MANAGEMENT'S DISCUSSION & ANALYSIS

For the three months ended March 31, 2022

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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") consolidated interim financial statements for the three months ended March 31, 2022 and audited statements for the year ended December 31, 2021. The following MD&A of financial condition and results of operations was prepared at and is dated May 10, 2022. Our December 31, 2021 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.**

Throughout this MD&A and in other materials disclosed by the Company, NuVista adheres to generally accepted accounting principles ("GAAP"), however the Company also uses various specified financial measures (as defined in National Instrument 51-112 - *Non-GAAP and Other Financial Measures* ("NI 51-112")) including "non-GAAP financial measures", "non-GAAP ratios", "capital management measures" and "supplementary financial measures" to analyze financial performance including, "adjusted funds flow", "capital expenditures", "free adjusted funds flow", "netbacks", "cash costs", "net debt", "netbacks per Boe" and "cash costs per Boe". These specified financial measures do not have any standardized meaning prescribed under International Financial Reporting Standards ("IFRS") and therefore may not be comparable to similar measures presented by other entities. The specified financial measures should not be considered to be more meaningful than GAAP measures which are determined in accordance with IFRS, such as net income (loss), cash provided by operating activities, and cash used in investing activities, as indicators of NuVista's performance.

Condensate is a natural gas liquid ("NGL") as defined by defined by National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"). Throughout this MD&A, NGLs comprise all NGLs as defined by NI 51-101 other than condensate, which is disclosed separately as "Condensate".

Readers are cautioned that the MD&A should be read in conjunction with disclosures in the sections entitled "Non-GAAP and other financial measures", and "Advisories and forward-looking information and statements".

Financial and Operating Highlights

($ thousands, except otherwise stated)	2022	2021	% Change
	Three months ended March 31		
FINANCIAL			
Petroleum and natural gas revenues	**381,827**	151,409	152
Cash provided by operating activities	**162,442**	48,111	238
Adjusted funds flow (1) (4)	**189,869**	33,257	471
Per share, basic	**0.83**	0.15	453
Per share, diluted	**0.80**	0.14	471
Net earnings	**70,255**	15,389	357
Per share, basic	**0.31**	0.07	343
Per share, diluted	**0.30**	0.07	329
Capital expenditures (2)	**119,964**	80,948	48
Net proceeds on property dispositions	**—**	93,578	(100)
Net debt (1) (4)	**412,932**	557,015	(26)
OPERATING			
Daily Production			
Natural gas (MMcf/d)	**229.0**	168.4	36
Condensate (Bbls/d)	**21,680**	12,627	72
NGLs (Bbls/d)	**6,756**	5,155	31
Total (Boe/d)	**66,599**	45,854	45
Condensate & NGLs weighting	**43%**	39%	
Condensate weighting	**33%**	28%	
Average realized selling prices (6)			
Natural gas ($/Mcf)	**5.79**	3.79	53
Condensate ($/Bbl)	**119.21**	70.87	68
NGLs ($/Bbl) (5)	**49.30**	28.80	71
Netbacks ($/Boe)			
Petroleum and natural gas revenues	**63.71**	36.68	74
Realized loss on financial derivatives	**(7.54)**	(5.11)	48
Royalties	**(5.56)**	(2.61)	113
Transportation expenses	**(4.58)**	(5.07)	(10)
Operating expenses	**(10.89)**	(11.11)	(2)
Operating netback (3)	**35.14**	12.78	175
Corporate netback (3)	**31.69**	8.06	293
SHARE TRADING STATISTICS			
High ($/share)	**11.92**	2.73	337
Low ($/share)	**6.94**	0.89	680
Close ($/share)	**10.57**	2.37	346
Average daily volume ('000s)	**1,576**	1,478	7
Common shares outstanding ('000s)	**228,472**	225,844	1

(1) Refer to Note 14 “Capital management” in NuVista's financial statements and to the sections entitled “Adjusted funds flow” and “Liquidity and capital resources” contained in this MD&A.
(2) Non-GAAP financial 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 and Other Financial Measures”.
(3) Non-GAAP ratio 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 and Other Financial Measures”.
(4) Capital management measure. Reference should be made to the section entitled “Non-GAAP and Other Financial Measures”.
(5) Natural gas liquids (“NGLs”) include butane, propane, ethane and sulphur revenue.
(6) Product prices exclude realized gains/losses on financial derivatives.

Description of business

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

Financial highlights

NuVista is focused upon maximizing economic value and allocating adjusted funds flow between prudent reduction of debt, return of capital to shareholders, and growth capital to fill existing facilities at an optimal rate, particularly in our new Pipestone blocks.

First quarter production of 66,599 Boe/d was above our first quarter guidance range of 64,000 - 65,000 Boe/d, 9% above fourth quarter 2021 production of 60,888 Boe/d and 45% above first quarter 2021 production of 45,854 Boe/d. Offsetting natural production declines were production additions from 19 wells that were brought online during the first quarter of 2022. Capital expenditures for the first quarter of 2022 were $120 million, with drilling and completion activities of $86 million accounting for 72% of total capital expenditures.

During the first quarter, revenues continued to improve driven by increased production and a significant improvement in commodity prices. The average realized condensate price of $119.21/Bbl increased by 24% from $96.15/Bbl in the fourth quarter, and was 68% higher than $70.87/Bbl in the first quarter of 2021. Natural gas pricing declined slightly with an average realized price of $5.79/Mcf, 5% lower than the fourth quarter price of $6.09/Mcf, but 53% higher than $3.79/Mcf in the first quarter of 2021. NGL pricing also improved materially with the average price of $49.30/Bbl in the first quarter, 16% higher than $42.38/Bbl in the fourth quarter and 71% higher than $28.80/Bbl in the first quarter of 2021.

While revenue improved significantly from improved commodity pricing, the rise in commodity prices compared to lower hedged prices resulted in a realized loss on financial derivative contracts of $45 million ($7.54/Boe) in the first quarter, compared to a loss of $21 million ($5.11/Boe) in the first quarter of 2021.

The corporate netback for the first quarter, including the $7.54/Boe realized loss on financial derivatives, was $31.69/Boe. This is 17% higher than the fourth quarter netback of $27.08/Boe and 293% higher than the corporate netback of $8.06/Boe for the first quarter of 2021.

Adjusted funds flow of $190 million for the first quarter was 25% higher than $152 million in the fourth quarter and 471% higher than $33 million in the prior year comparative quarter. Cash provided by operating activities for the first quarter of $162 million increased 238% from the prior year comparative period and increased 48% from $110 million in the fourth quarter. The increases in adjusted funds flow and cash provided by operating activities is due to both the improvement of corporate netbacks and increases in production.

First quarter net earnings of $70 million was 38% lower than $113 million in the fourth quarter, and 357% higher compared to $15 million in the prior year comparative quarter.

The Company's net debt was reduced by $67 million in the first quarter, resulting in a reduction in credit facility borrowings and increased liquidity. Credit facility drawings at the end of the first quarter were $157 million, as compared to NuVista's combined available credit of $470 million, which is comprised of a credit facility of $440 million and a separate $30 million unsecured letter of credit facility under Export Development Canada's Account Performance Security Guarantee ("APSG") program. These combined facilities provide us with more than sufficient liquidity to continue to execute our capital plans to maximize value.

As a result of the economy recovering strongly from the easing of COVID-19 restrictions and reduced global supply resulting from the tragic Russia Ukraine conflict, commodity prices for all products produced by NuVista have improved considerably. Demand for condensate, natural gas, and NGLs is strong and growing while producer capital spending discipline has resulted in slower supply growth. With prices in very favorable territory, we have partially re-engaged our rolling hedging program to ensure attenuation of future price volatility and to underpin our capital spending plans. We currently possess hedges which, in aggregate, cover 40% of projected remaining 2022 liquids production (primarily front of year loaded) using primarily three-way collars at an average WTI floor price of C$79.51/Bbl. We have hedged 44% of projected remaining 2022 gas production (primarily summer season loaded) at an average floor price of C$3.26/Mcf (hedged and exported volumes converted to an AECO equivalent price) using a combination of swaps and collars. These percentage figures relate to production net of royalty volumes.

Environment, social & governance ("ESG") - progress continues

We continue to execute projects to enhance our ESG progress as highlighted in the issuance of our 2020 ESG report in August 2021. NuVista continues to make significant progress on a number of ESG fronts including the following:

Environment

Approximately 60% of our current production is comprised of natural gas which has the lowest carbon footprint of any hydrocarbon, leading to our greenhouse gas ("GHG") performance being better than the North American benchmark. But we will always strive to do more.

Our efforts to reduce GHG emissions continued in the first quarter of 2022. At Bilbo, we started up a vapor recovery unit to eliminate routine flaring of tank vapors. Details on NuVista's emissions reduction targets can be found in our 2020 ESG report.

We also continued our progress on responsibly abandoning and reclaiming inactive wells and facilities. In the first quarter, 8 inactive wells and 47 pipelines were abandoned in our legacy areas. We also executed the decommissioning of one major facility, and executed reclamation activities at two major facility sites. Throughout the first quarter of 2022, we spent $11.2 million on abandonment and reclamation work including $5.6 million provided by the Federal Site Rehabilitation Program. Many of these dollars result in local economic and employment benefits to remote parts of Alberta, and we are actively working with our First Nation partners in these areas to ensure they are participating in these benefits as well.

Social

NuVista is committed to conducting its activities in a manner that protects the health and safety of its workers and the public while minimizing the Company's impact on the environment. We always strive towards a goal of zero injuries for our employees and third-party contractors working on our sites. During the first quarter, 4 recordable injuries, including 2 lost time injuries, occurred throughout our operations. NuVista held a company-wide stand down for safety across all operations in April to increase awareness and focus in response to these workplace injuries.

We also continue to embed Energy Safety Canada's 10 Life Saving Rules throughout our operations. These rules are a key tool in preventing the most frequent causes of fatalities and serious injury within our industry. We are encouraged to see these Life Saving Rules practiced throughout our field operations and the impact reflected in relatively few incidents.

Investment in our people and the communities where we live and operate continues to be a top priority. Giving is at the heart of our organization and in 2022 we continue to look for opportunities to make a difference for the communities where we live and operate.

Throughout 2022 we will continue to emphasize building relationships with the Indigenous communities with whom we work and consult. NuVista's approach is informed by the four pillars of our Indigenous Inclusion Guiding Principles: cultural understanding, meaningful engagement, economic participation, and community involvement.

Governance

We believe we have world class governance standards, like so many of our Canadian peers. Governance plays a key role in providing leadership to our organization. Our Governance & Compensation and ESG Committees provide Board oversight of our policies and programs and ensures Management's continued focus on these key principles. These principles provide a framework for our field and head office staff to operate in a safe and environmentally conscious manner. We have met our diversity target of 20% for female Board membership at the end of 2021 with the addition of Kate Holzhauser in November, and we welcome her as a strong addition to our Board. We have also set a new target of 30% by our 2023 Annual General Meeting to ensure continuous progress in diversity.

2022 Guidance update

NuVista is pleased to note that operations and performance have been strong while both condensate and natural gas prices have increased significantly. This results in a material increase to projected adjusted funds flow, tremendous progress in reducing our net debt, and high velocity of capital investment return.

NuVista's capital program for 2022 has been proceeding very favorably, and we are aware that the highest returns we can provide come from the drill bit as long as growth discipline and return of capital to shareholders is maintained. With the significant progress in debt reduction and the continued high demand for our products, we have elected to fill in the previously planned gaps in our drilling schedule to maintain steady execution with all three drilling rigs. This continuity reduces execution and labor risk and increases safety. This will have the effect of increasing capital spending, and the number of wells drilled will increase by four.

In the first quarter of 2022 NuVista again achieved record production levels while successfully navigating through significant supply chain and inflationary challenges. The stable and predictable nature of our drilling program allowed us access to all the goods and services required to bring all wells on production ahead of schedule and on budget to start the year. We had budgeted for 2022 anticipating that the inflationary pressure offset by the continued improvement in execution would net a 5% increase to our drilling and completion costs over 2021, and this came to pass. Our view at the time was that this level of inflation was to be expected given that WTI oil and NYMEX natural gas were trading in the US$75/Bbl and US$4/MMBtu range, respectively. Given that the outlook for commodities has now strengthened further, we anticipate approximately an additional 5% increase to our expected well costs for the remainder of the year

NuVista has managed to avoid much of the disruption and inflationary pressure thus far through maintaining the discipline of not adding drilling rigs, making early commitments, flexible planning, and continued drilling and completion time efficiency gains. However given the continued strong commodity prices and the ongoing pressures, we believe it is prudent to add some cushion to our 2022 guidance to account for inflation. We have also added in some minor capital expenditures for efficiency projects and infrastructure optimization which now make sense and provide good value in a higher priced environment.

As a result of the foregoing, NuVista's capital expenditure guidance for 2022 is increased from a range of $290 - $310 million to $355 - $375 million. Approximately two thirds of the increase has been assigned to the increased activity, with the remainder equally comprised of infrastructure optimization projects and inflationary pressures.

NuVista's recent well performance has been strong, and in addition the on-stream dates for new wells have been ahead of schedule in the first quarter. The production increase from the added capital spending activity is anticipated to be realized in both 2022 and 2023 since the additional activity is planned for the third and fourth quarters of 2022. Guidance for the full year of 2022 is increased 1,500 Boe/d to 67,000 – 69,000 Boe/d. The additional annualized production expected in 2023 is approximately 2,000 Boe/d. Volumes in the second quarter will continue to ramp up as planned, as two additional pads are being brought on-stream. This will be offset by previously planned maintenance outages at six midstream and NuVista facilities. Our second quarter production guidance range is 62,500 to 65,000 Boe/d.

Commencing the return of capital to shareholders

With the strengthened commodity price environment, the achievement of our initial target for net debt, and our significantly increased production and free adjusted funds flow, NuVista is now in the very favorable position of being able to continue our disciplined and value-adding growth strategy concurrently with continuing with the rapid reduction of net debt and the commencement of capital return to shareholders. Options for the return of capital to shareholders include the repurchase of shares and dividend strategies, and remaining free adjusted funds flow can also be considered for allocation towards continued growth and highly selective M&A, where value adding for shareholders.

Our Board has approved a long term sustainable target net debt to adjusted funds flow of less than 1.0 times in the stress test price environment of US$45/Bbl WTI and US$2.00/MMBtu NYMEX natural gas. In the context of our 2022 plan, this represents the target base net debt level of $200 - $250 million. We believe that the best method for return of capital to shareholders is initially to repurchase shares, however we will re-evaluate the uses of free adjusted funds flow closer to year end when the base targeted net debt level is expected to be achieved. The re-evaluation will take into account the supply and demand and pricing environment, and will include all options including continued disciplined growth beyond existing facility capacity of 90,000 Boe/d, share repurchases, prudent targeted M&A, and dividend payments.

In preparation for the return of capital to shareholders, NuVista's board of directors has approved the filing of an application with the Toronto Stock Exchange ("TSX") for a normal course issuer bid ("NCIB") which, subject to review and approval by the TSX, will allow NuVista to initiate a share buyback program to buy back over the next twelve months up to 10% of the Company's public float, as defined by the TSX. The necessary approval from our syndicate of lenders is currently being sought, and we anticipate commencement near the middle of June. Further, the commencement of the NCIB is subject to the receipt of the approval of the TSX and while it is anticipated that the TSX's approval will be received concurrently with that of the Company's lenders, there is no guarantee of such approval or the timing thereof.

At current strip prices, NuVista anticipates being able to direct approximately 50% of remaining 2022 free adjusted funds flow towards the return of capital to shareholders while at the same time reaching our targeted base net debt range of $200 - $250 million before or near year end. Despite the increased capital spending, this is anticipated to result in full satisfaction of the NCIB prior to year end at the current strip commodity pricing and share price. Our Board of directors has approved the commencement of share repurchases, after regulatory NCIB approval, targeting a range of 25% to 50% of quarterly free adjusted funds flow, with the remainder directed towards debt reduction. The order of priority for free cash flow allocation shall be achieving debt reduction progress, followed by share repurchases. Combined with significant production and free adjusted funds flow growth, we are confident the share repurchases will bring significant additional value per share while returning capital to shareholders.

NuVista has an exceptional business plan that maximizes free adjusted funds flow and the return of capital to shareholders when our existing facilities are expected to be filled to capacity and maximum efficiency during 2023 with production levels of approximately 85,000 – 90,000 Boe/d. With facilities optimized, returns are enhanced further with corporate netbacks which are expected to grow by approximately $2-$3/Boe due to the efficiencies of scale which will reduce our unit operating, transportation, and interest expenses by this amount.

Asset transactions

There were no material asset acquisition or divestiture transactions during the first quarter of 2022. For the three months ended March 31, 2022, a non-cash land swap valued at $1.3 million resulted in an accounting gain of $1.3 million. The lands disposed had a net book value of $nil within property, plant & equipment, and the lands acquired in the swap valued at $1.3 million are included in exploration & evaluation assets.

During the first quarter of 2021, NuVista completed the divestiture of its non-core Charlie Lake and Cretaceous Unit assets in the Wembley area, as well as selected water infrastructure assets in the Wembley/Pipestone area, for total proceeds of $93.5 million. Closing adjustments of $1.0 million were recognized in the fourth quarter, resulting in a reduction to the original proceeds. A gain on dispositions was recorded in the amount of $35.4 million. The sale included production of approximately 1,100 Boe/d and a reduction in our asset retirement obligations of $17.6 million. There was no change to NuVista's ownership in our core Montney assets in Pipestone, Wapiti, and the surrounding area and no material change to our ownership in the Wembley gas plant. The proceeds were applied to reduce borrowings on NuVista's $440 million credit facility with no reduction in the credit facility capacity, further improving the Company's liquidity and undrawn credit capacity. In exchange for the divestiture of the selected water infrastructure assets, NuVista has entered into a long term water infrastructure service and supply contract for the provision of water for the completion of future wells.

Operations activity

Number of wells	2022	2021
	Three months ended March 31	
Wells drilled - gross (net) [1]	**14 (14.0)**	5 (5.0)
Wells completed - gross (net) [2]	**13 (13.0)**	16 (16.0)
Wells brought on production - gross (net) [3]	**19 (19.0)**	16 (16.0)

[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, 2022, NuVista drilled 14 (14.0 net) wells compared to 5 (5.0 net) wells in the comparable period of 2021. In addition, 13 (13.0 net) wells were completed with 19 (19.0 net) wells brought online throughout the first quarter.

All wells in 2022 and 2021 were drilled with a 100% success rate.

Production

	2022	2021	% Change
	Three months ended March 31		
Natural gas (Mcf/d)	**228,978**	168,433	36
Condensate (Bbls/d)	**21,680**	12,627	72
NGLs (Bbls/d) [1]	**6,756**	5,155	31
Total (Boe/d)	**66,599**	45,854	45
Condensate & NGLs weighting [2]	**43%**	39%	
Condensate weighting [2]	**33%**	28%	

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

Production for the three months ended March 31, 2022 was 45% higher than the comparative period of 2021. First quarter production of 66,599 Boe/d was above our first quarter guidance range of 64,000 - 65,000 Boe/d, and increased 9% from fourth quarter 2021 production of 60,888 Boe/d, primarily as a result of the 19 wells brought online throughout the first quarter partially offsetting natural declines of producing wells.

Condensate volume weighting for the three months ended March 31, 2022 was 33% compared to 28% in the prior year comparative period. The condensate weighting for the first quarter of 2022 was positively impacted by high condensate rates realized primarily in our Pipestone North area. Overall, the condensate weighting is expected to normalize back to approximately 30% over the coming quarters.

Pricing

	Three months ended March 31		
	2022	2021	% change
Realized selling prices [(1),(2)]			
Natural gas ($/Mcf)	**5.79**	3.79	53
Condensate ($/Bbl)	**119.21**	70.87	68
NGLs ($/Bbl)	**49.30**	28.80	71
Barrel of oil equivalent ($/Boe)	**63.71**	36.68	74
Benchmark pricing			
Natural gas - AECO 5A daily index (Cdn$/Mcf)	**4.74**	3.15	50
Natural gas - AECO 7A monthly index (Cdn$/Mcf)	**4.59**	2.93	57
Natural gas - NYMEX (monthly) (US$/MMbtu)	**4.95**	2.69	84
Natural gas - Chicago Citygate (monthly) (US$/MMBtu)	**5.75**	2.62	119
Natural gas - Dawn (daily) (US$/MMBtu)	**4.42**	2.96	49
Natural gas - Malin (monthly) (US$/MMBtu)	**5.66**	3.03	87
Oil - WTI (US$/Bbl)	**94.29**	57.84	63
Oil - Edmonton Par - (Cdn$/Bbl)	**115.67**	66.46	74
Condensate - @ Edmonton (Cdn$/Bbl)	**121.72**	73.47	66
Condensate - Average C5-WTI differential (US$/Bbl)	**1.82**	0.20	810
Exchange rate - (Cdn$/US$)	**1.27**	1.27	—

(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) Condensate and NGLs selling price is net of fractionation fees and excludes pipeline tariffs which is within transportation expense.

The WTI benchmark averaged US$94.29/Bbl in the first quarter of 2022, 63% above the first quarter of last year and 22% higher than the fourth quarter of 2022 which averaged US$77.13/Bbl. OPEC have been adhering to the production cuts that had been agreed to in 2020. There have been a series of agreements to taper the cuts in a gradual way with the cuts ending by September 2022. However, a number of countries are not producing up to their quota suggesting they are already at their production capability. The tragic Russian invasion of Ukraine led to immediate sanctions from the west but for the most part energy has not been sanctioned. However, Russian production is at risk and likely to drop as many countries turn away from Russian oil in an already tight market. Demand has also recovered sharply with the relaxation of COVID restrictions and the reopening of many countries. Total demand is already back to pre-pandemic levels with significant demand yet to come from the airline industry once travel begins to normalize, likely this summer. Global oil and product inventories have continued to decline and are now below normal levels for this time of year in most regions. Total US production has only recently shown some growth as shale producers continue to show discipline in their capital programs. Non-OPEC production has been flat to declining in most regions of the world. In March, the US along with a number of other countries agreed to release 240 million barrels of oil from their strategic petroleum reserves over the next six months in an effort to dampen prices.

With the growth in heavy oil production in Canada, demand for condensate has been strong and condensate differentials traded at a premium to WTI in the first quarter. With much lower condensate production growth in Western Canada coupled with robust demand from the oil sands, especially with Enbridge Line 3 now in service, the condensate market is expected to remain strong. Condensate prices continued to outperform other liquid prices with the Edmonton marker averaging C$121.72/Bbl for the quarter.

NGL prices improved significantly this year which has continued throughout the first quarter of this year. Butane prices are stronger primarily due to the rise in WTI prices. Propane prices are much higher this year due to significantly higher US exports into the strong Asian petrochemical market. Canadian propane prices have kept pace with US prices as exports off of the West Coast of Canada continue to ramp up and storage inventories continue to decline.

NYMEX gas prices averaged US$4.95/MMBtu in the first quarter, down 15% from the fourth quarter and 84% higher than the first quarter of last year. North America experienced a warmer than normal winter leading to the price drop in the first quarter compared to the fourth quarter of last year. However, gas prices have risen sharply heading into spring. Europe and Asia continue to have very low storage levels compared to normal and global gas prices have reached crisis levels in many regions of the world. In addition, Russian supplies are at risk as Europe turns to alternate sources pressuring the LNG market further. US LNG exports have been exceeding 12 Bcf/d for most of this winter and at times have approached 13 Bcf/d, and this will continue for the foreseeable future US gas production has been growing, but at a measured pace and has yet to reach pre-pandemic levels. The high levels of LNG exports, strong power markets, strong industrial demand and measured US supply growth have all played a role in higher gas prices. Gas storage levels are expected to remain below normal throughout the summer injection season keeping gas prices strong.

AECO gas prices averaged $4.59/Mcf in the first quarter of 2022 representing an decrease of 7% from $4.94/Mcf in the fourth quarter of 2021 and an 57% increase from the first quarter of 2021. The continued build out of the Nova system has allowed for stronger exports from Western Canada and AECO prices have improved as a result.

Revenue

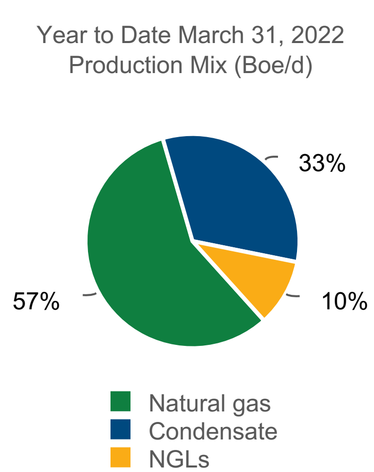
Petroleum and natural gas revenues

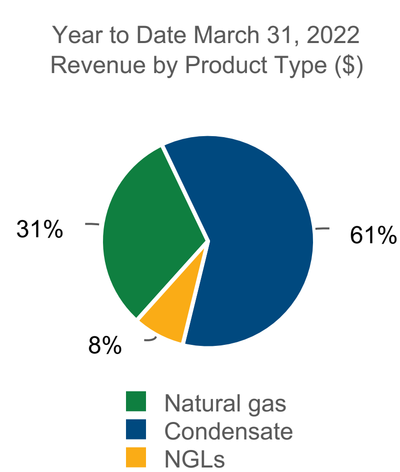
	Three months ended March 31			
	2022		2021	
($ thousands, except % amounts)	**$**	**% of total**	$	% of total
Natural gas [(1)]	**119,248**	**31**	57,517	38
Condensate	**232,600**	**61**	80,531	53
NGLs [(2)]	**29,979**	**8**	13,361	9
Total petroleum and natural gas revenues	**381,827**		151,409	

(1) Natural gas revenue includes price risk management gains and losses on physical delivery sale contracts. For the three months ended March 31, 2022, our physical delivery sales contracts resulted in loss of $2.2 million (2021 – gain of $0.2 million).
(2) Includes butane, propane, ethane and sulphur.

For the three months ended March 31, 2022, petroleum and natural gas revenues increased 152% from the comparable period of 2021, due primarily to a 74% increase in average per Boe realized price and a 45% increase in production for the quarter.

Condensate volumes averaged 33% of total production in the first quarter of 2022, contributing 61% of total petroleum and natural gas revenues.





A breakdown of natural gas revenue is as follows:

	Three months ended March 31			
	2022		2021	
($ thousands, except per unit amounts)	$	$/Mcf	$	$/Mcf
Natural gas revenue - AECO reference price (1)	93,891	4.59	43,918	2.93
Heat/value adjustment (2)	10,760	0.54	3,756	0.26
Transportation revenue (3)	8,625	0.43	8,597	0.52
Natural gas market diversification gain (loss)	8,214	0.34	1,020	0.07
AECO physical delivery sales contract losses (4)	(2,242)	(0.11)	226	0.01
Total natural gas revenue	119,248	5.79	57,517	3.79

(1) Average AECO 7A monthly index.
(2) Based on NuVista's historical adjustment of 10-12%.
(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, 2022, natural gas revenue increased 107% from the comparable period of 2021, due to a 53% increase in realized selling prices and a 36% increase in production.

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

	Three months ended March 31	
	2022	2021
AECO physical deliveries	38 %	12 %
Dawn physical deliveries	18 %	26 %
Malin physical deliveries	16 %	22 %
Chicago physical deliveries	28 %	40 %

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, 2022, the Company delivered 38% of its gas to AECO, 18% of its natural gas production to Dawn, 16% to Malin, and 28% to Chicago.

NuVista's exposure to AECO floating prices was approximately 32% of volumes in the first quarter of 2022 as a result of this market egress, and the inclusion of pre-existing physical and financial delivery sales contracts. NuVista's existing contracts for firm transportation on export pipelines coupled with the financial NYMEX basis natural gas sales price derivative contracts provides long term price diversification.

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, 2022 was $5.90/Mcf, compared to $3.78/Mcf for the comparative period of 2021, and $6.21/Mcf in the fourth quarter of 2021.

Condensate revenue

For the three months ended March 31, 2022, condensate revenue increased 189% over the comparable period of 2021 due to a 68% increase in the average realized selling price and a 72% increase in production.

Strong demand for condensate in Alberta results in benchmark condensate prices at Edmonton trade at a premium to Canadian light oil prices. NuVista's realized condensate price includes adjustments for fractionation fees and quality differentials. The condensate realized selling price increased to $119.21/Bbl in the three months ended March 31, 2022, an increase of 68% from $70.87/Bbl for the comparable period of 2021, and 24% from $96.15/Bbl in the fourth quarter of 2021.

NGL revenue

For the three months ended March 31, 2022, NGL revenue increased 124% over the comparable period of 2021, due to a 71% increase in the average realized selling price and a 31% 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					
	2022			2021		
($ thousands)	**Realized loss**	**Unrealized loss**	**Total loss**	Realized loss	Unrealized loss	Total loss
Natural gas	**(13,767)**	**(23,751)**	**(37,518)**	(6,346)	(5,723)	(12,069)
Condensate & oil	**(31,448)**	**(31,585)**	**(63,033)**	(14,730)	(12,410)	(27,140)
Loss on financial derivatives	**(45,215)**	**(55,336)**	**(100,551)**	(21,076)	(18,133)	(39,209)

During the first quarter of 2022, the commodity price risk management program resulted in a loss of $100.6 million, compared to a loss of $39.2 million for the prior year comparative period and a gain of $25.4 million in the fourth quarter of 2021. The fair value of financial derivative contracts is recorded in the financial statements. Unrealized gains and losses are the change in mark to market fair values of financial derivative contracts in place at the end of the quarter compared to the start of the quarter. The unrealized loss in the first quarter is primarily as a result of an unrealized loss on natural gas contracts due to the increase in NYMEX forward strip pricing, offset by a narrowing of the AECO/NYMEX basis forward strip pricing at the end of the quarter compared to the beginning of the quarter, in addition to an increase in the unrealized loss on oil contracts reflective of the increasing WTI 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 strip pricing, the impact of unrealized gains and/or losses on overall earnings in a particular reporting period can be substantial.

NuVista has been primarily using three way collars to provide downside protection while maintaining upside for price growth. We currently possess hedges which, in aggregate, cover 40% of projected remaining 2022 liquids production (primarily front of year loaded) at an average WTI floor price of C$79.51/Bbl. We have hedged 44% of projected remaining 2022 gas production (primarily summer season loaded) at an average floor price of C$3.26/

Mcf (hedged and exported volumes converted to an AECO equivalent price) using a combination of swaps and collars. These percentage figures relate to production net of royalty volumes.

Price risk management on our physical delivery sale contracts resulted in a loss of $2.2 million for the three months ended March 31, 2022 compared to gain of $0.2 million for the comparable period of 2021.

Financial instruments

The following is a summary of financial derivatives contracts in place as at March 31, 2022:

	WTI fixed price swap		C5 - WTI differential swap		C$ WTI 3 way collar			
Term [1]	Bbls/d	Cdn$/Bbl	Bbls/d	US$/Bbl	Bbls/d	Cdn$/Bbl	Cdn$/Bbl	Cdn$/Bbl
Q2 2022	500	76.18	4,000	0.38	11,000	61.14	73.86	90.70
Q3 2022	—	—	2,000	—	8,000	69.69	82.31	102.08
Q4 2022	—	—	2,000	—	4,000	73.13	87.13	109.72
Q1 2023	—	—	2,000	—	2,000	85.00	100.00	125.54
Q2 2023	—	—	2,000	—	1,000	85.00	100.00	132.10

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

	AECO-NYMEX basis swap		AECO-NYMEX basis buybacks		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
2022	102,782	(0.95)	(60,000)	(0.82)	11,673	(0.24)	15,564	(0.66)
2023	100,000	(1.01)	—	—	—	—	—	—
2024	100,000	(1.00)	—	—	—	—	—	—
2025	50,000	(0.93)	—	—	—	—	—	—
2026	15,000	(0.68)	—	—	—	—	—	—

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

	Dawn-NYMEX basis swap	
Term [1]	MMBtu/d	US$/MMBtu
2022	7,782	(0.26)

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

	AECO fixed price swap		NYMEX fixed price swap	
Term [1]	GJ/d	Cdn$/GJ	MMBtu/d	US$/MMBtu
Q2 2022	15,000	3.23	10,000	2.89
Q3 2022	15,000	3.23	10,000	2.89
Q4 2022	15,000	3.94	3,370	2.89
Q1 2023	15,000	4.30	—	—

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

	NYMEX collars			AECO collars		
Term [1]	MMBtu/d	US$/MMBtu	US$/MMBtu	GJ/d	Cdn$/GJ	Cdn$/GJ
Q2 2022	65,000	3.59	5.08	20,000	2.91	3.70
Q3 2022	65,000	3.59	5.08	20,000	2.91	3.70
Q4 2022	35,163	3.84	5.90	6,739	2.91	3.70
Q1 2023	20,000	4.25	7.25	—	—	—

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

Subsequent to March 31, 2022, the following is a summary of financial derivatives that have been entered into:

		C$ WTI 3 way collar		
Term [1]	Bbls/d	Cdn$/Bbl	Cdn$/Bbl	Cdn$/Bbl
Q3 2022	250	85.00	100.00	153.15
Q4 2022	250	85.00	100.00	153.15
Q1 2023	250	85.00	100.00	153.15
Q2 2023	250	85.00	100.00	153.15

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

	AECO-NYMEX basis swap	
Term [1]	MMBtu/d	US$/MMBtu
2025	25,000	(0.85)
2026	20,000	(0.78)

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

		NYMEX collar			AECO collars	
Term [1]	MMBtu/d	US$/MMBtu	US$/MMBtu	GJ/d	Cdn$/GJ	Cdn$/GJ
Q4 2022	13,261	14.63	4.00	6,630	4.50	9.00
Q1 2023	20,000	14.63	4.00	20,000	4.00	7.13
Q2 2023	20,000	14.63	4.00	10,000	3.50	5.25
Q3 2023	20,000	14.63	4.00	10,000	3.50	5.25
Q4 2023	6,739	14.63	4.00	10,000	3.50	5.25

[1] Table presented as weighted average volumes and prices

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, 2022:

	AECO fixed price swap		Dawn-NYMEX Basis	
Term [1]	GJ/d	Cdn$/GJ	MMBtu/d	US$/MMBtu
Q2 2022	30,000	2.89	10,000	(0.26)
Q3 2022	30,000	2.89	10,000	(0.26)
Q4 2022	13,424	3.36	3,370	(0.26)
Q1 2023	5,000	4.82	—	—

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

Royalties

	Three months ended March 31	
($ thousands, except % and per Boe amounts)	2022	2021
Gross royalties	40,870	15,793
Gas cost allowance ("GCA")	(7,562)	(5,012)
Net royalties	33,308	10,781
Gross royalty % excluding physical delivery sales contracts(1)	10.6	10.4
Gross royalty % including physical delivery sales contracts	10.7	10.4
Net royalties $/Boe	5.56	2.61

(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, 2022, gross royalties increased 159% compared to the prior year comparative period primarily as a result of the increase in the average $/Boe realized sales price, increased production and an increase in the gross royalty percentage of petroleum and natural gas revenues. Gross royalties as a percentage of petroleum and natural gas revenues remained consistent with the prior year comparative period, with increases as a result of higher pricing and a greater number of wells having finished utilization of Alberta royalty incentive programs which carry reduced initial royalty rates, offset by new production at the initial reduced royalty rates. The gross natural gas and liquids (condensate and NGL) royalty rates for the three months ended March 31, 2022 were 7% and 13% compared to 4% and 14% respectively, in the comparative periods of 2021.

The Company 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, 2022, the 51% increase in GCA credits received compared to the comparative period of 2021 is primarily due to GCA received related to capital expenditures for gas processing and transportation infrastructure.

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 and per Boe amounts)	2022	2021
Natural gas transportation expense	19,320	18,213
Condensate & NGL transportation expense	8,149	2,708
Total transportation expense	27,469	20,921
Natural gas transportation $/Mcf (1)	0.94	1.20
Condensate & NGL transportation $/Bbl	3.18	1.69
Total transportation $/Boe	4.58	5.07

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

For the three months ended March 31, 2022, natural gas transportation expense on a total dollar basis was consistent with the prior year comparative period due to comparable firm commitments for gas transportation. However, the cost on a $/Mcf basis decreased due to the 36% increase in natural gas production. Compared to the fourth quarter, natural gas transportation expense increased from $17.9 million ($0.96/Mcf) due to the increase in natural gas production.

Condensate & NGL transportation for the three months ended March 31, 2022 increased on both a total dollar and $/Bbl basis from the prior year comparative period due to increased production, primarily in Pipestone.

Operating expenses

	Three months ended March 31	
($ thousands, except per Boe amounts)	**2022**	2021
Operating expenses	**65,259**	45,867
Per Boe	**10.89**	11.11

For the three months ended March 31, 2022, operating expenses on a total dollar basis have increased compared to the prior year comparative period due to the incremental costs associated with the new Pipestone North production and infrastructure which came online in the early part of 2021. Operating expenses on a $/Boe basis are lower as a result of higher production volumes in the first quarter of 2022 compared to 2021. First quarter operating expenses of $65.3 million ($10.89/Boe) increased from fourth quarter operating expenses of $59.0 million ($10.53/Boe) due to inflation and higher costs of labor and materials.

The capital fees associated with the Pipestone South gas processing lease and gas gathering lease is excluded from operating expense and classified as a lease under IFRS 16. For the three months ended March 31, 2022, total payments under these two leases of $4.2 million were excluded from operating expenses and accounted for under the lease standard, compared to $3.3 million in the prior year comparative period.

General and administrative expenses (“G&A”)

	Three months ended March 31	
($ thousands, except per Boe amounts)	**2022**	2021
Gross G&A expenses	**6,702**	6,681
Overhead recoveries	**(497)**	(445)
Capitalized G&A	**(1,172)**	(1,232)
Net G&A expenses	**5,033**	5,004
Gross G&A per Boe	**1.12**	1.62
Net G&A per Boe	**0.84**	1.21

For the three months ended March 31, 2022, G&A expenses have remained consistent with the prior year comparative period.

The Company's policy of allocating and capitalizing G&A expenses associated with new capital projects remained unchanged in 2021 and 2022. 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 was recognized as a lease prospective January 1, 2019. This has resulted in base rent costs for both the three months ended March 31, 2022 and March 31, 2021 in the amount of $0.2 million being excluded from gross G&A expenses, as the costs are now accounted for under the lease standard.

Share-based compensation expense

($ thousands)	2022	2021
	Three months ended March 31	
Stock options	**386**	414
Restricted share awards	**397**	354
Performance share awards	**933**	450
Non cash share-based compensation expense	**1,716**	1,218
Director deferred share units	**4,144**	1,433
Performance share units	**(2)**	696
Restricted share awards (1)	**—**	26
Performance share awards (1)	**—**	33
Cash share-based compensation expense	**4,142**	2,188
Total share-based compensation expense	**5,858**	3,406

(1) Awards under share based plans elected by the Company to be settled with cash and not the issuance of shares from treasury.

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 cash settled liabilities under the director deferred share unit ("DSU") and the performance share unit ("PSU") plans.

The increase in share-based compensation expense over the prior year comparative period is primarily due to the number and fair value of units granted or exercised for non cash share based awards, and the change in the valuation of the liability of the cash share based DSU and awards as result of the change in share price from the beginning of the period to the end of the period.

For the three months ended March 31, 2022, the increase in share-based compensation over the prior year comparative period is primarily a result of the increase in DSU expense and liability due to an increase in the share price from $6.96/share at December 31, 2021 to $10.57/share at March 31, 2022. The increase in the PSA expense was due to the increase in number of PSAs granted throughout 2021 and an adjustment to a performance factor from 1.0 to 1.23 recognized in the first quarter of 2022 for PSAs granted in 2019.

Financing costs

($ thousands, except per Boe amounts)	2022	2021
	Three months ended March 31	
Interest on long-term debt (credit facility)	**3,249**	5,206
Interest on senior unsecured notes	**5,044**	3,765
Interest expense	**8,293**	8,971
Lease interest expense	**3,239**	3,344
Accretion expense	**720**	689
Total financing costs	**12,252**	13,004
Interest expense per Boe	**1.38**	2.17
Total financing costs per Boe	**2.04**	3.15

For the three months ended March 31, 2022, the decrease in interest expense on long-term debt from the comparable period in 2021 is due to the change in average bank indebtedness and change in overall interest rates. The average interest rate on long-term debt for the three months ended March 31, 2022 was 3.9% compared to the average interest rate of 4.9% for the comparative period of 2021. Interest expense on long-term debt includes interest standby charges on the Company's syndicated credit facility.

On July 23, 2021, the Company issued $230.0 million aggregate principal amount of 7.875% senior unsecured notes due July 23, 2026 ("2026 Notes"). Part of the proceeds from the 2026 Notes were used to redeem the full aggregate principal amount of $220 million of the Company's existing 2023 Notes. See also the *Liquidity and Capital Resources* section in this MD&A.

Interest expense on senior unsecured notes for the three months ended March 31, 2022, is for interest paid or accrued at the effective interest rate of 8.7% on the 2026 Notes, compared to 7.0% on the 2023 Notes recorded in the prior year comparative period.

The carrying value of the 2026 Notes at March 31, 2022 is $223.8 million.

Operating netback, corporate netback and cash costs

The tables below summarizes operating netback and corporate netback on a per Boe basis for the three months ended March 31, 2022 and 2021:

	Three months ended March 31	
$/Boe	**2022**	2021
Petroleum and natural gas revenues [(1)]	**63.71**	36.68
Realized gain (loss) on financial derivatives	**(7.54)**	(5.11)
	56.17	31.57
Royalties	**(5.56)**	(2.61)
Transportation expense	**(4.58)**	(5.07)
Operating expense	**(10.89)**	(11.11)
Operating netback [(2)]	**35.14**	12.78
General and administrative expense	**(0.84)**	(1.21)
Share-based compensation expense	**(0.69)**	(0.53)
Financing costs [(3)]	**(1.92)**	(2.98)
Corporate netback [(2)]	**31.69**	8.06

[(1)] Includes price risk management loss of $2.2 million (2021 - gain of $0.2 million) on physical delivery sales contracts.
[(2)] Non-GAAP ratio 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 and Other Financial Measures”.
[(3)] Excludes accretion expense.

The table below summarizes cash costs on a per Boe basis for the three months ended March 31, 2022 and 2021:

	Three months ended March 31	
$/Boe	**2022**	2021
Operating expense	**10.89**	11.11
Transportation expense	**4.58**	5.07
General and administrative expense	**0.84**	1.21
Financing costs [(1)]	**1.92**	2.98
Total cash costs [(2)]	**18.23**	20.37

[(1)] Excludes accretion expense.
[(2)] Non-GAAP ratio 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 and other financial measures”.

Cash provided by operating activities and adjusted funds flow

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

	Three months ended March 31	
($ thousands, except per share and per Boe amounts)	**2022**	2021
Cash provided by operating activities	**162,442**	48,111
Per share, basic	**0.71**	0.21
Per share, diluted	**0.68**	0.21
Adjusted funds flow [(1)]	**189,869**	33,257
Adjusted funds flow $/Boe	**31.69**	8.06
Per share, basic	**0.83**	0.15
Per share, diluted	**0.80**	0.14

(1) Capital management measure. Reference should be made to the section entitled "Non-GAAP and Other Financial Measures".

For the three months ended March 31, 2022, cash provided by operating activities of $162.4 million increased 238% from the prior year comparative period, primarily as a result of higher pricing and higher production, offset by a decrease in non-cash working capital and increase in ARO settlements.

Adjusted funds flow for the three months ended March 31, 2022 and the comparable period of 2021 was $189.9 million ($0.83/share, basic) and $33.3 million ($0.15/share, basic) respectively, $27.4 million higher and $14.9 million lower than cash provided by operating activities in the comparable periods.

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

	Three months ended March 31	
($ thousands, except per Boe amounts)	**2022**	2021
Depletion and depreciation of property, plant and equipment	**45,788**	26,929
Depreciation of right-of-use assets	**2,242**	2,242
DD&A expense	**48,030**	29,171
DD&A rate per Boe	**8.01**	7.07

DD&A expense for three months ended March 31, 2022 was $48.0 million ($8.01/Boe) compared to $29.2 million ($7.07/Boe) for the comparable period of 2021, and $52.3 million ($9.34/Boe) in the fourth quarter of 2021.

Included in DD&A expense is the accelerated depletion expense or accelerated depletion recovery relating to a change in asset retirement obligation as a result of the change in estimate and change in discount rate, for wells with no remaining reserves that were previously fully depleted. Excluding the impact of accelerated depletion recoveries for the quarters ending March 31, 2022 and 2021, and accelerated depletion expense for the fourth quarter of 2021, the DD&A rate for the three months ended March 31, 2022 was $8.71/Boe compared to $8.71/Boe for the prior year comparative period and $8.75 in the fourth quarter of 2021.

The Montney cash generating unit ("CGU") DD&A rate per Boe for the three months ended March 31, 2022 increased to $8.32/Boe compared to $8.04/Boe for the comparable period of 2021. The increase in the 2022 DD&A rate is primarily a result of the increase in the depleteable base as a result of the impairment reversals recognized in the third quarter of 2021. The current quarter rate of $8.32/Boe was consistent with the fourth quarter rate of $8.34/Boe.

At March 31, 2022, there were no indicators of impairment identified on any of the Company's CGU's within property, plant and equipment and an impairment test was not performed.

At September 30, 2021, there were indicators of reversal of impairment identified in NuVista's Montney CGU primarily as a result of improved forward commodity prices for natural gas and condensate, improving well economics and improvements to economic cutoff limits on reserve evolution, continued strong well performance, and a significantly improved share price. An impairment test was performed on PP&E assets. PP&E assets were assessed based on the recoverable amount estimated using a value in use calculation based on expected future cash flows generated from proved and proved plus probable reserves using pre-tax discount rates ranging from 10% to 20% based on an internally prepared reserves report. A total impairment recovery of $163.2 million was recognized at September 30, 2021 in NuVista's Montney CGU, which has been included in the depletion, depreciation, amortization and impairment expense.

The following benchmark price forecasts [1] were used to calculate the recoverable amounts:

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030 [2]
WTI (US$/Bbl)	75.00	72.00	69.01	67.24	68.58	69.96	71.35	72.78	74.24	75.72
NYMEX (US$/MMBtu)	5.70	4.50	3.50	3.15	3.21	3.28	3.34	3.41	3.48	3.55
Exchange rate (US$/Cdn$)	0.79	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80

[1] GLJ Ltd. price forecast, effective October 1, 2021.
[2] 2031 and beyond commodity price forecasts are inflated at 2.0% per annum. In 2031 and beyond there is no escalation of exchange rates.

Asset retirement obligations

($ thousands)	March 31, 2022	December 31, 2021
Balance, January 1	120,237	139,965
Accretion expense	720	2,213
Liabilities incurred	1,676	4,842
Liabilities disposed	—	(17,551)
Change in estimates	1,093	3,148
Change in discount rate	(12,308)	(5,654)
Liabilities settled (cash)	(5,568)	(5,478)
Liabilities settled (non cash) [1]	(5,605)	(1,248)
Balance, end of period	100,245	120,237
Expected to be incurred within one year	10,900	7,075
Expected to be incurred beyond one year	89,345	113,162

[1] Liabilities settled (non-cash) of $5.6 million (2021 - $1.2 million) were funded by payments made directly to NuVista's service providers from the Alberta Site Rehabilitation Program with respect to approved abandonment and reclamation expenditures. These amounts have been recorded as "Other Income".

Asset retirement obligations ("ARO") are based on estimated costs to reclaim and abandon ownership interests in condensate and natural gas assets including well sites, gathering systems and processing facilities. At March 31, 2022, NuVista had an ARO balance of $100.2 million as compared to $120.2 million as at December 31, 2021. The Government of Canada long-term risk-free bond rate of 2.4% (December 31, 2021 – 1.7%) and an inflation rate of 1.8% (December 31, 2021 – 1.8%) were used to calculate the net present value of the asset retirement obligations. At March 31, 2022, the estimated total undiscounted and uninflated amount of cash required to settle NuVista's ARO was $110.5 million (December 31, 2021 – $117.1 million) with an estimated 27% to be incurred within the next 10 years. Actual ARO expenditures for the three months ended March 31, 2022 were $11.2 million including funding by payments made under the Alberta Site Rehabilitation Program of $5.6 million, compared to $6.7 million for the year ended December 31, 2021.

The ARO liability decreased by $20.0 million in 2022 due primarily to a $12.3 million decrease as a result of a change in the discount rate used to value the liability from December 31, 2021 and $11.2 million of liabilities settled, offset by a change in estimate increase of $1.1 million and $1.7 million of liabilities incurred as a result of new drills.

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 provided by operating activities.

Cash provided by (used in) investing activities and capital expenditures

Capital expenditures for the three months ended March 31, 2022 were $120.0 million compared to $80.9 million in the comparative period of 2021. For the three months ended March 31, 2022, cash used in investing activities was $126.5 million compared to cash provided by investing activities of $15.1 million in the comparative period of 2021, with the first quarter of 2021 including proceeds on property dispositions of $93.6 million.

The increase in capital expenditures for the three months ended March 31, 2022 is reflective of the increased activity and increase to the capital budget in 2022 in response to the improved economic environment. Capital expenditure guidance for 2022 has been increased from a range of $290 - $310 million, to $355 - $375 million.

The table below summarizes the breakdown of capital expenditures in each category of capital expenditures for the three months ended March 31, 2022 and 2021:

	Three months ended March 31			
($ thousands, except % amounts)	**2022**	**% of total**	2021	% of total
Land and retention costs	**1,114**	**1**	—	—
Geological and geophysical	**28**	**—**	(8)	—
Drilling and completion	**86,021**	**72**	69,832	86
Facilities and equipment	**31,421**	**26**	9,438	12
Corporate and other	**1,380**	**1**	1,686	2
Capital expenditures [(1)]	**119,964**		80,948	

(1) Non-GAAP financial 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 and Other Financial Measures".

The majority of 2022 capital expenditures was on drilling and completion activities. Looking forward, the Company expects to spend between 80-85% of planned capital expenditures on drilling and completion related activities.

Right-of-use assets and lease liabilities

The Company has right-of-use assets and lease liabilities for our head and field office leases, a gas processing lease associated with the Pipestone South compressor, and a gas gathering lease associated with the pipeline that connects the Pipestone South compressor to the Energy Transfer Partners Wapiti plant. At March 31, 2022, the total right-of-use asset is $105.7 million. The total lease liability is $120.8 million, of which $5.4 million is classified as a current liability.

Deferred income taxes

For the three months ended March 31, 2022, the Company recorded deferred tax expense of $20.7 million compared to an expense of $4.9 million recorded in the prior year comparative period. As a result of the increase in net income, the deferred tax liability of $104.9 million at March 31, 2022 increased from the December 31, 2021 balance of $87.8 million. The combined federal and provincial corporate tax rate in 2021 and 2022 is 23%. Based on our estimated 2022 cash flow from operating activities and capital expenditures and existing tax pools, we do not expect to be cash taxable in 2022. Projecting taxability beyond 2022 is subject to many uncertainties including commodity pricing, capital spending, acquisitions/dispositions and government regulations and guidelines. Within the context of current strip prices and our current capital spending plans, we expect to be taxable starting in 2023.

Net earnings

	Three months ended March 31	
($ thousands, except per share amounts)	**2022**	2021
Net earnings	**70,255**	15,389
Per share, basic	**0.31**	0.07
Per share, diluted	**0.30**	0.07

For the three months ended March 31, 2022 the increase in net earnings compared to the prior year comparative period is primarily a result of the increased adjusted funds flow of $156.6 million offset by a $37.2 million increase in the unrealized hedging loss and increased DD&A and deferred tax expenses.

The net earnings (loss) reported in a period is significantly impacted by unrealized gains (losses) on financial derivatives recognized in each period as a result of the mark to market fair values of financial derivative contracts in place at each period end. Before taxes and excluding unrealized losses on financial derivatives there were net earnings of $146.3 million for the three months ended March 31, 2022 and net earnings of $38.4 million for the prior year comparative period. The unrealized mark to market fair 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 loss on financial derivatives in the amount of $106.1 million.

Liquidity and capital resources

Long-term debt (credit facility)

At March 31, 2022, the Company had a $440 million (December 31, 2021 - $440 million) extendible revolving term credit facility available from a syndicate of Canadian financial institutions. Borrowing under the credit facility may be made by prime loans and bankers' acceptances. 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 November 30 and May 31. During the term period, no principal payments would be required until a year after the revolving period matures on May 31, 2023 in the event of a reduction or the credit facility not being renewed. 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, 2022, NuVista was in compliance with all covenants.

NuVista has requested and received an extension of the annual renewal date of the credit facility from the banking syndicate. As a result, the next annual review is scheduled for completion on or before June 15, 2022.

As at March 31, 2022, the Company had drawn $157.1 million on its term credit facility (December 31, 2021 – $196.1 million) and had outstanding letters of credit of $7.0 million which reduce the credit available on this credit facility.

Export development Canada ("EDC") facility

During the third quarter of 2020, the Company established a $40 million unsecured letter of credit facility under Export Development Canada's ("EDC") Account Performance Security Guarantee ("APSG") program. In the first quarter of 2021 the letter of credit facility was reduced to $30 million. At March 31, 2022, the Company had outstanding letters of credit associated with the APSG of $18.7 million, leaving $11.3 million of credit available on this facility.

Senior unsecured notes

On July 23, 2021, the Company issued $230.0 million aggregate principal amount of 7.875% senior unsecured notes due July 23, 2026. The 2026 Notes were issued at $989.89 expressed as a price per $1,000.00 principal amount. Interest is payable semi-annually in arrears. The 2026 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 2026 Notes are non-callable by the Company prior to July 23, 2023. At any time on or after July 2, 2023, the Company may redeem all or part of the 2026 Notes at the redemption prices set forth in the table below plus any accrued and unpaid interest:

12 month period beginning on:	Percentage
July 23, 2023	103.938%
July 23, 2024	101.969%
July 23, 2025 and thereafter	100.000%

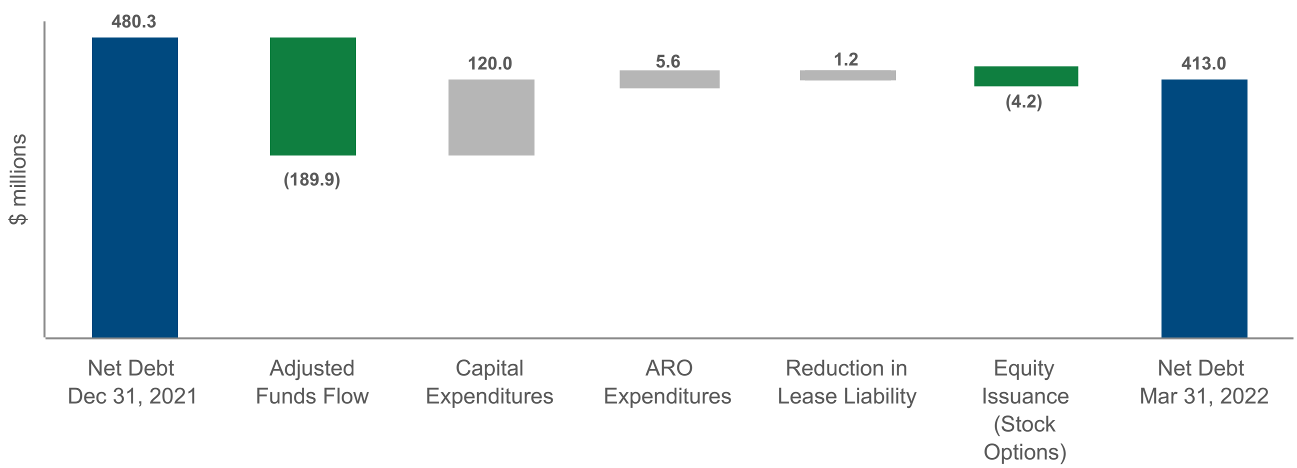
If a change of control occurs, each holder of the 2026 Notes will have the right to require the Company to purchase all or any part of that holder's 2026 Notes for an amount in cash equal to 101% of the aggregate principal repurchased plus accrued and unpaid interest.

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

($ thousands)	March 31, 2022	December 31, 2021
Basic common shares outstanding ('000s)	228,472	227,578
Share price [1]	10.57	6.96
Total market capitalization	2,414,949	1,583,943
Cash and cash equivalents, accounts receivable and prepaid expenses	(137,935)	(88,537)
Accounts payable and accrued liabilities	156,264	140,002
Long-term debt (credit facility)	157,129	196,055
Senior unsecured notes	223,755	223,178
Other liabilities	13,719	9,577
Net debt [2,3]	412,932	480,275
Annualized current quarter adjusted funds flow [2,3]	759,476	606,660
Net debt to annualized current quarter adjusted funds flow	0.5	0.8

[1] Represents the closing share price on the Toronto Stock Exchange on the last trading day of the period.
[2] Capital management measure. Reference should be made to the section entitled "Non-GAAP and Other Financial Measures".
[3] Refer to Note 14, "Capital Management" in NuVista's financial statements.

Net debt reconciliation



NuVista has sufficient liquidity to execute its business plan. At current strip pricing, the Company is forecasting yearly net debt reduction from adjusted funds flow in excess of capital expenditures, while achieving prudent production growth. At March 31, 2022, NuVista had drawn $157.1 million on its credit facility. Our Board has approved a long term sustainable net debt target of less than 1.0 times adjusted funds flow in the stress test price environment of US$ 45/Bbl WTI and US$ 2.00/MMBtu NYMEX natural gas. In the context of our 2022 plan, this represents a target net debt level of $200 - $250 million.

NuVista plans to monitor its business plan and continue to adjust its capital program in the context of commodity prices and net debt levels.

Free adjusted funds flow

NuVista uses free adjusted funds flow, defined as adjusted funds flow less capital and asset retirement expenditures, as an indicator of the funds available for additional capital allocation. For the three months ended March 31, 2022, free adjusted funds flow was $64.3 million compared to $(51.5) million in the prior year comparative period. For the calculation of free adjusted funds flow, refer to the section entitled *"Non-GAAP and other financial measures".*

Share Capital

As at March 31, 2022, there were 228.5 million common shares outstanding. In addition, there were 6.1 million stock options with an average exercise price of $3.63 per option and 2.3 million RSAs and 4.8 million PSAs outstanding.

Commitments

NuVista enters into contract obligations as part of conducting business. Such commitments include operating costs for our office leases, processing costs associated with natural gas at third party facilities, and transportation costs for delivery of our natural gas, condensate, and NGLs to sales points. NuVista manages our commitments in conjunction with future development plans and to ensure we are diversified into multiple markets.

The following is a summary of NuVista's contractual obligations and commitments as at March 31, 2022:

($ thousands)	**Total**	2022	2023	2024	2025	2026	Thereafter
Transportation (1)	**938,633**	88,287	124,443	113,494	114,083	110,926	387,400
Processing (1)	**1,170,941**	57,465	83,957	93,254	85,791	81,414	769,060
Office lease (2)	**3,998**	714	999	857	151	151	1,126
Total commitments (3)	**2,113,572**	146,466	209,399	207,605	200,025	192,491	1,157,586

(1) Certain of the transportation and processing commitments are secured by outstanding letters of credit of $24.7 million at March 31, 2022 (December 31, 2021 - $24.2 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 are treated as executory contracts whereby the payments are included in operating or transportation expenses.

Quarterly financial information

($ thousands, except otherwise stated)	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
FINANCIAL								
Petroleum and natural gas revenues	**381,827**	323,355	222,601	187,925	151,409	124,378	105,708	67,399
Net earnings (loss)	**70,255**	113,159	147,065	(10,941)	15,389	715,435	(44,144)	(80,422)
Per share, basic	**0.31**	0.50	0.65	(0.05)	0.07	3.17	(0.20)	(0.36)
Per share, diluted	**0.30**	0.48	0.63	(0.05)	0.07	3.17	(0.20)	(0.36)
Cash provided by operating activities	**162,442**	110,063	124,007	58,357	48,111	44,719	36,581	8,555
Per share, basic	**0.71**	0.48	0.55	0.26	0.20	0.20	0.16	0.04
Per share, diluted	**0.68**	0.47	0.53	0.26	0.20	0.20	0.16	0.04
Adjusted funds flow [1]	**189,869**	151,665	80,602	55,452	33,257	49,399	41,484	15,115
Per share, basic	**0.83**	0.67	0.36	0.25	0.15	0.22	0.18	0.07
Per share, diluted	**0.80**	0.64	0.35	0.25	0.14	0.22	0.18	0.07
Capital expenditures [2]	**119,964**	86,402	77,152	44,344	80,948	23,864	7,081	20,765
Total assets ($ millions)	**2,505**	2,392	2,353	2,140	2,137	2,158	1,458	1,504
Weighted average basic shares outstanding (thousands of shares)	**228,146**	226,951	226,301	226,045	225,842	225,769	225,719	225,652
Weighted average diluted shares outstanding (thousands of shares)	**238,084**	235,691	233,400	226,045	229,813	225,769	225,719	225,652
OPERATING								
Daily Production								
Natural gas (Mcf/d)	**228,978**	202,730	184,149	178,293	168,433	183,341	183,708	187,119
Condensate (Bbls/d)	**21,680**	21,072	15,779	16,296	12,627	12,928	13,790	14,231
NGLs (Bbls/d) [4]	**6,756**	6,028	4,534	5,473	5,155	5,863	5,034	5,504
Total (Boe/d)	**66,599**	60,888	51,005	51,485	45,854	49,348	49,443	50,922
Condensate & NGLs weighting	**43%**	45%	40%	42%	39%	38%	38%	39%
Average realized selling prices [5]								
Natural gas ($/Mcf)	**5.79**	6.09	4.88	3.48	3.79	3.14	2.16	1.98
Condensate ($/Bbl)	**119.21**	96.15	84.59	79.00	70.87	52.59	49.09	22.46
NGLs ($/Bbl)	**49.30**	42.38	41.36	28.73	28.80	16.44	14.65	9.31
Netbacks ($/Boe)								
Petroleum and natural gas revenues	**63.71**	57.73	47.44	40.11	36.68	27.40	23.24	14.54
Realized gain (loss) on financial derivatives	**(7.54)**	(6.69)	(6.04)	(6.13)	(5.11)	2.77	3.87	5.84
Royalties	**(5.56)**	(4.89)	(3.51)	(2.24)	(2.61)	(0.83)	(0.69)	(0.11)
Transportation expenses	**(4.58)**	(5.20)	(5.38)	(5.44)	(5.07)	(4.97)	(4.38)	(4.35)
Operating expenses	**(10.89)**	(10.53)	(10.49)	(10.54)	(11.11)	(9.68)	(9.80)	(9.66)
Operating netback [3]	**35.14**	30.42	22.02	15.76	12.78	14.69	12.24	6.26
Corporate netback [3]	**31.69**	27.08	17.18	11.84	8.06	10.88	9.12	3.27

(1) Capital management measure. Reference should be made to the section entitled “Non-GAAP and Other Financial Measures”.
(2) Non-GAAP financial 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 and Other Financial Measures”.
(3) Non-GAAP ratio 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 and Other Financial Measures”.
(4) Natural gas liquids (“NGLs”) include butane, propane, ethane and sulphur revenue.
(5) Product prices exclude realized gains/losses on financial derivatives.

Prior to the COVID-19 pandemic in 2020, NuVista's Montney production volumes had been increasing with substantially all of the Company's capital expenditures allocated to the Montney area, as well as related successful drilling and production performance, asset acquisitions and the construction of a compressor station in that core area. Production from the Montney in 2022 is 100% of total production. Over the prior eight quarters, quarterly revenue has been in a range of $67.4 million to $381.8 million with revenue primarily influenced by production volumes and commodity prices. Net earnings (loss) have been in a range of a net loss of $80.4 million to net earnings of $715.4 million with earnings (loss) primarily influenced by commodity prices and production volumes, realized and unrealized gains and losses on financial derivatives, impairment expense recognized in the first quarter of 2020 which was fully recovered by the end of 2021, and deferred income taxes.

Non-GAAP and other financial measures

The Company's MD&A uses various specified financial measures including "non-GAAP financial measures", "non-GAAP ratios", "capital management measures", and “supplementary financial measures” (as such terms are defined in NI 51-112), which are described in further detail below. 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.

Non-GAAP financial measures

NI 52-112 defines a non-GAAP financial measure as a financial measure that: (i) depicts the historical or expected future financial performance, financial position or cash flow of an entity; (ii) with respect to its composition, excludes an amount that is included in, or includes an amount that is excluded from, the composition of the most directly comparable financial measure disclosed in the primary financial statements of the entity; (iii) is not disclosed in the financial statements of the entity; and (iv) is not a ratio, fraction, percentage or similar representation.

These non-GAAP financial measures are not standardized financial measures under IFRS and might not be comparable to similar measures presented by other companies where similar terminology is used. Investors are cautioned that these measures should not be construed as alternatives to or more meaningful than the most directly comparable IFRS measures as indicators of NuVista's performance.

Set forth below are descriptions of the non-GAAP financial measures used in this MD&A.

Capital expenditures

Capital expenditures are equal to cash used in investing activities, excluding changes in non-cash working capital, other receivable and property dispositions. 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 used in investing activities for the period:

	Three months ended March 31	
($ thousands)	**2022**	2021
Cash used in investing activities	**(126,522)**	15,061
Changes in non-cash working capital	**6,558**	(2,431)
Property dispositions	**—**	(93,578)
Capital expenditures	**(119,964)**	(80,948)

Free adjusted funds flow

Free adjusted funds flow is adjusted funds flow less capital and asset retirement expenditures. Each of the components of free adjusted funds flow are non-GAAP financial measures. Please refer to disclosures under the headings "Capital management measures" and "Capital expenditures" for a description of each component of free adjusted funds flow. Management uses free adjusted funds flow as a measure of the efficiency and liquidity of its business, measuring its funds available for additional capital allocation to manage debt levels, pay dividends, and return capital to shareholders. By removing the impact of current period capital and asset retirement expenditures, management believes this measure provides an indication of the funds the Company has available for future capital allocation decisions.

The following table sets out our free adjusted funds flow compared to the most directly comparable GAAP measure of cash provided by operating activities less cash used in investing activities for the period:

	Three months ended March 31	
($ thousands)	**2022**	2021
Cash provided by operating activities	**162,442**	48,111
Cash used in investing activities	**(126,522)**	15,061
Excess cash provided by operating activities over cash used in investing activities	**35,920**	63,172
Adjusted funds flow	**189,869**	33,257
Capital expenditures	**(119,964)**	(80,948)
Asset retirement expenditures	**(5,568)**	(3,833)
Free adjusted funds flow	**64,337**	(51,524)

Non-GAAP ratios

NI 52-112 defines a non-GAAP ratio as a financial measure that: (i) is in the form of a ratio, fraction, percentage or similar representation; (ii) has a non-GAAP financial measure as one or more of its components; and (iii) is not disclosed in the financial statements of the entity. Set forth below is a description of the non-GAAP ratios used in this MD&A.

These non-GAAP ratios are not standardized financial measures under IFRS and might not be comparable to similar measures presented by other companies where similar terminology is used. Investors are cautioned that these ratios should not be construed as alternatives to or more meaningful than the most directly comparable IFRS measures as indicators of NuVista's performance.

Operating netback and corporate netback ("netbacks"), per Boe

NuVista calculated netbacks per Boe by dividing the netbacks by total production volumes sold in the period. Each of operating netback and corporate netback are non-GAAP financial measures. 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.

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.

Cash costs (“cash costs”), per Boe

NuVista calculated cash costs per Boe by dividing the cash costs by total production volumes sold in the period. Cash costs are a non-GAAP financial measure, calculated as the sum of operating expenses, transportation expenses, general and administrative expenses and financing costs.

Management feels that cash costs are a key industry benchmark 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.

Capital management measures

NI 52-112 defines a capital management measure as a financial measure that: (i) is intended to enable an individual to evaluate an entity's objectives, policies and processes for managing the entity's capital; (ii) is not a component of a line item disclosed in the primary financial statements of the entity; (iii) is disclosed in the notes to the financial statements of the entity; and (iv) is not disclosed in the primary financial statements of the entity.

Please refer to Note 14 "Capital Management" in NuVista's financial statements for additional disclosure on net debt and adjusted funds flow, each of which are capital management measures used by the Company in this MD&A.

Supplementary financial measures

This MD&A may contain certain supplementary financial measures. NI 52-112 defines a supplementary financial measure as a financial measure that: (i) is intended to be disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of an entity; (ii) is not disclosed in the financial statements of the entity; (iii) is not a non-GAAP financial measure; and (iv) is not a non-GAAP ratio.

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 first quarter of 2020, the World Health Organization declared COVID-19 to be a pandemic. Responses to the spread of COVID-19 resulted in a sudden decline in economic activity and resulted in a significant increase in economic uncertainty. In addition, oil prices declined dramatically due to the global oil price war and decline in demand due to COVID-19. These events resulted in a volatile and challenging economic environment throughout 2020 which adversely affected the Company's operational results and financial position. Throughout 2021 and 2022, both oil and gas prices improved significantly, largely due to a combination of improved global economic activity combined with reduced oil and natural gas supply, and the roll out of COVID-19 vaccinations. Estimates and judgments made by management in the preparation of the consolidated interim financial statements are increasingly difficult and subject to a higher degree of measurement uncertainty during this volatile period.

Further information on our critical accounting policies and estimates can be found in the notes to the audited annual financial statements and MD&A for the year ended December 31, 2021.

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:

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

- 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

- 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, 2022, there have been no changes to NuVista's internal controls over financial reporting that have materially or are reasonably likely to materially affect the internal controls over financial reporting.

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

Assessment of business risks

In March 2020, the World Health Organization declared COVID-19 to be a pandemic. Responses to the spread of COVID-19 resulted in a sudden decline in economic activity and resulted in a significant increase in economic uncertainty. In addition, oil prices declined dramatically due to the global oil price war and decline in demand due to COVID-19. Global oil demand has improved steadily throughout 2021 and into 2022. Although the government authorities are easing restrictions, the situation remains dynamic and the ultimate duration and magnitude of the impact on the economy and financial effect on NuVista is uncertain. These events had resulted in a volatile and challenging economic environment which adversely affected the Company's operational results and financial position for the majority of 2020 and 2021.

Operational risk

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;
- Our ability to satisfy our obligations under our firm commitment transportation and processing arrangements;
- 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;
- Inflationary pressures on the procurement of materials and labour to safely deliver on our forecasted capital and operational plans;
- Labour risk related to availability, productivity and retention of qualified personnel.

NuVista seeks to mitigate these risks by:

- Acquiring properties with established production trends to reduce technical uncertainty as well as undeveloped land with development potential;
- Maintaining a low cost structure to maximize product netbacks and reduce impact of commodity price cycles;
- Diversifying properties to mitigate individual property and well risk;
- Maintaining product mix to balance exposure to commodity prices;
- Conducting rigorous reviews of all property acquisitions;
- Monitoring pricing trends and developing a mix of contractual arrangements for the marketing of products with creditworthy counterparties;
- Maintaining a price risk management program to manage commodity prices and foreign exchange currency rates risk and transacting with creditworthy counterparties;
- Ensuring strong third-party operators for non-operated properties;
- Adhering to NuVista's safety program and keeping abreast of current operating best practices;
- Keeping informed of proposed changes in regulations and laws to properly respond to and plan for the effects that these changes may have on our operations;
- Carrying industry standard insurance to cover losses;
- Establishing and maintaining adequate cash resources to fund future abandonment and site restoration costs;
- Closely monitoring commodity prices and capital programs to manage financial leverage; and
- Monitoring the debt and equity markets to understand how changes in the capital market may impact NuVista's business plan.

Climate change risk

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. 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. Where possible, NuVista has considered these factors in the preparation of the consolidated financial statements.

Changing regulation

Emissions, carbon and other regulations impacting climate and climate related matters are constantly evolving. With respect to ESG and climate reporting, the International Sustainability Standards Board has issued an IFRS Sustainability Disclosure Standard with the aim to develop sustainability disclosure standards that are globally consistent, comparable and reliable. In addition, the Canadian Securities Administrators have issued a proposed national instrument 51-107 *Disclosure of Climate-related Matters.* The cost to comply with these standards, and others that may be developed or evolve over time, has not yet been quantified. NuVista is committed to transparent and comprehensive reporting of its sustainability performance and considers these standards.

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, 2021.

Basis of presentation

Unless otherwise noted, the financial data presented herein 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.*

Reference to current strip prices for 2022 reflect April 29, 2022 pricing: WTI US$88/Bbl, NYMEX US$6.50/MMBtu, AECO $5.30GJ, 1.28 CAD:USD FX.

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; plans to maximize economic value and divide free adjusted funds flow between prudent reduction of debt and growth capital to fill existing facilities at an optimal rate, particularly in NuVista's new Pipestone blocks; 2022 capital expenditure guidance, plans and expected allocations; that NuVista's credit facility and APSG program will provide it with more than sufficient liquidity to continue to execute its capital plans to maximize value; that our rolling hedging program will ensure attenuation of future price volatility and underpin our capital spending plans; expectations related to gas storage levels; ESG plans, targets and results from ESG initiatives; anticipated demand levels from the airlines industry; future commodity prices; that NuVista's existing contracts for firm transportation on export pipelines coupled with the financial NYMEX basis natural gas sales price derivative contracts will result in long term price diversification; expectations with respect to future liquidity; asset retirement obligations and the amount and timing of such expenditures and the source of funding thereof; plans to reduce net debt while achieving prudent production growth; anticipated reductions in net debt and net debt to adjusted funds flow ratio alongside significant production and adjusted funds flow growth into 2022; that NuVista will become cash taxable in 2023; NuVista's ability to redeem the 2026 Notes; the effect of NuVista's financial, commodity, and natural gas risk management strategy and market diversification; 2022 drilling and completion plans, timing and expected results; anticipated drilling and completions costs. Statements relating to "reserves" are also deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future.

By their nature, forward-looking statements are based upon certain assumptions and are subject to numerous risks and uncertainties, some of which are beyond NuVista's control, including the impact of general economic conditions, the impact of ongoing global events including European tensions and COVID-19, industry conditions, current and future commodity prices, currency and interest rates, anticipated production rates, expected natural decline 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.

This MD&A also contains future-oriented financial information and financial outlook information (collectively, "FOFI") about our prospective results of operations including, without limitation, NuVista's ability to repay debt, expectations with respect to future net debt to adjusted funds flow ratios, projected adjusted funds flows at current *strip prices and capital expenditures, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in above. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on FOFI and forward-looking statements. Our actual results, performance or achievement could differ materially from those expressed in, or implied by, these FOFI and forward-looking statements, or if any of them do so, what benefits we will derive therefrom. We have included the FOFI and forward-looking statements in this MD&A in order to provide readers with a more complete perspective on our prospective results of operations and such information may not be appropriate for other purposes. The FOFI and forward-looking statements and information contained in this MD&A are made as of the date hereof and we undertake no obligation to update publicly or revise any FOFI or forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.*