



**SECOND QUARTER INTERIM REPORT
2010**

Press Release August 12, 2010

Calgary – NuVista Energy Ltd. is pleased to announce its financial and operating results for the three and six months ended June 30, 2010, as follows:

Corporate Highlights

	Three months ended June 30,			Six months ended June 30,		
	2010	2009	% Change	2010	2009	% Change
Financial						
(\$ thousands, except per share)						
Production revenue	89,524	78,092	15	195,043	169,821	15
Funds from operations ⁽¹⁾	38,752	41,779	(7)	91,854	98,442	(7)
Per share – basic	0.44	0.53	(17)	1.04	1.24	(16)
Per share – diluted	0.44	0.53	(17)	1.03	1.24	(17)
Net earnings (loss)	(1,377)	(7,312)	81	4,453	(4,680)	195
Per share – basic	(0.02)	(0.09)	78	0.05	(0.06)	183
Per share – diluted	(0.02)	(0.09)	78	0.05	(0.06)	183
Total assets				1,593,021	1,429,854	11
Long-term debt, net of working capital				404,824	350,580	15
Long-term debt, net of adjusted working capital ⁽¹⁾				405,856	351,451	15
Shareholders' equity				921,004	812,128	13
Net capital expenditures	41,069	8,322	394	116,887	89,546	31
Weighted average common shares outstanding (thousands):						
Basic	88,539	79,209	12	88,491	79,187	12
Diluted	88,539	79,209	12	89,023	79,187	12
Cash dividends declared	4,427	-	-	8,853	-	-
Per share	0.05	-	-	0.10	-	-
Operating						
(Boe conversion – 6:1 basis)						
Production						
Natural gas (MMcf/d)	125.7	109.6	15	125.1	110.9	13
Natural gas liquids (Bbls/d)	3,049	3,247	(6)	3,175	3,138	1
Oil (Bbls/d)	4,512	4,269	6	4,458	4,358	2
Total oil equivalent (Boe/d)	28,512	25,777	11	28,484	25,974	10
Product prices ⁽²⁾						
Natural gas (\$/Mcf)	4.34	4.52	(4)	4.87	5.53	(12)
Natural gas liquids (\$/Bbl)	49.96	32.00	56	52.02	35.46	47
Oil (\$/Bbl)	61.15	64.14	(5)	64.59	59.66	8
Operating expenses						
Natural gas and natural gas liquids (\$/Mcf)	1.18	1.05	12	1.18	1.11	6
Oil (\$/Bbl)	17.31	15.69	10	17.88	16.31	10
Total oil equivalent (\$/Boe)	8.71	7.84	11	8.79	8.27	6
General and administrative expenses (\$/Boe)	1.80	1.61	12	1.80	1.43	26
Funds from operations netback (\$/Boe) ⁽¹⁾	14.93	17.81	(16)	17.81	20.95	(15)

NOTES:

- (1) Funds from operations, funds from operations per share, funds from operations netback and adjusted working capital are not defined by GAAP in Canada and are referred to as non-GAAP measures. Funds from operations are based on cash flow from operating activities as per the statement of cash flows before changes in non-cash working capital and asset retirement expenditures. 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 netback equals the total of revenues including realized commodity derivative gains/losses less royalties, transportation, general and administrative, restricted stock units, interest expenses and cash taxes calculated on a Boe basis. Adjusted working capital excludes the current portions of the commodity derivative asset or liability and the future income tax asset or liability. Total Boe is calculated by multiplying the daily production by the number of days in the period. For more details on non-GAAP measures, refer to "Management's Discussion and Analysis" section of this press release.
- (2) Product prices include realized gains/losses on commodity derivatives.

Trading Statistics

(Cdn\$, except volumes) based on intra-day trading	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
High	13.16	11.88	14.56	11.88
Low	9.65	5.85	9.65	4.90
Close	10.16	10.25	10.16	10.25
Average daily volume	245,579	301,476	311,171	255,958

MESSAGE TO SHAREHOLDERS

NuVista Energy Ltd. ("NuVista") is pleased to report to its shareholders the financial and operating results for the three and six months ended June 30, 2010, and to update our shareholders on successful tests of proof of concept wells in our Deep Basin core region. NuVista is in the second year of a three year transition as we shift our corporate emphasis from an acquire and develop business model to a model where growth on a per share basis results from the successful implementation of repeatable development drilling projects on lands that we currently control. With successful test wells in the Montney, and subsequently in the Cardium in our Wapiti operating area, NuVista has moved closer to validating our key resource plays. Over the next six months, with extended production tests on our existing wells and new results from additional proof of concept wells, the value of NuVista's focused strategy of positioning the company in high resource-in-place plays through aggressive land purchases, should become apparent.

After acquiring Rider Resources Ltd. in the spring of 2008, NuVista began implementing a focused strategy of aggressively acquiring lands containing high resource-in-place deposits in our Deep Basin core region. NuVista has spent approximately \$58 million on undeveloped land since acquiring Rider Resources Ltd., culminating in the second quarter of 2010 with \$11 million spent in the quarter with a primary focus on completing our concentrated Nikanassin landholdings in our Wapiti operating area. To date in 2010, NuVista has continued to focus our efforts on testing horizontal wells with multi-stage fracture completions in a number of play types in order to assess drilling, completion, recovery and repeatability in projects where we possess enough future potential for many years of development. Our 2011 capital program is beginning to take shape and we intend to begin measured development of a number of plays that are being tested in 2010.

The second quarter of 2010 was active, however efforts to complete and tie-in production from wells drilled prior to break-up were hampered by wet conditions in the field. Despite these conditions, NuVista was able to achieve record production of 28,512 Boe/d during the quarter. One hundred percent of NuVista's second quarter capital expenditures were directed to our exploration and development program. In addition to the drilling and rig release of six wells in the second quarter, we completed several wells drilled in the first quarter, and accelerated the timing of approximately \$9 million of expenditures planned for the third quarter. NuVista continues to plan for an active exploration and development program through the second half of 2010, however, we will continue to adapt our business plan to changes in natural gas prices and global financial conditions.

Significant highlights for NuVista in the second quarter:

- Achieved record production of 28,512 Boe/d with a 73% natural gas weighting;
- Participated in the drilling and rig release of six horizontal wells (4.4 net) resulting in five oil wells and one gas well for a 100% success rate;
- Began the completion of our first Montney horizontal well in Wapiti and subsequent to the quarter end this well tested at rates in excess of 10 MMcf/d with over 50 Bbls/MMcf of associated liquids;
- Began drilling our first operated Cardium horizontal well in Wapiti and subsequent to quarter end tested this well at an initial swab rates of approximately 140 Bbls/d of 41 degree API light oil over 12 hour swab periods, after recovering all 4,500 barrels of injected load fluid;
- Completed a number of strategic land purchases, the most notable of which was the purchase of the additional Nikanassin crown lands in our Wapiti operating area creating a large contiguous block of lands where NuVista will drill our first Nikanassin horizontal well in the third quarter of 2010; and
- Declared our second quarterly dividend of \$0.05/share, which was paid on July 15, 2010, and implemented a DRIP program.

Update on the Testing of Recovery Concepts in Repeatable High Resource-in-Place Plays:

1. Wapiti Operating Area

Montney Formation

NuVista drilled its first of two planned Montney horizontal gas tests (100% working interest) to evaluate a scalable resource play. This well encountered 1,400 meters of porous reservoir and was successfully completed over eleven intervals with 100 tonnes of sand per interval and tested at rates in excess of 10 MMcf/d. Of equal significance to the natural gas test rate is the discovery of significant associated liquids with the Montney production on the north block of our landholdings. In addition to testing at over 25 Bbls/MMcf of free condensate, the gas analysis on the well indicated incremental liquid recoveries of 25 Bbls/MMcf in the gas stream with a shallow cut facility. With the installation of a deep cut facility and increased propane recovery, liquids extracted from the gas stream would be expected to climb to 50 Bbls/MMcf of C3+ and 40 Bbls/MMcf of ethane. Along with the free condensate, over one-half of the present value of the Montney play is anticipated to be derived from liquids production based on current commodity prices. The tie-in of this well was completed in early August and the well has been recently brought on production to third party facilities at a restricted rate of 7 MMcf/d and is producing approximately 40 Bbls/MMcf of free condensate.

NuVista is currently drilling the horizontal portion on our second Montney horizontal well which is located on the southern block of our landholdings. This well is over 20 miles from the north block and is being drilled to prove productivity on our large block of contiguous acreage to the south. In addition to this well, NuVista anticipates accelerating the drilling of up to four additional Montney wells in our north and south blocks and expects to have results on these wells prior to spring break-up next year. Simultaneously with our drilling activity, NuVista is initiating a preliminary evaluation of the construction of our own sour gas processing facility with acid gas re-injection in the Wapiti area. NuVista has 167 sections of Montney acreage in Wapiti with an average working interest of 95%.

Cardium Formation

NuVista has over 90 contiguous net sections of Cardium lands for an emerging oil resource play in Wapiti with similar log characteristics to those being successfully exploited using horizontal wells in Pembina. NuVista has farmed-out several low working interest sections to a third party who has drilled and completed a Cardium horizontal test well with multi-stage fractures, in which NuVista has a 22% carried working interest. This third party has announced a light oil discovery and the expected on-stream date is mid-August 2010.

During the second quarter, NuVista began drilling its first 100% Cardium horizontal well and subsequent to the end of the second quarter, completed drilling its second 100% Cardium horizontal well and is participating in a second non-operated horizontal well (22% working interest). The first well was successfully completed with eleven 22 tonne fractures and tested at swab rates of 140 Bbls/d of 41 degree API light oil over 12 hour swab periods. All 4,500 barrels of injected load fluid were recovered from the well prior to the swab tests. This well is anticipated to be on production in mid-August. NuVista and our partner are currently in the process of completing the remaining two horizontal wells. NuVista intends to participate in up to four additional Cardium horizontal wells immediately offsetting the Wapiti Cardium light oil pool prior to the end of 2010.

Nikanassin Formation

With the completion of our land purchases in April 2010, we have increased our net Nikanassin land position in Wapiti to approximately 180 gross sections with an average working interest of 87%. NuVista now has a dominant Nikanassin land position within our Wapiti operating area and has participated in nine vertical wells during the last eighteen months with initial production rates of 0.5 - 2.0 MMcf/d per vertical well. Based upon the encouraging vertical production from this program, NuVista plans to drill up to two Nikanassin horizontal wells prior to the end of 2010, the first of which began in August.

2. Kaybob Operating Area

Montney Formation

To date, NuVista has drilled five Montney horizontal wells (100% working interest) at our Kaybob property. Four of the five wells have been completed, with initial test rates on the fourth well of 13 MMcf/d. The fifth well NuVista drilled is awaiting completion and is on our southern four section land block and will provide data on the prospectivity of these landholdings. NuVista has approximately 20 (15 net) Montney horizontal locations

remaining on our current landholdings at Kaybob. NuVista and partners are currently drilling wells six (100% working interest) and seven (50% working interest) as part of the 2010 program. A facility expansion from 9 MMcf/d to 20 MMcf/d is scheduled to be completed in early October.

3. Pembina and Ferrier Operating Areas

Cardium Formation

NuVista has now participated in five Cardium horizontal oil wells with multi-stage fractures in the Pembina operating area. NuVista has operated three of these wells. To date, our average working interest in the program is 62%. The two wells that are on production had first month production rates averaging 140 Bbls/d and NuVista has internally evaluated expected reserve additions of 100,000-150,000 barrels per well. NuVista has approximately 70 net sections of Cardium rights in its Pembina operating area and our sixth Cardium well (100% working interest) is currently drilling.

In our Ferrier operating area, NuVista has farmed-out one section with a second option section, while retaining a 30% carried working interest, in order to assess the viability of a Cardium development program in the Ferrier operating area in 2011. The first farm-out well has finished drilling and is awaiting completion. NuVista has approximately 55 net sections of Cardium rights in the Ferrier operating area.

Notikewin and Spirit River Formations

NuVista is currently drilling our first Notikewin horizontal well in our Pembina operating area. NuVista intends to begin evaluating the use of horizontal wells with multi-stage fractures in the Notikewin and Spirit River formations. NuVista has over 180 net sections of rights in its Pembina and Ferrier operating areas which are prospective for Notikewin or Spirit River horizontal drilling. With the size and extent of NuVista's land base, and successful testing of concept wells in the second half of 2010, the Notikewin-Spirit River formations have the potential to become another focus zone for NuVista in 2011.

NuVista's 2010 and 2011 Exploration and Development Capital Programs

Although the current commodity and financial markets create considerable uncertainty in the near term, NuVista is in a position to control and prudently manage its capital program. Our capital program for the remainder of the year is heavily weighted towards our internally generated and operated capital projects where we control the pace of development and the timing of capital expenditures. NuVista remains opportunity rich but must continue to ensure we test concepts that can deliver an attractive return on capital and have significant leverage to multi-year repeatable development projects on large contiguous blocks of land while maintaining financial flexibility in an uncertain commodity price environment. NuVista is currently positioned to spend between \$240 million and \$280 million on our 2010 capital program with over 90% of this capital dedicated to exploration and development expenditures. However, with weaker than initially forecast commodity prices resulting in lower projected cash flow, NuVista is reducing its planned capital program to between \$220 million and \$240 million with approximately 85% of this capital dedicated to exploration and development expenditures.

NuVista has closed one property acquisition and is pursuing a number of minor property acquisitions in the third quarter that are expected to total approximately \$25 million. All of these are tuck-in acquisitions in our Deep Basin core region. These acquisitions will add approximately 800 Boe/d of production, undeveloped lands with horizontal drilling potential, and some minor infrastructure to an area where we plan an active drilling program for 2011.

For 2011, NuVista is currently positioning the company to be able to spend up to \$300 million on exploration and development activities, with up to 50% of planned capital expenditures targeting oil projects in our Deep Basin and W3M/W4M core regions and the remainder targeting liquids-rich natural gas opportunities in our Deep Basin core region. The primary focus areas for the company are expected to include Cardium light oil (Wapiti/Pembina-Ferrier), Nikanassin (Wapiti) and Notikewin-Spirit River (Pembina-Ferrier) gas development and Montney (Wapiti) delineation. In each of these areas, NuVista's 2011 drilling program is being designed to provide the potential to book multiple locations for each well drilled as part of a multi-year program targeting top quartile reserve additions and value creation on lands purchased in 2008-2009 and concepts tested in 2010. Over the course of the next quarter, and with the continued testing of concept wells, NuVista will refine its capital program for 2011 and anticipates providing updated 2011 guidance information in our November 2010 press release. With each successful test concept well, our plans for the next five years are expected to become further defined.

Declaration of Dividend

On August 12, 2010, our Board of Directors declared a quarterly dividend of \$0.05 per common share, payable in cash, to shareholders of record on September 30, 2010 with the dividend payment on October 15, 2010.

Through challenging and at times difficult industry conditions, NuVista continues to maintain a disciplined approach to its business. The NuVista team has demonstrated its ability to protect and enhance the interests of our stakeholders over the long term by focusing on increasing our production and reserves on a per share basis while prudently managing our debt levels. We closely manage capital spending levels and we control the timing of all significant capital projects through our high level of operatorship. We pride ourselves on being able to make effective business decisions based on timely and accurate data. This approach has enabled us to adapt to rapidly changing economic and market conditions. We look forward to sharing our future successes with our shareholders as we continue to evaluate our high resource-in-place plays in 2010.

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's unaudited consolidated financial statements for the three and six months ended June 30, 2010 and the audited consolidated financial statements for the year ended December 31, 2009. The following MD&A of financial condition and results of operations was prepared at and is dated August 12, 2010. Our audited consolidated financial statements, Annual Report, Annual Information Form and other disclosure documents for 2009 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 – *The financial data presented below has been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). The reporting and the measurement currency is the Canadian dollar. For the purpose of calculating unit costs, natural gas is converted to a barrel of oil equivalent ("Boe") using six thousand cubic feet of natural gas equal to one barrel of oil, unless otherwise stated. In certain circumstances natural gas liquid volumes have been converted to thousand cubic feet equivalent ("Mcf") on the basis of one barrel of natural gas liquids to six thousand cubic feet. Boes and Mcfs 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.*

Forward-looking statements – *Certain information set forth in this document contains forward-looking statements, including management's assessment of NuVista's future plans and operations, forecast production and reserves growth, drilling, completion and tie-in plans and results, plans regarding new drilling and completion technology and the results therefrom, NuVista's planned capital budget, targeted debt level, the timing, allocation and efficiency of NuVista's capital program and the results therefrom, planned facility expansions and the results therefrom, plans to pursue and complete acquisition opportunities, forecast funds from operations, expectations regarding funds from operations being sufficient to fund NuVista's planned 2010 capital program, targeted operating costs and other expenses, benefits from the Alberta Government's announcement of royalty incentives, expectations regarding the payment of future taxes, NuVista's dividend policy and the timing and payment of dividends, continuation and participation in NuVista's dividend re-investment plan, expectations regarding future commodity prices, netbacks and industry conditions and expectations regarding NuVista's IFRS conversion project which are provided to allow investors to better understand our business. In addition, statements relating to "reserves" are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described 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 and amount of capital expenditures and the results therefrom, anticipated reserves and the imprecision of reserve estimates, competition from other industry participants, availability of qualified personnel or management services and drilling and related equipment, stock market volatility, effects of regulation by governmental agencies including changes in environmental regulations, tax laws and royalties and the ability to access sufficient capital from internal sources and bank and equity markets and including, without limitation, those risks considered under "Risk Factors" in our Annual Information Form. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. NuVista's actual results, performance or achievement*

could differ materially from those expressed in, or implied by, these forward-looking statements, or if any of them do so, what benefits NuVista will derive therefrom. NuVista 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 Canadian 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 Canadian GAAP. All references to funds from operations throughout this report are based on cash flow from operating activities before changes in non-cash working capital and asset retirement expenditures. 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 revenue 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 field netbacks to analyze operating performance and adjusted working capital to analyze leverage. Field netbacks and adjusted working capital as presented, do not have any standardized meaning prescribed by Canadian GAAP and therefore, may not be comparable with the calculation of similar measures for other entities. Field 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 and the future income tax asset or liability. Total Boe is calculated by multiplying the daily production by the number of days in the period.

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

(\$ thousands)	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Cash provided by operating activities	23,841	39,516	79,755	97,940
Add back:				
Asset retirement expenditures	1,042	614	6,313	1,189
Change in non-cash working capital	13,869	1,649	5,786	(687)
Funds from operations	38,752	41,779	91,854	98,442

Northeast British Columbia and Northwest Alberta property acquisition – On July 27, 2009, NuVista closed the acquisition of certain properties in northeast British Columbia and northwest Alberta. The acquisition was financed through a combination of bank debt and net proceeds from two equity offerings. NuVista entered into an agreement to issue 7,500,000 subscription receipts at a price of \$11.00 per subscription receipt on a bought deal basis for gross proceeds of \$82.5 million. In addition, NuVista issued 1,500,000 subscription receipts at a price of \$11.00 per subscription receipt, by way of a private placement, to Ontario Teachers' Pension Plan Board ("OTPP") for gross proceeds of \$16.5 million. The subscription receipt offerings closed on July 7, 2009. Each subscription receipt was exchanged for one common share of NuVista for no additional consideration on July 27, 2009 in accordance with its terms.

Operating activities – For the three months ended June 30, 2010, NuVista drilled six (4.4 net) horizontal wells resulting in five oil wells and one natural gas well, for an overall success rate of 100%. NuVista operated five of the wells drilled. Four horizontal oil wells were drilled at our West Central Saskatchewan heavy oil property and a non-operated Cardium horizontal oil well was drilled and completed with multi-stage fractures in our Pembina operating area. During the quarter, NuVista also drilled its fourth Kaybob Montney horizontal gas well that was completed with multi-stage fractures and also completed several natural gas wells that were drilled in the first quarter of 2010. For the six months ended June 30, 2010, NuVista drilled 41 (29.9 net) wells resulting in 22 natural gas wells and 19 oil wells for an overall success rate of 100%.

For the remainder of 2010, NuVista plans to drill approximately 26 wells (14 oil and 12 gas), of which 19 are planned to be horizontal wells. NuVista will continue to test the use of horizontal drilling and multi-stage fracture technology on repeatable high resource-in-place deposits for the last half of the year. Of the 26 wells, nine are located in our Wapiti core region primarily targeting Montney gas, Nikinassin gas and Cardium oil. In addition, six wells located in our Kaybob core region are targeting Montney gas. Ten oil wells are planned in our Pembina and W3/W4 core regions.

Production

	Three months ended June 30,		
	2010	2009	% Change
Natural gas (Mcf/d)	125,711	109,564	15
Liquids (Bbls/d)	3,049	3,247	(6)
Oil (Bbls/d)	4,512	4,269	6
Total oil equivalent (Boe/d)	28,512	25,777	11

	Six months ended June 30,		
	2010	2009	% Change
Natural gas (Mcf/d)	125,101	110,870	13
Liquids (Bbls/d)	3,175	3,138	1
Oil (Bbls/d)	4,458	4,358	2
Total oil equivalent (Boe/d)	28,484	25,974	10

For the three months ended June 30, 2010, NuVista's average production was 28,512 Boe/d, comprised of 125,711 Mcf/d of natural gas, 3,049 Bbls/d of associated natural gas liquids ("liquids") and 4,512 Bbls/d of oil. This is an 11% increase compared to the same period in 2009 and a slight increase compared to the three months ended March 31, 2010 average production of 28,455 Boe/d. The increase in NuVista's production during the three months ended June 30, 2010 compared to same period in 2009 was primarily due to the property acquisitions in 2009 and new production at our Kaybob operating area. The second quarter of 2010 was the fourth consecutive quarter of record production for NuVista.

NuVista's production for the six months ended June 30, 2010 averaged 28,484 Boe/d comprised of 125,101 Mcf/d of natural gas, 3,175 Bbls/d of liquids and 4,458 Boe/d of oil, which represents a 10% increase over the same period in 2009. The increase in production for the six month period ended June 30, 2010 compared to the same period in 2009 is primarily due to the property acquisitions in 2009 and our successful 2009/2010 winter drilling program.

Revenues

(\$ thousands, except per unit amounts)	Three months ended June 30,					
	2010		2009		% Change	
	\$	\$/Mcf	\$	\$/Mcf	\$	\$/Mcf
Natural gas						
Production revenue ⁽¹⁾	49,612	4.34	45,059	4.52	10	(4)
Realized gain (loss) on commodity derivatives	(25)	-	(2)	-	(1,150)	-
Total	49,587	4.34	45,057	4.52	10	(4)
Liquids	\$	\$/Bbl	\$	\$/Bbl	\$	\$/Bbl
Production revenue	13,861	49.96	9,457	32.00	47	56
Realized gain (loss) on commodity derivatives	-	-	-	-	-	-
Total	13,861	49.96	9,457	32.00	47	56
Oil	\$	\$/Bbl	\$	\$/Bbl	\$	\$/Bbl
Production revenue	26,051	63.45	23,576	60.69	10	5
Realized gain (loss) on commodity derivatives	(945)	(2.30)	1,341	3.45	(170)	(167)
Total	25,106	61.15	24,917	64.14	1	(5)
Total	\$	\$/Boe	\$	\$/Boe	\$	\$/Boe
Production revenue	89,524	34.50	78,092	33.29	15	4
Realized gain (loss) on commodity derivatives	(970)	(0.37)	1,339	0.57	(172)	(165)
Total	88,554	34.13	79,431	33.86	11	1

⁽¹⁾ Natural gas revenue includes price risk management gains and losses on physical sale contracts. For the three months ended June 30, 2010, our physical sale contracts resulted in a gain of \$3.2 million (2009 - \$7.9 million).

(\$ thousands, except per unit amounts)	Six months ended June 30,					
	2010		2009		% Change	
	\$	\$/Mcf	\$	\$/Mcf	\$	\$/Mcf
Natural gas						
Production revenue ⁽¹⁾	110,364	4.87	109,613	5.46	1	(11)
Realized gain (loss) on commodity derivatives	(26)	-	1,421	0.07	(102)	(100)
Total	110,338	4.87	111,034	5.53	(1)	(12)
Liquids	\$	\$/Bbl	\$	\$/Bbl	\$	\$/Bbl
Production revenue	29,895	52.02	20,141	35.46	48	47
Realized gain (loss) on commodity derivatives	-	-	-	-	-	-
Total	29,895	52.02	20,141	35.46	48	47
Oil	\$	\$/Bbl	\$	\$/Bbl	\$	\$/Bbl
Production revenue	54,784	67.89	40,067	50.80	37	34
Realized gain (loss) on commodity derivatives	(2,663)	(3.30)	6,986	8.86	(138)	(137)
Total	52,121	64.59	47,053	59.66	11	8
Total	\$	\$/Boe	\$	\$/Boe	\$	\$/Boe
Production revenue	195,043	37.83	169,821	36.12	15	5
Realized gain (loss) on commodity derivatives	(2,689)	(0.52)	8,407	1.79	(132)	(129)
Total	192,354	37.31	178,228	37.91	8	(2)

⁽¹⁾ Natural gas revenue includes price risk management gains and losses on physical sale contracts. For the six months ended June 30, 2010, our physical sale contracts resulted in a gain of \$3.5 million (2009 - \$18.0 million).

For the three months ended June 30, 2010, revenues including realized commodity derivative gains and losses were \$88.6 million, an 11% increase from \$79.4 million for the same period in 2009. The increase in revenues for the three months ended June 30, 2010 compared to the same period of 2009 is primarily due to the increase in realized prices for liquids and an 11% increase in total production partially offset by the decrease in natural gas prices. Revenues were comprised of \$49.6 million of natural gas revenue, \$13.9 million of liquids revenue, and \$25.1 million of oil revenue. The increase in average realized commodity prices is comprised of a 4% decrease in the natural gas price to \$4.34/Mcf from \$4.52/Mcf, a 56% increase in the liquids price to \$49.96/Bbl from \$32.00/Bbl and a decrease of 5% in the oil price to \$61.15/Bbl from \$64.14/Bbl.

For the six months ended June 30, 2010, revenues including realized commodity derivative gains and losses were \$192.4 million, an 8% increase from \$178.2 million for the same period in 2009. The increase in revenues for the first six months of 2010 compared to the same period of 2009 is primarily due to the increase in liquids and oil prices and a 10% increase in production partially offset by the decrease in natural gas pricing. These revenues were comprised of \$110.3 million of natural gas revenue, \$29.9 million of liquids revenue, and \$52.1 million of oil revenue. The decrease in average realized commodity prices is comprised of a 12% decrease in the natural gas price to \$4.87/Mcf from \$5.53/Mcf, a 47% increase in the liquids price to \$52.02/Bbl from \$35.46/Bbl, and an increase of 8% in the oil price to \$64.59/Bbl from \$59.66/Bbl.

Commodity price risk management

(\$ thousands)	Three months ended June 30,					
	2010			2009		
	Realized Gain	Unrealized Gain	Total Gain	Realized Gain	Unrealized Gain	Total Gain
Natural gas	(25)	3,049	3,024	(2)	-	(2)
Oil	(945)	2,491	1,546	1,341	(7,478)	(6,137)
Total gain (loss)	(970)	5,540	4,570	1,339	(7,478)	(6,139)

Six months ended June 30,

(\$ thousands)	2010			2009		
	Realized Gain (Loss)	Unrealized Gain (Loss)	Total Gain (Loss)	Realized Gain (Loss)	Unrealized Gain (Loss)	Total Gain (Loss)
Natural gas	(26)	3,359	3,333	1,421	(1,094)	327
Oil	(2,663)	1,847	(816)	6,986	(14,226)	(7,240)
Total gain (loss)	(2,689)	5,206	2,517	8,407	(15,320)	(6,913)

As part of our financial risk management strategy, NuVista has adopted a disciplined commodity price risk management program. The purpose of this program is to reduce volatility in our financial results, protect acquisition economics and stabilize cash flow against the unpredictable commodity price environment. NuVista's Board of Directors has approved a price risk management limit of up to 60% of forecast production, net of royalties, using fixed price, differential, put option and costless collar contracts. To achieve NuVista's price risk management objectives, we enter into both commodity derivative and physical sale contracts.

For the three months ended June 30, 2010, the commodity price risk management program resulted in a gain of \$4.6 million, consisting of realized losses of \$1.0 million and a \$5.6 million unrealized gain on natural gas and oil contracts. For the six months ended June 30, 2010, the commodity price risk management program resulted in a gain of \$2.5 million, consisting of realized losses of \$2.7 million and an unrealized gain of \$5.2 million on natural gas and oil contracts. As at June 30, 2010, the mark-to-market value of our financial derivative commodity contracts was a gain of \$2.6 million.

For the six months ended June 30, 2010, price risk management gains on our physical sale contracts totaled \$3.5 million. The physical sale contracts are purchase and sale transactions entered into the normal course of business. As at June 30, 2010, the mark-to-market value of our natural gas physical sale contracts was a gain of \$6.8 million. No asset or liability value has been assigned to the physical sale contracts on the balance sheet at June 30, 2010.

The following is a summary of commodity price risk management contracts in place as at June 30, 2010:

(a) Financial instruments

As at June 30, 2010, NuVista has the following crude oil put option contracts in place:

Volume	Average Strike Price (Cdn\$/Bbl)	Option Premium (Cdn\$/Bbl)	Term
1,000 Bbls/d	\$80.30 – WTI	\$9.75	July 1, 2010 – September 30, 2010
1,000 Bbls/d	\$89.40 – WTI	\$12.60	October 1, 2010 – December 31, 2010
1,000 Bbls/d	\$86.00 – WTI	\$7.85	July 1, 2010 – March 31, 2011
1,000 Bbls/d	\$88.00 – WTI	\$7.42	July 1, 2010 – December 31, 2010

As at June 30, 2010, NuVista has the following NYMEX natural gas basis differential contracts in place:

Volume	Differential (US\$/MMbtu)	Term
20,000 MMbtu/d	(\$0.34)	July 1, 2010 – October 31, 2010
15,000 MMbtu/d	(\$0.30)	November 1, 2010 – March 31, 2011
30,000 MMbtu/d	(\$0.45)	July 1, 2011 – October 31, 2011
30,000 MMbtu/d	(\$0.51)	November 1, 2011 – March 31, 2012

As at June 30, 2010, the mark-to-market value of the financial derivative commodity contracts was an asset of \$2.6 million (December 31, 2009 – a liability of \$2.6 million).

Subsequent to June 30, 2010, the following financial derivative crude oil put option contract has been entered into:

Volume	Average Strike Price (Cdn\$/Bbl)	Option Premium (Cdn\$/Bbl)	Term
1,000 Bbls/d	\$87.00 – WTI	\$9.00	October 1, 2010 – December 31, 2011

(b) Physical sale contracts

(i) As at June 30, 2010, NuVista has the following direct natural gas sale contracts in place:

Volume	Average Price (Cdn\$/GJ)	Premium (Cdn\$/GJ)	Term
20,000 GJ/d	\$5.97 – AEEO Floor	\$0.53	July 1, 2010 – October 31, 2010
5,000 GJ/d	\$4.21 – Fixed Price AEEO		July 1, 2010 – October 31, 2010

(ii) As at June 30, 2010, NuVista has the following fixed price contract for the purchase of electricity in place:

Volume	Price (Cdn\$/Mwh)	Term
4.0 Mwh	\$65.64	January 1, 2011 – December 31, 2013

These physical sale contracts are documented as normal purchase and sale transactions and as such are not considered financial instruments.

Royalties

Royalty rates (%)	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Natural gas and liquids	17	10	16	15
Oil	20	13	18	11
Weighted average rate	18	11	17	14

For the three months ended June 30, 2010, royalties were \$16.1 million, 95% higher than the \$8.2 million for the same period of 2009. Royalties for the six months ended June 30, 2010 were \$32.9 million compared to \$23.5 million reported for the six months ended June 30, 2009. The increase in royalties is largely attributed to a significant increase in production revenue, also in the second quarter of 2010 NuVista had third party adjustments relating to prior periods for freehold mineral taxes (\$0.8 million) and gas cost allowance (\$0.5 million).

As a percentage of production revenue, the reported average royalty rate for the second quarter of 2010 was 18% compared to 11% for the comparative period of 2009. Royalty rates by product for the three months ended June 30, 2010 were 17% for natural gas and liquids and 20% for oil compared to 10% for natural gas and liquids and 13% for oil for the same period in 2009. For the six months ended June 30, 2010, the average royalty rate as a percentage of production revenue was 17% compared to 14% for the same period in 2009. Royalty rates by product were 16% for natural gas and liquids and 18% for oil compared to 15% for natural gas and liquids and 11% for oil for the same period in 2009. The increase in royalty rates is primarily due to the impact of lower realized gains on physical sale contracts, an 8% increase in oil pricing and prior period adjustments.

Our physical price risk management activities impact reported royalty rates as royalties are based on government market reference prices and not our average realized prices that include price risk management activities. As a result, the gains on our price risk management activities included in production revenue result in lower royalty rates as a percentage of production revenue than if no price risk management activities had taken place. In addition, the timing and receipt of gas cost allowance adjustments from the Government of Alberta and third party adjustments relating to prior periods impacts our reported rates. Excluding the impact of price risk management activities, third party adjustments relating to prior periods and gas cost allowance adjustments, natural gas and liquids royalty rates for the three months ended June 30, 2010 were approximately 20% compared to 20% for the same period in 2009 and the oil royalty rates for the three months ended June 30, 2010 were approximately 14% compared to 11% for the same period in 2009.

On March 11, 2010, the Government of Alberta announced amendments to its royalty framework as a result of a competitiveness review. Effective January 1, 2011, the maximum royalty rate is expected to be reduced from the current levels of 50% for both oil and natural gas to 40% for oil and 36% for natural gas. Other changes include permanently instating a maximum 5% royalty rate on oil and natural gas with the existing time and volume limits.

On May 27, 2010, the Government of Alberta announced its proposed changes to the base royalty curves for oil and natural gas which are to take effect on January 1, 2011. The Government also announced further initiatives designed to spur investment in Alberta's unconventional and deep resource pools. NuVista continues to monitor the amendments and the impacts on NuVista's business.

Netbacks – The table below summarizes field netbacks by product for the three months ended June 30, 2010:

	Natural gas and liquids		Oil		Total	
	144.0 MMcfe/d		4,512 Bbl/d		28,512 Boe/d	
(\$ thousands, except per unit amounts)	\$	\$/Mcf	\$	\$/Bbl	\$	\$/Boe
Production revenue	63,473	4.84	26,051	63.45	89,524	34.50
Realized gain (loss) on commodity derivatives	(25)	-	(945)	(2.30)	(970)	(0.37)
	63,448	4.84	25,106	61.15	88,554	34.13
Royalties	(10,923)	(0.83)	(5,134)	(12.51)	(16,057)	(6.19)
Transportation costs	(1,713)	(0.13)	(437)	(1.06)	(2,150)	(0.83)
Operating costs	(15,491)	(1.18)	(7,105)	(17.31)	(22,596)	(8.71)
Field netback	35,321	2.70	12,430	30.27	47,751	18.40

The following table summarizes field netbacks by product for the six months ended June 30, 2010:

	Natural gas and liquids		Oil		Total	
	144.2 MMcfe/d		4,458 Bbl/d		28,484 Boe/d	
(\$ thousands, except per unit amounts)	\$	\$/Mcf	\$	\$/Bbl	\$	\$/Boe
Production revenue	140,259	5.38	54,784	67.89	195,043	37.83
Realized gain (loss) on commodity derivatives	(26)	-	(2,663)	(3.30)	(2,689)	(0.52)
	140,233	5.38	52,121	64.59	192,354	37.31
Royalties	(23,084)	(0.88)	(9,787)	(12.13)	(32,871)	(6.38)
Transportation costs	(3,494)	(0.13)	(985)	(1.22)	(4,479)	(0.87)
Operating costs	(30,876)	(1.18)	(14,426)	(17.88)	(45,302)	(8.79)
Field netback	82,779	3.19	26,923	33.36	109,702	21.27

The tables below summarize funds from operations netbacks for the three months ended June 30, 2010 compared to the three months ended June 30, 2009, and the six months ended June 30, 2010 compared to the six months ended June 30, 2009:

	Three months ended June 30,					
	2010		2009		% Change	
	\$	\$/Boe	\$	\$/Boe	\$	\$/Boe
(\$ thousands, except per unit amounts)						
Production revenue	89,524	34.50	78,092	33.29	15	4
Realized gain (loss) on commodity derivatives	(970)	(0.37)	1,339	0.57	(172)	(165)
	88,554	34.13	79,431	33.86	11	1
Royalties	(16,057)	(6.19)	(8,237)	(3.51)	95	76
Transportation	(2,150)	(0.83)	(2,381)	(1.02)	(10)	(19)
Operating costs	(22,596)	(8.71)	(18,388)	(7.84)	23	11
Field netback	47,751	18.40	50,425	21.49	(5)	(14)
General and administrative	(4,658)	(1.80)	(3,777)	(1.61)	23	12
Restricted stock units	(180)	(0.07)	(637)	(0.27)	(72)	(74)
Interest	(4,161)	(1.60)	(4,232)	(1.80)	(2)	(11)
Funds from operations netback	38,752	14.93	41,779	17.81	(7)	(16)

(\$ thousands, except per unit amounts)	Six months ended June 30,					
	2010		2009		% Change	
	\$	\$/Boe	\$	\$/Boe	\$	\$/Boe
Production revenue	195,043	37.83	169,821	36.12	15	5
Realized gain (loss) on commodity derivatives	(2,689)	(0.52)	8,407	1.79	(132)	(129)
	192,354	37.31	178,228	37.91	8	(2)
Royalties	(32,871)	(6.38)	(23,461)	(4.99)	40	28
Transportation	(4,479)	(0.87)	(4,158)	(0.88)	8	(1)
Operating costs	(45,302)	(8.79)	(38,900)	(8.27)	16	6
Field netback	109,702	21.27	111,709	23.77	(2)	(11)
General and administrative	(9,256)	(1.80)	(6,728)	(1.43)	38	26
Restricted stock units	(485)	(0.09)	(598)	(0.13)	(19)	(31)
Interest	(8,107)	(1.57)	(5,941)	(1.26)	36	25
Funds from operations netback	91,854	17.81	98,442	20.95	(7)	(15)

Transportation – Transportation costs were \$2.2 million (\$0.83/Boe) for the three months ended June 30, 2010 as compared to \$2.4 million (\$1.02/Boe) for the same period of 2009. Transportation costs were \$4.5 million (\$0.87/Boe) for the six months ended June 30, 2010 compared to \$4.2 million (\$0.88/Boe) for the same period in 2009. The increase in year to date transportation costs, on a total dollar basis, in 2010 compared to 2009 is primarily due to an increase in oil and liquids production volumes and their higher associated transportation costs.

Operating – Operating expenses were \$22.6 million (\$8.71/Boe) for the three months ended June 30, 2010 as compared to \$18.4 million (\$7.84/Boe) for the three months ended June 30, 2009 and \$22.7 million (\$8.87/Boe) for the three months ended March 31, 2010. The increase in per unit costs resulted primarily from higher power and field costs related to acquisitions completed in 2009. For the three months ended June 30, 2010, natural gas and liquids operating costs averaged \$1.18/Mcfe and oil operating expenses were \$17.31/Bbl as compared to \$1.05/Mcfe and \$15.69/Bbl respectively for the same period in 2009.

Operating expenses were \$45.3 million (\$8.79/Boe) for the six months ended June 30, 2010 as compared to \$38.9 million (\$8.27/Boe) for the six months ended June 30, 2009. This increase resulted from the 10% increase in production volumes and a 6% increase in per unit costs. For the six months ended June 30, 2010, natural gas and liquids operating expenses averaged \$1.18/Mcfe and oil operating expenses were \$17.88/Bbl as compared to \$1.11/Mcfe and \$16.31/Bbl respectively for the same period of 2009. NuVista is forecasting operating expenses to average \$8.75/Boe for the last half of 2010.

General and administrative – General and administrative expenses, net of overhead recoveries, for the three months ended June 30, 2010 were \$4.7 million (\$1.80/Boe) compared to \$3.8 million (\$1.61/Boe) in the same period of 2009. General and administrative expenses, net of overhead recoveries, for the six months ended June 30, 2010 were \$9.3 million (\$1.80/Boe) as compared to \$6.7 million (\$1.43/Boe) for the six months ended June 30, 2009. This increase in general and administrative costs in 2010 compared to 2009 is primarily a result of increased staffing costs to support future growth. NuVista is forecasting 2010 general and administrative costs for the remainder of the year to average approximately \$1.70/Boe.

(\$ thousands, except per unit amounts)	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Gross general and administrative expenses	6,198	4,889	12,350	9,359
Overhead recoveries	(1,540)	(1,112)	(3,094)	(2,631)
Net general and administrative expenses	4,658	3,777	9,256	6,728
Per Boe	1.80	1.61	1.80	1.43

Stock-based compensation

(\$ thousands)	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Stock-based compensation	1,622	1,313	3,108	3,354
Restricted stock units	180	637	485	598
Total	1,802	1,950	3,593	3,952

NuVista recorded a stock-based compensation charge of \$1.8 million for the three months ended June 30, 2010 compared to \$2.0 million for the same period in 2009. For the six months ended June 30, 2010, NuVista recorded a stock-based compensation charge of \$3.6 million compared to \$4.0 million for the same period in 2009. The stock-based compensation charge relates to the amortization of the value of stock option awards and the accrual for future payments under the Restricted Stock Unit ("RSU") Incentive Plan.

Interest – Interest expense for the three months ended June 30, 2010 was \$4.2 million (\$1.60/Boe) compared to \$4.2 million (\$1.80/Boe) for the same period of 2009. For the six months ended June 30, 2010, interest expense was \$8.1 million (\$1.57/Boe) compared to \$5.9 million (\$1.26/Boe) in the same period of 2009. For the three months ended June 30, 2010, borrowing costs averaged 3.40% compared to 3.25% in the same period of 2009. The revolving term of NuVista's credit facility was extended on April 29, 2010, and as part of the terms of this extension NuVista's borrowing margin was adjusted to current market rates. Currently, NuVista's average borrowing rate is approximately 3.50%. Cash paid for interest for the three and six months ended June 30, 2010 was \$4.0 million (2009 – \$3.9 million) and \$8.3 million (2009 - \$5.5 million) respectively.

Depreciation, depletion and accretion – Depreciation, depletion and accretion expenses were \$43.6 million for the second quarter of 2010 as compared to \$42.5 million for the same period in 2009. The average per unit cost was \$16.80/Boe in the second quarter of 2010 as compared to \$18.12/Boe for the same period in 2009. Depreciation, depletion and accretion expenses for the six months ended June 30, 2010 were \$86.9 million as compared to \$84.9 million for the same period in 2009. The average per unit cost was \$16.85/Boe in the first half of 2010 as compared to \$18.06/Boe in the same period in 2009. The decrease in per unit cost is primarily attributable to the low cost of reserves added from acquisitions in the last twelve months.

Income taxes – For the three months ended June 30, 2010, the provision for income and other taxes was an expense of \$0.5 million compared to a recovery of \$2.2 million for the same period in 2009. For the six months ended June 30, 2010, the provision for income and other taxes was an expense of \$2.6 million compared to a recovery of \$0.5 million in the same period of 2009. The effective tax rate was 37% for the six months ended June 30, 2010.

Capital expenditures – Capital expenditures were \$41.1 million during the second quarter of 2010 compared to \$8.3 million in the same period of 2009, with all the 2010 capital expenditures directed at exploration and development spending. Capital expenditures for the six months ended June 30, 2010 were \$116.9 million, consisting entirely of exploration and development spending. This compares to \$89.5 million incurred for the same period of 2009, consisting of \$54.1 million of acquisitions and exploration and development spending of \$35.5 million.

(\$ thousands, except per unit amounts)	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Exploration and development				
Land and retention costs	11,027	851	17,249	1,775
Seismic	4,194	1,906	8,734	4,490
Drilling and completion	20,597	5,538	77,021	17,528
Facilities and equipment	8,231	2,146	23,053	13,513
Corporate and other	(187)	203	57	491
Subtotal	43,862	10,644	126,114	37,797
Alberta drilling incentive credits	(2,793)	(2,326)	(9,227)	(2,326)
Subtotal	41,069	8,318	116,887	35,471
Property acquisitions	-	4	-	54,075
Net capital expenditures	41,069	8,322	116,887	89,546

Net earnings and funds from operations – For the three months ended June 30, 2010, the net loss decreased to \$1.4 million (\$0.02/share, basic) from a net loss of \$7.3 million (\$0.09/share, basic) for the same period in 2009. NuVista's net earnings for the six months ended June 30, 2010 were \$4.5 million (\$0.05/share, basic) compared to a net loss of \$4.7 million (\$0.06/share, basic) in the same period in 2009. Net earnings in 2010 increased compared to the same period in 2009 primarily due to the impact of higher production revenues.

For the three months ended June 30, 2010, NuVista's funds from operations were \$38.8 million (\$0.44/share, basic), a 7% decrease from \$41.8 million (\$0.53/share, basic) for the three months ended June 30, 2009. Funds from operations for the three months ended June 30, 2010 were lower than the same period in 2009 primarily due to lower natural gas prices, increased royalties and operating costs. For the six months ended June 30, 2010, NuVista's funds from operations were \$91.9 million (\$1.04/share, basic), a 7% decrease from \$98.4 million (\$1.24/share, basic) in the same period of 2009.

Liquidity and capital resources

(\$ thousands)	June 30, 2010	December 31, 2009
Common shares outstanding	88,545	88,361
Share price ⁽¹⁾	10.16	12.48
Total market capitalization	899,617	1,102,745
Adjusted working capital (surplus) deficit ⁽²⁾	(5,207)	(16,876)
Bank debt	411,063	384,623
Debt, net of adjusted working capital ("Net Debt")	405,856	367,747
Funds from operations (annualized second quarter) ⁽²⁾	155,008	201,996
Net Debt to total funds from operations	2.6	1.8
Net Debt as a percentage of total capitalization	45%	33%

(1) Represents the closing price on the TSX on June 30 and December 31.

(2) Refer to the "non-GAAP measurements" disclosure in the MD&A.

As at June 30, 2010, debt net of adjusted working capital was \$405.9 million, resulting in a net debt to annualized second quarter funds from operations ratio of 2.6:1. As at June 30, 2010, the net debt to the trailing twelve months funds from operations ratio was 2.2:1. At June 30, 2010, NuVista had an adjusted working capital surplus of \$5.2 million. Adjusted working capital excludes the current portion of the fair value of the commodity derivative asset of \$1.2 million and the current portion of future income tax liability of \$0.2 million. We believe it is appropriate to exclude these amounts when assessing financial leverage. At June 30, 2010, NuVista had \$99 million of unused bank borrowing capacity based on the current credit facility of \$510 million.

On April 29, 2010, NuVista completed the annual renewal of its credit facility. NuVista's lenders approved a request for a revolving extendible credit facility totaling \$510 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 stamping fee. 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 or before October 31. During the term period, no principal payments would be required until April 28, 2012. As such, this credit facility is classified as long-term. As at June 30, 2010, NuVista had drawn \$411.1 million (March 31, 2010 - \$385.0 million) on the facility.

At June 30, 2010, NuVista bank debt net of adjusted working capital increased to \$405.9 million compared to \$398.3 million at March 31, 2010. This increase is directly attributable to the capital expenditures incurred in the second quarter which were greater than second quarter cash flow. NuVista plans to closely monitor its 2010 business plan and adjust its capital program in the context of commodity prices and access to bank and equity capital.

As at June 30, 2010, there were 88.5 million common shares outstanding. In addition, there were 7.5 million stock options outstanding, with an average exercise price of \$12.79 per share.

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, 2010:

	Total	2010	2011	2012	2013	2014	Thereafter
Transportation	\$ 20,506	\$ 2,956	\$ 4,865	\$ 3,965	\$3,783	\$3,301	\$1,636
Office lease	4,844	1,045	2,076	1,723	-	-	-
Physical sale contract premiums	1,304	1,304	-	-	-	-	-
Financial contract premiums	5,573	4,866	707	-	-	-	-
Drilling rig contract	2,063	938	1,125	-	-	-	-
Physical power contract	6,900	-	2,300	2,300	2,300	-	-
Long-term debt	411,063	-	-	411,063	-	-	-
Total commitments	\$452,253	\$11,109	\$11,073	\$419,051	\$6,083	\$3,301	\$1,636

Off balance sheet arrangements - NuVista has no off balance sheet arrangements except for certain lease 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. No asset or liability value has been assigned to these leases in the balance sheet at June 30, 2010.

Dividends – In the second quarter of 2010, our Board of Directors declared a quarterly cash dividend of \$0.05 per common share which was paid on July 15, 2010 to shareholders of record on June 30, 2010. On August 12, 2010 our Board of Directors declared a quarterly dividend of \$0.05 per common share, payable in cash, to shareholders of record on September 30, 2010, with the dividend payment on October 15, 2010. Dividends paid to shareholders of common shares have been designated as “eligible dividends” for Canadian tax purposes. NuVista implemented a dividend re-investment plan (“DRIP”) for Canadian shareholders in early June 2010. A complete copy of the DRIP is available by following the “Dividend Information” link on the “Investors” page of NuVista’s website at www.nuvistaenergy.com or from Valiant Trust by calling 1-866-313-1872.

Relationship with Bonavista Petroleum Ltd. – NuVista and Bonavista Petroleum Ltd. (“Bonavista”) are considered related as two directors of NuVista, one of whom is NuVista’s chairman, are directors and officers of Bonavista and another director of NuVista is also an officer of Bonavista. For the three months ended June 30, 2010, overhead recoveries of \$0.1 million were charged to Bonavista for our jointly owned partnership (2009 - \$0.3 million) which are included as a reduction in general and administrative expenses. For the six months ended June 30, 2010 overhead recoveries of \$0.2 million were charged to Bonavista for our jointly owned partnership (2009 - \$0.6 million). As at June 30, 2010, the amount receivable from Bonavista was \$0.5 million (2009 - \$0.2 million). These transactions are considered to be in the normal course of business and have been measured at their exchange amounts, being the amounts agreed to by both parties.

Quarterly financial information – The following table highlights NuVista’s performance for the eight quarterly reporting periods from September 30, 2008 to June 30, 2010:

	2010		2009				2008	
	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Production (Boe/d)	28,512	28,455	28,345	27,505	25,777	26,175	25,688	26,065
(\$ thousands, except per share amounts)								
Production revenue	89,524	105,519	95,957	79,494	78,092	91,729	106,982	149,596
Net earnings (loss)	(1,377)	5,830	10,498	(3,342)	(7,312)	2,632	24,443	53,699
Net earnings (loss)								
Per share – basic	(0.02)	0.07	0.12	(0.04)	(0.09)	0.03	0.31	0.68
Per share – diluted	(0.02)	0.07	0.12	(0.04)	(0.09)	0.03	0.31	0.68

NuVista has seen production volumes in a range of 25,688 Boe/d to 28,512 Boe/d for the last eight quarters as incremental production from our exploration and development capital program and acquisitions have more than offset normal production declines. Over the prior eight quarters, quarterly revenue has been in a range of \$78.1 million to \$149.6 million with revenue primarily influenced by production volumes and commodity prices in the quarter. Net earnings have been in a range of a net loss of \$7.3 million to net earnings of \$53.7 million with earnings primarily influenced by production volumes, commodity prices and realized and unrealized gains and losses on commodity derivatives.

Critical accounting estimates – The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Certain accounting policies are critical to understanding the financial condition and results of operations of NuVista.

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

An independent reserve evaluator using all available geological and reservoir data as well as historical production data has prepared NuVista’s oil and natural gas reserve estimates. Estimates are reviewed and revised as appropriate. Revisions occur as a result of changes in prices, costs, fiscal regimes, reservoir performance or a change in NuVista’s development plans. The effect of changes in proved oil and natural gas reserves on the financial results and position of NuVista is described below.

- (b) **Depreciation, depletion and accretion expense** – NuVista uses the full cost method of accounting for exploration and development activities whereby all costs associated with these activities are capitalized, whether successful or not. The aggregate of capitalized costs, net of certain costs related to unproved properties, and estimated future development costs is amortized using the unit-of-production method based on estimated proved reserves. Changes in estimated proved reserves or future development costs have a direct impact on depreciation and depletion expense.

Certain costs related to unproved properties and major development projects may be excluded from costs subject to depletion until proved reserves have been determined or their value is impaired. These properties are reviewed quarterly to determine if proved reserves should be assigned, at which point they would be included in the depletion calculation, or for impairment, for which any write-down would be charged to depreciation and depletion expense.

- (c) **Full cost accounting ceiling test** – The carrying value of property, plant and equipment is reviewed at least annually for impairment. Impairment occurs when the carrying value of the asset is not recoverable by the future undiscounted cash flows. The cost recovery ceiling test is based on estimates of proved reserves, production rates, petroleum and natural gas prices, future costs and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the impact on the financial statements could be material. Any impairment would be charged as additional depletion and depreciation expense.
- (d) **Asset retirement obligation** – The asset retirement obligations are estimated based on existing laws, contracts or other policies. The fair value of the obligation is based on estimated future costs for abandonments and reclamations discounted at a credit adjusted risk free rate. The costs are included in property, plant and equipment and amortized over its useful life. The liability is adjusted each reporting period to reflect the passage of time, with the accretion charged to earnings and for revisions to the estimated future cash flows. By their nature, these estimates are subject to measurement uncertainty and the impact on the financial statements could be material.
- (e) **Income taxes** – The determination of income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax liability may differ significantly from that estimated and recorded.
- (f) **Financial Instruments** – NuVista utilizes financial instruments to manage the exposure to market risks relating to commodity prices. Fair values of derivative contracts fluctuate depending on the underlying estimate of future commodity prices and foreign currency exchange rates.
- (g) **Goodwill** – Goodwill is recorded on a business combination when the total purchase consideration exceeds the fair value of the net identifiable assets and liabilities of the acquired entity. The goodwill balance is not amortized, however, and must be assessed for impairment at least annually. Impairment is initially determined based on the fair value of a reporting unit compared to its book value. Any impairment must be charged to earnings in the period the impairment occurs. NuVista has one reporting unit, being the entity as a whole, and as at June 30, 2010, we have determined there was no goodwill impairment.

Update on regulatory matters

Information regarding environmental and climate change regulations, the Government of Alberta's New Royalty Framework and other current provincial royalty and incentive programs are contained in our Annual Information Form for the year ended December 31, 2009 under the Industry Conditions Section.

Update on financial reporting matters

International Financial Reporting Standards ("IFRS") – On January 1, 2011, International Financial Reporting Standards will become the generally accepted accounting principles in Canada. The adoption date of January 1, 2011, will require the restatement, for comparative purposes, of amounts reported by NuVista for the year ended December 31, 2010, including the opening balance sheet as at January 1, 2010.

In order to meet the requirement to transition to IFRS, NuVista has appointed internal staff to lead the conversion project along with sponsorship from an executive steering committee. NuVista will involve external auditors and external consultants, as required, during the conversion project. Regular progress reporting to the Audit Committee of the Board of Directors on the status of the IFRS conversion has been implemented. NuVista has held two special Audit Committee update meetings on IFRS in 2010 and anticipates further meetings in the second half of 2010. NuVista is continuing the process of training key personnel within the accounting and finance functions as well as the

management team. NuVista is on schedule with its conversion project and expects to be completed in time to meet its 2011 financial reporting requirements.

As of June 30, 2010, NuVista has made significant progress on its conversion project. NuVista has analyzed accounting policy alternatives and drafted the majority of our IFRS accounting policies. Process and system changes have been implemented for significant areas of impact, while adhering to existing internal control requirements. Information system changes have been tested and implemented to capture the required 2010 comparative data.

NuVista is in the process of completing its January 1, 2010, IFRS opening balance sheet based on its draft accounting policies. In addition, NuVista is preparing the March 31, 2011, comparative IFRS financial information. NuVista's external auditors have started reviewing NuVista's draft IFRS accounting policies and the IFRS opening balance sheet. Management is continuing to finalize its accounting policies and as such is unable to quantify the impact on the financial statements of adopting IFRS. Communication of the quantitative impacts to external stakeholders is expected to occur in the latter half of 2010. NuVista will continue to update its IFRS conversion project to reflect new and amended accounting standards issued by the International Accounting Standards Board.

In July 2009, the International Accounting Standards Board issued amendments to IFRS 1 – First-Time Adoption of International Financial Reporting Standards ("IFRS 1"). IFRS 1 provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions in certain areas to the general requirement for full retrospective application of IFRS. Management continues to analyze the various accounting policy choices available and will implement those determined to be the most appropriate for NuVista which include:

- Business Combinations - IFRS 1 would allow NuVista to use the IFRS rules for business combinations on a prospective basis rather than re-stating all business combinations. The IFRS business combination rules converge with the new CICA Handbook section 1582 that is also effective for NuVista on January 1, 2011.
- Property, Plant and Equipment ("PP&E") - IFRS 1 provides the option to value the PP&E assets in the Exploration and Evaluation ("E&E") and development and production ("D&P") phases at their deemed cost being the Canadian GAAP net book value assigned to these assets as at the date of transition, January 1, 2010, rather than retroactively restating these balances from inception. This amendment is permissible for entities, such as NuVista, who currently follow the full cost accounting guideline under Canadian GAAP that accumulates all oil and gas assets into one cost centre. Under IFRS, NuVista's PP&E assets in the D&P phases must be divided into cash generating units ("CGUs"). The net book value of the assets on the date of transition will be allocated to the CGUs underlying assets on the basis of the NuVista's reserve values at that point in time. These values will be subject to an impairment test at transition.

The transition from Canadian GAAP to IFRS is a significant undertaking that may materially affect NuVista's reported financial position and results of operations. At this time, NuVista has identified key differences that will impact the financial statements as follows:

- Re-classification of E&E expenditures from PP&E - Upon transition to IFRS, NuVista will re-classify all E&E expenditures that are currently included in the PP&E balance on the Consolidated Balance Sheet. This will consist of the book value for NuVista's undeveloped land that relates to exploration properties and other exploration related activities. E&E assets will not be depleted and must initially be assessed for impairment when indicators suggest the possibility of impairment as well as upon transition.
- Calculation of depletion expense for PP&E assets - Upon transition to IFRS, in addition to calculating depletion at a more detailed level, NuVista has the option to calculate depletion using a reserve base of proved reserves or both proved and probable reserves, as compared to the Canadian GAAP method of calculating depletion using only proved reserves. NuVista plans to determine its depletion expense using proved plus probable reserves as its depletion base.
- Impairment of PP&E assets - Under IFRS, impairment of PP&E must be calculated at a more detailed level than what is currently required under Canadian GAAP. Impairment calculations will be performed at the CGU level using either total proved or proved plus probable reserves. NuVista has determined its CGUs for the purpose of impairment testing and anticipates using proved plus probable reserves values for impairment tests.
- Provisions – The major difference between the current Canadian standard and IFRS appears to be the discount rate used to measure the Asset Retirement Obligation ("ARO"). Under the current Canadian standard a credit adjusted risk free rate is used, whereby IFRS allows the use of a risk free rate when expected future cash flows are risked. A lower discount rate will increase the ARO liability and, on adoption, that increase will be charged to Retained Earnings.

- Interests in joint ventures – Under IFRS, interests in joint ventures must be accounted for by an entity either using the equity method or proportionate consolidation. The current exposure draft issued on IAS 31 may eliminate the ability to use proportionate consolidation. NuVista’s jointly owned partnership with Bonavista may be affected. NuVista is currently reviewing this exposure draft and its potential impact on its IFRS transition.
- Calculation of Income Taxes – In transitioning to IFRS, NuVista’s future tax liability will be impacted by the tax effects resulting from the IFRS changes discussed above. Due to the recent withdrawal of the exposure draft on IAS 12 Income Taxes in November 2009 and the issuance of the exposure draft on IAS 37 Provisions, Contingent Liabilities and Contingent Assets in January 2010, management is still determining the impact of these revised standards on its IFRS transition.

In addition to the accounting policy differences, NuVista’s transition to IFRS will impact the internal controls over financial reporting, disclosure controls and procedures, certain of NuVista’s business activities and information technology (“IT”) systems as follows:

- Internal controls over financial reporting – As the review and analysis of NuVista’s accounting policies is completed, an assessment will be made to determine changes required to internal controls over financial reporting. This will be an ongoing process in 2010 to ensure that changes in accounting policies include the appropriate additional controls and procedures for future IFRS reporting requirements.
- Disclosure controls and procedures – NuVista has assessed the impact of transition to IFRS on its disclosure controls and procedures and has not identified any material changes required in its control environment. It is expected that there will be increased note disclosure around certain financial statement items than what is currently required under Canadian GAPP. Management will draft its IFRS note disclosure in accordance with current IFRS standards and will continue to monitor requirements put forth by the IASB in discussion papers and exposure drafts for future disclosure requirements. Throughout the transition process, NuVista has been assessing its stakeholders’ information requirements and will ensure that adequate and timely information is provided to meet these needs.
- Business activities – NuVista expects that IFRS will not have a major impact on our operations or strategic decisions. Management has been cognizant of the upcoming transition to IFRS and as such has worked with its lenders to ensure any references to Canadian GAAP financial statements in the lending agreement have been modified to allow for IFRS statements. Based on the expected changes to NuVista’s accounting policies at this time, there are no foreseen issues with the existing wording of the agreement as a result of the conversion to IFRS. NuVista will continue to work with its other counterparties to ensure that any agreements that contain references to Canadian GAAP financial statements are modified to allow for IFRS statements.
- IT Systems - NuVista has completed most of the system updates required in order to prepare NuVista for IFRS reporting. The modifications while not significant, were deemed critical in order to allow for reporting of both Canadian GAAP and IFRS statements in 2010 as well as the modifications required to track PP&E costs and E&E costs in more detail for IFRS reporting. NuVista continues to assess other system modifications that may be required based on final accounting policy choices, in order to perform ongoing calculations and analysis under IFRS. These changes are not considered to be significant.

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 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 NuVista’s 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 financial statements in accordance with NuVista's GAAP, and that receipts and expenditures of NuVista are being made only in accordance with authorizations of management and directors of NuVista; and (c) are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of NuVista's assets that could have a material effect on the annual financial statements or interim 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"). During the quarter ended June 30, 2010, there have been no changes to NuVista's internal control over financial reporting that have materially or are reasonably likely to materially affect the internal control 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

Information regarding risk factors associated with the business of NuVista and how NuVista seeks to mitigate these risks are contained in our Annual Information Form under the Risk Factors Section and in our Annual Report for the year ended December 31, 2009.

OUTLOOK

In 2010, NuVista is in a position to control its own destiny. Our capital program is heavily weighted to our internally generated and operated capital projects where we control the pace of development and the capital expenditures. Although the current commodity and financial markets create considerable uncertainty in the near term, NuVista will be responsive to economic conditions and continue with its disciplined business model. Our 2010 capital program will be reviewed continually throughout the remainder of the year in the context of commodity prices and financial markets.

NuVista initially forecast 2010 funds from operations of between \$180 million and \$185 million based on pricing assumptions of \$4.30/Mcf for AECO natural gas, US\$78 for WTI crude oil, and a USD/CDN foreign exchange rate of 0.96. In late 2009 our Board of Directors approved a 2010 capital budget of \$240-280 million, although lower than initially planned cash flow will now result in capital expenditures being curtailed to between \$220 million and \$240 million. Over 90% of capital expenditures will be focused in our Deep Basin core region. Over one-third of exploration and development expenditures will target oil and up to one-half of expenditures will be directed to horizontal wells. In total, we expect to drill 75-85 wells in 2010 and this is forecast to result in 2010 production averaging between 29,000-29,500 Boe/d. With the implementation of our reduced capital spending program of between \$220 million and \$240 million, our 2010 exit rate is now anticipated to be between 30,500-31,500 Boe/d. Approximately 85% of the capital program will be allocated to exploration and development activities with the flexibility to either accelerate or defer expenditures based upon market conditions. Our goal is to be successful in testing recovery concepts in areas where we have procured the upside in terms of large contiguous blocks of high working interest lands and the zone has been identified in vertical wells. The Wapiti Cardium, Nikanassin and Montney and the Pembina-Ferrier Notikewin-Spirit River are examples of plays where successful concept wells could lead to multi-year development.

We continue to look at 2010 as a pivotal year that will redefine NuVista as a company. Although our plans for 2011 and beyond are dependent upon commodity prices, by the end of the year we anticipate that the focus of our capital program should be clear and only the timing and pace of development are expected to remain uncertain. NuVista is transitioning to become a company built on a stable low operating cost asset base with an internally generated portfolio of high quality, high resource-in-place plays, and optionality in an ongoing business plan expected to provide superior relative performance. Our success in 2010 is a team effort and is only achieved with the successful execution of our capital program by the dedicated and talented people at NuVista. On behalf of all of us, we look forward to reporting our progress to our stakeholders throughout the remainder of the year.

Sincerely,



Alex G. Verge
President & CEO
August 12, 2010



Robert F. Froese
Vice-President, Finance & CFO

NUVISTA ENERGY LTD.**Consolidated Balance Sheets**

(\$ thousands) June 30, 2010 December 31, 2009
(unaudited)

Assets

Current assets

Cash and cash equivalents	\$ -	\$ -
Commodity derivative asset (note 6)	1,201	-
Accounts receivable and prepaids	67,644	69,238
Future income taxes	-	1,336
	68,845	70,574
Commodity derivative asset (note 6)	1,412	-
Oil and natural gas properties and equipment	1,439,048	1,401,453
Goodwill	83,716	83,716
	1,593,021	1,555,743

Liabilities and Shareholders' Equity

Current liabilities

Accounts payable and accrued liabilities	58,010	52,362
Dividends payable (note 5)	4,427	-
Commodity derivative liability (note 6)	-	2,593
Future income taxes	169	-
	62,606	54,955
Long-term debt (note 4)	411,063	384,623
Compensation liability (note 5)	579	604
Asset retirement obligations (note 3)	62,422	61,816
Future income taxes	135,347	134,052
Shareholders' equity		
Share capital and contributed surplus (note 5)	709,670	703,959
Retained earnings	211,334	215,734
	921,004	919,693
	\$1,593,021	\$1,555,743

Contractual obligations and commitments (note 8)

See accompanying notes to consolidated financial statements.

NUVISTA ENERGY LTD.

Consolidated Statements of Earnings (Loss), Comprehensive Income (Loss) and Retained Earnings

(\$ thousands)	Three months ended June 30,		Six months ended June 30,	
(unaudited)	2010	2009	2010	2009
Revenues				
Production	\$ 89,524	\$ 78,092	\$195,043	\$169,821
Royalties	(16,057)	(8,237)	(32,871)	(23,461)
Realized gain (loss) on commodity derivatives	(970)	1,339	(2,689)	8,407
Unrealized gain (loss) on commodity derivatives	5,540	(7,478)	5,206	(15,320)
	78,037	63,716	164,689	139,447
Expenses				
Operating	22,596	18,388	45,302	38,900
Transportation	2,150	2,381	4,479	4,158
General and administrative (note 7)	4,658	3,777	9,256	6,728
Interest	4,161	4,232	8,107	5,941
Stock-based compensation (note 5)	1,802	1,950	3,593	3,952
Depreciation, depletion and accretion	43,595	42,495	86,853	84,918
	78,962	73,223	157,590	144,597
Earnings (loss) before income and other taxes	(925)	(9,507)	7,099	(5,150)
Future income tax expense (recovery)	452	(2,195)	2,646	(470)
Net earnings (loss) and Comprehensive income (loss)	(1,377)	(7,312)	4,453	(4,680)
Retained earnings, beginning of period	217,138	215,890	215,734	213,258
Dividends (note 5)	(4,427)	-	(8,853)	-
Retained earnings, end of period	\$211,334	\$208,578	\$211,334	\$208,578
Net earnings per share – basic	\$ (0.02)	\$ (0.09)	\$ 0.05	\$ (0.06)
Net earnings per share – diluted	\$ (0.02)	\$ (0.09)	\$ 0.05	\$ (0.06)

See accompanying notes to the consolidated financial statements.

NUVISTA ENERGY LTD.

Consolidated Statement of Cash Flows

(\$ thousands) (unaudited)	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Cash provided by (used in)				
Operating Activities				
Net earnings (loss)	\$ (1,377)	\$ (7,312)	\$ 4,453	\$ (4,680)
Items not requiring cash from operations				
Depreciation, depletion and accretion	43,595	42,495	86,853	84,918
Stock-based compensation	1,622	1,313	3,108	3,354
Unrealized (gain) loss on commodity derivatives	(5,540)	7,478	(5,206)	15,320
Future income tax expense (recovery)	452	(2,195)	2,646	(470)
Asset retirement expenditures	(1,042)	(614)	(6,313)	(1,189)
Change in non-cash working capital items	(13,869)	(1,649)	(5,786)	687
	23,841	39,516	79,755	97,940
Financing Activities				
Issue of share capital, net of share issuance costs	215	801	1,707	801
Increase in long-term debt	26,068	-	26,440	20,898
Repayment of long-term debt	-	(15,202)	-	-
Cash dividends	(4,426)	-	(4,426)	-
	21,857	(14,401)	23,721	21,699
Investing Activities				
Oil and natural gas properties and equipment	(41,069)	(8,318)	(116,887)	(35,471)
Property acquisition (note 2)	-	(4)	-	(54,075)
Deposit on property acquisition (note 2)	-	(18,084)	-	(18,084)
Change in non-cash working capital items	(4,629)	1,115	13,411	(12,148)
	(45,698)	(25,291)	(103,476)	(119,778)
Change in cash and cash equivalents	-	(176)	-	(139)
Cash and cash equivalents, beginning of period	-	176	-	139
Cash and cash equivalents, end of period	\$ -	\$ -	\$ -	\$ -

See accompanying notes to consolidated financial statements.

NUVISTA ENERGY LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Three and six months ended June 30, 2010.

The unaudited consolidated financial statements of NuVista Energy Ltd. ("NuVista" or "the Company") have been prepared by management in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"), using the same accounting policies as those set out in note 1 to the consolidated financial statements for the year ended December 31, 2009. The consolidated financial statements for the three and six months ended June 30, 2010, should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2009. Certain amounts have been reclassified to conform with the current year's presentation. All tabular amounts are in thousands, except per share amounts, unless otherwise stated.

1. Accounting changes

(a) Business Combinations

In January 2009, the CICA issued Section 1582, "Business Combinations". This section is effective January 1, 2011 and applies prospectively to business combinations for which the acquisition date is on or after the first annual reporting period beginning on or after January 1, 2011. Early adoption is permitted. This section replaces Section 1581, "Business Combinations" and harmonizes the Canadian standards with IFRS.

(b) Consolidated Financial Statements and Non-Controlling Interests

In January 2009, the AcSB issued Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-Controlling Interests", which together replace Section 1600, "Consolidated Financial Statements", and harmonize the Canadian standards with IFRS. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These sections are effective for the first reporting period beginning on or after January 1, 2011. Early adoption is permitted.

2. Acquisitions

(a) Ferrier, Sunchild, Wapiti and Northwest Saskatchewan Properties

On January 29, 2009, the Company acquired certain natural gas properties and related facilities in the Ferrier/Sunchild, Wapiti and northwest Saskatchewan operating areas. The cash purchase price was \$55.6 million, net of final adjustments. The results of operations of these properties have been included in the consolidated financial statements of the Company since the acquisition date.

(b) Northeast British Columbia and Northwest Alberta Properties

On July 27, 2009, the Company acquired certain natural gas properties and related facilities in the Martin Creek area of northeast British Columbia and northwest Alberta for a cash purchase price of \$174 million, net of asset retirement obligations. The purchase price is subject to change as a result of any final closing adjustments. The results of operations of these properties have been included in the consolidated financial statements of the Company since the acquisition date.

3. Asset retirement obligations

Total asset retirement obligations are based on estimated costs to reclaim and abandon ownership interests in oil and natural gas assets including well sites, gathering systems and processing facilities. At June 30, 2010, the estimated total undiscounted amount of cash flows required to settle the Company's asset retirement obligations is \$263 million (2009 – \$262 million), which will be incurred over the next 51 years. The majority of the costs will be incurred between 2011 and 2039. A credit-adjusted risk-free rate of 8% (2009 – 8%) and an inflation rate of 2% (2009 – 2%) were used to calculate the fair value of the asset retirement obligations.

A reconciliation of the asset retirement obligations is provided below:

	June 30, 2010	December 31, 2009
Balance, beginning of period	61,816	46,296
Accretion expense	2,327	4,100
Liabilities incurred	4,592	4,050
Liabilities acquired	-	9,985
Liabilities settled	(6,313)	(2,615)
Balance, end of period	62,422	61,816

4. Long-term debt

On April 29, 2010, the Company completed the annual renewal of its credit facility. The Company's lenders approved a request for a revolving extendible credit facility totaling \$510 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 stamping fee. The credit facility is secured by a first floating charge debenture, general assignment of book debts and the Company's oil and natural gas properties and equipment. The credit facility has a 364-day revolving period and is subject to an annual review by the lenders, at which time a lender can extend the revolving period or can request conversion to a one year term loan. During the revolving period, a determination of the maximum borrowing amount occurs semi-annually on or before October 31. During the term period, no principal payments would be required until April 28, 2012. As such, this credit facility is classified as long-term. As at June 30, 2010, the Company had drawn \$411.1 million (December 31, 2009 - \$384.6 million) on the facility. Cash paid for interest expense for the three months ended June 30, 2010 was \$4.0 million (2009 - \$3.9 million) and for the six months ended June 30, 2010 was \$8.3 million (2009 - \$5.5 million).

5. Shareholders' equity

(a) Share capital and contributed surplus

	June 30, 2010	December 31, 2009
Share capital	687,486	685,269
Contributed surplus	22,184	18,690
Total	709,670	703,959

(b) Authorized

Unlimited number of voting Common Shares and 1,200,000 Class B Performance Shares.

(c) Common shares issued

	June 30, 2010		December 31, 2009	
	Number	Amount	Number	Amount
Balance, beginning of period	88,360,757	\$685,269	79,164,582	\$587,460
Issued for cash	-	-	9,000,000	99,016
Exercise of stock options	183,883	1,751	196,175	1,430
Stock-based compensation	-	499	-	432
Cost associated with shares issued, net of future tax benefit of \$0.01 million (2009 - \$1.1 million)	-	(33)	-	(3,069)
Balance, end of period	88,544,640	\$687,486	88,360,757	\$685,269

On June 15, 2009, the Company entered into an agreement to issue 7,500,000 subscription receipts at a price of \$11.00 per subscription receipt on a bought deal basis for gross proceeds of \$82.5 million. In addition, the Company issued 1,500,000 subscription receipts at a price of \$11.00 per subscription receipt, by way of a private placement to Ontario Teachers' Pension Plan Board for gross proceeds of \$16.5 million. The subscription receipt offerings closed on July 7, 2009. Each subscription receipt was exchanged for one common share of NuVista for no additional consideration on July 27, 2009.

(d) Dividends

In the second quarter of 2010, NuVista's Board of Directors declared a quarterly cash dividend of \$0.05 per common share to shareholders of record on June 30, 2010. Dividends paid to shareholders of common shares have been designated as "eligible dividends" for Canadian tax purposes.

On August 12, 2010, our Board of Directors declared a quarterly dividend of \$0.05 per common share, payable in cash, to shareholders of record on September 30, 2010, with the dividend payment on October 15, 2010.

(e) Contributed surplus

	June 30, 2010	December 31, 2009
Balance, beginning of period	18,690	7,128
Stock-based compensation	3,993	8,540
Exercise of stock options	(499)	(432)
Expired warrants	-	3,454
Balance, end of period	22,184	18,690

(f) Per share amounts

During the three months ended June 30, 2010, there were 88,539,199 (2009 – 79,209,242) weighted average shares outstanding. On a diluted basis, there were 88,539,199 (2009 – 79,209,242) weighted average shares outstanding after giving effect for dilutive stock options. For the six months ended June 30, 2010, there were 88,491,426 (2009 – 79,187,032) weighted average shares outstanding and 89,023,228 (2009 – 79,187,032) weighted average shares outstanding on a dilutive basis. The number of anti-dilutive options totaled 5,034,155 at June 30, 2010 (2009 – 5,462,467).

(g) Stock options

The Company has established a stock option plan whereby officers, directors, employees and service providers may be granted options to purchase common shares. Stock options are granted with an exercise price equal to the market price at the date of grant. Options granted prior to December 2008 vest at the rate of 1/4 per year and expire two years from the vest date. The terms of future stock options grants were amended in December 2008. Pursuant to the amendment, options subsequently granted will vest at the rate of 1/3 per year and expire 2.5 years after the vest date. The total stock options outstanding plus the Class B Performance Shares cannot exceed 10% of the outstanding common shares. The summary of stock option transactions is as follows:

	June 30, 2010		December 31, 2009	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Balance, beginning of period	6,574,823	13.16	6,111,945	13.69
Granted	1,429,120	10.99	1,600,953	11.01
Exercised	(183,883)	9.52	(196,175)	7.29
Forfeited	(238,365)	13.87	(566,950)	14.17
Expired	(69,275)	14.93	(374,950)	14.29
Balance, end of period	7,512,420	12.79	6,574,823	13.16

The Company uses the fair value based method for the determination of the stock-based compensation costs. The fair value of each option granted during the six months ended June 30, 2010 was estimated on the date of grant using the Black-Scholes option pricing model. In the pricing model, the risk-free interest rate used was 2.4% (2009 – 2%); volatility of 40% (2009 – 52%); an average expected life of 4.4 years (2009 – 4.5 years); an estimated forfeiture rate of 10% (2009 – 10%); and dividends of \$0.20 per share (2009 – nil). The weighted average fair value of stock options granted during the six months ended June 30, 2010 was \$3.51 per option (2009 – \$4.73 per option). For the six months ended June 30, 2010, the Company capitalized \$0.9 million (2009 – \$1.4 million) in stock based compensation.

(h) Restricted stock units

In January 2008, the Board of Directors approved a RSU Incentive Plan for employees and officers. Each RSU entitles participants to receive cash equal to the market value of the equivalent number of shares of the Company. Until November 2009, the RSUs became payable as they vested over three years. In November 2009, the Board of Directors amended the Plan. All RSUs granted subsequent to November 2009 vest two years after the date the RSUs are issued.

The following table summarizes the change in outstanding RSUs:

	June 30, 2010	December 31, 2009
	Number	Number
Balance, beginning of period	414,791	351,543
Vested	(182,585)	(122,314)
Granted	136,910	204,154
Forfeited	(11,717)	(18,592)
Balance, end of period	357,399	414,791

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

	June 30, 2010	December 31, 2009
	Amount	Amount
Balance, beginning of period	2,744	1,461
Change in accrued compensation liability	(1,564)	1,283
Balance, end of period	1,180	2,744
Compensation liability – current (included in accounts payable and accrued liabilities)	601	2,140
Compensation liability – long-term	579	604

The change in the liability at June 30, 2010 is primarily due to a reduction in the number of RSUs outstanding. For the six months ended June 30, 2010, cash payments of \$2.1 million (2009 - \$0.7 million) were made relating to the RSU Incentive Plan, of which \$0.5 million (2009 - \$0.2 million) was capitalized to oil and natural gas properties and equipment.

6. Risk management activities

(a) Financial instruments

The Company's financial instruments recognized in the consolidated balance sheet consists of cash and cash equivalents, accounts receivable, commodity derivative contracts, dividend payable, accounts payable and accrued liabilities, and long-term debt. Unless otherwise noted, carrying values reflect the current fair value of the Company's financial instruments due to their short-term maturities. The estimated fair values of recognized financial instruments have been determined based on the Company's assessment of available market information and appropriate methodologies, through comparisons to similar instruments, or third party quotes.

As at June 30, 2010, the Company has the following crude oil put option contracts in place:

Volume	Average Strike Price (Cdn\$/Bbl)	Option Premium (Cdn\$/Bbl)	Term
1,000 Bbls/d	\$80.30 – WTI	\$9.75	July 1, 2010 – September 30, 2010
1,000 Bbls/d	\$89.40 – WTI	\$12.60	October 1, 2010 – December 31, 2010
1,000 Bbls/d	\$86.00 – WTI	\$7.85	July 1, 2010 – March 31, 2011
1,000 Bbls/d	\$88.00 – WTI	\$7.42	July 1, 2010 – December 31, 2010

As at June 30, 2010, the Company has the following NYMEX natural gas basis differential contracts in place:

Volume	Differential (US\$/MMbtu)	Term
20,000 MMbtu/d	(\$0.34)	July 1, 2010 – October 31, 2010
15,000 MMbtu/d	(\$0.30)	November 1, 2010 – March 31, 2011
30,000 MMbtu/d	(\$0.45)	July 1, 2011 – October 31, 2011
30,000 MMbtu/d	(\$0.51)	November 1, 2011 – March 31, 2012

As at June 30, 2010, the mark-to-market value of the financial derivative commodity contracts was an asset of \$2.6 million (2009 – liability of \$2.6 million).

Subsequent to June 30, 2010, the following financial derivative crude oil put option contract has been entered into:

Volume	Average Strike Price (Cdn\$/Bbl)	Option Premium (Cdn\$/Bbl)	Term
1,000 Bbls/d	\$87.00 – WTI	\$9.00	October 1, 2010 – December 31, 2011

(b) Physical sale contracts

(i) As at June 30, 2010, the Company has the following direct natural gas sale contracts in place:

Volume	Average Price (Cdn\$/GJ)	Premium (Cdn\$/GJ)	Term
20,000 GJ/d	\$5.97 – AECO Floor	\$0.53	July 1, 2010 – October 31, 2010
5,000 GJ/d	\$4.21 – Fixed Price AECO		July 1, 2010 – October 31, 2010

(ii) As at June 30, 2010, the Company has the following fixed price contract for the purchase of electricity in place:

Volume	Price (Cdn\$/Mwh)	Term
4.0 Mwh	\$65.64	January 1, 2011 – December 31, 2013

These physical sale contracts are documented as normal purchase and sale transactions and as such are not considered financial instruments.

7. Relationship with Bonavista Petroleum Ltd.

NuVista and Bonavista Petroleum Ltd. ("Bonavista") are considered related as two directors of NuVista, one of whom is NuVista's chairman, are directors and officers of Bonavista and another director of NuVista is also an officer of Bonavista. For the three months ended June 30, 2010, overhead recoveries of \$0.1 million were charged to Bonavista for our jointly owned partnership (2009 - \$0.3 million) which are included as a reduction in general and administrative expenses. For the six months ended June 30, 2010, overhead recoveries of \$0.2 million were charged to Bonavista for our jointly owned partnership (2009 - \$0.6 million). As at June 30, 2010, the amount receivable from Bonavista was \$0.5 million (2009 - \$0.2 million). These transactions are considered to be in the normal course of business and have been measured at their exchange amounts, being the amounts agreed to by both parties.

8. Contractual obligations and commitments

The following is a summary of the Company's contractual obligations and commitments as at June 30, 2010:

	Total	2010	2011	2012	2013	2014	Thereafter
Transportation	\$ 20,506	\$ 2,956	\$ 4,865	\$ 3,965	\$3,783	\$3,301	\$1,636
Office lease	4,844	1,045	2,076	1,723	-	-	-
Physical sale contract premiums	1,304	1,304	-	-	-	-	-
Financial contract premiums	5,573	4,866	707	-	-	-	-
Drilling rig contract	2,063	938	1,125	-	-	-	-
Physical power contract	6,900	-	2,300	2,300	2,300	-	-
Long-term debt	411,063	-	-	411,063	-	-	-
Total commitments	\$452,253	\$11,109	\$11,073	\$419,051	\$6,083	\$3,301	\$1,636

Corporate Information

Directors

Keith A. MacPhail, Chairman
W. Peter Comber, Barrantagh Investment Management Inc.
Pentti O. Karkkainen, KERN Partners
Ronald J. Poelzer, Bonavista Energy Trust
Alex G. Verge, President and CEO
Clayton H. Woitas, Range Royalty Management Ltd.
Grant A. Zawalsky, Burnet, Duckworth & Palmer LLP

Officers

Keith A. MacPhail, Chairman
Alex G. Verge, President and CEO
Robert F. Froese, Vice President, Finance and CFO and Corporate Secretary
Ross L. Andreachuk, Vice President and Controller
Kevin Asman, Vice President, Marketing
Kevin J. Christie, Vice President, Exploration
Steven J. Dalman, Vice President, Business Development
D. Chris McDavid, Vice President, Operations
Daniel B. McKinnon, Vice President, Engineering
Joshua T. Truba, Vice President, Land

Auditors

KPMG LLP
Chartered Accountants
Calgary, Alberta

Legal Counsel

Burnet, Duckworth & Palmer LLP
Calgary, Alberta

Bankers

Canadian Imperial Bank of Commerce
Bank of Montreal
Royal Bank of Canada
Toronto Dominion Bank
Bank of Nova Scotia
Alberta Treasury Branches
Union Bank, Canada Branch

Registrar and Transfer Agent

Valiant Trust Company
Calgary, Alberta

Engineering Consultants

GLJ Petroleum Consultants Ltd.
Calgary, Alberta

Stock Exchange Listing

Toronto Stock Exchange
Trading Symbol "NVA"

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