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") condensed interim consolidated financial statements for the three and six months ended June 30, 2014 and audited consolidated financial statements for the year ended December 31, 2013. The following MD&A of financial condition and results of operations was prepared at and is dated August 12, 2014. Our December 31, 2013 audited consolidated financial statements, Annual Information Form and other disclosure documents for 2013 are available through our filings on SEDAR at **www.sedar.com** or can be obtained from our website at **www.nuvistaenergy.com**.

> ***Basis of presentation*** *– Unless otherwise noted, the financial data presented below has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") also known as International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The reporting and measurement currency is the Canadian dollar. Natural gas is converted to a barrel of oil equivalent ("Boe") using six thousand cubic feet of gas to one barrel of oil. In certain circumstances natural gas liquid volumes have been converted to a thousand cubic feet equivalent ("Mcfe") on the basis of one barrel of natural gas liquids to six thousand cubic feet of gas. Boes and Mcfes may be misleading, particularly if used in isolation. A conversion ratio of one barrel to six thousand cubic feet of natural gas is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion ratio on a 6:1 basis may be misleading as an indication of value.*
>
> ***Advisory regarding forward-looking information and statements*** *– This MD&A contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable securities laws. The use of any of the words "will", "expects", "believe", "plans", "potential" and similar expressions are intended to identify forward-looking statements. More particularly and without limitation, this MD&A contains forward looking statements, including management's assessment of: NuVista's future focus, strategy, plans, opportunities and operations; financial risk management strategy; forecast production; production mix; drilling, development, completion and tie-in plans and results; NuVista's planned capital budget; the timing, allocation and efficiency of NuVista's capital program and the results therefrom; the anticipated potential and growth opportunities associated with NuVista's asset base; dispositions plans and the timing thereof; planned and unplanned facility outages and operational delays; timing of third party plant expansion; incremental third party facility capacity; plans to finance our 2014 capital program; asset retirement obligations and the amount and timing of expenditures relating to such asset retirement obligations and the source of funding thereof; targeted debt levels; targeted debt to annualized current quarter funds from operations; plans to increase the borrowing base of NuVista's credit facility; expectations regarding future commodity prices, netbacks and price differentials; industry conditions; anticipated accounting changes and the 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. This MD&A also contains future-oriented financial information and financial outlook information (collectively, "FOFI") about our prospective results of operations and funds from operations, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in above.*

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 FOFI and forward-looking statements. NuVista's actual results, performance or achievement could differ materially from those expressed in, or implied by, these FOFI and forward-looking statements, or if any of them do so, what benefits NuVista will derive therefrom. NuVista has included the FOFI and 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. 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. 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, operating netbacks and adjusted working capital as presented, do not have any standardized meaning prescribed by GAAP and therefore, may not be comparable with the calculation of similar measures for other entities. 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. 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. Total Boe is calculated by multiplying the daily production by the number of days in the period.*

Description of business – NuVista is an oil and natural gas company actively engaged in the exploration for and the development and production of oil and natural gas reserves. NuVista's primary focus is on the scalable and repeatable condensate-rich Montney formation in the Alberta Deep Basin. NuVista also has assets in eastern and northwest Alberta as well as northeast British Columbia. The common shares of NuVista trade on the Toronto Stock Exchange ("TSX") under the symbol NVA.

2013 Dispositions – In December 2013, NuVista sold the majority of its assets in the Saskatchewan and Provost operating area. At the time of sale, production from these assets averaged approximately 2,300 Boe/d. The impact of this disposition has been reflected in the financial statements.

Operating activities – For the three months ended June 30, 2014, Nuvista drilled 4 (4 net) condensate-rich natural gas Montney wells in our Wapiti operating area. For the six months ended June 30, 2014, NuVista drilled 13 (13 net) wells resulting in 12 (12 net) natural gas wells and 1 (1 net) micro-seismic observation well for an overall success rate of 100%. NuVista operated all of the wells and had an average working interest of 100%. All

13 wells were drilled in Nuvista's Wapiti operating area resulting in 11 Montney natural gas wells, 1 Falher natural gas well and 1 Montney micro-seismic observation well.

Production

	Three months ended June 30,			Six months ended June 30,		
	2014	2013	% Change	**2014**	2013	% Change
Natural gas (Mcf/d)	**59,827**	66,118	(10)	**65,088**	60,798	7
Condensate (Bbls/d)	**1,794**	1,977	(9)	**2,296**	1,483	55
Butane (Bbls/d)	**514**	498	3	**545**	434	26
Propane (Bbls/d)	**549**	736	(25)	**765**	661	16
Ethane (Bbls/d)	**995**	984	1	**927**	873	6
Oil (Bbls/d)	**670**	524	28	**767**	589	30
Subtotal (Boe/d)	**14,493**	15,738	(8)	**16,148**	14,173	14
2013 Dispositions (Boe/d)	**-**	2,061	-	**-**	2,186	-
Total oil equivalent (Boe/d)	**14,493**	17,799	(19)	**16,148**	16,359	(1)

For the three months ended June 30, 2014, NuVista's average production was 14,493 Boe/d compared to 17,799 Boe/d for the same period in 2013. Oil and liquids weighting in the second quarter of 2014 was 31% which is consistent with the same period in 2013. For the six months ended June 30, 2014, NuVista's average production was 16,148 Boe/d compared to 16,359 Boe/d for the same period in 2013. 69% of NuVista's year to date production volumes relate to the Wapiti operating area with Wapiti Montney and Wapiti Sweet production accounting for 39% and 30% respectively of total company production. The majority of condensate production is associated with our Wapiti Montney production. Condensate volumes temporarily decreased by 36% to 1,794 Bbls/d from 2,803 Bbls/d in the first quarter of 2014 which represents 12% of total volumes.

Second quarter production decreased by 19% compared to the comparative period of 2013 as a result of the 2013 Dispositions which accounted for 2,061 Boe/d. The 19% decline in second quarter production to 14,493 Boe/d from 17,823 Boe/d in the first quarter is due primarily to a temporary decrease in Montney production as a result of planned and unplanned facility outages and third party operational delays. Montney production averaged approximately 4,500 Boe/d in the second quarter down from approximately 8,100 Boe/d in the first quarter. These issues were partially anticipated by NuVista in our overall plans and were incorporated in our annual guidance projections.

For the six months ended June 30, 2014, production increased by 14% and decreased by 1% prior to and after the effects of the 2013 Dispositions respectively. The production growth is a result of increases in production from new and existing Wapiti Montney condensate-rich natural gas wells.

Production by area

	Three months ended June 30, 2014					Three months ended June 30, 2013				
	Natural Gas (Mcf/d)	Condensate (Bbls/d)	Liquids (Bbls/d)	Oil (Bbls/d)	**Total (Boe/d)**	Natural Gas (Mcf/d)	Condensate (Bbls/d)	Liquids (Bbls/d)	Oil (Bbls/d)	Total (Boe/d)
Wapiti Montney	**16,911**	**1,305**	**348**	**-**	**4,472**	16,840	1,388	396	-	4,591
Wapiti Sweet	**20,510**	**266**	**1,483**	**90**	**5,257**	21,644	285	1,516	66	5,474
Non-core	**22,406**	**223**	**227**	**580**	**4,764**	27,634	304	305	458	5,673
Subtotal	**59,827**	**1,794**	**2,058**	**670**	**14,493**	66,118	1,977	2,217	524	15,738
Dispositions	**-**	**-**	**-**	**-**	**-**	7,317	4	7	830	2,061
Total	**59,827**	**1,794**	**2,058**	**670**	**14,493**	73,345	1,981	2,224	1,354	17,799

	Six months ended June 30, 2014					Six months ended June 30, 2013				
	Natural Gas (Mcf/d)	Condensate (Bbls/d)	Liquids (Bbls/d)	Oil (Bbls/d)	**Total** (Boe/d)	Natural Gas (Mcf/d)	Condensate (Bbls/d)	Liquids (Bbls/d)	Oil (Bbls/d)	Total (Boe/d)
Wapiti Montney	**22,980**	**1,820**	**605**	**-**	**6,255**	12,078	882	323	-	3,218
Wapiti Sweet	**19,119**	**238**	**1,379**	**97**	**4,901**	20,055	48	1,576	71	5,038
Non-core	**22,989**	**238**	**252**	**670**	**4,992**	28,665	553	68	518	5,917
Subtotal	**65,088**	**2,296**	**2,236**	**767**	**16,148**	60,798	1,483	1,967	589	14,173
Dispositions	**-**	**-**	**-**	**-**	**-**	7,336	3	7	953	2,186
Total	**65,088**	**2,296**	**2,236**	**767**	**16,148**	68,134	1,486	1,974	1,542	16,359

Commodity prices

Benchmark pricing

	Three months ended June 30,			Six months ended June 30,		
	2014	2013	% Change	**2014**	2013	% Change
Natural gas – AECO (daily) ($/GJ)	**4.44**	3.35	33	**4.93**	3.19	55
Natural gas – AECO (monthly) ($/GJ)	**4.43**	3.40	30	**4.47**	3.16	41
Natural gas – NYMEX (monthly) ($/GJ)	**4.67**	4.09	14	**4.80**	3.71	29
Oil – WTI (US$/Bbl)	**102.99**	94.22	9	**100.84**	94.30	7
Oil – Edmonton Par – (Cdn$/Bbl)	**105.50**	92.47	14	**102.64**	90.43	14
Condensate – (Cdn$/Bbl)	**114.59**	103.87	10	**113.93**	106.02	7
Exchange rate (Cdn$/US$)	**1.0905**	1.0234	7	**1.0970**	1.0161	8

Average selling prices (1)

	Three months ended June 30,			Six months ended June 30,		
	2014	2013	% Change	**2014**	2013	% Change
Natural gas ($/Mcf)	**4.33**	3.43	26	**4.42**	3.34	32
Condensate ($/Bbl)	**103.00**	92.90	11	**98.32**	96.32	2
Butane ($/Bbl)	**58.66**	50.57	16	**59.12**	56.10	5
Propane ($/Bbl)	**31.24**	19.22	63	**48.00**	21.89	119
Ethane ($/Bbl)	**13.58**	9.62	41	**14.51**	7.90	84
Oil ($/Bbl)	**94.98**	81.67	16	**91.78**	73.28	25

(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 second quarter of 2014 was $4.33/Mcf compared to $3.43/Mcf for the same period in 2013. For the six months ended June 30, 2014, NuVista's average selling price for gas was $4.42/Mcf compared to $3.34/Mcf for the same period in 2013.

Natural gas liquids include condensate, butane, propane and ethane and are priced to varying degrees 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 $103.00/Bbl in the second quarter up from $92.90/Bbl in the comparative period of 2013. 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 77% light oil and 23% heavy oil in the second 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 9% higher in the second quarter of 2014 compared to the second quarter of 2013. Realized oil prices increased 16% in the second quarter of 2014 compared to the same period of 2013. The second quarter increase in realized prices was due to higher WTI prices and an increased percentage of light oil versus heavy oil sales compared to 2013.

Revenues

	Three months ended June 30,					
($ thousands)	Natural Gas	Condensate	Liquids[2]	Oil	**2014 Total**	2013 Total
Revenue [1]	**23,600**	**16,814**	**5,533**	**5,787**	**51,734**	54,158
Realized loss on commodity derivatives	**(1,226)**	**(2,835)**	**-**	**(1,058)**	**(5,119)**	(820)
Total revenue [3]	**22,374**	**13,979**	**5,533**	**4,729**	**46,615**	53,338

	Six months ended June 30,					
($ thousands)	Natural Gas	Condensate	Liquids [2]	Oil	**2014 Total**	2013 Total
Revenue [1]	**52,114**	**40,856**	**14,917**	**12,744**	**120,631**	95,906
Realized loss on commodity derivatives	**(2,000)**	**(5,070)**	**-**	**(1,749)**	**(8,819)**	(2,078)
Total revenue [3]	**50,114**	**35,786**	**14,917**	**10,995**	**111,812**	93,828

(1) Natural gas revenue includes price risk management gains and losses on physical sale contracts. For the three and six months ended June 30, 2014, our physical sale contracts totaled a loss of $2.6 million and $5.8 million respectively (2013 – losses of $0.6 million and $0.4 million).
(2) Incudes butane, propane, and ethane.
(3) Refer to "Non-GAAP measurements".

For the three months ended June 30, 2014, revenues including realized commodity derivative gains and losses were $46.6 million, a 13% decrease from $53.3 million for the same period in 2013. The decrease in revenues for the three months ended June 30, 2014 compared to the same period of 2013 is due to a 19% decrease in production volumes offset by a 17% increase in overall realized prices. Revenues were comprised of $22.4 million of natural gas, $14.0 million of condensate, $5.5 million of liquids and $4.7 million of oil revenue. The increase in average realized commodity prices is comprised of a 26% increase in the natural gas price to $4.33/Mcf from $3.43/Mcf, a 34% increase in the liquids price, excluding condensate to $29.55/Bbl from $22.05/Bbl, a 11% increase in the condensate price to $103.00/Bbl from $92.90/Bbl and a 16% increase in the oil price to $94.98/Bbl from $81.67/Bbl.

For the six months ended June 30, 2014, revenues including realized commodity derivative gains and losses were $111.8 million, a 19% increase from $93.8 million for the same period in 2013. The increase in revenues for the first six months of 2014 compared to the same period of 2013 is primarily due to a 1% decrease in production volumes offset by a 27% increase in overall realized prices. These revenues were comprised of $50.1 million of natural gas revenue, $35.8 million of condensate revenue, $14.9 million in liquids revenue and $11.0 million of oil revenue. The increase in average realized commodity prices is comprised of a 32% increase in the natural gas price to $4.42/Mcf from $3.34/Mcf, a 59% increase in the liquids price, excluding condensate to $36.83/Bbl from $23.17/Bbl, a 2% increase in the condensate price to $98.32/Bbl from $96.32/Bbl and a 25% increase in the oil price to $91.78/Bbl from $73.28/Bbl.

Commodity price risk management

($ thousands)	Three months ended June 30, 2014 Realized Gain (Loss)	2014 Unrealized Gain (Loss)	2014 Total Gain (Loss)	2013 Realized Gain (Loss)	2013 Unrealized Gain (Loss)	2013 Total Gain (Loss)
Natural gas	**(1,226)**	**1,160**	**(66)**	(70)	234	164
Condensate	**(2,835)**	**122**	**(2,713)**	(445)	(752)	(1,197)
Oil	**(1,058)**	**45**	**(1,013)**	(305)	(514)	(819)
Total gain (loss)	**(5,119)**	**1,327**	**(3,792)**	(820)	(1,032)	(1,852)

($ thousands)	Six months ended June 30, 2014 Realized Gain (Loss)	2014 Unrealized Gain (Loss)	2014 Total Gain (Loss)	2013 Realized Gain (Loss)	2013 Unrealized Gain (Loss)	2013 Total Gain (Loss)
Natural gas	**(2,000)**	**(3,017)**	**(5,017)**	(76)	234	158
Condensate	**(5,070)**	**(3,858)**	**(8,928)**	(901)	(1,402)	(2,303)
Oil	**(1,749)**	**(1,184)**	**(2,933)**	(1,101)	(1,652)	(2,753)
Total gain (loss)	**(8,819)**	**(8,059)**	**(16,878)**	(2,078)	(2,820)	(4,898)

NuVista has a disciplined commodity price risk management program as part of its financial risk management strategy. The purpose of this program is to reduce volatility in financial results, protect acquisition economics and help stabilize cash flow against the unpredictable commodity price environment. NuVista's Board of Directors 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% for 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% for forecast gas production, net of royalties, with certain maximum cost limits for the period of March 1, 2014 to December 31, 2014.

During the second quarter of 2014, the commodity price risk management program resulted in a loss of $3.8 million, consisting of a realized loss of $5.1 million and unrealized gain of $1.3 million on natural gas and oil contracts compared to a realized loss of $0.8 million and unrealized loss of $1.0 million for the same period of 2013. For the six months ended June 30, 2014, the commodity price risk management program resulted in a loss of $16.9 million, consisting of a realized loss of $8.8 million and unrealized loss of $8.1 million on natural gas and oil contracts compared to a realized loss of $2.1 million and an unrealized loss of $2.8 million for the same period of 2013.

Price risk management losses on our physical sale contracts totaled $2.6 million and $5.8 million for the three and six months ended June 30, 2014 respectively. 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 June 30, 2014:

	Volume (Bbls/d)	Pricing (Cdn$/Bbl)	Premium (Cdn$/Bbl)	Remaining term
WTI crude oil contracts				
Fixed price swap	2,298	$94.82		Jul 1, 2014 – Sep 30, 2014
Fixed price swap	2,715	$95.86		Oct 1, 2014 – Dec 31, 2014
Fixed price swap	2,600	$96.29		Jan 1, 2015 – Mar 31, 2015
Fixed price swap	1,932	$97.98		Apr 1, 2015 – Jun 30, 2015
Fixed price swap	1,003	$100.18		Jul 1, 2015 – Sep 30, 2015
Fixed price swap	451	$100.62		Oct 1, 2015 – Dec 31, 2015
Put option	800	$102.47	$6.50	Jul 1, 2014 – Sep 30, 2014
Put option	600	$102.18	$6.63	Oct 1, 2014 – Dec 31, 2014
Put option	100	$106.55	$4.66	Jan 1, 2015 – Mar 31, 2015
Put option	100	$106.55	$4.66	Apr 1, 2015 – Jun 30, 2015

	Volume (MMbtu/d)	Pricing (US$/MMbtu)	Premium (US$)	Remaining term
NYMEX natural gas contracts				
NYMEX costless collar	5,000	$3.90-$4.52		Oct 1, 2014 – Dec 31, 2014
NYMEX fixed price swap	2,000	$3.80		Jul 1, 2014 – Sep 30, 2014
NYMEX fixed price swap	2,000	$3.80		Oct 1, 2014 – Dec 31, 2014
NYMEX put option	15,000	$4.56	$0.33	Jul 1, 2014 – Sep 30, 2014
NYMEX-AECO basis	35,000	$(0.57)		Jul 1, 2014 – Sep 30, 2014
NYMEX-AECO basis	35,000	$(0.57)		Oct 1, 2014 – Dec 31, 2014
NYMEX-AECO basis	5,000	$(0.44)		Jan 1, 2015 – Mar 31, 2015
NYMEX-AECO basis	5,000	$(0.44)		Apr 1, 2015 – Jun 30, 2015
NYMEX-AECO basis	5,000	$(0.44)		Jul 1, 2015 – Sep 30, 2015
NYMEX-AECO basis	5,000	$(0.44)		Oct 1, 2015 – Dec 31, 2015

Subsequent to June 30, 2014, the following financial instruments have been entered into:

	Volume (Bbls/d)	Pricing (Cdn$/Bbl)	Premium (US$/Bbl)	Remaining term
WTI crude oil contracts				
Put option	200	$103.50	$4.90	Oct 1, 2014 – Sep 30, 3015
Fixed price swap	300	$102.25		Jan 1, 2015 – Dec 31, 2015
Fixed price swap	300	$100.45		Jul 1, 2015 – Jun 30, 2016

(b) Physical purchase and sale contracts

The following is a summary of physical purchase and sale contracts outstanding as at June 30, 2014:

	Volume (GJ/d)	Pricing (Cdn$/GJ)	Remaining term
AECO natural gas contracts			
Costless collar	13,033	$3.12 – $3.64	Jul 1, 2014 – Sep 30, 2014
Costless collar	10,000	$3.10 – $3.62	Oct 1, 2014 – Dec 31, 2014
Costless collar	1,722	$3.00 – $3.53	Jan 1, 2015 – Mar 31, 2015
Fixed price swap	26,000	$3.54	Jul 1, 2014 – Sep 30, 2014
Fixed price swap	36,799	$3.63	Oct 1, 2014 – Dec 31, 2014
Fixed price swap	44,000	$3.73	Jan 1, 2015 – Mar 31, 2015
Fixed price swap	44,000	$3.73	Apr 1, 2015 – Jun 30, 2015
Fixed price swap	24,000	$3.85	Jul 1, 2015 – Sep 30, 2015
Fixed price swap	13,712	$3.95	Oct 1, 2015 – Dec 31, 2015

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

Subsequent to June 30, 2014, the following physical purchase and sale contracts have been entered into:

	Volume (GJ/d)	Pricing (Cdn$/GJ)	Remaining term
Natural gas contracts			
Costless collar	2,000	$3.50 – $4.15	Oct 1, 2014 – Dec 31, 2015
Costless collar	5,000	$3.50 – $3.92	Jul 1, 2015 – Mar 31, 2016
Fixed price swap	2,000	$3.64	Oct 1, 2014 – Dec 31, 2015
Fixed price swap	5,000	$3.63	Jul 1, 2015 – Dec 31, 2016

Royalties

	Three months ended June 30,		Six months ended June 30,	
Royalty rates (%)	**2014**	2013	**2014**	2013
Natural gas and liquids	**9**	11	**9**	10
Oil	**21**	11	**21**	12
Weighted average rate	**11**	11	**10**	10

For the three months ended June 30, 2014, royalties were $5.5 million, 6% lower than the $5.9 million for the same period of 2013. Royalties for the six months ended June 30, 2014 were $12.2 million, 22% higher than the $10.0 million reported for the six months ended June 30, 2013. Royalties, on a total dollar basis, for the first half of 2014 were higher than the comparative period of 2013 as a result of increases in oil and natural gas prices.

Average royalty rates by product for the three months ended June 30, 2014 were 9% for natural gas and liquids and 21% for oil compared to 11% for natural gas and liquids and 11% for oil for the same period in 2013. The increase in 2014 oil royalty rates resulted from the sale of low royalty rate heavy oil wells in Saskatchewan as part of the 2013 Dispositions. NuVista's remaining oil properties incur a significantly higher royalty rate. As a percentage of revenue, the reported average royalty rate for the three months ended June 30, 2014 was 11%, which is consistent with the same period of 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 $15.1 million ($11.46/Boe) for the three months ended June 30, 2014 compared to $19.7 million ($12.19/Boe) for the same period in 2013. For the three months ended June 30, 2014, natural gas and liquids operating expenses averaged $1.84/Mcfe and oil operating expenses were $19.94/Bbl as compared to $1.86/Mcfe and $24.71/Bbl respectively for the same period of 2013. Second quarter operating expenses on a total dollar basis decreased by 23% compared to the same period of 2013 primarily due to the sale of high operating cost properties as part of the 2013 Dispositions and lower overall production in the second quarter. Second quarter operating expenses were lower compared to the first quarter of 2014 due to temporarily lower Montney production and associated reductions in third party processing costs.

Operating expenses were $32.6 million ($11.14/Boe) for the six months ended June 30, 2014 compared to $36.1 million ($12.20/Boe) for the same period in 2013. This decrease resulted from a 1% decrease in production volumes and a 9% decrease in per unit costs. For the six months ended June 30, 2014, natural gas and liquids operating expenses averaged $1.79/Mcfe and oil operating expenses were $19.68/Bbl as compared to $1.86/Mcfe and $22.13/Bbl respectively for the same period of 2013. Total operating expenses decreased for the first half of 2014 compared to the same period in 2013 due to the 2013 Dispositions offset by operating costs incurred for new Wapiti Montney wells. Per unit operating expenses for the six months ended June 30, 2014 were lower than the comparative period as properties associated with the 2013 Dispositions had higher fixed costs.

Transportation – Transportation costs were $1.6 million ($1.18/Boe) for the three months ended June 30, 2014 as compared to $1.2 million ($0.75/Boe) for the same period of 2013. Transportation costs, on a total dollar basis, for the three months ended June 30, 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 offset by decreases in transportation costs as a result of the 2013 Dispositions and natural production declines in non-core areas.

Transportation costs were $3.2 million ($1.10/Boe) for the six months ended June 30, 2014 as compared to $2.5 million ($0.84/Boe) for the same period of 2013. Transportation costs increases for the first half of 2014 are due to the same reasons described for the second quarter of 2014.

General and administrative

	Three months ended June 30,		Six months ended June 30,	
($ thousands except per unit amounts)	**2014**	2013	**2014**	2013
Gross general and administrative expenses	**5,601**	5,539	**11,171**	11,733
Overhead recoveries	**(342)**	(439)	**(795)**	(1,474)
Net general and administrative expenses	**5,259**	5,100	**10,376**	10,259
Per Boe	**3.99**	3.15	**3.55**	3.46

General and administrative expenses, net of overhead recoveries, for the three months ended June 30, 2014 were $5.3 million ($3.99/Boe) compared to $5.1 million ($3.15/Boe) in the same period of 2013. General and administrative expenses, net of overhead recoveries, for the six months ended June 30, 2014 were $10.4 million ($3.55/Boe) compared to $10.3 million ($3.46/Boe) in the same period of 2013. Second quarter and year to date June 30, 2014 general and administrative expenses, net of overhead recoveries on a total dollar basis increased by 3% and 1% respectively compared to the same period of 2013 due to increases in employee related costs. Per unit general and administrative expenses for the three and six months ended June 30, 2014 were higher than the comparative period as costs are spread over temporarily lower production volumes.

Share-based compensation

	Three months ended June 30,		Six months ended June 30,	
($ thousands)	**2014**	2013	**2014**	2013
Stock options	**1,018**	943	**1,571**	2,074
Restricted stock units	**2,727**	1,325	**5,333**	2,470
Restricted share awards	**66**	156	**160**	316
Total	**3,811**	2,424	**7,064**	4,860

NuVista recorded a share-based compensation charge of $3.8 million for the three months ended June 30, 2014 compared to $2.4 million for the same period in 2013. For the six months ended June 30, 2014, NuVista recorded a share-based compensation charge of $7.1 million compared to $4.9 million for the same period in 2013. The increase is primarily as a result of the settled restricted stock units and the growth in NuVista's share price to $11.95/share as at June 30, 2014 compared to $7.18/share for the same period of 2013. This was slightly offset by increased forfeitures of stock options in the period. 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 and six months ended June 30, 2014 was $1.4 million ($1.03/Boe) and $2.2 million ($0.75/Boe) compared to $1.1 million ($0.65/Boe) and $1.9 million ($0.65/Boe) for the same period of 2013. For the three months ended June 30, 2014, borrowing costs averaged 3.1% compared to 3.8% in the same period of 2013. Cash paid for interest for the three months ended June 30, 2014 was $1.3 million (June 30, 2013 – $1.3 million).

Funds from operations (1) – For the three months ended June 30, 2014, NuVista's funds from operations were $15.1 million (0.11/share, basic), a 21% decrease from $19.0 million ($0.16/share, basic) for the same period in 2013 and a 51% decrease from 30.9 million ($0.23/share, basic) from the first quarter of 2014. The temporary reduction of high netback Montney production impacted second quarter cashflows as Montney netbacks averaged over $38/Boe in the second quarter (same as the first quarter) while second quarter non-Montney netbacks averaged approximately $10/Boe.

For the six months ended June 30, 2014, NuVista's funds from operations were $45.9 million ($0.34/share, basic), a 50% increase from $30.6 million ($0.26/share, basic) for the same period in 2013. Funds from operations for the six months ended June 30, 2014 were higher compared with the same period in 2013 due to higher realized oil and natural gas prices in the first half of 2014 offset by the decrease in production volumes in the second quarter of 2014 compared to 2013.

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

	Three months ended June 30,		Six months ended June 30,	
($ thousands)	**2014**	2013	**2014**	2013
Cash provided by operating activities	**11,176**	11,291	**36,422**	14,467
Add back:				
Asset retirement expenditures	**438**	877	**4,842**	6,228
Change in non-cash working capital	**3,439**	6,815	**4,682**	9,917
Funds from operations(1)	**15,053**	18,983	**45,946**	30,612

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

The table below summarizes operating netbacks by product for the three months ended June 30, 2014:

($ thousands, except per unit amounts)	Natural gas and liquids[1] $	$/Mcfe	Oil $	$/Bbl	**2014** $	$/Boe	2013 $	$/Boe
Revenue	**45,947**	**6.09**	**5,787**	**94.98**	**51,734**	**39.23**	54,158	33.44
Realized gain (loss) on commodity derivatives	**(4,061)**	**(0.54)**	**(1,058)**	**(17.36)**	**(5,119)**	**(3.88)**	(820)	(0.51)
	41,886	**5.55**	**4,729**	**77.62**	**46,615**	**35.35**	53,338	32.93
Royalties	**(4,341)**	**(0.58)**	**(1,201)**	**(19.71)**	**(5,542)**	**(4.20)**	(5,913)	(3.65)
Transportation costs	**(1,157)**	**(0.15)**	**(399)**	**(6.55)**	**(1,556)**	**(1.18)**	(1,214)	(0.75)
Operating costs	**(13,901)**	**(1.84)**	**(1,215)**	**(19.94)**	**(15,116)**	**(11.46)**	(19,743)	(12.19)
Operating netback[2]	**22,487**	**2.98**	**1,914**	**31.42**	**24,401**	**18.51**	26,468	16.34
General and administrative[3]					**(5,259)**	**(3.99)**	(5,100)	(3.15)
Restricted stock units[3]					**(2,727)**	**(2.07)**	(1,325)	(0.82)
Interest[3]					**(1,362)**	**(1.03)**	(1,060)	(0.65)
Funds from operations netback[2]					**15,053**	**11.42**	18,983	11.72

[1] Includes natural gas, liquids and condensate.
[2] Refer to "Non-GAAP measurements".
[3] Amounts not allocated by product.

The table below summarizes operating netbacks by product for the six months ended June 30, 2014:

($ thousands, except per unit amounts)	Natural gas and liquids[1] $	$/Mcfe	Oil $	$/Bbl	**2014** $	$/Boe	2013 $	$/Boe
Revenue	**107,887**	**6.46**	**12,744**	**91.78**	**120,631**	**41.27**	95,906	32.39
Realized gain (loss) on commodity derivatives	**(7,070)**	**(0.42)**	**(1,749)**	**(12.60)**	**(8,819)**	**(3.02)**	(2,078)	(0.70)
	100,817	**6.04**	**10,995**	**79.18**	**111,812**	**38.25**	93,828	31.69
Royalties	**(9,518)**	**(0.57)**	**(2,668)**	**(19.22)**	**(12,186)**	**(4.17)**	(9,962)	(3.36)
Transportation costs	**(2,732)**	**(0.16)**	**(475)**	**(3.42)**	**(3,207)**	**(1.10)**	(2,485)	(0.84)
Operating costs	**(29,826)**	**(1.79)**	**(2,733)**	**(19.68)**	**(32,559)**	**(11.14)**	(36,113)	(12.20)
Operating netback[2]	**58,741**	**3.52**	**5,119**	**36.86**	**63,860**	**21.84**	45,268	15.29
General and administrative[3]					**(10,376)**	**(3.55)**	(10,259)	(3.46)
Restricted stock units[3]					**(5,333)**	**(1.82)**	(2,470)	(0.83)
Interest[3]					**(2,205)**	**(0.75)**	(1,927)	(0.65)
Funds from operations netback[2]					**45,946**	**15.72**	30,612	10.35

[1] Includes natural gas, liquids and condensate.
[2] Refer to "Non-GAAP measurements".
[3] Amounts not allocated by product.

Depletion, depreciation and amortization ("DD&A") and impairment

($ thousands except per Boe amounts)	Three months ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
Depletion of oil and gas assets	**16,314**	20,188	**36,368**	37,664
Depreciation of fixed assets	**1,641**	1,196	**3,234**	2,144
Total DD&A	**17,955**	21,384	**39,602**	39,808
Impairment charges	**15,751**	-	**15,751**	-
Total DD&A and impairment	**33,706**	21,384	**55,353**	39,808
DD&A rate per Boe, excluding impairment	**13.62**	13.20	**13.55**	13.44

Depletion, depreciation and amortization ("DD&A") expenses excluding impairments were $18.0 million for the second quarter of 2014 as compared to $21.4 million for the same period in 2013. Depletion, depreciation and amortization expenses excluding impairments were $39.6 million for the six months ending June 30, 2014 compared to $39.8 million for the same period in 2013. The average per unit cost for the three and six months ended June 30, 2014 was $13.62/Boe and $13.55/Boe respectively as compared to $13.20/Boe and $13.44/Boe for the same period in 2013. DD&A expense excluding impairment for the second quarter of 2014 decreased from the same period in 2013 primarily due to decreased production volumes for the quarter.

In June 2014, NuVista signed an agreement to dispose of certain non-core oil and natural gas properties in Northwest Alberta held within the Company's North Gas cash generating unit ("CGU") and Oil CGU. The sale is expected to close in the third quarter of 2014. An impairment test was performed and did not result in an impairment charge for these CGUs. 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 10% to 12%, 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 of $15.8 million.

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 June 30, 2014, NuVista recorded an ARO of $84.5 million as compared to $106.3 million as at December 31, 2013. Current ARO associated with assets held for sale at June 30, 2014 was $26.5 million (December 31, 2013 – $nil). The liability was discounted using a risk free discount rate of 2.8% at June 30, 2014 (December 31, 2013 – 3.2%). At June 30, 2014, the estimated total undiscounted amount of cash flow required to settle NuVista's ARO was $136.5 million after dispositions and assets held for sale (December 31, 2013 – $179.1 million). The majority of the costs are expected to be incurred between 2014 and 2032. Actual ARO expenditures for the three and six months ended June 30, 2014 were $0.4 million and $4.8 million respectively (June 30, 2013 – $0.9 million and $6.2 million).

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

Capital expenditures

($ thousands)	Three months ended June 30, 2014	2013	Six months ended June 30, 2014	2013
Exploration and development				
Land and retention costs	**1,012**	70	**4,587**	1,899
Seismic	**1,149**	1,113	**2,580**	2,102
Drilling and completion	**37,416**	19,786	**103,878**	63,615
Facilities and equipment	**22,262**	9,535	**77,170**	31,677
Corporate	**-**	459	**193**	459
Capital expenditures	**61,839**	30,963	**188,408**	99,752

Capital expenditures were $61.8 million during the second quarter of 2014, consisting of exploration and development spending compared to $31.0 million incurred for the same period of 2013 for exploration and development spending. Capital expenditures were $188.4 million during the first half of 2014, consisting of exploration and development spending compared to $99.8 million incurred for the same period of 2013. The majority of the capital expenditures incurred were spent on liquids-rich natural gas projects in the Wapiti area. Facilities costs included $54.6 million for NuVista's new 100% owned compressor station. This compressor station has an ultimate through-put capacity of 80 MMcf/d of raw gas and 8,000 Bbls/d of condensate and was operational in June of 2014.

Acquisitions and dispositions – For the three and six months ended June 30, 2014, $4.1 million was incurred on minor acquisitions compared to $2.1 million for the three and six months ended June 30, 2013. For the first half of 2014, proceeds received on minor property dispositions were $8.6 million compared to $12.4 million for the comparative period of 2013. A gain on sale of $6.0 million was recognized during the second quarter of 2014.

Income taxes – For the three and six months ended June 30, 2014, the provision for income and other taxes was a recovery of $3.1 million and $3.7 million respectively compared to a recovery of $1.8 million and $1.0 million respectively for the same period in 2013. The increase in benefit for the quarter ended June 30, 2014 compared to 2013 is primarily attributable to the increase in the net loss after adjusting for non-deductible tax items in the period which is offset by the additional flow-through share renunciations in the quarter.

Net earnings (loss) – For the three months ended June 30, 2014, net loss totaled $11.8 million ($0.09/share, basic) compared to a net loss of $7.4 million ($0.06/share, basic) for the same period in 2013. For the six months ended June 30, 2014, net loss totaled $16.2 million ($0.12/share, basic) compared to a net loss of $11.4 million ($0.10/share, basic) for the same period in 2013. The net loss for the three months ended June 30, 2014 is mostly attributable to the realized losses on derivatives of $5.1 million and impairment expense of $15.8 million in the quarter relating to the asset held for sale. These losses were offset by a gain on disposition of $6.0 million as well as a deferred income tax benefit of $3.1 million for the quarter ended June 30, 2014.

Adjusted net earnings (loss) [1] – The table below summarizes adjusted net earnings (loss) for the three months ended June 30, 2014:

($ thousands)	Three months ended June 30, 2014	2013	Six months ended June 30, 2014	2013
Net loss	**(11,837)**	(7,383)	**(16,195)**	(11,444)
Add (deduct):				
Unrealized (gain) loss on commodity derivatives, after tax	**(993)**	772	**6,032**	2,110
Impairment of property, plant and equipment, after tax	**11,790**	-	**11,790**	-
(Gain) loss on property dispositions, after tax	**(4,469)**	1,761	**(4,469)**	(4,137)
Adjusted net loss[1]	**(5,509)**	(4,850)	**(2,842)**	(13,471)
Per basic share	**(0.04)**	(0.04)	**(0.02)**	(0.11)
Per diluted share	**(0.04)**	(0.04)	**(0.02)**	(0.11)

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

Liquidity and capital resources

($ thousands)	**June 30, 2014**	December 31, 2013
Common shares outstanding	**135,895**	134,991
Share price(1)	**11.95**	7.14
Total market capitalization	**1,623,945**	963,836
Adjusted working capital (surplus) deficit(2)	**27,936**	47,495
Long-term debt	**158,383**	-
Debt, net of adjusted working capital (“Net Debt”)	**186,319**	47,495
Annualized current quarter funds from operations(2)	**60,212**	86,132
Net debt to annualized current quarter funds from operations(3)	**3.1x**	0.6x

(1) Represents the closing price on the Toronto Stock Exchange on June 30, 2014 and December 31, 2013.
(2) Refer to the “Non-GAAP measurements”.
(3) During the quarter, NuVista experienced a temporary decrease in high netback Montney production which impacted current quarter funds from operations.

As at June 30, 2014, debt net of adjusted working capital was $186.3 million, resulting in a net debt to the annualized current quarter funds from operations ratio of 3.1x. The higher ratio was expected due to temporarily decreased high netback Montney production and its related impact on current quarter funds from operations. The short-term third party facility outages and operational delays are expected to be rectified in the third quarter and quarterly cash flows are anticipated to increase as high netback Montney production comes back on stream. NuVista anticipates that its debt to annualized current quarter funds from operations target of 1.5x will be met by year end. NuVista’s strategy is to target a net debt to annualized current quarter funds from operations of less than 1.5x, while considering other qualitative factors. 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 June 30, 2014, NuVista had an adjusted working capital deficit of $27.9 million. Adjusted working capital is current assets less current liabilities excluding the current portion of the fair value of the commodity derivative liabilities of $11.1 million, current ARO liabilities of $26.5 million and assets held for sale of $25.8 million. We believe it is appropriate to exclude these amounts when assessing financial leverage. At June 30, 2014, NuVista had drawn $158.4 million on its credit facility leaving $81.6 million of unused bank borrowing capacity based on the current committed credit facility of $240 million. NuVista expects our bank lines to increase during the third quarter due to increases in our proved, developed producing reserves.

At June 30, 2014 NuVista had a $240 million extendible revolving term credit facility available from a syndicate of Canadian chartered banks. At December 31, 2013, the Company had a $240 million credit facility with a maximum borrowing amount of $220 million. In April 2014, the Company’s borrowing base under the credit facility was increased to $240 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 Company’s oil and natural gas properties and equipment. The credit facility has a 364-day revolving period and is subject to an annual review by the lenders, at which time a lender can extend the revolving period or can request conversion to a one year term loan. During the term period, no principal payments would be required until a year after the revolving period matures or April 27, 2015. As such, the credit facility is classified as long-term.

NuVista plans to monitor its 2014 business plan and adjust its capital program in the context of commodity prices and debt levels. NuVista plans to finance its 2014 capital program with funds from operating activities, divestures and available bank lines.

As at June 30, 2014, there were 135.9 million common shares outstanding. In addition, there were 6.6 million stock options with an average exercise price of $7.45 per option, 0.9 million Restricted Stock Units (“RSUs”) and 0.1 million restricted share awards (“RSAs”) outstanding. As of July 25, 2014, there were 135.9 million common shares, 6.6 million options, 0.9 million RSUs and 0.1 million restricted share awards outstanding.

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

In October 2013, NuVista issued, pursuant to a public offering, 3.2 million common shares on a flow-through basis in respect of Canadian exploration expenses ("CEE") at a price of $8.00 per share for gross proceeds of $25.6 million. Concurrent with the public offering, the Company 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 Canadian development expenses ("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, the Company is 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, the Company had fully spent the qualifying CDE amount. As at June 30, 2014, NuVista has spent $13.8 million on the qualifying CEE amount.

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 June 30, 2014:

($ thousands)	**Total**	2014	2015	2016	2017	2018	Thereafter
Transportation and processing	**347,421**	7,389	24,196	37,446	38,037	37,109	203,244
Office lease	**12,381**	1,844	3,688	3,702	3,147	-	-
Flow-through common shares	**13,825**	13,825	-	-	-	-	-
Total commitments	**373,627**	23,058	27,884	41,148	41,184	37,109	203,244

In May 2014, the NuVista entered into an agreement with a company for the transportation and processing of its Wapiti Montney condensate-rich natural gas production over a 10 year period. The processing and transportation fee is included under transportation commitment and the total is valued at $98.3 million.

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

Quarterly financial information – The following table highlights NuVista's performance for the eight quarterly reporting periods from September 30, 2012 to June 30, 2014:

($ thousands, except	2014		2013				2012	
per share amounts)	**Jun 30**	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Production (Boe/d)	**14,493**	17,823	18,034	18,532	17,799	14,903	17,692	23,936
Revenue	**51,734**	68,897	57,143	60,420	54,158	41,748	48,277	61,678
Net earnings (loss)	**(11,837)**	(4,358)	(47,405)	(2,295)	(7,383)	(4,061)	(59,042)	(47,600)
Net earnings (loss)								
Per basic share	**(0.09)**	(0.03)	(0.38)	(0.02)	(0.06)	(0.03)	(0.56)	(0.48)
Per diluted share	**(0.09)**	(0.03)	(0.38)	(0.02)	(0.06)	(0.03)	(0.56)	(0.48)

NuVista has seen production volumes in a range of 14,493 Boe/d to 23,936 Boe/d for the last eight quarters. Over the prior eight quarters, quarterly revenue has been in a range of $41.8 million to $68.9 million with revenue primarily influenced by production volumes, commodity prices, capital expenditures and property dispositions. Net earnings have been in a range of a net loss of $2.3 million to net loss of $59.0 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 estimates, judgements, and assumptions in applying its accounting policies which have a significant impact on the financial results of NuVista. These estimates and assumptions are subject to change based on experience and new information. Critical accounting estimates are those that require management to make assumptions about matters that are highly uncertain at the time the estimate is made. Critical accounting estimates are also those estimates which, where a different estimate could have been used or where changes in the estimate that are reasonably likely to occur, would have a material impact on NuVista's financial condition, changes in financial condition or financial performance. Critical accounting estimates are reviewed annually by the Audit Committee of the Board of Directors. A detailed description of NuVista's critical accounting estimates is provided in the Critical Accounting Estimates section of NuVista's December 31, 2013 annual MD&A.

Update on regulatory matters

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

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 a material impact on the NuVista's 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 financial statements for the annual period beginning January 1, 2014. The adoption of this standard does not have any impact on the NuVista's financial statements.

Future accounting changes

The IASB has undertaken a three-phase project, 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. Portions of this standard remain in development and the full impact of the standard on NuVista's financial statements will not be known until the evaluation is complete.

Disclosure controls and internal controls over financial reporting

NuVista's President and Chief Executive Officer ("CEO") and Vice President, Finance and Chief Financial Officer ("CFO") are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting as defined in National Instrument 52-109. NuVista's CEO and CFO have designed disclosure controls and procedures, or caused them to be designed under their supervision, to provide reasonable assurance that information required to be disclosed by NuVista in its interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and is accumulated and communicated to NuVista's management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure. The CEO and CFO have concluded, based on their evaluation as of the end of the period covered by the 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 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 interim 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 ("COSO") in 1992. During the quarter ended June 30, 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;
- Operational risk associated with the timing of start-up of facilities (NuVista's and third parties) and the impact of unplanned outages;
- 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 is contained in our Annual Information Form under the Risk Factors Section for the year ended December 31, 2013.

OUTLOOK

We are currently estimating a third quarter production range of 17,300 to 18,300 Boe/d which incorporates planned facility outages at SemCAMS KA plant and CNRL Wapiti sweet plant. While NuVista achieved its production targets for the second quarter, the third party outages affected our highest netback Montney production and hence left significant high liquids gas behind pipe. This resulted in lower netbacks for NuVista overall in the second quarter and therefore reduced cashflow. Despite the delay in the new Keyera infrastructure, we are forecasting an increase in our fourth quarter production volumes from the previous guidance of 20,000 to 21,000 Boe/d to a range of 20,000 to 23,000 Boe/d due to excellent ongoing Montney drilling results. The wide range is due to high well availability balanced by the need to see the startup date and the performance of the new facilities during the initial run-in period.

We are now targeting 2014 capital closer to the lower end of the previous guidance range of $300 to $315 million as a result of the deferral of one or two Montney wells. We will re-evaluate frequently as production ramp-up dates become firm. We believe this strikes the appropriate balance between managing capital pace in the short term while preserving long term financial goals. Despite the aforementioned unplanned outages in the second quarter, we also reaffirm our full year production guidance of between 17,500 and 18,500 Boe/d for 2014 and our 2015 production guidance of 23,500 to 25,000 Boe/d. All of these guidance comments are net of the effect of 2014 year-to-date divestitures which have been announced, with daily rates totaling 875 Boe/d. 2014 funds from operations is anticipated to be in the range of $110 to $120 million based on current strip commodity prices.