NUVISTA ENERGY LTD

# CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## As at, and for the three and nine months ended:
## September 30, 2022 and 2021

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

| ($Cdn thousands) | Note | September 30 2022 | December 31 2021 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Accounts receivable and prepaid expenses | | $ 193,674 | $ 88,537 |
| Financial derivative assets | 17 | 30,135 | — |
| | | 223,809 | 88,537 |
| Financial derivative assets | 17 | 46,420 | — |
| Exploration and evaluation assets | 4 | 20,683 | 18,135 |
| Property, plant and equipment | 5 | 2,358,106 | 2,177,379 |
| Right-of-use assets | 6 | 101,207 | 107,933 |
| **Total assets** | | $ 2,750,225 | $ 2,391,984 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Accounts payable and accrued liabilities | | $ 214,631 | $ 140,002 |
| Current portion of other liabilities | 16 | 11,695 | 7,990 |
| Current portion of lease liabilities | 10 | 5,757 | 5,300 |
| Current portion of asset retirement obligations | 11 | 8,600 | 7,075 |
| Financial derivative liabilities | 17 | 7,463 | 40,317 |
| | | 248,146 | 200,684 |
| Long-term debt | 8 | 9,194 | 196,055 |
| Senior unsecured notes | 9 | 217,982 | 223,178 |
| Other liabilities | 16 | 1,581 | 1,587 |
| Lease liabilities | 10 | 112,391 | 116,730 |
| Asset retirement obligations | 11 | 78,000 | 113,162 |
| Financial derivative liabilities | 17 | — | 16,938 |
| Deferred tax liability | | 222,676 | 87,833 |
| | | 889,970 | 956,167 |
| **Shareholders' equity** | | | |
| Share capital | 12 | 1,212,458 | 1,228,275 |
| Contributed surplus | | 71,767 | 68,337 |
| Retained earnings | | 576,030 | 139,205 |
| | | 1,860,255 | 1,435,817 |
| **Total liabilities and shareholders' equity** | | $ 2,750,225 | $ 2,391,984 |
| Subsequent events | 12,17 | | |
| Commitments | 20 | | |

See accompanying notes to the consolidated interim financial statements.

## NUVISTA ENERGY LTD.

## Consolidated Interim Statements of Earnings and Comprehensive Income (Unaudited)

| | | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|---|
| *($Cdn thousands, except per share amounts)* | Note | **2022** | 2021 | **2022** | 2021 |
| **Revenues** | | | | | |
| Petroleum and natural gas sales | 14 | **$ 445,007** | $ 222,601 | **$ 1,290,107** | $ 561,935 |
| Royalties | | **(39,458)** | (16,463) | **(144,416)** | (37,718) |
| **Revenue from petroleum and natural gas sales** | | **405,549** | 206,138 | **1,145,691** | 524,217 |
| Realized loss on financial derivatives | | **(35,611)** | (28,347) | **(156,379)** | (78,119) |
| Unrealized gain (loss) on financial derivatives | | **102,761** | (11,817) | **126,347** | (55,234) |
| Other income | 11 | **—** | 138 | **6,030** | 1,024 |
| **Total revenue, other income and loss on risk management contracts** | | **472,699** | 166,112 | **1,121,689** | 391,888 |
| **Expenses** | | | | | |
| Operating | | **77,392** | 49,206 | **210,998** | 144,470 |
| Transportation | | **32,405** | 25,246 | **92,936** | 71,661 |
| General and administrative | | **5,434** | 4,634 | **15,344** | 14,861 |
| Share-based compensation | 16 | **1,091** | 2,604 | **8,581** | 9,190 |
| Financing costs | 18 | **9,882** | 17,381 | **32,809** | 42,026 |
| Depletion, depreciation, amortization, and impairment reversal | 5,6 | **54,320** | (125,026) | **148,897** | (51,441) |
| Exploration and evaluation | 4 | **2,037** | — | **2,037** | — |
| Gain on property dispositions | 7 | **—** | — | **(1,688)** | (35,375) |
| | | **182,561** | **(25,955)** | **509,914** | **195,392** |
| **Earnings before taxes** | | **290,138** | 192,067 | **611,775** | 196,496 |
| Deferred income tax expense | | **66,675** | 45,002 | **140,102** | 44,984 |
| **Net earnings and comprehensive income** | | **$ 223,463** | $ 147,065 | **$ 471,673** | $ 151,512 |
| **Net earnings per share** | 13 | | | | |
| Basic | | **$ 0.99** | $ 0.65 | **$ 2.07** | $ 0.67 |
| Diluted | | **$ 0.95** | $ 0.63 | **$ 1.98** | $ 0.65 |

See accompanying notes to the consolidated interim financial statements.

## NUVISTA ENERGY LTD.
## Consolidated Interim Statements of Changes in Shareholders' Equity
## (Unaudited)

| | | Nine months ended September 30 | |
|---|---|---|---|
| *($Cdn thousands)* | Note | **2022** | 2021 |
| **Share capital** | 12 | | |
| Balance, January 1 | | **$ 1,228,275** | $ 1,220,032 |
| Issued for cash on exercise of stock options | | **13,536** | 300 |
| Contributed surplus transferred on exercise of stock options | | **5,868** | 138 |
| Conversion of restricted share awards | | **483** | 959 |
| Conversion of performance share awards | | **1,243** | 1,202 |
| Repurchase of shares for cancellation | | **(36,947)** | — |
| Balance, end of period | | **$ 1,212,458** | $ 1,222,631 |
| | | | |
| **Contributed surplus** | | | |
| Balance, January 1 | | **$ 68,337** | $ 62,329 |
| Share-based compensation | | **5,765** | 4,282 |
| Transfer to share capital on exercise of stock options | | **(5,868)** | (138) |
| Conversion of restricted share awards | | **(483)** | (959) |
| Conversion of performance share awards | | **(1,243)** | (1,202) |
| Tax deduction on excess value of share awards | | **5,259** | 2,415 |
| Balance, end of period | | **$ 71,767** | $ 66,727 |
| | | | |
| **Retained earnings (deficit)** | | | |
| Balance, January 1 | | **$ 139,205** | $ (125,467) |
| Repurchase of shares for cancellation | | **(34,848)** | — |
| Net earnings | | **471,673** | 151,512 |
| Balance, end of period | | **$ 576,030** | $ 26,045 |
| **Total shareholders' equity** | | **$ 1,860,255** | $ 1,315,403 |

See accompanying notes to the consolidated interim financial statements.

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

| ($Cdn thousands) | Note | Three months ended September 30 2022 | Three months ended September 30 2021 | Nine months ended September 30 2022 | Nine months ended September 30 2021 |
|---|---|---|---|---|---|
| **Cash provided by (used in)** | | | | | |
| **Operating activities** | | | | | |
| Net earnings | | **$ 223,463** | $ 147,065 | **$ 471,673** | $ 151,512 |
| Items not requiring cash from operations: | | | | | |
| Other income | 11 | **—** | (138) | **(6,030)** | (1,024) |
| Depletion, depreciation, amortization and impairment reversal | 5,6 | **54,320** | (125,026) | **148,897** | (51,441) |
| Exploration and evaluation | 4 | **2,037** | — | **2,037** | — |
| Gain on property dispositions | 7 | **—** | — | **(1,688)** | (35,375) |
| Share-based compensation | 16 | **1,649** | 1,318 | **4,882** | 3,682 |
| Unrealized (gain) loss on financial derivatives | | **(102,761)** | 11,817 | **(126,347)** | 55,234 |
| Deferred income tax expense | | **66,675** | 45,002 | **140,102** | 44,984 |
| Accretion | 11 | **732** | 564 | **2,292** | 1,739 |
| Asset retirement expenditures | 11 | **(1,327)** | (571) | **(8,079)** | (4,669) |
| Change in non-cash working capital | 19 | **(16,770)** | 43,976 | **(9,611)** | 63,873 |
| Cash provided by operating activities | | **228,018** | 124,007 | **618,128** | 228,515 |
| **Financing activities** | | | | | |
| Issuance of share capital on exercise of stock options | | **311** | 272 | **13,536** | 300 |
| Payment on lease liabilities | | **(1,373)** | (1,247) | **(3,882)** | (2,651) |
| Repurchase of shares | | **(44,196)** | — | **(71,795)** | — |
| Decrease of long-term debt | | **(47,688)** | (20,799) | **(186,861)** | (97,448) |
| Issuance of senior unsecured notes, net of financing costs | | **—** | 222,646 | **—** | 222,646 |
| Repayment of senior unsecured notes | | **(6,345)** | (217,724) | **(6,345)** | (217,724) |
| Cash used in financing activities | | **(99,291)** | (16,852) | **(255,347)** | (94,877) |
| **Investing activities** | | | | | |
| Property, plant and equipment expenditures | 5 | **(111,745)** | (77,152) | **(343,428)** | (202,437) |
| Exploration and evaluation expenditures | 4 | **(1)** | — | **(3,305)** | (7) |
| Proceeds on property dispositions | | **—** | — | **—** | 93,578 |
| Other receivable expenditures | | **—** | 1,157 | **—** | 4,233 |
| Change in non-cash working capital | 19 | **(16,981)** | (31,160) | **(16,048)** | (29,005) |
| Cash used in investing activities | | **(128,727)** | (107,155) | **(362,781)** | (133,638) |
| Change in cash and cash equivalents | | **—** | — | **—** | — |
| Cash and cash equivalents, beginning of period | | **—** | — | **—** | — |
| **Cash and cash equivalents, end of period** | | **$ —** | $ — | **$ —** | $ — |
| Cash interest paid | | **$ 11,037** | $ 6,515 | **$ 25,315** | $ 20,704 |

See accompanying notes to the consolidated interim financial statements.

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

Three and nine months ended September 30, 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, except as described in Note 3 below. 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"). Certain comparative figures have been reclassified to correspond with current period presentation.

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.

Demand for oil and natural gas continues to improve as the global economy continues to recover from the COVID-19 pandemic. Energy prices strengthened to multi-year highs due to elevated uncertainty of global oil and natural gas supply after Russia's invasion of Ukraine in addition to limited production growth reflecting oil and gas producers' capital discipline. While NuVista has benefited from these improvements in crude oil and natural gas prices, there is uncertainty related to COVID-19 and geopolitical events that have been considered in our estimates as at and for the period ended September 30, 2022. Further, service sector inflationary pressures were experienced across all operations during the three months and nine months ended September 30, 2022. These cost escalations are not exclusive to oil and gas, and are being seen across all sectors of the economy as a result of supply chain distributions and labor shortages. Due to the uncertainty of operating in the current environment, assumptions about future commodity prices, exchange rates, and interest rates are subject to greater variability than normal, which could in the future significantly affect the valuation of NuVista's assets, both financial and non-financial.

These financial statements were approved and authorized for issuance by the Board of Directors on November 8, 2022.

## 3. Changes in significant accounting policies

### Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. When NuVista repurchases its own common shares, share capital is reduced by the average carrying value of the shares repurchased. If the average carrying value of the shares exceeds the purchase price, the difference will be recognized as contributed surplus. If the purchase price exceeds the average carrying value of the shares, any previous contributed surplus related to such transactions is reversed. To the extent there is none, the difference is recognized as a reduction to retained earnings. Shares are cancelled upon repurchase.

## 4. Exploration and evaluation assets

| | Note | September 30, 2022 | December 31, 2021 |
|---|---|---|---|
| **Cost** | | | |
| Balance, January 1 | | $ 18,135 | $ 34,368 |
| Additions | | 3,305 | 9 |
| Acquisitions [1] | | 1,280 | — |
| Dispositions | | — | (4,912) |
| Transfers to property, plant and equipment | 5 | — | (1,105) |
| Expiries (exploration and evaluation expense) | | (2,037) | (10,225) |
| Balance, end of period | | $ 20,683 | $ 18,135 |

[1] Non-cash land swap included in acquisitions.

## 5. Property, plant and equipment

| | Note | September 30, 2022 | December 31, 2021 |
|---|---|---|---|
| **Cost** | | | |
| Balance, January 1 | | $ 3,509,731 | $ 3,311,998 |
| Additions | | 343,427 | 287,837 |
| Dispositions | | — | (94,385) |
| Capitalized share-based compensation | 16 | 883 | 840 |
| Change in asset retirement obligations | 11 | (21,412) | 2,336 |
| Transfers from exploration and evaluation assets | 4 | — | 1,105 |
| Balance, end of period | | $ 3,832,629 | $ 3,509,731 |

| | September 30, 2022 | December 31, 2021 |
|---|---|---|
| **Accumulated depletion, depreciation, amortization and impairment reversal** | | |
| Balance, January 1 | $ 1,332,352 | $ 1,364,000 |
| Depletion, depreciation and amortization (“DD&A”) | 142,171 | 155,073 |
| Dispositions | — | (23,543) |
| Impairment reversal | — | (163,178) |
| Balance, end of period | $ 1,474,523 | $ 1,332,352 |

| | September 30, 2022 | December 31, 2021 |
|---|---|---|
| **Carrying value** | | |
| Balance, January 1 | $ 2,177,379 | $ 1,947,998 |
| Balance, end of period | $ 2,358,106 | $ 2,177,379 |

Future development costs of $2.1 billion were included in the determination of DD&A for the nine months ended September 30, 2022 (2021 - $2.2 billion).

At September 30, 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 [1] were used to calculate the recoverable amounts:

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

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

## 6. Right-of-use assets

| | Office Leases | Gas Gathering Lease | Gas Processing Lease | September 30 2022 Total | December 31 2021 Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Balance, January 1 | $ 5,481 | $ 36,921 | $ 86,356 | **$ 128,758** | $ 128,758 |
| **Accumulated depreciation** | | | | | |
| Balance, January 1 | $ 2,378 | $ 5,618 | $ 12,829 | **$ 20,825** | $ 11,858 |
| Depreciation | 594 | 1,806 | 4,326 | **6,726** | 8,967 |
| Balance, end of period | $ 2,972 | $ 7,424 | $ 17,155 | **$ 27,551** | $ 20,825 |
| **Carrying amount** | | | | | |
| Balance, January 1 | $ 3,103 | $ 31,303 | $ 73,527 | **$ 107,933** | $ 116,900 |
| Balance, end of period | **$ 2,509** | **$ 29,497** | **$ 69,201** | **$ 101,207** | $ 107,933 |

## 7. Property dispositions

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | **2022** | 2021 | **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 | **—** | — | **408** | 17,551 |
| Gain on dispositions | **$ —** | $ — | **$ 1,688** | $ 35,375 |

During the nine months ended, September 30, 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 $1.7 million was recorded for the nine months ended September 30, 2022 compared to a gain of $35.4 million in the prior year comparative period.

## 8. Long-term debt

At September 30, 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 nine months ended September 30, 2022, borrowing costs averaged 4.2% (December 31, 2021 – 4.3%). 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, 2024 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, 2024 in the event of a reduction or the credit facility not being renewed. The annual review was completed on June 9, 2022, with no change to the credit facility capacity, and the credit facility now incorporates sustainability linked performance features. The next semi-annual review is scheduled on or before November 30, 2022, with no expected changes to the credit facility capacity.

The conversion of NuVista's credit facility to a sustainability-linked loan ("SLL") allows the Company to link performance on key sustainability themes to its borrowing costs, whereby rates increase or decrease based on established annual sustainability performance targets ("SPTs") related to:

- A reduction of Scope 1 & 2 GHG Intensity;
- Increased spending on asset retirement obligations, over and above the minimum Alberta Energy Regulator established regulations as well as the number of well sites moved through the assessment and remediation process; and
- Gender diversity at the Board of Directors level.

Successfully achieving these SPTs will result in a decrease to the ongoing costs of the SLL Facility, and conversely, NuVista will incur an increase to the ongoing costs if it fails to meet the SPTs. The SPTs are important to our business plan and corporate values while demonstrating our continuing commitment to the environment.

As at September 30, 2022, the Company had drawn $9.2 million on its term credit facility (December 31, 2021 – $196.1 million) and had outstanding letters of credit of $7.3 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 September 30, 2022, the Company was in compliance with all covenants.

The Company has a $30 million unsecured letter of credit facility under Export Development Canada's ("EDC") Account Performance Security Guarantee ("APSG") program. At September 30, 2022, the Company had outstanding letters of credit associated with the APSG of $22.8 million (December 31, 2021 - $18.1 million), leaving $7.2 million of credit available on this facility.

## 9. 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.

During the three months ended September 30, 2022, NuVista redeemed a total of $6.5 million in aggregate principal of its 2026 Notes through open market repurchases at a weighted average price of $101.07, plus accrued and unpaid interest. The difference between the redemption price and the carrying value was recognized as a premium within financing costs in the consolidated statement of earnings.

## 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:

| | September 30, 2022 | December 31, 2021 |
|---|---|---|
| Balance, January 1 | $ 122,030 | $ 125,959 |
| Lease interest expense | 9,622 | 13,248 |
| Payment of leases | (13,504) | (17,177) |
| Balance, end of period | $ 118,148 | $ 122,030 |
| Current portion of lease liabilities | $ 5,757 | $ 5,300 |
| Non-current portion of lease liabilities | $ 112,391 | $ 116,730 |

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

| | September 30, 2022 | December 31, 2021 |
|---|---|---|
| Less than 1 year | $ 18,108 | $ 18,062 |
| 1-3 years | 52,762 | 53,397 |
| 4-5 years | 34,623 | 34,539 |
| After 5 years | 104,580 | 117,578 |
| Total undiscounted future lease payments | $ 210,073 | $ 223,576 |
| Amounts representing lease interest expense over the term of the lease | (91,925) | (101,546) |
| Present value of net lease payments | $ 118,148 | $ 122,030 |

## 11. Asset retirement obligations

| | September 30, 2022 | December 31, 2021 |
|---|---|---|
| Balance, January 1 | $ 120,237 | $ 139,965 |
| Accretion expense | 2,292 | 2,213 |
| Liabilities incurred | 3,898 | 4,842 |
| Liabilities disposed | (408) | (17,551) |
| Change in estimates | 1,209 | 3,148 |
| Change in discount rate | (26,519) | (5,654) |
| Liabilities settled (cash) | (8,079) | (5,478) |
| Liabilities settled (non-cash) [1] | (6,030) | (1,248) |
| Balance, end of period | $ 86,600 | $ 120,237 |
| Expected to be incurred within one year | $ 8,600 | $ 7,075 |
| Expected to be incurred beyond one year | $ 78,000 | $ 113,162 |

[1] Liabilities settled (non-cash) of $6.0 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 September 30, 2022, the estimated total undiscounted, uninflated amount of cash flows required to settle the asset retirement obligations is $111.5 million (December 31, 2021 – $117.1 million), of which 28% is estimated to be incurred within the next 10 years. The Government of Canada benchmark long-term risk-free bond rate of 3.1% (December 31, 2021 – 1.7%) and an inflation rate of 1.7% (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 3.1% (December 31, 2021 - 1.7%) and the real rate of interest of 1.44% (December 31, 2021 - (0.14)%).

## 12. Share capital

Common shares

| | September 30, 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 | — | 13,536 | 792,027 | 3,305 |
| Contributed surplus transferred on exercise of stock options | 2,611,212 | 5,868 | — | 1,297 |
| Conversion of restricted share awards | 588,267 | 483 | 686,089 | 1,921 |
| Conversion of performance share awards | 356,549 | 1,243 | 263,353 | 1,720 |
| Repurchase of shares for cancellation | (6,837,300) | (36,947) | — | — |
| Balance, end of period | 224,297,062 | $ 1,212,458 | 227,578,334 | $ 1,228,275 |

On June 9, 2022, NuVista announced the approval of its normal course issuer bid ("NCIB"). The NCIB allows NuVista to purchase up to 18,190,261 of its outstanding common shares over a 12-month period, commencing June 14, 2022. During the nine months ended September 30, 2022, NuVista repurchased and subsequently cancelled 6,837,300 common shares at a weighted average price of $10.50 for a total cost of $71.8 million.

Subsequent to September 30, 2022, the Company repurchased and subsequently cancelled 2,396,300 common shares at a weighted average price of $12.65 for a total cost of $30.3 million.

## 13. Earnings per share

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

| | **Three months ended September 30** | | **Nine months ended September 30** | |
|---|---|---|---|---|
| (thousands of shares) | **2022** | 2021 | **2022** | 2021 |
| Weighted average common shares outstanding | | | | |
| Basic | **226,770** | 226,301 | **228,165** | 226,064 |
| Diluted | **235,540** | 233,400 | **237,690** | 231,884 |

## 14. 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 September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| Natural gas revenue [1] | **$ 187,131** | $ 82,556 | **$ 466,681** | $ 196,530 |
| Condensate revenue | **229,826** | 122,794 | **722,416** | 320,485 |
| NGL revenue [2] | **28,050** | 17,251 | **101,010** | 44,920 |
| Total petroleum and natural gas revenue | **$ 445,007** | $ 222,601 | **$ 1,290,107** | $ 561,935 |

(1) Natural gas revenue includes price risk management gains and losses on physical delivery sale contracts. For the three and nine months ended September 30, 2022, our physical delivery sales contracts resulted in losses of $6.8 million and $17.5 million (2021 – losses of $50.0 thousand and $14.0 thousand).
(2) Includes butane, propane, ethane and sulphur revenue.

A breakdown of natural gas revenue is as follows:

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| Natural gas revenue - AECO reference price [1] | **$ 129,593** | $ 59,982 | **$ 352,111** | $ 151,117 |
| Heat/value adjustment [2] | **15,379** | 6,090 | **38,980** | 14,647 |
| Transportation revenue [3] | **9,253** | 8,274 | **26,557** | 25,576 |
| Natural gas market diversification gain | **39,751** | 8,260 | **66,567** | 5,204 |
| AECO physical delivery price risk management gains (losses) [4] | **(6,845)** | (50) | **(17,534)** | (14) |
| Total natural gas revenue | **$ 187,131** | $ 82,556 | **$ 466,681** | $ 196,530 |

(1) Quarter average AECO 7A monthly index.
(2) Based on NuVista's historical adjustment of 10-13%.
(3) Cost of gas transportation from the transfer of custody sales point to the final sales point.
(4) Excludes price risk management realized and unrealized gains and losses on financial derivative commodity contracts but includes gains and losses on physical sale contracts.

Included in the accounts receivable at September 30, 2022 is $142.2 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.

## 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, repurchasing shares or 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 annualized for the current quarter 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 September 30, 2022, the Company's net debt was 0.3 times its annualized third 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 September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| Cash provided by operating activities | **$ 228,018** | $ 124,007 | **$ 618,128** | $ 228,515 |
| Asset retirement expenditures | **1,327** | 571 | **8,079** | 4,669 |
| Change in non-cash working capital | **16,770** | (43,976) | **9,611** | (63,873) |
| Adjusted funds flow (1) | **$ 246,115** | $ 80,602 | **$ 635,818** | $ 169,311 |

(1) 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:

| | **September 30, 2022** | December 31, 2021 |
|---|---|---|
| Basic common shares outstanding ('000s) | **224,297** | 227,578 |
| Share price(1) | **$ 9.81** | $ 6.96 |
| Total market capitalization | **$ 2,200,354** | $ 1,583,943 |
| Accounts receivable and prepaid expenses | **$ (193,674)** | $ (88,537) |
| Accounts payable and accrued liabilities | **214,631** | 140,002 |
| Current portion of other liabilities (2) | **11,695** | 7,990 |
| Long-term debt (credit facility) | **9,194** | 196,055 |
| Senior unsecured notes | **217,982** | 223,178 |
| Other liabilities | **1,581** | 1,587 |
| Net debt (3) | **$ 261,409** | $ 480,275 |
| Annualized current quarter adjusted funds flow | **$ 984,460** | $ 606,660 |
| Net debt to annualized current quarter adjusted funds flow | **0.3** | 0.8 |

(1) Represents the closing share price on the Toronto Stock Exchange on the last trading day of the period.
(2) The prior year comparative balance of $8.0 million has been reclassified from long-term to current at September 30, 2022.
(3) 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.

## 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 September 30, 2022 is 5,930,395.

The following continuity table summarizes the stock option activity:

| | **September 30, 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 | **242,121** | **11.70** | 925,236 | 3.89 |
| Exercised | **(2,611,212)** | **5.18** | (792,027) | 4.17 |
| Forfeited | **—** | **—** | (70,523) | 4.13 |
| Expired | **(600)** | **3.92** | (1,145,165) | 7.26 |
| Balance, end of period | **4,602,796** | **$ 3.40** | 6,972,487 | $ 3.78 |

The following table summarizes stock options outstanding and exercisable under the plan at September 30, 2022:

| | Options outstanding | | | Options exercisable | |
|---|---|---|---|---|---|
| Range of exercise price | 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 | 1,655,822 | 2.6 | $ 0.83 | 543,324 | $ 0.82 |
| $2.00 to $3.99 | 1,629,217 | 2.3 | 2.81 | 909,469 | 3.04 |
| $4.00 to $5.99 | 517,330 | 1.3 | 4.47 | 507,298 | 4.46 |
| $6.00 to $7.99 | 275,957 | 3.3 | 7.29 | 29,201 | 7.36 |
| $8.00 to $9.99 | 282,349 | 0.8 | 9.04 | 282,349 | 9.04 |
| $10.00 to $11.99 | 242,121 | 4.1 | 11.70 | — | — |
| **$0.79 to $11.99** | **4,602,796** | **2.4** | **$ 3.40** | **2,271,641** | **$ 3.63** |

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:

| | **September 30, 2022** | December 31, 2021 |
|---|---|---|
| Risk-free interest rate (%) | **2.74** | 0.97 |
| Expected volatility (%) | **52** | 79 |
| Expected life (years) | **4.5** | 4.5 |
| Forfeiture rate (%) | **9** | 10 |
| Fair value at grant date ($ per option) | **5.32** | 2.35 |

**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 14,350,000 of which 4,350,761 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:

| | **September 30, 2022** | December 31, 2021 |
|---|---|---|
| Balance, January 1 | **2,308,555** | 2,407,697 |
| Settled - issuance of shares from treasury | **(588,267)** | (686,089) |
| Settled - cash payment [1] | **—** | (10,961) |
| Granted | **122,262** | 631,911 |
| Forfeited | **(4,367)** | (34,003) |
| Balance, end of period | **1,838,183** | 2,308,555 |

[1] 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:

| | September 30, 2022 | December 31, 2021 |
|---|---|---|
| Balance, January 1 | 4,644,674 | 3,948,785 |
| Settled - issuance of shares from treasury | (356,549) | (263,353) |
| Settled - cash payment [1] | — | (13,702) |
| Granted | 204,660 | 1,043,455 |
| Forfeited | (5,981) | (48,246) |
| Performance adjustment | 167,920 | (22,265) |
| Balance, end of period | 4,654,724 | 4,644,674 |

[1] 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:

| | September 30, 2022 | December 31, 2021 |
|---|---|---|
| Balance, January 1 | 1,147,930 | 1,002,594 |
| Granted | 44,141 | 145,336 |
| Balance, end of period | 1,192,071 | 1,147,930 |

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

| | September 30, 2022 | December 31, 2021 |
|---|---|---|
| Balance, January 1 | $ 7,990 | $ 943 |
| Change in accrued compensation liabilities | 3,705 | 7,047 |
| Balance, end of period | $ 11,695 | $ 7,990 |

[1] The prior year comparative balance of $8.0 million has been reclassified from long-term to current at September 30, 2022.

The compensation liability was calculated using share prices at December 31, 2021 and September 30, 2022 of $6.96 and $9.81 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:

| | **September 30, 2022** | December 31, 2021 |
|---|---|---|
| Balance, January 1 | **944,645** | 975,436 |
| Settled | **—** | (10,353) |
| Forfeited | **(3,198)** | (20,438) |
| Balance, end of period | **941,447** | 944,645 |

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

| | **September 30, 2022** | December 31, 2021 |
|---|---|---|
| Balance, January 1 | **$ 1,587** | $ 917 |
| Change in accrued compensation liabilities | **(6)** | 687 |
| Cash settled | **—** | (17) |
| Balance, end of period | **$ 1,581** | $ 1,587 |

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

| | **Three months ended September 30** | | **Nine months ended September 30** | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| Stock options | **$ 422** | $ 425 | **$ 1,209** | $ 1,262 |
| Restricted share awards | **511** | 385 | **1,354** | 1,100 |
| Performance share awards | **716** | 508 | **2,319** | 1,320 |
| Non-cash share-based compensation expense | **1,649** | 1,318 | **4,882** | 3,682 |
| Director deferred share units | **(554)** | 1,286 | **3,705** | 4,759 |
| Performance share units | **(4)** | — | **(6)** | 691 |
| Restricted share awards [1] | **—** | — | **—** | 26 |
| Performance share awards [1] | **—** | — | **—** | 32 |
| Cash share-based compensation expense | **(558)** | 1,286 | **3,699** | 5,508 |
| Total share-based compensation expense | **$ 1,091** | $ 2,604 | **$ 8,581** | $ 9,190 |

[1] 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 nine months ended September 30, 2022. In the prior year comparative period there were $17.0 thousand cash settled PSUs, $26.0 thousand cash settled RSAs, $32.0 thousand PSAs, and no cash settled DSUs.

| | **Three months ended September 30** | | **Nine months ended September 30** | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| Capitalized stock options | **$ 82** | $ 74 | **$ 225** | $ 210 |
| Capitalized restricted share awards | **95** | 62 | **242** | 171 |
| Capitalized performance share awards | **135** | 87 | **416** | 219 |
| Capitalized share-based compensation | **$ 312** | $ 223 | **$ 883** | $ 600 |

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:

| | **September 30, 2022** | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|
| | **Financial assets** | **Financial liabilities** | **Net Financial liabilities** | Financial assets | Financial liabilities | Net Financial liabilities |
| Current assets (liabilities) | **$ 30,135** | **$ (7,463)** | **$ 22,672** | $ — | $ (40,317) | $ (40,317) |
| Long-term assets (liabilities) | **46,420** | **—** | **46,420** | — | (16,938) | (16,938) |
| Net position | **$ 76,555** | **$ (7,463)** | **$ 69,092** | $ — | $ (57,255) | $ (57,255) |

(c) Risk management contracts

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

| | September 30, 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 | (30,032) | (107,933) |
| Fair value of contracts realized in the period | 156,379 | 115,616 |
| Fair value of contracts, end of period | $ 69,092 | $ (57,255) |
| Financial derivative assets (liabilities) – current | $ 22,672 | $ (40,317) |
| Financial derivative assets (liabilities) – long-term | $ 46,420 | $ (16,938) |

The following is a summary of the financial derivatives as at September 30, 2022:

| | C5 - WTI differential swap | | C5 - Mt Belvieu differential swap | | C$ WTI 3 way collar | | | |
|---|---|---|---|---|---|---|---|---|
| Term [1] | Bbls/d | US$/Bbl | Bbls/d | US$/Bbl | Bbls/d | Cdn$/Bbl | Cdn$/Bbl | Cdn$/Bbl |
| Q4 2022 | 2,000 | 0.00 | 2,000 | 8.75 | 4,250 | 73.82 | 87.88 | 112.27 |
| Q1 2023 | 2,000 | 0.00 | — | — | 2,250 | 85.00 | 100.00 | 128.61 |
| Q2 2023 | 2,000 | 0.00 | — | — | 1,250 | 85.00 | 100.00 | 136.31 |

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

| | AECO-NYMEX basis swap | | AECO-NYMEX basis buybacks | | Chicago-NYMEX basis swap | | Malin-NYMEX basis swap | |
|---|---|---|---|---|---|---|---|---|
| Term [1] | MMBtu/d | US$/MMBtu | MMBtu/d | US$/MMBtu | MMBtu/d | US$/MMBtu | MMBtu/d | US$/MMBtu |
| 2022 | 98,370 | (0.96) | (60,000) | (0.82) | 5,054 | (0.24) | 6,739 | (0.66) |
| 2023 | 105,863 | (1.01) | — | — | — | — | — | — |
| 2024 | 100,000 | (1.00) | — | — | — | — | — | — |
| 2025 | 90,000 | (0.93) | — | — | — | — | — | — |
| 2026 | 110,000 | (0.89) | — | — | — | — | — | — |

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

| | Dawn-NYMEX basis swap | |
|---|---|---|
| Term [1] | MMBtu/d | US$/MMBtu |
| 2022 | 3,370 | (0.26) |

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

| | AECO fixed price swap | | NYMEX fixed price swap | |
|---|---|---|---|---|
| Term [1] | GJ/d | Cdn$/GJ | MMBtu/d | US$/MMBtu |
| Q4 2022 | 15,000 | 3.94 | 3,370 | 2.89 |
| Q1 2023 | 15,000 | 4.30 | — | — |
| Q2 2023 | 5,000 | 4.09 | — | — |
| Q3 2023 | 5,000 | 4.09 | — | — |

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

| Term [1] | NYMEX collars MMBtu/d | US$/MMBtu | US$/MMBtu | AECO collars GJ/d | Cdn$/GJ | Cdn$/GJ |
|---|---|---|---|---|---|---|
| Q4 2022 | 58,370 | 4.10 | 8.82 | 13,370 | 3.70 | 6.33 |
| Q1 2023 | 55,000 | 4.41 | 11.06 | 20,000 | 4.00 | 7.13 |
| Q2 2023 | 20,000 | 4.00 | 14.63 | 20,000 | 3.88 | 5.39 |
| Q3 2023 | 20,000 | 4.00 | 14.63 | 20,000 | 3.88 | 5.39 |
| Q4 2023 | 6,739 | 4.00 | 14.63 | 13,370 | 3.69 | 5.32 |

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

Subsequent to September 30, 2022, the following is a summary of financial derivatives that have been entered into:

| Term [1] | AECO-NYMEX basis swap MMBtu/d | US$/MMBtu |
|---|---|---|
| 2025 | 15,000 | (1.15) |
| 2026 | 5,000 | (0.95) |

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

| Term [1] | AECO fixed price swap GJ/d | Cdn$/GJ | NYMEX collar MMBtu/d | US$/MMBtu | US$/MMBtu |
|---|---|---|---|---|---|
| Q4 2022 | — | — | 9,946 | 11.18 | 5.17 |
| Q1 2023 | — | — | 15,000 | 11.18 | 5.17 |
| Q2 2023 | 5,000 | 4.02 | — | — | — |
| Q3 2023 | 5,000 | 4.02 | — | — | — |
| Q4 2023 | 1,685 | 4.02 | — | — | — |

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

(d) 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 September 30, 2022:

| | AECO fixed price swap GJ/d | Cdn$/GJ | Dawn-NYMEX Basis MMBtu/d | US$/MMBtu |
|---|---|---|---|---|
| Q4 2022 | 13,424 | 3.36 | 3,370 | (0.26) |
| Q1 2023 | 5,000 | 4.82 | — | — |
| Q2 2023 | 15,000 | 4.40 | — | — |
| Q3 2023 | 15,000 | 4.40 | — | — |
| Q4 2023 | 5,054 | 4.40 | — | — |

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

## 18. Financing costs

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| Interest on long-term debt (credit facility) | **$ 894** | $ 3,441 | **$ 5,954** | $ 12,698 |
| Interest on senior unsecured notes | **4,856** | 6,500 | **14,716** | 12,207 |
| Early redemption expense on 2026 Notes | **225** | — | **225** | — |
| Call premium on redemption of 2023 Notes | **—** | 3,575 | **—** | 5,405 |
| Interest expense | **5,975** | 13,516 | **20,895** | 30,310 |
| Lease interest expense | **3,175** | 3,301 | **9,622** | 9,977 |
| Accretion expense | **732** | 564 | **2,292** | 1,739 |
| Total financing costs | **$ 9,882** | $ 17,381 | **$ 32,809** | $ 42,026 |

## 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 September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| Cash provided by (used for): | | | | |
| Accounts receivable and prepaid expenses | **$ (16,807)** | $ (12,235) | **$ (105,137)** | $ (27,915) |
| Other assets | **—** | — | **—** | 787 |
| Accounts payable and accrued liabilities | **(16,944)** | 25,051 | **79,478** | 61,996 |
| Total | **$ (33,751)** | $ 12,816 | **$ (25,659)** | $ 34,868 |
| Related to: | | | | |
| Operating activities | **$ (16,770)** | $ 43,976 | **$ (9,611)** | $ 63,873 |
| Investing activities | **(16,981)** | (31,160) | **(16,048)** | (29,005) |
| | **$ (33,751)** | $ 12,816 | **$ (25,659)** | $ 34,868 |

## 20. Commitments

The following is a summary of the Company's commitments as at September 30, 2022:

| | **Total** | 2022 | 2023 | 2024 | 2025 | 2026 | Thereafter |
|---|---|---|---|---|---|---|---|
| Transportation (1) | **$ 896,569** | $ 29,433 | $ 125,506 | $ 119,853 | $ 117,615 | $ 113,996 | $ 390,166 |
| Processing (1) | **1,362,343** | 19,225 | 83,957 | 97,523 | 102,727 | 96,897 | 962,014 |
| Office lease (2) | **3,529** | 245 | 999 | 857 | 151 | 151 | 1,126 |
| Total commitments (3) | **$ 2,262,441** | $ 48,903 | $ 210,462 | $ 218,233 | $ 220,493 | $ 211,044 | $ 1,353,306 |

(1) Certain of the transportation and processing commitments are secured by outstanding letters of credit totaling $29.1 million at September 30, 2022 (December 31, 2021 - $24.2 million).
(2) Represents the undiscounted future commitments of variable operating expenses related to the Company's office leases.
(3) Excludes commitments recognized within lease liabilities.

## Corporate Information

### 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** (1) (2)
*Chair of the Board*

**Ronald Eckhardt** (4) (2)
*Independent Director*

**Kate Holzhauser** (1) (3)
*Independent Director*

**Keith MacPhail** (2) (4)
*Independent Director*

**Ronald Poelzer** (1) (2)
*Independent Director*

**Sheldon Steeves** (3) (4)
*Independent Director*

**Deborah Stein** (1) (3)
*Independent Director*

**Grant Zawalsky** (3) (4)
*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
ATB Financial
Canadian Western Bank
Business Development Bank of Canada

### TRANSFER AGENT - COMMON SHARES

Odyssey Trust Company
Calgary, Alberta

### TRANSFER AGENT - SENIOR UNSECURED NOTES

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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Calgary, Alberta, Canada
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