



## **CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**As at, and for the three months ended:  
March 31, 2021 and 2020**

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

(\$Cdn thousands)	Note	March 31 2021	December 31 2020
<b>Assets</b>			
<b>Current assets</b>			
Accounts receivable and prepaid expenses		\$ 71,101	\$ 53,093
Other receivable	3	3,511	5,471
		<b>74,612</b>	58,564
Financial derivative assets	17	186	—
Exploration and evaluation assets	4	29,316	34,368
Property, plant and equipment	5	1,917,778	1,947,998
Right-of-use assets	6	114,658	116,900
<b>Total assets</b>		<b>\$ 2,136,550</b>	<b>\$ 2,157,830</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 109,944	\$ 75,142
Current portion of lease liabilities	10	4,909	3,928
Current portion of asset retirement obligations	11	6,125	6,275
Financial derivative liabilities	17	36,354	23,317
		<b>157,332</b>	108,662
Long-term debt	8	299,735	362,673
Senior unsecured notes	9	217,963	217,724
Other liabilities	16	3,985	1,860
Lease liabilities	10	120,816	122,031
Asset retirement obligations	11	98,572	133,690
Financial derivative liabilities	17	46,902	41,621
Deferred tax liability		17,566	12,675
		<b>962,871</b>	1,000,936
<b>Shareholders' equity</b>			
Share capital	12	1,220,064	1,220,032
Contributed surplus		63,693	62,329
Retained earnings (deficit)		(110,078)	(125,467)
		<b>1,173,679</b>	1,156,894
<b>Total liabilities and shareholders' equity</b>		<b>\$ 2,136,550</b>	<b>\$ 2,157,830</b>
Subsequent events	8,17		
Commitments	20		

See accompanying notes to the consolidated interim financial statements.

**NUVISTA ENERGY LTD.**

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

(\$Cdn thousands, except per share amounts)	Note	Three months ended March 31	
		2021	2020
<b>Revenues</b>			
Petroleum and natural gas sales	14	\$ 151,409	\$ 127,152
Royalties		(10,781)	(9,512)
		140,628	117,640
Realized gain (loss) on financial derivatives		(21,076)	13,468
Unrealized gain (loss) on financial derivatives		(18,133)	56,501
Other income	11	859	—
		102,278	187,609
<b>Expenses</b>			
Operating		45,867	48,191
Transportation		20,921	19,654
General and administrative		5,004	4,144
Share-based compensation	16	3,406	(114)
Financing costs	18	13,004	10,238
Depletion, depreciation, amortization and impairment	5,6	29,171	960,079
Loss (gain) on property dispositions	7	(35,375)	3,338
		81,998	1,045,530
<b>Earnings (loss) before taxes</b>			
		20,280	(857,921)
Deferred income tax expense (recovery)		4,891	(69,174)
<b>Net earnings (loss) and comprehensive income (loss)</b>			
		\$ 15,389	\$ (788,747)
<b>Net earnings (loss) per share</b>			
	13		
Basic		\$ 0.07	\$ (3.50)
Diluted		\$ 0.07	\$ (3.50)

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	
		2021	2020
<b>Share capital</b>	12		
Balance, January 1		\$ 1,220,032	\$ 1,218,264
Conversion of restricted share awards		32	101
<b>Balance, end of period</b>		<b>\$ 1,220,064</b>	<b>\$ 1,218,365</b>
<b>Contributed surplus</b>			
Balance, January 1		\$ 62,329	\$ 58,080
Share-based compensation		1,396	1,724
Conversion of restricted share awards		(32)	(101)
<b>Balance, end of period</b>		<b>\$ 63,693</b>	<b>\$ 59,703</b>
<b>Retained earnings (deficit)</b>			
Balance, January 1		\$ (125,467)	\$ 72,412
Net earnings (loss)		15,389	(788,747)
<b>Balance, end of period</b>		<b>\$ (110,078)</b>	<b>\$ (716,335)</b>
<b>Total shareholders' equity</b>		<b>\$ 1,173,679</b>	<b>\$ 561,733</b>

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	
		2021	2020
<b>Cash provided by (used in)</b>			
<b>Operating activities</b>			
Net earnings (loss)		\$ 15,389	\$ (788,747)
Items not requiring cash from operations:			
Other income	11	(859)	—
Depletion, depreciation, amortization and impairment	5,6	29,171	960,079
Loss (gain) on property dispositions	7	(35,375)	3,338
Share-based compensation	16	1,218	1,462
Unrealized loss (gain) on financial derivatives		18,133	(56,501)
Deferred income tax expense (recovery)		4,891	(69,174)
Accretion	11	689	411
Asset retirement expenditures	11	(3,833)	(9,734)
Change in non-cash working capital	19	16,727	16,211
		<b>46,151</b>	<b>57,345</b>
<b>Financing activities</b>			
Payment on lease liabilities		(234)	(705)
Increase (decrease) of long-term debt		(62,938)	89,209
		<b>(63,172)</b>	<b>88,504</b>
<b>Investing activities</b>			
Property, plant and equipment expenditures	5	(80,946)	(128,666)
Exploration and evaluation expenditures	4	(2)	(66)
Other receivable expenditures		1,960	(14,878)
Proceeds on property dispositions		93,578	—
Change in non-cash working capital	19	2,431	(2,239)
		<b>17,021</b>	<b>(145,849)</b>
Change in cash and cash equivalents			
		—	—
Cash and cash equivalents, beginning of period			
		—	—
<b>Cash and cash equivalents, end of period</b>			
		<b>\$ —</b>	<b>\$ —</b>
Cash interest paid			
		\$ 11,315	\$ 10,546

See accompanying notes to the consolidated interim financial statements.

## **NUVISTA ENERGY LTD.**

### **Notes to the Consolidated Interim Financial Statements**

Three months ended March 31, 2021 with comparative figures for 2020. All tabular amounts are in thousands of Canadian dollars, except share and per share amounts, 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, oil and natural gas reserves in the Western Canadian Sedimentary Basin. NuVista’s focus is on the scalable and repeatable condensate-rich Montney formation in the Alberta Deep Basin.

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, 2020. 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, 2020, 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.

In March 2020, the World Health Organization declared COVID-19 to be a pandemic. Responses to the spread of COVID-19 resulted in a sudden decline in economic activity and resulted in a significant increase in economic uncertainty. In addition, oil prices declined dramatically due to the global oil price war and decline in demand due to COVID-19. Global oil demand has improved steadily in the latter half of 2020 and the first quarter of 2021 as economies have begun to reopen and the government has approved the rollout of COVID-19 vaccines. Although the government authorities are easing restrictions, there is no certainty when demand levels will return to pre-COVID levels and therefore the situation remains dynamic and the ultimate duration and magnitude of the impact on the economy and financial effect on NuVista is not known at this time. These events have resulted in a volatile and challenging economic environment which adversely affected the Company’s operational results and financial position.

The current challenging economic climate may have significant adverse impacts on NuVista including, but not exclusively:

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

Estimates and judgments made by management in the preparation of the interim financial statements are increasingly difficult and subject to a higher degree of measurement uncertainty during this volatile period.

These financial statements were approved and authorized for issuance by the Board of Directors on May 11, 2021.

### 3. Other receivable

The Company has entered into a contract for the construction of a Pipestone compressor station, which secured third party ownership and funding of the asset. The other receivable balance of \$3.5 million represents expenses incurred that have not yet been reimbursed related to this asset.

### 4. Exploration and evaluation assets

	Note	March 31, 2021	December 31, 2020
Balance, January 1		\$ 34,368	\$ 27,947
Additions		2	329
Acquisitions <sup>(1)</sup>		—	10,625
Dispositions <sup>(1)</sup>		(4,912)	(533)
Transfers to property, plant and equipment	5	(142)	(630)
Expiries (exploration and evaluation expense)		—	(3,370)
<b>Balance, end of period</b>		<b>\$ 29,316</b>	<b>\$ 34,368</b>

<sup>(1)</sup> Non cash land swaps included in acquisitions and dispositions during the year ended December 31, 2020.

### 5. Property, plant and equipment

	Note	March 31, 2021	December 31, 2020
<b>Cost</b>			
Balance, January 1		\$ 3,311,998	\$ 3,119,117
Additions		80,946	180,113
Acquisitions <sup>(1)</sup>		—	875
Dispositions <sup>(1)</sup>		(94,385)	(15,142)
Capitalized share-based compensation	16	177	779
Change in asset retirement obligations	11	(13,714)	25,626
Transfers from exploration and evaluation assets	4	142	630
<b>Balance, end of period</b>		<b>\$ 3,285,164</b>	<b>\$ 3,311,998</b>

<sup>(1)</sup> Non cash land swaps included in acquisitions and dispositions during the year ended December 31, 2020.

		March 31, 2021	December 31, 2020
<b>Accumulated depletion, depreciation, amortization and impairment</b>			
Balance, January 1		\$ 1,364,000	\$ 1,016,027
Depletion, depreciation and amortization		26,929	162,954
Dispositions		(23,543)	(2,837)
Impairment		—	187,856
<b>Balance, end of period</b>		<b>\$ 1,367,386</b>	<b>\$ 1,364,000</b>

		March 31, 2021	December 31, 2020
<b>Carrying value</b>			
Balance, January 1		\$ 1,947,998	\$ 2,103,090
<b>Balance, end of period</b>		<b>\$ 1,917,778</b>	<b>\$ 1,947,998</b>

At March 31, 2021, there were no indicators of impairment of reversal of impairment identified on any of the Company's CGU's within property, plant & equipment and an impairment test was not performed.

At December 31, 2020, there were indicators of reversal of impairment identified in NuVista's Montney CGU as a result of improved forward commodity prices for natural gas and condensate and oil, and reduction of future development costs associated with the reserves at December 31, 2020. An impairment test was performed on property, plant and equipment ("PP&E") and right-of-use ("ROU") assets. For the December 31, 2020 test, PP&E and ROU 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 the independent third party external reserves report. A total impairment recovery of \$720.2 million was recognized at December 31, 2020 in NuVista's Montney CGU, with \$698.2 million recognized on PP&E and \$22.0 million recognized on ROU assets, which has been included in the depletion, depreciation, amortization and impairment expense.

The initial impairment expense of \$909 million on PP&E and ROU assets recognized at March 31, 2020, net of the impairment recovery of \$720 million at December 31, 2020 on PP&E and ROU assets, resulted in a net impairment expense of \$189 million recognized for the year ended December 31, 2020.

## 6. Right-of-use assets

				March 31	December 31
	Office Leases	Gas Transportation Lease	Gas Processing Lease	2021 Total	2020 Total
<b>Cost</b>					
Balance, January 1	\$ 5,481	\$ 36,921	\$ 86,356	\$ 128,758	\$ 119,931
Additions	—	—	—	—	8,827
Balance, end of period	\$ 5,481	\$ 36,921	\$ 86,356	\$ 128,758	\$ 128,758
<b>Accumulated depreciation</b>					
Balance, January 1	\$ 1,586	\$ 3,210	\$ 7,062	\$ 11,858	\$ 3,309
Depreciation	198	602	1,442	2,242	7,356
Impairment	—	—	—	—	1,193
Balance, end of period	\$ 1,784	\$ 3,812	\$ 8,504	\$ 14,100	\$ 11,858
<b>Carrying amount</b>					
Balance, January 1	\$ 3,895	\$ 33,711	\$ 79,294	\$ 116,900	\$ 116,622
Balance, end of period	\$ 3,697	\$ 33,109	\$ 77,852	\$ 114,658	\$ 116,900

During the year ended December 31, 2019, the Company entered into a contract for the construction of the Pipestone South compressor station, which secured third party ownership and funding of the asset. Under the terms of the contract, NuVista was compensated to complete the construction of the asset in exchange for entering into a long term commitment for NuVista operatorship and use of the compressor station. During the third quarter of 2019, the Company recognized right of use assets for a gas processing lease associated with the start up of the Pipestone South compressor, and a gas transportation lease associated with the pipeline that connects the Pipestone South compressor to the SemCAMS Wapiti plant.

## 7. Property dispositions

	Three months ended March 31	
	2021	2020
Proceeds from dispositions	\$ 93,578	\$ 9,500
Exploration and evaluation disposed	(4,912)	(534)
Property, plant and equipment after net accumulated DD&A disposed	(70,842)	(12,304)
Asset retirement obligations disposed	17,551	—
Gain (loss) on dispositions	\$ 35,375	\$ (3,338)



For the three months ended March 31, 2021, the Company disposed of properties for gross proceeds of \$93.6 million. A gain on dispositions of \$35.4 million was recorded in the period.

## 8. Long-term debt

At March 31, 2021, the Company had a \$440 million (December 31, 2020 - \$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, bankers' acceptances and/or US libor advances. These advances bear interest at the bank's prime rate and/or at money market rates plus a borrowing margin. For the three months ended March 31, 2021, borrowing costs averaged 4.9% (December 31, 2020 – 3.8%). 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 and is subject to an annual review by the lenders, at which time the lenders can extend the revolving period or can request conversion to a one year term loan. During the revolving period, a review of the maximum borrowing amount occurs 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, 2022 in the event of a reduction or the credit facility not being renewed.

In April 2021, NuVista completed the annual review of its borrowing base with its lenders with no change to the credit facility capacity of \$440 million, but the tenor of two years with a maturity date of May 31, 2023, is subject to refinancing of the senior unsecured notes. The next semi-annual review is scheduled for on or before November 30, 2021.

As at March 31, 2021, the Company had drawn \$299.7 million on its term credit facility (December 31, 2020 – \$362.7 million) and had outstanding letters of credit of \$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, 2021, the Company was in compliance with all covenants.

The Company has a \$40 million unsecured letter of credit facility under Export Development Canada's Account Performance Security Guarantee ("APSG") program. At March 31, 2021 the Company had outstanding letters of credit associated with the APSG of \$17.6 million, leaving \$22.4 million of credit available on this facility.

## 9. Senior unsecured notes

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

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

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

If a change of control occurs, each holder of the 2023 Notes will have the right to require the Company to purchase all or any part of that holder's 2023 Notes for an amount in cash equal to 101% of the aggregate principal repurchased plus accrued and unpaid interest. The 2023 Notes are callable by the Company and NuVista has begun to explore potential options to refinance the 2023 Notes.

## 10. 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, 2021	December 31, 2020
Balance, January 1	\$ 125,959	\$ 119,307
Additions <sup>(1)</sup>	—	8,827
Lease interest expense	3,344	11,294
Payment of leases	(3,578)	(13,469)
<b>Balance, end of period</b>	<b>\$ 125,725</b>	<b>\$ 125,959</b>
Current portion of lease liabilities	\$ 4,909	\$ 3,928
Non current portion of lease liabilities	\$ 120,816	\$ 122,031

<sup>(1)</sup> The incremental borrowing rates used to determine the lease liabilities for the office lease, gas transportation and processing commitments are 5.5%, 11.0% and 10.7%, respectively. (2020 - 5.5%, 11.0%, and 7.7% respectively).

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

	March 31, 2021	December 31, 2020
Less than 1 year	\$ 18,052	\$ 17,176
1-3 years	53,998	54,194
4-5 years	34,531	34,532
After 5 years	130,594	134,851
<b>Total undiscounted future lease payments</b>	<b>\$ 237,175</b>	<b>\$ 240,753</b>
Amounts representing lease interest expense over the term of the lease	(111,450)	(114,794)
<b>Present value of net lease payments</b>	<b>\$ 125,725</b>	<b>\$ 125,959</b>

## 11. Asset retirement obligations

	March 31, 2021	December 31, 2020
Balance, January 1	\$ 139,965	\$ 124,533
Accretion expense	689	1,496
Liabilities incurred	915	3,191
Liabilities disposed	(17,551)	(584)
Change in estimates	(1,558)	7,129
Change in discount rate	(13,071)	15,306
Liabilities settled (cash)	(3,833)	(11,106)
Liabilities settled (non-cash) <sup>(1)</sup>	(859)	—
<b>Balance, end of period</b>	<b>\$ 104,697</b>	<b>\$ 139,965</b>
Expected to be incurred within one year	\$ 6,125	\$ 6,275
Expected to be incurred beyond one year	\$ 98,572	\$ 133,690

<sup>(1)</sup> Liabilities settled (non-cash) of \$0.9 million (2020 - nil) 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 oil, condensate and natural gas assets including well sites, gathering systems and processing facilities. At March 31, 2021, the estimated total undiscounted, uninflated amount of cash flows required to settle the asset retirement obligations is \$108.7 million (December 31, 2020 – \$132.8 million), of which 30% is estimated to be incurred within the next 10 years. The Government of Canada benchmark long-term risk-free bond rate of 2.0% (December 31, 2020 – 1.2%) and an inflation rate of 1.7% (December 31, 2020 – 1.5%)

were used to calculate the net present value of the asset retirement obligations. The inflation rate was determined using the Fisher equation, which is calculated as the difference between the Government of Canada long-term risk free rate bond rate of 2.0% (December 31, 2020 - 1.2%) and the real rate of interest of 0.28% (December 31, 2020 - (0.28)%).

## 12. Share capital

Common shares

	March 31, 2021		December 31, 2020	
	Number	Amount	Number	Amount
Balance, January 1	225,836,865	\$ 1,220,032	225,591,725	\$ 1,218,264
Conversion of restricted share awards	7,435	32	245,140	1,768
Balance, end of period	225,844,300	\$ 1,220,064	225,836,865	\$ 1,220,032

## 13. Earnings (loss) per share

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

(thousands of shares)	Three months ended March 31	
	2021	2020
Weighted average common shares outstanding		
Basic	225,842	225,592
Diluted	229,813	225,592

## 14. Petroleum and natural gas revenues

NuVista produces natural gas, condensate, oil 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, oil 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	
	2021	2020
Natural gas revenue <sup>(1)</sup>	\$ 57,517	\$ 41,983
Condensate & oil revenue	80,531	80,331
NGL revenue <sup>(2)</sup>	13,361	4,838
<b>Total petroleum and natural gas revenue</b>	<b>\$ 151,409</b>	<b>\$ 127,152</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, 2021, our physical delivery sales contracts resulted in a gain of \$0.2 million (2020 – \$33.0 thousand loss).

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

A breakdown of natural gas revenue is as follows:

	Three months ended March 31	
	2021	2020
Natural gas revenue - AECO reference price <sup>(1)</sup>	\$ 43,918	\$ 35,805
Heat/value adjustment <sup>(2)</sup>	3,756	2,645
Transportation revenue <sup>(3)</sup>	8,597	7,029
Natural gas market diversification revenue	1,020	(3,463)
AECO physical delivery price risk management gains (losses) <sup>(4)</sup>	226	(33)
<b>Total natural gas revenue</b>	<b>\$ 57,517</b>	<b>\$ 41,983</b>

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

<sup>(2)</sup> Based on NuVista's historical adjustment of 9 - 10%.

<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, 2021 is \$55.5 million (December 31, 2020 - \$44.0 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.

## 15. 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.

As a result of the COVID-19 pandemic, NuVista's net debt to adjusted funds flow ratio grew beyond the normal target range of 1.5 x +/- 0.5 x. To ensure lower future debt levels, the Company has adjusted the target to below 1.0x. 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 and the timing of acquisitions and dispositions. At March 31, 2021, the Company's net debt was 4.2 times its annualized current 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	
	2021	2020
Cash provided by operating activities	\$ 46,151	\$ 57,345
Asset retirement expenditures	3,833	9,734
Change in non-cash working capital	(16,727)	(16,211)
<b>Adjusted funds flow <sup>(1)</sup></b>	<b>\$ 33,257</b>	<b>\$ 50,868</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. 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, 2021	December 31, 2020
Basic common shares outstanding	225,844	225,837
Share price <sup>(1)</sup>	2.37	0.94
<b>Total market capitalization</b>	<b>535,250</b>	212,287
Cash and cash equivalents, accounts receivable and prepaid expenses	(71,101)	(53,093)
Other receivable	(3,511)	(5,471)
Accounts payable and accrued liabilities	109,944	75,142
Long-term debt (credit facility)	299,735	362,673
Senior unsecured notes	217,963	217,724
Other liabilities	3,985	1,860
<b>Net debt <sup>(2)</sup></b>	<b>557,015</b>	598,835
Annualized current quarter adjusted funds flow	133,028	197,596
<b>Net debt to annualized current quarter adjusted funds flow</b>	<b>4.2</b>	3.0

<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.

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.

## 16. 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, 2021 is 9.3 million. The following continuity table summarizes the stock option activity:

	March 31, 2021		December 31, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, January 1	8,054,966	\$ 4.30	7,726,300	\$ 5.76
Granted	—	—	2,033,034	0.82
Forfeited	(79,098)	4.40	(290,817)	5.68
Expired	—	—	(1,413,551)	6.96
Balance, end of period	7,975,868	\$ 4.30	8,054,966	\$ 4.30

The following table summarizes stock options outstanding and exercisable under the plan at March 31, 2021:

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 \$4.99	5,468,445	3.0	\$ 2.66	1,800,744	\$ 3.96
\$5.00 to \$9.43	2,507,423	1.1	7.90	2,329,600	7.78
<b>\$0.79 to \$9.43</b>	<b>7,975,868</b>	<b>2.4</b>	<b>\$ 4.30</b>	<b>4,130,344</b>	<b>\$ 6.11</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, 2021	December 31, 2020
Risk-free interest rate (%)	—	0.37
Expected volatility (%)	—	77
Expected life (years)	—	4.5
Forfeiture rate (%)	—	10
Fair value at grant date (\$ per option)	—	0.48

Note to March 2021 - 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 2,156,107 remain to be issued.

### **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, 2021	December 31, 2019
Balance, January 1	2,407,697	965,075
Settled - issuance of shares from treasury	(7,435)	(245,140)
Settled - cash payment <sup>(1)</sup>	(10,961)	—
Granted	—	1,746,216
Forfeited	(9,033)	(58,454)
Balance, end of period	2,380,268	2,407,697

<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, 2021	December 31, 2020
Balance, January 1	3,948,785	1,043,923
Settled - issuance of shares from treasury	—	—
Settled - cash payment <sup>(1)</sup>	(13,702)	—
Granted	—	2,966,375
Forfeited	(35,217)	(61,513)
Performance adjustment	(451)	—
Balance, end of period	3,899,415	3,948,785

<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.

## 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, 2021	December 31, 2020
Balance, January 1	1,002,594	582,594
Granted	—	420,000
Balance, end of period	1,002,594	1,002,594

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

	March 31, 2021	December 31, 2020
Balance, January 1	\$ 943	\$ 1,859
Change in accrued compensation liabilities	1,433	(916)
Balance, end of period	\$ 2,376	\$ 943

Compensation liability resulting from DSUs granted in the three months ended March 31, 2021, increased primarily due to a increase in the closing share price used to value the liability at the end of the period, from \$0.94 at December 31, 2020 to \$2.37 at March 31, 2021.

### 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, 2021	December 31, 2020
Balance, January 1	975,436	—
Settled	(2,597)	—
Granted	—	975,436
Forfeited	(15,130)	—
Balance, end of period	957,709	975,436



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

	March 31, 2021	December 31, 2020
Balance, January 1	\$ 917	\$ —
Change in accrued compensation liabilities	696	917
Cash settled	(4)	—
Balance, end of period	\$ 1,609	\$ 917

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

	Three months ended March 31	
	2021	2020
Stock options	\$ 414	\$ 793
Restricted share awards	354	399
Performance share awards	450	270
Non cash share-based compensation expense	1,218	1,462
Director deferred share units	1,433	(1,576)
Performance share units	696	—
Restricted share awards <sup>(1)</sup>	26	—
Performance share awards <sup>(1)</sup>	33	—
Cash share-based compensation expense	2,188	(1,576)
Total share-based compensation expense	\$ 3,406	\$ (114)

<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.

During the three months ended March 31, 2021, there were \$4.0 thousand cash settled PSUs, \$25 thousand cash settled RSAs, \$32 thousand PSAs, and no cash settled DSU's. There were no cash settled awards for the prior year comparative period.

	Three months ended March 31	
	2021	2020
Capitalized stock options	\$ 63	\$ 143
Capitalized restricted share awards	50	72
Capitalized performance share awards	64	47
Capitalized share based compensation	\$ 177	\$ 262

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

## 17. 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, 2021			December 31, 2020		
	Gross financial assets	Gross financial liabilities	Net financial assets	Gross financial assets	Gross financial liabilities	Net financial assets
Current assets (liabilities)	\$ —	\$ (36,354)	\$ (36,354)	\$ —	\$ (23,317)	\$ (23,317)
Long-term assets (liabilities)	186	(46,902)	(46,716)	—	(41,621)	(41,621)
Net position	\$ 186	\$ (83,256)	\$ (83,070)	\$ —	\$ (64,938)	\$ (64,938)

(c) Risk management contracts

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

	March 31, 2021	December 31, 2020
Fair value of contracts, beginning of year	\$ (64,938)	\$ (23,914)
Change in the fair value of contracts in the period	(39,208)	29,634
Fair value of contracts realized in the period	21,076	(70,658)
Fair value of contracts, end of period	\$ (83,070)	\$ (64,938)

The following is a summary of the financial derivatives as at March 31, 2021:

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 2021	13,000	61.63	3,000	0.08	—	—	—	—
Q3 2021	4,000	66.87	—	—	4,500	50.00	61.56	78.71
Q4 2021	1,000	70.86	—	—	4,500	50.00	61.56	78.71
Q1 2022	—	—	—	—	3,500	50.00	62.00	76.78
Q2 2022	—	—	—	—	3,500	50.00	62.00	76.78
Q3 2022	—	—	—	—	500	50.00	62.00	77.25
Q4 2022	—	—	—	—	500	50.00	62.00	77.25

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

	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
2021	95,000	(0.98)	(60,000)	(0.82)	22,782	(0.23)	20,000	(0.66)
2022	100,863	(0.96)	(60,000)	(0.82)	12,493	(0.24)	16,658	(0.66)
2023	100,000	(1.01)	—	—	—	—	—	—
2024	100,000	(1.00)	—	—	—	—	—	—
2025	35,000	(1.00)	—	—	—	—	—	—

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

Term <sup>(1)</sup>	Dawn-NYMEX basis swap	
	MMBtu/d	US\$/MMBtu
2021	10,000	(0.26)
2022	8,329	(0.26)

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

Term <sup>(1)</sup>	NYMEX fixed price swap		NYMEX collars		
	MMBtu/d	US\$/MMBtu	MMBtu/d	US\$/MMBtu	US\$/MMBtu
Q2 2021	45,000	2.68	45,000	2.62	3.04
Q3 2021	45,000	2.68	45,000	2.62	3.04
Q4 2021	21,793	2.67	38,370	2.74	3.31
Q1 2022	—	—	35,000	2.83	3.49

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

Subsequent to March 31, 2021, the following is a summary of financial derivatives that have been entered into:

Term <sup>(1)</sup>	Bbls/d	C\$ WTI 3 way collar		
		Cdn\$/Bbl	Cdn\$/Bbl	Cdn\$/Bbl
Q3 2021	1,000	50.00	68.00	83.11
Q4 2021	1,000	50.00	68.00	83.11
Q1 2022	1,000	50.00	68.00	83.11
Q2 2022	1,000	50.00	68.00	83.11

<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, 2021:

	Dawn-NYMEX Basis	
	MMBtu/d	US\$/MMBtu
2021	10,000	(0.26)
2022	8,329	(0.26)

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

## 18. Financing costs

	Three months ended March 31	
	2021	2020
Interest expense	\$ 8,971	\$ 7,257
Lease interest expense	3,344	2,570
Accretion of asset retirement obligations	689	411
Total financing costs	\$ 13,004	\$ 10,238

## 19. 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	
	2021	2020
Cash provided by (used for):		
Accounts receivable and prepaid expenses	\$ (18,469)	\$ 7,459
Other assets	460	165
Accounts payable and accrued liabilities	37,167	6,348
Total	\$ 19,158	\$ 13,972
Related to:		
Operating activities	\$ 16,727	\$ 16,211
Investing activities	2,431	(2,239)
	\$ 19,158	\$ 13,972

## 20. Commitments

The following is a summary of the Company's commitments as at March 31, 2021:

	Total	2021	2022	2023	2024	2025	Thereafter
Transportation <sup>(1)</sup>	\$ 915,069	\$ 76,148	\$ 112,161	\$ 92,251	\$ 90,069	\$ 90,912	\$ 453,528
Processing <sup>(1)</sup>	1,052,867	47,599	72,770	82,205	84,894	68,524	696,875
Office lease <sup>(2)</sup>	4,936	704	948	999	857	151	1,277
<b>Total commitments <sup>(3)</sup></b>	<b>\$ 1,972,872</b>	<b>\$ 124,451</b>	<b>\$ 185,879</b>	<b>\$ 175,455</b>	<b>\$ 175,820</b>	<b>\$ 159,587</b>	<b>\$ 1,151,680</b>

<sup>(1)</sup> Certain of the transportation and processing commitments are secured by outstanding letters of credit totaling \$23.7 million at March 31, 2021 (December 31, 2020 - \$23.4 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.

## EXECUTIVE OFFICERS

### 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*

### Joshua Truba

*Vice President, Land & Business Development*

## BOARD OF DIRECTORS

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

*Chair of the Board*

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

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## 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

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")

"NVA"



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