MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis ("MD&A") of financial conditions and results of operations should be read in conjunction with NuVista Energy Ltd.'s ("NuVista" or the "Company") interim financial statements for the three months ended March 31, 2020 and audited statements for the year ended December 31, 2019. The following MD&A of financial condition and results of operations was prepared at and is dated May 5, 2020. Our December 31, 2019 audited financial statements, Annual Information Form and other disclosure documents are available through our filings on SEDAR at **www.sedar.com** or can be obtained from our website at **www.nuvistaenergy.com.**

Basis of presentation

Unless otherwise noted, the financial data presented below has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") also known as International Financial Reporting Standards ("IFRS"). The reporting and measurement currency is the Canadian dollar. Natural gas is converted to a barrel of oil equivalent ("Boe") using six thousand cubic feet of gas to one barrel of oil. In certain circumstances natural gas liquid volumes have been converted to a thousand cubic feet equivalent ("Mcfe") on the basis of one barrel of natural gas liquids to six thousand cubic feet of gas. Boes and Mcfes may be misleading, particularly if used in isolation. A conversion ratio of one barrel to six thousand cubic feet of natural gas is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion ratio on a 6:1 basis may be misleading as an indication of value. National Instrument 51-101 - "Standards of Disclosure for Oil and Gas Activities" includes condensate within the product type of natural gas liquids. NuVista has disclosed condensate values separate from natural gas liquids herein as NuVista believes it provides a more accurate description of NuVista's operations and results therefrom.

Advisory regarding forward-looking information and statements

This MD&A contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable securities laws. The use of any of the words "will", "expects", "believe", "plans", "potential" and similar expressions are intended to identify forward-looking statements. More particularly and without limitation, this MD&A contains forward looking statements, including management's assessment of: NuVista's future focus, strategy, plans, opportunities and operations; the effect of our financial, commodity, and natural gas risk management strategy and market diversification; our COVID-19 business continuity and response plans; plans to maintain our liquidity; 2020 adjusted funds flow and net debt; expectations that we are eligible, and will apply for, assistance in the approximate amount of $1 million under the Federal Government's Emergency Wage Subsidy Program (CEWS); our expectations that our inventory supports our growth plans; our expectations that we have significant flexibility in our plans beyond 2021; 2020 guidance with respect to production and capital spending; the timing of NuVista's next borrowing base review; asset retirement obligations and the amount and timing of such expenditures and the source of funding thereof; targeted net debt to annualized current quarter adjusted funds flow; tax pools and future taxability; plans to monitor NuVista's 2020 business plan and to adjust its 2020 budgeted capital program in the context of commodity prices and net debt levels; industry conditions and commodity prices. 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, the impact (and the duration thereof) that the COVID-19 pandemic will have on the demand for crude oil, NGLs and natural gas, our supply chain, including our ability to obtain the equipment and services we require, and our operations; currency and interest rates, anticipated production rates, borrowing, operating and other costs and adjusted funds flow, the timing, allocation and amount of capital expenditures and the results therefrom, anticipated reserves and the imprecision of reserve estimates, the performance of existing wells, the success obtained in drilling new wells, the sufficiency of budgeted capital expenditures in carrying out planned activities, access to infrastructure and markets, competition from other industry participants, availability of qualified personnel or services and drilling and *related equipment, stock market volatility, effects of regulation by governmental agencies including changes in environmental regulations, tax laws and royalties; the ability to access sufficient capital from internal sources and bank and equity markets; and including, without limitation, those risks considered under "Risk Factors" in our Annual Information Form. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. NuVista's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements, or if any of them do so, what benefits NuVista will derive therefrom. NuVista has included the forward-looking statements in this MD&A in order to provide readers with a more complete perspective on NuVista's future operations and such information may not be appropriate for other purposes. NuVista disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.*

Non-GAAP measurements

Within the MD&A, references are made to terms commonly used in the oil and natural gas industry. Management uses "adjusted funds flow", "adjusted funds flow per share", "operating netback", "corporate netback", "capital expenditures", "free funds flow" and "net debt" to analyze performance and leverage. These terms do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. For further information refer to the section "Non-GAAP measures" within this MD&A. Free funds flow is forecast adjusted funds flow less capital expenditures required to maintain production.

Description of business

NuVista is an exploration and production company actively engaged in the development, delineation and production of condensate, natural gas liquids ("NGL"), oil, and natural gas reserves in the Western Canadian Sedimentary Basin. NuVista's focus is on the scalable and repeatable condensate rich Montney formation in the Alberta Deep Basin ("Wapiti Montney"). The common shares of NuVista trade on the Toronto Stock Exchange ("TSX") under the symbol NVA.

Quarter highlights, current market conditions, and outlook

During the first quarter NuVista executed a very busy and successful winter drilling and completions program with cost and schedule both outperforming internal expectations. A first quarter capital expenditure program of $129 million included the drilling of 18 (18.0 net) wells in our condensate rich Wapiti Montney play. 15 (15.0 net) wells were completed and turned in line during and shortly after the quarter. As at March 31, 2020, 10 (10.0 net) wells have been drilled but not completed, with another 4 (4.0) drilled but not completed after the quarter. Production for the quarter was 52,080 Boe/d, matching well with the midpoint of our prior guidance range of 50,000 - 54,000 Boe/d and 19% higher than the same period in 2019. Our adjusted funds flow for the quarter was $50.9 million ($0.23/share, basic).

During the quarter, the World Health Organization declared COVID-19 to be a pandemic. Responses to the spread of COVID-19 have resulted in a sudden decline in economic activity and a significant increase in economic uncertainty. In addition, oil prices have declined dramatically due to the global oil price war and decline in demand due to COVID-19. These events have resulted in a volatile and challenging economic environment which has adversely affected NuVista's operational results and financial position. As a result of the significant reduction in commodity prices, NuVista has recorded an impairment expense of $909.3 million in the first quarter and a net loss of $788.7 million. Additional impairment or reversal of impairment taken during the period may occur over the balance of 2020 as commodity prices and foreign exchange rates continue to fluctuate.

In these unprecedented times, NuVista is focused on two key factors. Firstly, in light of the COVID-19 pandemic, providing a safe environment for all our employees, contractors and for the residents of the communities in which we reside and operate. Secondly, maintaining an adequate level of liquidity to manage our business.

NuVista has a simple and effective COVID-19 business continuity plan in place and operating now. All essential staff have work-from-home technology capability, and a backup plan is in place to ensure minimum crews for safe operations in the event of sickness escalation. To date, no NuVista employee has contracted the virus.

In this environment, maintaining liquidity is paramount to ensure the short and long term viability of NuVista. At March 31, 2020, NuVista's net debt is $650.3 million which includes drawings on credit facility of $395.5 million on a committed facility of $550 million. NuVista has outstanding letters of credit totaling $8.0 million which reduce our unused capacity on our credit facility. Consequently, our liquidity at March 31, 2020 was $146.6 million. For the remaining nine months of 2020, NuVista plans to incur capital expenditures of approximately $35 to $45 million which is less than our anticipated adjusted funds flow over the same time period. In addition, as part of NuVista's ongoing cost cutting program in this low oil price environment, the Company has implemented employee base salary reductions ranging from 5% to 10% with ascending seniority. Executive base salary reductions were 12.5% with the CEO at 15%, and director fee reductions were 20%, effective May 1, 2020. As a result of the focus on cost reduction, net debt is expected to decrease from March 31, 2020 to the end of 2020.

Subsequent to quarter end, NuVista has requested and received an extension of the annual renewal date of our credit facility from April 30, 2020 to May 29, 2020 from our banking syndicate. At this time, there is no assurance the facility size will remain at $550 million. This extension was put in place to allow the banking syndicate extra time for assessment in light of the recent extreme market volatility, and to provide additional data on the wells recently brought online. This also allows the banks, and our industry in general, time to assess the still-emerging details of the various liquidity support programs announced by the Federal Government. NuVista expects to continue to have sufficient liquidity cushion once the credit facility redetermination is completed. Additionally, NuVista has $220 million in senior unsecured notes that mature March 2, 2023, providing financial flexibility and certainty with a competitive fixed coupon and remaining 3 year term.

Operations activity

	Three months ended March 31	
Number of wells	**2020**	2019
Wells drilled - gross (net) (1)	**18 (18.0)**	15 (15.0)
Wells completed - gross (net) (2)	**15 (15.0)**	14 (14.0)
Wells brought on production - gross (net) (3)	**9 (9.0)**	9 (8.8)

(1) Based on rig release date.
(2) Based on frac end date.
(3) Based on first production date of in-line test or on production and tied-in to permanent facilities.

For the three months ended March 31, 2020, NuVista drilled 18 (18.0 net) Montney condensate rich natural gas wells compared to 14 (14.0 net) Montney condensate rich natural gas wells and 1 (1.0 net) oil well in the comparable period of 2019. All wells in 2020 and 2019 were drilled with a 100% success rate.

At March 31, 2020, NuVista had 10 drilled and uncompleted wells.

Production

	Three months ended March 31		
	2020	2019	% Change
Natural gas (Mcf/d)	**188,809**	159,224	19
Condensate & oil (Bbls/d)	**15,335**	12,752	20
NGLs (Bbls/d)	**5,278**	4,549	16
Total (Boe/d)	**52,080**	43,839	19
Condensate, oil & NGLs weighting (1) (2)	**40%**	39%	
Condensate & oil weighting (2)	**29%**	29%	

(1) NGLs include butane, propane and ethane.
(2) Product weighting is based on total production.

Production for the three months ended March 31, 2020 increased 19% over the comparative period of 2019 as a result of production increases from continued successful drilling of Montney wells and production associated with the start up of the Pipestone compressor station in late September 2019. First quarter production of 52,080 Boe/d decreased 9% from fourth quarter 2019 production of 57,010 Boe/d, primarily as a result of product declines and production shut-ins related to frac operations. Condensate & oil volume weighting of 29% in the first quarter was consistent with prior year comparative periods.

Pricing

	Three months ended March 31		
	2020	2019	% change
Realized selling prices (1),(2)			
Natural gas ($/Mcf)	**2.45**	3.92	(38)
Condensate & oil ($/Bbl)	**57.57**	63.86	(10)
NGLs ($/Bbl)	**10.07**	24.26	(58)
Barrel of oil equivalent ($/Boe)	**26.83**	35.36	(24)
Benchmark pricing			
Natural gas - AECO 5A daily index (Cdn$/Mcf)	**2.03**	2.62	(23)
Natural gas - AECO 7A monthly index (Cdn$/Mcf)	**2.14**	1.94	10
Natural gas - NYMEX (monthly) (US$/MMbtu)	**1.95**	3.15	(38)
Natural gas - Chicago Citygate (monthly) (US$/MMbtu)	**1.95**	3.35	(42)
Natural gas - Dawn (daily) (US$/MMbtu)	**1.76**	2.91	(40)
Natural gas - Malin (monthly) (US$/MMbtu)	**2.27**	3.88	(41)
Oil - WTI (US$/Bbl)	**46.17**	54.90	(16)
Oil - Edmonton Par - (Cdn$/Bbl)	**51.74**	66.44	(22)
Condensate - Condensate @ Edmonton (Cdn$/Bbl)	**61.82**	67.13	(8)
Condensate - Average C5-WTI differential (US$/Bbl)	**0.17**	(4.40)	(104)
Exchange rate - (Cdn$/US$)	**1.34**	1.33	1

(1) Prices exclude price risk management realized and unrealized gains and losses on financial derivative commodity contracts but includes gains and losses on physical sale contracts and natural gas price diversification.
(2) Prospective January 1, 2020, the average condensate and NGLs selling price is net of fractionation fees and excludes pipeline tariffs that prior to January 1, 2020 were reported net of the selling price. These pipeline tariffs are now included within transportation expenses. Prior year comparatives have been reclassified to conform with current year presentation. For the three months ended March 31, 2020, the amount of pipeline tariffs that would have previously been classified net of revenues and is now included in transportation expenses was $7.0 million (2019 - $5.4 million).

The WTI benchmark averaged US$46.17/Bbl in the first quarter of 2020, 16% below the first quarter of last year and down 19% from US$56.96/Bbl in the fourth quarter of 2019. WTI oil prices started the year relatively strong in the high $50/Bbl range. In late February, WTI oil prices started a significant drop, due to a combination of the impact of the COVID-19 pandemic on the global economy along with the early March oil price war following the implosion of an alliance between OPEC+, led by Saudi Arabia and Russia. Demand for oil has decreased with the outbreak of COVID-19. Factories have been idled and the majority of flights have been canceled around the world as the COVID-19 outbreak has become a global pandemic. As a result, WTI oil pricing and condensate differentials have continued to deteriorate entering into the second quarter. Subsequent to the end of the first quarter, OPEC+ agreed to significantly curtail production in an effort to support oil prices. A gradual increase in global oil demand is expected later this year as economies begin to normalize. A steep decline in US shale production is anticipated this year given the reduction in drilling, and coupled with OPEC+ oil curtailments, this should help to support stronger prices later this year.

NYMEX gas prices were up compared to the fourth quarter of 2019 averaging US$1.95/MMbtu, but a warm winter in the major consuming regions of North America led to much lower prices than the first quarter of last year. Eastern North American and MidWest prices were down relative to NYMEX gas prices in the first quarter due to the warm start to winter in those markets. US gas production continued to grow in 2019 but at a slower pace than the previous year and was flat through this winter. The production growth had been offset by growth in US liquid natural gas ("LNG") exports, gas exports to Mexico, and continued consumption growth in the power and industrial sectors. With the steep drop in oil prices it is anticipated there will be significant declines in associated gas production and future gas prices are set to be much stronger than those realized in 2019.

The warm weather and the soft downstream markets pressured AECO prices in the first quarter of this year. AECO gas prices averaged $2.14/Mcf in the first quarter of 2020 representing a decrease of 9% from $2.34/Mcf in the fourth quarter of 2019 and a 10% increase from the first quarter of 2019.

Revenue

Petroleum and natural gas revenues

	Three months ended March 31			
	2020		2019	
($ thousands, except % amounts)	**$**	**% of total**	$	% of total
Natural gas [(1)]	**41,983**	**33**	56,257	40
Condensate & oil	**80,331**	**63**	73,299	53
NGLs [(2)]	**4,838**	**4**	9,932	7
Total petroleum and natural gas revenues	**127,152**		139,488	

(1) Natural gas revenue includes price risk management gains and losses on physical delivery sale contracts. For the three months ended March 31, 2020, our physical delivery sales contracts resulted in a loss of $33.0 thousand (2019 – $0.6 million loss).

(2) Includes butane, propane, ethane and an immaterial amount of sulphur revenue.

For the three months ended March 31, 2020, petroleum and natural gas revenues decreased 9% from the comparable period of 2019, due primarily to a 24% decrease in average per Boe realized price, offset by a 19% increase in production for the quarter.

Condensate & oil volumes averaged 29% of total production in the first quarter of 2020, contributing to 63% of total petroleum and natural gas revenues.

A breakdown of natural gas revenue is as follows:

	Three months ended March 31			
	2020		2019	
($ thousands, except per unit amounts)	**$**	**$/Mcf**	$	$/Mcf
Natural gas revenue - AECO reference price [1]	**35,805**	**2.14**	27,294	1.94
Heat/value adjustment [2]	**2,645**	**0.17**	2,347	0.17
Transportation revenue [3]	**7,029**	**0.44**	7,289	0.52
Natural gas market diversification revenue (loss)	**(3,463)**	**(0.30)**	19,975	1.34
AECO physical delivery sales contract gains (losses) [4]	**(33)**	**—**	(648)	(0.05)
Total natural gas revenue	**41,983**	**2.45**	56,257	3.92

(1) Average AECO 7A monthly index.
(2) Based on NuVista's historical adjustment of 9-10%.
(3) Cost of gas transportation from the transfer of custody sales point to the final sales point.
(4) Excludes price risk management realized and unrealized gains and losses on financial derivative commodity contracts but includes gains and losses on physical sale contracts.

For the three months ended March 31, 2020, natural gas revenue decreased 25% from the comparable period of 2019, due to a 38% decrease in realized selling prices offset by a 19% increase in production.

The Company's first quarter physical natural gas sales portfolio was based on the following physical fixed price contracts or physical market deliveries:

	Three months ended March 31	
	2020	2019
AECO physical deliveries	**41%**	34%
Dawn physical deliveries	**25%**	27%
Malin physical deliveries	**21%**	24%
Chicago physical deliveries	**13%**	15%

NuVista receives a premium to the AECO spot gas price due to the higher heat content of its natural gas production. Price risk is also mitigated by the various gas marketing and transportation arrangements that the Company has in place to diversify and gain exposure to alternative natural gas markets in North America. For the three months ended March 31, 2020, the Company delivered 41% of its gas to AECO of which 5% was under AECO physical fixed price delivery sales contracts. In addition, NuVista delivered approximately 25% of its natural gas production to Dawn, 21% to Malin, and 13% to Chicago.

Excluding the impact of realized gains (losses) on physical sales contracts, the average selling price for natural gas for the three months ended March 31, 2020 was $2.45/Mcf, compared to $3.97/Mcf for the comparative period of 2019, and $2.88/Mcf in the fourth quarter of 2019.

Condensate & oil revenue

For the three months ended March 31, 2020, condensate & oil revenue increased 10% over the comparable period of 2019 due to a 20% increase in production, partially offset by a 10% decrease in the average realized selling price.

Historically, strong demand for condensate & oil in Alberta results in benchmark condensate prices at Edmonton trading at a premium to Canadian light oil prices. NuVista's realized condensate & oil prices include adjustments for fractionation fees and quality differentials. Condensate & oil realized selling prices averaged $57.57/Bbl in the three months ended March 31, 2020, a decrease of 10% from $63.86/Bbl for the comparable period of 2019.

NGL revenue

For the three months ended March 31, 2020, NGL revenue decreased 51% over the comparable period of 2019, due to a 58% decrease in the average realized selling price, partially offset by a 16% increase in production.

Commodity price risk management

NuVista has a disciplined commodity price risk management program as part of its financial risk management strategy. The purpose of this program is to reduce volatility in financial results and help stabilize adjusted funds flow against the unpredictable commodity price environment. NuVista's Board of Directors has authorized the use of fixed price, put option and costless collar contracts ("Fixed Price Contracts"), and approved the terms of NuVista's commodity price risk management program to allow the securing of minimum prices of the following:

(% of net forecast after royalty production)	First 18 month forward period	Following 18 month forward period	Following 24 month forward period
Natural Gas Fixed Price Contracts	up to 70%	up to 60%	up to 50%
Crude Oil Fixed Price Contracts	up to 70%	up to 60%	up to 30%

The Board of Directors has set limits for entering into natural gas basis differential contracts that are the lesser of 50% of forecast natural gas production, net of royalties, or the volumes that would bring the combined natural gas basis differential contracts and natural gas fixed price contracts to 100% of forecast natural gas production, net of royalties. In addition, a maximum volume of up to 150,000 MMbtu/day has been approved, with a term of 7 years from the date any such swap is entered into.

Hedges on crude oil, natural gas liquids, natural gas, differentials and basis may be made in Canadian or U.S. dollars at the time the position is established and the U.S. dollar positions may be hedged to Canadian dollars during the term of the applicable hedge. Foreign currency exposure on interest payments and long-term debt, if there is that exposure, may also be hedged back to Canadian dollars.

	Three months ended March 31					
($ thousands)	**2020**			2019		
	Realized gain (loss)	**Unrealized gain (loss)**	**Total gain (loss)**	Realized gain (loss)	Unrealized gain (loss)	Total gain (loss)
Natural gas	**1,494**	**(6,437)**	**(4,943)**	(2,597)	(22,338)	(24,935)
Condensate & oil	**11,974**	**62,938**	**74,912**	5,304	(44,566)	(39,262)
Gain (loss) on financial derivatives	**13,468**	**56,501**	**69,969**	2,707	(66,904)	(64,197)

During the first quarter of 2020, the commodity price risk management program resulted in a total gain of $70.0 million, compared to a total loss of $64.2 million for the comparable period of 2019. The fair value of financial derivative contracts is recorded in the financial statements. Unrealized gains and losses are the change in mark to market values or fair value of financial derivative contracts in place at the end of the quarter compared to the start of the quarter. The unrealized gain in the first quarter is primarily as a result of the unrealized gain on oil contracts reflective of the decreasing WTI forward strip pricing at the end of the quarter compared to the beginning of the quarter, partially offset an unrealized loss on natural gas contacts due to the narrowing AECO/NYMEX basis forward strip pricing at the end of the quarter compared to the beginning of the quarter. Due to increased volatility in oil and gas prices and the related forward strips pricing, the impact of unrealized gains and/or losses on overall earnings (loss) in a particular reporting period can be substantial, as was the case in the first quarter of 2020 and comparative period of 2019.

For the remainder of 2020, Nuvista has hedges in place which will provide significant support for our adjusted funds flow. Currently, approximately 10,645 Bbl/d of 2020 condensate & oil production is hedged. This position is comprised of swaps at a floor price of C$ WTI 72.11/Bbl on 6,360 Bbl/d of Q2-Q4 2020 condensate & oil production, and 3 way collars and put spreads with a floating C$ WTI +$12.84/Bbl on 4,285 Bbl/d of Q2-Q4 2020 condensate & oil production. Approximately 131,120 Mcf/d of April to October 2020 natural gas production is hedged at an average floor price of $1.96/Mcf.

Price risk management on our physical delivery sale contracts resulted in a loss of $33.0 thousand respectively for the three months ended March 31, 2020 compared to losses of $0.6 million for the comparable period of 2019.

(a) Financial instruments

The following is a summary of financial derivatives contracts in place as at March 31, 2020:

	WTI fixed price swap		WTI - Put Spreads		
Term [1]	Bbls/d	Cdn$/Bbl	Bbls/d	Cdn$/Bbl	Cdn$/Bbl
2020 Remainder	5,799	76.24	1,867	69.42	84.67

[1] Table presented as weighted average volumes and prices.

	WTI 3 Way Collar			
Term [1]	Bbls/d	Cdn$/Bbl	Cdn$/Bbl	Cdn$/Bbl
2020 Remainder	2,416	62.65	73.64	81.20

[1] Table presented as weighted average volumes and prices.

	AECO-NYMEX basis swap		AECO-NYMEX basis buyback		Chicago-NYMEX basis swap		Malin-NYMEX basis swap	
Term [1]	MMbtu/d	US$/ MMbtu	MMbtu/d	US$/ MMbtu	MMbtu/d	US$/ MMbtu	MMbtu/d	US$/ MMbtu
2020 Remainder	47,500	(0.96)	—	—	15,000	(0.25)	12,218	(0.52)
2021	95,000	(0.98)	(60,000)	(0.82)	15,000	(0.24)	20,000	(0.66)
2022	95,000	(0.97)	(60,000)	(0.82)	12,493	(0.24)	16,658	(0.66)
2023	100,000	(1.01)	—	—	—	—	—	—
2024	100,000	(1.00)	—	—	—	—	—	—
2025	35,000	(1.00)	—	—	—	—	—	—

[1] Table presented as weighted average volumes and prices.

	AECO-Malin basis swap		Dawn-NYMEX basis swap	
Term [1]	MMbtu/d	US$/MMbtu	MMbtu/d	US$/MMbtu
2020 Remainder	7,782	0.68	10,000	(0.26)
2021	—	—	10,000	(0.26)
2022	—	—	8,329	(0.26)

[1] Table presented as weighted average volumes and prices.

	NYMEX fixed price swap	
Term [1]	MMbtu/d	US$/MMbtu
April 2020 - October 2020	60,000	2.67

[1] Table presented as weighted average volumes and prices.

Subsequent to March 31, 2020 the following is a summary of financial derivatives that have been entered into:

	WTI fixed price swap	
Term [1]	Bbls/d	Cdn$/Bbl
May 2020	4,000	28.41
June 2020	1,000	32.78

[1] Table presented as weighted average volumes and prices.

(b) Physical delivery sales contracts

The Company enters into physical delivery sales contracts to manage commodity price risk. These contracts are not considered to be derivatives and therefore not recorded at fair value. They are considered sales contracts and are recorded at cost at the time of transaction.

The following is a summary of the physical delivery sales contracts in place as at March 31, 2020:

	AECO fixed price swap		Dawn-NYMEX Basis	
Term [1]	GJ/d	Cdn$/GJ	MMbtu/d	US$/MMbtu
April 2020 - October 2020	75,000	1.40	—	—
2020 Remainder	—	—	10,000	(0.26)
2021	—	—	10,000	(0.26)
2022	—	—	8,329	(0.26)

[1] Table presented as weighted average volumes and prices.

Royalties

	Three months ended March 31	
($ thousands, except % and per Boe amounts)	**2020**	2019
Gross royalties	**12,946**	7,814
Gas cost allowance ("GCA")	**(3,434)**	(3,238)
Net royalties	**9,512**	4,576
Gross royalty % excluding physical delivery sales contracts[1]	**10.2**	5.6
Gross royalty % including physical delivery sales contracts	**10.2**	5.6
Net royalties $/Boe	**2.01**	1.16

[1] Calculated as gross royalties as a % of petroleum and natural gas revenues excluding gains (losses) on physical delivery sales contracts.

For the three months ended March 31, 2020, gross royalties increased 66% compared to the comparable period of 2019 as a result of the production increases over the prior year and an increase in average royalty rates. Gross royalties as a percentage of petroleum and natural gas revenues increased as a result of a greater number of wells having fully utilized the royalty incentive programs which carried reduced initial royalty rates. The gross natural gas and condensate, oil and NGL royalty rates were 5% and 13% in 2020 compared to 2% and 8% respectively, in the comparative period of 2019.

The Company also receives GCA from the Crown, which reduces royalties to account for expenses incurred by NuVista to process and transport the Crown's portion of natural gas production. For the three months ended March 31, 2020, the 6% increase in GCA credits received compared to the comparative period of 2019 is primarily due to the increased crown royalty payments made to the Crown as a result of increased production.

NuVista's physical price risk management and gas market diversification activities impact reported average royalty rates as royalties are based on government market reference prices for delivery of product in Alberta and not the Company's average realized prices that include price risk management and gas market diversification activities.

Transportation expenses

	Three months ended March 31	
($ thousands, except per unit amounts)	**2020**	2019
Natural gas transportation expense	**12,708**	12,059
Condensate, oil & NGL transportation expense	**6,946**	5,849
Total transportation expense	**19,654**	17,908
Natural gas transportation $/Mcf [(1)]	**0.74**	0.84
Condensate, oil & NGL transportation $/Bbl	**3.70**	5.10
Total transportation $/Boe	**4.15**	4.54

[(1)] Includes total gas transportation from the plant gate to the final sales point.

For the three months ended March 31, 2020, natural gas transportation expenses on a total dollar basis increased from the comparative period of 2019 due primarily to higher volumes and additional firm commitments for gas transportation. NuVista incurs transportation expenses on these gas volumes, however, historically the tolls have been offset by the higher realized gas prices received at markets outside Alberta. Natural gas transportation $/Boe has decreased compared to the prior year comparative period due to the increase in natural gas volumes.

The higher condensate, oil & NGL transportation dollars and lower $/Bbl rate for the three months ended March 31, 2020 as compared to the prior year comparative period was primarily a result of higher production volumes and a greater proportion volumes flowing through third party liquids pipelines, which incurs lower transportation rates than trucked volumes.

Operating expenses

	Three months ended March 31	
($ thousands, except per unit amounts)	**2020**	2019
Operating expenses	**48,191**	36,737
Per Boe	**10.17**	9.31

For the three months ended March 31, 2020, operating expenses increased 31% as a result of the increased production compared to the prior year comparative period of 2019. The per Boe costs increased from the comparative period due to lower throughput sent to midstream processing facilities translating into higher flow through operating costs. Compared to fourth quarter operating expenses of $50.5 million ($9.63/Boe), first quarter operating expenses per Boe increased primarily due to lower production volumes and flat fixed costs.

In accordance with the adoption of IFRS 16 - *Leases* on January 1, 2019, base rent for the Company's field office is recognized as a lease beginning January 1, 2019. This has resulted in base rent costs in the amount of $32.0 thousand in both the three months ended March 31, 2020 and the comparable prior year period being excluded from operating expenses, as the costs are now accounted for under the lease standard.

The minimum take or pay commitments associated with the gas processing lease and gas transportation lease identified in the third quarter of 2019 is excluded from operating expense and classified as a lease under IFRS 16. For the three months ended March 31, 2020, total payments under these two new leases of $3.1 million were excluded from operating expenses and accounted for under the lease standard.

General and administrative expenses ("G&A")

	Three months ended March 31	
($ thousands, except per Boe amounts)	**2020**	2019
Gross G&A expenses	**5,795**	6,252
Overhead recoveries	**(506)**	(455)
Capitalized G&A	**(1,145)**	(1,580)
Net G&A expenses	**4,144**	4,217
Gross G&A per Boe	**1.22**	1.58
Net G&A per Boe	**0.87**	1.07

For the three months ended March 31, 2020, gross G&A expenses have decreased as result of continued production increases and efficiencies gained from an operational focus on Wapiti Montney and continued focus on cost control. NuVista has continued to drive G&A costs per Boe downwards.

The Company's policy of allocating and capitalizing G&A expenses associated with new capital projects remained unchanged in 2019 and 2020. G&A capitalized and operating recoveries are in accordance with industry practice.

In accordance with the adoption of IFRS 16 - *Leases* on January 1, 2019, base rent for the Company's head office expense is recognized as a lease prospective January 1, 2019. This has resulted in base rent costs in the amount of $0.2 million in both the three months ended March 31, 2020 and the prior year comparative period being excluded from gross G&A expenses, as the costs are now accounted for under the lease standard.

In addition to the base salary reductions effective May 1, 2020, the Company expects to be eligible, and to apply for, assistance in the approximate amount of $1 million under the Federal Government's Canadian Emergency Wage Subsidy Program (CEWS), with approximately $0.7 million offsetting G&A expenses and approximately $0.3 million offsetting operating expenses.

Share-based compensation expense

	Three months ended March 31	
($ thousands)	**2020**	2019
Stock options	**793**	961
Director deferred share units	**(1,576)**	127
Restricted share awards	**399**	351
Performance share awards	**270**	108
Total	**(114)**	1,547

Share-based compensation expense relates to the amortization of the fair value of stock option awards, performance share awards ("PSA"), restricted share awards ("RSA") and accruals for future payments under the director deferred share unit ("DSU") plan.

The decrease in share-based compensation for the three months ended March 31, 2020 over the prior year comparative period was primarily due to the change in the valuation of the DSU liability and related DSU expense. For the three months ended March 31, 2020, the decrease in DSU liability was as a result of the decrease in share price from $3.19/share at December 31, 2019 to $0.45/share at March 31, 2020.

Financing costs

($ thousands, except per Boe amounts)	Three months ended March 31 **2020**	2019
Interest on long-term debt (credit facility)	**3,475**	3,213
Interest on senior unsecured notes [(1)]	**3,781**	3,690
Interest expense	**7,256**	6,903
Lease interest expense	**2,571**	73
Accretion expense	**411**	488
Total financing costs	**10,238**	7,464
Interest expense per Boe	**1.53**	1.75
Total financing costs per Boe	**2.16**	1.89

For the three months ended March 31, 2020, interest expense on long-term debt increased slightly from the comparable period in 2019 due to higher average bank indebtedness. The average interest rate on long-term debt for the three months ended March 31, 2020 was 3.7%, consistent with 3.7% for the comparative period of 2019. Interest expense on long-term debt includes interest standby charges on the Company's syndicated credit facilities.

Interest on the senior unsecured notes issued for the three months ended March 31, 2020, is for interest paid or accrued at the coupon rate to the end of the period on the 2021 and 2023 Notes. The effective interest rate on the 2021 Notes was 11.0%. The effective interest rate on the 2023 Notes is 7.0%. The carrying value of the 2023 Notes at March 31, 2020 is $217.0 million.

Lease interest expense for the three months ended March 31, 2020 is from the adoption of IFRS 16 - *Leases* on January 1, 2019. The weighted average incremental borrowing rate on the office lease liabilities is 5.5%. Two new leases were identified in the third quarter of 2019 for gas processing and transportation associated with the start up of the Pipestone compressor and pipeline connecting the compressor to the SemCAMS Wapiti plant. The weighted average incremental borrowing rates on these new lease liabilities are 8% and 11% respectively.

Operating netback and corporate netback

The tables below summarizes operating netback and corporate netback on a total dollar and per Boe basis for the three months ended March 31, 2020 and 2019:

	Three months ended March 31			
	2020		2019	
($ thousands, except per Boe amounts)	**$**	**$/Boe**	$	$/Boe
Petroleum and natural gas revenues [(1)]	**127,152**	**26.83**	139,488	35.36
Realized gain on financial derivatives	**13,468**	**2.84**	2,707	0.69
	140,620	**29.67**	142,195	36.05
Royalties	**(9,512)**	**(2.01)**	(4,576)	(1.16)
Transportation expense	**(19,654)**	**(4.15)**	(17,908)	(4.54)
Operating expense	**(48,191)**	**(10.17)**	(36,737)	(9.31)
Operating netback [(2)]	**63,263**	**13.34**	82,974	21.04
General and administrative expense	**(4,144)**	**(0.87)**	(4,217)	(1.07)
Deferred share units recovery (expense)	**1,576**	**0.33**	(127)	(0.03)
Interest and lease finance expense	**(9,827)**	**(2.07)**	(6,976)	(1.77)
Corporate netback [(2)]	**50,868**	**10.73**	71,654	18.17

(1) Includes price risk management losses of $33.0 thousand (2019 - $0.6 million loss) on physical delivery sales contracts.
(2) Non-GAAP measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. Reference should be made to the section entitled "Non-GAAP measurements".

Cash flow from operating activities and adjusted funds flow

The following table is NuVista's cash flow from operating activities and adjusted funds flow [1] for the three months ended March 31:

	Three months ended March 31	
($ thousands, except per share amounts)	**2020**	2019
Cash flow from operating activities	**57,345**	53,302
Per share, basic	**0.25**	0.24
Per share, diluted	**0.25**	0.24
Adjusted funds flow [1]	**50,868**	71,654
Per share, basic	**0.23**	0.32
Per share, diluted	**0.23**	0.32

[1] Non-GAAP measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. Reference should be made to the section entitled "Non-GAAP measurements".

For the three months ended March 31, 2020, cash flow from operating activities of $57.3 million increased 8% from the prior year comparative period, primarily due to increased production and realized gains on financial derivatives compared to realized losses in the prior year comparative periods, offset by decreased commodity prices, and higher royalties, transportation and operating expenses as a result of increased production.

Adjusted funds flow for the three months ended March 31, 2020 and the comparable period of 2019 was $50.9 million ($0.23/share, basic) and $71.7 million ($0.32/share, basic) respectively, $6.5 million lower and $18.4 million higher than cash flow from operating activities in the comparable period, due to changes in asset retirement expenditures and non-cash working capital.

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

	Three months ended March 31	
($ thousands, except per Boe amounts)	**2020**	2019
Depletion of condensate, oil and natural gas assets	**44,286**	47,602
Depreciation of fixed assets	**4,429**	3,977
Depreciation of right-of-use ("ROU") assets	**2,085**	198
DD&A expense	**50,800**	51,777
Property, plant and equipment ("PP&E") impairment expense	**886,081**	—
Right-of-use ("ROU") impairment expense	**23,198**	—
Total Impairment expense	**909,279**	—
Total DD&A and impairment expense	**960,079**	51,777
DD&A rate per Boe (excluding impairment expense)	**10.72**	13.12

DD&A expense for the three months ended March 31, 2020 was $50.8 million ($10.72/Boe) compared to $51.8 million ($13.12/Boe) for the comparable period of 2019, and $49.4 million ($9.42/Boe) in the fourth quarter of 2019. DD&A expense for the three months ended March 31, 2020 includes a charge to first quarter depletion in the amount of $3.6 million ($0.75/Boe) compared to a depletion charge in the comparable period of $12.4 million ($3.15/Boe), due to changes in estimates and the impact of the change in discount rate on asset retirement obligations for wells with no remaining reserves that were previously fully depleted. The full amount of this asset retirement obligation liability change is included in depletion expense.

The Wapiti Montney CGU DD&A rate per Boe for the three months ended March 31, 2020 decreased to $8.78/Boe compared to $9.95/Boe for the comparable period of 2019, and $9.23/Boe in the fourth quarter of 2019. These improved DD&A rates are a result of continued successful development and favorable finding and development costs.

Depreciation of ROU assets is the depreciation of assets recognized for the Company's head office lease in Calgary and the field office lease in Grande Prairie starting on January 1, 2019, with the adoption of IFRS 16 - *Leases*, and the addition of the gas processing and transportation leases added in the third quarter of 2019. Depreciation on ROU assets is recorded on a straight line basis over the term of the lease.

At March 31, 2020 there were indicators of impairment identified in NuVista's Wapiti Montney CGU as a result of significant and sustained declines in forward commodity prices for condensate and oil and a reduction in market capitalization, as a result of the negative economic impacts of the COVID-19 pandemic and disputes between major oil producing countries. An impairment test was performed on PP&E and ROU assets. For the March 31, 2020 test, PP&E and ROU assets were assessed based on the recoverable amount internally estimated using a value in use calculation based on expected future cash flows generated from proved and probable reserves using pre-tax discount rates ranging from 10% to 20%. For the three months ended March 31, 2020, total impairment charges of $909.3 million were recognized in NuVista's Montney CGU for PP&E and ROU assets and has been included in the depletion, depreciation, amortization and impairment expense. Additional impairment or reversal of impairment taken during the period may occur over the balance of 2020 as commodity prices and foreign exchange rates continue to fluctuate.

The following benchmark price forecasts(1) were used to calculate the recoverable amounts:

	2020	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029(2)**
WTI (US$/Bbl)	34.20	41.00	47.50	52.50	57.50	58.95	60.13	61.33	62.56	63.81
NYMEX (US$/MMBtu)	2.01	2.55	2.65	2.75	2.85	2.95	3.01	3.07	3.13	3.19
Exchange Rate (Cdn$/US$)	0.73	0.73	0.74	0.74	0.75	0.75	0.75	0.75	0.75	0.75

(1) GLJ Petroleum Consultants price forecast, effective April 1, 2020.
(2) 2030 and beyond commodity price forecasts are inflated at 2.0% per annum. In 2030 and beyond there is no escalation of exchange rates.

At December 31, 2019 there were indicators of impairment identified in NuVista's Wapiti Montney CGU. An impairment test was performed on property, plant and equipment assets, based on the recoverable amount estimated using a value in use calculation based on expected future cash flows generated from proved and probable reserves using pre-tax discount rates ranging from 10% to 17%, based on the independent external reserves report. No impairment was recognized at December 31, 2019, as the estimated recoverable amount of the Wapiti Montney CGU exceeded its respective carrying value.

Exploration and evaluation ("E&E") expense

	Three months ended March 31	
($ thousands, except per Boe amounts)	**2020**	2019
Exploration and evaluation expense	—	977
Per Boe	—	0.25

Exploration and evaluation expense relates to the cost of mineral land expiries that were classified as E&E assets.

Asset retirement obligations

($ thousands)	**March 31, 2020**	December 31, 2019
Balance, January 1	**124,533**	102,703
Accretion expense	**411**	2,070
Liabilities incurred	**2,386**	3,831
Liabilities disposed	**—**	(888)
Change in estimates	**3,707**	36,194
Change in discount rate	**(463)**	(4,994)
Liabilities settled	**(9,734)**	(14,383)
Balance, end of period	**120,840**	124,533
Expected to be incurred within one year	**5,170**	11,575
Expected to be incurred beyond one year	**115,670**	112,958

Asset retirement obligations ("ARO") are based on estimated costs to reclaim and abandon ownership interests in condensate, oil and natural gas assets including well sites, gathering systems and processing facilities. At March 31, 2020, NuVista had an ARO balance of $120.8 million as compared to $124.5 million as at December 31, 2019. The Bank of Canada's long-term risk-free bond rate of 1.3% (December 31, 2019 – 1.8%) and an inflation rate of 0.9% (December 31, 2019 – 1.4%) were used to calculate the net present value of the asset retirement obligations. At March 31, 2020, the estimated total undiscounted and uninflated amount of cash required to settle NuVista's ARO was $129.7 million (December 31, 2019 – $133.8 million) with an estimated 40% to be incurred within the next 10 years. Actual ARO expenditures for the three months ended March 31, 2020 were $9.7 million compared to $14.4 million for the year ended December 31, 2019.

The decrease in the ARO liability is due primarily to liabilities settled in the first quarter as a result of an active abandonment program, offset by liabilities added for new wells drilled and increases in abandonment cost estimates for certain wells in our non core northwest Alberta area.

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

Other receivable

The Company has entered into contracts for the construction of two Pipestone compressor stations, which secured third party ownership and funding of the assets. The other receivable balance of $25.2 million represents expenses incurred that have not yet been reimbursed related to these assets.

Capital expenditures

	Three months ended March 31			
($ thousands, except % amounts)	**2020**	**% of total**	2019	% of total
Land and retention costs	**30**	**—**	817	1
Geological and geophysical	**1,825**	**1**	2,125	2
Drilling and completion	**105,897**	**83**	98,648	102
Facilities and equipment	**20,826**	**16**	(5,073)	(5)
Corporate and other	**154**	**—**	60	—
Capital expenditures [1]	**128,732**		96,577	

[1] Non-GAAP measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. Reference should be made to the section entitled "Non-GAAP measurements".

Capital expenditures for the three months ended March 31, 2020 were $128.7 million, compared to $96.6 million in the comparative period of 2019. Included in facilities and equipment in the year ended December 31, 2019 is a credit of $14.2 million for costs incurred in 2018 that have been reclassified to other receivable. The Company focused the majority of its first quarter exploration and development expenditures on drilling and completion activities.

Of the $128.7 million capital spent to date in 2020, $128.7 million was classified as property, plant and equipment additions, and $66 thousand was classified as exploration and evaluation asset additions.

During the three months ended March 31, 2020, the Company entered into a non cash land swap valued at $9.5 million, resulting in an accounting loss of $3.3 million.

Right-of-use assets and lease liabilities

In accordance with the adoption of IFRS 16 - *Leases*, on January 1, 2019, the Company recognized right-of-use assets and lease liabilities for our head and field office leases. In the three months ending September 30, 2019, the Company recognized a gas processing lease associated with the start up of the Pipestone compressor, and a gas transportation lease associated with the pipeline that connects the Pipestone compressor to the SemCAMS Wapiti plant.

At March 31, 2020, the total right-of-use asset, net of impairment expense of $23.2 million in the three months ended March 31, 2020, is $91.3 million. The total lease liability is $118.6 million, of which $4.0 million is classified as a current liability.

Deferred income taxes

Primarily as a result of the impairment expense recognized in the current quarter, the Company has recorded a deferred tax recovery of $69.2 million in the current quarter that eliminates the deferred tax liability balance at December 31, 2019. Furthermore, projected future cash flows at current commodity price forecasts are less than the Company's total tax pool balance of $1.7 billion. As a result, the Company has taken a valuation allowance for the amount the total tax pool balance exceeds balance sheet amounts at March 31, 2020, and has not recognized a deferred income tax asset. In the prior year comparative period the Company recorded a deferred tax recovery of $12.1 million and a deferred tax liability of $96.4 million. The combined federal and provincial corporate tax rate for 2020 is 25.0%.

Net loss

($ thousands, except per share amounts)	Three months ended March 31 **2020**	 2019
Net loss	**(788,747)**	(35,927)
Per share - basic	**(3.50)**	(0.16)
Per share - diluted	**(3.50)**	(0.16)

For the three months ended March 31, 2020 the $752.8 million increase in net loss compared to the prior year comparative period is primarily a result of a $909.3 million impairment expense on property, plant and equipment, decreased adjusted funds flow and an increased loss on property dispositions, offset by a $123.4 million increase in the unrealized hedging gain and an increased income tax recovery of $69.2 million.

The net loss reported is significantly impacted by impairment expense and unrealized gains (losses) on financial derivatives recognized at each period end as a result of the market to market values or fair value of financial derivative contracts in place at each period end. Before taxes and excluding impairment expense and unrealized gains (losses) on financial derivatives there was a net loss of $5.1 million for the three months ended March 31, 2020 and a net gain of $18.9 million for the prior year comparative period. Impairment expense is a result of market conditions at a given point in time, causing downward pressures on market capitalization, forward pricing and the valuation of reserves, which could change at some point in the future. The unrealized market to market values are a function of highly volatile commodity prices, resulting in significant variances in the values from quarter to quarter. The financial derivatives contracts are in place to provide greater adjusted funds flow stability and certainty. Over the past five years, NuVista has a cumulative realized gain on financial derivatives in the amount of $54.4 million.

Liquidity and capital resources

Long-term debt (credit facility)

At March 31, 2020, the Company had a $550 million (December 31, 2019 - $550 million) extendible revolving term credit facility available from a syndicate of Canadian chartered banks. Borrowing under the credit facility may be made by prime loans, bankers' acceptances and/or US libor advances. These advances bear interest at the bank's prime rate and/or at money market rates plus a borrowing margin. The credit facility is secured by a first floating charge debenture, general assignment of book debts and NuVista's properties and equipment. The credit facility has a tenor of two years and is subject to an annual review by the lenders, at which time the lenders can extend the revolving period or can request conversion to a one year term loan. During the revolving period, a review of the maximum borrowing amount occurs semi-annually on October 31 and April 30. During the term period, no principal payments would be required until a year after the revolving period matures on the annual renewal date of April 30, in the event the credit facility is reduced or not renewed. As such, the credit facility is classified as long-term. The credit facility does not contain any financial covenants but NuVista is subject to various industry standard non-financial covenants. Compliance with these covenants is monitored on a regular basis and as at March 31, 2020, NuVista was in compliance with all covenants. Subsequent to quarter end, NuVista has applied for an Export Development Canada letter of credit guarantee product. If approved, it is anticipated that current and future letters of credit would be supported by Export Development Canada in this separate facility, further improving NuVista's liquidity and borrowing capacity on the credit facility.

Subsequent to March 31, 2020, NuVista requested and received an extension of the annual renewal date of the credit facility from April 30, 2020 to May 29, 2020 from the banking syndicate. At this time, there is no assurance the facility size will remain at $550 million. This extension was put in place to allow the banking syndicate extra time for assessment in light of the recent extreme market volatility, and to provide additional data on the wells recently brought online. This also allows the banks, and our industry in general, time to assess the still-emerging details of the various liquidity support programs announced by the Federal Government. NuVista expects to continue to have sufficient liquidity cushion once the credit facility redetermination is completed.

Senior unsecured notes

On March 2, 2018, the Company issued $220.0 million aggregate principal amount of 6.50% senior unsecured notes due March 2, 2023 ("2023 Notes"). Proceeds net of costs amounted to $215.1 million. Interest is payable semi-annually in arrears. The 2023 Notes are fully and unconditionally guaranteed as to the payment of principal and interest, on a senior unsecured basis by the Company. There are no maintenance or financial covenants.

The 2023 Notes are non-callable by the Company prior to March 2, 2020. At any time on or after March 2, 2020, the Company may redeem all or part of the 2023 Notes at the redemption prices set forth in the table below plus any accrued and unpaid interest:

12 month period ended:	Percentage
March 2, 2021	103.250%
March 2, 2022	101.625%
March 2, 2023	100.000%

If a change of control occurs, each holder of the 2023 Notes will have the right to require the Company to purchase all or any part of that holder's 2023 Notes for an amount in cash equal to 101% of the aggregate principal repurchased plus accrued and unpaid interest.

The following is a summary of total market capitalization, net debt, and net debt to annualized current quarter adjusted funds flow:

($ thousands)	**March 31, 2020**	December 31, 2019
Basic common shares outstanding	**225,600**	225,592
Share price[1]	**0.45**	3.19
Total market capitalization	**101,520**	719,638
Cash and cash equivalents, accounts receivable and prepaid expenses	**(55,148)**	(62,772)
Other receivable	**(25,179)**	(10,301)
Accounts payable and accrued liabilities	**117,851**	110,144
Long-term debt (credit facility)	**395,483**	306,274
Senior unsecured notes	**216,987**	216,771
Other liabilities	**283**	1,859
Net debt [2]	**650,277**	561,975
Annualized current quarter adjusted funds flow	**203,472**	280,320
Net debt to annualized current quarter adjusted funds flow	**3.2**	2.0

(1) Represents the closing share price on the Toronto Stock Exchange on the last trading day of the period.
(2) Non-GAAP measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. Reference should be made to the section entitled "Non-GAAP measurements".

Net debt

In light of historically low oil and condensate prices, NuVista is currently focused on maintaining sufficient liquidity to support both our on-going operations and a minimal capital program. For the remaining nine months of 2020, NuVista plans to incur capital expenditures of approximately $35 to $45 million which is less than our anticipated adjusted funds flow over the same time period. As a result, our net debt is expected to decrease from March 31, 2020 to the end of 2020. At March 31, 2020, NuVista had drawn $395.5 million on its long-term debt (credit facility) and had outstanding letters of credit of $8.0 million which reduce the credit available on the credit facility, leaving $146.6 million of unused credit facility capacity based on the committed credit facility of $550.0 million.

NuVista plans to monitor its 2020 business plan and continue to adjust its 2020 budgeted capital program of $165 to $175 million in the context of commodity prices and net debt levels.

As at March 31, 2020, there were 225.6 million common shares outstanding. In addition, there were 7.5 million stock options with an average exercise price of $5.74 per option, 1.0 million RSAs, and 1.0 million PSAs outstanding.

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 March 31, 2020:

($ thousands)	Total	2020	2021	2022	2023	2024	Thereafter
Transportation[1]	**949,068**	65,030	115,404	111,527	88,906	82,018	486,183
Processing [1]	**1,064,634**	44,231	75,873	85,277	91,759	89,686	677,808
Office lease [2]	**5,831**	661	938	948	999	857	1,428
Total commitments [3]	**2,019,533**	109,922	192,215	197,752	181,664	172,561	1,165,419

(1) Certain of the transportation and processing commitments are secured by outstanding letters of credit of $7.3 million at March 31, 2020 (December 31, 2019 - $7.3 million).
(2) Represents the undiscounted future commitments of variable operating expenses related to the Company's office leases.
(3) Excludes commitments recognized within lease liabilities.

Off "balance sheet" arrangements

NuVista has certain commitments which are reflected in the contractual obligations and commitments table, which were entered into in the normal course of operations. Most transportation and processing commitments have been treated as operating leases whereby the payments are included in operating or transportation expenses.

Quarterly financial information

The following table highlights NuVista's performance for the eight quarterly reporting periods from June 30, 2018 to March 31, 2020:

($ thousands, except	2020	2019				2018		
per share amounts)	**Mar 31**	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
Production (Boe/d)	**52,080**	57,010	51,819	50,391	43,839	49,060	40,080	36,035
Petroleum and natural gas revenues	**127,152**	163,278	138,771	143,948	139,488	143,006	150,956	137,131
Net earnings (loss)	**(788,747)**	(29,557)	(7,650)	9,301	(35,927)	104,086	3,467	6,322
Per basic share	**(3.50)**	(0.13)	(0.03)	0.04	(0.16)	0.46	0.02	0.04
Cash flow from operating activities	**57,345**	80,321	48,998	81,235	53,302	70,447	51,740	63,576
Per basic share	**0.25**	0.36	0.22	0.36	0.24	0.31	0.28	0.36
Adjusted funds flow [1]	**50,868**	70,080	59,799	64,318	71,654	63,635	72,610	69,472
Per basic share	**0.23**	0.31	0.27	0.29	0.32	0.28	0.39	0.40

(1) Non-GAAP measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. Reference should be made to the section entitled "Non-GAAP measurements".

NuVista's Montney production volumes have been increasing with substantially all of the Company's capital expenditures allocated to the Wapiti Montney area, related successful drilling and production performance, asset acquisitions and the construction of a compressor station in that core area. Production from Wapiti Montney in 2020 is 96% of total production. Over the prior eight quarters, quarterly revenue has been in a range of $127.2 million to $163.3 million with revenue primarily influenced by production volumes and commodity prices. Net earnings (losses) have been in a range of a net loss of $788.7 million to net earnings of $104.1 million with earnings primarily influenced by realized and unrealized gains and losses on financial derivatives, commodity prices, impairments, production volumes, and deferred income taxes.

Non-GAAP measurements

The Company uses terms that are commonly used in the oil and natural gas industry, but do not have any standardized meaning as prescribed by IFRS and therefore may not be comparable with the calculations of similar measures for other entities. Management believes that the presentation of these non-GAAP measures provide useful information to investors and shareholders as the measures provide increased transparency and the ability to better analyze performance against prior periods on a comparable basis

The following list identifies the non-GAAP measures included in NuVista's MD&A, a description of how the measure has been calculated, a discussion of why management has deemed the measure to be useful and a reconciliation to the most comparable GAAP measure.

Adjusted funds flow

NuVista has calculated adjusted funds flow based on cash flow provided by operating activities, excluding changes in non-cash working capital, asset retirement expenditures and environmental remediation recovery, as management believes the timing of collection, payment, and occurrence is variable and by excluding them from the calculation, management is able to provide a more meaningful measure of NuVista's operations on a continuing basis. More specifically, expenditures on asset retirement obligations may vary from period to period depending on the Company's capital programs and the maturity of its operating areas, while environmental remediation recovery relates to an incident that management doesn't expect to occur on a regular basis. The settlement of asset retirement obligations is managed through NuVista's capital budgeting process which considers its available adjusted funds flow.

Adjusted funds flow as presented is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash flow from operating activities, per the statement of cash flows, net earnings (loss) or other measures of financial performance calculated in accordance with GAAP. Adjusted funds flow per share is calculated based on the weighted average number of common shares outstanding consistent with the calculation of net earnings (loss) per share. Refer to Note 14 "Capital Management" in the financial statements.

NuVista considers adjusted funds flow to be a key measure that provides a more complete understanding of the Company's ability to generate cash flow necessary to finance capital expenditures, expenditures on asset retirement obligations, and meet its financial obligations.

The following table provides a reconciliation between the non-GAAP measure of adjusted funds flow to the more directly comparable GAAP measure of cash flow from operating activities:

	Three months ended March 31	
($ thousands)	**2020**	2019
Cash provided by (used in) operating activities	**57,345**	53,302
Add back:		
Asset retirement expenditures	**9,734**	12,678
Change in non-cash working capital [1]	**(16,211)**	5,674
Adjusted funds flow	**50,868**	71,654
Adjusted funds flow per share, basic	**0.23**	0.32
Adjusted funds flow per share, diluted	**0.23**	0.32

[1] Refer to Note 19 "Supplemental cash flow information" in the financial statements.

Operating netback and Corporate netback ("netbacks")

NuVista reports netbacks on a total dollar and per Boe basis. Operating netback is calculated as petroleum and natural gas revenues including realized financial derivative gains/losses, less royalties, transportation and operating expenses. Corporate netback is operating netback less general and administrative, deferred share units, interest and lease finance expense. Netbacks per Boe are calculated by dividing the netbacks by total production volumes sold in the period.

NuVista adopted IFRS 16 - *Leases* using the modified retrospective approach, whereby the cumulative effect of initially applying the standard was recognized as an increase to right-of-use assets with a corresponding increase to lease liabilities, with no impact to opening retained earnings. Prior year comparative information has not been restated.

Management feels both operating and corporate netbacks are key industry benchmarks and measures of operating performance for NuVista that assists management and investors in assessing NuVista's profitability, and are commonly used by other petroleum and natural gas producers. The measurement on a Boe basis assists management and investors with evaluating NuVista's operating performance on a comparable basis.

The following table provides a reconciliation between the non-GAAP measures of operating and corporate netback to the most directly comparable GAAP measure of net earnings (loss) for the period:

	Three months ended March 31	
($ thousands)	**2020**	2019
Net loss and comprehensive loss	**(788,747)**	(35,927)
Add back:		
Depletion, depreciation, amortization and impairment	**960,079**	51,777
Exploration and evaluation	**—**	977
Loss (gain) on property dispositions	**3,338**	(1,934)
Share-based compensation	**(114)**	1,547
Unrealized loss (gain) on financial derivatives	**(56,501)**	66,904
Deferred income tax recovery	**(69,174)**	(12,051)
General and administrative expenses	**4,144**	4,217
Financing costs	**10,238**	7,464
Operating netback	**63,263**	82,974
Deduct:		
General and administrative expenses	**(4,144)**	(4,217)
Deferred share units recovery (expense)	**1,576**	(127)
Interest and lease finance expense	**(9,827)**	(6,976)
Corporate netback	**50,868**	71,654

Capital expenditures

Capital expenditures are equal to cash flow used in investing activities, excluding changes in non-cash working capital and other receivable. Any expenditures on the other receivable are being refunded to NuVista and are therefore included under current assets. NuVista considers capital expenditures to be a useful measure of cash flow used for capital reinvestment.

The following table provides a reconciliation between the non-GAAP measure of capital expenditures to the most directly comparable GAAP measure of cash flow used in investing activities for the period:

	Three months ended March 31	
($ thousands)	**2019**	2018
Cash flow used in investing activities	**(145,849)**	(122,642)
Changes in non-cash working capital	**2,239**	(12,663)
Property acquisitions	**—**	—
Other receivable	**14,878**	38,742
Property dispositions	**—**	(14)
Capital expenditures	**(128,732)**	(96,577)

Net debt

NuVista has calculated net debt based on cash and cash equivalents, accounts receivable and prepaid expenses, accounts payable and accrued liabilities, other receivable, long-term debt (credit facility) and senior unsecured notes.

Net debt is used by management to provide a more complete understanding of the Company's capital structure and provides a key measure to assess the Company's liquidity. Management has excluded the current and long term financial instrument commodity contracts as they are subject to a high degree of volatility prior to ultimate settlement. Similarly, management has excluded the current and long term portion of asset retirement obligations as these are estimates based on management's assumptions and subject to volatility based on changes in cost and timing estimates, the risk-free rate and inflation rate.

The following table shows the composition of the non-GAAP measure of net debt with GAAP components from the balance sheet:

($ thousands)	**March 31, 2020**	December 31, 2019
Cash and cash equivalents, accounts receivable and prepaid expenses	**(55,148)**	(62,772)
Other receivable	**(25,179)**	(10,301)
Accounts payable and accrued liabilities	**117,851**	110,144
Long-term debt (credit facility)	**395,483**	306,274
Senior unsecured notes	**216,987**	216,771
Other liabilities	**283**	1,859
Net debt	**650,277**	561,975

Critical accounting estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected. During the three months ended March 31, 2020, the World Health Organization declared COVID-19 to be a pandemic. Responses to the spread of COVID-19 have resulted in a sudden decline in economic activity and resulted in a significant increase in economic uncertainty. In addition, oil prices have declined dramatically due to the global oil price war and decline in demand due to COVID-19. These events have resulted in a volatile and challenging economic environment which has adversely affected the Company's operational results and financial position. Estimates and judgments made by management in the preparation of the interim financial statements are increasingly difficult and subject to a higher degree of measurement uncertainty during this volatile period.

There have been no material changes to the Company's critical accounting judgments or estimates during the three months ended March 31, 2020. Further information on our critical accounting policies and estimates can be found in the notes to the audited annual consolidated financial statements and MD&A for the year ended December 31, 2019.

Disclosure controls and internal controls over financial reporting

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

The CEO and CFO have also designed internal controls over financial reporting, or caused them to be designed under their supervision, to provide reasonable assurance regarding the reliability of NuVista's financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes those policies and procedures that:

(a) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of NuVista;

(b) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with GAAP, and that receipts and expenditures of NuVista are being made only in accordance with authorizations of management and directors of NuVista; and

(c) are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of NuVista's assets that could have a material effect on the annual financial statements.

NuVista has designed its internal controls over financial reporting based on the Committee of Sponsoring Organizations of the Treadway Commission (2013). During the three months ended March 31, 2020, there have been no changes to NuVista's internal controls over financial reporting that have materially or are reasonably likely to materially affect the internal controls over financial reporting; the CEO and CFO have concluded that the internal controls over financial reporting are effective.

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

Assessment of business risks

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. In addition, global commodity prices have declined significantly due to a disputes between major oil producing countries combined with the impact of the COVID-19 pandemic. Governments worldwide, including those in Canada have enacted emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may have significant adverse impacts on NuVista including, but not exclusively:

- material declines in revenue and cash flows;

- declines in revenue and operating activities could result in increased impairment charges, and restrictions in lending agreements and reduced capital programs;
- increased risk of non-performance by NuVista's purchasers which could materially increase the risk of non-payment of accounts receivable and customer defaults; and
- if the situation continues for prolonged periods it could have a material impact on profitability, liquidity, and in the longer term could risk the ability to continue as a going concern for exploration and production companies, including NuVista.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on NuVista is not known at this time. Estimates and judgments made by management in the preparation of the financial statements are increasing difficult and subject to a higher degree of measurement uncertainty during this volatile period.

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

- Operational risk associated with the production of oil and natural gas;
- Operational risk associated with third party facility outages and downtime;
- Reserves risk with respect to the quantity and quality of recoverable reserves;
- Commodity risk as crude oil, condensate and natural gas prices and differentials fluctuate due to market forces;
- Financial risk such as volatility of the Cdn/US dollar exchange rate, interest rates and debt service obligations;
- Risk associated with the re-negotiation of NuVista’s credit facility and the continued participation of NuVista’s lenders;
- Market risk relating to the availability of transportation systems to move the product to market;
- Environmental and safety risk associated with well operations and production facilities;
- Changing government regulations relating to royalty legislation, income tax laws, incentive programs, operating practices, fracturing regulations and environmental protection relating to the oil and natural gas industry;
- Labour risk related to availability, productivity and retention of qualified personnel;
- Widening concerns over climate change, fossil fuel consumption, green house gas emissions, and water and land use could lead governments to enact additional laws, regulations and costs or taxes that may be applicable to NuVista; and
- Changes to environmental regulations related to climate change could impact the demand for, development of or quality of NuVista’s petroleum products, or could require increased capital expenditures, operating expenses, asset retirement obligations and costs, which could result in increased costs which would reduce the profitability and competitiveness of NuVista if commodity prices do not rise commensurate with the increased costs. In addition, such regulatory changes could necessitate NuVista to develop or adapt new technologies, possibly requiring significant investments of capital.

NuVista seeks to mitigate these risks by:

- Acquiring properties with established production trends to reduce technical uncertainty as well as undeveloped land with development potential;
- Maintaining a low cost structure to maximize product netbacks and reduce impact of commodity price cycles;
- Diversifying properties to mitigate individual property and well risk;
- Maintaining product mix to balance exposure to commodity prices;
- Conducting rigorous reviews of all property acquisitions;
- Monitoring pricing trends and developing a mix of contractual arrangements for the marketing of products with creditworthy counterparties;
- Maintaining a price risk management program to manage commodity prices and foreign exchange currency rates risk and transacting with creditworthy counterparties;
- Ensuring strong third-party operators for non-operated properties;
- Adhering to NuVista’s safety program and keeping abreast of current operating best practices;
- Keeping informed of proposed changes in regulations and laws to properly respond to and plan for the effects that these changes may have on our operations;

- Carrying industry standard insurance to cover losses;
- Establishing and maintaining adequate cash resources to fund future abandonment and site restoration costs;
- Closely monitoring commodity prices and capital programs to manage financial leverage; and
- Monitoring the debt and equity markets to understand how changes in the capital market may impact NuVista's business plan.

Information regarding risk factors associated with the business of NuVista and how NuVista seeks to mitigate these risks are contained in our Annual Information Form under the Risk Factors Section for the year ended December 31, 2020.

Environmental, Social, Governance ("ESG") - progress continues

We are proud to have demonstrated our commitment to transparency and ethical practices in our inaugural Environmental, Social, and Governance ("ESG") report earlier in 2019. This report, available for viewing on NuVista's website, provides a comprehensive look at NuVista's ESG practices while highlighting the proactivity and excellent execution our teams have always demonstrated in advancement of our ESG performance. Key highlights of the report include our high safety and environmental performance, our long term progress in reducing GHG intensity, and our strong governance and community focus. Approximately 60% of our current production is comprised of natural gas which has the lowest carbon footprint of any hydrocarbon, leading to our GHG performance being well better than the North American benchmark. We continue to execute projects to enhance our ESG progress, and we look forward to providing updated ESG reporting in the future.