

**NUVISTA ENERGY LTD.****Condensed Statements of Financial Position**  
(Unaudited)

(\$Cdn thousands)	March 31 2017	December 31 2016
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ —	\$ 5,341
Accounts receivable and prepaid expenses	39,067	32,274
Financial derivative assets (note 13)	2,015	—
	41,082	37,615
Financial derivative assets (note 13)	10,510	962
Exploration and evaluation assets (note 5)	76,145	73,667
Property, plant and equipment (note 6)	926,535	848,996
<b>Total assets</b>	<b>\$ 1,054,272</b>	<b>\$ 961,240</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 66,355	\$ 52,305
Accrued environmental remediation liabilities (note 4)	828	846
Current portion of asset retirement obligations (note 9)	11,400	8,800
Financial derivative liabilities (note 13)	—	8,732
	78,583	70,683
Long-term debt (note 7)	60,979	—
Senior unsecured notes (note 8)	67,257	67,156
Other liabilities (note 12)	709	709
Asset retirement obligations (note 9)	50,855	66,663
	258,383	205,211
<b>Shareholders' equity</b>		
Share capital (note 10)	1,266,184	1,265,988
Contributed surplus	48,148	46,801
Deficit	(518,443)	(556,760)
	795,889	756,029
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,054,272</b>	<b>\$ 961,240</b>

Subsequent events (notes 7 &amp; 13)

Commitments (note 15)

See accompanying notes to the condensed interim financial statements.

**NUVISTA ENERGY LTD.**

**Condensed Statements of Earnings and Comprehensive Income**  
(Unaudited)

	<b>Three months ended March 31</b>	
(\$Cdn thousands, except per share amounts)	<b>2017</b>	<b>2016</b>
<b>Revenues</b>		
Oil and natural gas	\$ 84,236	\$ 59,720
Royalties	(2,716)	(3,071)
<b>Net revenue from oil and natural gas sales</b>	<b>81,520</b>	<b>56,649</b>
Realized gain on financial derivatives	19	11,465
Unrealized gain (loss) on financial derivatives	20,294	(3,654)
<b>Net revenue from oil and natural gas sales and gains (losses) on financial derivatives</b>	<b>101,833</b>	<b>64,460</b>
<b>Expenses</b>		
Transportation	6,036	6,358
Operating	25,781	24,558
General and administrative	4,102	4,409
Share-based compensation (note 12)	1,150	1,045
Depletion, depreciation and amortization (notes 5 and 6)	27,199	23,451
Gain on property dispositions	(3,554)	(367)
Note receivable recovery	—	(350)
Financing costs	2,802	2,903
	<b>63,516</b>	<b>62,007</b>
<b>Earnings before taxes</b>	<b>38,317</b>	<b>2,453</b>
Deferred income tax expense (benefit)	—	—
<b>Net earnings and comprehensive income</b>	<b>\$ 38,317</b>	<b>\$ 2,453</b>
<b>Net earnings per share (note 11)</b>		
Basic	\$ 0.22	\$ 0.02
Diluted	\$ 0.22	\$ 0.02

See accompanying notes to the condensed interim financial statements.

**NUVISTA ENERGY LTD.**

**Condensed Statements of Changes in Shareholders' Equity**  
(Unaudited)

(\$Cdn thousands)	Three months ended March 31	
	2017	2016
<b>Share capital (note 10)</b>		
Balance, January 1	\$ 1,265,988	\$ 1,140,170
Issued for cash on exercise of stock options	107	141
Contributed surplus transferred on exercise of stock options	37	48
Conversion of restricted share awards	53	45
Share issue costs, net of deferred tax benefit of \$nil (2016 - \$nil)	(1)	—
<b>Balance, end of period</b>	<b>\$ 1,266,184</b>	<b>\$ 1,140,404</b>
<b>Contributed surplus</b>		
Balance, January 1	\$ 46,801	\$ 44,576
Share-based compensation	1,437	1,111
Transfer to share capital on exercise of stock options	(37)	(48)
Conversion of restricted share awards	(53)	(44)
<b>Balance, end of period</b>	<b>\$ 48,148</b>	<b>\$ 45,595</b>
<b>Deficit</b>		
Balance, January 1	\$ (556,760)	\$ (555,107)
Net earnings	38,317	2,453
<b>Balance, end of period</b>	<b>\$ (518,443)</b>	<b>\$ (552,654)</b>
<b>Total shareholders' equity</b>	<b>\$ 795,889</b>	<b>\$ 633,345</b>

See accompanying notes to the condensed interim financial statements.

**NUVISTA ENERGY LTD.**

**Condensed Statements of Cash Flows**  
(Unaudited)

(\$Cdn thousands)	Three months ended March 31	
	2017	2016
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net income	\$ 38,317	\$ 2,453
Items not requiring cash from operations:		
Depletion, depreciation and amortization	27,199	23,451
Gain on property dispositions	(3,554)	(367)
Share-based compensation (note 12)	1,150	899
Unrealized (gain) loss on financial derivatives	(20,294)	3,654
Accretion (note 9)	436	548
Asset retirement expenditures (note 9)	(9,903)	(5,047)
Change in non-cash working capital	2,675	(161)
	<b>36,026</b>	<b>25,430</b>
<b>Financing activities</b>		
Issue of share capital, net of share issue costs	106	141
Increase in long-term debt	60,979	33,889
	<b>61,085</b>	<b>34,030</b>
<b>Investing activities</b>		
Property, plant and equipment expenditures	(107,241)	(60,775)
Exploration and evaluation expenditures	(171)	(418)
Property acquisitions	—	—
Proceeds on property dispositions	296	450
Change in non-cash working capital	4,664	1,283
	<b>(102,452)</b>	<b>(59,460)</b>
Change in cash and cash equivalents	(5,341)	—
Cash and cash equivalents, balance January 1	5,341	—
<b>Cash and cash equivalents, end of period</b>	<b>\$ —</b>	<b>\$ —</b>
Cash interest paid	\$ 2,206	\$ 1,985

See accompanying notes to the condensed interim financial statements.

**NUVISTA ENERGY LTD.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

Three months ended March 31, 2017 with comparative figures for 2016. All tabular amounts are in thousands of Canadian dollars, except share and per share amounts, unless otherwise stated.

**1. Corporate information**

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

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

**2. Basis of preparation**

These condensed interim financial statements (the "financial statements") have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting". These financial statements have been prepared following the same accounting policies except as noted below and methods of computation as the annual financial statements for the year ended December 31, 2016. These financial statements do not include all the information required for annual financial statements and should be read in conjunction with the audited financial statements for the year ended December 31, 2016, which have been prepared in accordance with Financial Reporting Standards ("IFRS").

These financial statements were approved and authorized for issuance by the Board of Directors on May 10, 2017.

**3. New accounting policies**

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

In April 2016, the IASB issued its final amendments to IFRS 15 *Revenue from Contracts with Customers*, which replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts*, and related interpretations. IFRS 15 provides a single, principles-based five-step model to be applied to all contracts with customers. The standard requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchaser. Disclosure requirements have also been expanded. The standard is required to be adopted either retrospectively or using a modified retrospective approach for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. IFRS 15 will be applied by NuVista on January 1, 2018. The Company is currently in the process of reviewing its various revenue streams and underlying contracts with customers to determine the impact, if any, that the adoption of IFRS 15 will have on its financial statements, as well as the impact that adoption of the standard will have on disclosure.

In July 2014, the IASB issued IFRS 9, "Financial Instruments" to replace IAS 39, "Financial Instruments: Recognition and Measurement". The standard supersedes earlier versions of IFRS 9 and completes the IASB's project to replace *IAS 39 Financial Instruments: Recognition and Measurement*. IFRS 9 introduces a single approach to determine whether a financial asset is measured at amortized cost or fair value and replaces the multiple rules in IAS 39. The approach is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. For financial liabilities, IFRS 9 retains most of the requirements of IAS 39; however, where the fair value option is applied to financial liabilities, any change in fair value resulting from an entity's own credit risk is recorded in OCI rather than the statement of income, unless this creates an accounting mismatch. IFRS 9 also contains a new model to be used

for hedge accounting. The Company does not currently apply hedge accounting to its risk management contracts and does not currently intend to apply hedge accounting to any of its existing risk management contracts on adoption of IFRS 9. The standard will come into effect for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. IFRS 9 will be applied on a retrospective basis by NuVista on January 1, 2018. The Company is evaluating the impact this standard may have on the financial statements, as well as the impact that adoption of the standard will have on disclosure.

In January 2016, the IASB issued IFRS 16 "Leases" which replaces IAS 17 "Leases". For lessees applying IFRS 16, a single recognition and measurement model for leases would apply, with required recognition of assets and liabilities for most leases. The standard will come into effect for annual periods beginning on or after January 1, 2019, with earlier adoption permitted if the entity is also applying for IFRS 15 "Revenue from Contracts with Customers". IFRS 16 will be applied by NuVista on January 1, 2019 and the Company is currently evaluating the impact the standard may have on the financial statements, as well as the impact that adoption of the standard will have on disclosure.

#### 4. Accrued environmental remediation liabilities

	<b>March 31, 2017</b>	December 31, 2016
Balance, January 1	\$ 846	\$ 4,790
Environmental remediation expense	—	—
Remediation costs incurred	<b>(18)</b>	(3,944)
Balance, end of period	<b>\$ 828</b>	\$ 846

During the third quarter of 2015, the Company identified a leak in a remote pipeline carrying oil emulsion in the non core area of Northwest Alberta. The pipeline was immediately shut down and the Company's emergency response plan was activated. The Company's insurers have been notified and are currently evaluating to determine if this is an insurable event. The Company recorded \$9.3 million in environmental remediation expense in the December 31, 2015 year end financial statements, which is the current best estimate of the total cost of remediation. To date, \$8.5 million has been spent. It is anticipated that the majority of the remaining remediation will occur in 2017.

#### 5. Exploration and evaluation assets

	<b>March 31, 2017</b>	December 31, 2016
Balance, January 1	\$ 73,667	\$ 83,291
Additions	171	1,698
Acquisitions	5,050	1,001
Dispositions	<b>(2,206)</b>	(1,360)
Capitalized share-based compensation	287	766
Transfers to property, plant and equipment (note 6)	<b>(824)</b>	(8,813)
Expiries (exploration and evaluation expense)	—	(827)
Impairment	—	(2,089)
Balance, end of period	<b>\$ 76,145</b>	\$ 73,667

At March 31, 2017, there were no indicators of impairment in NuVista's E&E assets, therefore an impairment test was not performed.

At December 31, 2016, there were indicators of impairment in NuVista's Shallow Gas Alberta CGU that the carrying amount of exploration and evaluation assets ("E&E") is not likely to be recovered and an impairment test was performed on this CGU. E&E assets were evaluated by comparing carrying amounts to the fair value

less costs to sell based on trailing twelve month land sales prices in the areas in which the Company owns undeveloped land. The impairment tests resulted in an impairment charge totaling \$2.1 million in the Shallow Gas Alberta CGU. This charge has been included in depletion, depreciation, amortization and impairment expense. At December 31, 2016, there were no indicators of impairment in NuVista's remaining E&E assets therefore an impairment test was not performed.

## 6. Property, plant and equipment

	March 31, 2017	December 31, 2016
<b>Cost</b>		
Balance, January 1	\$ 1,406,357	\$ 1,545,216
Additions	107,241	187,363
Acquisitions	—	2,132
Dispositions	(3,874)	(333,585)
Change in asset retirement obligations (note 9)	(356)	(3,582)
Transfers from exploration and evaluation assets (note 5)	824	8,813
Balance, end of period	\$ 1,510,192	\$ 1,406,357

	March 31, 2017	December 31, 2016
<b>Accumulated depletion, depreciation and amortization</b>		
Balance, January 1	\$ 557,361	\$ 702,181
Depletion and depreciation expense	27,199	98,883
Dispositions	(903)	(243,703)
Balance, end of period	\$ 583,657	\$ 557,361

	March 31, 2017	December 31, 2016
<b>Carrying value</b>		
Balance, January 1	\$ 848,996	\$ 843,035
Balance, end of period	\$ 926,535	\$ 848,996

During the quarter ended March 31, 2017 and the year ended December 31, 2016, there were no indicators of impairment or reversal of impairment identified on any of the Company's CGU's within property, plant & equipment, therefore no impairment test was performed.

## 7. Long-term debt

At March 31, 2017, the Company had a \$200.0 million (December 31, 2016 – \$200.0 million) extendible revolving term credit facility available from a syndicate of Canadian chartered banks. Borrowing under the credit facility may be made by prime loans, bankers' acceptances and/or US libor advances. These advances bear interest at the bank's prime rate and/or at money market rates plus a borrowing margin. For the three months ended March 31, 2017, borrowing costs averaged 3.0% (December 31, 2016 – 3.2%). The credit facility is secured by a first floating charge debenture, general assignment of book debts and the Company's oil and natural gas properties and equipment. The credit facility has a 364-day revolving period and is subject to an annual review by the lenders, at which time a lender can extend the revolving period or can request conversion to a one year term loan. During the revolving period, a review of the maximum borrowing amount occurs annually on or before April 30 and semi-annually on or before October 31. During the term period, no principal payments would be required until a year after the revolving period matures on April 30, in the event of a reduction or the credit facility not being renewed.

As at March 31, 2017, the Company had drawn \$61.0 million on its credit facility (December 31, 2016 – \$nil) and had outstanding letters of credit of \$13.2 million, which reduce the credit available on the credit facility. The credit facility does not contain any financial covenants, but the Company is subject to various non-financial covenants under its credit facility. These covenants are monitored on a regular basis and as at March 31, 2017, the Company was in compliance with all covenants.

In April 2017, NuVista completed the annual review of its borrowing base with its lenders and the lenders approved an increase to the revolving term credit facility to \$235.0 million as a result of increased value in producing reserves. The next semi-annual review is scheduled for on or before October 31, 2017.

## 8. Senior unsecured notes

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

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

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

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

## 9. Asset retirement obligations

The Company's asset retirement obligations are based on estimated costs to reclaim and abandon ownership interests in oil and natural gas assets including well sites, gathering systems and processing facilities. At March 31, 2017, the estimated total undiscounted amount of cash flows required to settle the asset retirement obligations is \$92.7 million (December 31, 2016 – \$96.8 million), which is estimated to be incurred over the next 50 years. A risk-free rate of 2.3% (December 31, 2016 – 2.3%) and an inflation rate of 2.0% (December 31, 2016 – 2.0%) were used to calculate the net present value of the asset retirement obligations. A reconciliation of the asset retirement obligations is provided below:



	March 31, 2017		December 31, 2016	
Balance, January 1	\$	75,463	\$	101,818
Accretion expense		436		1,771
Liabilities incurred		1,194		2,332
Liabilities disposed		(3,385)		(13,753)
Change in estimates and discount rate		(1,550)		(5,914)
Liabilities settled		(9,903)		(10,791)
Balance, end of period	\$	62,255	\$	75,463
Expected to be incurred within one year	\$	11,400	\$	8,800
Expected to be incurred beyond one year	\$	50,855	\$	66,663

## 10. Share capital

### Common shares

	March 31, 2017		December 31, 2016	
	Number	Amount	Number	Amount
Balance, January 1	172,745,647	\$ 1,265,988	153,310,265	\$ 1,140,170
Issued for cash on offering of common shares	—	—	15,111,000	103,510
Issued for cash on offering of flow-through common shares <sup>(1)</sup>	—	—	3,252,411	20,003
Issued for cash on exercise of stock options	21,217	107	956,958	4,640
Contributed surplus transferred on exercise of stock options	—	37	—	1,592
Conversion of restricted share awards	6,840	53	115,013	897
Share issue costs, net of deferred tax benefit of \$nil (2016 – \$nil)	—	(1)	—	(4,824)
Balance, end of period	172,773,704	\$ 1,266,184	172,745,647	\$ 1,265,988

<sup>(1)</sup> Net of implied premium \$nil (2016 - \$1.6 million) on flow-through share price compared to trading price at announcement of equity issuance.

In October 2016, the Company entered into a bought deal equity financing in which the Company issued 15.1 million common shares at \$6.85 per share, for gross proceeds of \$103.5 million.

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

## 11. Earnings per share

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

(thousands of shares)	Three months ended March 31	
	2017	2016
Weighted average common shares outstanding		
Basic	172,761	153,319
Diluted	173,334	153,363

## 12. Share-based compensation

### Stock Options

The Company has established a stock option plan whereby officers, directors and employees may be granted options to purchase common shares. Options granted vest at the rate of 1/3 per year and expire 2.5 years after the vesting date. The maximum number of stock options currently outstanding and available to be issued as at March 31, 2017 is 9.6 million. The following continuity table summarizes the stock option activity:

	March 31, 2017		December 31, 2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, January 1	6,368,178	\$ 7.09	6,213,614	\$ 7.14
Granted	15,150	6.13	2,043,450	6.57
Exercised	(21,217)	5.03	(956,958)	4.85
Forfeited	(13,430)	7.77	(344,795)	7.88
Expired	(7,499)	7.17	(587,133)	9.02
Balance, end of period	6,341,182	\$ 7.09	6,368,178	\$ 7.09
Weighted average share price on date of exercise	21,217	\$ 6.51	956,958	\$ 6.67

The following table summarizes stock options outstanding and exercisable under the plan at March 31, 2017:

Range of exercise price	Options outstanding			Options exercisable	
	Number of options outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
\$3.47 to \$4.99	1,034,779	2.37	\$ 4.34	553,791	\$ 4.40
\$5.00 to \$9.99	4,775,353	2.66	7.28	2,058,861	7.55
\$10.00 to \$12.04	531,050	1.65	10.78	357,900	10.78
<b>\$3.47 to \$12.04</b>	<b>6,341,182</b>	<b>2.53</b>	<b>\$ 7.09</b>	<b>2,970,552</b>	<b>\$ 7.34</b>

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

The weighted average fair value and weighted average assumptions used to fair value the options are as follows:

	March 31, 2017	December 31, 2016
Risk-free interest rate (%)	1.01	0.86
Expected volatility (%)	40	40
Expected life (years)	4.1	4.5
Forfeiture rate (%)	10	10
Fair value at grant date (\$ per option)	2.01	2.24

#### Director Deferred Share Units

In May 2016, shareholders approved a Director Deferred Share Unit ("DSU") incentive plan. Each DSU entitles participants to receive cash equal to the trading price of the equivalent number of shares of the Company. All DSUs granted vest and become payable upon retirement of the director.

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 DSUs.:

	March 31, 2017	December 31, 2016
Balance, January 1	102,195	—
Settled	—	(5,850)
Granted	12,969	108,045
Balance, end of period	115,164	102,195

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

	March 31, 2017	December 31, 2016
Balance, January 1	\$ 709	\$ —
Change in accrued compensation liabilities	—	709
Balance, end of period	\$ 709	\$ 709

Compensation liability resulting from DSUs granted in the three months ending March 31, 2017, was offset by a decrease in the closing share price used to value the liability at the end of the period, from \$6.94 at December 31, 2016 to \$6.15 at March 31, 2017.

#### Restricted Stock Units

The Company has a Restricted Stock Unit ("RSU") Plan for employees and officers. Each RSU entitles participants to receive cash equal to the trading price of the equivalent number of shares of the Company. All RSUs granted vest and become payable within three years after the date the RSUs are issued. In 2016, the Company has phased out the use of the RSU plan and as at March 31, 2017, there were no RSU's outstanding.

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

	March 31, 2017	December 31, 2016
Balance, January 1	—	145,665
Settled	—	(131,166)
Forfeited	—	(14,499)
Balance, end of period	—	—

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

	<b>March 31, 2017</b>	December 31, 2016
Balance, January 1	\$ —	\$ 463
Change in accrued compensation liabilities	—	(463)
Balance, end of period	\$ —	\$ —
Compensation liabilities – current (included in accounts payable and accrued liabilities)	\$ —	\$ —

#### Restricted Share Awards

The Company has a Restricted Share Award ("RSA") Plan for employees and officers which entitle the employee to receive one common share for each RSA granted upon vesting. RSA grants vest within three years from the date of grant. The maximum number of common shares reserved for issuance under the RSA plan is 1,650,000 of which 1,126,794 remain to be issued.

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

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

	<b>March 31, 2017</b>	December 31, 2016
Balance, January 1	<b>594,026</b>	385,142
Settled	<b>(6,840)</b>	(115,013)
Granted	<b>28,360</b>	355,500
Forfeited	<b>(1,934)</b>	(31,603)
Balance, end of period	<b>613,612</b>	594,026

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

	<b>2017</b>				<b>2016</b>			
	<b>Stock options</b>	<b>RSU/ DSU</b>	<b>RSA</b>	<b>Total</b>	Stock options	RSU/ DSU	RSA	Total
Share-based compensation	\$ 788	\$ —	\$ 362	\$ 1,150	\$ 641	\$ 58	\$ 258	\$ 957
RSU/DSU cash paid	—	—	—	—	—	88	—	88
Share-based compensation expense	<b>\$ 788</b>	<b>\$ —</b>	<b>\$ 362</b>	<b>\$ 1,150</b>	\$ 641	\$ 146	\$ 258	\$ 1,045
Net capitalized share-based compensation	<b>\$ 191</b>	<b>\$ —</b>	<b>\$ 96</b>	<b>\$ 287</b>	\$ 108	\$ 11	\$ 104	\$ 223

### 13. Risk management activities

#### (a) Financial instruments

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

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

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

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

#### (b) Financial assets and financial liabilities subject to offsetting

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

	March 31, 2017			December 31, 2016		
	Gross financial assets	Gross financial liabilities	Net financial assets	Gross financial assets	Gross financial liabilities	Net financial assets
Current assets (liabilities)	\$ 4,557	\$ (2,542)	\$ 2,015	\$ 3,380	\$ (12,112)	\$ (8,732)
Long-term assets (liabilities)	11,030	(520)	10,510	2,095	(1,133)	962
Net position	\$ 15,587	\$ (3,062)	\$ 12,525	\$ 5,475	\$ (13,245)	\$ (7,770)

#### (c) Risk management contracts

The following is a summary of financial derivative contracts in place as at March 31, 2017:

	Volume (Bbls/d)	Pricing (Cdn\$/Bbl)	Term of contract
<b>WTI crude oil sales price derivatives</b>			
Fixed price swap	2,700	\$66.92	Apr 1, 2017 - Jun 30, 2017
Fixed price swap	2,730	\$67.18	Jul 1, 2017 - Sep 30, 2017
Fixed price swap	5,300	\$70.21	Oct 1, 2017 - Dec 31, 2017
Fixed price swap	3,500	\$71.69	Jan 1, 2018 - Dec 31, 2018
Costless Collar	1,950	\$59.86 - 69.33	Apr 1, 2017 - Jun 30, 2017
Costless Collar	1,608	\$60.30 - 69.66	Jul 1, 2017 - Sep 30, 2017
Costless Collar	800	\$62.30 - 71.27	Oct 1, 2017 - Dec 31, 2017

	Volume (MMbtu/d)	Pricing (US\$/MMbtu)	Term of contract
<b>NYMEX natural gas sales price derivatives</b>			
AECO-NYMEX basis	13,407	(\$0.72)	Apr 1, 2017 - Jun 30, 2017
AECO-NYMEX basis	20,000	(\$0.72)	Jul 1, 2017 - Sep 30, 2017
AECO-NYMEX basis	20,000	(\$0.71)	Oct 1, 2017 - Dec 31, 2017
AECO-NYMEX basis	10,000	(\$0.69)	Jan 1, 2018 - Sep 30, 2018
AECO-NYMEX basis	23,261	(\$0.65)	Oct 1, 2018 - Dec 31, 2018
AECO-NYMEX basis	42,500	(\$0.76)	Jan 1, 2019 - Mar 31, 2019
AECO-NYMEX basis	17,500	(\$0.94)	Apr 1, 2019 - Dec 31, 2022
Chicago-NYMEX basis	8,297	(\$0.08)	Apr 1, 2017 - Jun 30, 2017
Chicago-NYMEX basis	11,739	(\$0.09)	Jul 1, 2017 - Sep 30, 2017
Chicago-NYMEX basis	5,000	(\$0.05)	Oct 1, 2017 - Dec 31, 2017

Subsequent to March 31, 2017 the following financial derivatives have been entered into:

	Volume (Bbls/d)	Pricing (Cdn\$/Bbl)	Term of contract
<b>WTI crude oil sales price derivatives</b>			
Fixed price swap	200	\$68.25	Sep 1, 2017 - Dec 31, 2018

	Volume (MMbtu/d)	Pricing (US\$/MMbtu)	Term of contract
<b>NYMEX natural gas sales price derivatives</b>			
Malin-NYMEX basis	10,000	(\$0.40)	Apr 1, 2018 - Oct 31, 2018
Malin-NYMEX basis	10,000	(\$0.37)	Nov 1, 2018 - Oct 31, 2019

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

	March 31, 2017	December 31, 2016
Fair value of contracts, beginning of year	\$ (7,770)	\$ 25,756
Change in the fair value of contracts in the period	20,314	(7,197)
Fair value of contracts realized in the period	(19)	(26,329)
Fair value of contracts, end of year	\$ 12,525	\$ (7,770)
financial derivative assets (liabilities) – current	\$ 2,015	\$ (8,732)
financial derivative assets (liabilities) – long term	\$ 10,510	\$ 962

(d) Physical delivery sales contracts

The following is a summary of the physical delivery sales contracts in place as at March 31, 2017:

	Volume (GJ/d)	Pricing (Cdn\$/GJ)	Term of contract
<b>AECO natural gas physical delivery sales contracts</b>			
Fixed Price Swap	69,203	\$3.10	Apr 1, 2017 - Jun 30, 2017
Fixed Price Swap	74,239	\$3.01	Jul 1, 2017 - Sep 30, 2017
Fixed Price Swap	87,500	\$2.95	Oct 1, 2017 - Dec 31, 2017
Fixed Price Swap	47,500	\$2.72	Jan 1, 2018 - Sep 30, 2018
Fixed Price Swap	29,266	\$2.72	Oct 1, 2018 - Dec 31, 2018

#### 14. Supplemental cash flow information

	Three months ended March 31	
	2017	2016
Cash provided by (used for):		
Accounts receivable and prepaid expenses	\$ (6,795)	\$ (666)
Other assets	2	675
Accounts payable and accrued liabilities	14,132	1,113
	\$ 7,339	\$ 1,122
Related to:		
Operating activities	\$ 2,675	\$ (161)
Investing activities	4,664	1,283
	\$ 7,339	\$ 1,122

## 15. Commitments

The following is a summary of the Company's commitments as at March 31, 2017:

	<b>Total</b>	2017	2018	2019	2020	2021	Thereafter
Transportation and processing <sup>(1)</sup>	<b>\$ 1,024,266</b>	\$ 52,199	\$ 80,092	\$ 83,765	\$ 91,518	\$ 104,877	\$ 611,815
Office lease	<b>14,140</b>	2,568	1,640	1,640	1,652	1,713	4,927
Drilling rig contracts	<b>1,485</b>	1,485	—	—	—	—	—
<b>Total commitments</b>	<b>\$ 1,039,891</b>	\$ 56,252	\$ 81,732	\$ 85,405	\$ 93,170	\$ 106,590	\$ 616,742

<sup>(1)</sup> Certain of the transportation and processing commitments are secured by outstanding letters of credit totaling \$12.8 million at March 31, 2017 (December 31, 2016 - \$16.5 million).