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") unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2013 and NuVista's audited consolidated financial statements for the year ended December 31, 2012. The following MD&A of financial condition and results of operations was prepared at and is dated November 4, 2013. Our December 31, 2012 audited consolidated financial statements, Annual Information Form and other disclosure documents for 2012 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; future Wapiti Montney operating costs; future disposition plans; forecast production; production mix; drilling and development plans; 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; forecast funds from operations; the source of funding of NuVista's capital program; the objectives and focus of NuVista's capital program and the allocation thereof; 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; expected timing for completions of the semi-annual review 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. Statements relating to "reserves" are also deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future. 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, 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. We have included the above summary of assumptions and risks related to forward-looking statements provided in this MD&A in order to provide investors with a more complete perspective on our current and future operations and such information may not be appropriate for other purposes. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. NuVista's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements, or if any of them do so, what benefits NuVista will derive therefrom. NuVista has included the Forward-looking statements in this MD&A in order to provide readers with a more complete perspective on NuVista's future operations and such information may not be appropriate for other purposes. NuVista disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Non-GAAP measurements *– Within the MD&A, references are made to terms commonly used in the oil and natural gas industry. Management uses funds from operations to analyze operating performance and leverage. Funds from operations as presented, does not have any standardized meaning prescribed by GAAP and therefore it may not be comparable with the calculation of similar measures for other entities. Funds from operations as presented is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash flow from operating activities, per the statement of cash flows, net earnings (loss) or other measures of financial performance calculated in accordance with GAAP. All references to funds from operations throughout this MD&A are based on cash flow from operating activities before changes in non-cash working capital and asset retirement expenditures. Trailing twelve months funds from operations is calculated as cash flow from operating activities before changes in non-cash working capital and asset retirement expenditures for the preceding twelve month period. 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. 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. 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, western Saskatchewan and northeast British Columbia. The common shares of NuVista trade on the Toronto Stock Exchange ("TSX") under the symbol NVA.

2012 Dispositions – On October 17, 2012, NuVista announced the closing of the disposition of three property packages for gross proceeds of $236 million ("2012 Dispositions"). The 2012 Dispositions included a large portion of NuVista's W5 natural gas assets plus certain W4 heavy oil assets. The production associated with these properties averaged 7,129 Boe/d and 8,129 Boe/d for the three and nine months ended September 30, 2013 respectively. These transactions provided NuVista with the flexibility to fund its 2012/2013 Wapiti Montney capital program. The 2012 Dispositions have had a significant impact on NuVista's 2013 operating and financial results and the related comparatives to 2012.

Operating activities – For the three months ended September 30, 2013, NuVista drilled 4 (3.7 net) Montney natural gas wells in our Wapiti operating area. For the nine months ended September 30, 2013, NuVista drilled 15 (12.1 net) wells resulting in 13 (11.6 net) natural gas wells and 2 (0.6 net) oil wells for an overall success rate of 100%. NuVista operated 12 of the wells and had an average working interest of 81%. 13 natural gas wells were drilled in the Wapiti operating area, of which 11 (10.6 net) were Montney natural gas wells, 1 (1.0 net) was a Falher natural gas well and 1 (0.03 net) non-operated Chinook well. In addition, 2 (0.6 net) non-operated heavy oil wells were drilled in the southwest Saskatchewan area.

Production

	Three months ended September 30,			Nine months ended September 30,		
	2013	2012	% Change	**2013**	2012	% Change
Natural gas (Mcf/d)	**76,679**	72,040	6	**71,026**	67,650	5
Condensate (Bbls/d)	**2,210**	1,113	99	**1,731**	783	121
Butane (Bbls/d)	**475**	347	37	**450**	318	42
Propane (Bbls/d)	**802**	548	46	**709**	505	40
Ethane (Bbls/d)	**715**	663	8	**820**	629	30
Oil (Bbls/d)	**1,550**	2,130	(27)	**1,545**	2,578	(40)
Subtotal (Boe/d)	**18,532**	16,807	10	**17,092**	16,088	6
Sold properties (Boe/d)	**-**	7,129	-	**-**	8,129	-
Total oil equivalent (Boe/d)	**18,532**	23,936	(23)	**17,092**	24,217	(29)

For the third quarter of 2013, NuVista's average production was 18,532 Boe/d compared to average production of 23,936 Boe/d for the third quarter of 2012 and 17,799 Boe/d from the second quarter of 2013. Oil and liquids weighting in the third quarter of 2013 was 31% which is consistent with same period in 2012 and second quarter of 2013. 58% of NuVista's production volumes relate to the Wapiti operating area with Wapiti Sweet production and Wapiti Montney production accounting for 26% and 32% respectively of total company production. The majority of condensate production is associated with our Wapiti Montney production.

The increase in production from the second quarter of 2013 is due to strong performance of Wapiti Montney wells brought on production late in the second quarter and incremental production from new Wapiti Montney wells. In particular, condensate volumes increased from 1,980 Bbls/d in the second quarter to 2,210 Bbls/d which represents 12% of total volumes.

Excluding the effects of the 2012 Dispositions, NuVista's average production increased 10% and 6% respectively during the three and nine months ended September 2013 compared to the same period of 2012 due to incremental production from our Wapiti Montney condensate-rich natural gas wells. Including the effects of the 2012 Dispositions, total production fell by 23% and 29% for the quarter and year to date 2013 respectively.

Commodity prices

Benchmark pricing

	Three months ended September 30,			Nine months ended September 30,		
	2013	2012	% Change	**2013**	2012	% Change
Natural gas – AECO (daily) ($/GJ)	**2.31**	2.17	6	**2.89**	2.00	45
Natural gas – AECO (monthly) ($/GJ)	**2.67**	2.08	28	**3.00**	2.07	45
Oil – WTI (US$/Bbl)	**105.83**	92.22	15	**98.14**	96.21	2
Oil – Edmonton Par – WTI Differential (US$/Bbl)	**(4.70)**	(6.50)	(28)	**(5.09)**	(9.06)	(44)
Oil – WCS-WTI Differential (US$/Bbl)	**(17.48)**	(21.72)	(20)	**(22.86)**	(22.00)	4
Condensate – WTI Differential (US$/Bbl)	**(2.02)**	3.92	(152)	**6.04**	5.71	6
Exchange rate (Cdn$/US$)	**1.0385**	0.9948	4	**1.0236**	1.0021	2

Average selling prices (1)

	Three months ended September 30,			Nine months ended September 30,		
	2013	2012	% Change	**2013**	2012	% Change
Natural gas ($/Mcf)	**3.04**	2.24	36	**3.23**	2.24	44
Condensate ($/Bbl)	**97.92**	88.83	10	**97.08**	97.04	-
Butane ($/Bbl)	**63.94**	58.77	9	**58.72**	65.60	(10)
Propane ($/Bbl)	**27.52**	18.11	52	**23.98**	24.82	(3)
Ethane ($/Bbl)	**11.59**	3.14	269	**8.97**	7.12	26
Oil ($/Bbl)	**94.45**	74.43	27	**80.44**	73.22	10

(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 third quarter of 2013 was $3.04/Mcf compared to $2.24/Mcf for the same period in 2012 and $3.43/Mcf in the second quarter of 2013. For the first nine months of 2013 the average selling price was $3.23/Mcf compared to $2.24/Mcf for the same period in 2012.

Natural gas liquids ("Liquids") include condensate, butane, propane and ethane and are priced to varying degrees based on oil and natural gas prices. Strong demand for condensate in Alberta results in benchmark condensate prices at Edmonton trading at a premium to Canadian light oil prices. NuVista's realized condensate prices include adjustments for pipeline tariffs to Edmonton and quality differentials. Condensate prices averaged $97.92/Bbl in the third quarter up from $92.90/Bbl in the second quarter due primarily to rising WTI prices. Butane and propane trade at varying discounts to light oil prices depending on market conditions. Ethane prices are highly correlated to natural gas prices.

The price NuVista receives for its oil production is primarily driven by the price of WTI, less a discount to Western Canada for WTI-Edmonton light oil and heavy oil differentials. NuVista's oil production mix is approximately two-thirds heavy oil and one-third light oil. 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 15% higher in the third quarter of 2013 compared to the third quarter of 2012. For the first nine months of 2013, WTI prices were up 2% to US$98.14/Bbl compared to $96.21/Bbl over the first nine months of 2012. Realized oil prices increased 27% in the third quarter of 2013 compared to the same period of 2012 and up 10% for the nine months ended September 30, 2013 compared to the same period in 2012. The third quarter increase in realized prices was due to higher WTI prices and by narrower light oil and heavy oil discounts to WTI crude oil compared to 2012.

Revenues

($ thousands, except per unit amounts)	Three months ended September 30, 2013		2012		% Change	
Natural gas	$	$/Mcf	$	$/Mcf	$	$/Mcf
Revenue[1]	**21,455**	**3.04**	20,926	2.24	3	36
Realized loss on commodity derivatives	**-**	**-**	(15)	-	(100)	-
Total natural gas	**21,455**	**3.04**	20,911	2.24	3	36
Liquids	$	$/Bbl	$	$/Bbl	$	$/Bbl
Revenue from condensate	**19,906**	**97.92**	12,926	88.83	54	10
Revenue from butane, propane, ethane	**5,588**	**30.49**	4,305	23.89	30	28
Total liquids	**25,494**	**65.95**	17,231	52.90	48	25
Oil	$	$/Bbl	$	$/Bbl	$	$/Bbl
Revenue	**13,471**	**94.45**	23,521	74.43	(43)	27
Realized gain (loss) on commodity derivatives	**(3,423)**	**(24.00)**	(1,758)	(5.56)	95	332
Total oil	**10,048**	**70.45**	21,763	68.87	(54)	2
Total	$	$/Boe	$	$/Boe	$	$/Boe
Revenue	**60,420**	**35.44**	61,678	28.01	(2)	27
Realized gain (loss) on commodity derivatives	**(3,423)**	**(2.01)**	(1,773)	(0.81)	93	148
Total revenue	**56,997**	**33.43**	59,905	27.20	(5)	23

[1] Natural gas revenue includes price risk management gains and losses on physical sale contracts. For the three months ended September 30, 2013, our physical sale contracts totaled $1.5 million gain (2012 – $0.9 million loss).

($ thousands, except per unit amounts)	Nine months ended September 30, 2013		2012		% Change	
Natural gas	$	$/Mcf	$	$/Mcf	$	$/Mcf
Revenue[1]	**62,673**	**3.23**	62,547	2.24	-	44
Realized loss on commodity derivatives	**(76)**	**-**	(1,197)	(0.04)	(94)	(100)
Total natural gas	**62,597**	**3.23**	61,350	2.20	2	47
Liquids	$	$/Bbl	$	$/Bbl	$	$/Bbl
Revenue from condensate	**45,874**	**97.08**	35,687	97.04	29	-
Revenue from butane, propane, ethane	**13,859**	**25.63**	15,916	29.85	(13)	(14)
Total liquids	**59,733**	**58.98**	51,603	57.27	16	3
Oil	$	$/Bbl	$	$/Bbl	$	$/Bbl
Revenue	**33,920**	**80.44**	79,585	73.22	(57)	10
Realized loss on commodity derivatives	**(5,425)**	**(12.87)**	(2,690)	(2.47)	102	421
Total oil	**28,495**	**67.57**	76,895	70.75	(63)	(4)
Total	$	$/Boe	$	$/Boe	$	$/Boe
Revenue	**156,326**	**33.50**	193,735	29.20	(19)	15
Realized loss on commodity derivatives	**(5,501)**	**(1.18)**	(3,887)	(0.59)	42	100
Total revenue	**150,825**	**32.32**	189,848	28.61	(21)	13

[1] Natural gas revenue includes price risk management gains and losses on physical sale contracts. For the nine months ended September 30, 2013, our physical sale contracts totaled $1.1 million gain (2012 – $0.4 million gain).

For the three months ended September 30, 2013, revenues including realized commodity derivative gains and losses were $57.0 million, a 5% decrease from $59.9 million for the same period in 2012 and an increase of 7% compared to the second quarter of 2013 of $53.3 million. The decrease in revenues for the three months ended September 30, 2013 compared to the same period of 2012 is primarily due to a decrease in production volumes associated with the 2012 Dispositions offset by a 23% increase in overall realized prices. Revenues were comprised of $21.5 million of natural gas revenue, $25.5 million of Liquids revenue and $10.0 million of oil revenue. The increase in average realized commodity prices compared to the same period in 2012 is comprised of a 36% increase in the natural gas price to $3.04/Mcf, a 25% increase in the average Liquids price to $65.95/Bbl and a 2% increase in the oil price to $70.45/Bbl.

For the nine months ended September 30, 2013, revenues including realized commodity derivative gains and losses were $150.8 million, a 21% decrease from $189.8 million for the same period in 2012. The decrease in revenues for the first nine months of 2013 compared to the same period of 2012 is primarily due to the 2012 Dispositions offset by a 13% increase in overall realized prices. These revenues were comprised of $62.6 million of natural gas revenue, $59.7 million of Liquids revenue and $28.5 million of oil revenue. The increase in average realized commodity prices is comprised of a 44% increase in the natural gas price to $3.23/Mcf, a 3% increase in the average Liquids price to $58.98/Bbl, and an increase of 10% in the oil price to $80.44/Bbl.

Condensate revenues have become an increasingly significant component of our overall revenue and price exposure due to the increase in condensate production volumes and the premium prices received for condensate. Condensate accounted for 35% of total revenues in the third quarter of 2013 compared to 31% in the second quarter of 2013. Condensate and oil accounted for only 20% of production volumes in the third quarter of 2013, however, they accounted for 53% of total revenues.

Commodity price risk management

	Three months ended September 30,					
($ thousands)		**2013**			2012	
	Realized Gain (Loss)	**Unrealized Gain (Loss)**	**Total Gain (Loss)**	Realized Gain (Loss)	Unrealized Gain (Loss)	Total Gain (Loss)
Natural gas	**-**	**865**	**865**	(15)	(70)	(85)
Oil	**(3,423)**	**(703)**	**(4,126)**	(1,758)	(497)	(2,255)
Total gain (loss)	**(3,423)**	**162**	**(3,261)**	(1,773)	(567)	(2,340)

	Nine months ended September 30,					
($ thousands)		**2013**			2012	
	Realized Gain (Loss)	**Unrealized Gain (Loss)**	**Total Gain (Loss)**	Realized Gain (Loss)	Unrealized Gain (Loss)	Total Gain (Loss)
Natural gas	**(76)**	**1,099**	**1,023**	(1,197)	1,157	(40)
Oil	**(5,425)**	**(3,757)**	**(9,182)**	(2,690)	13,264	10,574
Total gain (loss)	**(5,501)**	**(2,658)**	**(8,159)**	(3,887)	14,421	10,534

NuVista has adopted 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 on August 9, 2013. 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 increased the limits for entering into natural gas basis differential contracts to the lesser of 50% of forecast natural gas production, net of royalties, or the volumes that would bring the combined natural gas basis differential contracts and natural gas Fixed Price Contracts to 100% of forecast natural gas production, net of royalties.

During the third quarter of 2013, the commodity price risk management program resulted in a loss of $3.2 million, consisting of realized losses of $3.4 million and unrealized gain of $0.2 million on natural gas and oil contracts. For the nine months ended September 30, 2013, the commodity price risk management program resulted in a loss of $8.2 million, consisting of realized losses of $5.5 million and unrealized losses of $2.7 million on natural gas and oil contracts. As at September 30, 2013, the mark-to-market value of the financial derivative commodity contracts resulted in a current liability of $1.9 million and a long-term liability of $1.8 million.

Price risk management gains on our physical sale contracts totaled $1.5 million and $1.1 million for the three and nine months ended September 30, 2013 respectively. The physical sale contracts are entered into the normal course of business. As at September 30, 2013, the mark-to-market value of the physical purchase and sale contracts was a gain of $2.6 million (September 30, 2012 – $3.6 million loss).

(a) Financial instruments

The following is a summary of financial instruments outstanding as at September 30, 2013:

	Volume	Pricing	Premium	Remaining term
WTI crude oil contracts				
Fixed price swap[1]	2,217 Bbls/d	Cdn $95.04/Bbl		Oct 1, 2013 – Dec 31, 2013
Fixed price swap	1,983 Bbls/d	Cdn $95.45/Bbl		Jan 1, 2014 – Mar 31, 2014
Fixed price swap	2,233 Bbls/d	Cdn $94.46/Bbl		Apr 1, 2014 – Jun 30, 2014
Fixed price swap	2,100 Bbls/d	Cdn $94.74/Bbl		Jul 1, 2014 – Sep 30, 2014
Fixed price swap	1,900 Bbls/d	Cdn $94.53/Bbl		Oct 1, 2014 – Dec 31, 2014
Fixed price swap	1,500 Bbls/d	Cdn $93.94/Bbl		Jan 1, 2015 – Mar 31, 2015
Fixed price swap	833 Bbls/d	Cdn $95.98/Bbl		Apr 1, 2015 – Jun 30, 2015
Fixed price swap	100 Bbls/d	Cdn $98.75/Bbl		Jul 1, 2015 – Sep 30, 2015
Put option	433 Bbls/d	Cdn $98.52/Bbl	Cdn $5.67/Bbl	Oct 1, 2013 – Dec 31, 2013
Put option	900 Bbls/d	Cdn $100.28/Bbl	Cdn $6.35/Bbl	Jan 1, 2014 – Mar 31, 2014
Put option	700 Bbls/d	Cdn $101.89/Bbl	Cdn $6.76/Bbl	Apr 1, 2014 – Jun 30, 2014
Put option	700 Bbls/d	Cdn $101.89/Bbl	Cdn $6.76/Bbl	Jul 1, 2014 – Sep 30, 2014
Put option	500 Bbls/d	Cdn $101.30/Bbl	Cdn $7.02/Bbl	Oct 1, 2014 – Dec 31, 2014
Natural gas contracts				
NYMEX-AECO basis	30,000 MMbtu/d	US $(0.58)/MMbtu		Oct 1, 2013 – Dec 31, 2013
NYMEX-AECO basis	35,000 MMbtu/d	US $(0.57)/MMbtu		Jan 1, 2014 – Mar 31, 2014
NYMEX-AECO basis	35,000 MMbtu/d	US $(0.57)/MMbtu		Apr 1, 2014 – Jun 30, 2014
NYMEX-AECO basis	35,000 MMbtu/d	US $(0.57)/MMbtu		Jul 1, 2014 – Sep 30, 2014
NYMEX-AECO basis	35,000 MMbtu/d	US $(0.57)/MMbtu		Oct 1, 2014 – Dec 31, 2014

(1) Reduced to 2,017 Bbls/d at $94.74/Bbl for months during the period October 1, 2013 to December 31, 2013 where the $ WTI price averages less than $72.50/Bbl.

Subsequent to September 30, 2013, the following financial instruments have been entered into:

	Volume	Pricing (Cdn$)	Remaining term
WTI crude oil contracts			
Fixed price swap	250 Bbls/d	$94.15/Bbl	Aug 1, 2014 – Jul 31, 2015

(b) Physical purchase and sale contracts

The following is a summary of physical purchase and sale contracts outstanding as at September 30, 2013:

	Volume	Pricing (Cdn$)	Premium (Cdn$)	Remaining term
Natural gas contracts				
Put option	5,333 GJ/d	$2.97/GJ	$0.33/GJ	Oct 1, 2013 – Dec 31, 2013
Costless collar	18,000 GJ/d	$3.19/GJ – $3.77/GJ		Oct 1, 2013 – Dec 31, 2013
Costless collar	23,000 GJ/d	$3.19/GJ – $3.75/GJ		Jan 1, 2014 – Mar 31, 2014
Costless collar	23,000 GJ/d	$3.19/GJ – $3.75/GJ		Apr 1, 2014 – Jun 30, 2014
Costless collar	13,000 GJ/d	$3.12/GJ – $3.64/GJ		Jul 1, 2014 – Sep 30, 2014
Costless collar	10,000 GJ/d	$3.10/GJ – $3.62/GJ		Oct 1, 2014 – Dec 31, 2014
Costless collar	1,667 GJ/d	$3.00/GJ – $3.53/GJ		Jan 1, 2015 – Mar 31, 2015
Fixed price swap	12,000 GJ/d	$3.37/GJ		Oct 1, 2013 – Dec 31, 2013
Fixed price swap	11,000 GJ/d	$3.48/GJ		Jan 1, 2014 – Mar 31, 2014
Fixed price swap	9,333 GJ/d	$3.46/GJ		Apr 1, 2014 – Jun 30, 2014
Electricity contracts				
Fixed price	4.0 Mwh	$65.64/Mwh		Oct 1, 2013 – Dec 31, 2013

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

Royalties

	Three months ended September 30,		Nine months ended September 30,	
Royalty rates (%)	**2013**	2012	**2013**	2012
Natural gas and Liquids	**9**	11	**9**	12
Oil	**11**	14	**12**	13
Weighted average rate	**9**	12	**10**	12

For the three months ended September 30, 2013, royalties were $5.5 million, 24% lower than the $7.3 million for the same period of 2012. Royalties for the nine months ended September 30, 2013 were $15.5 million, 35% lower than the $23.7 million reported for the nine months ended September 30, 2012. Lower royalties for the three and nine months ended September 30, 2013 are due to decreased production as a result of the 2012 Dispositions and production additions being subject to crown royalty incentives. The new Wapiti Montney wells coming on production qualify for natural gas and Liquids royalty rate reduction programs which result in a 5% royalty rate for a certain period of time based on cumulative production and drilling depth.

Average royalty rates by product for the three months ended September 30, 2013 were 9% for natural gas and Liquids and 11% for oil compared to 11% for natural gas and Liquids and 14% for oil for the same period in 2012. Average royalty rates by product for the nine months ended September 30, 2013 were 9% for natural gas and Liquids and 12% for oil compared to 12% for natural gas and Liquids and 13% for oil for the same period in 2012.

Transportation – Transportation costs were $2.6 million ($1.53/Boe) for the three months ended September 30, 2013 as compared to $2.1 million ($0.94/Boe) for the same period of 2012, an increase of 27% on a dollar basis as a result of temporarily increased transportation costs to truck liquids production from our Wapiti Montney wells. Transportation costs were $5.1 million ($1.09/Boe) for the nine months ended September 30, 2013 compared to $5.9 million ($0.89/Boe) for the same period in 2012 primarily due to decreased volumes associated with the 2012 Dispositions offset by temporarily increased transportation costs from our Wapiti Montney wells.

Operating – Operating expenses were $19.4 million ($11.37/Boe) for the three months ended September 30, 2013 as compared to $24.2 million ($11.00/Boe) for the same period of 2012. For the three months ended September 30, 2013, natural gas and Liquids operating expenses averaged $1.75/Mcfe and oil operating expenses were $21.24/Bbl as compared to $1.64/Mcfe and $17.93/Bbl respectively for the same period of 2012. The increase in per unit operating expenses was due to the costs associated with processing the Wapiti Montney sour gas production and the sale of lower operating cost oil properties as part of the 2012 Dispositions.

For the nine months ended September 30, 2013, operating expenses were $55.5 million ($11.90/Boe) as compared to $73.9 million ($11.14/Boe) for the nine months ended September 30, 2012. This decrease resulted from a 29% decrease in production volumes and a 25% increase in per unit costs. For the nine months ended September 30, 2013, natural gas and Liquids operating expenses averaged $1.82/Mcfe and oil operating expenses were $21.86/Bbl as compared to $1.68/Mcfe and $16.68/Bbl respectively for the same period of 2012. Per unit operating expense increase for the nine months ended September 30, 2013 was primarily due to the same factors impacting third quarter operating expenses.

Operating netbacks – The table below summarizes operating netbacks by product for the three months ended September 30, 2013:

	Natural gas and liquids		Oil		Total	
($ thousands, except per unit amounts)	$	$/Mcfe	$	$/Bbl	$	$/Boe
Revenue	46,949	5.01	13,471	94.45	60,420	35.44
Realized loss on commodity derivatives	-	-	(3,423)	(24.00)	(3,423)	(2.01)
	46,949	5.01	10,048	70.45	56,997	33.43
Royalties	(4,098)	(0.44)	(1,441)	(10.10)	(5,539)	(3.25)
Transportation costs	(2,282)	(0.24)	(327)	(2.29)	(2,609)	(1.53)
Operating costs	(16,361)	(1.75)	(3,030)	(21.24)	(19,391)	(11.37)
Operating netback[1]	24,208	2.58	5,250	36.82	29,458	17.28

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

The table below summarizes operating netbacks by product for the nine months ended September 30, 2013:

	Natural gas and liquids		Oil		Total	
($ thousands, except per unit amounts)	$	$/Mcfe	$	$/Bbl	$	$/Boe
Revenue	122,406	4.81	33,920	80.44	156,326	33.50
Realized loss on commodity derivatives	(76)	-	(5,425)	(12.87)	(5,501)	(1.18)
	122,330	4.81	28,495	67.57	150,825	32.32
Royalties	(11,563)	(0.45)	(3,938)	(9.34)	(15,501)	(3.32)
Transportation costs	(3,756)	(0.15)	(1,338)	(3.17)	(5,094)	(1.09)
Operating costs	(46,286)	(1.82)	(9,218)	(21.86)	(55,504)	(11.90)
Operating netback[1]	60,725	2.39	14,001	33.20	74,726	16.01

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

For the third quarter of 2013, operating netback was $24.2 million ($2.58/Mcfe) for natural gas and Liquids and $5.3 million ($36.82/Bbl) for oil compared to an operating netback of $14.3 million ($1.26/Mcfe) for natural gas and Liquids and $12.0 million ($38.12/Bbl) for oil in the same period of 2012. For the nine months ended September 30, 2013, operating netback was $60.7 million ($2.39/Mcfe) for natural gas and Liquids and $14.0 million ($33.20/Bbl) for oil compared to an operating netback of $40.4 million ($1.20/Mcfe) for natural gas and Liquids and $45.8 million ($42.17/Bbl) for oil in the same period of 2012. The 2013 three and nine months ended increase in operating netback for natural gas and Liquids was due to the increases in prices. The three and nine months ended decrease in operating netback for oil was primarily due to 2012 Dispositions of NuVista's heavy oil production.

The total company operating netback increased to $17.28/Boe in the third quarter of 2013 compared to $11.96/Boe in the same period of 2012 and $16.34/Boe in the second quarter of 2013, reflecting the growth in higher priced Wapiti Montney condensate production.

General and administrative

	Three months ended September 30,		Nine months ended September 30,	
($ thousands except per unit amounts)	**2013**	2012	**2013**	2012
Gross general and administrative expenses	**5,450**	6,060	**17,183**	19,747
Overhead recoveries	**(1,134)**	(849)	**(2,608)**	(3,580)
Net general and administrative expenses	**4,316**	5,211	**14,575**	16,167
Per Boe	**2.53**	2.37	**3.12**	2.44

General and administrative expenses, net of overhead recoveries, for the quarter ended September 30, 2013 were $4.3 million ($2.53/Boe) compared to $5.2 million ($2.37/Boe) in the same period of 2012. General and administrative expenses, net of overhead recoveries, for the nine months ended September 30, 2013 were $14.6 million ($3.12/Boe) as compared to $16.2 million ($2.44/Boe) for the comparative period of 2012. Gross general and administrative expenses were down 10% and 13% for the three and nine month period of 2013 respectively compared to the same period of 2012 as cost savings measures resulting from the 2012 Dispositions continued to be realized in the current period. Overhead recoveries are comprised of a capital and operating component and are primarily activity based.

Share-based compensation

	Three months ended September 30,		Nine months ended September 30,	
($ thousands)	**2013**	2012	**2013**	2012
Stock options	**923**	693	**2,997**	2,412
Restricted stock units	**805**	421	**3,275**	649
Restricted share awards	**149**	172	**465**	514
Total	**1,877**	1,286	**6,737**	3,575

NuVista recorded a share-based compensation charge of $1.9 million for the three months ended September 30, 2013 compared to $1.3 million for the same period in 2012. For the nine months ended September 30, 2013, NuVista recorded a share-based compensation charge of $6.7 million compared to $3.6 million for the same period in 2012. The increase is primarily due to new options and units granted at a higher share price. The share-based compensation charge relates to the amortization of the fair value of stock option awards and restricted share awards, and the accrual for future payments under the restricted stock unit incentive plan.

Interest – Interest expense for the three months ended September 30, 2013 was $1.2 million ($0.69/Boe) compared to $3.5 million ($1.60/Boe) for the same period of 2012. For the nine months ended September 30, 2013, interest expense was $3.1 million ($0.67/Boe) compared to $10.0 million ($1.51/Boe) in the same period of 2012. For the three months ended September 30, 2013, borrowing costs averaged 3.3% compared to 4.1% in the same period of 2012. Interest expense for the three and nine months ending September 30, 2013 decreased compared to the same period in 2012 due to lower average debt levels and lower average interest rates. Currently, NuVista's average borrowing rate is approximately 3.7%. Cash paid for interest for the three and nine months ended September 30, 2013 was $1.1 million (September 30, 2012 - $3.5 million) and $3.0 million (September 30, 2012 - $10.6 million) respectively.

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

($ thousands except per Boe amounts)	Three months ended September 30, 2013	2012	Nine months ended September 30, 2013	2012
Depletion of oil and gas assets[(1)]	**21,776**	28,550	**59,440**	91,631
Depreciation of fixed assets	**1,154**	2,591	**3,298**	6,081
Impairment charges	**-**	36,809	**-**	142,950
Total DD&A and impairment	**22,930**	67,950	**62,738**	240,662
DD&A rate per Boe, excluding impairment	**13.45**	14.14	**13.45**	14.73

(1) Includes depletion of the capitalized portion of the asset retirement obligations that were capitalized to the property, plant and equipment balance and are being depleted over the life of the reserves.

Depletion, depreciation and amortization ("DD&A") expenses excluding impairments were $22.9 million ($13.45/Boe) for the third quarter of 2013 as compared to $31.1 million ($14.14/Boe) for the same period in 2012. Depreciation and depletion expenses for the nine months ended September 30, 2013 were $62.7 million ($13.45/Boe) as compared to $97.7 million ($14.73/Boe) for the same period in 2012. The decrease in the DD&A expense for the three and nine months ended September 30, 2013 was mainly due to a decrease in production volumes during the period and a decrease in the per unit depletion rate in 2013. Per unit costs in 2013 decreased from the same period in 2012 due primarily to the impairment of the net book value of property, plant and equipment of $213.1 million incurred in 2012. Based on an assessment of indicators of impairment performed at September 30, 2013, an impairment test was not required.

Goodwill – Goodwill was recorded from various business acquisitions and was determined based on the excess of total consideration paid less the fair value of the assets and liabilities acquired. IFRS standards require that the goodwill balance be assessed for impairment at least annually or more frequently if events or changes in circumstances indicate that the balance might be impaired. An impairment test was not required to be performed on September 30, 2013. Annual goodwill impairment test takes place on December 31 of each year.

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 September 30, 2013, NuVista recorded an ARO of $138.7 million as compared to $147.8 million as at December 31, 2012. The liability has been discounted using a risk free discount rate of 3.1% at September 30, 2013 (2.4% at December 31, 2012). At September 30, 2013, the estimated total undiscounted amount of cash flow required to settle NuVista's ARO was $227.3 million (December 31, 2012 – $218.1 million). The majority of the costs are expected to be incurred between 2013 and 2031. Actual ARO expenditures for the three and nine months ended September 30, 2013 were $1.6 million and $7.8 million ($0.5 million and $12.3 million for 2012) respectively.

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.

Income taxes – For the three months ended September 30, 2013, the provision for income and other taxes was a recovery of $0.8 million compared to a recovery of $14.1 million for the same period in 2012. For the nine months ended September 30, 2013, the provision for income and other taxes was a recovery of $1.8 million compared to a recovery of $43.5 million in the same period of 2012. The decrease in recovery for the three and nine months ended September 30, 2013 compared to the same period of 2012 was primarily attributable to the decrease in net loss for the current period as a result of impairment loss on property, plant and equipment recorded in the third quarter of 2012.

Capital expenditures

	Three months ended September 30,		Nine months ended September 30,	
($ thousands)	**2013**	2012	**2013**	2012
Exploration and development				
Drilling and completion	**35,328**	8,274	**98,943**	48,237
Facilities and equipment	**8,048**	6,436	**39,725**	34,177
Land and retention costs	**44**	267	**1,943**	720
Seismic	**941**	691	**3,043**	3,078
Corporate	**265**	108	**724**	216
Capital expenditures	**44,626**	15,776	**144,378**	86,428

Capital expenditures during the third quarter of 2013 consisted of $44.6 million of exploration and development spending. This compares to $15.8 million incurred on exploration and development spending for the third quarter of 2012. Capital expenditures for the nine months ended September 30, 2013 consisted of $144.4 million of exploration and development spending compared to $86.4 million incurred for the same period of 2012. The majority of the capital expenditures in the first nine months of 2013 were spent on condensate-rich natural gas projects in the Wapiti Montney play.

Acquisitions and dispositions – For the three and nine months ended September 30, 2013, $0.1 million and $2.2 million respectively was incurred on minor undeveloped land acquisitions compared to $nil and $1.0 million for the comparative period of 2012. The year to date proceeds received on dispositions were $12.4 million for minor non-core properties sold. This compares to $9.9 million of proceeds received for minor properties disposed for the same period of 2012.

Net earnings (loss) – For the three months ended September 30, 2013, net loss totaled $2.3 million ($0.02/share, basic) compared to net loss of $47.6 million ($0.48/share, basic) for the same period in 2012. NuVista's net loss for the nine months ended September 30, 2013 was $13.7 million ($0.12/share, basic) compared to net loss of $136.2 million ($1.37/share, basic) in the same period in 2012. The decrease in net loss for the period ended September 30, 2013 compared to prior year was attributable to higher oil and natural gas prices in 2013 and an impairment expense recorded in the second quarter of 2012.

Adjusted net earnings (loss) – The table below summarizes adjusted net earnings (loss) for the three and nine months ended September 30, 2013 compared to September 30, 2012:

	Three months ended September 30,		Nine months ended September 30,	
($ thousands)	**2013**	2012	**2013**	2012
Net loss	**(2,295)**	(47,600)	**(13,739)**	(136,158)
Add (deduct):				
Unrealized (gain) loss on commodity derivatives, after tax	**(121)**	423	**1,989**	(10,768)
Impairment of property, plant and equipment, after tax	**-**	27,485	**-**	106,740
(Gain) loss on divestitures, after tax	**-**	-	**(4,137)**	(5,071)
Adjusted net loss[1]	**(2,416)**	(19,692)	**(15,887)**	(45,257)
Per basic share	**(0.02)**	(0.20)	**(0.13)**	(0.45)
Per diluted share	**(0.02)**	(0.20)	**(0.13)**	(0.45)

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

Funds from operations – For the three months ended September 30, 2013, NuVista's funds from operations were $23.2 million ($0.20/share, basic), compared to $17.2 million ($0.17/share, basic) for the same period of 2012. Despite a 2% decrease in total revenue period over period, 2013 third quarter cash flow was strong due to higher netback Montney production driven by condensate and lower interest and general and administrative costs. For the nine months ended September 30, 2013, funds from operations were $53.8 million ($0.45/share, basic), a 9% decrease from $59.4 million ($0.60/share, basic) in the same period of 2012. Funds from operations for the nine months ended September 30, 2013 were lower compared with the same period in 2012 due primarily to lower production levels as a result of the 2012 Dispositions.

Funds from operations for the three months ended September 30, 2013 increased 22% from $19.0 million ($0.16/share, basic) for the three months ended June 30, 2013. This increase was primarily due to higher production levels and increases in oil and Liquids prices in the third quarter.

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

	Three months ended September 30,		Nine months ended September 30,	
($ thousands)	**2013**	2012	**2013**	2012
Cash provided by operating activities	**38,645**	388	**53,112**	39,285
Add back:				
Asset retirement expenditures	**1,554**	454	**7,782**	12,334
Change in non-cash working capital	**(17,038)**	16,345	**(7,121)**	7,775
Funds from operations[1]	**23,161**	17,187	**53,773**	59,394

[1] Refer to “non-GAAP measurements”.

The table below summarizes funds from operations netbacks for the three months ended September 30, 2013 compared to the three months ended September 30, 2012:

	Three months ended September 30,					
($ thousands, except per unit amounts)	**2013**		2012		% Change	
	$	$/Boe	$	$/Boe	$	$/Boe
Revenue	**60,420**	**35.44**	61,678	28.01	(2)	27
Realized gain (loss) on commodity derivatives	**(3,423)**	**(2.01)**	(1,773)	(0.81)	93	148
	56,997	**33.43**	59,905	27.20	(5)	23
Royalties	**(5,539)**	**(3.25)**	(7,269)	(3.30)	(24)	(2)
Transportation	**(2,609)**	**(1.53)**	(2,060)	(0.94)	27	63
Operating costs	**(19,391)**	**(11.37)**	(24,230)	(11.00)	(20)	3
Operating netback	**29,458**	**17.28**	26,346	11.96	12	44
General and administrative	**(4,316)**	**(2.53)**	(5,211)	(2.37)	(17)	7
Restricted stock units	**(805)**	**(0.47)**	(421)	(0.19)	91	147
Interest	**(1,176)**	**(0.69)**	(3,527)	(1.60)	(67)	(57)
Funds from operations netback[1]	**23,161**	**13.59**	17,187	7.80	35	74

[1] Refer to “non-GAAP measurements”.

The table below summarizes funds from operations netbacks for the nine months ended September 30, 2013 compared to the six months ended September 30, 2012:

($ thousands, except per unit amounts)	Nine months ended September 30, 2013		2012		% Change	
	$	$/Boe	$	$/Boe	$	$/Boe
Revenue	**156,326**	**33.50**	193,735	29.20	(19)	15
Realized gain (loss) on commodity derivatives	**(5,501)**	**(1.18)**	(3,887)	(0.59)	42	100
	150,825	**32.32**	189,848	28.61	(21)	13
Royalties	**(15,501)**	**(3.32)**	(23,731)	(3.58)	(35)	(7)
Transportation	**(5,094)**	**(1.09)**	(5,921)	(0.89)	(14)	22
Operating costs	**(55,504)**	**(11.90)**	(73,943)	(11.14)	(25)	7
Operating netback (1)	**74,726**	**16.01**	86,253	13.00	(13)	23
General and administrative	**(14,575)**	**(3.12)**	(16,167)	(2.44)	(10)	28
Restricted stock units	**(3,275)**	**(0.70)**	(649)	(0.10)	405	600
Interest	**(3,103)**	**(0.67)**	(10,043)	(1.51)	(69)	(56)
Funds from operations netback (1)	**53,773**	**11.52**	59,394	8.95	(9)	29

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

Liquidity and capital resources

($ thousands)	September 30, 2013	December 31, 2012
Common shares outstanding	**118,740**	118,618
Share price(1)	**6.71**	5.87
Total market capitalization	**796,745**	696,288
Adjusted working capital (surplus) deficit(2)	**18,036**	10,496
Bank debt	**99,389**	19,892
Debt, net of adjusted working capital ("Net Debt")	**117,425**	30,388
Annualized current quarter funds from operations(2)	**92,644**	65,112
Net debt to annualized current quarter funds from operations	**1.3x**	0.5x

(1) Represents the closing price on the TSX on September 30, 2013 and December 31, 2012.
(2) Refer to the "non-GAAP measurements".

As at September 30, 2013, debt net of adjusted working capital was $117.4 million, resulting in a net debt to the annualized current quarter funds from operations ratio of 1.3:1. NuVista's strategy is to target a net debt to annualized current quarter funds from operations of less than 1.5:1. The actual ratio may fluctuate on a quarterly basis above or below target due to a number of factors including commodity prices and the timing of acquisitions and dispositions. At September 30, 2013, NuVista had an adjusted working capital deficit of $18.0 million. Adjusted working capital excludes the current portion of the fair value of the commodity derivative liabilities of $1.9 million. We believe it is appropriate to exclude this amount when assessing financial leverage. At September 30, 2013, NuVista had drawn $99.4 million on its credit facility leaving $140.6 million of unused bank borrowing capacity based on the current credit facility of $240 million.

As of September 30, 2013, NuVista had a $240 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. The credit facility is secured by a first floating charge debenture, general assignment of book debts and NuVista's oil and natural gas properties and equipment. The credit facility has a 364-day revolving period and is subject to an annual review by the lenders, at which time a lender can extend the revolving period or can request conversion to a one year term loan. During the revolving period, a determination of the maximum borrowing amount occurs semi-annually on approximately October 31 and April 30.

The lenders have extended the semi-annual review and NuVista expects it to be completed by November 13, 2013. During the term period, no principal payments would be required until April 29, 2015. As such, the credit facility is classified as long-term.

At September 30, 2013, NuVista's bank debt net of adjusted working capital increased to $117.4 million compared to $30.4 million at December 31, 2012. During the year, NuVista completed property dispositions for total cash consideration of $12.4 million. NuVista plans to monitor its 2013 business plan and adjust its capital program in the context of commodity prices and debt levels. NuVista plans to finance its 2013 capital program with funds from operating activities and available bank lines.

As at September 30, 2013, there were 118.7 million common shares outstanding. In addition, there were 6.9 million stock options with an average exercise price of $7.50 per option and 0.3 million restricted share awards outstanding. As of October 31, 2013, there were 123.8 million common shares and 0.3 million restricted share awards outstanding.

In October 2013, the Company 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, NuVista also completed a private offering of 0.254 million common shares on a flow-through basis in respect of CEE expenses at a price of $8.00 per share and 1.675 million common shares on a flow-through basis in respect of Canadian development expenses ("CDE") at a price of $7.20 per share for gross proceeds of $14.1 million. 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.

Contractual obligations and commitments – NuVista enters into various contractual obligations as part of conducting business. The following is a summary of NuVista's commitments as at September 30, 2013:

($ thousands)	**Total**	2013	2014	2015	2016	2017	Thereafter
Transportation and processing	**$143,680**	$2,848	$13,051	$17,175	$17,083	$15,155	$78,368
Office lease	**15,000**	907	3,630	3,645	3,719	3,099	-
Physical power	**575**	575	-	-	-	-	-
Total commitments	**$159,255**	$4,330	$16,681	$20,820	$20,802	$18,254	$78,368

In April 2013, the Company entered into an agreement with a large midstream 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 $113.1 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 December 31, 2011 to September 30, 2013:

($ thousands, except	2013				2012			2011
per share amounts)	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
Production (Boe/d)	**18,532**	17,799	14,903	17,692	23,936	23,467	25,250	25,306
Revenue	**60,420**	54,158	41,748	48,277	61,678	58,201	73,856	96,578
Net earnings (loss)	**(2,295)**	(7,383)	(4,061)	(59,042)	(47,600)	(85,411)	(3,147)	(158,462)
Net earnings (loss)								
Per basic share	**(0.02)**	(0.06)	(0.03)	(0.56)	(0.48)	(0.86)	(0.03)	(1.59)
Per diluted share	**(0.02)**	(0.06)	(0.03)	(0.56)	(0.48)	(0.86)	(0.03)	(1.59)

NuVista has seen production volumes in a range of 14,903 Boe/d to 25,306 Boe/d for the last eight quarters. NuVista's production volumes decreased to 14,903 Boe/d in the first quarter of 2013 due to the 2012 Dispositions, and increased to 18,532 Boe/d in the current quarter due to drilling success in the Wapiti Montney area. Over the prior eight quarters, quarterly revenue has been in a range of $41.7 million to $96.6 million with revenue primarily influenced by production volumes and commodity prices. Net earnings have been in a range of a net loss of $158.5 million to net loss of $2.3 million with earnings primarily influenced by impairments, gains and losses from disposal of assets, commodity prices, realized and unrealized gains and losses on commodity derivatives and production volumes.

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, 2012 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

New accounting policies

On January 1, 2013, NuVista adopted new accounting standards with respect to IFRS 10 – "Consolidation – Special Purpose Entitles", IFRS 11 – "Joint Arrangements", IFRS 12 – "Disclosure of Interests in Other Entities", IFRS 13 – "Fair Value Measurements" and amendments to IFRS 7 – "Financial Instrument: Disclosures". The adoption of these standards had no measurement impact on the Company's consolidated financial statements. Additional disclosures required under IFRS 13 have been disclosed in the financial statements.

The IASB issued IFRS 9, "Financial Instruments" which is the first phase of the IASB's project 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 the Company's consolidated financial statements will not be known until the evaluation is complete.

Internal control reporting

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

The CEO and CFO have also designed internal controls over financial reporting, or caused them to be designed under their supervision, to provide reasonable assurance regarding the reliability of NuVista's financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes those policies and procedures that: (a) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of NuVista; (b) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of the 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 original 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 September 30, 2013, there have been no changes to NuVista's internal controls over financial reporting that have materially or are reasonably likely to materially affect the internal controls over financial reporting.

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

Assessment of business risks

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

- Operational risk associated with the production of oil and natural gas;
- Reserves risk with respect to the quantity and quality of recoverable reserves;
- Commodity risk as crude oil and natural gas prices 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 for the year ended December 31, 2012 under the Risk Factors Section.

OUTLOOK

We are pleased to provide an update to our guidance for 2013. Average production forecast for the year is expected to be 17,000 Boe/d to 17,400 Boe/d, slightly above the top of our previous guidance range of 16,250 Boe/d to 17,000 Boe/d. Production for the fourth quarter is expected to be unchanged from prior guidance at between 17,500 Boe/d and 18,500 Boe/d as first disclosed in our March 6, 2013 press release. Our capital spending for 2013 is anticipated to be between $215 million and $220 million. Funds from operations for the year are forecast to be between $70 million and $75 million based on forecast fourth quarter 2013 AECO and NYMEX natural gas prices of $3.29/Mcf and US$3.70/MMbtu, respectively, and a WTI crude oil price of US$101.02/Bbl.

NuVista's Board of Directors has approved a 2014 capital budget range of $220 million to $240 million. NuVista's 2014 business plan will focus on South Block development project drilling and timely completion of the two phases of infrastructure that will facilitate 2014 and future growth while prudently managing its debt levels throughout this period of facility expansion. NuVista is targeting fourth quarter 2013 to fourth quarter 2014 production per share growth of approximately 15%. We have a target to divest of noncore properties for proceeds of $25 million to $50 million in each of 2013 and 2014. We will provide more details of our 2014 business in the coming months as we finalize our detailed capital plan and budget for 2014.

With a similar capital program in 2015, we have line of sight to reaching 25,000 Boe/d of company production in that year. Ultimately the South and North Block development drilling project areas alone are expected to support more than 200 profitable horizontal wells in the Middle Montney zone, a proven resource base which is expected to support 15% to 30% annual production growth rates (depending on spending pace) in the defined development project areas through 2020 and beyond. In addition, there is significant room to expand beyond the defined project areas when one looks at the 577 total locations assigned in the Contingent Resources report and the many NuVista lands where we expect to continue delineation drilling in the Middle and Lower Montney.