

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

(\$Cdn thousands)	<b>September 30</b>	December 31
	<b>2015</b>	2014
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ —	\$ —
Accounts receivable and prepaid expenses	29,176	39,168
Commodity derivative assets (note 12)	7,057	31,237
	<b>36,233</b>	70,405
Commodity derivative assets (note 12)	17,574	15,974
Note receivable	5,330	5,014
Exploration and evaluation assets (note 5)	81,511	98,906
Property, plant and equipment (note 6)	894,196	825,115
Deferred tax assets	—	8,666
<b>Total assets</b>	<b>\$ 1,034,844</b>	<b>\$ 1,024,080</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 55,173	\$ 50,969
Accrued environmental remediation liabilities (note 4)	5,000	—
	<b>60,173</b>	50,969
Long-term debt (note 7)	172,757	171,969
Other liabilities	—	2,188
Asset retirement obligations (note 8)	104,588	111,307
	<b>337,518</b>	336,433
<b>Shareholders' equity</b>		
Share capital (note 9)	1,139,999	1,029,017
Contributed surplus	43,362	40,812
Deficit	(486,035)	(382,182)
	<b>697,326</b>	687,647
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,034,844</b>	<b>\$ 1,024,080</b>

Subsequent events (note 12)

Commitments (note 13)

See accompanying notes to the condensed interim financial statements.

**NUVISTA ENERGY LTD.**

**Statements of Loss and Comprehensive Loss**  
(Unaudited)

(\$Cdn thousands, except per share amounts)	Three months ended September 30		Nine months ended September 30	
	2015	2014	2015	2014
<b>Revenues</b>				
Oil and natural gas	\$ 54,664	\$ 66,426	\$ 170,093	\$ 187,057
Royalties	(835)	(5,551)	(5,521)	(17,737)
	<b>53,829</b>	<b>60,875</b>	<b>164,572</b>	<b>169,320</b>
Realized gain (loss) on commodity derivatives (note 12)	<b>11,306</b>	(4,007)	<b>31,735</b>	(12,826)
Unrealized gain (loss) on commodity derivatives (note 12)	<b>3,633</b>	12,185	<b>(22,580)</b>	4,126
	<b>68,768</b>	<b>69,053</b>	<b>173,727</b>	<b>160,620</b>
<b>Expenses</b>				
Transportation	<b>2,053</b>	2,393	<b>9,994</b>	5,600
Operating	<b>25,233</b>	19,483	<b>73,162</b>	52,042
General and administrative	<b>4,826</b>	5,707	<b>15,392</b>	16,083
Share-based compensation (note 11)	<b>1,093</b>	1,106	<b>3,866</b>	8,170
Depletion, depreciation, amortization and impairment (notes 5 and 6)	<b>91,731</b>	21,402	<b>152,735</b>	76,755
Exploration and evaluation (note 5)	<b>612</b>	4,070	<b>2,747</b>	9,086
(Gain) loss on property dispositions	<b>(1,279)</b>	10,042	<b>(1,883)</b>	4,072
Environmental remediation expense (note 4)	<b>8,000</b>	—	<b>8,000</b>	—
Financing costs	<b>1,884</b>	2,148	<b>6,675</b>	6,011
	<b>134,153</b>	<b>66,351</b>	<b>270,688</b>	<b>177,819</b>
<b>Income (Loss) before taxes</b>	<b>(65,385)</b>	<b>2,702</b>	<b>(96,961)</b>	<b>(17,199)</b>
Deferred income tax expense (benefit)	<b>9,452</b>	2,910	<b>6,892</b>	(796)
<b>Net loss and comprehensive loss</b>	<b>\$ (74,837)</b>	<b>\$ (208)</b>	<b>\$ (103,853)</b>	<b>\$ (16,403)</b>
<b>Net loss per share (note 10)</b>				
Basic	\$ (0.49)	\$ —	\$ (0.71)	\$ (0.12)
Diluted	\$ (0.49)	\$ —	\$ (0.71)	\$ (0.12)

See accompanying notes to the condensed interim financial statements.

**NUVISTA ENERGY LTD.**

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

(\$Cdn thousands)	Nine months ended September 30	
	2015	2014
<b>Share capital (note 9)</b>		
Balance, January 1	\$ 1,029,017	\$ 991,489
Issued for cash on offering of common shares	90,000	—
Issued for cash on offering of flow-through common shares, net of implied premium of \$1.1 million (2014 - \$nil)	20,861	25,731
Issued for cash on exercise of stock options	2,802	6,800
Contributed surplus transferred on exercise of stock options	964	1,878
Conversion of restricted share awards	80	703
Cancellation of common shares	—	(779)
Share issue costs, net of deferred tax benefit of \$1.2 million (2014 – \$0.04)	(3,725)	(128)
<b>Balance, end of period</b>	<b>\$ 1,139,999</b>	<b>\$ 1,025,694</b>
<b>Contributed surplus</b>		
Balance, January 1	\$ 40,812	\$ 39,607
Share-based compensation (note 11)	3,594	2,605
Cancellation of common shares	—	779
Transfer to share capital on exercise of stock options	(964)	(1,878)
Conversion of restricted share awards	(80)	(703)
<b>Balance, end of period</b>	<b>\$ 43,362</b>	<b>\$ 40,410</b>
<b>Deficit</b>		
Balance, January 1	\$ (382,182)	\$ (323,301)
Net loss	(103,853)	(16,403)
<b>Balance, end of period</b>	<b>\$ (486,035)</b>	<b>\$ (339,704)</b>
<b>Total shareholders' equity</b>	<b>\$ 697,326</b>	<b>\$ 726,400</b>

See accompanying notes to the condensed interim financial statements.

**NUVISTA ENERGY LTD.**

**Statements of Cash Flows**  
(Unaudited)

	Three months ended September 30		Nine months ended September 30	
	2015	2014	2015	2014
<b>Cash provided by (used in)</b>				
<b>Operating activities</b>				
Net loss	\$ (74,837)	\$ (208)	\$ (103,853)	\$ (16,403)
Items not requiring cash from operations:				
Depletion, depreciation, amortization and impairment	91,731	21,402	152,735	76,755
Exploration and evaluation	612	4,070	2,747	9,086
(Gain) loss on property dispositions	(1,279)	10,042	(1,883)	4,072
Share-based compensation (note 11)	1,195	708	3,419	2,439
Unrealized (gain) loss on commodity derivatives	(3,633)	(12,185)	22,580	(4,126)
Deferred income tax expense (benefit)	9,452	2,910	6,892	(796)
Accretion (note 8)	581	587	1,808	2,245
Asset retirement expenditures (note 8)	(2,143)	(1,282)	(5,555)	(6,124)
Change in non-cash working capital	775	(7,588)	3,928	(12,270)
	<b>22,454</b>	<b>18,456</b>	<b>82,818</b>	<b>54,878</b>
<b>Financing activities</b>				
Issue of share capital, net of share issue costs	200	30,656	109,839	35,995
Increase (decrease) in long-term debt	19,330	11,375	788	169,758
	<b>19,530</b>	<b>42,031</b>	<b>110,627</b>	<b>205,753</b>
<b>Investing activities</b>				
Property, plant and equipment expenditures	(55,692)	(51,327)	(206,247)	(231,818)
Exploration and evaluation expenditures	(4,197)	(4,505)	(14,717)	(12,422)
Property acquisitions	—	(5,351)	(600)	(10,162)
Proceeds on property dispositions	3,775	3,620	13,911	12,173
Change in non-cash working capital	14,130	(2,924)	14,208	(20,890)
	<b>(41,984)</b>	<b>(60,487)</b>	<b>(193,445)</b>	<b>(263,119)</b>
Change in cash and cash equivalents	—	—	—	(2,488)
Cash and cash equivalents, balance January 1	—	—	—	2,488
<b>Cash and cash equivalents, end of period</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
Cash interest paid	\$ 1,343	\$ 1,639	\$ 5,185	\$ 3,694

See accompanying notes to the condensed interim financial statements.

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

Three and nine months ended September 30, 2015 with comparative figures for 2014. All tabular amounts are in thousands of Canadian dollars, except share and per share amounts, unless otherwise stated.

**1. Corporate information**

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

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

**2. Basis of preparation**

These condensed interim financial statements (the “financial statements”) have been prepared in accordance with International Accounting Standards (“IAS”) 34, “Interim Financial Reporting”. These financial statements have been prepared following the same accounting policies and methods of computation as the annual financial statements for the year ended December 31, 2014. These financial statements do not include all the information required for annual financial statements and should be read in conjunction with the audited financial statements for the year ended December 31, 2014, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

These financial statements were approved and authorized for issuance by the Board of Directors on November 9, 2015.

**3. New accounting policies**

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 now effective January 1, 2018 and is required to be adopted retrospectively or using a modified transition approach. The Company will be required to adopt this standard and 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, the Company will be required to adopt the standard. The Company is evaluating the impact this standard may have on the financial statements.

#### 4. Accrued environmental remediation liabilities

	September 30, 2015	December 31, 2014
Balance, January 1	\$ —	\$ —
Accrued environmental remediation expense	8,000	—
Remediation costs incurred	(3,000)	—
Balance, end of period	\$ 5,000	\$ —

During the third quarter of 2015, the Company identified a leak in a remote pipeline carrying oil emulsion in the Non-Core area of Northwest Alberta. The pipeline was immediately shut down and the Company's emergency response plan was activated. In cooperation with local governmental regulators, first nation bands and with the assistance of qualified consultants, NuVista immediately commenced remediation and restoration activities. To date, there have been no injuries or wildlife fatalities associated with the release. The Company's insurers have been notified and are currently evaluating to determine if this is an insurable event. The Company has recorded \$8.0 million in environmental remediation expense during the third quarter of 2015 which is the current best estimate of the costs of remediation. NuVista has spent \$3.0 million since the leak was identified earlier in the quarter. It is anticipated that majority of the remaining remediation will continue to occur throughout 2016.

The provision for accrued environmental remediation liability contains significant estimates and judgments about the scope, timing and costs of the work that will be required. The assumptions and estimates used are based on the current date and are subject to revision in the future as further information becomes available to the Company.

#### 5. Exploration and evaluation assets

	September 30, 2015	December 31, 2014
Balance, January 1	\$ 98,906	\$ 85,754
Additions	14,717	15,647
Acquisitions	600	37,117
Dispositions	(4,098)	(6,567)
Capitalized share-based compensation (note 11)	(26)	342
Transfers to property, plant and equipment (note 6)	(19,053)	(22,011)
Expiries (exploration and evaluation expense)	(2,747)	(11,376)
Impairment	(6,788)	—
Balance, end of period	\$ 81,511	\$ 98,906

At September 30, 2015, there were indicators of impairment in some of NuVista's cash generating units ("CGU") that the carrying amount of exploration and evaluation assets ("E&E") is not likely to be recovered and an impairment test was performed on E&E. E&E assets were evaluated by comparing carrying amounts to the fair value less costs to sell based on trailing twelve month land sales prices in the areas in which the Company owns undeveloped land. The impairment tests resulted in an impairment charge totaling \$6.8 million in the Shallow Gas Alberta, Deep Gas and Oil CGUs. This charge has been included in depletion, depreciation, amortization and impairment expense.

## 6. Property, plant and equipment

	September 30, 2015		December 31, 2014	
<b>Cost</b>				
Balance, January 1	\$	1,355,406	\$	1,320,834
Additions		206,247		296,561
Acquisitions		—		8,120
Dispositions		(75,843)		(318,335)
Change in asset retirement obligations (note 8)		7,268		26,215
Transfers from exploration and evaluation assets (note 5)		19,053		22,011
Balance, end of period	\$	1,512,131	\$	1,355,406

	September 30, 2015		December 31, 2014	
<b>Accumulated depletion, depreciation, amortization and impairment</b>				
Balance, January 1	\$	530,291	\$	541,192
Depletion and depreciation expense		80,506		89,033
Dispositions		(58,303)		(159,071)
Impairments		65,441		59,137
Balance, end of period	\$	617,935	\$	530,291

	September 30, 2015		December 31, 2014	
<b>Carrying value</b>				
Balance, January 1	\$	825,115	\$	779,642
Balance, end of period	\$	894,196	\$	825,115

At September 30, 2015, there were indicators of impairment in all of NuVista's CGUs as a result of further declines in the forward commodity prices for oil and natural gas. An impairment test was performed on property, plant and equipment assets. Property, plant and equipment was assessed based on the recoverable amount 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 ranging from 12% to 15%, based on the internal reserves report. The internal reserves report was generated based on a roll forward of the Company's December 31, 2014 external reserve report with updates for October 1, 2015 external reserve engineer pricing deck, updated future development costs, updates to production for first nine months and capital cost assumptions based on current market costs incurred. The impairment test resulted in an impairment charge totaling \$55.5 million in the Shallow Gas Alberta, Deep Gas and Oil CGUs and has been included in the depletion, depreciation, amortization and impairment expense.

The following benchmark reference prices were used:

### 2015 Benchmark reference price forecasts

	2016	2017	2018	2019	2020	2021	2022	2023	2024	Thereafter
WTI (\$US/Bbl) <sup>(1)</sup>	50.00	55.00	60.00	65.00	70.00	75.00	80.00	85.00	89.63	+2%/yr
AECO (Cdn\$/MMbtu) <sup>(1)</sup>	3.43	3.62	3.72	3.81	3.90	4.10	4.30	4.5	4.78	+2%/yr

<sup>(1)</sup> Price forecast effective October 1, 2015.

In June 2015, the Company signed an agreement to dispose of certain non-core natural gas properties in the Kirkwall area held within the Company's Shallow Gas CGU. At June 30, 2015, these properties were classified as assets held for sale as it was highly probable that their carrying value would be received through a sales transaction rather than through continuing use. An impairment test was performed, however, did not result in an impairment charge for this CGU. The recoverable amount was estimated using a value in use calculation based on expected future cash flows generated from proved and probable reserves using a pre-tax discount rate of 15%, based on internal reserves report. Subsequent to the impairment test, the carrying amount of the property, plant and equipment was transferred to assets held for sale and were measured at fair value less cost to sell, resulting in an impairment charge of 10.0 million. During the third quarter of 2015, these assets were disposed of for cash proceeds of \$3.8 million and transferred out of assets held for sale and to the disposals under property, plant and equipment.

In June 2014, certain oil and gas assets were reclassified as assets held for sale. Immediately prior to reclassifying these assets to assets held for sale, the Company recorded an impairment loss of \$15.8 million.

## **7. Long-term debt**

At September 30, 2015, the Company had a \$300.0 million (December 31, 2014 – \$300.0 million) extendible revolving term credit facility available from a syndicate of Canadian chartered banks. Borrowing under the credit facility may be made by prime loans, bankers' acceptances and/or US libor advances. These advances bear interest at the bank's prime rate and/or at money market rates plus a borrowing margin. For the nine months ended September 30, 2015, borrowing costs averaged 3.2% (December 31, 2014 – 3.4%). The credit facility is secured by a first floating charge debenture, general assignment of book debts and the Company's oil and natural gas properties and equipment. The credit facility has a 364-day revolving period and is subject to an annual review by the lenders, at which time a lender can extend the revolving period or can request conversion to a one year term loan. During the revolving period, a review of the maximum borrowing amount occurs 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.

During the fourth quarter, NuVista requested and received an extension of the renewal date of the credit facility from October 31 to on or before November 30, 2015 from the banking syndicate. This request was made to allow for the inclusion of new well production data in the borrowing base redetermination.

As at September 30, 2015, the Company had drawn \$172.8 million (December 31, 2014 – \$172.0 million). The Company is subject to various non-financial covenants under its credit facility. Compliance with these covenants is monitored on a regular basis and as at September 30, 2015, the Company was in compliance with all covenants.

## **8. Asset retirement obligations**

The Company's asset retirement obligations are based on estimated costs to reclaim and abandon ownership interests in oil and natural gas assets including well sites, gathering systems and processing facilities. At September 30, 2015, the estimated total undiscounted amount of cash flows required to settle the asset retirement obligations is \$152.1 million (December 31, 2014 – \$172.6 million), which is estimated to be incurred over the next 50 years. A risk-free rate of 2.2% (December 31, 2014 – 2.3%) and an inflation rate of 2.0% (December 31, 2014 – 2.0%) were used to calculate the net present value of the asset retirement obligations. The increase in the year to date estimates of \$5.1 million was primarily as a result of a slight decrease in the risk-free rate compared to December 31, 2014. This change in rate accounted for \$2.7 million of the total increase change in estimates for the period. A reconciliation of the asset retirement obligations is provided below:



	<b>September 30, 2015</b>	December 31, 2014
Balance, January 1	\$ 111,307	\$ 106,275
Accretion expense	1,808	2,994
Liabilities incurred	2,209	2,324
Liabilities disposed	(10,240)	(15,598)
Change in estimates and discount rate	5,059	23,891
Liabilities settled	(5,555)	(8,579)
<b>Balance, end of period</b>	<b>\$ 104,588</b>	<b>\$ 111,307</b>

## 9. Share capital

### Common shares

	<b>September 30, 2015</b>		December 31, 2014	
	Number	Amount	Number	Amount
Balance, January 1	138,676,908	\$ 1,029,017	134,991,488	\$ 991,489
Issued for cash on offering of common shares	11,465,000	90,000	—	—
Issued for cash on offering of flow-through common shares <sup>(1)</sup>	2,544,040	20,861	2,360,655	25,731
Issued for cash on exercise of stock options	582,382	2,802	1,220,876	9,381
Contributed surplus transferred on exercise of stock options	—	964	—	2,620
Conversion of restricted share awards	14,778	80	164,227	703
Cancellation of shares	—	—	(60,338)	(779)
Share issue costs, net of deferred tax benefit of \$1.2 million (2014 – \$0.04 million)	—	(3,725)	—	(128)
<b>Balance, end of period</b>	<b>153,283,108</b>	<b>\$ 1,139,999</b>	<b>138,676,908</b>	<b>\$ 1,029,017</b>

<sup>(1)</sup> Net of implied premium of \$1.1 million in 2015 and \$3.6 million in 2014 on flow-through share price compared to trading price at announcement of equity issuance.

In April 2015, the Company 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, the Company 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. As at June 30, 2015, NuVista has fulfilled its commitment to spend \$22.0 million of CDE on qualifying expenditures.

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 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 as at March 31, 2015, the Company had fully spent the CEE on qualifying expenditures.

## 10. Earnings (loss) per share

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

(thousands of shares)	Three months ended September 30		Nine months ended September 30	
	2015	2014	2015	2014
Weighted average common shares outstanding				
Basic	<b>153,233</b>	136,643	<b>146,911</b>	135,796
Diluted	<b>153,233</b>	136,643	<b>146,911</b>	135,796

For the three and nine months ended September 30, 2015 and 2014 all stock options and restricted share awards outstanding were anti-dilutive and were not included in the diluted common share calculation.

## 11. Share-based compensation

Stock options

The Company has established a stock option plan whereby officers, directors and employees may be granted options to purchase common shares. Options granted vest at the rate of 1/3 per year and expire 2.5 years after the vesting date. The maximum number of stock options available for issuance under the stock option plan as well as the company's previous stock option plan is 7,916,195. The following continuity table summarizes the stock option activity:

	September 30, 2015		December 31, 2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, January 1	<b>6,378,553</b>	\$ <b>7.45</b>	7,113,345	\$ 7.36
Granted	<b>825,855</b>	<b>8.09</b>	1,627,995	10.04
Exercised	<b>(582,382)</b>	<b>4.81</b>	(1,220,876)	7.68
Forfeited	<b>(293,526)</b>	<b>8.61</b>	(583,077)	8.33
Expired	<b>(466,586)</b>	<b>10.21</b>	(558,834)	12.38
Balance, end of period	<b>5,861,914</b>	\$ <b>7.52</b>	6,378,553	\$ 7.45
Weighted average share price on date of exercise	<b>582,382</b>	\$ <b>7.83</b>	1,220,876	\$ 10.18

The following table summarizes stock options outstanding and exercisable under the plan at September 30, 2015:

Range of exercise price	Options outstanding			Options exercisable	
	Number of options outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
\$3.19 to \$4.99	1,029,238	1.3	\$ 4.49	1,029,238	\$ 4.49
\$5.00 to \$9.99	4,121,940	2.6	7.72	1,799,096	7.16
\$10.00 to \$12.99	710,736	2.7	10.76	310,033	10.72
<b>\$3.19 to \$12.99</b>	<b>5,861,914</b>	<b>2.4</b>	<b>\$ 7.52</b>	<b>3,138,367</b>	<b>\$ 6.64</b>

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

#### Restricted stock units

The Company has a Restricted Stock Unit ("RSU") Plan for employees and officers. Each RSU entitles participants to receive cash equal to the trading price of the equivalent number of shares of the Company. All RSUs granted vest and become payable within three years after the date the RSUs are issued.

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

	<b>September 30, 2015</b>	December 31, 2014
Balance, January 1	<b>501,110</b>	1,206,327
Settled	<b>(233,422)</b>	(788,089)
Granted	—	168,898
Forfeited	<b>(10,719)</b>	(86,026)
<b>Balance, end of period</b>	<b>256,969</b>	501,110

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

	<b>September 30, 2015</b>	December 31, 2014
Balance, January 1	<b>\$ 2,057</b>	\$ 4,172
Change in accrued compensation liabilities	<b>(1,096)</b>	(2,115)
<b>Balance, end of period</b>	<b>\$ 961</b>	\$ 2,057
Compensation liabilities – current (included in accounts payable and accrued liabilities)	<b>\$ 961</b>	\$ 1,743
Compensation liabilities – non-current (included in other liabilities)	<b>\$ —</b>	\$ 314

#### Restricted share awards

The Company has a Restricted Share Award ("RSA") Plan for employees and officers which entitle the employee to receive one common share for each RSA granted upon vesting. RSA grants vest within three years from the date of grant. The maximum number of common shares reserved for issuance under the RSA plan is 1,650,000 of which 1,265,787 remain to be issued.

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

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

	September 30, 2015	December 31, 2014
Balance, January 1	138,181	181,048
Settled	(14,778)	(164,227)
Granted	125,983	127,221
Forfeited	(12,947)	(5,861)
Balance, end of period	<b>236,439</b>	138,181

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

	Nine months ended September 30							
	2015				2014			
	Stock options	RSU	RSA	Total	Stock options	RSU	RSA	Total
Share-based compensation	\$ 2,920	\$ (895)	\$ 499	\$ 2,524	\$ 2,271	\$ 1,380	\$ 168	\$ 3,819
RSU cash paid	—	1,342	—	1,342	—	4,351	—	4,351
Share-based compensation expense	<b>\$ 2,920</b>	<b>\$ 447</b>	<b>\$ 499</b>	<b>\$ 3,866</b>	\$ 2,271	\$ 5,731	\$ 168	\$ 8,170
Gross capitalized share-based compensation	\$ 128	\$ 198	\$ 47	\$ 373	\$ 166	\$ 576	\$ —	\$ 742
RSU cash paid	—	(399)	—	(399)	—	(324)	—	(324)
Net capitalized share-based compensation	<b>\$ 128</b>	<b>\$ (201)</b>	<b>\$ 47</b>	<b>\$ (26)</b>	\$ 166	\$ 252	\$ —	\$ 418

## 12. Risk management activities

### (a) Financial instruments

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

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

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

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

(b) Financial assets and financial liabilities subject to offsetting

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

	September 30, 2015			December 31, 2014		
	Gross financial assets	Gross financial liabilities	Net financial assets	Gross financial assets	Gross financial liabilities	Net financial assets
Current assets (liabilities)	\$ 7,734	\$ (677)	\$ 7,057	\$ 31,237	\$ —	\$ 31,237
Long-term assets (liabilities)	17,989	(415)	17,574	15,974	—	15,974
Net position	\$ 25,723	\$ (1,092)	\$ 24,631	\$ 47,211	\$ —	\$ 47,211

(c) Risk management contracts

The following is a summary of the remaining hedged volumes and prices of financial derivative commodity contracts as at September 30, 2015:

	Volume (Bbls/d)	Pricing (Cdn\$/Bbl)	Remaining term
<b>WTI crude oil contracts</b>			
Fixed price swap	3,665	\$88.85	Oct 1, 2015 - Dec 31, 2015
Fixed price swap	3,200	\$80.32	Jan 1, 2016 - Mar 31, 2016
Fixed price swap	2,500	\$86.27	Apr 1, 2016 - Jun 30, 2016
Fixed price swap	2,200	\$84.33	Jul 1, 2016 - Sept 30, 2016
Fixed price swap	2,200	\$84.33	Oct 1, 2016 - Dec 31, 2016

	Volume (MMbtu/d)	Pricing (US\$/MMbtu)	Remaining term
<b>Nymex natural gas contracts</b>			
AECO-NYMEX basis	5,000	\$(0.44)	Oct 1, 2015 - Dec 31, 2015
AECO-NYMEX basis	10,000	\$(0.66)	Jan 1, 2016 - Dec 31, 2016
AECO-NYMEX basis	10,000	\$(0.70)	Jan 1, 2017 - Dec 31, 2017
Chicago-NYMEX basis	3,370	\$ 0.07	Oct 1, 2015 - Dec 31, 2015
Chicago-NYMEX basis	20,000	\$0.10	Jan 1, 2016 - Mar 31, 2016
Chicago-NYMEX basis	10,000	\$(0.01)	Apr 1, 2016 - Dec 31, 2016
Chicago-NYMEX basis	5,000	\$(0.05)	Jan 1, 2017 - Dec 31, 2017

Subsequent to September 30, 2015 the following is a summary of the financial instruments which have been entered into:

	Volume (Bbls/d)	Pricing (Cdn\$/Bbl)	Remaining term
<b>WTI crude oil contracts</b>			
Fixed price swap	150	\$67.05	Nov 1, 2015 - Dec 31, 2015
Fixed price swap	650	\$63.93	Jan 1, 2016 - Mar 31, 2016

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

	September 30, 2015	December 31, 2014
Fair value of contracts, January 1	\$ 47,211	\$ (6,821)
Change in the fair value of contracts in the period	9,155	45,234
Fair value of contracts realized in the period	(31,735)	8,798
Fair value of contracts, end of period	\$ 24,631	\$ 47,211
Commodity derivative assets – current	\$ 7,057	\$ 31,237
Commodity derivative assets – long term	\$ 17,574	\$ 15,974

(d) Physical purchase and sale contracts

The following is a summary of the remaining hedged volumes and prices of physical purchase and sale contracts as at September 30, 2015:

	Volume (GJ/d)	Pricing (Cdn\$/GJ)	Remaining term
<b>AECO natural gas contracts</b>			
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	54,000	\$3.66	Oct 1, 2015 - Dec 31, 2015
Fixed price swap	52,500	\$3.55	Jan 1, 2016 - Mar 31, 2016
Fixed price swap	42,500	\$3.48	Apr 1, 2016 - Jun 30, 2016
Fixed price swap	52,500	\$3.45	Jul 1, 2016 - Sep 30, 2016
Fixed price swap	52,500	\$3.46	Oct 1, 2016 - Dec 31, 2016
Fixed price swap	42,500	\$3.41	Jan 1, 2017 - Mar 31, 2017
Fixed price swap	27,500	\$3.38	Apr 1, 2017 - Jun 30, 2017
Fixed price swap	17,500	\$3.42	Jul 1, 2017 - Sep 30, 2017
Fixed price swap	14,158	\$3.46	Oct 1, 2017 - Dec 31, 2017

Subsequent to September 30, 2015, the following is a summary of physical contracts which have been entered into:

	Volume (GJ/d)	Pricing (Cdn\$/GJ)	Remaining term
<b>AECO natural gas contracts</b>			
Fixed price swap	10,000	\$2.49	Jan 1, 2016 - Sep 30, 2016
Fixed price swap	6,685	\$2.50	Oct 1, 2016 - Dec 31, 2016

### 13. Commitments

The following is a summary of the Company's commitments as at September 30, 2015:

	<b>Total</b>	2015	2016	2017	2018	2019	Thereafter
Transportation and processing	<b>\$ 564,092</b>	\$ 9,902	\$ 55,442	\$ 66,135	\$ 66,451	\$ 59,746	\$ 306,416
Office lease	<b>7,937</b>	946	3,813	3,178	—	—	—
Drilling rig contracts	<b>6,395</b>	1,440	4,229	726	—	—	—
<b>Total commitments</b>	<b>\$ 578,424</b>	\$ 12,288	\$ 63,484	\$ 70,039	\$ 66,451	\$ 59,746	\$ 306,416