

NUVISTA ENERGY LTD.

**Notice of
Annual and Special Meeting of Shareholders
to be held on Wednesday, May 8, 2013**

The annual and special meeting of the shareholders of NuVista Energy Ltd. will be held in the Main Ballroom of the Hyatt Regency Hotel, 700 Centre Street S.E., Calgary, Alberta T2G 5P6 on Wednesday, May 8, 2013 at 3:00 p.m. (Calgary time) to:

1. receive and consider our consolidated financial statements for the year ended December 31, 2012, together with the report of the auditors and the report of our board of directors;
2. fix the number of directors to be elected at the meeting at eight members;
3. elect eight directors;
4. appoint the auditors and authorize our directors to fix their remuneration as such;
5. consider, and if thought fit, approve our 2013 stock option plan; and
6. transact such other business as may properly be brought before the meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the meeting are set forth in the information circular – proxy statement accompanying this notice.

Registered shareholders who are unable to attend the meeting in person are requested to complete, date and sign the enclosed form of proxy and return it to Valiant Trust Company, Attention: Proxy Department, Suite 310, 606 – 4th Street S.W., Calgary, Alberta T2P 1T1, or deliver it by fax to (403) 233-2857 at least 24 hours, excluding Saturdays, Sundays and holidays, before the meeting or any adjournment thereof. Registered shareholders may also vote via the internet at <https://proxy.valianttrust.com>. Votes by internet must be received by 3:00 p.m. (Calgary time) on May 7, 2013 or at least 24 hours prior to the time of any adjournment of the meeting. If a shareholder receives more than one proxy form because such shareholder owns our common shares registered in different names or addresses, each proxy form should be completed and returned. See the information circular - proxy statement for further instructions on internet voting.

Only shareholders of record at the close of business on March 27, 2013, will be entitled to vote at the meeting, unless that shareholder has transferred any shares subsequent to that date and the transferee shareholder, not later than 10 days before the meeting, establishes ownership of the shares and demands that the transferee's name be included on the list of shareholders entitled to vote at the meeting.

DATED at Calgary, Alberta this 27th day of March, 2013.

By order of the Board of Directors

"Robert F. Froese"

Robert F. Froese
Corporate Secretary

NUVISTA ENERGY LTD.

Information Circular - Proxy Statement
for the Annual and Special Meeting to be held on Wednesday, May 8, 2013

PROXIES

Solicitation Of Proxies

This information circular - proxy statement is furnished in connection with the solicitation of proxies for use at the annual and special meeting of the shareholders of NuVista Energy Ltd. to be held on Wednesday, May 8, 2013, in the Main Ballroom of the Hyatt Regency Hotel, 700 Centre Street S.E., Calgary, Alberta T2G 5P6 at 3:00 p.m. (Calgary time) and at any adjournment thereof.

Forms of proxy must be addressed to and reach Valiant Trust Company, at Suite 310, 606 – 4th Street S.W. Calgary, Alberta, T2P 1T1 Attention: Proxy Department, or by fax to (403) 233-2857, not less than 24 hours, excluding Saturdays, Sundays and holidays, before the time for holding the meeting or any adjournment thereof. Registered shareholders may also use the internet at www.valianttrust.com to vote their shares. Shareholders will be prompted to enter the control number which is located on the form of proxy. Votes by internet must be received by 3:00 p.m. (Calgary time) on May 6, 2013 or at least 24 hours prior to the time of any adjournment of the meeting. The website may also be used to appoint a proxy holder to attend and vote at the meeting on the shareholder's behalf and to convey a shareholder's voting instructions.

Only shareholders of record at the close of business on March 27, 2013, will be entitled to vote at the meeting, unless that shareholder has transferred any shares subsequent to that date and the transferee shareholder, not later than 10 days before the meeting, establishes ownership of the shares and demands that the transferee's name be included on the list of shareholders entitled to vote at the meeting.

The instrument appointing a proxy must be in writing and must be executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation.

The persons named in the enclosed form of proxy are our officers. **As a shareholder you have the right to appoint a person or company, who need not be a shareholder, to represent you at the meeting.** To exercise this right you should insert the name of the desired representative in the blank space provided on the form of proxy and strike out the other names or submit another appropriate proxy.

Advice To Beneficial Holders Of Common Shares

The information set forth in this section is of significant importance to you if you do not hold your common shares in your own name. Only proxies deposited by shareholders whose names appear on our records as the registered holders of common shares can be recognized and acted upon at the meeting. If common shares are listed in your account statement provided by your broker, then in almost all cases those common shares will not be registered in your name on our records. Such common shares will likely be registered under the name of your broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co., the registration name for CDS Clearing and Depository Services Inc., which acts as nominees for many Canadian brokerage firms. Common shares held by your broker or their nominee can only be voted upon your instructions. Without specific instructions, your broker or their nominee is prohibited from voting your shares.

Applicable regulatory policy requires your broker to seek voting instructions from you in advance of the meeting. Every broker has its own mailing procedures and provides its own return instructions, which you should carefully follow in order to ensure that your shares are voted at the meeting. Often, the form of proxy supplied by your broker is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on your behalf. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. Broadridge mails a scannable voting

instruction form in lieu of the form of proxy. You are asked to complete and return the voting instruction form to them by mail or facsimile. Alternately, you can call their toll-free telephone number or visit their website to vote your shares. They then tabulate the results of all instructions received and provide appropriate instructions respecting the voting of shares to be represented at the meeting. If you receive a voting instruction form from Broadridge it cannot be used as a proxy to vote shares directly at the meeting as the proxy must be returned to Broadridge well in advance of the meeting in order to have the shares voted.

Notice-And-Access

We have elected to use the "notice-and-access" provisions under National Instrument 54-101 *Communications with Beneficial Owners of Securities of a Reporting Issuer* for the meeting in respect of the mailing of our meeting materials, annual financial statements and management's discussion and analysis to the non-registered holders of our common shares but not to the registered holders of our common shares. The notice-and-access provisions are a new set of rules developed by the Canadian Securities Administrators that reduce the volume of materials that must be physically mailed to shareholders by allowing a reporting issuer to post its meeting materials and information circular and related materials online.

We have also elected to use procedures known as "stratification" in relation to our use of the notice-and-access provisions. Stratification occurs when a reporting issuer using the notice-and-access provisions provides a paper copy of an information circular and, if applicable, a paper copy of our financial statements and related management's discussion and analysis, to some but not all of its shareholders together with a notice of a meeting of its shareholders. In relation to the meeting, our registered shareholders will receive a paper copy of the notice of the meeting, this information circular, a form of proxy and our financial statements and related management's discussion and analysis whereas non-registered holders of our common shares will receive a notice-and-access notification and a voting instruction form.

Revocability Of Proxy

You may revoke your proxy at any time prior to a vote. If you or the person you give your proxy attends personally at the meeting, you or such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation. To be effective the instrument in writing must be deposited either at our head office at any time up to and including the last business day before the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of the meeting on the day of the meeting, or any adjournment thereof.

Persons Making The Solicitation

This solicitation is made on behalf of our management. We will bear the costs incurred in the preparation and mailing of the form of proxy, notice of annual and special meeting and this information circular - proxy statement. In addition to mailing forms of proxy, proxies may be solicited by personal interviews, or by other means of communication, by our directors, officers and employees who will not be remunerated therefor.

Exercise Of Discretion By Proxy

The common shares represented by proxy in favour of management nominees will be voted or withheld from voting on any matter at the meeting. Where you specify a choice with respect to any matter to be acted upon, the shares will be voted on any matter in accordance with the specification so made. If you do not provide instructions, your shares will be voted in favour of the matters to be acted upon as set out herein. The persons appointed under the form of proxy, which we have furnished, are conferred with discretionary authority with respect to amendments or variations of those matters specified in the form of proxy and notice of annual and special meeting and with respect to any other matters which may properly be brought before the meeting or any adjournment thereof. At the time of printing this information circular - proxy statement, we know of no such amendment, variation or other matter.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

We are authorized to issue an unlimited number of common shares without nominal or par value. As at March 27, 2013, there were 118,632,698 common shares issued and outstanding. As a holder of common shares you are entitled to one vote for each share you own. We are also authorized to issue 1,200,000 class B performance shares without nominal or par value. There are no class B performance shares issued and outstanding. Based on information supplied to them, to the knowledge of our directors and officers, as at March 27, 2013 no person or company beneficially owned, or controlled or directed, directly or indirectly, more than 10% of our common shares, other than as set forth below:

Name	Number of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly	Percentage of Issued and Outstanding Common Shares
Franklin Templeton Investments Corp., on behalf of its operating division, Bissett Investment Management ⁽¹⁾	21,788,926	18.4
Ontario Teachers' Pension Plan ⁽²⁾	21,466,249	18.1

Notes:

- (1) Based on information provided to us from Bissett Investment Management dated March 25, 2013.
 (2) Based on an insider reports filed on the System for Electronic Disclosure by Insiders (SEDI) as at March 25, 2013

As at March 27, 2013, our directors and officers, as a group, beneficially owned, or controlled or directed, directly or indirectly, 5.7 million common shares or approximately 4.8% of our issued and outstanding common shares.

MATTERS TO BE ACTED UPON AT THE MEETING

Receipt of the Financial Statements and Auditors' Report

At the meeting, shareholders will receive and consider our financial statements for the year ended December 31, 2012, together with the report of the auditors and the report of our board of directors. No formal action is required or proposed to be taken at the meeting with respect to the financial statements.

Election Of Directors

At the meeting, shareholders will be asked to fix the number of directors to be elected at the meeting at eight members and to elect eight directors.

Management is soliciting proxies, in the accompanying form of proxy, for an ordinary resolution in favour of fixing the board of directors at eight members, and in favour of the election as directors of the eight nominees set forth below:

W. Peter Comber
 Ronald J. Eckhardt
 Pentti O. Karkkainen
 Keith A. MacPhail
 Ronald J. Poelzer
 Sheldon B. Steeves
 Jonathan A. Wright
 Grant A. Zawalsky

Each director will hold office until the next annual meeting of our shareholders or his successor is duly elected or appointed, unless his office is earlier vacated.

In the event that a vacancy among such nominees occurs because of death or for any reason prior to the meeting, the proxy shall not be voted with respect to such vacancy.

The following information relating to the nominees is based partly on our records and partly on information received by us from the nominees, and sets forth the names, ages and cities of residence of the nominees, their committee memberships, the year each became a director of us (or a predecessor of us), the present occupations and brief biographies of such persons, and the number of our securities beneficially owned, or controlled or directed, directly or indirectly by each and the number of stock options held as at as at December 31, 2012:

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed		Stock Options		Total Market Value of Common Shares and Stock Options ⁽¹⁾	
			2012	2011	2012	2011	2012	2011
 <p>Keith A. MacPhail Calgary, Alberta, Canada</p> <p>Member of:</p> <ul style="list-style-type: none"> - Reserves Committee - Compensation Committee - Executive Committee 	56	2003	2,515,320	2,318,520	32,000	36,000	14,785,808	12,154,805
<p>Mr. MacPhail has more than 30 years experience in the oil and gas industry and is currently Executive Chairman of Bonavista Energy Corporation. Prior thereto, Mr. MacPhail was the Chairman and CEO of Bonavista. Prior to joining Bonavista in 1997, Mr. MacPhail held progressively more responsible positions with Canadian Natural Resources Limited with his final position being Executive Vice President and COO. Prior thereto, he held the position of Production Manager with POCO Petroleum Ltd.</p> <p>Mr. MacPhail holds a Bachelor of Science (Honours) degree in Petroleum Engineering from the Montana College of Mineral Science and is a member of the Association of Professional Engineers, Geologists & Geophysicists of Alberta.</p> <p>Mr. MacPhail is also a member of the board of directors of Canadian Natural Resources Limited and is also on a number of other private advisory boards.</p>								

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed		Stock Options		Total Market Value of Common Shares and Stock Options ⁽¹⁾	
			2012	2011	2012	2011	2012	2011
 <p>W. Peter Comber Toronto, Ontario, Canada</p> <p>Member of:</p> <ul style="list-style-type: none"> - Audit Committee - Compensation Committee 	70	2004	11,400	8,000	32,000	36,000	87,798	47,680
<p>Mr. Comber has more than 40 years experience in various aspects of the financial services industry. Mr. Comber is a Chartered Accountant and has worked in corporate finance and investment management both in Toronto and Calgary. Since August 1999, Mr. Comber has been the managing director of Barranagh Investment Management Inc., investment counsellors based in Toronto, Ontario. Mr. Comber was the President of Newtonhouse Investment Management Ltd., investment counsellors located in Toronto, Ontario from May 1993 to August 1999. Between June 1989 and December 1991, Mr. Comber was Senior Vice-President, Thornmark Capital Corporation, an investment holding company, and principal officer of Thornmark Capital Funding Corporation, merchant bank. Prior thereto, Mr. Comber was Senior Vice President and Managing Director of Prudential-Bache Securities Canada Limited, an investment dealer in Toronto, Ontario.</p> <p>Mr. Comber is a Chartered Accountant and holds a Bachelor of Arts degree from the University of Toronto and a Masters of Business Administration from York University.</p> <p>Mr. Comber is also a member of the board of directors of Sure Energy Inc.</p>								

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed		Stock Options		Total Market Value of Common Shares and Stock Options ⁽¹⁾	
			2012	2011	2012	2011	\$	
	58	2013	13,300	13,300	-	-	78,071	69,692
<p>Mr. Eckhardt has more than 35 years experience in the oil and gas industry. Most recently, Mr. Eckhardt was the Executive Vice-President, North American Operations for Talisman Energy Inc., a public oil and gas company from 2003 to 2009. Mr. Eckhardt joined Talisman (then BP Canada) in 1986 as Chief Drilling Engineer and held positions of increasing responsibility in domestic operations until his retirement in 2009.</p> <p>Mr. Eckhardt holds a Bachelor of Science degree from the University of Manitoba.</p> <p>Mr. Eckhardt is also a member of the board of directors of Athabasca Oil Corporation.</p>								
<p>Ronald J. Eckhardt ⁽³⁾ Calgary, Alberta, Canada</p> <p>Member of: - Reserves Committee</p>								

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed		Stock Options		Total Market Value of Common Shares and Stock Options ⁽¹⁾	
			2012	2011	2012	2011	\$	
	58	2003	45,000	45,000	32,000	36,000	285,030	241,560
<p>Mr. Karkkainen has over 25 years of investment management, energy sector research and investment banking experience, as well as four years of industry experience with Gulf Canada Resources. Mr. Karkkainen is a founding and General Partner of KERN Partners Ltd., a Calgary based energy sector private equity firm that was established in late 2000. KERN Partners has \$1.1 billion of capital under management from a variety of North American and European pension funds, endowments, family offices and other financial institutions. Prior to establishing KERN Partners, Mr. Karkkainen was Managing Director and Head of Oil and Gas Equity Research at RBC Capital Markets.</p> <p>Mr. Karkkainen holds a Bachelor of Science (Honours) degree in Geology from Carleton University in Ottawa and a Masters of Business Administration degree from Queen's University in Kingston.</p> <p>Mr. Karkkainen is also a member of the board of directors of several Calgary based private energy infrastructure and oil and gas exploration and development companies including Altex Energy Ltd., Connaught Oil & Gas Ltd. and Dolomite Energy Inc.</p>								
<p>Pentti O. Karkkainen Calgary, Alberta, Canada</p> <p>Member of: - Audit Committee - Compensation Committee - Lead Director</p>								

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed		Stock Options		Total Market Value of Common Shares and Stock Options ⁽¹⁾	
			2012	2011	2012	2011	\$	
			2012	2011	2012	2011	2012	2011
 <p>Ronald J. Poelzer Calgary, Alberta, Canada</p> <p>Member of:</p> <ul style="list-style-type: none"> - Audit Committee - Governance and Nominating Committee - Executive Committee 	51	2003	2,702,811	2,506,011	32,000	36,000	15,886,381	13,137,258
<p>Mr. Poelzer has more than 25 years experience in the oil and gas industry and is currently Executive Vice Chairman of Bonavista Energy Corporation. Prior thereto, Mr. Poelzer was Executive Vice President and Vice Chairman of Bonavista. Prior to joining Bonavista in 1997, Mr. Poelzer held various financial, merger and acquisition and strategic planning roles with Peco Petroleum Ltd. leading to his appointment as Vice President, Business Development. Prior thereto, Mr. Poelzer was in public accounting practice.</p> <p>Mr. Poelzer holds a Bachelor of Commerce (Distinction) degree from the University of Saskatchewan and has been a member of the Institute of Chartered Accountants of Alberta.</p> <p>Mr. Poelzer is also a member of the board of directors of various private companies and a charitable foundation.</p>								

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed		Stock Options		Total Market Value of Common Shares and Stock Options ⁽¹⁾	
			2012	2011	2012	2011	\$	
			2012	2011	2012	2011	2012	2011
 <p>Sheldon B. Steeves ⁽³⁾ Calgary, Alberta, Canada</p> <p>Member of:</p> <ul style="list-style-type: none"> - Reserves Committee - Governance and Nominating Committee 	59	2013	-	-	-	-	-	-
<p>Mr. Steeves has more than 35 years of experience in the North American oil and natural gas business. Mr. Steeves was most recently the CEO and Chairman of Echoex Ltd., a private oil and natural gas exploration and production company. Mr. Steeves started Echoex in January of 2001 and monetized the company in April 2012. Prior to Echoex Mr. Steeves was the Chief Operating Officer of Renaissance Energy Ltd.</p> <p>Mr. Steeves holds a Bachelor of Science degree in Geology from the University of Calgary and is a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta, the Canadian Society of Petroleum Geologists and the American Association of Petroleum Geologists.</p> <p>Mr. Steeves is also a member of the board of directors of Enerplus Corporation and Tamarack Valley Energy.</p>								

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed		Stock Options		Total Market Value of Common Shares and Stock Options ⁽¹⁾⁽²⁾	
			2012	2011	2012	2011	\$	
			2012	2011	2012	2011	2012	2011
	47	2011	148,415	119,525	778,245	575,000	1,520,671	696,711
<p>Mr. Wright has been our President and Chief Executive Officer since May 9, 2011. Mr. Wright has more than 24 years experience in the oil and gas industry.</p> <p>Prior to joining NuVista, Mr. Wright has held various progressively more responsible roles both domestically and abroad with Talisman Energy Ltd., most recently as Senior Vice-President of Talisman's North American Conventional Production Division which produced approximately one-half of Talisman's North American production at the time. Prior to joining Talisman in 1995, Mr. Wright spent six years with Shell Canada Ltd. in various operations and business development roles.</p> <p>Mr. Wright possesses both a Master and a Bachelor of Science Degree in Mechanical Engineering (with great distinction) from the University of Saskatchewan, where he earned, among other awards, the Canadian Governor General's Gold Medal for being the Outstanding University Post-Graduate for his pursuit in hydraulics and computer controls.</p>								
<p>Jonathan A. Wright Calgary, Alberta, Canada</p> <p>Member of: - Executive Committee</p>								

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed		Stock Options		Total Market Value of Common Shares and Stock Options ⁽¹⁾	
			2012	2011	2012	2011	\$	
			2012	2011	2012	2011	2012	2011
	53	2003	79,359	49,859	32,000	36,000	486,707	267,021
<p>Mr. Zawalsky is a Partner, Burnet, Duckworth & Palmer LLP (Barristers and Solicitors). Mr. Zawalsky has been a Partner of Burnet, Duckworth & Palmer LLP since 1994.</p> <p>Mr. Zawalsky holds a Bachelor of Commerce degree and LL.B. from the University of Alberta and is a member of the Law Society of Alberta.</p> <p>Mr. Zawalsky is also a member of the board of directors of a number of public and private companies including Endurance Energy Ltd., Flagstone Energy Inc., Home Quarter Resources Ltd., Mediterra Energy Corporation, Range Royalty Management Ltd. (general partner of Range Royalty Limited Partnership), Spur Resources Ltd., Whitecap Resources Inc., Zargon Oil & Gas Ltd. and is Corporate Secretary of Northpoint Energy Ltd., Bonavista Energy Corporation, RMP Energy Inc. and Rock Energy Ltd.</p>								
<p>Grant A. Zawalsky Calgary, Alberta, Canada</p> <p>Member of: - Governance and Nominating Committee - Executive Committee</p>								

Notes:

- (1) The "Total Market Value of Common Shares and Stock Options" is the sum of: (i) the number of common shares held by each nominee as of December 31, 2012, in respect of 2012 and as of December 31, 2011 in respect of 2011 multiplied by the closing price of our common shares on the Toronto Stock Exchange on each such date (\$5.87 and \$5.24 respectively); and (ii) the value of unexercised in-the-money options of each nominee based on the number of common shares issuable upon exercise of the stock options held by the nominee as of December 31, 2012, in respect of 2012 and as of December 31, 2011, in respect of 2011 multiplied by the difference between the closing price of our common shares on the Toronto Stock Exchange on each such date (\$5.87 and \$5.24 respectively) and the exercise price of the applicable stock option.
- (2) Mr. Wright's value includes the number of restricted share awards held by Mr. Wright as of December 31, 2012, in respect of 2012 and as of December 31, 2011 in respect of 2011 multiplied by the closing price of our common shares on the Toronto Stock Exchange on each such date (\$5.87 and \$5.24, respectively).
- (3) Messrs. Eckhardt and Steeves did not join our board until March 5, 2013.

Additional Disclosure Relating to Proposed Directors

Except as otherwise disclosed herein, none of our directors (nor any personal holding company of any of such persons) is, as of the date hereof, or was within ten years before the date hereof, a director, chief executive officer or chief financial officer of any company (including us), that was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**") that was issued while the director was acting in the capacity as director, chief executive officer or chief financial officer; or was subject to an Order that was issued after the director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as otherwise disclosed herein, none of our directors (nor any personal holding company of any of such persons) is, as of the date hereof, or has been within the ten years before the date hereof, a director or executive officer of any company (including us) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, other than Mr. Zawalsky who was formerly a director of Efficient Energy Resources Ltd. (a private electrical generation company) which agreed to the voluntary appointment of a receiver in 2005 and Mr. MacPhail who was formerly a director of The Resort at Copper Point Ltd. (a private real estate development company) which was placed in receivership in 2009. In addition, none of our directors (nor any personal holding company) or any such person has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director.

None of our directors (nor any personal holding company of any of such persons) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Majority Voting for Directors

Our board has adopted a policy stipulating that if the votes in favour of the election of a director nominee at a shareholders' meeting represent less than a majority of our common shares voted and withheld, the nominee will submit his resignation promptly after the meeting, for the Governance and Nominating Committee's consideration. The Governance and Nominating Committee will make a recommendation to the board after reviewing the matter, and the board's decision to accept or reject the resignation offer will be disclosed to the public within 90 days of the applicable shareholders' meeting. Resignations are expected to be accepted except in situations where extenuating circumstances would warrant the applicable director to continue to serve as a board member. The nominee will not participate in any committee or board deliberations on the resignation offer. The policy does not apply in circumstances involving contested director elections.

Appointment of Auditors

Management is soliciting proxies, in the accompanying form of proxy, in favour of the appointment of the firm of KPMG LLP, Chartered Accountants, as our auditors, to hold office until the next annual meeting of our shareholders and to authorize the directors to fix their remuneration as such. See "*Audit Committee Information*" in our annual information form for the year ended December 31, 2012, for additional information including a description of fees we paid to KPMG LLP during the past two years.

Approval of 2013 Stock Option Plan

We have, and will continue to provide, a competitive total compensation program which is oriented toward a culture of ownership, alignment of employee and shareholder interests, and which rewards exceptional individual and organizational performance. In this way, we feel we are well positioned to attract and retain superior talent at all levels of our organization. At the meeting, we are seeking shareholder approval of our 2013 stock option plan. The 2013 stock option plan replaces our 2010 stock option plan that is set to expire on May 13, 2013. This new stock option plan is similar to the existing stock option plan except that it permits for a fixed number of shares to be issued with respect to stock option grants whereas the current plan is a "rolling" 10% plan that requires shareholder approval every three years. The total number of common shares available for issuance through stock option grants under the 2013 stock option plan will be limited to 5,000,000 common shares.

Our long-term incentive program currently consists of our stock option plan, restricted share award plan, restricted stock unit plan and employee stock savings plan. These plans are a key part of our compensation program with a mix of incentive plans that reward employees for share price increases, act as an employee retention tool for our highly mobile workforce and encourage employee share ownership. In addition to our long-term incentive plan, we have an annual incentive plan that rewards employees for shorter term annual performance.

The mix of plans in our long-term incentive program provided us with the flexibility and tools to protect our corporate interests and retain and attract employees in the context of business conditions at the specific time. During 2012, 26 employees resigned to pursue other opportunities, out of a total workforce of 142 full time employees at the beginning of the year. For our executives, the emphasis of our long-term incentive program is through stock option grants that will only reward them if our share price increases through the creation of shareholder value. We believe that our compensation program and the proposed stock option plan are consistent with our peers in terms of the total value available to be realized by our employees and are focused on the alignment of employee and shareholder interests.

The number of common shares reserved for issuance under currently outstanding stock option awards and restricted share awards, when added to the total number of common shares that will be available under the 2013 stock option plan, will initially exceed 10% of our issued and outstanding common shares. This is only due to the artifact of changing from a rolling to a fixed plan, since all fixed plan awards are for calculation purposes assumed to be issued upon plan approval. This will not in fact be the case, as awards will be made annually in accordance with our normal practice and as a result the actual awarded grants will be well below 10% at all times. Pursuant to the policies of the Toronto Stock Exchange, no further grants may be made under our current stock option plan after May 8, 2013 although the stock option plan will remain in place until such time as all outstanding stock options granted thereunder have been settled, cancelled or expired (which we expect to occur in 2018). In addition, only 51,509 common shares are available for future grants under our restricted share award plan.

As of March 27, 2013, there were 6,330,091 stock options outstanding under the plan with an average exercise price of \$7.58. In addition, we have also granted 500,000 stock options at an exercise price of \$9.96 to our President and Chief Executive Officer which were granted in March of 2011 outside of the stock option plan. For a description of the stock option plan, see "*Executive Compensation – Summary Compensation of NEO's – Long-Term Incentive Plans – Stock Option Plan*".

Listed below is a summary of the principal terms of our proposed 2013 stock plan. A copy of the 2013 stock option plan is accessible on the SEDAR website at www.sedar.com. **Capitalized terms used but not defined in the following disclosure shall have the meanings ascribed thereto in the 2013 stock option plan (the "Plan").**

Purpose of the Option Plan

The principal purposes of the Plan are: (i) to retain and attract qualified Service Providers that we require; (ii) to promote a proprietary interest in us by such Service Providers and to encourage such persons to remain in our employ or service and put forth maximum efforts for the success of our business; and (iii) to focus management on operating and financial performance and long-term total shareholder return.

Incentive-based compensation such as the Plan is an integral component of compensation for Service Providers. The attraction and retention of qualified Service Providers has been identified as one of the key risks to our long-term strategic growth plan. The Plan is intended to maintain our competitiveness within the Canadian oil and gas industry to facilitate the achievement of our long-term goals. In addition, this incentive-based compensation is intended to directly link a component of compensation to our Common Share performance.

Overview

The Plan will be administered by the Board and the Board has the authority to appoint a committee of the Board to administer the Plan. In addition, the Board may delegate to one or more of its members, to our President and Chief Executive Officer or to one or more agents such administrative duties as it may deem advisable, and the Board or any person to whom it has delegated duties as aforesaid may employ one or more persons to render advice with respect to any responsibility the Board or such person may have under the Plan.

Under the terms of the Plan, any Service Provider may be granted Stock Options. In determining the Service Providers to whom Stock Options may be granted ("**Optionees**") and the number of Common Shares to be granted, the Board may take into account such factors as it shall determine in its sole discretion.

Exercise Price

The Exercise Price of any Stock Option granted pursuant to the Plan must be fixed by the Board when the Stock Option is granted, provided that such price shall not be less than the Market Price of the Common Shares on the date of the grant. "Market Price", on any date, is defined in the Plan, as the volume weighted average trading price of the Common Shares on the TSX for the five trading days prior to the Grant Date (or, if the Common Shares are not then listed and posted for trading on the TSX, such price as is required by such stock exchange in Canada on which such Common Shares are listed and posted for trading as may be selected for such purpose by the Board) and provided that in the event that the Common Shares are not listed and posted for trading on any stock exchange in Canada, the Exercise Price shall be determined by the Board in its sole discretion.

Notwithstanding the foregoing, in certain circumstances, such as when a Stock Option is offered to an individual as an inducement to secure employment, the Exercise Price may be otherwise determined, but only with the prior consent of all stock exchanges on which the Common Shares are at that time listed.

Limitation on Common Shares Reserved

The Plan provides that the maximum number of Common Shares reserved for issuance from time to time pursuant to outstanding Stock Options shall not exceed 5,000,000 Common Shares.

Limitations on Stock Options

The aggregate number of Common Shares issuable pursuant to the Plan to any single holder of Stock Options shall not exceed 5% of the outstanding Common Shares.

In accordance with the rules of the TSX, the number of Common Shares issued to Insiders within one year pursuant to the Plan, and issuable to Insiders at any time, under the Plan or when combined with all of our other security based compensation arrangements, shall not exceed 10% of the outstanding Common Shares. In determining the number of Common Shares issuable within one year for this purpose, the number of Common Shares shall be determined on the basis of the number of Common Shares that are outstanding immediately prior to the Common

Share issuance, excluding any Common Shares issued pursuant to share compensation arrangements over the preceding one-year period.

The number of Common Shares issuable pursuant to the Plan to Non-Employee Directors is limited to a maximum of 0.25% of the outstanding Common Shares and the value of Stock Options granted to any one Non-Management Director during a calendar year, as calculated on the Grant Date, shall not exceed \$100,000.

Vesting

The Board has the sole discretion to determine the time during which Stock Options will vest and the method of vesting, or that no vesting restriction shall exist either before or after the Grant Date.

Expiry Dates

All Stock Options granted pursuant to the Plan will expire on a date determined by the Board at the time of the grant provided that no Stock Option may be exercised beyond six years from the time of the grant. Any Stock Options which have not been exercised by the Expiry Date shall expire and become null and void.

If the Expiry Date of any Stock Option falls within any Blackout Period, then the Expiry Date of such Stock Options will be extended to the date that is ten Business Days, following the end such Blackout Period and if that date is not a Business Day, such date will be further extended by that number of days required such that the period ends on a Business Day. Unless approved by the Board, no Stock Options may be exercised by an Optionee during a Blackout Period.

Exercise of Stock Options

Optionees may exercise Stock Options from time to time by delivering a written notice of exercise specifying the number of Common Shares with respect to which the Stock Option is being exercised and accompanied by payment in full of the Exercise Price of the Common Shares then being purchased. In addition, Optionees have the right (the "**Put Right**") to request that we purchase each of their vested Stock Options for a price equal to the difference, if positive, between the market price of our Common Shares on the day prior to date of notice of exercise of the Put Right and the exercise price of the option. We have the discretion to not accept any exercise of the Put Right. In addition, each Optionee that exercises the Put Right may purchase Common Shares from treasury with the proceeds of the exercise of the Put Right at the market price of our Common Shares. In certain circumstances as set forth in the Plan, an Optionee that exercises the Put Right may purchase Common Shares from us, which may, at our election, be issued on a flow-through basis under the *Income Tax Act* (Canada). The maximum number of Common Shares available under the Put Right is currently set at 700,000 Common Shares.

The Plan does not contain any provisions for financial assistance by us in respect of any Stock Options granted thereunder.

Change of Control

In the event of a Change of Control of us, the Expiry Date(s) applicable to all Stock Options will be accelerated to the effective date of the Change of Control.

Under the Plan, a Change of Control means:

- (a) a successful "take-over bid" as defined in Multilateral Instrument 62-104 or any replacement or successor provisions ("**MI 62-104**"), which is not exempt from the take-over bid requirements of MI 62-104, pursuant to which the "offeror" as a result of such take-over bid, beneficially owns, directly or indirectly, in excess of 50% of the outstanding Common Shares;

- (b) the issuance to or acquisition by any person, or group of persons acting in concert, of directly, or indirectly, including through an arrangement, merger or other form of reorganization of NuVista, of Common Shares of NuVista which in the aggregate total 50% or more of the then issued and outstanding Common Shares;
- (c) the winding up or termination of NuVista or the sale, lease or transfer of all or substantially all of the directly or indirectly held assets of NuVista to any other person or persons (other than pursuant to an internal reorganization or in circumstances where the business of NuVista is continued,

provided that notwithstanding the application of any of the foregoing, a "**Change of Control**" shall be deemed to not have occurred:

- (d) pursuant to an arrangement, merger or other form of reorganization of NuVista where the holders of the outstanding voting securities or interests of NuVista immediately prior to the completion of the reorganization will hold more than 50% of the outstanding voting securities or interests of the continuing entity upon completion of the reorganization; or
- (e) if a majority of the Board determines that in substance an arrangement, merger or reorganization has not occurred or the circumstances are such that a Change of Control should be deemed to not have occurred and any such determination shall be binding and conclusive for all purposes of the Plan.

Anti-Dilution

The Plan contains anti-dilution provisions which allow our board to make such adjustments to the plan, to any restricted share awards as our board of directors may, in its sole discretion, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to employees thereunder.

Early Termination Events

Pursuant to the Plan, unless otherwise determined by the Board or unless otherwise provided in an Option Agreement pertaining to a particular award or any written employment or consulting agreement governing an Optionee's role as a Service Provider, the following provisions shall apply in the event that an Optionee ceases to be a Service Provider:

- (a) Involuntary Termination for Cause – Upon the termination of any Service Provider for cause, all Stock Options held by the Optionee on the Cessation Date (whether Vested or not) shall immediately terminate and become null and void and all rights to receive Common Shares thereunder shall be forfeited by the Optionee effective on the Cessation Date.
- (b) Termination Upon Retirement or Death – Upon the retirement or death of an Optionee, the Optionee or the Optionee's personal representative, as applicable, may, within six months from the Cessation Date and prior to the Expiry Date, exercise Stock Options which are Vested within such period, after which time any remaining Stock Options held by the Optionee (whether Vested or not) shall terminate and become null and void and all rights to receive Common Shares thereunder shall be forfeited by the Optionee.
- (c) Other Termination – If an Optionee ceases to be a Service Provider for any reason whatsoever, other than the termination for cause, or the death or retirement of such Grantee: (i) all Stock Options held by the Optionee which have Vested as of the Cessation Date shall be forfeited by the Optionee effective on the earlier of: (A) the Expiry Date; and (B) the date that is 30 days from the Cessation Date; and (ii) all Stock Options held by the Optionee which have not Vested as of the Cessation Date shall immediately terminate and become null and void and all rights to receive Common Shares thereunder shall be forfeited by the Optionee.

Assignment

Except in the case of death, the right to receive Common Shares pursuant to a Stock Option may only be exercised by an Optionee personally. Except as otherwise provided in the Option Plan, no assignment, sale, transfer, pledge or charge of a Performance Share Award, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Performance Share Award whatsoever in any assignee or transferee and, immediately upon any assignment, sale, transfer, pledge or charge or attempt to assign, sell, transfer, pledge or charge, such Performance Share Award shall terminate and be of no further force or effect.

Amendment and Termination of Plan

The Plan and any Stock Options granted pursuant thereto may, subject to any required approval of the TSX, be amended, modified or terminated without the approval of Shareholders. Notwithstanding the foregoing, the Plan or any Stock Options may not be amended without Shareholder approval to:

- (a) make any amendment to the Plan to increase the number of Common Shares issuable on exercise of outstanding Stock Options above the limit of 5,000,000 Common Shares;
- (b) extend the Expiry Date of any outstanding Stock Options;
- (c) make any reduction in the Exercise Price of a Stock Option or permit a reduction in the Exercise Price of a Stock Option by the cancellation and immediate re-issue of Stock Options or other entitlements;
- (d) change participants eligible to receive Stock Options under the Plan to permit the introduction or re-introduction of non-employee directors on a discretionary basis;
- (e) make any amendment to the Plan that would permit a holder to transfer or assign Stock Options to a new beneficial holder other than in the case of death of the holder;
- (f) any amendment to increase the number of Common Shares that may be issued to a single holder above the restriction contained in **Section 4(a)** of the Plan;
- (g) any amendment to the limit on Non-Employee Directors contained in **Section 4(b)** of the Plan;
- (h) any amendment to increase the number of Common Shares that may be issued to an Insider above the restrictions contained in **Section 4(c)** of the Plan; or
- (i) an amendment to amend the amending provision of the Plan.

In addition, no amendment to the Option Plan or Stock Options granted pursuant to the Plan may be made without the consent of the Optionee, if it adversely alters or impairs any Stock Option previously granted to such Optionee under the Plan.

Recommendation of the Board

The Plan is an important component of our compensation program. In order to attract and retain qualified staff in a competitive marketplace, it is imperative that we have a long-term incentive plan, such as the Plan.

The Board has determined that the implementation of the Plan is in best interests of us and our shareholders and unanimously recommends that shareholders vote in favour of the resolution outlined below.

Approval Requirements

At the meeting, shareholders will be asked to consider and, if thought fit, to pass an ordinary resolution in the form set forth below to approve the Plan:

BE IT RESOLVED AS AN ORDINARY RESOLUTION OF THE SHAREHOLDERS OF NUVISTA ENERGY LTD. THAT:

1. the 2013 stock option plan as described in the Information Circular - Proxy Statement of NuVista Energy Ltd. dated March 27, 2013, with such other conforming changes as the Board of Directors of NuVista Energy Ltd. considers necessary or appropriate, is hereby approved; and
2. any director or officer of NuVista Energy Ltd. is authorized and directed to do all such things and execute all such documents and instruments as may be necessary or desirable to give effect to the foregoing resolution.

In order to be passed, the above ordinary resolution must be approved by a majority of the aggregate votes cast by shareholders at the meeting. **It is the intention of the persons named in the enclosed form of proxy, if named as proxy and not expressly directed to the contrary in the form of proxy, to vote those proxies in favour of the above resolution.**

DIRECTORS' COMPENSATION

Director Compensation

Our board, through the Governance and Nominating Committee, is responsible for the development and implementation of a compensation plan for our directors who are not also officers. We do not pay any compensation to officers for acting as a director. For information concerning the compensation paid to Mr. Wright who is also our President and Executive Officer, see "*Executive Compensation*".

The main objectives of our compensation plan for directors are to attract and retain the services of the most qualified individuals and to compensate the directors in a manner that is commensurate with the risks and responsibilities assumed in board and committee membership and at a level that is similar to the compensation paid to directors of a peer group of oil and gas companies. In addition, our philosophy of using compensation to foster a culture of ownership also extends to our director compensation policies. Our board believes it is important that directors demonstrate their commitment to our stewardship through common share ownership. We have established an equity ownership policy that non-executive directors must have an equity ownership interest in our common shares within six months of joining our board of at least three times their annual board retainer. Following the phase-in period, directors are expected to be in continuous compliance with these guidelines. In the event that an individual who has achieved the target ownership level subsequently falls below such target ownership level due solely to a decline in the market price of our common shares, such individual will be considered to be in compliance with the ownership guidelines as long as the adjusted cost base of his or her common shares exceeds the target ownership level.

We currently pay our outside directors annual retainers and meeting fees for their roles on our board and board committees and outside directors are also reimbursed for their out-of-pocket expenses incurred in carrying out their duties as directors. Mr. MacPhail and Mr. Poelzer have requested that they not receive any retainer or meeting fees.

The following table summarizes the annual retainer and meetings fees that we had in place for the ended December 31, 2012. In March 2013, we increased our annual retainers and meeting fees effective April 1, 2013 as set forth below:

Compensation Element	2012 Fees	2013 Fees
Board Retainer – Annual	\$ 30,000	\$ 40,000
Board Committees – Annual		
Chair Retainer – Board	\$ -	\$ -
Lead Director Retainer	7,500	7,500
Chair Retainer - Audit	15,000	15,000
Chair Retainer - Other ⁽¹⁾	7,500	7,500
Member Retainer – Audit	6,000	6,000
Member Retainer - Other ⁽¹⁾	4,000	4,000
Per Meeting Attendance Fee		
Regular Board Meeting	\$ 1,400	\$ 1,400
Short Board Meeting	750	-
Regular Committee Meeting	1,400	1,400
Short Committee Meeting	750	-

Note:

- (1) Retainers for our Reserves Committee, Nominating and Governance Committee and Compensation Committee.

In addition, we grant stock options to our directors. The maximum number of stock options granted to outside directors is limited to 0.25% of our issued and outstanding common shares. In addition, the value of stock options granted to any one non-management director during a calendar year, as calculated on the date of grant, may not exceed \$100,000. We do not make annual stock option grants to our directors. As at December 31, 2012, our outside directors held an aggregate of 192,000 options, which represented less than 0.16% of our issued and outstanding common shares as at such date. For information regarding the outstanding options held by the independent directors, see "*Outstanding Option-Based and Share-based Awards*" and "*Incentive Plan Awards – Value Vested or Earned during the Year*" below. Non-management directors are not eligible to participate in our share award incentive plan.

Directors' Summary Compensation Table

The following table sets forth for the year ended December 31, 2012, information concerning the compensation paid to our outside directors:

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Keith A. MacPhail	-	-	-	-	-	-	-
Ronald J. Eckhardt ⁽¹⁾	-	-	-	-	-	-	-
W. Peter Comber	83,050	-	-	-	-	-	83,050
Pentti O. Karkkainen	85,050	-	-	-	-	-	85,050
Ronald J. Poelzer	-	-	-	-	-	-	-
Sheldon B. Steeves ⁽¹⁾	-	-	-	-	-	-	-
Clayton H. Woitas	65,500	-	-	-	-	-	65,500
Grant A. Zawalsky ⁽²⁾	66,800	-	-	-	-	-	66,800

Notes:

- (1) Messrs. Eckhardt and Steeves did not join our board until March 5, 2013.
(2) Mr. Zawalsky is a partner at the law firm of Burnet, Duckworth & Palmer LLP, which receives fees for the provision of legal services to us.

Directors' Outstanding Option-Based Awards and Share-Based Awards

The following table sets forth all option-based awards and share-based awards outstanding at the end of the year ended December 31, 2012 for each of our outside directors:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽²⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Keith A. MacPhail	8,000 24,000	17.63 5.00	⁽³⁾ ⁽⁴⁾	- 20,880	-	-	-
W. Peter Comber	8,000 24,000	17.63 5.00	⁽³⁾ ⁽⁴⁾	- 20,880	-	-	-
Ronald J. Eckhardt ⁽¹⁾	-	-	-	-	-	-	-
Pentti O. Karkkainen	8,000 24,000	17.63 5.00	⁽³⁾ ⁽⁴⁾	- 20,880	-	-	-
Ronald J. Poelzer	8,000 24,000	17.63 5.00	⁽³⁾ ⁽⁴⁾	- 20,880	-	-	-
Sheldon B. Steeves ⁽¹⁾	-	-	-	-	-	-	-
Clayton H. Woitas	8,000 24,000	17.63 5.00	⁽³⁾ ⁽⁴⁾	- 20,880	-	-	-
Grant A. Zawalsky	8,000 24,000	17.63 5.00	⁽³⁾ ⁽⁴⁾	- 20,880	-	-	-

Notes:

- (1) Messrs. Eckhardt and Steeves did not join our board until March 5, 2013.
- (2) Calculated based on the difference between the market price of our common shares at December 31, 2012 of \$5.87 and the exercise price of the options.
- (3) 50% of these options will expire on July 1, 2013 and 50% of these options will expire on June 30, 2014.
- (4) 33% of the options expire on May 21, 2015, May 21, 2016 and May 21, 2017 respectively.

Directors' Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each of our outside directors, the value of option-based awards and share-based awards, which vested during the year ended December 31, 2012, and the value of non-equity incentive plan compensation earned during the year ended December 31, 2012:

Name	Option-based awards – Value vested during the year ⁽²⁾ (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Keith A. MacPhail	6,960	-	-
W. Peter Comber	6,960	-	-
Ronald J. Eckhardt ⁽¹⁾	-	-	-
Pentti O. Karkkainen	6,960	-	-
Ronald J. Poelzer	6,960	-	-
Sheldon B. Steeves ⁽¹⁾	-	-	-
Clayton H. Woitas	6,960	-	-
Jonathan A. Wright	21,750	-	-
Grant A. Zawalsky	6,960	-	-

Notes:

- (1) Messrs. Eckhardt and Steeves did not join our board until March 5, 2013.
- (2) Calculated based on the difference between the market price of our common shares at December 31, 2012 (\$5.87) and the exercise price of the options.

Meeting Attendances

The following is a summary of attendance of our directors at meetings of our board and its committees for 2012:

Name	Board Meetings Attended	Audit Committee Meetings Attended	Reserves Committee Meetings Attended	Governance and Nominating Committee Meetings Attended	Compensation Committee Meetings Attended
W. Peter Comber	14/14	4/4	2/2 ⁽¹⁾	1/2 ⁽¹⁾	5/5
Ronald J. Eckhardt ⁽²⁾	-/-	-/-	-/-	-/-	-/-
Pentti O. Karkkainen	14/14	4/4	2/2 ⁽¹⁾	1/2 ⁽¹⁾	5/5
Keith A. MacPhail	14/14	4/4 ⁽¹⁾	2/2	2/2 ⁽¹⁾	5/5
Ronald J. Poelzer	14/14	4/4	2/2 ⁽¹⁾	2/2	5/5 ⁽¹⁾
Sheldon B. Steeves ⁽²⁾	-/-	-/-	-/-	-/-	-/-
Clayton H. Woitas	12/14	3/4 ⁽¹⁾	1/2	2/2	2/5 ⁽¹⁾
Jonathan A. Wright	14/14	4/4	2/2	2/2	5/5
Grant A. Zawalsky	14/14	4/4 ⁽¹⁾	2/2	2/2	4/5 ⁽¹⁾

Notes:

- (1) Attendance by non-committee member.
- (2) Messrs. Eckhardt and Steeves did not join our board until March 5, 2013.

EXECUTIVE COMPENSATION

For the year ended December 31, 2012 our named executive officers or NEOs, were Jonathan Wright our President and Chief Executive Officer, Robert Froese our Vice President, Finance, Chief Financial Officer and Corporate Secretary, Michael Lawford our Vice President, Development, Chris McDavid our Vice President, Operations and Craig Burton our Vice President, Business Development and New Plays.

Compensation Governance

We have developed an executive compensation strategy built on offering a competitive compensation package, which is oriented toward developing a culture of ownership by providing long-term equity-based incentives. As a result, the awarding of stock options is a significant component of our executive compensation. This approach is based on the assumption that our common share price performance over the long-term is an important indicator of long-term performance.

Our compensation philosophy is based on the following fundamental principles:

- Our compensation programs must be aligned with shareholder interests by aligning the goals of executives with maximizing long-term shareholder value.
- Our compensation to NEOs must be performance sensitive by linking compensation to our operating and market performance.
- Our compensation programs must be market competitive in terms of value and structure in order to retain existing employees who are performing according to their objectives and to attract new individuals of the highest calibre.

Compensation Risk

In establishing our executive compensation program the Compensation Committee also considers the implication of the risks associated with our compensation program, including:

- the risk of executives taking inappropriate or excessive risks;
- the risk of inappropriate focus on achieving short term goals at the expense of long term return to shareholders;
- the risk of encouraging aggressive accounting practises; and
- the risk of excessive focus on financial returns and operational goals at the expense of regulatory, environmental and health and safety.

While no program can fully mitigate these risks we believe that many of these risks are mitigated by:

- weighting our long term incentives towards share ownership and vesting our long term incentives over a number of years;
- establishing a uniform incentive programs for all executive officers and employees;
- avoiding narrowly focused performance goals which may encourage loss of focus on providing long term shareholder return and retaining adequate discretion to insure that Compensation Committee and board retain their business judgment in assessing actual performance; and

- establishing a strong "tone at the top" for accounting, regulatory, environmental and health and safety compliance.

Compensation Governance

The purpose of our Compensation Committee is to assist our board in fulfilling its responsibilities by monitoring our compensation plans and practices and ensuring their congruence with our objectives and goals by assessing and making recommendations regarding compensation, benefits, short and long-term incentive programs and employee retention. The compensation packages awarded to our executives is substantively the same as that provided to the rest of our employees, varying only with respect to the level of compensation provided in order to remain competitive within our industry. This is intended to ensure that the interests of all NuVista employees are aligned internally, and with the long term interests of our shareholders. Our Compensation Committee is currently composed of three non-management directors, Mr. Karkkainen (Chair), Mr. Comber and Mr. MacPhail. All members of the Compensation Committee are independent directors.

Our Chief Executive Officer presents recommendations to the Compensation Committee regarding the total budget for salary adjustments, bonuses and long-term incentives for all non-executive employees. Specific salary, bonus and long-term incentive recommendations for each of our executive members are presented by our Chief Executive Officer to the Compensation Committee and recommendations are made to our board. The Compensation Committee also makes specific recommendations to our board on our Chief Executive Officer's salary, bonus payments and long-term incentive awards. Our board reviews all recommendations of the Compensation Committee before final approval. Any director who is also an officer is excused from the directors' meeting during any discussion of their compensation. Recommendations and approvals regarding executive salary, bonus and long-term incentive awards are made at the same time to all of our employees.

Analysis of Compensation Practices of Competitors

Aggregate compensation for each NEO is designed to be competitive. In order to assess the market competitiveness of our executive compensation programs and assist the Compensation Committee in its evaluation of compensation, we participate in the annual Mercer Total Compensation Survey for the Petroleum Industry and review compensation data from peer companies. In 2012, we considered data from Mercer for the following 12 publicly traded companies with production rates of between 10,000 and 100,000 barrels of oil equivalent per day:

Advantage Oil & Gas Ltd.	Fairborne Energy Ltd.
Baytex Energy Corp.	Paramount Resources Ltd.
Bellatrix Exploration Ltd.	Perpetual Energy Inc.
Birchcliff Energy Ltd.	Progress Energy Resources Corp.
Celtic Exploration Ltd.	Tourmaline Oil Corp.
Crew Energy Inc.	Trilogy Energy Corp.

The purpose of reviewing the Mercer and peer company data was to:

- understand the competitiveness of current pay and bonus levels for each executive position relative to companies of similar size;
- identify and understand any gaps that may exist between actual compensation levels and market compensation levels; and
- establish as a basis for developing salary adjustments and short and long-term incentive awards.

Components of Compensation Plan

Our executive compensation program provides a balanced set of components designed to deliver the objectives of our compensation philosophy. The salary component provides a base of secure compensation necessary to attract and retain executive talent and targets the median of the Mercer data for executives. The variable components, bonus and long-term performance are designed to balance short-term performance with our long-term interests and motivate the superior performance of both. The long-term incentive plan also aligns NEOs with shareholders and helps retain executive talent. Our employee stock savings plan further aligns NEOs with shareholders and allows NEOs to accumulate savings for retirement or other purposes. The combination of the fixed components and the variable incentive opportunities delivers a competitive compensation package with a significant portion linked to our corporate and individual performance.

In determining salary increases, annual bonuses and the size of annual long-term incentive awards, the Compensation Committee considers overall corporate performance, performance across a number of operating measures to evaluate the execution of our business strategy, the general business environment and other subjective elements such as the strengthening of staff resources, processes and internal communication and individual performance.

Summary Compensation of NEOs

The following table sets forth for the years ended December 31, 2012, December 31, 2011 and December 31, 2010 information concerning the actual compensation paid to our NEOs:

Name and principal position	Year	Salary (\$)	Share-based awards ⁽¹⁾⁽²⁾ (\$)	Option-based awards ⁽³⁾ (\$)	Non-equity incentive plan compensation		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans ⁽⁴⁾ (\$)	Long-term incentive plans (\$)			
Jonathan Wright ⁽⁵⁾ President and Chief Executive Officer	2012	425,000	499,952	360,388	325,000	-	-	46,497	1,656,837
	2011	257,692	445,400	1,915,948	135,000	-	-	27,807	2,779,847
Robert Froese Vice President, Finance, Chief Financial Officer and Corporate Secretary	2012	300,000	284,175	203,168	150,000	-	-	34,766	972,109
	2011	285,000	52,924	236,560	100,000	-	-	107,767 ⁽⁶⁾	782,251
	2010	265,000	56,563	218,861	85,000	-	-	31,135	648,522
Michael Lawford ⁽⁷⁾ Vice President, Development	2012	225,538	263,076	344,726	110,000	-	-	27,369	970,709
Chris McDavid Vice President, Operations	2012	230,000	244,431	175,106	110,000	-	-	29,811	789,348
	2011	222,500	38,252	126,165	66,000	-	-	27,817	488,234
	2010	201,667	47,479	206,477	68,000	-	-	28,110	565,270
Craig Burton ⁽⁸⁾ Vice President, Business Development and New Plays	2012	212,750	230,906	164,657	100,000	-	-	27,095	735,408
	2011	188,913	42,348	115,941	65,000	-	-	24,919	437,121

Notes:

- (1) Includes restricted share awards and restricted stock units granted to our NEOs.
- (2) Based on the grant date fair value of the applicable awards on the date of the grant. **These amounts are not necessarily reflective of actual amounts that may be realized on exercise.** See "Outstanding Share-Based Awards and Option-based Awards" which reflect the value at December 31, 2012 and "Performance Graph – Incentive Plan Awards – Value at Time of Grant versus Value Vested or Earned".
- (3) Based on the grant date fair value of the applicable options on the date of grant. The fair value of each option granted is determined on the date of grant using the Black-Scholes option pricing model. In the pricing model, the average risk free interest rate was 1.3% during 2012; volatility of 41.9% during 2012; an average expected life of 4.3 years; an estimated forfeiture rate of 10%; and dividends of \$nil per share. **These amounts are not necessarily reflective of actual amounts that may be realized on exercise.** See "Outstanding Share-Based Awards and Option-based Awards" which reflect the value at December 31, 2012 and "Performance Graph – Incentive Plan Awards – Value at Time of Grant versus Value Vested or Earned".

- (4) This represents cash bonuses paid to our NEOs.
- (5) Mr. Wright was appointed our President and Chief Executive Officer effective May 9, 2011. His 2011 compensation has not been annualized.
- (6) Mr. Froese served as Acting President and CEO until the appointment of Mr. Wright effective May 9, 2011. The 2011 "All Other Compensation" for Mr. Froese includes a special bonus of \$75,000 paid to Mr. Froese in recognition of his service in this capacity.
- (7) Mr. Lawford was appointed as our Vice President, Development effective January 24, 2012. His compensation has not been annualized.
- (8) Mr. Burton was promoted to the position of Vice President, Business Development and New Plays effective December 1, 2011. Prior thereto, he was our Manager, Acquisitions.

Base Salary

In setting base salaries, our Compensation Committee reviews executive compensation of comparable organizations in the oil and gas industry. Salaries of senior executive officers reflect market conditions and levels of responsibility and are determined utilizing salary survey information from comparable companies.

Typically, salary increases are determined for all employees, including executives in December of each year. The determination of 2012 executive salary increases was made in December, 2011 and implemented effective January 1, 2012. In 2012, NEOs that were executives in 2011 received increases effective January 1, 2012 of between 3.5% and 6.3%. Mr. Burton's salary increase of 21.6% reflects his promotion to an executive position.

The following table summarizes annual base salaries for our NEOs at December 31, 2012 and December 31, 2011:

Name and principal position	2012 Base Salary (\$)	2011 Base Salary (\$)	Percentage Increase
Jonathan Wright ⁽¹⁾ President and Chief Executive Officer	425,000	400,000	6.3%
Robert Froese Vice President, Finance, Chief Financial Officer and Corporate Secretary	300,000	290,000	3.5%
Michael Lawford ⁽²⁾ Vice President, Development	240,000	N/A	N/A
Chris McDavid Vice President, Operations	239,600	230,000	4.2%
Craig Burton ⁽³⁾⁽⁴⁾ Vice President, Business Development and New Plays	212,750	188,913	21.6%

Notes:

- (1) Mr. Wright was appointed our President and Chief Executive Officer effective May 9, 2011. His 2011 base salary has been annualized.
- (2) Mr. Lawford joined us as our Vice President, Development on January 24, 2012. His 2012 base salary has been annualized.
- (3) Mr. Burton was promoted to the position of Vice President, Business Development and New Plays on December 1, 2011. His 2011 base salary includes all salary paid to Mr. Burton by us in 2011.
- (4) This represents the increase in base pay received by Mr. Burton upon his appointment to the position of Vice President, Business Development and New Plays.

Bonuses

Our Compensation Committee recommends to the board an annual bonus amount for all employees and specific bonus amounts for officers (including NEOs). The total amount of the annual bonus pool is approved by our board and is based on our performance with respect to bonus performance metrics, current market conditions and other factors considered relevant by our board. The final determination of the annual bonus is not based on a prescriptive formula and weighting as our board and the Compensation Committee are of the view that this may lead to unintended consequences and potentially foster "single minded" behaviors to the overall detriment of sustainable performance. Based on these factors, the board approved an overall 2012 company bonus of 22.9% of 2012 annual salaries paid or \$2,794,500.

The following table summarizes bonuses paid to our NEOs for the years ended December 31, 2012 and December 31, 2011:

Name and principal position	2012 Bonus (\$)	2011 Bonus (\$)	2012 Bonus as a % of 2012 Base Salary
Jonathan Wright ⁽¹⁾ President and Chief Executive Officer	325,000	135,000	76.5%
Robert Froese ⁽²⁾ Interim President and Chief Executive Officer, Vice President, Finance, Chief Financial Officer and Corporate Secretary	150,000	100,000	50.0%
Michael Lawford ⁽³⁾ Vice President, Development	110,000	N/A	45.8%
Chris McDavid Vice President, Operations	110,000	66,000	45.9%
Craig Burton ⁽⁴⁾ Vice President, Business Development and New Plays	100,000	65,000	47.0%

Notes:

- (1) Mr. Wright was appointed our President and Chief Executive Officer effective May 9, 2011. His 2011 bonus has not been annualized.
- (2) Does not include a special bonus of \$75,000 paid to Mr. Froese in 2011 in recognition of his service in acting as our Acting President and Chief Executive Officer until the appointment of Mr. Wright to the position effective May 9, 2011.
- (2) Mr. Lawford joined us as Vice President, Development on January 24, 2012.
- (3) Mr. Burton was promoted to the position of Vice President, Business Development and New Plays on December 1, 2011.

Long-term Incentive Plans

Our long-term incentive plans currently consist of our stock option plan, restricted share award plan, restricted stock unit plan and employee stock savings plan.

Our long-term incentive plans are designed to align the interests of our employees with shareholders by linking a component of compensation to the long-term performance of our common shares. Prior to 2008, our long-term incentive plans consisted only of our stock option and employee stock savings plans. In 2008, based on the review of our compensation programs by management and our compensation consultant, it was determined that we should add restricted stock units to our compensation mix. This decision was based on a general compensation trend to include full-value incentives such as restricted stock units as replacement for a portion of gain-based incentives such as stock option awards. In addition, restricted stock units can provide an employee retention component that can be effective in a period of declining share prices due to industry conditions such as low natural gas prices. In 2011, we implemented a restricted share award plan, which is share based, and could be used in lieu of our restricted stock unit plan to conserve cash at a time of high debt levels and declining cash flow due to low natural gas prices. We are proposing to continue with a stock option plan and retain the existing share award plan but will not be seeking

shareholder approval for an increase in the number of common shares available for grant under the share award plan. For further information, see "*Matters to be Acted Upon at the Meeting – Approval of the 2013 Stock Option Plan*".

Stock Option Plan

Our current stock option plan is designed to motivate all employees to focus on our long-term growth and success. It also provides an effective retention tool. Total option awards presently limited to 10% of the aggregate number of our issued and outstanding common shares less the aggregate number of common shares reserved for issuance from time to time under our other share incentive plans and arrangements. Any increase in our issued and outstanding common shares will result in an increase in the available number of common shares issuable under the plan and any exercises of options will make new awards available under the plan.

The number of common shares issuable pursuant to the plan to any one person shall not exceed 5% of the outstanding common shares. The number of common shares reserved for issuance at any time or issued within one year, pursuant to the plan and all of our other established or proposed share compensation arrangements to insiders shall not exceed 10% of our outstanding common shares and the number of common shares issuable within one year, pursuant to the plan and all of our other established or proposed share compensation arrangements to any one insider and such insider's associates shall not exceed 5% of our outstanding common shares. The number of common shares issuable pursuant to the plan to non-management directors is limited to a maximum of 0.25% of our outstanding common shares. In addition, the value of stock options granted to any one non-management director during a calendar year, as calculated at the date of grant, may not exceed \$100,000.

All options awarded pursuant to the plan will expire on a date as determined at the time of the grant provided that no stock option may be exercised beyond six years from the time of the grant. Our current practice is to grant stock option awards that vest one-third of the total award on each of the first three anniversary dates and options will expire 2.5 years following the vesting date.

Options are issued with an exercise price equal to the volume weighted average trading price of our common shares for the five trading days prior to the date of grant. Any stock options which have not been exercised by the expiry date shall expire and become null and void. If the expiry date of any option falls within any blackout period imposed by our board or within ten business days following the end of any blackout period, then the expiry date of such options shall be extended to the date that is ten business days following the end of such blackout period. Unless approved by our board, no stock options may be exercised by an optionee during a blackout period. Our plan does not provide for any financial assistance to be provided by us to facilitate the exercise of an option.

If an optionee ceases to be a director, officer or employee of us or ceases to be providing services to us on an ongoing basis for any reason whatsoever, including without limitation resignation, dismissal or otherwise but excluding the optionee's death, the optionee may, prior to the expiry date and within 30 days from the date of ceasing to be a director, officer or a employee or ceasing to provide services to us on an ongoing basis, exercise the stock options which are vested within such period, after which time the stock option shall terminate. If an optionee dies prior to the expiry date, the optionee's legal representative may, within six months from the optionee's death and prior to the expiry date, exercise the stock options which are vested within such period, after which time any remaining stock options shall terminate. If there is a "change of control" as defined in the stock option agreement all outstanding stock options vest prior to the date of the change of control. All options granted pursuant to the plan are not assignable.

Optionees have the right (the "**Put Right**") to request that we purchase each of their vested options for a price equal to the difference, if positive, between the market price of our common shares on the day prior to date of notice of exercise of the Put Right and the exercise price of the option. We have the discretion to not accept any exercise of the Put Right. In addition, each optionee that exercises the Put Right may purchase common shares from treasury with the proceeds of the exercise of the Put Right at the market price of our common shares. In certain circumstances as set forth in the plan, an optionee that exercises the Put Right may purchase common shares from us, which may, at our election, be issued on a flow-through basis under the *Income Tax Act* (Canada). The maximum number of common shares available under the Put Right is currently set at 700,000 common shares.

Our board can amend or discontinue the plan or options granted thereunder at any time without shareholder approval; provided any amendment to the plan that requires approval of any stock exchange on which our common shares are listed for trading may not be made without approval of such stock exchange. However, without the prior approval of the shareholders, as may be required by such exchange, we may not: (a) make any amendment to the plan to increase the percentage of common shares issuable on exercise of outstanding options at any time; (b) reduce the exercise price of any outstanding stock options or in respect of the cancellation or re-issuance of any stock options; (c) extend the term of any outstanding stock option beyond the original expiry date of such stock option unless such extension is due to a blackout period being in effect; (d) make any amendment to increase the maximum limit on the number of securities that may be issued to insiders; (e) amend the limits on grants of stock options to non management directors; (f) change participants eligible to receive stock options under the plan to permit the introduction or re-introduction of non-employee directors on a discretionary basis; (g) permit an optionee to transfer or assign stock options to a new beneficial holder, other than for estate settlement purposes; or (h) make any amendment to the amendment clause. In addition, no amendment to the plan or stock options granted pursuant to the plan may be made without the consent of the optionee, if it adversely alters or impairs any stock option previously granted to such optionee under the plan.

All of our employees participate in the stock option plan. Subject to regulatory requirements, the terms and conditions of options granted under the stock option plan are determined by our board based on recommendations from the Compensation Committee. Stock option awards are approved for each officer with the award value based on percentage of salary adjusted for individual performance and other factors.

A copy of our current stock option plan has been filed and is available on the SEDAR at www.sedar.com.

Restricted Share Award Incentive Plan

Our long-term incentive plans are designed to align the interests of our employees with shareholders by linking a component of compensation to the long-term performance of our common shares. In August of 2011, based on the review of our compensation programs by management and our compensation committee, it was determined that, we should amend our long term incentive program so as to provide the flexibility to grant restricted share awards in lieu of restricted stock units. The restricted share award program allows grantees the opportunity to retain some or all of the underlying shares rather than simply receive a cash payout as provided under the restricted stock unit plan. Restricted share awards also allow us to conserve cash for the operation of our business.

Our restricted share award incentive plan is administered by our board, provided that our board shall have the authority to appoint a committee of the board to administer the plan. In the event that the board appoints a committee of the board to administer the plan, all references in the plan to our board will be deemed to be references to such other committee.

Our board has the full power and sole responsibility to interpret the provisions of the plan, to administer the plan and to exercise all the powers and authorities either specifically granted to it under the plan or necessary or advisable in the administration of the plan.

Unless otherwise approved by our shareholders, the number of common shares reserved for issuance from time to time pursuant to outstanding restricted share awards granted and outstanding under the plan shall not exceed 450,000 common shares. If any restricted share awards granted under the plan expire, terminate or are cancelled for any reason without the common shares issued thereunder having been issued in full, any unissued common shares to which such restricted share awards relate shall be awardable for the purposes of granting of further restricted share awards under the plan. Non-management directors are not eligible to participate in the plan.

Restricted share awards may be granted under the plan to our officers, employees, consultants and other service providers and any of our controlled entities such as a subsidiary, partnership or trust provided that the aggregate number of restricted share awards granted to any single holder shall not exceed 1% of our issued and outstanding common shares (including common shares issuable upon exchange or conversion of any of our fully paid securities or those of our controlled entities that are exchangeable or convertible into common shares). In accordance with the rules of the Toronto Stock Exchange, the number of common shares issued to insiders within one year pursuant to the plan, and issuable to insiders at any time, under the plan or when combined with all of our other security based

compensation arrangements, shall not exceed 10% of our issued and outstanding shares (including common shares issuable upon exchange or conversion of any of our fully paid securities or those of our controlled entities that are exchangeable or convertible into common shares).

Vesting arrangements are within the discretion of our board although each restricted share award will typically vest on the second anniversary of the grant date. In the event of a change of control (as defined in the plan), all outstanding restricted share awards will fully vest on the date that the change of control is completed. The expiry date of restricted share awards issued pursuant to the plan will typically be the next business day following the applicable vesting date(s) unless otherwise determined by our board provided however that in the event of a blackout period imposed upon a grantee, the expiry date will be extended to the date which is ten business days from the date that the blackout period ends and any expiry date that falls on a non-business day will be extended to the next business day.

Restricted share awards will be settled through the issuance of common shares from treasury or acquired by us on the Toronto Stock Exchange, or a combination thereof, at our discretion. In addition, in certain circumstances, a holder may request that we settle a restricted share award in cash in an amount equal to the aggregate current market value of the common shares to be issued. We may, but are not obligated to accept such election.

Unless otherwise determined by our board or unless otherwise provided in a restricted share award agreement pertaining to a particular grant or any written employment agreement, upon the termination of a grantee for cause, all restricted share awards held by the grantee on the cessation date shall immediately terminate. If a grantee voluntarily ceases employment for any reason whatsoever, other than retirement, all outstanding restricted share awards which have not vested shall terminate and all vested restricted share awards will terminate on their expiry date. In the case of retirement or involuntary termination not for cause or death, a certain number of unvested restricted awards will vest in accordance with the provisions of the plan and all awards held by the grantee will expire on the earlier of their expiry date or 30 days following the cessation of employment. In the case of death of the grantee, a certain number of restricted share awards will vest in accordance with the provisions of the plan and are restricted share awards held by the grantee will expire on the earlier of their expiry date or six months following cessation of employment.

No assignment, sale, transfer, pledge or charge of a restricted share award, whether voluntary, involuntary, by operation of law or otherwise (except by will or the laws of descent and distribution), vests any interest or right in a restricted share award whatsoever in any assignee or transferee and, immediately upon any assignment, sale, transfer, pledge or charge or attempt to assign, sell, transfer, pledge or charge, such restricted share award will terminate and be of no further force or effect.

We have the right to amend the terms and conditions of the plan and any restricted share awards granted under the plan, without shareholder approval. However, the plan and any restricted share award granted thereunder may not be amended without shareholder approval to: (a) increase the number of common shares issuable on exercise of restricted share awards; (b) extend the expiry date of any outstanding restricted share awards held by insiders; (c) permit a grantee to transfer or assign restricted share awards to a new beneficial holder other than in the case of death; (d) any amendment to the limits on non-management directors contained in the plan; (e) any amendment to increase the number of common shares that may be issued to insiders above the restrictions contained in the plan or (f) amend the amendment provisions of the plan.

The plan contains anti-dilution provisions which allow our board to make such adjustments to the plan, to any restricted share awards as our board of directors may, in its sole discretion, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to employees thereunder.

At December 31, 2012, there were 291,230 restricted share awards outstanding.

A copy of our current restricted share award incentive plan has been filed and is available on the SEDAR website at www.sedar.com.

Restricted Stock Unit Incentive Plan

Our restricted stock unit incentive plan is designed to motivate all employees to focus on our long-term growth and success. The plan also provides employees with a compensation component that is linked to share performance but has less leverage to our share price than stock options. We believe that restricted stock units enhance our ability to attract and retain employees and complement the other components in our compensation program. The mix of restricted stock units, restricted share awards and stock options received by an employee is based on their level in the organization and their role. Generally the long-term incentive awards for more senior employees are weighted towards stock options and awards for other employees are weighted towards restricted stock units and restricted share awards.

All of our employees participate in the restricted stock unit incentive plan. Our outside directors are not eligible to participate in the restricted stock unit incentive plan. The terms and conditions of restricted stock units awarded under the restricted stock unit incentive plan are determined by our board based on recommendations from the Compensation Committee. Restricted stock unit awards are approved for each executive with the award value based on percentage of salary, adjusted for individual performance and other factors.

Each restricted stock unit entitles an employee to a cash payment equal to the fair market value of our underlying common shares on the date that the restricted stock unit matures. For this purpose, fair market value means the volume weighted average of the prices at which our common shares traded on the Toronto Stock Exchange for the five (5) trading days prior to the maturity date. Unless otherwise determined by our Compensation Committee, each restricted stock unit granted pursuant to the restricted stock unit incentive plan has a fixed term of not more than 36 months less a day. All restricted stock units expire at the end of the term.

Unless otherwise provided in the grant agreement or the participant's employment contract: (i) if a holder ceases to be an employee "for cause", all restricted stock units shall be forfeited; (ii) if a holder voluntarily ceases to be an employee, all unpaid and matured restricted stock units shall be paid in full and all unmatured restricted stock units shall be forfeited; and (iii) if a holder ceases to be an employee as a result of the death or retirement or involuntary termination without cause, all unpaid and matured restricted stock units shall be payable in full and the holder shall be entitled to a proportionate share of unmatured restricted stock units. If there is a "change of control" as defined in the restricted stock unit incentive Plan, all outstanding restricted stock units are payable in full prior to the date of the change of control. All restricted stock units granted pursuant to the plan are not assignable.

Our board may amend or discontinue the restricted stock unit incentive plan or any restricted stock units granted thereunder at any time without shareholder approval; provided any amendment to the restricted stock unit incentive plan that requires approval of any stock exchange may not be made without approval of such stock exchange. In addition, no amendment to the restricted stock unit incentive plan or restricted stock units granted thereunder may be made without the consent of the participant, if it adversely alters or impairs any restricted stock units previously granted to such participant.

At December 31, 2012, there were 1,178,401 restricted stock units outstanding.

Employee Stock Savings Plan

We have an employee savings plan whereby all employees, including executive officers, are encouraged to contribute up to a maximum of 6% of their salary to the employee stock savings plan. Employees can choose to direct this money into a registered or non-registered savings plan. For each dollar contributed by the employee to the plan, we contribute 1.5 dollars. The funds are used to purchase our common shares in the open market. Both the employee and the employer contributions are subject to a one-year restriction on removal from the plan. Since the plan is available to all employees, it has been successful in encouraging employees to become shareholders of us and promoting the principle of alignment with shareholder interests. The Compensation Committee considers this program to be competitive. There is no other form of retirement or savings program. All NEOs participated in the program in 2012. These amounts are included in the "All Other Compensation" on the Summary Compensation Table above.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth for each NEO, all option-based awards and share-based awards outstanding at the end of the year ended December 31, 2012:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested ⁽²⁾ (#)	Market or payout value of share-based awards that have not vested ⁽³⁾ (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Jonathan Wright	500,000 75,000 113,245 90,000	9.96 5.00 4.53 5.41	⁽⁴⁾ ⁽¹³⁾ ⁽¹⁵⁾ ⁽¹⁶⁾	- 65,250 151,748 41,400	186,623	1,095,477	-
Robert Froese	22,000 22,000 48,000 30,000 22,000 10,000 27,500 50,000 39,000 71,722 45,000	7.92 8.96 10.39 11.05 11.14 14.32 15.49 9.41 5.00 4.53 5.41	⁽⁵⁾ ⁽⁶⁾ ⁽⁷⁾ ⁽⁸⁾ ⁽⁹⁾ ⁽¹⁰⁾ ⁽¹¹⁾ ⁹¹²⁾ ⁽¹³⁾ ⁽¹⁵⁾ ⁽¹⁶⁾	- - - - - - - - 33,930 96,107 20,700	68,461	401,866	-
Michael Lawford	135,000 39,636 40,000	4.31 4.53 5.41	⁽¹⁴⁾ ⁽¹⁵⁾ ⁽¹⁶⁾	210,600 53,112 18,400	54,818	321,782	-
Chris McDavid	18,000 20,000 46,000 25,000 18,000 10,000 22,500 24,000 26,000 60,146 40,000	7.92 8.96 10.39 11.05 11.14 14.32 15.49 9.41 5.00 4.53 5.41	⁽⁵⁾ ⁽⁶⁾ ⁽⁷⁾ ⁽⁸⁾ ⁽⁹⁾ ⁽¹⁰⁾ ⁽¹¹⁾ ⁽¹²⁾ ⁽¹³⁾ ⁽¹⁵⁾ ⁽¹⁶⁾	- - - - - - - - 22,620 80,596 18,400	57,373	336,780	-
Craig Burton	13,400 16,000 38,000 18,000 13,400 6,250 13,000 22,000 24,000 60,146 35,000	7.92 8.96 10.39 11.05 11.14 14.32 15.49 9.41 5.00 4.53 5.41	⁽⁵⁾ ⁽⁶⁾ ⁽⁷⁾ ⁽⁸⁾ ⁽⁹⁾ ⁽¹⁰⁾ ⁽¹¹⁾ ⁽¹²⁾ ⁽¹³⁾ ⁽¹⁵⁾ ⁽¹⁶⁾	- - - - - - - - 20,880 80,596 16,100	53,573	314,473	-

Notes:

- (1) Calculated based on the difference between the market price of our common shares at December 31, 2012 (\$5.87) and the exercise price of the options.
- (2) Includes restricted share awards granted under our restricted share award incentive plan as well as restricted stock units granted under our restricted stock unit incentive plan.
- (3) Calculated based on the value of our common shares at December 31, 2012 (\$5.87).
- (4) 33% of the options expire on Sept 30, 2014, Sept 30, 2015 and Sept 30, 2016 respectively.
- (5) 50% of the options expire on June 23, 2013 and June 22, 2014 respectively.
- (6) 33% of the options expire on May 19, 2014, May 19, 2015 and May 18, 2016 respectively.

- (7) 33% of the options expire on November 25, 2013, November 25, 2014 and November 24, 2015 respectively.
(8) 33% of the options expire on May 23, 2013, May 23, 2014 and May 22, 2015 respectively.
(9) 50% of the options expire on November 12, 2013 and November 11, 2014 respectively.
(10) 100% of the options expire July 2, 2013 respectively.
(11) 50% of the options expire on March 17, 2013 and March 16, 2014 respectively.
(12) 33% of the options expire on December 3, 2014, December 3, 2015 and December 2, 2016 respectively.
(13) 33% of the options expire on May 21, 2015, May 21, 2016 and May 20, 2017 respectively.
(14) 33% of the options expire on July 31, 2015, July 31, 2016 and July 30, 2017 respectively.
(15) 33% of the options expire on December 1, 2015, December 1, 2016 and November 30, 2017 respectively.
(16) 33% of the options expire on May 27, 2016, May 27, 2017 and May 26, 2018 respectively.

Incentive Plan Awards – Value Vested or Earned During the Year

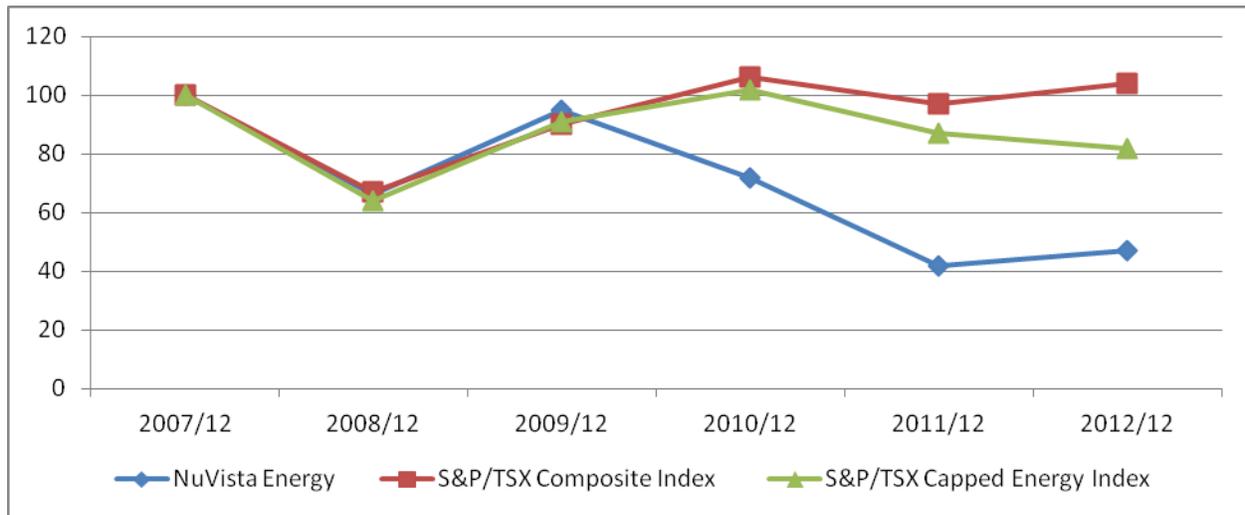
The following table sets forth for each NEO, the value of option-based awards and share-based awards which vested during the year ended December 31, 2012, and the value of non-equity incentive plan compensation earned during the year ended December 31, 2012:

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards – Value vested during the year ⁽²⁾ (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Jonathan Wright	21,750	-	325,000
Robert Froese	11,310	25,633	150,000
Michael Lawford	-	-	110,000
Chris McDavid	7,540	21,395	110,000
Craig Burton	6,960	16,121	100,000

Notes:

- (1) Calculated based on the difference between the market price of our common shares on the vesting date and the exercise price of the options on the vesting date.
(2) Calculated based on the five day volume weighted average share price for the five trading days prior to the vesting date.

Performance Graph



	2007/12	2008/12	2009/12	2010/12	2011/12	2012/12
NuVista Energy Ltd.	100	66	95	72	42	47
S&P/TSX Composite Index ⁽¹⁾	100	67	90	106	97	104
S&P/TSX Capped Energy Index ⁽²⁾	100	64	91	102	87	82

Notes:

- (1) The S&P/TSX Composite Index was previously called the TSE 300 Index.
 (2) The S&P/TSX Capped Energy Index.

Salaries and bonuses for our executive officers are based on peer company salary levels and the Board's assessment of annual corporate and individual performance based on financial and operating performance metrics and other pertinent considerations. The bonuses awarded do not necessarily track the annual change in the market value of our common shares

Our long-term incentive plans are designed to align the interests of employees, including NEOs, with shareholders by linking a component of compensation to our common share performance. The mix of stock options and restricted stock units in our NEOs compensation is more heavily weighted towards stock options.

Incentive Plan Awards – Value at Time of Grant versus Value Vested or Earned

The following table sets forth for each NEO, the value of option-based awards and share-based awards to our NEOs at the time of grant and the value of option-based awards and share-based awards to our NEOs which vested or were earned during each of the years ended December 31, 2012, December 31, 2011 and December 31, 2010:

Name		Value at Time of Grant			Actual Value Earned/Vested During the Year		
		Share - based Awards ⁽¹⁾⁽²⁾ (\$)	Option - based Awards ⁽³⁾ (\$)	Total	Share - based Awards ⁽⁴⁾	Option - based Awards ⁽⁵⁾	Total ⁽⁶⁾
Jonathan Wright ⁽⁷⁾	2012	499,952	360,388	860,340	-	21,750	21,750
	2011	445,400	1,915,948	2,361,348	-	-	-
Robert Froese	2012	284,175	203,168	487,343	25,633	11,310	36,943
	2011	52,924	236,560	289,484	22,450	-	30,235
	2010	56,563	218,861	275,424	81,897	15,620	97,517
Michael Lawford ⁽⁸⁾	2012	263,076	344,726	607,802	-	-	-
Chris McDavid	2012	244,431	175,106	419,537	21,395	7,540	28,935
	2011	38,252	126,165	164,417	19,212	-	26,404
	2010	47,479	206,477	253,956	72,892	12,780	85,672
Craig Burton ⁽⁹⁾	2012	230,906	164,657	395,563	16,121	6,960	23,081
	2011	42,348	115,941	158,289	13,345	-	13,345

Notes:

- (1) Includes restricted share awards and restricted stock units granted to our NEOs.
- (2) Based on the grant date fair value of the applicable awards on the date of the grant.
- (3) Based on the grant date fair value of the applicable options on the date of grant. The fair value of each option granted is determined on the date of grant using the Black-Scholes option pricing model. In the pricing model, the average risk free interest rate was 1.3% during 2012; volatility of 41.9% during 2012; an average expected life of 4.3 years; an estimated forfeiture rate of 10%; and dividends of \$nil per share.
- (4) Calculated based on the difference between the market price of our common shares on the vesting date and the exercise price of the options on the vesting date.
- (5) Calculated based on the five day volume weighted average share price for the five trading days prior to the vesting date.
- (6) See "*Outstanding Share-Based Awards and Option-Based Awards*" for all option-based awards and share-based awards outstanding at the end of the year ended December 31, 2012 for each NEO.
- (7) Mr. Wright was appointed our President and Chief Executive Officer effective May 9, 2011.
- (8) Mr. Lawford was appointed as our Vice President, Development effective January 24, 2012.
- (9) Mr. Burton was promoted to the position of Vice President, Business Development and New Plays effective December 1, 2011. Prior thereto, he was our Manager, Acquisitions.

Securities Authorized for Issuance Under Equity Compensation Plans

The following sets forth information in respect of securities authorized for issuance under our equity compensation plans as at December 31, 2012:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders: Stock Option Plan ⁽¹⁾ Share Award Plan ⁽²⁾	10,911,806 450,000	\$7.77 N/A	4,494,302 158,770
Equity compensation plans not approved by securityholders: Inducement Options ⁽³⁾	500,000	\$9.96	-
Total	11,861,806	\$7.93	4,653,072

Notes:

- (1) As at December 31, 2012, an aggregate of 6,417,504 stock options were outstanding under our stock option plan. The maximum number of common shares available under our stock option plan is equal to 10% of the aggregate number of our issued and outstanding common shares less: (i) the number of issued and outstanding performance shares; (ii) the aggregate number of common shares reserved for issuance from time to time under our restricted share award plan; and (iii) the aggregate number of common shares reserved for issuance pursuant to the grant of 500,000 stock options to our President and Chief Executive Officer effective March 30, 2011.
- (2) Under our restricted share award incentive plan, the number of common shares reserved for issuance from time to time pursuant to outstanding share awards granted and outstanding under the plan shall not exceed 450,000 common shares.
- (3) Represents inducement options granted to our President and Chief Executive Officer effective March 30, 2011.

Pension Plan Benefits

We do not have any pension plans for our employees. We have established a savings plan to assist employees in meeting their savings goals. See "*Compensation Discussion and Analysis – Employee Stock Savings Plan*".

Executive Share Ownership Guidelines

Mr. Jonathan Wright was appointed as our new President and Chief Executive Officer effective May 9, 2011. Our board believes it is important that Mr. Wright demonstrate his commitment to our stewardship through common share ownership. Pursuant to his employment agreement, Mr. Wright was required to acquire common shares with a value equivalent of two times his annual base salary within two years of his appointment and this was effected at the commencement of his employment. Mr. Wright is expected to be in continuous compliance with this requirement. In the event that Mr. Wright has achieved the target ownership and the value of our common shares subsequently falls below such target ownership level due solely to a decline in the market price of our common shares, Mr. Wright will be considered to be in compliance with ownership guidelines as long as the adjusted cost base of his common shares exceeds the target ownership level.

Employment Agreements

We have entered into employment agreements with each of NEO pursuant to which we have agreed to make certain payments to the executive in the event of termination without cause, a "change of control" without termination and a "change of control" with termination. The following is a description of payments or the nature of the vesting of long-term incentives due to the NEO's departure upon resignation, termination without cause, normal retirement, change of control without termination and a change of control with termination. For the purpose of the employment agreements, termination includes constructive dismissal.

Resignation

- Retiring allowance – none.
- Stock options – prior to the applicable expiry date or within 30 days of ceasing to be an employee, whichever is earlier, the NEO can exercise all stock options vested or vesting within such period.
- Restricted stock units – all unpaid and unmatured restricted stock units are forfeited as of the date of ceasing to be an employee.
- Restricted share awards – all unvested restricted share awards are forfeited as of the date of ceasing to be an employee.

Termination Without Cause

- Retiring allowance to be paid within five business days of termination consisting of:
 - One and one-half times the NEO's current base salary; and
 - 20% of such amounts in-lieu of employment benefits; and
 - One times the greater of any cash bonus paid to the NEO in the year prior to termination or an average of the cash bonuses paid to the NEO in the two years prior to termination. Mr. Wright's and Mr. Lawford's employment agreements provide for payment 1½ times the greater of any cash bonus paid to the NEO in the year prior to termination or an average of the cash bonuses paid to the NEO in the two years prior to termination.
- Stock options – prior to the applicable expiry date or within 30 days of ceasing to be an employee, whichever is earlier, the NEO can exercise all stock options vesting within one and one-half years of the date of ceasing to be an employee.
- Restricted stock units – payment is received for all unpaid and matured restricted stock units and a proportionate share of unmatured restricted stock units.
- Restricted share awards – prior to the applicable expiry date or within 30 days of ceasing to be an employee, whichever is earlier, the NEO can exercise all restricted share awards that have vested on the date of ceasing to be an employee plus a proportionate number of restricted share awards that had not yet vested.

Normal Retirement

- Retiring allowance – none.
- Stock options – within 30 days of ceasing to be an employee, the NEO can exercise all stock options vested or vesting within 30 days of the date of ceasing to be an employee.
- Restricted stock units – payment is received for all unpaid and matured restricted stock units and a proportionate share of unmatured restricted stock units.
- Restricted share awards – prior to the applicable expiry date or within 30 days of ceasing to be an employee, whichever is earlier, the NEO can exercise all restricted share awards that have vested on the date of ceasing to be an employee plus a proportionate number of restricted share awards that had not yet vested.

Change of Control Without Termination

- Retiring allowance – none.
- Stock options – all stock options outstanding vest prior to the change of control in accordance with the stock option agreement.
- Restricted stock units – all unpaid and matured or unmatured restricted stock units are payable.
- Restricted share awards – all outstanding restricted share awards vest on the change of control and the underlying common shares are issued.

Change of Control With Termination

- Retiring allowance to be paid within five business days of termination consisting of:
 - One and one-half times the NEO's current base salary;
 - 20% of such amounts of employment benefits; and

- One times the greater of any cash bonus paid to the NEO in the year prior to termination or an average of the cash bonuses paid to the NEO in the two years prior to termination. Mr. Wright's and Mr. Lawford's employment agreements provide for payment of 1½ times the greater of any cash bonus paid to the NEO in the year prior to termination or an average of the cash bonuses paid to the NEO in the two years prior to termination.
- Stock options – all stock options outstanding vest prior to the change of control in accordance with the stock option agreement.
- Restricted stock units – all unpaid and matured or unmatured restricted stock units are payable.
- Restricted share awards – all outstanding restricted share awards vest on the change of control and the underlying common shares are issued.

Other key terms of the employment agreements:

- We are entitled to terminate an NEO's employment for just cause at any time without notice and without any payment to the NEO whatsoever, save and except only for payment of the pro-rata salary earned for services rendered up to and including the termination date, plus any outstanding vacation pay and expenses.
- The NEO may resign by providing us with two months advance written notice of the resignation date.
- Should there be a change of control and an event that constitutes constructive dismissal within six months of the change of control, the NEO has the right, for a period of ninety days following the event or events that constituted the change of control, to elect to terminate his employment upon providing us with one week advance written notice.
- In the event of a change of control and the NEO elects to terminate his employment, the NEO will be required, at our option, to continue his employment with us for a period of up to two months at the NEO's then existing compensation package, to assist us in an orderly transition of management.

The following table summarizes the estimated payments and benefits to each NEO as if the employment events listed above had occurred on December 31, 2012:

	Resignation (\$)	Termination (without cause) (\$)	Normal Retirement (\$)	Change of Control without Termination (\$)	Change of Control with Termination (\$)
Jonathan Wright	21,750	2,388,756	487,322	1,353,875 ⁽¹⁾	2,606,375
Robert Froese	11,310	1,118,260	101,952	552,603	1,242,603
Michael Lawford	-	1,054,336	67,762	603,894	1,200,894
Chris McDavid	7,539	895,266	69,448	458,396	999,676
Craig Burton	6,960	815,762	63,121	432,050	915,000

Note:

- (1) Mr. Wright's executive employment agreement provides him with the ability to terminate his employment in the event of a change of control and receive this payment.

Short Selling and Restrictions

Our directors and officers are prohibited from knowingly selling, directly or indirectly, a common share or other security if such person selling such security does not own or has not fully paid for the security to be sold. Directors and officers shall not, directly or indirectly, buy or sell a call or put in respect of a common share or other security of us. Notwithstanding these prohibitions, directors and officers may sell a common share which such person does not own if such person owns another security convertible into common shares or an option or right to acquire common shares share sold and, within 10 days after the sale, such person: (i) exercises the conversion privilege, option or right and delivers the common share so associated to the purchaser; or (ii) transfers the convertible security, option or right, if transferable to the purchaser.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Board of Directors

All of our directors, other than Mr. Wright, are independent. Our board has determined that Messrs. Comber, Eckhardt, Karkkainen, MacPhail, Poelzer, Steeves, Woitas and Zawalsky are independent. Our board has determined that Mr. Wright is not independent as he is our President and Chief Executive Officer.

Independence Analysis

W. Peter Comber, Ronald J. Eckhardt, Pentti O. Karkkainen, Clayton H. Woitas and Sheldon B. Steeves.

None of Messrs. Comber, Eckhardt, Karkkainen, Steeves or Woitas have any current or past business relationship with us other than as independent directors.

Keith A. MacPhail and Ronald J. Poelzer

Messrs. MacPhail and Poelzer had a past business relationship with us. Mr. MacPhail is the Executive Chairman and Mr. Poelzer is the Executive Vice Chairman of Bonavista Energy Corporation ("**Bonavista**"), but we no longer have any ongoing service relationship or partnership relationship with Bonavista. In 2003, as part of a plan of arrangement with Bonavista, we entered into a Technical Services Agreement with Bonavista (the "**TSA**") pursuant to which Bonavista employees were also our employees and provided services to us in respect of the management, development, exploitation and operation of our assets. Under the TSA, Bonavista also provided various administrative services, as well as access to geological and technical data relating to our assets. Effective January 1, 2007, the terms of the TSA were amended to reflect the reduced level of services to be provided by Bonavista. On August 31, 2007, the TSA was terminated and Messrs. MacPhail and Poelzer ceased to be employees of NuVista. The TSA was replaced with a services agreement (the "**Services Agreement**") that reflected the remaining specified services to be provided by Bonavista which consisted primarily of the provision of office space, oil and natural gas marketing services, reception services and some information technology services. On November 1, 2008, the Services Agreement was terminated and Bonavista no longer provided any ongoing services to us. In addition, in February 2011, we entered into a series of transactions with Bonavista to separate our partnership ownership of certain crude oil and natural gas assets held through NuVista Energy, a partnership between NuVista and Bonavista. Our board has concluded that Messrs. MacPhail and Poelzer are independent and capable of exercising independent judgment after considering, among other thing:

- that more than 4 years have elapsed since either Messrs. MacPhail and Poelzer were our employees;
- that Bonavista no longer provides any services to us;
- that the partnership relationship between us and Bonavista has been terminated;
- their share ownership position and personal financial circumstances; and
- the statutory guidance with respect to the meaning of independence contained in National Instrument 58-101 – *Disclosure of Corporate Governance Practises*.

Grant A. Zawalsky

Mr. Zawalsky is a partner of Burnet, Duckworth & Palmer LLP who provide legal services to us. Our board has concluded that Mr. Zawalsky is independent and capable of exercising independent judgment after considering, among other thing:

- that the fees charged by Burnet, Duckworth & Palmer LLP to us is less than 1% of Burnet, Duckworth & Palmers LLP's total income;
- his equity interest in Burnet, Duckworth & Palmer LLP;
- his common share ownership position and personal financial circumstances; and
- the statutory guidance with respect to the meaning of independence contained in National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

Our independent board members conduct "in-camera" sessions as part of the agenda of each regularly scheduled meeting, generally immediately following regularly scheduled board of directors or committee meetings. In 2012 we held 27 such meetings.

The following directors are presently directors of other issuers that are reporting issuers (or the equivalent):

Director	Names of Other Issuers
W. Peter Comber	Sure Energy Inc.
Ronald J. Eckhardt	Athabasca Oil Corporation
Pentti O. Karkkainen	None
Keith A. MacPhail	Bonavista Energy Corporation and Canadian Natural Resources Limited
Ronald J. Poelzer	Bonavista Energy Corporation
Sheldon B. Steeves	Enerplus Corporation and Tamarack Valley Energy
Clayton H. Woitas	Encana Corporation, EnerMark Inc. and Gibson Energy Inc.
Jonathan A. Wright	None
Grant A. Zawalsky	Zargon Oil & Gas Ltd. and Whitecap Resources Inc.

Board Mandate

Our board, either directly or through its committees, is responsible for the supervision of management of our business and affairs with the objective of enhancing shareholder value. The following is a summary of our board's written mandate:

The board is responsible for the stewardship of us, our subsidiaries, partnerships and other controlled entities. In discharging its responsibility, the board is required to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and will act honestly and in good faith with a view to our best interests. In general terms, the board will:

- in consultation with our Chief Executive Officer, define our principal objectives;
- supervise the management of our business and affairs with the goal of achieving our principal objectives as defined by our board;
- discharge the duties imposed on our board by applicable laws; and
- for the purpose of carrying out the foregoing responsibilities, take all such actions as the board deems necessary or appropriate.

Without limiting the generality of the foregoing, our board is also required to perform the following duties:

Strategic Direction and Capital and Financial Plans

- require our Chief Executive Officer to present annually to our board, a longer range strategic plan and a shorter range business plan for our business, which plans must:
 - be designed to achieve our principal objectives;
 - identify our principal strategic and operational opportunities and risks of our business; and
 - be approved by the board as a pre-condition to the implementation of such plans;
- review progress towards the achievement of the goals established in the strategic, operating and capital plans;
- identify the principal risks of our business and take all reasonable steps to ensure the implementation of the appropriate systems to manage these risks;
- approve the annual operating and capital plans;
- approve acquisitions and dispositions in excess of which require approval pursuant to expenditure limits established by our board;

- approve the establishment of credit facilities; and
- approve issuances of common shares or other instruments to the public.

Monitoring and Acting

- monitor progress towards achieving its goals, and to revise and alter its direction through management in light of changing circumstances;
- monitor our overall human resources policies and procedures, including compensation and succession planning;
- approve our dividend policy;
- appoint our Chief Executive Officer and determine the terms of our Chief Executive Officer's employment with us;
- ensure systems are in place for the implementation and integrity of our internal control and management information systems;
- in consultation with our Chief Executive Officer, develop a position description for our Chief Executive Officer;
- evaluate the performance of our Chief Executive Officer at least annually;
- in consultation with our Chief Executive Officer, establish the limits of management's authority and responsibility in conducting our business;
- in consultation with our Chief Executive Officer, appoint our officers and approve the terms of our officer's employment;
- develop a system under which succession to senior management positions will occur in a timely manner;
- approve any proposed significant change in our management organization structure;
- approve all of our sponsored retirement plans for officers and employees;
- in consultation with our Chief Executive Officer, establish our disclosure policy;
- generally provide advice and guidance to management; and
- approve all matters relating to a takeover bid for our securities.

Finances and Controls

- review our systems to manage the risks of our business and, with the assistance of management, our auditors and others (as required), evaluate the appropriateness of such systems;
- monitor the appropriateness of our capital structure;
- ensure that our financial performance is properly reported to shareholders, other security holders and regulators on a timely and regular basis;
- in consultation with our Chief Executive Officer, establish the ethical standards to be observed by all of our officers and employees and use reasonable efforts to ensure that a process is in place to monitor compliance with those standards;
- require that our Chief Executive Officer institute and monitor processes and systems designed to ensure compliance with applicable laws by us and our officers and employees;
- require that our Chief Executive Officer institute, and maintain the integrity of, internal control and information systems, including maintenance of all required records and documentation;
- approve material contracts to be entered into by us;
- recommend to our shareholders a firm of chartered accountants to be appointed as our auditors;
- ensure our oil and gas reserves report fairly represents the quantity and value of our reserves in accordance with generally accepted engineering principles and applicable securities laws; and
- take reasonable actions to gain reasonable assurance that all financial information made public by us (including our annual and quarterly financial statements) is accurate and complete and represents fairly our financial position and performance.

Governance

- in consultation with the chair of our board, develop a position description for the chair;
- selecting nominees for election to our board;
- facilitate the continuity, effectiveness and independence of our board by, amongst other things:
 - appointing a chair of our board;
 - appointing from amongst the directors, an audit committee and such other committees of our board as our board deems appropriate;
 - defining the mandate of each committee of our board;
 - ensuring that processes are in place and are utilized to assess the effectiveness of the chair of our board, the board as a whole, each committee of our board and each director; and
 - establishing a system to enable any director to engage an outside advisor at our expense;
- review annually the composition of our board, and its committees and assess directors' performance on an ongoing basis, and propose new members to our board; and
- review annually the adequacy and form of the compensation of directors.

Delegation

- our board may delegate its duties to, and receive reports and recommendations from, any committee of our board.

Composition

- our board should be composed of at least five individuals elected by the shareholders at the annual meeting;
- a majority of the members of our board should be independent directors (within the meaning of National Instrument 58-101) and free from any business or other relationship that could impair the exercise of independent judgment;
- members of our board should have or obtain sufficient knowledge of us and the oil and gas business to assist in providing advice and counsel on relevant issues; and
- members of our board should offer their resignation from the board to the Chair of the Governance and Nominating Committee following:
 - a change in personal circumstances which would reasonably interfere with the ability to serve as a director; and
 - a change in personal circumstances, which would reasonably reflect poorly on us (for example, finding by a Court of fraud, or conviction under Criminal Code or securities legislation).

Meetings

- our board shall meet at least four times per year and/or as deemed appropriate by the Chair;
- our board shall meet at the end of its regular quarterly meetings without members of management being present;
- minutes of each meeting shall be prepared;
- our Chief Executive Officer and Chief Financial Officer shall be available to attend all meetings of the board upon invitation by our board; and
- Vice Presidents and such other staff as appropriate to provide information to our board shall attend meetings at the invitation of the board.

Authority

- the board shall have the authority to review any corporate report or material and to investigate our activities and to request any employees to cooperate as requested by the board; and
- the board may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at our expense.

Board Committees

Our board has four committees: an Audit Committee, a Compensation Committee, a Reserves Committee, a Governance and Nominating Committee and an Executive Committee. All of the members of these committees (other than the Executive Committee) are independent directors. Our board has accepted overall responsibility for health, safety and environment and no separate committee has been established to deal with these issues.

Audit Committee

The members of our Audit Committee are Mr. Comber (Chair), Mr. Karkkainen and Mr. Poelzer. The committee's mandate includes:

- overseeing the work of our external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting;
- monitoring, on behalf of the board, our control systems, including:
 - identifying, monitoring and mitigating business risks; and
 - ensuring compliance with legal, ethical and regulatory requirements including the certification process;
- reviewing our annual financial statements prior to their submission to the board for approval. The process should include but not be limited to:
 - reviewing the appropriateness of significant accounting principles and any changes in accounting principles, or in their application, which may have a material impact on the current or future years' quarterly unaudited and annual audited financial statements;
 - reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;
 - reviewing accounting treatment of unusual or non-recurring transactions;
 - ascertaining compliance with covenants under loan agreements;
 - reviewing the adequacy of the asset retirement obligation in the financial statements;
 - reviewing disclosure requirements for commitments and contingencies;
 - reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
 - reviewing unresolved differences between management and the external auditors;
 - reviewing non-recurring transactions;
 - reviewing related party transactions; and
 - obtaining explanations of significant variances with comparative reporting periods;
- reviewing the financial statements, prospectuses, management discussion and analysis (MD&A), annual information forms (AIF) and all public disclosure containing audited or unaudited financial information before release and prior to approval of the board. The committee must be satisfied that adequate procedures are in place for the review of our disclosure of all other financial information and shall periodically access the accuracy of those procedures;
- with respect to the appointment of external auditors by the board, the committee shall:
 - recommend to the board the appointment of our external auditors;
 - recommend to the board the terms of engagement of our external auditors, including the compensation of the auditors and a confirmation that the external auditors shall report directly to the committee;
 - when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and
 - review and approve any non-audit services to be provided by the external auditors' firm and consider the impact on the independence of the auditors;
- reviewing with external auditors (and internal auditor if one is appointed by us) their assessment of our internal controls, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The committee shall also review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon our financial statements;
- pre-approving all non-audit services to be provided to us by our external auditors. The committee may delegate to one or more members the authority to pre-approve non-audit services, provided that the members report to the committee at the next scheduled meeting such pre-approval and the members comply with such other procedures as may be established by the committee from time to time;
- reviewing our financial risk management policies and procedures (i.e. hedging, litigation and insurance);
- establishing a procedure for:

- the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters; and
- the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters;
- reviewing and approving our hiring policies regarding employees and former employees of our present and former external auditors;
- meeting periodically with the external auditors, independent of management. The issues for consideration should include, but are not limited to:
 - obtaining feedback on competencies, skill sets and performance of key members of the financial reporting team;
 - enquiring as to significant differences from prior year period audits or reviews;
 - enquiring as to transactions accounted for in an acceptable manner but on a basis which in the opinion of the external auditor, was not the preferable accounting treatment;
 - enquiring as to any differences between management and the external auditor;
 - enquiring as to material differences in accounting policies, disclosures or presentation from prior periods;
 - enquiring as to deficiencies in internal controls identified in the course of the performance of the procedures by the external auditors; and
 - enquiring as to any other matters or observations that the external auditors would like to bring to the attention of the committee; and
- retaining persons having special expertise and/or obtain independent professional advice to assist in filling their responsibilities at our expense without any further approval of the board.

Compensation Committee

The members of our Compensation Committee are Mr. Karkkainen (Chair), Mr. Comber and Mr. MacPhail. The Compensation Committee's mandate includes:

- to oversee all aspects of our human resources policies and procedures to ensure that we are able to attract, motivate and retain the quality of personnel required to meet our business objectives. The process should include but not be limited to:
 - reviewing overall salary increases for our employees and making recommendations to the board;
 - reviewing all compensation and benefit proposals for our officers and making recommendations to the board;
 - undertaking, in consultation with the board, an annual performance review of the Chief Executive Officer, and review the Chief Executive Officer's appraisal of our officers;
 - reviewing the terms and conditions of appointment, termination or retirement of officers, including all employment contracts and making recommendations to the board;
 - reviewing, at least annually, succession plans for our officers;
 - reviewing and recommending to the board for approval, the compensation report for inclusion in our information circular; and
 - reviewing all proposed compensation plans and any amendments to our compensation plans.

See "*Executive Compensation – Compensation Discussion and Analysis*".

Reserves Committee

The members of our Reserves Committee are Mr. Eckhardt (Chair), Mr. MacPhail and Mr. Steeves. The Reserves Committee's mandate with respect to reserves includes, in consultation with our senior engineering management, to:

- meet with our independent evaluating engineers being considered for appointment to review their qualifications and independence to ensure the independent evaluating engineers being considered for appointment are technically qualified and competent, are independent of management and to establish the terms of their engagement;

- recommend to the board the appointment of the independent evaluating engineers to assist us in the annual review of our petroleum and natural gas reserves; and
- determine the scope of the annual review of the petroleum and natural gas reserves by the independent evaluating engineers, having regard to regulatory reporting requirements.

The committee is to review both the procedures for providing petroleum and natural gas reserves information to the independent evaluating engineers and the information used by the independent evaluating engineers to enable the independent evaluating engineers to provide a report that will meet regulatory reporting requirements;

In consultation with our senior engineering management and the independent evaluating engineers, it is the committee's responsibility to:

- determine whether any restrictions affect the ability of the independent evaluating engineers to report on reserves data without reservations; and
- review the reserves data and the report of the independent evaluating engineers.

It is the responsibility of the committee to:

- recommend to the board for filing, the report from the independent evaluating engineers and/or senior engineering management on our petroleum and natural gas reserves data;
- ensure the disclosure to the public on our petroleum and natural gas reserves is in compliance with regulatory requirements;
- review any proposals to change the independent evaluating engineers and/or resolve any differences between the independent evaluating engineers and management;
- meet on an annual basis with our senior engineering management and/or the independent evaluating engineers to review and consider the evaluation of our petroleum and natural gas reserves;
- meet separately with the independent evaluating engineers and/or senior engineering management when the committee deems it desirable and advise the board on the results of such meeting; and
- co-ordinate meetings with the Audit Committee, our senior engineering management, independent evaluating engineers and auditors as required to address matters of mutual concern in respect of the evaluation of our petroleum and natural gas reserves.

Governance and Nominating Committee

The members of our Governance and Nominating Committee are Mr. Zawalsky (Chair), Mr. Poelzer and Mr. Steeves. The Governance and Nominating Committee's mandate includes:

- to assist the board in meeting its responsibility for our stewardship, the committee shall review the following matters, at least annually, to ensure that such items are being addressed by us and our board. It is understood that the committee will provide oversight and recommendations in respect of these areas of activity and will in no way limit or detract from board and management responsibilities in these matters:
 - adoption of a corporate strategy and a strategic planning process;
 - adoption, on an annual basis, of corporate objectives;
 - identification of our principal business risks and the system to manage such risks;
 - succession planning, including the appointment, training and monitoring of senior management;
 - our disclosure policy; and
 - the integrity of our internal control and management information systems.
- to review annually, and to recommend to the board for approval, the composition, membership and mandates of the committees of the board, with a view that committees be generally composed of independent directors;
- to review annually, and to recommend to the board for approval, the corporate governance guidelines outlining the duties and responsibilities of the board;
- to review annually, and to recommend to the board for approval, the mandate of the board;
- to review annually, and update as appropriate, for approval of the board, the position description outlining the duties and responsibilities of the Chair of the board and the Chief Executive Officer, as prepared by them and to review their performance at least annually;

- in conjunction with the Chair, the make-up and size of the board and all nominees to the board. The Committee will also develop, for approval by the board, the guidelines for the nominating process which shall include, without limitation, considering what competencies and skills the board, as a whole, should possess, the competencies and skills the board considers each existing director to possess and the competencies and skills each proposed nominee will bring to the board as well as whether the new nominee can devote sufficient time and resources to his or her duties as a member of the board;
- the corporate governance report, including a description of our system of corporate governance for inclusion in our information circular;
- the committee also has the responsibility to:
 - ensure that an appropriate orientation and education program is provided to new members of the board;
 - develop, review, update and ensure procedures are in place for monitoring compliance with our Code of Business Conduct and Ethics;
 - conduct, with the Chair of the board, an annual assessment of the effectiveness of the board and the committees of the board, and to report on such assessment to the full board;
 - review the adequacy and form of compensation of the directors annually to ensure the compensation realistically reflects the responsibilities and risk involved in being an effective director and make appropriate recommendations to the board for approval;
 - consider any other matters which would assist the board to meet their corporate governance responsibilities, including adherence to any appropriate governance guidelines established by the securities regulatory authorities in Canada or other regulatory bodies, and to this end, monitor, on a continuous basis, regulatory law and guidelines in respect of governance matters; and
 - consider, with the Chairman of the board, any requests by individual directors to engage outside advisors at our expense.

Director Orientation And Continuing Education

Upon joining our board, a new director will be provided with a directors' information binder which will include a copy of all board and committee mandates, corporate policies, relevant position descriptions, organizational structure, the structure of the board and its committees, by-laws as well as agendas and minutes for board and committee meetings for the preceding 12 months. In addition, any new director will receive presentations with respect to our operations. As part of continuing education, our board receives management presentations with respect to the operations and risks of our business at least 4 times per year, with a more significant presentation provided in conjunction with the annual budgeting process and annual strategic planning meeting with all directors and officers in attendance. In addition, the individual directors identify their continuing education needs through a variety of means, including discussions with management and at board and committee meetings.

Ethical Business Conduct

Our board has adopted a Code of Business Conduct and Ethics, a copy of which is available to review at www.sedar.com.

Each employee, officer and director confirms annually that he or she has read, understood and complied with the code. Any reports of variance from the code are reported to the board.

Our board has also adopted a whistleblower policy which provides employees with the ability to report, on a confidential and anonymous basis, any violations within our organization including (but not limited to), falsification of financial records, unethical conduct, harassment or theft. Our board believes that providing a forum for employees, officers and directors to raise concerns about ethical conduct and treating all complaints with the appropriate level of seriousness fosters a culture of ethical conduct.

Board Nomination

We have established a Governance and Nominating Committee which, among other things, has the responsibility for establishing a nomination process and making recommendations to the board with respect to nomination of directors. See "*Board Committees – Governance and Nominating Committee*" for a summary of the committee's

mandate. The Governance and Nominating Committee is composed entirely of independent directors. In accordance with the mandate of the Governance and Nominating Committee, the guidelines include considering what competencies and skills the board, as a whole, should possess, the competencies and skills the board considers each existing director to possess and the competencies and skills each proposed nominee will bring to the board as well as whether the new nominee can devote sufficient time and resources to his or her duties as a member of the board. In seeking nominees, the Governance and Nominating Committee encourages input from all members of the board and may use the services of professional recruiters if required.

Board Assessment

We have a formal process of assessing the board and its committees or the individual directors, under the direction of the Governance and Nominating Committee. Our process consists of an annual written director self assessment completed by all directors as well as one-on-one personal interviews conducted by our Chairman with each member of the board. The board has satisfied itself that the board, its committees and individual directors are performing effectively through this process.

Position Descriptions

Our board has developed position descriptions for each of the Chairman, the President and Chief Executive Officer and the chairman of each committee of our board.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

For the year ended December 31, 2012, we purchased directors and officers liability insurance with an annual aggregate limit of \$30 million. The premium expensed in the fiscal year ended December 31, 2012, for the liability insurance was \$96,176. The program carries a deductible of \$200,000 which would be our responsibility.

In addition, we have entered into indemnity agreements with each of our directors and officers pursuant to which we have agreed to indemnify such directors and officers from liability arising in connection with the performance of their duties. Such indemnity agreements conform to the provisions of the *Business Corporations Act* (Alberta).

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

At no time during the most recently completed fiscal period was there any indebtedness of any executive officer, director, employee or any former executive officer, director or employee, or any associate of any of the foregoing to us or to any other entity which is, or at any time since the beginning of the most recently completed financial period, has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by us.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein or as set forth below, there were no material interests, direct or indirect, of our insiders, proposed nominees for election as directors, or any associate or affiliate of such insiders or nominees since January 1, 2012 or in any proposed transaction, which has affected or would materially affect us or any of our subsidiaries.

INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON

Our management is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer or anyone who has held office as such since the beginning of our last financial year, any proposed nominee for election as a director, or of any associate or affiliate of any of the foregoing in any matter to be acted on at the meeting, save as is disclosed herein.

ADDITIONAL INFORMATION

We undertake to provide, upon request, a copy of our 2012 annual report, containing financial information in the management's discussion and analysis of financial condition and results of operations and the 2012 comparative audited financial statements sections, as well as a copy of our annual information form, subsequent interim financial statements and management's discussion and analysis and this information circular - proxy statement. Our annual information form also contains disclosure relating to our audit committee and the fees paid to KPMG LLP in 2011. Copies of these documents may be obtained on request without charge from our Vice President, Finance and Chief Financial Officer at 3500, 700 – 2nd Street S.W., Calgary, Alberta, T2P 2W2, telephone (403) 538-8500 or by accessing the disclosure documents available through the Internet on SEDAR website at www.sedar.com.

OTHER MATTERS

Our management knows of no amendment, variation or other matter to come before the meeting other than the matters referred to in the notice of annual and special meeting. However, if any other matter properly comes before the meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person voting the proxy.

The contents and the sending of this information circular - proxy statement have been approved by our directors.

Dated: March 27, 2013