted amount of cash flows required to settle the Company's asset retirement obligations is \$267.4 million (December 31, 2011 – \$267.3 million), which is estimated to be incurred over the next 51 years. A period end risk-free rate of 2.66% (December 31, 2011 – 2.49%) and an inflation rate of 2% (December 31, 2011 – 2%) were used to calculate the net present value of the asset retirement obligations. The decrease in the change in estimates is primarily due to a increase in the risk-free rate. A reconciliation of the asset retirement obligations is provided below:

	Three months ended March 31, 2012	Year ended December 31, 2011
Balance, beginning of period	\$174,741	\$128,259
Accretion expense	1,089	4,659
Liabilities incurred	8,396	7,501
Liabilities acquired	-	2,498
Liabilities disposed	(2,079)	(2,070)
Change in estimates	(5,014)	41,014
Liabilities settled	(10,824)	(7,120)
Balance, end of period	\$166,309	\$174,741

## 7. Earnings per share

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

(thousands of shares)	Three months ended March 31, 2012	Three months ended March 31, 2011
Weighted average common shares outstanding		
Basic	99,513	91,646
Diluted	99,513	91,646

For the three months ended March 31, 2012 all stock options (March 31, 2011 – 1,944,579) and all restricted share awards (March 31, 2011 – nil) were excluded from the calculation of diluted earnings per share as these options and awards were anti-dilutive.

## 8. Share-based compensation

### Stock options

The Company has established a stock option plan whereby officers, directors and employees may be granted options to purchase common shares. The summary of stock option transactions is as follows:

	Three months ended March 31, 2012		Year ended December 31, 2011	
	Number of options	Weighted Average exercise price	Number of options	Weighted Average exercise price
Balance, beginning of period	7,288,599	\$10.51	7,515,098	\$12.29
Granted	191,000	4.22	2,460,385	7.72
Exercised	-	-	(49,608)	7.94
Forfeited	(841,765)	11.80	(1,645,462)	11.84
Expired	(249,846)	14.97	(991,814)	14.98
Balance, end of period	6,387,988	\$ 9.98	7,288,599	\$10.51
Weighted average share price on date of exercise	-	-	49,608	\$ 9.61

The following table summarizes stock options outstanding and exercisable under the plan at March 31, 2012:

Range of exercise price	Options outstanding			Options exercisable	
	Number of options outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
\$3.71 to \$9.99	3,297,764	3.4	\$ 7.67	782,727	\$ 8.57
\$10.00 to \$14.99	2,576,736	1.9	11.72	1,635,381	12.10
\$15.00 to \$17.63	513,488	1.3	16.07	453,488	15.93
\$3.71 to \$17.63	6,387,988	2.6	\$ 9.98	2,871,596	\$11.74

For the three months ended March 31, 2012, share-based compensation of \$1.1 million (March 31, 2011 – \$1.1 million) was recorded in net earnings and (\$0.1) million (March 31, 2011 – \$0.5 million) was capitalized.

#### Restricted stock units

In January 2008, the Board of Directors approved a Restricted Stock Unit (“RSU”) Incentive Plan for employees and officers. Each RSU entitles participants to receive cash equal to the market value of the equivalent number of shares of the Company.

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

	Three months ended March 31, 2012	Year ended December 31, 2011
Balance, beginning of period	478,868	452,931
Settled	(28,773)	(131,649)
Granted	-	252,240
Forfeited	(36,728)	(94,654)
Balance, end of period	413,367	478,868



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

	<b>Three months ended March 31, 2012</b>	Year ended December 31, 2011
Balance, beginning of period	<b>\$1,242</b>	\$1,532
Change in accrued compensation liabilities	<b>8</b>	(290)
Balance, end of period	<b>\$1,250</b>	\$1,242
Compensation liabilities – current (included in accounts payable and accrued liabilities)	<b>\$ 851</b>	\$ 942
Compensation liabilities – non-current	<b>\$ 399</b>	\$ 300

For the three months ended March 31, 2012, cash payments of \$0.1 million (March 31, 2011 – \$0.3 million) were made relating to the RSU Incentive Plan. For the three months ended March 31, 2012, the Company recorded compensation expense related to RSUs of \$0.1 million (March 31, 2011 – \$0.5 million) and capitalized (\$0.1) million (March 31, 2011 – \$0.1 million) with a corresponding change recorded in compensation liabilities.

#### Restricted share awards

In November 2011, the Company established a Restricted Share Award (“RSA”) Incentive Plan for employees and officers which allows the Board of Directors to grant RSAs. A holder of an RSA will receive common shares upon vesting. The RSAs will vest in one or two years from the date of grant. The RSA Incentive Plan is subject to shareholder approval at the Annual General Meeting on May 10, 2012.

The fair value of RSAs is determined on the grant dated based on the weighted average trading price of the five days preceding the grant date. This fair value is recognized as share-based compensation expense over the vesting period with a corresponding increase to contributed surplus. The amount of the compensation expense is reduced by an estimated forfeiture rate determined at the date of the grant. Upon vesting of the RSAs and settlement in common shares, the previously recognized value in contributed surplus will be recorded as an increase to share capital. The fair value of the RSAs granted during the period was based on the March 31, 2012 closing trading price of \$3.69 per share award as the grant date has not occurred until shareholder approval. For the three months ended March 31, 2012, the Company recorded compensation expense related to RSAs of \$0.2 million (March 31, 2011 - \$nil) and capitalized \$0.1 million (March 31, 2011 - \$nil) with a corresponding offset recorded in contributed surplus.

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

	<b>Three months ended March 31, 2012</b>	Year ended December 31, 2011
Balance, beginning of period	<b>237,050</b>	-
Settled	-	-
Granted	<b>38,000</b>	237,050
Forfeited	<b>(11,670)</b>	-
Balance, end of period	<b>263,380</b>	237,050

## 9. Risk management activities

### (a) Risk management contracts

The following is a summary of financial instruments outstanding as at March 31, 2012:

	<b>Volume</b>	<b>Pricing</b>	<b>Premium</b>	<b>Remaining term</b>
<b>WTI crude oil contracts</b>				
Fixed price swap	3,250 Bbls/d	Cdn \$88.65/Bbl		Apr 1, 2012 - Jun 30, 2012
Fixed price swap	2,250 Bbls/d	Cdn \$84.72/Bbl		Jul 1, 2012 - Sep 30, 2012
Fixed price swap	2,250 Bbls/d	Cdn \$84.72/Bbl		Oct 1, 2012 - Dec 31, 2012
Fixed price swap	1,250 Bbls/d	Cdn \$86.62/Bbl		Jan 1, 2013 - Mar 31, 2013
Put option	250 Bbls/d	Cdn \$108.70/Bbl	Cdn \$6.58/Bbl	Apr 1, 2012 - Jun 30, 2012
Put option	500 Bbls/d	Cdn \$107.65/Bbl	Cdn \$6.55/Bbl	Jul 1, 2012 - Sep 30, 2012
<b>WTI heavy oil differential contracts</b>				
WCS differential	3,000 Bbls/d	US \$(13.85)/Bbl		Apr 1, 2012 - Jun 30, 2012
<b>NYMEX natural gas contracts</b>				
AECO differential	20,000 MMBtu/d	US \$(0.59)/MMBtu		Apr 1, 2012 - Oct 31, 2012

Subsequent to March 31, 2012 the following financial instruments have been entered into:

	<b>Volume</b>	<b>Pricing</b>	<b>Premium</b>	<b>Remaining term</b>
<b>WTI crude oil contracts</b>				
Put option	250 Bbls/d	Cdn \$104.80/Bbl	Cdn \$6.83/Bbl	May 1, 2012 - Apr 30, 2013

The following is a reconciliation of movement in the fair value of unrealized commodity risk management contracts:

	<b>Three months ended March 31, 2012</b>	<b>Year ended December 31, 2011</b>
Fair value of contracts, beginning of period	\$ (15,620)	\$ (5,340)
Change in the fair value of contracts in the period	738	(21,043)
Fair value of contracts realized in the period	2,851	10,763
Fair value of contracts, end of period	\$ (12,031)	\$ (15,620)
Commodity derivative liabilities – current	\$ (12,031)	\$ (9,316)
Commodity derivative liabilities – long term	\$ -	\$ (6,304)

### (b) Physical purchase and sale contracts

The following is a summary of physical purchase and sale contracts outstanding as at March 31, 2012 :

	<b>Volume</b>	<b>Pricing</b>	<b>Remaining term</b>
<b>Natural gas contracts</b>			
AECO fixed price swap	5,000 GJ/d	Cdn \$3.41/GJ	Apr 1, 2012 – Nov 30, 2012
<b>Electricity contracts</b>			
Fixed price	4.0 Mwh	Cdn \$65.64/Mwh	Apr 1, 2012 – Dec 31, 2013

Subsequent to March 31, 2012 the following physical and sale contract has been entered into:

	Volume	Pricing	Remaining term
<b>Natural gas contracts</b>			
Collars	55,000 GJ/d	Cdn \$1.70/GJ – \$2.04/GJ	Jul 1, 2012 – Dec 31, 2012

## 10. Commitments

The following is a summary of the Company's contractual obligations and commitments as at March 31, 2012:

	Total	2012	2013	2014	2015	2016	Thereafter
Transportation	\$ 8,048	\$2,213	\$ 2,433	\$ 2,009	\$1,176	\$ 188	\$ 29
Office lease	14,065	2,226	2,435	2,433	2,428	2,478	2,065
Physical power	4,025	1,725	2,300	-	-	-	-
Long-term debt	317,964	-	317,964	-	-	-	-
<b>Total commitments</b>	<b>\$344,102</b>	<b>\$6,164</b>	<b>\$325,132</b>	<b>\$ 4,442</b>	<b>\$3,604</b>	<b>\$2,666</b>	<b>\$2,094</b>