MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis ("MD&A") of financial conditions and results of operations should be read in conjunction with NuVista Energy Ltd.'s ("NuVista") interim financial statements for the three months ended March 31, 2015. The following MD&A of financial condition and results of operations was prepared at and is dated May 11, 2015. Our December 31, 2014 audited financial statements, Annual Information Form and other disclosure documents for 2014 are available through our filings on SEDAR at **www.sedar.com** or can be obtained from our website at **www.nuvistaenergy.com**.

Basis of presentation *– Unless otherwise noted, the financial data presented below has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") also known as International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The reporting and measurement currency is the Canadian dollar. Natural gas is converted to a barrel of oil equivalent ("Boe") using six thousand cubic feet of gas to one barrel of oil. In certain circumstances natural gas liquid volumes have been converted to a thousand cubic feet equivalent ("Mcfe") on the basis of one barrel of natural gas liquids to six thousand cubic feet of gas. Boes and Mcfes may be misleading, particularly if used in isolation. A conversion ratio of one barrel to six thousand cubic feet of natural gas is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion ratio on a 6:1 basis may be misleading as an indication of value.*

Advisory regarding forward-looking information and statements *– This MD&A contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable securities laws. The use of any of the words "will", "expects", "believe", "plans", "potential" and similar expressions are intended to identify forward-looking statements. More particularly and without limitation, this MD&A contains forward looking statements, including management's assessment of: NuVista's future focus, strategy, plans, opportunities and operations; financial and commodity risk management strategy; production mix; NuVista's planned capital expenditures; the timing, allocation and efficiency of NuVista's capital program and the results therefrom; our ability to fulfil all TOP obligations; the anticipated potential and growth opportunities associated with NuVista's asset base; production guidance and anticipated production interruptions; infrastructure development plans and timing of construction completion; planned throughput capacity; sources of funding NuVista's capital program; asset retirement obligations and the amount and timing of expenditures relating to such asset retirement obligations and the source of funding thereof; targeted debt to annualized current quarter funds from operations; expectations regarding future commodity prices, netbacks and price differentials; future transportation costs; industry conditions; anticipated accounting changes and their impact on NuVista's operations and financial position. By their nature, forward-looking statements are based upon certain assumptions and are subject to numerous risks and uncertainties, some of which are beyond NuVista's control, including the impact of general economic conditions, industry conditions, current and future commodity prices, currency and interest rates, anticipated production rates, borrowing, operating and other costs and funds from operations, the timing, allocation and amount of capital expenditures and the results therefrom, anticipated reserves and the imprecision of reserve estimates, the performance of existing wells, the success obtained in drilling new wells, the sufficiency of budgeted capital expenditures in carrying out planned activities, access to infrastructure and markets, competition from other industry participants, availability of qualified personnel or services and drilling and related equipment, stock market volatility, effects of regulation by governmental agencies including changes in environmental regulations, tax laws and royalties; the ability to access sufficient capital from internal sources and bank and equity markets; and including, without limitation, those risks considered under "Risk Factors" in our Annual Information Form. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. NuVista's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements, or if any of them do so, what benefits NuVista will derive therefrom. NuVista has included the forward-looking statements in this MD&A in order to provide* *readers with a more complete perspective on NuVista's future operations and such information may not be appropriate for other purposes. NuVista disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.*

Non-GAAP measurements *– Within the MD&A, references are made to terms commonly used in the oil and natural gas industry. Management uses funds from operations to analyze operating performance and leverage. Funds from operations as presented, does not have any standardized meaning prescribed by GAAP and therefore it may not be comparable with the calculation of similar measures for other entities. Funds from operations as presented is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash flow from operating activities, per the statement of cash flows, net earnings (loss) or other measures of financial performance calculated in accordance with GAAP. All references to funds from operations throughout this MD&A are based on cash flow from operating activities before changes in non-cash working capital and asset retirement expenditures. Adjusted working capital equals current assets less current liabilities excluding the current portion of the commodity derivative asset or liability. Net debt is equal to bank debt net of the adjusted working capital. Annualized current quarter funds from operations is calculated as cash flow from operating activities before changes in non-cash working capital and asset retirement expenditures for the current quarter, annualized for the year. Net debt to annualized current quarter funds from operations is net debt divided by annualized current quarter funds from operations. Funds from operations per share is calculated based on the weighted average number of common shares outstanding consistent with the calculation of net earnings (loss) per share. Funds from operations netbacks equal total revenues including realized commodity derivative gains/losses less royalties, transportation, operating costs, general and administrative, restricted stock unit, interest expense and cash taxes. Management also uses operating netbacks to analyze operating performance and adjusted working capital to analyze leverage. Adjusted net earnings (loss) is calculated as net earnings (loss) excluding non-recurring or non-cash items that management believes reduces the comparability of the NuVista's financial performance between periods, net of tax. Thereafter tax items include, but are not limited to unrealized gains/losses on commodity derivatives, impairments and impairment reversals, goodwill impairments, gains/losses on divestitures and the effect of changes in statutory income tax rate. Total revenue equals revenue including realized commodity derivative gains/losses. Operating netbacks equal the total of revenue including realized commodity derivative gains/ losses less royalties, transportation and operating costs. Total revenue, operating netbacks, adjusted net earnings, adjusted working capital and net debt as presented, do not have any standardized meaning prescribed by GAAP and therefore, may not be comparable with the calculation of similar measure for other entities. Total Boe is calculated by multiplying the daily production by the number of days in the period.*

Additional GAAP measurements *– Additional GAAP measurements, which are non-GAAP measurements that are referenced in the annual financial statements, do not have a standardized meaning prescribed by GAAP and therefore may not be comparable with the calculation of similar measures for other entities. Adjusted working capital equals working capital excluding the current portion of the commodity derivative asset or liability. Net debt is equal to bank debt net of the adjusted working capital. Annualized current quarter funds from operations is calculated as current quarter cash flow from operations before asset retirement expenditures and changes in non-cash working capital, annualized for the year.*

Description of business – NuVista 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 common shares of NuVista trade on the Toronto Stock Exchange ("TSX") under the symbol NVA.

Dispositions – NuVista had minor asset dispositions in the first quarter of 2015. Throughout 2014, NuVista disposed of various non-core assets with combined production at the time of sale, of approximately 2,100 Boe/d. These properties were located in the areas of Northeast British Columbia and Pine Creek, Pembina, Fir and Wapiti Alberta.

Operating activities – For the three months ended March 31, 2015, NuVista drilled 6 (6.0 net) wells resulting in 5 (5.0 net) natural gas wells and 1 (1.0 net) disposal well. All 6 operated wells were drilled in NuVista's Wapiti Montney operating area and had an average working interest of 100%.

Production

	Three months ended March 31,		
	2015	2014	% Change
Natural gas (Mcf/d)	**98,272**	59,202	66
Condensate (Bbls/d)	**4,651**	2,614	78
Butane (Bbls/d)	**494**	488	1
Propane (Bbls/d)	**602**	883	(32)
Ethane (Bbls/d)	**677**	841	(20)
Oil (Bbls/d)	**331**	663	(50)
Subtotal (Boe/d)	**23,134**	15,356	51
Dispositions (Boe/d)	**81**	2,467	(97)
Total oil equivalent (Boe/d)	**23,215**	17,823	30

Production by area

	Three months ended March 31,					Three months ended March 31,				
	Natural gas (Mcf/d)	Condensate (Bbls/d)	NGLs (Bbls/d)	Oil (Bbls/d)	**2015 Total (Boe/d)**	Natural gas (Mcf/d)	Condensate (Bbls/d)	NGLs (Bbls/d)	Oil (Bbls/d)	2014 Total (Boe/d)
Wapiti Montney	69,769	4,346	699	—	**16,673**	29,120	2,342	863	—	8,058
Wapiti Sweet	17,804	230	998	18	**4,214**	17,320	206	1,240	4	4,337
Non-core	10,699	75	76	313	**2,247**	12,762	66	109	659	2,961
Subtotal	98,272	4,651	1,773	331	**23,134**	59,202	2,614	2,212	663	15,356
Dispositions	336	4	21	—	**81**	11,205	189	207	203	2,467
Total	98,608	4,655	1,794	331	**23,215**	70,407	2,803	2,419	866	17,823

For the three months ended March 31, 2015, NuVista's average production was 23,215 Boe/d compared to 17,823 Boe/d for the same period in 2014. 90% of NuVista's production volumes relate to the Wapiti operating areas with Wapiti Montney and Wapiti Sweet production accounting for 72% and 18% respectively of total company production. Condensate volumes increased by 78% to 4,651 Bbls/d from 2,614 Bbls/d in the first quarter of 2014 and were consistent with 4,623 Bbls/d in the fourth quarter of 2014. The majority of condensate production is associated with our Wapiti Montney area.

First quarter production increased by 30% compared to the comparative period of 2014. Production increased by 51% after excluding the effect of production related to Dispositions. The increase in total first quarter production to 23,215 Boe/d from 23,165 Boe/d in the fourth quarter was due to increased production from existing wells and 4 new Wapiti Montney wells brought on production offset by production of approximately 1,373 Boe/d which was disposed at the end of the fourth quarter of 2014. Wapiti Montney production averaged 16,673 Boe/d in the first quarter, an increase of 9% from approximately 15,288 Boe/d in the fourth quarter of 2014.

Commodity prices

Benchmark prices

	Three months ended March 31,		
	2015	2014	% Change
Natural gas - AECO (daily) ($/GJ)	**2.60**	5.42	(52)
Natural gas - AECO (monthly) ($/GJ)	**2.80**	4.51	(38)
Natural gas - NYMEX (monthly) ($/GJ)	**2.98**	4.94	(40)
Oil - WTI (US$/Bbl)	**48.63**	98.68	(51)
Oil - Edmonton Par - (Cdn$/Bbl)	**51.78**	99.78	(48)
Condensate - (Cdn$/Bbl)	**56.67**	113.28	(50)
Exchange rate - (Cdn$/US$)	**1.241**	1.104	12

Average selling prices (1)

	Three months ended March 31,		
	2015	2014	% Change
Natural gas ($/Mcf)	**3.83**	4.50	(15)
Condensate ($/Bbl)	**48.47**	95.29	(49)
Butane ($/Bbl)	**30.37**	59.54	(49)
Propane ($/Bbl)	**8.11**	57.46	(86)
Ethane ($/Bbl)	**9.41**	15.61	(40)
Oil ($/Bbl)	**41.78**	89.28	(53)

(1) Prices exclude price risk management realized and unrealized gains and losses on financial derivative commodity contracts and includes gains and losses on physical sale contracts.

NuVista markets its natural gas based on a mix of monthly, daily and fixed AECO pricing. NuVista's average selling price for natural gas in the first quarter of 2015 was $3.83/Mcf compared to $4.50/Mcf for the same period in 2014 and $3.77/Mcf in the fourth quarter of 2014.

Natural gas liquids include butane, propane and ethane and are priced to varying degrees based on oil and natural gas prices. Strong demand for condensate in Alberta results in benchmark condensate prices at Edmonton trading at a premium to Canadian light oil prices. NuVista's realized condensate prices include adjustments for pipeline tariffs to Edmonton and quality differentials. Condensate prices averaged $48.47/Bbl in the first quarter, a decrease of 49% from $95.29/Bbl in the same period in 2014, consistent with a 51% decline in WTI prices. Butane and propane trade at varying discounts to light oil prices depending on market conditions. Ethane prices are highly correlated to natural gas prices.

Revenues

	Three months ended March 31,					
($ thousands)	Natural gas	Condensate	NGLs (2)	Oil	**2015 Total**	2014 Total
Revenue (1)	33,972	20,310	2,400	1,245	**57,927**	68,897
Realized gain (loss) on commodity derivatives	74	11,599	—	596	**12,269**	(3,700)
Total revenue (3)	34,046	31,909	2,400	1,841	**70,196**	65,197

(1) Natural gas revenue includes price risk management gains and losses on physical sale contracts. For the three months ended March 31, 2015, our physical sale contracts totaled a $4.9 million gain (2014 – $3.1 million loss).
(2) Includes butane, propane, and ethane.
(3) Refer to "Non-GAAP measurements".

For the three months ended March 31, 2015, revenues including realized commodity derivative gains and losses were $70.2 million, a 8% increase from $65.2 million for the same period in 2014. The increase in total revenue for the three months ended March 31, 2015 compared to the same period of 2014 is due to realized gains on commodity derivative contracts of $12.3 million and a 30% increase in production volumes offset by a 35% decrease in overall realized prices. Revenues were comprised of $34.0 million of natural gas revenue, $31.9 million of condensate revenue, $2.4 million of NGL revenue and $1.8 million of oil revenue.

Commodity price risk management

	Three months ended March 31,					
($ thousands)	**2015**			2014		
	Realized gain (loss)	Unrealized gain (loss)	Total gain (loss)	Realized gain (loss)	Unrealized gain (loss)	Total gain (loss)
Natural gas	**74**	**(59)**	**15**	(774)	(4,177)	(4,951)
Condensate and NGLs	**11,599**	**(10,023)**	**1,576**	(2,235)	(3,980)	(6,215)
Oil	**596**	**(514)**	**82**	(691)	(1,229)	(1,920)
Total gain (loss)	**12,269**	**(10,596)**	**1,673**	(3,700)	(9,386)	(13,086)

NuVista has a disciplined commodity price risk management program as part of its financial risk management strategy. The purpose of this program is to reduce volatility in financial results, protect acquisition economics and help stabilize cash flow against the unpredictable commodity price environment. NuVista's Board of Directors has authorized the use of fixed price, put option and costless collar contracts ("Fixed Price Contracts") for up to 60% of forecast production, net of royalties, for the first twelve month period, up to 50% for the next twelve month period, and up to 40% for the next 12 month period. In addition, the Board of Directors approved limits for entering into natural gas basis differential contracts that are the lesser of 50% of forecast natural gas production, net of royalties, or the volumes that would bring the combined natural gas basis differential contracts and natural gas Fixed Price Contracts to 100% of forecast natural gas production, net of royalties.

During the first quarter of 2015, the commodity price risk management program resulted in a gain of $1.7 million, consisting of a realized gain of $12.3 million and unrealized loss of $10.6 million on natural gas and oil contracts compared to a realized loss of $3.7 million and unrealized loss of $9.4 million for the same period of 2014. At March 31, 2015, the mark to market value of the financial derivative commodity contracts amounted to $36.6 million consisting of current assets of $19.8 million and long term assets of $16.8 million.

Price risk management gain on our physical sale contracts totaled $4.9 million for the three months ended March 31, 2015. The mark to market value of the physical sale contracts at March 31, 2015 was a gain of $36.1 million; these transactions are not recorded on the financial statements but once settled they are recognized in net earnings.

(a) Financial instruments

The following is a summary of financial instruments outstanding as at March 31, 2015:

	Volume (Bbls/d)	Pricing (Cdn$/Bbl)	Premium (Cdn$/Bbl)	Remaining term
WTI crude oil contracts				
Fixed price swap	3,217	$96.20		Apr 1, 2015 - Jun 30, 2015
Fixed price swap	3,253	$96.11		Jul 1, 2015 - Sep 30, 2015
Fixed price swap	2,901	$94.98		Oct 1, 2015 - Dec 31, 2015
Fixed price swap	1,700	$91.52		Jan 1, 2016 - Mar 31, 2016
Fixed price swap	1,700	$91.52		Apr 1, 2016 - Jun 30, 2016
Fixed price swap	1,400	$89.60		Jul 1, 2016 - Sep 30, 2016
Fixed price swap	1,400	$89.60		Oct 1, 2016 - Dec 31, 2016
Put option	300	$104.52	$4.82	Apr 1, 2015 - Jun 30, 2015
Put option	200	$103.50	$4.90	Jul 1, 2015 - Sep 30, 2015

	Volume (MMbtu/d)	Pricing (US$/MMbtu)	Remaining term
NYMEX natural gas contracts			
NYMEX-AECO basis	5,000	$(0.44)	Apr 1, 2015 - Dec 31, 2015
NYMEX-AECO basis	5,000	$(0.61)	Jan 1, 2016 - Dec 31, 2016
NYMEX-AECO basis	5,000	$(0.70)	Jan 1, 2017 - Dec 31, 2017

Subsequent to March 31, 2015, the following financial instruments have been entered into:

	Volume (Bbls/d)	Pricing (Cdn$/Bbl)	Remaining term
WTI crude oil contracts			
Fixed price swap	100	$77.00	Jan 1, 2016 - Dec 31, 2016
Fixed price swap	100	$77.10	Jan 1, 2016 - Dec 31, 2016

	Volume (MMbtu/d)	Pricing (US$/MMbtu)	Remaining term
NYMEX natural gas contracts			
NYMEX-AECO basis	5,000	$(0.70)	Jan 1, 2016 - Dec 31, 2017

(b) Physical purchase and sale contracts

The following is a summary of physical purchase and sale contracts outstanding as at March 31, 2015:

	Volume (GJ/d)	Pricing (Cdn$/GJ)	Remaining term
AECO natural gas contracts			
Costless collar	2,000	$3.50 - $4.15	Apr 1, 2015 - Jun 30, 2015
Costless collar	12,000	$3.46 - $3.93	Jul 1, 2015 - Sep 30, 2015
Costless collar	12,000	$3.46 - $3.93	Oct 1, 2015 - Dec 31, 2015
Costless collar	10,000	$3.45 - $3.89	Jan 1, 2016 - Mar 31, 2016
Costless collar	5,000	$3.40 - $3.85	Apr 1, 2016 - Jun 30, 2016
Costless collar	5,000	$3.40 - $3.85	Jul 1, 2016 - Sept 30, 2016
Costless collar	5,000	$3.40 - $3.85	Oct 1, 2016 - Dec 31, 2016
Fixed price swap	53,308	$3.71	Apr 1, 2015 - Jun 30, 2015
Fixed price swap	53,022	$3.71	Jul 1, 2015 - Sep 30, 2015
Fixed price swap	52,342	$3.69	Oct 1, 2015 - Dec 31, 2015
Fixed price swap	53,000	$3.59	Jan 1, 2016 - Mar 31, 2016
Fixed price swap	43,000	$3.53	Apr 1, 2016 - Jun 30, 2016
Fixed price swap	53,000	$3.49	Jul 1, 2016 - Sep 30, 2016
Fixed price swap	53,000	$3.49	Oct 1, 2016 - Dec 31, 2016
Fixed price swap	40,000	$3.44	Jan 1, 2017 - Mar 31, 2017
Fixed price swap	25,000	$3.43	Apr 1, 2017 - Jun 30, 2017
Fixed price swap	15,000	$3.50	Jul 1, 2017 - Sep 30, 2017
Fixed price swap	13,315	$3.50	Oct 1, 2017 - Dec 31, 2017

These physical purchase and sale contracts are not considered financial instruments and are being accounted for as they settle.

Royalties

	Three months ended March 31,	
($ thousands, except % and per boe amounts)	**2015**	2014
Royalties	2,839	6,644
Royalties as a % of revenues	5	10
Per Boe	1.36	4.14

For the three months ended March 31, 2015, royalties were $2.8 million, 57% lower than the $6.6 million for the same period of 2014. On a total dollar basis, royalties decreased by $3.8 million in the first quarter of 2015 compared to the same period in 2014 due primarily to lower royalties in our non-core area as a result of declining production, lower commodity prices and dispositions of higher royalty rate assets.

As a percentage of revenue, the reported average royalty rate for the three months ended March 31, 2015 was 5% compared to 10% for the comparative period of 2014 and 6% for the three months ended December 31, 2014. Corporate royalties rates decreased in 2015 compared to 2014 due to dispositions of higher royalty rate non-core assets in 2014 and lower commodity prices. The Wapiti areas represent 90% of production and had a royalty rate of 5% for the first quarter of 2015.

NuVista's physical price risk management activities impact reported royalty rates as royalties are based on government market reference prices and not the Company's average realized prices that include price risk management activities.

Operating – Operating expenses were $22.9 million ($10.94/Boe) for the three months ended March 31, 2015 compared to $17.4 million ($10.87/Boe) for the same period of 2014 and $23.3 million ($10.92/Boe) for the three months ended December 31, 2014. First quarter operating expenses on a total dollar basis were higher compared to the same period of 2014 due to a 30% increase in production mainly driven from the Wapiti Montney play; operating expenses on a per Boe basis were consistent.

Transportation – Transportation costs were $6.7 million ($3.21/Boe) for the three months ended March 31, 2015 as compared to $1.7 million ($1.03/Boe) for the same period of 2014. Transportation costs on a total dollar and per unit basis for the three months ended March 31, 2015 were higher compared to the same period in 2014 due to increased trucking costs associated with increased liquids production from our Wapiti Montney play. As expected, trucking costs were high during the quarter as liquid volumes were temporarily trucked to third party facilities for processing. Capacity restrictions at various facilities also contributed to the increased cost. At the end of March 2015, planned third party facility modifications and pipeline construction were completed which should result in significantly less liquids volumes being trucked and lower transportation costs.

General and administrative

	Three months ended March 31,	
($ thousands, except per unit amounts)	**2015**	2014
Gross G&A expenses	**5,446**	5,570
Overhead recoveries	**(197)**	(453)
Net G&A expenses	**5,249**	5,117
Per Boe	**2.51**	3.19

General and administrative ("G&A") expenses, net of overhead recoveries, for the three months ended March 31, 2015 were $5.2 million ($2.51/Boe) compared to $5.1 million ($3.19/Boe) in the same period of 2014. Lower consulting fees were incurred and lower operating recoveries were realized since a greater percentage of NuVista's operations are 100% operated. Gross and net G&A expenses on a total dollar basis were comparable but decreased on a per unit basis as a direct result of increased production volumes.

Share-based compensation

	Three months ended March 31,	
($ thousands)	**2015**	2014
Stock options	**1,047**	553
Restricted stock units	**329**	2,606
Restricted share awards	**106**	94
Total	**1,482**	3,253

NuVista recorded a share-based compensation charge of $1.5 million for the three months ended March 31, 2015 compared to $3.3 million for the same period in 2014. The share-based compensation charge relates to the amortization of the fair value of stock option awards and restricted share awards ("RSA") and the accrual for future payments under the restricted stock unit ("RSU") incentive plan. The decrease in expense for the comparative quarters is primarily as a result of NuVista's lower share price at March 31, 2015 of $7.62 per share compared to $9.58 per share at March 31, 2014 resulting in lower RSU expense in the period.

Interest – Interest expense for the three months ended March 31, 2015 was $1.9 million ($0.90/Boe) compared to $0.8 million ($0.53/Boe) for the same period of 2014. Interest expense increased compared to the same period in

2014 due to higher debt levels. For the three months ended March 31, 2015, borrowing costs averaged 3.4% compared to 3.3% in the same period of 2014. Cash paid for interest for the quarter ended March 31, 2015 was $1.8 million compared to $0.7 million for the same period in 2014.

Funds from operations – For the three months ended March 31, 2015, NuVista's funds from operations were $30.3 million ($0.22/share, basic), a decrease of 2% from $30.9 million ($0.17/share, basic) for the three months ended March 31, 2014 and a decrease of 17% from $36.7 million ($0.27/share, basic) from the fourth quarter of 2014. Funds from operations for the three months ended March 31, 2015 were lower compared with the same period in 2014 due primarily to lower realized oil and natural gas prices which was partially offset by higher production in the quarter.

A reconciliation of funds from operations is presented in the following table:

	Three months ended March 31,	
($ thousands)	**2015**	2014
Cash provided by operating activities	**38,980**	25,246
Add back:		
Asset retirement expenditures	**2,343**	4,404
Change in non-cash working capital	**(11,006)**	1,243
Funds from operations[1]	**30,317**	30,893

[1] Refer to "Non-GAAP measurements".

The table below summarizes operating netbacks by area for the three months ended March 31, 2015 and 2014:

	Wapiti Montney		Wapiti Sweet		Non-core		Corporate	**Q1 2015 Total**	
($ thousands, except per unit amounts)	$	$/Boe	$	$/Boe	$	$/Boe	$	**$**	**$/Boe**
Revenue	41,228	27.47	6,740	17.78	5,027	23.94	4,932	**57,927**	**27.73**
Realized gain (loss) on commodity derivatives[2]	—	—	—	—	—	—	12,269	**12,269**	**5.87**
	41,228	27.47	6,740	17.78	5,027	23.94	17,201	**70,196**	**33.60**
Royalties	(2,424)	(1.61)	(74)	(0.20)	(341)	(1.62)	—	**(2,839)**	**(1.36)**
Transportation costs	(5,958)	(3.97)	(342)	(0.90)	(413)	(1.97)	—	**(6,713)**	**(3.21)**
Operating costs	(15,374)	(10.24)	(1,820)	(4.80)	(5,667)	(26.99)	—	**(22,861)**	**(10.94)**
Operating netback[1]	17,472	11.65	4,504	11.88	(1,394)	(6.64)	17,201	**37,783**	**18.09**
General and administrative[2]	—	—	—	—	—	—	(5,249)	**(5,249)**	**(2.51)**
Restricted stock units[2]	—	—	—	—	—	—	(329)	**(329)**	**(0.16)**
Interest[2]	—	—	—	—	—	—	(1,888)	**(1,888)**	**(0.90)**
Funds from operations netback[1]	17,472	11.65	4,504	11.88	(1,394)	(6.64)	9,735	**30,317**	**14.52**

[1] Refer to "Non-GAAP measurements".
[2] Amounts not allocated by core area.

($ thousands, except per unit amounts)	Wapiti Montney $	$/Boe	Wapiti Sweet $	$/Boe	Non-core $	$/Boe	Corporate $	**Q1 2014 Total** **$**	**$/Boe**
Revenue	37,662	51.95	12,149	31.15	22,209	45.42	(3,123)	**68,897**	**42.95**
Realized gain (loss) on commodity derivatives(2)	—	—	—	—	—	—	(3,700)	**(3,700)**	**(2.31)**
	37,662	51.95	12,149	31.15	22,209	45.42	(6,823)	**65,197**	**40.64**
Royalties	(1,985)	(2.74)	(1,549)	(3.97)	(3,110)	(6.36)	—	**(6,644)**	**(4.14)**
Transportation costs	(1,020)	(1.41)	(305)	(0.78)	(326)	(0.67)	—	**(1,651)**	**(1.03)**
Operating costs	(6,897)	(9.51)	(1,429)	(3.66)	(9,117)	(18.64)	—	**(17,443)**	**(10.87)**
Operating netback(1)	27,760	38.29	8,866	22.74	9,656	19.75	(6,823)	**39,459**	**24.60**
General and administrative(2)	—	—	—	—	—	—	(5,117)	**(5,117)**	**(3.19)**
Restricted stock units(2)	—	—	—	—	—	—	(2,606)	**(2,606)**	**(1.62)**
Interest(2)	—	—	—	—	—	—	(843)	**(843)**	**(0.53)**
Funds from operations netback(1)	27,760	38.29	8,866	22.74	9,656	19.75	(15,389)	**30,893**	**19.26**

(1)Refer to “Non-GAAP measurements”.
(2)Amounts not allocated by core area.

Depletion, depreciation and amortization

($ thousands, except per unit amounts)	Three months ended March 31, **2015**	2014
Depletion of oil and gas assets	**23,356**	20,054
Depreciation of fixed assets	**2,597**	1,593
Total DD&A	**25,953**	21,647
DD&A rate per Boe	**12.42**	13.49

Depletion, depreciation and amortization (“DD&A”) expenses were $26.0 million for the first quarter of 2015 as compared to $21.6 million for the same period in 2014. The average per unit cost was $12.42/Boe in the first quarter of 2015 as compared to $13.49/Boe for the same period in 2014. DD&A expense for the three months ended March 31, 2015 increased compared to the same period in 2014 primarily due to increased production in the period. The decrease in DD&A per Boe was primarily due to the significant increase in reserves and an impairment expense of $43.4 million recorded at December 31, 2014 resulting in a lower DD&A rate per Boe in 2015.

Asset retirement obligations – Asset retirement obligations (“ARO”) 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, 2015, NuVista recorded an ARO of $116.3 million as compared to $111.3 million as at December 31, 2014. The liability was discounted using a risk free discount rate of 2.0% at March 31, 2015 (December 31, 2014 – 2.3%). The increase in estimates of $6.2 million for the three months ended March 31, 2015, was primarily due a decrease in the risk-free rate which amounted to $6.7 million. At March 31, 2015, the estimated total undiscounted amount of cash flow required to settle NuVista’s ARO was $164.0 million (December 31, 2014 – $172.6 million). The majority of the costs are expected to be incurred between 2016 and 2033. Actual ARO expenditures for the three months ended March 31, 2015 were $2.3 million (March 31, 2014 – $4.4 million).

There are uncertainties related to asset retirement obligations and the impact on the financial statements could be material as the eventual timing and expected costs to settle these obligations could differ from our estimates. The main factors that could cause expected costs to differ are changes to laws, regulations, reserve estimates, costs and technology. Any reclamation or abandonment expenditures will generally be funded from cash flow from operating activities.

Capital expenditures

($ thousands)	Three months ended March 31, 2015	2014
Exploration and development		
Land and retention costs	**57**	3,575
Seismic	**6,579**	1,431
Drilling and completion	**48,415**	66,462
Facilities and equipment	**52,250**	54,908
Corporate and other	**15**	193
Capital expenditures	**107,316**	126,569

Capital expenditures were $107.3 million during the first quarter of 2015, consisting of exploration and development spending compared to $126.6 million incurred for the same period of 2014. Substantially all of the capital expenditures in the first quarter were spent on liquids-rich natural gas projects in the Wapiti Montney play. NuVista spent $31.9 million during the first quarter constructing a compressor station in the Elmworth area with ultimate through-put capacity of 80MMcf/d of raw gas and 4,000 Bbls/d of condensate. This compressor station is expected to be operational by the end of the second quarter of 2015.

Acquisitions and dispositions – For the three months ended March 31, 2015, there were undeveloped land acquisitions of $0.6 million whereas there were no acquisitions for the comparative period of 2014. During the first quarter of 2015, NuVista sold minor assets for proceeds after closing adjustments of $2.8 million resulting in a gain on dispositions of $0.5 million.

Income taxes – For the three months ended March 31, 2015, the provision for income and other taxes was a benefit of $1.0 million compared to a benefit of $0.6 million for the same period in 2014. The increase in benefit for the first quarter of 2015 compared to 2014 is primarily attributable to the increase in the net loss after adjusting for non-deductible tax items offset by the impact of flow-through share renunciations in the period.

Net loss – For the three months ended March 31, 2015, net loss totaled $7.7 million ($0.06/share, basic) compared to a net loss of $4.4 million ($0.03/share, basic) for the same period in 2014 primarily due to the lower funds from operations as a result of lower realized commodity prices. The loss was partially offset by realized gains on derivatives of $12.3 million and a deferred income tax benefit of $1.0 million for the three months ended March 31, 2015.

Adjusted net earnings (loss) – The table below summarizes adjusted net earnings (loss) for the three months ended March 31, 2015 and 2014:

($ thousands)	Three months ended March 31, 2015	2014
Net loss	**(7,659)**	(4,358)
Add (deduct):		
Unrealized loss on commodity derivatives, after tax	**7,943**	7,025
Gain on dispositions, after tax	**(367)**	—
Adjusted net earnings (loss)(1)	**(83)**	2,667
Per basic and diluted share	**—**	0.02

(1) Refer to “Non-GAAP measurements”.

Liquidity and capital resources

($ thousands)	**March 31, 2015**	December 31, 2014
Common shares outstanding	**138,834**	138,677
Share price(1)	**7.62**	7.41
Total market capitalization	**1,057,915**	1,027,597
Adjusted working capital (surplus) deficit(2)	**27,548**	11,801
Long-term debt	**232,539**	171,969
Debt, net of adjusted working capital ("Net debt")	**260,087**	183,770
Annualized current quarter funds from operations(2)	**121,268**	146,812
Net debt to annualized current quarter funds from operations(2)	**2.1**	1.3

(1) Represents the closing price on the Toronto Stock Exchange on March 31, 2015 and December 31, 2014.
(2) Refer to the "Non-GAAP measurements".

As at March 31, 2015, net debt was $260.1 million, resulting in a net debt to annualized current quarter funds from operations of 2.1x. NuVista's long term strategy is to maintain a net debt to annualized current quarter funds from operations ratio of less than 1.5x. However, in periods of volatile and lower commodity prices, NuVista is willing to work to target a net debt to annualized current quarter funds from operations of less than 2x. The actual ratio may fluctuate on a quarterly basis above or below target due to a number of factors including facility outages, commodity prices and the timing of acquisitions and dispositions. At March 31, 2015, NuVista had an adjusted working capital deficit of $27.5 million. Adjusted working capital is current assets less current liabilities excluding the current portion of the fair value of the commodity derivative assets of $19.8 million. We believe it is appropriate to exclude these amounts when assessing financial leverage. At March 31, 2015, NuVista had drawn $232.5 million on its credit facility leaving $67.5 million of unused bank borrowing capacity based on the current committed credit facility of $300 million.

At March 31, 2015 NuVista had a $300 million (December 31, 2014 - $300 million) extendible revolving term credit facility available from a syndicate of Canadian chartered banks. In April 2015, NuVista completed the annual review of its borrowing base with its lenders and the lenders approved a revolving extendible credit facility with a maximum borrowing base of $300 million as a result of increased producing reserves offset by reduced forecast commodity prices used by the 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 NuVista's oil and natural gas properties and equipment. The credit facility has a 364-day revolving period and is subject to an annual review by the lenders, at which time a lender can extend the revolving period or can request conversion to a one year term loan. During the revolving period, a review of the maximum borrowing amount occurs semi-annually on or before October 31 and April 30. The revolving period matures on April 29, 2016. During the term period, no principal payments would be required until a year after the revolving period matures. As such, the credit facility is classified as long-term. NuVista is subject to various non-financial covenants under its credit facility. Compliance with these covenants is monitored on a regular basis and as at March 31, 2015, NuVista was in compliance with all covenants.

In April 2015, NuVista issued common and flow-through shares for gross proceeds of $112.0 million. Pursuant to a public offering, 11.5 million common shares were issued at $7.85 per share and 2.3 million common shares were issued on a flow-through basis in respect of Canadian Development expenses ("CDE") at a price of $8.65 per share. In addition, NuVista also completed a private offering of 0.2 million common shares on a flow-through basis in respect of CDE expenses at a price of $8.65 per share. Under the terms of the flow-through share agreements, the Company is committed to spend $22.0 million on qualifying CDE prior to December 31, 2015. The proceeds from the offering were used to reduce bank debt and fund NuVista's capital program.

NuVista plans to monitor its 2015 business plan and adjust its capital program in the context of commodity prices and debt levels. NuVista plans to finance its 2015 capital program with funds from operating activities, any proceeds from divestitures, available bank lines and proceeds from the equity financing completed in April, 2015.

In September 2014, pursuant to a private placement, NuVista issued 2.4 million common shares on a flow-through basis in respect of Canadian exploration expenses ("CEE") and CDE at a price of $13.19 and $11.99 per share respectively for gross proceeds of $29.4 million. As at December 31, 2014, NuVista had fully spent the $17.7 million qualifying CDE and as at March 31, 2015, NuVista had fully spent the $11.7 million CEE on qualifying expenditures.

As at March 31, 2015, there were 138.8 million common shares outstanding. In addition, there were 6.2 million stock options with an average exercise price of $7.50 per option, 0.4 million RSUs and 0.1 million RSAs outstanding. As of May 1, 2015, there were 153.0 million common shares, 6.0 million options, 0.4 million RSUs and 0.1 million RSAs outstanding.

Contractual obligations and commitments – NuVista enters into contract obligations as part of conducting business. The following is a summary of NuVista's contractual obligations and commitments as at March 31, 2015:

($ thousands)	**Total**	2015	2016	2017	2018	2019	Thereafter
Transportation and processing	**533,882**	25,297	55,355	65,692	63,547	55,174	268,817
Office lease	**9,615**	2,766	3,702	3,147	—	—	—
Purchase contracts	**7,911**	5,143	2,768	—	—	—	—
Total commitments	**551,408**	33,206	61,825	68,839	63,547	55,174	268,817

During the first quarter, NuVista entered into additional take or pay agreements for the transportation and processing of natural gas and condensate that amounted to $66.3 million.

Off "balance sheet" arrangements – NuVista has certain lease arrangements, all of which are reflected in the contractual obligations and commitments table, which were entered into in the normal course of operations. All leases have been treated as operating leases whereby the lease payments are included in operating expenses or general and administrative expenses depending on the nature of the lease.

Quarterly financial information – The following table highlights NuVista's performance for the eight quarterly reporting periods from June 30, 2013 to March 31, 2015:

($ thousands, except	**2015**	2014			2013			
per share amounts)	**Mar 31**	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
Production (Boe/d)	**23,215**	23,165	18,030	14,493	17,823	18,034	18,532	17,799
Revenue	**57,927**	72,050	66,426	51,734	68,897	57,143	60,420	54,158
Net loss	**(7,659)**	(42,478)	(208)	(11,837)	(4,358)	(47,405)	(2,295)	(7,383)
Net loss								
Per basic and diluted share	**(0.06)**	(0.31)	—	(0.09)	(0.03)	(0.38)	(0.02)	(0.06)

NuVista has seen production volumes in a range of 14,493 Boe/d to 23,215 Boe/d for the last eight quarters. NuVista's production volumes have increased to 23,215 Boe/d due to increased levels of capital spending in Wapiti Montney. Over the prior eight quarters, quarterly revenue has been in a range of $51.7 million to $72.1 million with revenue primarily influenced by production volumes, commodity prices and property dispositions. Net losses have been in a range of a net loss of $47.4 million to net loss of $0.2 million with earnings primarily influenced by impairments, gains and losses from disposal of assets, production volumes, commodity prices and realized and unrealized gains and losses on commodity derivatives.

Update on regulatory matters

Environmental – There are no new material environmental initiatives impacting NuVista at this time.

Update on financial reporting matters

Future accounting changes

In May 2014, the IASB issued IFRS 15, "Revenue from Contracts with Customers", which replaces IAS 18, "Revenue" and IAS 11, "Construction Contracts". The standard is required to be adopted retrospectively or using a modified transition approach. The current effective date is January 2017, however the IASB has proposed to defer to January 2018 with earlier adoption permitted. NuVista is currently evaluating the impact this standard may have on the financial statements.

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

Disclosure controls and internal controls over financial reporting

NuVista’s President and Chief Executive Officer (“CEO”) and Vice President, Finance and Chief Financial Officer (“CFO”) are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting as defined in National Instrument 52-109. NuVista’s CEO and CFO have designed disclosure controls and procedures, or caused them to be designed under their supervision, to provide reasonable assurance that information required to be disclosed by NuVista in its interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and is accumulated and communicated to NuVista’s management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure. The CEO and CFO have concluded, based on their evaluation as of the end of the period covered by the interim filings that the Company’s disclosure controls and procedures are effective to provide reasonable assurance that material information related to NuVista, is made known to them by others within the Company.

The CEO and CFO have also designed internal controls over financial reporting, or caused them to be designed under their supervision, to provide reasonable assurance regarding the reliability of NuVista’s financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes those policies and procedures that: (a) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of NuVista; (b) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with GAAP, and that receipts and expenditures of NuVista are being made only in accordance with authorizations of management and directors of NuVista; and (c) are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of NuVista’s assets that could have a material effect on the annual financial statements. NuVista has designed its internal controls over financial reporting based on the framework in “Internal Control Over Financial Reporting – Guidance for Smaller Public Companies” issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992). During the quarter ended March 31, 2015, there have been no changes to NuVista’s internal controls over financial reporting that have materially or are reasonably likely to materially affect the internal controls over financial reporting.

Because of their inherent limitations, disclosure controls and procedures and internal control over financial reporting may not prevent or detect misstatements, error or fraud. Control systems, no matter how well conceived or operated, can provide only reasonable, not absolute assurance, that the objectives of the control system are met.

Assessment of business risks

The following are the primary risks associated with the business of NuVista. Most of these risks are similar to those affecting others in the conventional oil and natural gas sector. NuVista’s financial position and results of operations are directly impacted by these factors:

- Operational risk associated with the production of oil and natural gas;
- Reserves risk with respect to the quantity and quality of recoverable reserves;
- Commodity risk as crude oil and natural gas prices and differentials fluctuate due to market forces;
- Financial risk such as volatility of the Cdn/US dollar exchange rate, interest rates and debt service obligations;
- Risk associated with the re-negotiation of NuVista's credit facility and the continued participation of NuVista's lenders;
- Market risk relating to the availability of transportation systems to move the product to market;
- Environmental and safety risk associated with well operations and production facilities;
- Changing government regulations relating to royalty legislation, income tax laws, incentive programs, operating practices and environmental protection relating to the oil and natural gas industry; and
- Labour risks related to availability, productivity and retention of qualified personnel.

NuVista seeks to mitigate these risks by:

- Acquiring properties with established production trends to reduce technical uncertainty as well as undeveloped land with development potential;
- Maintaining a low cost structure to maximize product netbacks and reduce impact of commodity price cycles;
- Diversifying properties to mitigate individual property and well risk;
- Maintaining product mix to balance exposure to commodity prices;
- Conducting rigorous reviews of all property acquisitions;
- Monitoring pricing trends and developing a mix of contractual arrangements for the marketing of products with creditworthy counterparties;
- Maintaining a price risk management program to manage commodity prices and foreign exchange currency rates risk and transacting with creditworthy counterparties;
- Ensuring strong third-party operators for non-operated properties;
- Adhering to NuVista's safety program and keeping abreast of current operating best practices;
- Keeping informed of proposed changes in regulations and laws to properly respond to and plan for the effects that these changes may have on our operations;
- Carrying industry standard insurance to cover losses;
- Establishing and maintaining adequate cash resources to fund future abandonment and site restoration costs;
- Closely monitoring commodity prices and capital programs to manage financial leverage; and
- Monitoring the bank and equity markets to understand how changes in the capital market may impact NuVista's business plan.

Information regarding risk factors associated with the business of NuVista and how NuVista seeks to mitigate these risks will be contained in our Annual Information Form under the Risk Factors Section for the year ended December 31, 2014.

OUTLOOK

In response to the recent downturn in commodity prices NuVista announced in early 2015 that we had elected to revise our 2015 capital budget to a range of $270 to $290 million, which is reduced and high-graded from the original capital budget of $340 to $380 million announced in November of 2014. Spending for the first half of 2015 will be approximately 55 to 60% of the annual total.

We have elected to maintain our 2015 capital spending guidance at this time at $270 to $290 million. We remain flexible and could scale spending down further if needed, or alternatively we could scale up our capital program quickly and efficiently to take advantage of higher growth opportunities if the commodity price environment warrants it. In this reduced commodity price environment we are seeing an emerging benefit from reducing service costs.

Our production guidance range for 2015 is unchanged at 22,500 to 24,000 Boe/d and we anticipate production in the range of 21,000 to 22,000 Boe/d for the second quarter of 2015. This is a slight reduction as planned, in comparison to the first quarter of 2015, due to temporary spring breakup conditions and approximately 750 Boe/d of production interruption due to ongoing TransCanada Pipeline ("TCPL") natural gas mainline maintenance work. Production is then expected to rise through the fourth quarter of 2015 with our increased firm TCPL contract, and likely also the third quarter depending on TCPL availability. We would also like to re-affirm that our 2015 and 2016 production estimate in this environment is forecast to be sufficient to fulfill substantially all Take or Pay ("TOP") obligations with midstream companies as a result of the flexible terms which we have put in place previously. Despite reduced spending in this environment, our long term plans for 2016 and beyond remain solid and intact.