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") audited consolidated financial statements for the year ended December 31, 2014. The following MD&A of financial condition and results of operations was prepared at and is dated March 6, 2015. Our December 31, 2014 audited consolidated financial statements, Annual Information Form and other disclosure documents for 2014 will be available through our filings on SEDAR at **www.sedar.com** or can be obtained from our website at **www.nuvistaenergy.com** on or before March 31, 2015.

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; development and delineation drilling, completion and tie-in plans and results; 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; anticipated funds from operations; the anticipated potential and growth opportunities associated with NuVista's asset base; infrastructure development plans; 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; estimated tax pools; targeted debt levels; 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 divestures 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, referenced in the 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 – 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.

In December 2013, NuVista sold the majority of its assets in the Saskatchewan and Provost operating area. Production from these assets averaged approximately 1,800 Boe/d.

Operating activities – For the three months ended December 31, 2014, NuVista drilled 5 (5 net) natural gas wells in our Wapiti operating area.

For the twelve months ended December 31, 2014, NuVista drilled 25 (22.9 net) wells resulting in 24 (21.9 net) natural gas wells and 1 (1 net) micro-seismic observation well for an overall success rate of 100%. NuVista operated 24 of the wells and had an average working interest of 91.8%. All 25 wells were drilled in Nuvista's Wapiti operating area resulting in 21 (19.7) Montney natural gas wells, 3 (2.2) Falher natural gas wells, and 1 (1) Montney micro-seismic observation well.

Production

	Three months ended December 31,			Year ended December 31,		
	2014	2013	% Change	**2014**	2013	% Change
Natural gas (Mcf/d)	**88,332**	68,342	29	**66,151**	65,563	1
Condensate (Bbls/d)	**4,623**	2,499	85	**2,986**	1,922	55
Butane (Bbls/d)	**490**	481	2	**462**	457	1
Propane (Bbls/d)	**748**	713	5	**623**	710	(12)
Ethane (Bbls/d)	**926**	744	24	**756**	801	(6)
Oil (Bbls/d)	**330**	540	(39)	**474**	694	(32)
Subtotal (Boe/d)	**21,839**	16,367	33	**16,326**	15,511	5
Dispositions (Boe/d)	**1,326**	1,667	(20)	**2,065**	1,818	14
Total oil equivalent (Boe/d)	**23,165**	18,034	28	**18,391**	17,329	6

Production by area

	Three months ended December 31,					Three months ended December 31,				
	Natural Gas (Mcf/d)	Condensate (Bbls/d)	Liquids (Bbls/d)	Oil (Bbls/d)	**2014 Total (Boe/d)**	Natural Gas (Mcf/d)	Condensate (Bbls/d)	Liquids (Bbls/d)	Oil (Bbls/d)	2013 Total (Boe/d)
Wapiti Montney	61,335	4,406	660	—	**15,288**	22,884	2,030	471	—	6,315
Wapiti Sweet	17,601	164	1,423	—	**4,521**	18,426	197	1,114	—	4,382
Non-core	9,396	53	81	330	**2,030**	27,032	272	353	540	5,670
Subtotal	88,332	4,623	2,164	330	**21,839**	68,342	2,499	1,938	540	16,367
Dispositions	6,297	109	98	70	**1,326**	5,556	—	—	741	1,667
Total	94,629	4,732	2,262	400	**23,165**	73,898	2,499	1,938	1,281	18,034

	Year ended December 31,					Year ended December 31,				
	Natural Gas (Mcf/d)	Condensate (Bbls/d)	Liquids (Bbls/d)	Oil (Bbls/d)	**2014 Total (Boe/d)**	Natural Gas (Mcf/d)	Condensate (Bbls/d)	Liquids (Bbls/d)	Oil (Bbls/d)	2013 Total (Boe/d)
Wapiti Montney	36,153	2,705	604	—	**9,334**	16,675	1,355	399	—	4,533
Wapiti Sweet	18,291	205	1,142	—	**4,396**	17,950	113	1,226	—	4,331
Non-core	11,707	76	95	474	**2,596**	30,938	454	343	694	6,647
Subtotal	66,151	2,986	1,841	474	**16,326**	65,563	1,922	1,968	694	15,511
Dispositions	9,715	153	155	138	**2,065**	6,187	—	—	787	1,818
Total	75,866	3,139	1,996	612	**18,391**	71,750	1,922	1,968	1,481	17,329

For the three months ended December 31, 2014, NuVista's average production was 23,165 Boe/d compared to 18,034 Boe/d for the same period in 2013. Oil and liquids weighting in the fourth quarter of 2014 was 32% compared to 32% for the same period in 2013. For the twelve months ended December 31, 2014, NuVista's average production was 18,391 Boe/d compared to 17,329 Boe/d for the same period in 2013. 75% of NuVista's year to date production volumes relate to the Wapiti operating area with Wapiti Montney and Wapiti Sweet production accounting for 51% and 24% respectively of total company production. The majority of condensate production is associated with our Wapiti Montney production. Condensate volumes increased by 45% to 4,623 Bbls/d from 3,197 Bbls/d in the third quarter of 2014 which represents 20% of total volumes.

Fourth quarter production increased by 28% compared to the comparative period of 2013. Production increased by 33% prior to factoring in the Dispositions. The increase in total fourth quarter production to 23,165 Boe/d from 18,030 Boe/d in the third quarter was due to increased production from existing wells and 2 new Wapiti Montney wells brought on production in the fourth quarter. Montney production averaged 15,288 Boe/d in the fourth quarter up from approximately 9,439 Boe/d in the third quarter. These increases in production were offset by production from assets which were divested in 2013 and 2014.

For the twelve months ended December 31, 2014, production increased by 5% and 6% prior to and after factoring in the Dispositions respectively. The increase in production is a direct result of 21 successful wells drilled year-to-date in the Wapiti Montney play, 16 of which were brought onto production.

Commodity prices

Benchmark prices

	Three months ended December 31,			Year ended December 31,		
	2014	2013	% Change	**2014**	2013	% Change
Natural gas - AECO (daily) ($/GJ)	**3.41**	3.35	2	**4.27**	3.01	42
Natural gas - AECO (monthly) ($/GJ)	**3.80**	2.99	27	**4.19**	3.00	40
Natural gas - NYMEX (monthly) ($/GJ)	**4.00**	3.60	11	**4.41**	3.65	21
Oil - WTI (US$/Bbl)	**73.15**	97.46	(25)	**93.00**	97.97	(5)
Oil - Edmonton Par - (Cdn$/Bbl)	**75.59**	86.40	(13)	**94.47**	93.01	2
Condensate - (Cdn$/Bbl)	**79.98**	98.91	(19)	**102.40**	104.69	(2)
Exchange rate - (Cdn$/US$)	**1.136**	1.050	8	**1.105**	1.030	7

Average selling prices [1]

	Three months ended December 31,			Year ended December 31,		
	2014	2013	% Change	**2014**	2013	% Change
Natural gas ($/Mcf)	**3.77**	3.40	11	**4.19**	3.28	28
Condensate ($/Bbl)	**73.10**	85.26	(14)	**87.30**	93.27	(6)
Butane ($/Bbl)	**40.22**	58.34	(31)	**52.40**	58.62	(11)
Propane ($/Bbl)	**23.10**	40.51	(43)	**37.49**	28.16	33
Ethane ($/Bbl)	**13.96**	10.91	28	**14.15**	9.42	50
Oil ($/Bbl)	**67.95**	71.46	(5)	**86.77**	78.48	11

[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 gas in the fourth quarter of 2014 was $3.77/Mcf compared to $3.40/Mcf for the same period in 2013 and

$4.31/Mcf in the third quarter of 2014. For the year ended 2014, the average selling price was $4.19/Mcf compared to $3.28/Mcf for the same period in 2013.

Natural gas liquids include condensate, 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 $73.10/Bbl in the fourth quarter down from $92.74/Bbl in the third quarter due primarily to a 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.

The price NuVista receives for its oil production is primarily driven by the price of WTI, less a discount to Western Canada for WTI-Edmonton light oil and heavy oil differentials. NuVista's oil production mix was approximately two-thirds heavy oil and one-third light oil in the fourth quarter of 2014. NuVista's light oil sales closely match the Edmonton Par price and heavy oil sales closely match the WCS heavy oil benchmark. WTI prices were 25% lower in the fourth quarter of 2014 compared to the fourth quarter of 2013. For the year ended 2014, WTI prices were down 5% to US $93.00/Bbl compared to $97.97/Bbl over the year 2013. Realized oil prices decreased 5% in the fourth quarter of 2014 compared to the same period of 2013 and up 11% for the twelve months ended December 31, 2014 compared to the same period in 2013. The fourth quarter decrease in realized prices was due primarily to the decrease in WTI prices.

Revenues

	Three months ended December 31,					
($ thousands)	Natural Gas	Condensate	Liquids [2]	Oil	**2014 Total**	2013 Total
Revenue [1]	32,848	31,824	4,873	2,505	**72,050**	57,143
Realized gain (loss) on commodity derivatives	(479)	4,155	—	352	**4,028**	(1,512)
Total revenue [3]	32,369	35,979	4,873	2,857	**76,078**	55,631

[1] Natural gas revenue includes price risk management gains and losses on physical sale contracts. For the three months ended December 31, 2014, our physical sale contracts totaled a $0.8 million loss (2013 – $0.8 million gain).
[2] Includes butane, propane, and ethane.
[3] Refer to "Non-GAAP measurements".

	Year ended December 31,					
($ thousands)	Natural Gas	Condensate	Liquids [2]	Oil	**2014 Total**	2013 Total
Revenue [1]	116,040	99,957	23,701	19,409	**259,107**	213,469
Realized gain (loss) on commodity derivatives	(3,743)	(3,279)	—	(1,776)	**(8,798)**	(7,013)
Total revenue [3]	112,297	96,678	23,701	17,633	**250,309**	206,456

[1] Natural gas revenue includes price risk management gains and losses on physical sale contracts. For the year ended December 31, 2014, our physical sale contracts totaled a $8.1 million gain (2013 – $1.9 million gain).
[2] Includes butane, propane, and ethane.
[3] Refer to "Non-GAAP measurements".

For the three months ended December 31, 2014, revenues including realized commodity derivative gains and losses were $76.1 million, a 37% increase from $55.6 million for the same period in 2013. The increase in revenues for the three months ended December 31, 2014 compared to the same period of 2013 is due to a 28% increase in production volumes primarily due to increased production from the Wapiti Montney play offset by the loss of production as a result of the Dispositions and a 6% increase in overall realized prices. Revenues were comprised of $32.4 million of natural gas revenue, $36.0 million of condensate revenue, $4.9 million of liquids revenue and $2.9 million of oil revenue. The increase in average realized commodity prices is comprised of an 11% increase in the natural gas price to $3.77/Mcf from $3.40/Mcf, a 14% decrease in the condensate price to $73.10/Bbl from $85.26/Bbl, a 34% decrease in the liquids price, excluding condensate to $23.43/Bbl from $35.58/Bbl and a 5% decrease in the oil price to $67.95/Bbl from $71.46/Bbl.

For the year ended December 31, 2014, revenues including realized commodity derivative gains and losses were $250.3 million, a 21% increase from $206.5 million for the same period in 2013. The increase in revenues for the twelve months ended December 31, 2014 compared to the same period of 2013 is primarily due to a 6% increase in average production combined with by a 14% increase in oil and natural gas pricing. These revenues were comprised of $112.3 million of natural gas revenue, $96.7 million of condensate revenue, $23.7 million of liquids revenue and $17.6 million of oil revenue. The increase in average realized commodity prices is comprised of a 28% increase in the natural gas price to $4.19/Mcf from $3.28/Mcf, a 6% decrease in the condensate price to $87.30/Bbl from $93.27/Bbl, an 18% increase in the liquids price, excluding condensate to $32.53/Bbl from $27.62/Bbl and an increase of 11% in the oil price to $86.77/Bbl from $78.48/Bbl.

Commodity price risk management

	Three months ended December 31,					
($ thousands)	**2014**			2013		
	Realized Gain (Loss)	**Unrealized Gain (Loss)**	**Total Gain (Loss)**	Realized Gain (Loss)	Unrealized Gain (Loss)	Total Gain (Loss)
Natural gas	**(479)**	**1,732**	**1,253**	473	(993)	(520)
Condensate	**4,155**	**44,413**	**48,568**	(1,313)	(1,388)	(2,701)
Oil	**352**	**3,761**	**4,113**	(672)	(710)	(1,382)
Total gain (loss)	**4,028**	**49,906**	**53,934**	(1,512)	(3,091)	(4,603)

	Year ended December 31,					
($ thousands)	**2014**			2013		
	Realized Gain (Loss)	**Unrealized Gain (Loss)**	**Total Gain (Loss)**	Realized Gain (Loss)	Unrealized Gain (Loss)	Total Gain (Loss)
Natural gas	**(3,743)**	**491**	**(3,252)**	397	107	504
Condensate	**(3,279)**	**49,523**	**46,244**	(4,225)	(3,203)	(7,428)
Oil	**(1,776)**	**4,018**	**2,242**	(3,185)	(2,653)	(5,838)
Total gain (loss)	**(8,798)**	**54,032**	**45,234**	(7,013)	(5,749)	(12,762)

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. In 2013, NuVista's Board of Directors approved amendments to its price risk management volume limits. The revised limits authorize 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.

The revised limits authorize the use of put options for up to 100% of forecast gas production, net of royalties, with certain maximum cost limits for the period of March 1, 2014 to December 31, 2014.

During the fourth quarter of 2014, the commodity price risk management program resulted in a gain of $53.9 million, consisting of a realized gain of $4.0 million and unrealized gain of $49.9 million on natural gas and oil contracts compared to a realized loss of $1.5 million and unrealized loss of $3.1 million for the same period of 2013. For the year ended December 31, 2014, the commodity price risk management program resulted in a gain of $45.2 million, consisting of a realized loss of $8.8 million and unrealized gain of $54.0 million on natural gas and oil contracts compared to a realized loss of $7.0 million and an unrealized loss of $5.7 million for the same period of 2013.

Price risk management loss on our physical sale contracts totaled $0.8 million and $8.1 million for the three and twelve months ended December 31, 2014 respectively. The mark to market value of the physical sale contracts at December 31, 2014 were a gain of $37.1 million. The physical sale contracts are entered into the normal course of business.

(a) Financial instruments

The following is a summary of financial instruments outstanding as at December 31, 2014:

	Volume (Bbls/d)	**Pricing (Cdn$/Bbl)**	**Premium (Cdn$/Bbl)**	**Remaining term**
WTI crude oil contracts				
Fixed price swap	3,550	$95.10		Jan 1, 2015 - Mar 31, 2015
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	1,250	$96.62		Jan 1, 2016 - Mar 31, 2016
Fixed price swap	1,250	$96.62		Apr 1, 2016 - Jun 30, 2016
Fixed price swap	950	$95.41		Jul 1, 2016 - Sep 30, 2016
Fixed price swap	950	$95.41		Oct 1, 2016 - Dec 31, 2016
Put option	300	$104.52	$4.82	Jan 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)	Jan 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 December 31, 2014, the following financial instruments have been entered into:

	Volume (Bbls/d)	**Pricing (Cdn$/Bbl)**	**Remaining term**
WTI crude oil contracts			
Fixed price swap	250	$76.82	Jan 1, 2016 - Dec 31, 2016

(b) Physical purchase and sale contracts

The following is a summary of physical purchase and sale contracts outstanding as at December 31, 2014:

	Volume (GJ/d)	Pricing (Cdn$/GJ)	Remaining term
AECO natural gas contracts			
Costless collar	3,722	$3.27 - $3.86	Jan 1, 2015 - Mar 31, 2015
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	57,178	$3.73	Jan 1, 2015 - Mar 31, 2015
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	38,000	$3.58	Apr 1, 2016 - Jun 30, 2016
Fixed price swap	43,000	$3.58	Jul 1, 2016 - Sep 30, 2016
Fixed price swap	43,000	$3.58	Oct 1, 2016 - Dec 31, 2016
Fixed price swap	25,000	$3.60	Jan 1, 2017 - Mar 31, 2017
Fixed price swap	15,000	$3.58	Apr 1, 2017 - Jun 30, 2017
Fixed price swap	10,000	$3.56	Jul 1, 2017 - Sep 30, 2017
Fixed price swap	8,315	$3.57	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.

Subsequent to December 31, 2014, the following physical purchase and sale contracts have been entered into:

	Volume (GJ/d)	Pricing (Cdn$/GJ)	Remaining term
Natural gas contracts			
Fixed price swap	5,000	$3.12	Apr 1, 2016 - Mar 31, 2017
Fixed price swap	5,000	$3.39	Jan 1, 2017 - Dec 31, 2017

Royalties

	Three months ended December 31,				Year ended December 31,			
	2014		2013		**2014**		2013	
($ thousands)	**$**	**%** [(1)]	$	% [(1)]	**$**	**%** [(1)]	$	% [(1)]
Natural gas and liquids	**4,132**	**6**	3,982	8	**18,327**	**8**	15,546	9
Oil	**315**	**13**	1,466	17	**3,857**	**20**	5,403	13
Weighted average rate	**4,447**	**6**	5,448	10	**22,184**	**9**	20,949	10

[(1)] Average royalty rate as a percentage of revenues.

For the three months ended December 31, 2014, royalties were $4.4 million, 18% lower than the $5.4 million for the same period of 2013. On a total dollar basis, royalties decreased by $1.0 million in the fourth quarter of 2014 compared to the same period in 2013 due to an increase in gas cost allowance claims as a result of increased capital and operating costs incurred on our Wapiti Montney area and due to Dispositions of higher royalty rate non-core assets. Royalty rates in the fourth quarter averaged 6% down from 8% in the third quarter due to same reasons mentioned above. Royalties for the year ended December 31, 2014 were $22.2 million compared to $20.9 million reported for the year ended December 31, 2013. On a total dollar basis, royalties increased by 6% or $1.2 million in 2014 compared to the prior year due to increased oil and natural gas prices and volumes.

Average royalty rates by product for the three months ended December 31, 2014 were 6% for natural gas and liquids and 13% for oil compared to 8% for natural gas and liquids and 17% for oil for the same period in 2013. As a percentage of revenue, the reported average royalty rate for the three months ended December 31, 2014 was 6% compared to 10% for the comparative period of 2013. Average royalty rates by product for the year ended December 31, 2014 were 8% for natural gas and liquids and 20% for oil compared to 9% for natural gas and liquids and 13% for oil for the same period in 2013. As a percentage of revenue, the reported average royalty rate for the year ended December 31, 2014 was 9%, relatively consistent to 10% for 2013.

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 $23.3 million ($10.92/Boe) for the three months ended December 31, 2014 compared to $18.5 million ($11.16/Boe) for the three months ended December 31, 2013 and $19.5 million ($11.75/Boe) for the three months ended September 30, 2014. For the three months ended December 31, 2014, natural gas and liquids operating expenses averaged $1.82/Mcfe and oil operating expenses were $9.55/Bbl as compared to $1.67/Mcfe and $26.31/Bbl respectively for the same period of 2013. Fourth quarter operating expenses on a total dollar basis were higher compared to the same period of 2013 due to a 28% increase in production mainly driven from the Wapiti Montney play and the associated costs of operating our Bilbo compressor station. Per unit operating costs decreased for the quarter compared to the same period in 2013 as properties with higher operating costs were disposed but these costs were offset by increased operating costs associated with increased Wapiti Montney activity.

Operating expenses were $75.3 million ($11.22/Boe) for the year ended December 31, 2014 as compared to $74.0 million ($11.70/Boe) for the year ended December 31, 2013. On a total dollar basis, operating costs increased by 2% in 2014 due primarily to increased processing and emulsion trucking costs due to higher production volumes from our Wapiti Montney play. These higher operating costs were offset by the Dispositions which had higher operating costs per unit. The decrease on a per unit basis is due to decreased costs as a result of the various Dispositions. For the year ended December 31, 2014, natural gas and liquids operating expenses averaged $1.85/Mcfe and oil operating expenses were $14.34/Bbl as compared to $1.78/Mcfe and $22.65/Bbl respectively for the same period of 2013.

Transportation – Transportation costs were $4.9 million ($2.28/Boe) for the three months ended December 31, 2014 as compared to $1.8 million ($1.10/Boe) for the same period of 2013. Transportation costs were $10.5 million ($1.56/Boe) for the year ended December 31, 2014 compared to $6.9 million ($1.09/Boe) for the same period in 2013. Transportation costs, on a per unit basis, for the three and twelve months ended December 31, 2014 were higher compared to the same period in 2013 due to increased trucking costs associated with increased liquids production from our Wapiti Montney play. These trucking costs will continue to be incurred until the completion of a third party pipeline and facility construction to process the condensate volumes. This is expected to be ready before the end of the first quarter of 2015.

General and administrative

($ thousands, except per unit amounts)	Three months ended December 31, **2014**	2013	Year ended December 31, **2014**	2013
Gross G&A expenses	**5,821**	6,648	**22,909**	23,831
Overhead recoveries	**(623)**	(761)	**(1,628)**	(3,369)
Net G&A expenses	**5,198**	5,887	**21,281**	20,462
Per Boe	**2.44**	3.55	**3.17**	3.24

General and administrative ("G&A") expenses, net of overhead recoveries, for the three months ended December 31, 2014 were $5.2 million ($2.44/Boe) compared to $5.9 million ($3.55/Boe) in the same period of 2013, a decrease of 12% which was primarily due to lower employee related costs as the fourth quarter of 2013 included severance payments related to the Dispositions.

G&A expenses, net of overhead recoveries, for the year ended December 31, 2014 were $21.3 million ($3.17/Boe) as compared to $20.5 million ($3.24/Boe) for the year ended December 31, 2013. Net G&A expenses increased on a total dollar basis for the twelve months ended December 31, 2014 compared to the same period in 2013 due to reduced operating recoveries realized in 2014 since a greater percentage of NuVista's operations are 100% operated. However, net G&A expenses decreased on a per unit basis as a direct result of the increased production in 2014.

Share-based compensation

($ thousands)	Three months ended December 31, **2014**	2013	Year ended December 31, **2014**	2013
Stock options	**1,015**	978	**3,286**	3,975
Restricted stock units	**(304)**	1,501	**5,427**	4,776
Restricted share awards	**43**	165	**211**	630
Total	**754**	2,644	**8,924**	9,381

NuVista recorded a share-based compensation charge of $0.8 million for the three months ended December 31, 2014 compared to $2.6 million for the same period in 2013. For the year ended December 31, 2014, NuVista recorded a share-based compensation charge of $8.9 million compared to $9.4 million for the same period in 2013. The share-based compensation charge relates to the amortization of the fair value of stock option awards and restricted share awards and the accrual for future payments under the restricted stock unit incentive plan.

Interest – Interest expense for the three months ended December 31, 2014 was $1.9 million ($0.89/Boe) compared to $0.9 million ($0.55/Boe) for the same period of 2013. For the year ended December 31, 2014, interest expense was $5.7 million ($0.84/Boe) compared to $4.0 million ($0.63/Boe) in the same period of 2013. Interest expense for the year ended December 31, 2014 increased compared to the same period in 2013 due to higher debt levels as a result of the increased capital spent in 2014. For the three months ended December 31, 2014, borrowing costs averaged 3.7% compared to 3.3% in the same period of 2013. Cash paid for interest for the three and twelve months ended December 31, 2014 was $1.9 million (2013 – $1.0 million) and $5.6 million (2013 – $4.1 million) respectively.

Funds from operations – For the three months ended December 31, 2014, NuVista’s funds from operations were $36.7 million ($0.27/share, basic), which increased by 70% from $21.5 million ($0.17/share, basic) for the three months ended December 31, 2013 and increased by 34% from $27.3 million ($0.20/share, basic) from the third quarter of 2014. For the year ended December 31, 2014, NuVista’s funds from operations were $110.0 million ($0.81/share, basic), an increase of 46% from $75.3 million ($0.63/share, basic) for the same period of 2013. Funds from operations for the three and twelve months ended December 31, 2014 were higher compared with the same period in 2013 due to increased oil and natural gas prices and production volumes.

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

	Three months ended December 31,		Year ended December 31,	
($ thousands)	**2014**	2013	**2014**	2013
Cash provided by operating activities	**31,292**	30,150	**86,170**	83,262
Add back:				
Asset retirement expenditures	**2,455**	1,027	**8,579**	8,809
Change in non-cash working capital	**2,956**	(9,644)	**15,226**	(16,765)
Funds from operations[1]	**36,703**	21,533	**109,975**	75,306

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

The table below summarizes operating netbacks by product for the three months ended December 31, 2014:

	Natural gas and liquids		Oil		**2014 Total**		2013 Total	
($ thousands, except per unit amounts)	$	$/Mcfe	$	$/Bbl	**$**	**$/Boe**	$	$/Boe
Revenue	69,545	5.53	2,505	67.95	**72,050**	**33.81**	57,143	34.44
Realized gain (loss) on commodity derivatives	3,676	0.29	352	9.55	**4,028**	**1.89**	(1,512)	(0.91)
	73,221	5.82	2,857	77.50	**76,078**	**35.70**	55,631	33.53
Royalties	(4,132)	(0.33)	(315)	(8.54)	**(4,447)**	**(2.09)**	(5,448)	(3.28)
Transportation costs	(4,830)	(0.38)	(27)	(0.73)	**(4,857)**	**(2.28)**	(1,826)	(1.10)
Operating costs	(22,919)	(1.82)	(352)	(9.55)	**(23,271)**	**(10.92)**	(18,523)	(11.16)
Operating netback[1]	41,340	3.29	2,163	58.68	**43,503**	**20.41**	29,834	17.99
General and administrative[2]	—	—	—	—	**(5,198)**	**(2.44)**	(5,887)	(3.55)
Restricted stock units[2]	—	—	—	—	**304**	**0.14**	(1,501)	(0.90)
Interest[2]	—	—	—	—	**(1,906)**	**(0.89)**	(913)	(0.55)
Funds from operations netback[1]	—	—	—	—	**36,703**	**17.22**	21,533	12.99

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

The following table summarizes operating netbacks by product for the year ended December 31, 2014:

($ thousands, except per unit amounts)	Natural gas and liquids		Oil		**2014 Total**		2013 Total	
	$	$/Mcfe	$	$/Bbl	**$**	**$/Boe**	$	$/Boe
Revenue	239,698	6.16	19,409	86.77	**259,107**	**38.60**	213,469	33.75
Realized gain (loss) on commodity derivatives	(7,022)	(0.18)	(1,776)	(7.94)	**(8,798)**	**(1.31)**	(7,013)	(1.11)
	232,676	5.98	17,633	78.83	**250,309**	**37.29**	206,456	32.64
Royalties	(18,327)	(0.47)	(3,857)	(17.24)	**(22,184)**	**(3.30)**	(20,949)	(3.31)
Transportation costs	(9,820)	(0.25)	(637)	(2.85)	**(10,457)**	**(1.56)**	(6,920)	(1.09)
Operating costs	(72,106)	(1.85)	(3,207)	(14.34)	**(75,313)**	**(11.22)**	(74,027)	(11.70)
Operating netback[1]	132,423	3.41	9,932	44.40	**142,355**	**21.21**	104,560	16.54
General and administrative[2]	—	—	—	—	**(21,281)**	**(3.17)**	(20,462)	(3.24)
Restricted stock units[2]	—	—	—	—	**(5,427)**	**(0.81)**	(4,776)	(0.76)
Interest[2]	—	—	—	—	**(5,672)**	**(0.84)**	(4,016)	(0.63)
Funds from operations netback[1]	—	—	—	—	**109,975**	**16.39**	75,306	11.91

[1]Refer to “Non-GAAP measurements”.

[2]Amounts not allocated by product.

The following tables below summarize operating netbacks by area for the three months ended December 31, 2014 and 2013:

($ thousands, except per unit amounts)	Wapiti Montney		Wapiti Sweet		Non-core		Corporate	**Q4 2014 Total**	
	$	$/Boe	$	$/Boe	$	$/Boe	$	**$**	**$/Boe**
Revenue	53,716	38.19	9,522	22.71	8,812	28.85	—	**72,050**	**33.81**
Realized gain (loss) on commodity derivatives[2]	—	—	—	—	—	—	4,028	**4,028**	**1.89**
	53,716	38.19	9,522	22.71	8,812	28.85	4,028	**76,078**	**35.70**
Royalties	(2,253)	(1.60)	(1,208)	(2.88)	(986)	(3.23)	—	**(4,447)**	**(2.09)**
Transportation costs	(4,340)	(3.09)	(314)	(0.75)	(203)	(0.66)	—	**(4,857)**	**(2.28)**
Operating costs	(15,882)	(11.29)	(2,035)	(4.85)	(5,354)	(17.53)	—	**(23,271)**	**(10.92)**
Operating netback[1]	31,241	22.21	5,965	14.23	2,269	7.43	4,028	**43,503**	**20.41**
General and administrative[2]	—	—	—	—	—	—	(5,198)	**(5,198)**	**(2.44)**
Restricted stock units[2]	—	—	—	—	—	—	304	**304**	**0.14**
Interest[2]	—	—	—	—	—	—	(1,906)	**(1,906)**	**(0.89)**
Funds from operations netback[1]	31,241	22.21	5,965	14.23	2,269	7.43	(2,772)	**36,703**	**17.22**

[1]Refer to “Non-GAAP measurements”.

[2]Amounts not allocated by area.

($ thousands, except per unit amounts)	Wapiti Montney $	Wapiti Montney $/Boe	Wapiti Sweet $	Wapiti Sweet $/Boe	Non-core $	Non-core $/Boe	Corporate $	**Q4 2013 Total $**	**Q4 2013 Total $/Boe**
Revenue	24,808	42.85	9,288	23.14	23,047	33.94	—	**57,143**	**34.44**
Realized gain (loss) on commodity derivatives[2]	—	—	—	—	—	—	(1,512)	**(1,512)**	**(0.91)**
	24,808	42.85	9,288	23.14	23,047	33.94	(1,512)	**55,631**	**33.53**
Royalties	(1,140)	(1.97)	(1,276)	(3.18)	(3,032)	(4.47)	—	**(5,448)**	**(3.28)**
Transportation costs	(986)	(1.70)	(302)	(0.75)	(538)	(0.79)	—	**(1,826)**	**(1.10)**
Operating costs	(5,126)	(8.85)	(1,477)	(3.68)	(11,920)	(17.56)	—	**(18,523)**	**(11.16)**
Operating netback[1]	17,556	30.33	6,233	15.53	7,557	11.12	(1,512)	**29,834**	**17.99**
General and administrative[2]	—	—	—	—	—	—	(5,887)	**(5,887)**	**(3.55)**
Restricted stock units[2]	—	—	—	—	—	—	(1,501)	**(1,501)**	**(0.90)**
Interest[2]	—	—	—	—	—	—	(913)	**(913)**	**(0.55)**
Funds from operations netback[1]	17,556	30.33	6,233	15.53	7,557	11.12	(9,813)	**21,533**	**12.99**

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

The following tables below summarize operating netbacks by area for the year ended December 31, 2014 and 2013:

($ thousands, except per unit amounts)	Wapiti Montney $	Wapiti Montney $/Boe	Wapiti Sweet $	Wapiti Sweet $/Boe	Non-core $	Non-core $/Boe	Corporate $	**YTD 2014 Total $**	**YTD 2014 Total $/Boe**
Revenue	154,466	45.33	44,529	27.64	60,112	35.45	—	**259,107**	**38.60**
Realized gain (loss) on commodity derivatives[2]	—	—	—	—	—	—	(8,798)	**(8,798)**	**(1.31)**
	154,466	45.33	44,529	27.64	60,112	35.45	(8,798)	**250,309**	**37.29**
Royalties	(7,290)	(2.14)	(5,206)	(3.23)	(9,688)	(5.71)	—	**(22,184)**	**(3.30)**
Transportation costs	(7,729)	(2.27)	(1,345)	(0.83)	(1,383)	(0.82)	—	**(10,457)**	**(1.56)**
Operating costs	(37,900)	(11.12)	(4,981)	(3.09)	(32,432)	(19.13)	—	**(75,313)**	**(11.22)**
Operating netback[1]	101,547	29.80	32,997	20.49	16,609	9.79	(8,798)	**142,355**	**21.21**
General and administrative[2]	—	—	—	—	—	—	(21,281)	**(21,281)**	**(3.17)**
Restricted stock units[2]	—	—	—	—	—	—	(5,427)	**(5,427)**	**(0.81)**
Interest[2]	—	—	—	—	—	—	(5,672)	**(5,672)**	**(0.84)**
Funds from operations netback[1]	101,547	29.80	32,997	20.49	16,609	9.79	(41,178)	**109,975**	**16.39**

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

	Wapiti Montney		Wapiti Sweet		Non-core		Corporate	**YTD 2013 Total**	
($ thousands, except per unit amounts)	$	$/Boe	$	$/Boe	$	$/Boe	$	**$**	**$/Boe**
Revenue	73,812	43.32	38,323	22.26	101,334	34.93	—	**213,469**	**33.75**
Realized gain (loss) on commodity derivatives[2]	—	—	—	—		—	(7,013)	**(7,013)**	**(1.11)**
	73,812	43.32	38,323	22.26	101,334	34.93	(7,013)	**206,456**	**32.64**
Royalties	(3,871)	(2.27)	(4,589)	(2.67)	(12,489)	(4.31)	—	**(20,949)**	**(3.31)**
Transportation costs	(2,592)	(1.52)	(1,332)	(0.77)	(2,996)	(1.03)	—	**(6,920)**	**(1.09)**
Operating costs	(19,850)	(11.65)	(6,519)	(3.79)	(47,658)	(16.43)	—	**(74,027)**	**(11.70)**
Operating netback[1]	47,499	27.88	25,883	15.03	38,191	13.16	(7,013)	**104,560**	**16.54**
General and administrative[2]	—	—	—	—	—	—	(20,462)	**(20,462)**	**(3.24)**
Restricted stock units[2]	—	—	—	—	—	—	(4,776)	**(4,776)**	**(0.76)**
Interest[2]	—	—	—	—	—	—	(4,016)	**(4,016)**	**(0.63)**
Funds from operations netback[1]	47,499	27.88	25,883	15.03	38,191	13.16	(36,267)	**75,306**	**11.91**

(1) Refer to “Non-GAAP measurements”.

(2) Amounts not allocated by area.

Depletion, depreciation, amortization and impairment

	Three months ended December 31,		Year ended December 31,	
($ thousands, except per unit amounts)	**2014**	2013	**2014**	2013
Depletion of oil and gas assets	**25,354**	18,788	**81,539**	78,228
Depreciation of fixed assets	**2,675**	1,469	**7,494**	4,767
Impairment charges (reversals)	**43,386**	(6,436)	**59,137**	(6,436)
Total DD&A and impairment (reversals)	**71,415**	13,821	**148,170**	76,559
DD&A rate per Boe, excluding impairment charges (reversals)	**13.15**	12.21	**13.26**	13.12

Depletion, depreciation and amortization (“DD&A”) expenses excluding impairments (reversals) were $28.0 million for the fourth quarter of 2014 as compared to $20.3 million for the same period in 2013. The average per unit cost was $13.15/Boe in the fourth quarter of 2014 as compared to $12.21/Boe for the same period in 2013. DD&A expenses, excluding impairments (reversals) for the twelve months ended December 31, 2014 were $89.0 million as compared to $83.0 million for the same period in 2013. DD&A expense for the three and twelve months ended December 31, 2014 increased compared to the same period in 2013 primarily due to increased production over the year. This increase was offset by the significant increase in reserves at December 31, 2014 compared to December 31, 2013.

At December 31, 2014, there were indicators of impairment in all of NuVista's CGUs as a result of declining forward commodity prices for oil and natural gas. An impairment test was performed and resulted in an impairment charge totaling $43.4 million in the Shallow Gas Alberta and Deep Gas CGU which has been included in depletion, depreciation, amortization and impairment expense in net earnings. The impairment amount was estimated using a fair value less costs to sell calculation based on expected future cash flows generated from proved and probable reserves using pre-tax discount rates ranging from 10% to 15%, based on the independent external reserves report.

In June 2014, NuVista recorded an impairment loss on the assets held for sale of $15.8 million as it intended to dispose of certain oil and natural gas properties in Northwest Alberta held within NuVista’s North Gas CGU and Oil CGU. A sale was determined to be highly probable due to the commitment to a plan to sell, the presence of an active market and the expectation that the sale would be completed within one year of the classification as held for sale.

At December 31, 2014, the assets no longer met the above criteria and as a result, NuVista reclassified the carrying values from assets held for sale back to property, plant and equipment of $25.8 million and asset retirement obligations of $26.5 million respectively. On reclassification as held for use, the assets were remeasured at the lower of their recoverable amount and the carrying amount that would have been recognized had the asset not been classified as held for sale. As a result, an impairment test was performed on these CGUs, however, did not result in an additional impairment charge. The recoverable amount was estimated using a fair value less cost to sell calculation based on expected future cash flows generated from proved and probable reserves using a pre-tax discount rate ranging from 10% to 12%, based on internal reserves report.

At December 31, 2013, NuVista reviewed and adjusted its CGUs as a result of changes to NuVista's oil and gas property mix and focus areas. The Wapiti Montney play was separated into its own CGU. Certain natural gas CGUs remained unchanged and insignificant remaining oil CGUs were aggregated due to similarities in operations, management and monitoring, product composition and cash inflows.

At December 31, 2013, there were indicators of impairment reversals and impairment due to increases in reserve additions and downward technical reserve revisions. The calculation resulted in $6.0 million impairment reversal in the Wapiti Montney CGU, net of depletion, and has been included as depletion, depreciation, amortization and impairment expense (reversals) in net earnings. An impairment test was also performed on certain CGUs but did not result in an impairment charge for those CGUs. The recoverable amount was estimated using a fair value less cost to sell calculation based on expected future cash flows generated from proved and probable reserves using a pre-tax discount rate of 10% to 12%, based on the independent external reserves report and management's estimate of additional fair value from asset development not included in the external reserve report.

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 December 31, 2014, NuVista recorded an ARO of $111.3 million as compared to $106.3 million as at December 31, 2013. The liability was discounted using a risk free discount rate of 2.3% at December 31, 2014 (December 31, 2013 – 3.2%). The increase in estimates of $23.9 million for the year ended December 31, 2014, was primarily due our annual update of costs estimates of $9.6 million and a decrease in the risk-free rate of $14.3 million. The increase in ARO compared to the third quarter of 2014 is primarily as a result of $26.5 million of ARO associated with assets held for sale being reclassified from current liabilities to long-term ARO. At December 31, 2014, the estimated total undiscounted amount of cash flow required to settle NuVista's ARO was $172.6 million after dispositions (December 31, 2013 – $179.1 million). The majority of the costs are expected to be incurred between 2015 and 2033. Actual ARO expenditures for the three and twelve months ended December 31, 2014 were $2.5 million and $8.6 million respectively (December 31, 2013 – $1.0 million and $8.8 million).

There are uncertainties related to asset retirement obligations and the impact on the consolidated 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

	Three months ended December 31,		Year ended December 31,	
($ thousands)	**2014**	2013	**2014**	2013
Exploration and development				
Land and retention costs	**108**	6,390	**4,777**	8,333
Seismic	**1,354**	824	**5,091**	3,867
Drilling and completion	**44,657**	52,515	**189,546**	151,458
Facilities and equipment	**21,794**	20,106	**112,315**	59,831
Corporate and other	**55**	176	**479**	900
Capital expenditures	**67,968**	80,011	**312,208**	224,389

Capital expenditures were $68.0 million during the fourth quarter of 2014, consisting of exploration and development spending compared to $80.0 million incurred for the same period of 2013. Capital expenditures for the twelve months ended December 31, 2014 were $312.2 million compared to $224.4 million incurred for the same period of 2013. The majority of the capital expenditures in the fourth quarter were spent on oil and liquids-rich natural gas projects in the Wapiti Montney play. NuVista is currently 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 and is expected to be operational by the end of the second quarter of 2015.

Acquisitions and dispositions – For the year ended December 31, 2014, there were strategic property acquisitions of $45.2 million compared to $2.2 million for the comparative period of 2013. For the three and twelve months ended December 31, 2014, NuVista sold non-core properties for proceeds after closing adjustments of $69.4 million and $81.6 million resulting in losses on dispositions of $64.6 million and $68.7 million respectively.

Income taxes – For the three months ended December 31, 2014, the provision for income and other taxes was a benefit of $11.0 million compared to a benefit of $13.5 million for the same period in 2013. For the year ended December 31, 2014, the provision for income and other taxes was a benefit of $11.8 million compared to a benefit of $15.3 million in the same period of 2013. The decrease in benefit for the year ended December 31, 2014 compared to 2013 is primarily attributable to the increase in the net income after adjusting for non-deductible tax items and the impact of flow-through share renunciations in the period.

Tax pools – At December 31, 2014, NuVista had approximately $888 million (2013 – $756 million) of estimated tax pools available for deduction against future years' taxable income.

	Available tax pools	Maximum annual deduction
($ thousands)	**2014**	%
Canadian exploration expense	**162,000**	100%
Canadian development expense	**292,000**	30% declining balance
Canadian oil and natural gas property expense	**166,000**	10% declining balance
Undepreciated capital cost	**205,000**	25% declining balance
Non-capital losses	**58,000**	100%
Other	**5,000**	various rates
Total federal tax pools	**888,000**	
Additional Alberta tax pools	**8,000**	100%

Net loss – For the three months ended December 31, 2014, net loss totaled $42.5 million ($0.31/share, basic) compared to a net loss of $47.4 million ($0.38/share, basic) for the same period in 2013. NuVista's net loss for the year ended December 31, 2014 was $58.9 million ($0.43/share, basic) compared to a net loss of $61.1 million ($0.51/share, basic) in the comparable period in 2013. The net loss for the year ended December 31, 2014 is mostly attributable to the loss on property dispositions of $68.7 million and an impairment expense of $59.1 million. These losses were offset by unrealized gains on derivatives of $54.0 million and a deferred income tax benefit of $11.8 million for the year ended December 31, 2014.

Adjusted net earnings (loss) – The table below summarizes adjusted net earnings (loss) for the three months ended and year ended December 31, 2014 compared to December 31, 2013:

	Three months ended December 31,		Year ended December 31,	
($ thousands)	**2014**	2013	**2014**	2013
Net loss	**(42,478)**	(47,405)	**(58,881)**	(61,144)
Add (deduct):				
Unrealized (gain) loss on commodity derivatives, after tax	**(37,410)**	2,314	**(40,502)**	4,303
Impairment (reversals) of property, plant and equipment, after tax	**32,522**	(4,817)	**44,329**	(4,817)
Loss on dispositions, after tax	**48,432**	45,663	**51,485**	41,525
Adjusted net earnings (loss)(1)	**1,066**	(4,245)	**(3,569)**	(20,133)
Per basic and diluted share	**0.01**	(0.03)	**(0.03)**	(0.17)

(1)Refer to "Non-GAAP measurements".

Liquidity and capital resources

($ thousands)	**2014**	2013
Common shares outstanding	**138,677**	134,991
Share price(1)	**7.41**	7.14
Total market capitalization	**1,027,597**	963,836
Adjusted working capital (surplus) deficit(2)	**11,801**	47,495
Long-term debt	**171,969**	—
Debt, net of adjusted working capital ("Net Debt")	**183,770**	47,495
Annualized current quarter funds from operations(2)	**146,812**	86,132
Net debt to annualized current quarter funds from operations(2)	**1.3**	0.6

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

As at December 31, 2014, debt net of adjusted working capital was $172.0 million, resulting in a net debt to the annualized current quarter funds from operations of 1.3x. NuVista's 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 December 31, 2014, NuVista had an adjusted working capital deficit of $11.8 million. Adjusted working capital is current assets less current liabilities excluding the current portion of the fair value of the commodity derivative liabilities of $31.2 million. We believe it is appropriate to exclude these amounts when assessing financial leverage. At December 31, 2014, NuVista had drawn $172.0 million on its credit facility leaving $128.0 million of unused bank borrowing capacity based on the current committed credit facility of $300 million.

At December 31, 2014 NuVista had a $300 million extendible revolving term credit facility available from a syndicate of Canadian chartered banks. At December 31, 2013, NuVista had a $240 million credit facility with a maximum borrowing amount of $220 million. In October 2014, NuVista completed the semi-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. 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. During the term period, no principal payments would be required until a year after the revolving period matures or April 29, 2016. As such, the credit facility is classified as long-term.

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 divesitures and available bank lines.

As at December 31, 2014, there were 138.7 million common shares outstanding. In addition, there were 6.4 million stock options with an average exercise price of $7.45 per option, 0.5 million restricted stock units and 0.1 million restricted share awards outstanding. As of February 10, 2015, there were 138.7 million common shares, 6.4 million options, 0.5 million RSUs and 0.1 million restricted share awards outstanding.

In September 2014, 60,338 common shares were canceled as the sunset clause was reached for shares not deposited in connection with the Plan of Arrangement involving Rider Resources Ltd. which was completed in March 2008. Dividends associated with these common shares were refunded and recorded as a credit to contributed surplus.

In September 2014, pursuant to a private placement, the Company issued 2.4 million common shares on a flow-through basis in respect of Canadian exploration expenses ("CEE") and Canadian Development expenses ("CDE") at a price of $13.19 and $11.99 per share respectively for gross proceeds of $29.4 million. The implied premium on the flow-through common shares was determined to be $3.6 million on the date of issue and was recorded as other liabilities. Under the terms of the flow-through share agreements, the Company is committed to spend approximately $17.7 million on qualifying CDE prior to December 31, 2014 and $11.7 million on qualifying CEE prior to December 31, 2015. As at December 31, 2014, the Company had fully spent the qualifying CDE and $0.9 million on qualifying CEE, leaving $10.8 million remaining to be spent prior to December 31, 2015.

In November 2013, pursuant to a public offering, NuVista issued 11.0 million common shares at $7.10 per share for gross proceeds of $78.1 million.

In October 2013, pursuant to a public offering, NuVista issued 3.2 million common shares on a flow-through basis in respect of CEE at a price of $8.00 per share for gross proceeds of $25.6 million. Concurrent with the public offering, NuVista also completed a private offering of 0.254 million common shares on a flow-through basis in respect of CEE expenses at a price of $8.00 per share and 1.675 million common shares on a flow-through basis in respect of CDE at a price of $7.20 per share for gross proceeds of $14.1 million. The implied premium on the flow-through common shares was determined to be $6.1 million on the date of issue and was recorded as other liabilities. Under the terms of the flow-through share agreements, NuVista was committed to spend approximately $12.1 million on qualifying CDE prior to December 31, 2013 and $27.6 million on qualifying CEE prior to December 31, 2014. As at December 31, 2013, NuVista had fully spent the qualifying CDE amount. As at December 31, 2014, NuVista has spent the required $27.6 million of qualifying CEE.

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 December 31, 2014:

($ thousands)	**Total**	2015	2016	2017	2018	2019	Thereafter
Transportation and processing	**467,542**	29,514	49,959	53,984	52,780	49,031	232,274
Office lease	**10,537**	3,688	3,702	3,147	—	—	—
purchase contracts	**7,911**	5,143	2,768	—	—	—	—
Flow-through common shares	**10,794**	10,794	—	—	—	—	—
Total commitments	**496,784**	49,139	56,429	57,131	52,780	49,031	232,274

Subsequent to December 31, 2014, NuVista entered into a take or pay agreement for the transportation of condensate for a period of 10 years. NuVista also entered into a take or pay agreement for the transportation of natural gas for a period of 3 years. The additional transportation commitments amounted to $65.7 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.

Annual financial information – The following table highlights selected annual financial information for the years ended December 31, 2014, 2013 and 2012:

($ thousands, except per share amounts)	**2014**	2013	2012
Production revenue	**259,107**	213,469	242,012
Net loss	**(58,881)**	(61,144)	(195,200)
Per basic and diluted share	**(0.43)**	(0.51)	(1.93)
Balance sheet information			
Total assets	**1,024,080**	905,711	878,174
Long-term debt	**171,969**	—	19,892
Shareholders' equity	**687,647**	707,795	656,061

Quarterly financial information – The following table highlights NuVista's performance for the eight quarterly reporting periods from March 31, 2013 to December 31, 2014:

($ thousands, except	**2014**				2013			
per share amounts)	**Dec 31**	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
Production (Boe/d)	**23,165**	18,030	14,493	17,823	18,034	18,532	17,799	14,903
Revenue	**72,050**	66,426	51,734	68,897	57,143	60,420	54,158	41,748
Net loss	**(42,478)**	(208)	(11,837)	(4,358)	(47,405)	(2,295)	(7,383)	(4,061)
Net loss								
Per basic and diluted share	**(0.31)**	—	(0.09)	(0.03)	(0.38)	(0.02)	(0.06)	(0.03)

NuVista has seen production volumes in a range of 14,493 Boe/d to 23,165 Boe/d for the last eight quarters. NuVista's production volumes have increased to 23,165 Boe/d due to increased levels of capital spending in the Montney. Over the prior eight quarters, quarterly revenue has been in a range of $41.7 million to $72.1 million with revenue primarily influenced by production volumes, commodity prices in the quarter 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.

Critical accounting estimates – Management is required to make judgements, assumptions and estimates in applying its accounting policies which have significant impact on the financial results of NuVista. The following outline the accounting policies involving the use of estimates that are critical to understanding the financial condition and results of operations of NuVista.

(a) ***Oil and natural gas reserves*** – Oil and natural gas reserves, as defined by the Canadian Securities Administrators in National Instrument 51-101 with reference to the Canadian Oil and Natural Gas Evaluation Handbook, are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated reserves.

An independent reserve evaluator using all available geological and reservoir data as well as historical production data has prepared NuVista's oil and natural gas reserve estimates. Estimates are reviewed and revised as appropriate. Revisions occur as a result of changes in prices, costs, fiscal regimes, reservoir performance or a change in NuVista's development plans.

(b) ***Depletion, depreciation, amortization and impairment*** – Property, plant and equipment is measured at cost less accumulated depletion, depreciation, amortization and impairment losses. The net carrying value of property, plant and equipment and estimated future development costs is depleted using the unit-of-production method based on estimated proved and probable reserves. Changes in estimated proved and probable reserves or future development costs have a direct impact in the calculation of depletion expense.

NuVista is required to use judgment when designating the nature of oil and gas activities as exploration and evaluation assets or development and production assets within property, plant and equipment. Exploration and evaluation assets and development and production assets are aggregated into CGUs based on their ability to generate largely independent cash flows. The allocation of NuVista's assets into CGUs requires significant judgment with respect to use of shared infrastructure, existence of active markets for NuVista's products and the way in which management monitors operations.

Exploration and evaluation expenditures relating to activities to explore and evaluate oil and natural gas properties are initially capitalized and include costs associated with the acquisition of licenses, technical services and studies, seismic acquisition, exploration drilling and testing, directly attributable overhead and administration expenses, and costs associated with retiring the assets. Exploration and evaluation assets are carried forward until technical feasibility and commercial viability of extracting a mineral resource is determined. Technical feasibility and commercial viability of extracting a mineral resource is considered to be determined when proved and/or probable reserves are determined to exist. E&E assets are tested for impairment when facts and circumstances suggest that the carrying amount of E&E assets may exceed their recoverable amount, by comparing the relevant costs to the fair value of CGUs, aggregated at the segment level. The determination of the fair value of CGUs requires the use of assumptions and estimates including quantities of recoverable reserves, production quantities, future commodity prices and development and operating costs. Changes in any of these assumptions, such as a downward revision in reserves, decrease in commodity prices or increase in costs, could impact the fair value.

NuVista assesses property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset or group of assets may not be recoverable. If any such indication of impairment exists, NuVista performs an impairment test related to the specific CGU. The determination of fair value of CGUs requires the use of assumptions and estimates including quantities of recoverable reserves, production quantities, future commodity prices and development and operating costs. Changes in any of these assumptions, such as a downward revision in reserves, decrease in commodity prices or increase in costs, could impact the fair value.

(c) ***Asset retirement obligations*** – The asset retirement obligations are estimated based on existing laws, contracts or other policies. The fair value of the obligation is based on estimated future costs for abandonments and reclamations discounted at a risk free rate. The costs are included in property, plant and equipment and amortized over its useful life. The liability is adjusted each reporting period to reflect the passage of time, with the accretion expense charged to net earnings, and for revisions to the estimated future cash flows. By their nature, these estimates are subject to measurement uncertainty and the impact on the consolidated financial statements could be material.

(d) ***Income taxes*** – The determination of income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax asset may differ significantly from that estimated and recorded.

Update on regulatory matters

Environmental – The oil and natural gas industry is currently subject to environmental regulations pursuant to a variety of federal, provincial, and local laws and regulation. Environmental legislation provides for, among other things, restrictions and prohibitions on emissions, releases or spills of various substances produced in association with oil and natural gas operations. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, as well as larger fines and environmental liability. No assurance can be given that the application of environmental laws to the business and operations of NuVista will not result in a limitation of production or a material increase in the costs of operating, development, or exploration activities or otherwise adversely affect NuVista's financial condition, results of operations, or prospects.

NuVista utilizes monitoring and reporting programs, as well as inspections and audits for environmental, health, and safety performance that are designed to provide assurance that environmental and regulatory standards are met. In the event of unknown or unforeseeable environmental impacts arising from its operations, NuVista may be subject to remedial and litigation costs. Contingency plans are in place for a timely response to environmental events and for the utilization of remediation/reclamation strategies to restore the environment in the event of such impacts.

Given the evolving nature of climate change discussion, the regulation of greenhouse gases ("GHGs") and potential federal and provincial GHG commitments, NuVista is currently unable to predict the impact on its operations and financial condition at this time. It is possible that NuVista could face increases in operating and capital costs in order to comply with augmented greenhouse gas emissions legislation.

Further information regarding environmental and climate change regulations, current provincial royalty and incentive programs are contained in our Annual Information Form for the year ended December 31, 2014, to be filed on SEDAR by March 31, 2015, under the Industry Conditions section.

Update on financial reporting matters

Changes in accounting policies

IFRS Interpretations Committee ("IFRIC") 21, "Levies" is effective January 1, 2014. It clarifies the recognition requirements concerning a liability to pay a levy imposed by a government, other than an income tax. The interpretation clarifies that the obligating event which gives rise to a liability is the activity that triggers the payment of the levy in accordance with the relevant legislation. The adoption of this standard does not have any impact on the NuVista's consolidated financial statements.

IAS 32, "Financial Instruments: Presentation" was amended to provide further criteria on the legal right and intention to offset financial assets and financial liabilities. NuVista has adopted the amended IAS 32 in its consolidated financial statements for the annual period beginning January 1, 2014. The adoption of this standard does not have any impact on the NuVista's consolidated financial statements.

IAS 36, "Impairment of Assets" has been amended to reduce the circumstances in which the recoverable amount of CGUs is required to be disclosed and clarify the disclosures required when an impairment loss has been recognized or reversed in the period. The retrospective adoption of these amendments impact NuVista's disclosures in the notes to the consolidated financial statements in periods when an impairment loss or impairment reversal is recognized.

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 for fiscal years beginning on or after January 1, 2017 with earlier adoption permitted. NuVista will adopt this standard on January 1, 2017 and is currently evaluating the impact this standard may have on the consolidated 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 consolidated 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 annual filings, 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 annual 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 consolidated 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 consolidated 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 consolidated 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 year ended December 31, 2014, 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; the CEO and CFO have concluded that the internal controls over financial reporting are effective.

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 pricing 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 50 to 60% of the annual total. Activity for the first quarter of 2015 includes running two to three drilling rigs in the Wapiti area, ongoing completion and well tie-in activities, and constructing the Elmworth compressor station.

We will hold this pace of spending until the middle of the second quarter of 2015, where we will re-evaluate the capital program upon entering the spring breakup period. We have a high level of flexibility to further reduce the remaining 2015 capital spending plan if needed, in order to maintain balance sheet strength and maximize value in tune with market conditions at that time. Alternatively, should conditions warrant, we could scale up our capital program quickly and efficiently to take advantage of lower service costs and growth opportunities.

Our production guidance range for 2015 is unchanged at 22,500 to 24,000 Boe/d and we anticipate production in the range of 22,000 to 23,000 Boe/d for the first half of 2015. We would also like to affirm that our revised 2015 and 2016 production estimate in this environment is forecast to be sufficient to fulfill essentially 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 still remain solid and intact.