



## **CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**As at, and for the three months ended:  
March 31, 2022 and 2021**

**NUVISTA ENERGY LTD.**  
**Consolidated Statements of Financial Position**  
**(Unaudited)**

(\$Cdn thousands)	Note	March 31 2022	December 31 2021
<b>Assets</b>			
<b>Current assets</b>			
Accounts receivable and prepaid expenses		\$ 137,935	\$ 88,537
		137,935	88,537
Exploration and evaluation assets	3	20,507	18,135
Property, plant and equipment	4	2,241,224	2,177,379
Right-of-use assets	5	105,691	107,933
<b>Total assets</b>		<b>\$ 2,505,357</b>	<b>\$ 2,391,984</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 156,264	\$ 140,002
Current portion of lease liabilities	9	5,448	5,300
Current portion of asset retirement obligations	10	10,900	7,075
Financial derivative liabilities	16	98,804	40,317
		271,416	192,694
Long-term debt	7	157,129	196,055
Senior unsecured notes	8	223,755	223,178
Other liabilities	15	13,719	9,577
Lease liabilities	9	115,367	116,730
Asset retirement obligations	10	89,345	113,162
Financial derivative liabilities	16	13,787	16,938
Deferred tax liability		104,857	87,833
		989,375	956,167
<b>Shareholders' equity</b>			
Share capital	11	1,234,291	1,228,275
Contributed surplus		72,231	68,337
Retained earnings		209,460	139,205
		1,515,982	1,435,817
<b>Total liabilities and shareholders' equity</b>		<b>\$ 2,505,357</b>	<b>\$ 2,391,984</b>
Subsequent events	16		
Commitments	19		

See accompanying notes to the consolidated interim financial statements.

**NUVISTA ENERGY LTD.**

**Consolidated Statements of Earnings and Comprehensive Income  
(Unaudited)**

(\$Cdn thousands, except per share amounts)	Note	Three months ended March 31	
		2022	2021
<b>Revenues</b>			
Petroleum and natural gas sales	13	\$ 381,827	\$ 151,409
Royalties		(33,308)	(10,781)
<b>Revenue from petroleum and natural gas sales</b>		<b>348,519</b>	<b>140,628</b>
Realized loss on financial derivatives		(45,215)	(21,076)
Unrealized loss on financial derivatives		(55,336)	(18,133)
Other income	10	5,605	859
<b>Total revenue, other income and loss on risk management contracts</b>		<b>253,573</b>	<b>102,278</b>
<b>Expenses</b>			
Operating		65,259	45,867
Transportation		27,469	20,921
General and administrative		5,033	5,004
Share-based compensation	15	5,858	3,406
Financing costs	17	12,252	13,004
Depletion, depreciation and amortization	4,5	48,030	29,171
Gain on property dispositions	6	(1,280)	(35,375)
		<b>162,621</b>	<b>81,998</b>
<b>Earnings before taxes</b>		<b>90,952</b>	<b>20,280</b>
Deferred income tax expense		20,697	4,891
<b>Net earnings and comprehensive income</b>		<b>\$ 70,255</b>	<b>\$ 15,389</b>
<b>Net earnings per share</b>			
	12		
Basic		\$ 0.31	\$ 0.07
Diluted		\$ 0.30	\$ 0.07

See accompanying notes to the consolidated interim financial statements.

**NUVISTA ENERGY LTD.**

**Consolidated Statements of Changes in Shareholders' Equity  
(Unaudited)**

(\$Cdn thousands)	Note	Three months ended March 31	
		2022	2021
<b>Share capital</b>	11		
Balance, January 1		\$ 1,228,275	\$ 1,220,032
Issued for cash on exercise of stock options		4,221	—
Contributed surplus transferred on exercise of stock options		1,747	—
Conversion of restricted share awards		10	32
Conversion of performance share awards		38	—
Balance, end of period		\$ 1,234,291	\$ 1,220,064
<b>Contributed surplus</b>			
Balance, January 1		\$ 68,337	\$ 62,329
Share-based compensation		2,016	1,396
Transfer to share capital on exercise of stock options		(1,747)	—
Conversion of restricted share awards		(10)	(32)
Conversion of performance share awards		(38)	—
Tax deduction on excess value of share awards		3,673	—
Balance, end of period		\$ 72,231	\$ 63,693
<b>Retained earnings (deficit)</b>			
Balance, January 1		\$ 139,205	\$ (125,467)
Net earnings		70,255	15,389
Balance, end of period		\$ 209,460	\$ (110,078)
<b>Total shareholders' equity</b>		\$ 1,515,982	\$ 1,173,679

See accompanying notes to the consolidated interim financial statements.

**NUVISTA ENERGY LTD.**  
**Consolidated Statements of Cash Flows**  
**(Unaudited)**

(\$Cdn thousands)	Note	Three months ended March 31	
		2022	2021
<b>Cash provided by (used in)</b>			
<b>Operating activities</b>			
Net earnings		\$ 70,255	\$ 15,389
Items not requiring cash from operations:			
Other income	10	(5,605)	(859)
Depletion, depreciation, amortization and impairment	4,5	48,030	29,171
Gain on property dispositions	6	(1,280)	(35,375)
Share-based compensation	15	1,716	1,218
Unrealized loss on financial derivatives		55,336	18,133
Deferred income tax expense		20,697	4,891
Accretion	10	720	689
Asset retirement expenditures	10	(5,568)	(3,833)
Change in non-cash working capital	18	(21,859)	18,687
Cash provided by operating activities		162,442	48,111
<b>Financing activities</b>			
Issuance of share capital on exercise of stock options		4,221	—
Payment on lease liabilities		(1,215)	(234)
Decrease of long-term debt		(38,926)	(62,938)
Cash used in financing activities		(35,920)	(63,172)
<b>Investing activities</b>			
Property, plant and equipment expenditures	4	(118,872)	(80,946)
Exploration and evaluation expenditures	3	(1,092)	(2)
Proceeds on property dispositions		—	93,578
Change in non-cash working capital	18	(6,558)	2,431
Cash provided by (used in) investing activities		(126,522)	15,061
Change in cash and cash equivalents		—	—
Cash and cash equivalents, beginning of period		—	—
<b>Cash and cash equivalents, end of period</b>		\$ —	\$ —
Cash interest paid		\$ 12,155	\$ 11,315

See accompanying notes to the consolidated interim financial statements.

**NUVISTA ENERGY LTD.**  
**Notes to the Consolidated Interim Financial Statements**

Three months ended March 31, 2022 with comparative figures for 2021. All tabular amounts are in thousands of Canadian dollars, unless otherwise stated.

**1. Corporate information**

NuVista Energy Ltd. and its subsidiary (together “NuVista” or the “Company”) is a Canadian publicly traded company incorporated in the province of Alberta. The Company is a condensate and natural gas company actively engaged in the development, delineation, and production of condensate and natural gas reserves in the Western Canadian Sedimentary Basin. NuVista’s focus is on the scalable and repeatable condensate-rich Montney formation in the Alberta Deep Basin.

The address of the Company’s head office is 2500, 525 – 8th Avenue S.W., Calgary, Alberta, Canada, T2P 1G1.

**2. Basis of preparation**

These condensed consolidated interim financial statements (the “financial statements”) have been prepared in accordance with International Accounting Standards (“IAS”) 34, “Interim Financial Reporting”. These financial statements have been prepared following the same accounting policies and methods of computation as the annual financial statements for the year ended December 31, 2021. These financial statements do not include all the information required for annual financial statements and should be read in conjunction with the audited financial statements for the year ended December 31, 2021, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

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

These financial statements were approved and authorized for issuance by the Board of Directors on May 10, 2022.

### 3. Exploration and evaluation assets

	Note	March 31, 2022	December 31, 2021
<b>Cost</b>			
Balance, January 1		\$ 18,135	\$ 34,368
Additions		1,092	9
Acquisitions <sup>(1)</sup>		1,280	—
Dispositions		—	(4,912)
Transfers to property, plant and equipment	4	—	(1,105)
Expiries (exploration and evaluation expense)		—	(10,225)
Balance, end of period		\$ 20,507	\$ 18,135

<sup>(1)</sup> Non cash land swap included in acquisitions.

### 4. Property, plant and equipment

	Note	March 31, 2022	December 31, 2021
<b>Cost</b>			
Balance, January 1		\$ 3,509,731	\$ 3,311,998
Additions		118,872	287,837
Dispositions		—	(94,385)
Capitalized share-based compensation	15	300	840
Change in asset retirement obligations	10	(9,539)	2,336
Transfers from exploration and evaluation assets	3	—	1,105
Balance, end of period		\$ 3,619,364	\$ 3,509,731

		March 31, 2022	December 31, 2021
<b>Accumulated depletion, depreciation, amortization and impairment</b>			
Balance, January 1		\$ 1,332,352	\$ 1,364,000
Depletion, depreciation and amortization ("DD&A")		45,788	155,073
Dispositions		—	(23,543)
Impairment expense (reversal)		—	(163,178)
Balance, end of period		\$ 1,378,140	\$ 1,332,352

		March 31, 2022	December 31, 2021
<b>Carrying value</b>			
Balance, January 1		\$ 2,177,379	\$ 1,947,998
Balance, end of period		\$ 2,241,224	\$ 2,177,379

Future development costs of \$2.2 billion were included in the determination of DD&A for the three months ended March 31, 2022 (2021 - \$2.5 billion).

At March 31, 2022 and at December 31, 2021, there were no indicators of impairment identified in any of the Company's CGUs within property, plant & equipment and an impairment test was not performed.

At September 30, 2021, there were indicators of reversal of impairment identified in NuVista's Montney CGU primarily as a result of improved forward commodity prices for natural gas and condensate, improving well economics and improvements to economic cutoff limits on reserve evolution, continued strong well performance, and a significantly improved share price. An impairment test was performed on PP&E assets. PP&E assets were assessed based on the recoverable amount estimated using a value in use calculation based on expected future cash flows generated from proved and proved plus probable reserves using pre-tax

discount rates ranging from 10% to 20% based on an internally prepared reserves report. A total impairment recovery of \$163.2 million net of depletion was recognized at September 30, 2021 in NuVista's Montney CGU, which has been included in the depletion, depreciation, amortization and impairment expense.

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

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

<sup>(1)</sup> GLJ Ltd. price forecast, effective October 1, 2021.

<sup>(2)</sup> 2031 and beyond commodity price forecasts are inflated at 2.0% per annum. In 2031 and beyond there is no escalation of exchange rates.

## 5. Right-of-use assets

				March 31	December 31
	Office	Gas Gathering	Gas Processing	2022	2021
	Leases	Lease	Lease	Total	Total
<b>Cost</b>					
Balance, January 1	\$ 5,481	\$ 36,921	\$ 86,356	\$ 128,758	\$ 128,758
<b>Accumulated depreciation</b>					
Balance, January 1	\$ 2,378	\$ 5,618	\$ 12,829	\$ 20,825	\$ 11,858
Depreciation	198	602	1,442	2,242	8,967
Balance, end of period	\$ 2,576	\$ 6,220	\$ 14,271	\$ 23,067	\$ 20,825
<b>Carrying amount</b>					
Balance, January 1	\$ 3,103	\$ 31,303	\$ 73,527	\$ 107,933	\$ 116,900
Balance, end of period	\$ 2,905	\$ 30,701	\$ 72,085	\$ 105,691	\$ 107,933

## 6. Property dispositions

	Three months ended March 31	
	2022	2021
Proceeds from dispositions	\$ 1,280	\$ 93,578
Exploration and evaluation disposed	—	(4,912)
Property, plant and equipment, net of accumulated DD&A disposed	—	(70,842)
Asset retirement obligations disposed	—	17,551
Gain on dispositions	\$ 1,280	\$ 35,375

For the three months ended, March 31, 2022, the Company disposed of properties for non cash proceeds of \$1.3 million compared to cash proceeds of \$93.6 million for the prior year comparative period. A gain on dispositions of \$1.3 million was recorded for the three months ended March 31, 2022 compared to a gain of \$35.4 million for the first quarter of 2021.



## 7. Long-term debt

At March 31, 2022, the Company had a \$440 million (December 31, 2021 - \$440 million) extendible revolving term credit facility available from a syndicate of Canadian chartered banks. Borrowing under the credit facility may be made by prime loans and bankers' acceptances. These advances bear interest at the bank's prime rate and/or at money market rates plus a borrowing margin. For the three months ended March 31, 2022, borrowing costs averaged 3.9% (December 31, 2021 - 4.1%). The credit facility is secured by a first floating charge debenture, general assignment of book debts and the Company's condensate and natural gas properties and equipment. The credit facility has a tenor of two years with a maturity date of May 31, 2023 and is subject to an annual review by the lenders. During the revolving period, a review of the maximum borrowing amount occurs annually on or before May 31 and semi-annually on or before November 30. During the term period, no principal payments would be required until a year after the revolving period matures on May 31, 2023 in the event of a reduction or the credit facility not being renewed. The semi annual review was completed on November 30, 2021, with no change to the credit facility.

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

As at March 31, 2022, the Company had drawn \$157.1 million on its term credit facility (December 31, 2021 - \$196.1 million) and had outstanding letters of credit of \$7.0 million (December 31, 2021 - \$7.0 million) which reduce the credit available on this credit facility. The credit facility does not contain any financial covenants, but the Company is subject to various non-financial covenants under its credit facility. These covenants are monitored on a regular basis and as at March 31, 2022, the Company was in compliance with all covenants.

During the third quarter of 2020, the Company established a \$40 million unsecured letter of credit facility under Export Development Canada's ("EDC") Account Performance Security Guarantee ("APSG") program. In the second quarter of 2021 the letter of credit facility was reduced to \$30 million. At March 31, 2022, the Company had outstanding letters of credit associated with the APSG of \$18.7 million (December 31, 2021 - \$18.1 million), leaving \$11.3 million of credit available on this facility.

## 8. Senior unsecured notes

On July 23, 2021, the Company issued \$230.0 million aggregate principal amount of 7.875% senior unsecured notes due July 23, 2026 ("2026 Notes"). The 2026 Notes were issued at \$989.89 expressed as a price per \$1,000.00 principal amount. Interest is payable semi-annually in arrears. The 2026 Notes are fully and unconditionally guaranteed as to the payment of principal and interest, on a senior unsecured basis by the Company. There are no maintenance or financial covenants.

The 2026 Notes are non-callable by the Company prior to July 23, 2023. At any time on or after July 23, 2023, the Company may redeem all or part of the 2026 Notes at the redemption prices set forth in the table below plus any accrued and unpaid interest:

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

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

## 9. Lease liabilities

The Company has the following future commitments associated with its lease obligations relating to office leases, gas processing and gas transportation commitments:

	March 31, 2022	December 31, 2021
Balance, January 1	\$ 122,030	\$ 125,959
Lease interest expense	3,240	13,248
Payment of leases	(4,455)	(17,177)
Balance, end of period	\$ 120,815	\$ 122,030
Current portion of lease liabilities	\$ 5,448	\$ 5,300
Non current portion of lease liabilities	\$ 115,367	\$ 116,730

The following table details the undiscounted cash flows and contractual maturities of NuVista's lease liabilities:

	March 31, 2022	December 31, 2021
Less than 1 year	\$ 18,078	\$ 18,062
1-3 years	53,186	53,397
4-5 years	34,598	34,539
After 5 years	113,260	117,578
Total undiscounted future lease payments	\$ 219,122	\$ 223,576
Amounts representing lease interest expense over the term of the lease	(98,307)	(101,546)
Present value of net lease payments	\$ 120,815	\$ 122,030

## 10. Asset retirement obligations

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

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

The Company's asset retirement obligations are based on estimated costs to reclaim and abandon ownership interests in condensate and natural gas assets including well sites, gathering systems and processing facilities. At March 31, 2022, the estimated total undiscounted, uninflated amount of cash flows required to settle the asset retirement obligations is \$110.5 million (December 31, 2021 - \$117.1 million), of which 27% is estimated to be incurred within the next 10 years. The Government of Canada benchmark long-term risk-free bond rate of 2.4% (December 31, 2021 - 1.7%) and an inflation rate of 1.8% (December 31, 2021 - 1.8%) were used to calculate the net present value of the asset retirement obligations. The inflation rate was determined as the difference between the Government of Canada long-term risk free rate bond rate of 2.4% (December 31, 2021 - 1.7%) and the real rate of interest of 0.54% (December 31, 2021 - (0.14)%).

## 11. Share capital

### Common shares

	March 31, 2022		December 31, 2021	
	Number	Amount	Number	Amount
Balance, January 1	227,578,334	\$ 1,228,275	225,836,865	\$ 1,220,032
Issued for cash on exercise of stock options	—	4,221	—	3,305
Contributed surplus transferred on exercise of stock options	867,256	1,747	792,027	1,297
Conversion of restricted share awards	15,139	10	686,089	1,921
Conversion of performance share awards	11,428	38	263,353	1,720
Balance, end of period	228,472,157	\$ 1,234,291	227,578,334	\$ 1,228,275

## 12. Earnings per share

The following table summarizes the weighted average common shares used in calculating net earnings per share:

(thousands of shares)	Three months ended March 31	
	2022	2021
Weighted average common shares outstanding		
Basic	228,146	225,842
Diluted	238,084	229,813

## 13. Petroleum and natural gas revenues

NuVista produces natural gas, condensate, and NGLs from its assets in the Montney area of Alberta. The Company sells its production pursuant to fixed-price or variable-price physical delivery contracts. The transaction price for variable-price contracts is based on benchmark commodity price, adjusted for quality, location or other factors whereby each component of the pricing formula can be either fixed or variable, depending on the contract terms. Under the contracts, NuVista is required to deliver fixed or variable volumes of commodity to the contract counterparty.

Petroleum and natural gas revenue is recognized when NuVista gives up control of the unit of production at the delivery point agreed to under the terms of the contract. The amount of production revenue recognized is based on the agreed transaction price and the volumes delivered. Any variability in the transaction price relates specifically to NuVista's efforts to transfer production and therefore the resulting revenue is allocated to the production delivered in the period to which the variability relates. NuVista does not have any factors considered to be constraining in the recognition of revenue with variable pricing factors.

NuVista enters into contracts with customers with terms ranging from one month to seven years.

Under its contracts with customers, NuVista is required to deliver volumes of natural gas, condensate and NGLs to agreed upon locations where control over the delivered volumes is transferred to the customer. In instances where the third party marketer takes title of NuVista's product but uses NuVista's pipeline contract to deliver the product to the end customer, a portion of the natural gas revenue is recognized as natural gas price diversification revenue. Revenue is recognized when control of each unit of product is transferred to the customer with revenue due on the 25th day of the month following delivery.

NuVista's customers are primarily oil and natural gas marketers and partners in joint operations in the oil and natural gas industry. Concentration of credit risk is mitigated by marketing production to several oil and natural gas marketers under customary industry and payment terms. NuVista reviews the credit worthiness and obtains certain financial assurances from customers prior to entering sales contracts. The financial strength of the Company's customers is reviewed on a routine basis.

The following table summarizes petroleum and natural gas revenue by product:

	Three months ended March 31	
	2022	2021
Natural gas revenue <sup>(1)</sup>	\$ 119,248	\$ 57,517
Condensate revenue	232,600	80,531
NGL revenue <sup>(2)</sup>	29,979	13,361
<b>Total petroleum and natural gas revenue</b>	<b>\$ 381,827</b>	<b>\$ 151,409</b>

<sup>(1)</sup> Natural gas revenue includes price risk management gains and losses on physical delivery sale contracts. For the three months ended March 31, 2022, our physical delivery sales contracts resulted in a loss of \$2.2 million (2021 – \$0.2 million gain).

<sup>(2)</sup> Includes butane, propane, ethane and sulphur revenue.

A breakdown of natural gas revenue is as follows:

	Three months ended March 31	
	2022	2021
Natural gas revenue - AECO reference price <sup>(1)</sup>	\$ 93,891	\$ 43,918
Heat/value adjustment <sup>(2)</sup>	10,760	3,756
Transportation revenue <sup>(3)</sup>	8,625	8,597
Natural gas market diversification gain	8,214	1,020
AECO physical delivery price risk management gains (losses) <sup>(4)</sup>	(2,242)	226
<b>Total natural gas revenue</b>	<b>\$ 119,248</b>	<b>\$ 57,517</b>

<sup>(1)</sup> Quarter average AECO 7A monthly index.

<sup>(2)</sup> Based on NuVista's historical adjustment of 10-12%.

<sup>(3)</sup> Cost of gas transportation from the transfer of custody sales point to the final sales point.

<sup>(4)</sup> Excludes price risk management realized and unrealized gains and losses on financial derivative commodity contracts but includes gains and losses on physical sale contracts.

Included in the accounts receivable at March 31, 2022 is \$147.5 million (December 31, 2021 - \$94.1 million) of accrued petroleum and natural gas revenue related to deliveries for periods prior to the reporting date. There were no significant adjustments for prior period accrued petroleum and natural gas revenue reflected in the Company's current period.

## 14. Capital management

The Company manages its capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. NuVista is able to change its capital structure by issuing new shares, new debt, or changing capital expenditures relative to adjusted funds flow.

The Company has a long term sustainable net debt target of less than 1.0 times adjusted funds flow in the stress test price environment of US\$ 45/Bbl WTI and US\$ 2.00/MMBtu NYMEX natural gas. The actual ratio may fluctuate on a quarterly basis above or below targeted levels due to a number of factors including facility outages, commodity prices, capital expenditures, and the timing of acquisitions and dispositions. At March 31, 2022, the Company's net debt was 0.5 times its annualized first quarter adjusted funds flow.

### Adjusted funds flow

NuVista considers adjusted funds flow to be a key measure that provides a more complete understanding of the Company's ability to generate cash flow necessary to finance capital expenditures, expenditures on asset retirement obligations, and meet its financial obligations. NuVista has calculated adjusted funds flow based on cash flow provided by operating activities, excluding changes in non-cash working capital and asset retirement expenditures, as management believes the timing of collection, payment, and occurrence is variable and by excluding them from the calculation, management is able to provide a more meaningful performance measure of NuVista's operations on a continuing basis. More specifically, expenditures on asset retirement obligations may vary from period to period depending on the Company's capital programs and the maturity of its operating areas, while environmental remediation recovery relates to an incident that

management doesn't expect to occur on a regular basis. The settlement of asset retirement obligations is managed through NuVista's capital budgeting process which considers its available adjusted funds flow.

A reconciliation of adjusted funds flow is presented in the following table:

	Three months ended March 31	
	2022	2021
Cash provided by operating activities	\$ 162,442	\$ 48,111
Asset retirement expenditures	5,568	3,833
Change in non-cash working capital	21,859	(18,687)
<b>Adjusted funds flow <sup>(1)</sup></b>	<b>\$ 189,869</b>	<b>\$ 33,257</b>

<sup>(1)</sup> Adjusted funds flow as presented does not have any standardized meaning prescribed by IFRS and therefore it may not be comparable with the calculation of similar measures of other entities.

## Net debt and total capitalization

Net debt is used by management to provide a more complete understanding of the Company's capital structure and provides a key measure to assess the Company's liquidity. NuVista has calculated net debt based on cash and cash equivalents, accounts receivable and prepaid expenses, other receivable, accounts payable and accrued liabilities, long term debt (credit facility) and senior unsecured notes and other liabilities. Total market capitalization and net debt to annualized current quarter adjusted funds flow are used by management and the Company's investors in analyzing the Company's balance sheet strength and liquidity.

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

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

<sup>(1)</sup> Represents the closing share price on the Toronto Stock Exchange on the last trading day of the period.

<sup>(2)</sup> Net debt as presented does not have any standardized meaning prescribed by IFRS and therefore it may not be comparable with the calculation of similar measures of other entities. See "Non-GAAP and other financial measures" in the Management Discussion and Analysis ("MD&A").

The net debt to annualized current quarter adjusted funds flow ratio represents the time period in years it would take to pay off the net debt if no further capital expenditures were incurred and if adjusted funds flow remained consistent.

## 15. Share-based compensation

### Stock options

The Company has established a stock option plan whereby officers, directors and employees may be granted options to purchase common shares. Options granted vest at the rate of 1/3 per year and expire 2.5 years after the vesting date. The maximum number of stock options currently outstanding and available to be issued as at March 31, 2022 is 7,674,351.

The following continuity table summarizes the stock option activity:

	March 31, 2022		December 31, 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, January 1	6,972,487	\$ 3.78	8,054,966	\$ 4.30
Granted	—	—	925,236	3.89
Exercised	(867,256)	4.87	(792,027)	4.17
Forfeited	—	—	(70,523)	4.13
Expired	—	—	(1,145,165)	7.26
Balance, end of period	6,105,231	\$ 3.63	6,972,487	\$ 3.78

The following table summarizes stock options outstanding and exercisable under the plan at March 31, 2022:

Range of exercise price	Options outstanding			Options exercisable	
	Number of options outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
\$0.79 to \$1.99	1,792,054	3.1	\$ 0.83	459,283	\$ 0.83
\$2.00 to \$3.99	2,163,442	2.5	2.92	922,704	3.09
\$4.00 to \$5.99	867,464	1.5	4.47	857,432	4.46
\$6.00 to \$7.99	573,801	2.0	7.22	327,045	7.18
\$8.00 to \$9.43	708,470	0.9	8.93	708,470	8.93
<b>\$0.79 to \$9.43</b>	<b>6,105,231</b>	<b>2.3</b>	<b>\$ 3.63</b>	<b>3,274,934</b>	<b>\$ 4.80</b>

The Company uses the fair value based method for the determination of the share-based compensation costs. The fair value of each option granted during the year was estimated on the date of grant using the Black-Scholes option pricing model.

The weighted average fair value and weighted average assumptions used to fair value the options are as follows:

	March 31, 2022	December 31, 2021
Risk-free interest rate (%)	—	0.97
Expected volatility (%)	—	79
Expected life (years)	—	4.5
Forfeiture rate (%)	—	10
Fair value at grant date (\$ per option)	—	2.35

Note to March 31, 2022 - no options were granted, there are no fair value assumptions for the quarter.

### Share award incentive plan

The Company has a Share Award Incentive Plan (“the Plan”) for employees and officers consisting of Restricted Share Awards (“RSA”) and Performance Share Awards (“PSA”). The maximum number of common shares reserved for issuance under the Plan is 10,100,000 of which 422,551 remain to be issued. At the 2022 Annual General Meeting, the Company has requested for shareholders to approve that the maximum number of shares reserved for issuance under the Plan be increased by 4,250,000.

### **Restricted share awards**

The Company has a RSA plan for employees and officers which entitle the employee to receive one common share for each RSA granted upon vesting. RSA grants vest within three years from the date of grant. Life to date, all RSA grants have had a two year vesting period.

The fair value of RSAs is determined based on the weighted average trading price of the five days preceding the grant date. This fair value is recognized as share-based compensation expense over the vesting period with a corresponding increase to contributed surplus. The amount of the compensation expense is reduced by an estimated forfeiture rate determined at the date of the grant and updated each period. Upon vesting of the RSAs and settlement in common shares, the previously recognized value in contributed surplus will be recorded as an increase to share capital.

The following table summarizes the change in the number of RSAs:

	March 31, 2022	December 31, 2021
Balance, January 1	2,308,555	2,407,697
Settled - issuance of shares from treasury	(15,139)	(686,089)
Settled - cash payment <sup>(1)</sup>	—	(10,961)
Granted	—	631,911
Forfeited	—	(34,003)
Balance, end of period	2,293,416	2,308,555

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

### **Performance share awards**

The Company has a PSA plan for employees and officers. Each PSA entitles the holder to be issued the number of common shares designated in the performance award, multiplied by a payout multiplier ranging from 0 to 2.0x. The payout multiplier for performance-based awards will be determined by our Board based on an assessment of the Company's achievement of predefined corporate performance measures in respect of the applicable period. PSA grants vest three years from the date of grant.

The fair value of PSAs is determined based on the weighted average trading price of the five days preceding the grant date. This fair value is recognized as share-based compensation expense over the vesting period with a corresponding increase to contributed surplus. The amount of the compensation expense is reduced by an estimated forfeiture rate determined at the date of the grant and updated each period. Upon vesting of the PSAs and settlement in common shares, the previously recognized value in contributed surplus will be recorded as an increase to share capital.

The following table summarizes the change in the number of PSAs:

	March 31, 2022	December 31, 2021
Balance, January 1	4,644,674	3,948,785
Settled - issuance of shares from treasury	(11,428)	(263,353)
Settled - cash payment <sup>(1)</sup>	—	(13,702)
Granted	—	1,043,455
Forfeited	—	(48,246)
Performance adjustment	162,704	(22,265)
Balance, end of period	4,795,950	4,644,674

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

An adjustment to a performance factor from 1.0 to 1.23 was recognized in the first quarter of 2022 for PSAs granted in 2019.

## Cash award incentive plan

### Director deferred share units

The Company has a director deferred share unit (“DSU”) incentive plan. Each DSU entitles participants to receive cash equal to the trading price of the equivalent number of shares of the Company. All DSUs granted vest and become payable upon retirement of the director.

The compensation expense was calculated using the fair value method based on the trading price of the Company’s shares at the end of each reporting period. The following table summarizes the change in the number of DSUs:

	March 31, 2022	December 31, 2021
Balance, January 1	1,147,930	1,002,594
Granted	—	145,336
Balance, end of period	1,147,930	1,147,930

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

	March 31, 2022	December 31, 2021
Balance, January 1	\$ 7,990	\$ 943
Change in accrued compensation liabilities	4,144	7,047
Balance, end of period	\$ 12,134	\$ 7,990

The compensation liability was calculated using share prices at December 31, 2021 and March 31, 2022 of \$6.96 and \$10.57 respectively.

### Performance share units

In the fourth quarter of 2020, the Company granted units under a new performance share unit (“PSU”) incentive plan. Each PSU entitles participants to receive cash equal to the trading price of the equivalent number of shares of the Company at the time of grant, multiplied by a payout multiplier ranging from 0 to 2.0x. The payout multiplier for performance-based awards will be determined by our Board based on an assessment of the Company’s achievement of predefined corporate performance measures in respect of the applicable period, using the same performance assessment metrics as are used in the PSA plan.

The compensation expense was calculated using the fair value method based on the trading price of the Company’s shares at the end of the reporting period.

The following table summarizes the change in the number of PSUs:

	March 31, 2022	December 31, 2021
Balance, January 1	944,645	975,436
Settled	—	(10,353)
Forfeited	(1,225)	(20,438)
Balance, end of period	943,420	944,645



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

	March 31, 2022	December 31, 2021
Balance, January 1	\$ 1,587	\$ 917
Change in accrued compensation liabilities	(2)	687
Cash settled	—	(17)
Balance, end of period	\$ 1,585	\$ 1,587

The following table summarizes share-based compensation expense relating to stock options, RSAs, PSAs, DSUs and PSUs:

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

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

There were no cash settled awards for the three months ended March 31, 2022. In the prior year comparative period there were \$4.0 thousand cash settled PSUs, \$26.0 thousand cash settled RSAs, \$33.0 thousand PSAs, and no cash settled DSUs.

	Three months ended March 31	
	2022	2021
Capitalized stock options	\$ 69	\$ 63
Capitalized restricted share awards	69	50
Capitalized performance share awards	162	64
Capitalized share based compensation	\$ 300	\$ 177

Capitalized share-based compensation is attributable to personnel involved with the development of the Company's capital projects.

## 16. Risk management activities

### (a) Financial instruments

The Company's financial instruments recognized on the statement of financial position consists of cash and cash equivalents, accounts receivable and prepaid expenses, financial derivative contracts, accounts payable and accrued liabilities, accrued environmental remediation liabilities, compensation liabilities, long-term debt and senior unsecured notes. The carrying value of the long-term debt approximates its fair value as it bears interest at market rates. Except for the financial derivative contracts and compensation liabilities, which are recorded at fair value, carrying values reflect the current fair value of the Company's financial instruments due to their short-term maturities. The estimated fair values of recognized financial instruments have been determined based on quoted market prices when available, or third-party models and valuation methodologies that use observable market data.

The Company classifies fair value measurements according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The Company's cash and cash equivalents are classified as Level 1 and financial derivative contracts as Level 2. The Company uses third party models and valuation methodologies to determine the fair value of financial derivative contracts. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

(b) Financial assets and financial liabilities subject to offsetting

The following is a summary of the Company's financial assets and financial liabilities that are subject to offsetting:

	March 31, 2022			December 31, 2021		
	Financial assets	Financial liabilities	Net Financial liabilities	Financial assets	Financial liabilities	Net Financial liabilities
Current assets (liabilities)	\$ —	\$ (98,804)	\$ (98,804)	\$ —	\$ (40,317)	\$ (40,317)
Long-term assets (liabilities)	—	(13,787)	(13,787)	—	(16,938)	(16,938)
Net position	\$ —	\$ (112,591)	\$ (112,591)	\$ —	\$ (57,255)	\$ (57,255)

(c) Risk management contracts

The following is a reconciliation of movement in the fair value of financial derivative contracts:

	March 31, 2022	December 31, 2021
Fair value of contracts, beginning of year	\$ (57,255)	\$ (64,938)
Change in the fair value of contracts in the period	(100,551)	(107,933)
Fair value of contracts realized in the period	45,215	115,616
Fair value of contracts, end of period	\$ (112,591)	\$ (57,255)
Financial derivative assets (liabilities) – current	\$ (98,804)	\$ (40,317)
Financial derivative assets (liabilities) – long term	\$ (13,787)	\$ (16,938)

The following is a summary of the financial derivatives as at March 31, 2022:

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

<sup>(1)</sup> Table presented as weighted average volumes and prices.

Term <sup>(1)</sup>	AECO-NYMEX basis swap		AECO-NYMEX basis buybacks		Chicago-NYMEX basis swap		Malin-NYMEX basis swap	
	MMBtu/d	US\$/MMBtu	MMBtu/d	US\$/MMBtu	MMBtu/d	US\$/MMBtu	MMBtu/d	US\$/MMBtu
2022	102,782	(0.95)	(60,000)	(0.82)	11,673	(0.24)	15,564	(0.66)
2023	100,000	(1.01)	—	—	—	—	—	—
2024	100,000	(1.00)	—	—	—	—	—	—
2025	50,000	(0.93)	—	—	—	—	—	—
2026	15,000	(0.68)	—	—	—	—	—	—

<sup>(1)</sup> Table presented as weighted average volumes and prices.

Term <sup>(1)</sup>	Dawn-NYMEX basis swap	
	MMBtu/d	US\$/MMBtu
2022	7,782	(0.26)

<sup>(1)</sup> Table presented as weighted average volumes and prices.

Term <sup>(1)</sup>	AECO fixed price swap		NYMEX fixed price swap	
	GJ/d	Cdn\$/GJ	MMBtu/d	US\$/MMBtu
Q2 2022	15,000	3.23	10,000	2.89
Q3 2022	15,000	3.23	10,000	2.89
Q4 2022	15,000	3.94	3,370	2.89
Q1 2023	15,000	4.30	—	—

<sup>(1)</sup> Table presented as weighted average volumes and prices.

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

<sup>(1)</sup> Table presented as weighted average volumes and prices.

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

Term <sup>(1)</sup>	C\$ WTI 3 way collar			
	Bbls/d	Cdn\$/Bbl	Cdn\$/Bbl	Cdn\$/Bbl
Q3 2022	250	85.00	100.00	153.15
Q4 2022	250	85.00	100.00	153.15
Q1 2023	250	85.00	100.00	153.15
Q2 2023	250	85.00	100.00	153.15

<sup>(1)</sup> Table presented as weighted average volumes and prices.

Term <sup>(1)</sup>	AECO-NYMEX basis swap	
	MMBtu/d	US\$/MMBtu
2025	25,000	(0.85)
2026	20,000	(0.78)

<sup>(1)</sup> Table presented as weighted average volumes and prices.

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

<sup>(1)</sup> Table presented as weighted average volumes and prices.

#### (b) Physical delivery sales contracts

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

The following is a summary of the physical delivery sales contracts in place as at March 31, 2022:

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

<sup>(1)</sup> Table presented as weighted average volumes and prices.

## 17. Financing costs

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

## 18. Supplemental cash flow information

The following table provides a detailed breakdown of certain line items contained within cash from operating and investing activities:

	Three months ended March 31	
	2022	2021
Cash provided by (used for):		
Accounts receivable and prepaid expenses	\$ (49,399)	\$ (16,049)
Accounts payable and accrued liabilities	20,982	37,167
Total	\$ (28,417)	\$ 21,118
Related to:		
Operating activities	\$ (21,859)	\$ 18,687
Investing activities	(6,558)	2,431
	\$ (28,417)	\$ 21,118

## 19. Commitments

The following is a summary of the Company's commitments as at March 31, 2022:

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

<sup>(1)</sup> Certain of the transportation and processing commitments are secured by outstanding letters of credit totaling \$24.7 million at March 31, 2022 (December 31, 2021 - \$24.2 million).

<sup>(2)</sup> Represents the undiscounted future commitments of variable operating expenses related to the Company's office leases.

<sup>(3)</sup> Excludes commitments recognized within lease liabilities.

## LEADERSHIP TEAM

### Jonathan Wright

President and Chief Executive Officer

### Ross Andreachuk

Vice President, Finance and Chief Financial Officer

### Kevin Asman

Vice President, Marketing

### Mike Lawford

Chief Operating Officer

### Chris LeGrow

Vice President, Development & Planning

### Ryan Paulgaard

Vice President, Production & Facilities

### Josh Truba

Vice President, Land & Business Development

### Tanya Dickison

Director, Human Resources & ESG Communications

## BOARD OF DIRECTORS

### Pentti Karkkainen <sup>(1) (2)</sup>

Chair of the Board

### Ronald Eckhardt <sup>(4) (2)</sup>

Independent Director

### Kate Holzhauser <sup>(1) (3)</sup>

Independent Director

### Keith MacPhail <sup>(2) (4)</sup>

Independent Director

### Ronald Poelzer <sup>(1) (2)</sup>

Independent Director

### Brian Shaw <sup>(1) (3)</sup>

Independent Director

### Sheldon Steeves <sup>(3) (4)</sup>

Independent Director

### Deborah Stein <sup>(1) (3)</sup>

Independent Director

### Grant Zawalsky <sup>(3) (4)</sup>

Independent Director

### Jonathan Wright

President and Chief Executive Officer

(1) Member of Audit Committee

(2) Member of Corporate Governance & Compensation Committee

(3) Member of Environment, Social & Governance Committee

(4) Member of Reserves Committee

## BANKERS

Canadian Imperial Bank of Commerce

Royal Bank of Canada

The Bank of Nova Scotia

Bank of Montreal

Alberta Treasury Branches

Canadian Western Bank

Export Development Canada

## TRANSFER AGENT

Odyssey Trust Company

Calgary, Alberta

Computershare Trust Company of Canada

Calgary, Alberta and Toronto, Ontario

## AUDITORS

KPMG LLP

Calgary, Alberta

## RESERVE EVALUATORS

GLJ Ltd.

Calgary, Alberta

## STOCK EXCHANGE LISTING

The Toronto Stock Exchange ("TSX")

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