MANAGEMENT'S DISCUSSION & ANALYSIS

For the three months ended March 31, 2023

MANAGEMENT’S DISCUSSION AND ANALYSIS

Management’s discussion and analysis **(“MD&A”)** of financial conditions and results of operations should be read in conjunction with NuVista Energy Ltd.’s **(“NuVista” or the “Company”)** condensed consolidated interim financial statements (the **“financial statements”**) for the three months ended March 31, 2023 and audited statements for the year ended December 31, 2022, together with the notes related thereto, for a full understanding of the financial position and results of operations of the Company. The following MD&A was prepared at and is dated May 9, 2023. Our December 31, 2022 audited financial statements, Annual Information Form and other disclosure documents are available on SEDAR at www.sedar.com or can be obtained at www.nuvistaenergy.com.

Throughout this MD&A and in other materials disclosed by the Company, NuVista adheres to generally accepted accounting principles ("GAAP"), however the Company also uses various specified financial measures (as defined in National Instrument 51-112 - *Non-GAAP and Other Financial Measures* (“NI 51-112”)) including “non-GAAP financial measures”, “non-GAAP ratios”, “capital management measures” and “supplementary financial measures” to analyze financial performance including, **“adjusted funds flow”, “annualized current quarter adjusted funds flow”, "capital expenditures", “net capital expenditures”, “free adjusted funds flow”, "netbacks", “cash costs”, “net debt”, “netbacks per Boe” and “cash costs per Boe”**. For further information, refer to the section “Specified Financial Measures”.

These specified financial measures do not have any standardized meaning prescribed under International Financial Reporting Standards ("IFRS") and therefore may not be comparable to similar measures presented by other entities. The specified financial measures should not be considered to be more meaningful than GAAP measures which are determined in accordance with IFRS, such as net earnings (loss), cash provided by operating activities, and cash used in investing activities, as indicators of NuVista’s performance.

This MD&A contains forward-looking information within the meaning of applicable Canadian securities laws. Such forward looking-information is based upon certain expectations and assumptions and actual results may differ materially from those expressed or implied by such forward-looking information. For further information regarding the forward-looking information contained herein, including the assumptions underlying such forward-looking information, refer to the “Forward-looking Information and Statements” in the advisories section.

All Boe amounts as presented in this MD&A have been calculated using the conversion of six thousand cubic feet of natural gas to one barrel of oil (6 Mcf = 1 Bbl). Condensate is a natural gas liquid (“NGL”) as defined by National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"). Throughout this MD&A, NGLs comprise all NGLs as defined by NI 51-101 other than condensate, which is disclosed separately as condensate. For further information refer to the “Oil and Gas Measures” in the advisories section.

FINANCIAL AND OPERATING HIGHLIGHTS

	Three months ended March 31		
($ thousands, except otherwise stated)	**2023**	2022	% Change
FINANCIAL			
Petroleum and natural gas revenues	**390,163**	381,827	2
Cash provided by operating activities	**215,221**	162,442	32
Adjusted funds flow (3)	**207,464**	189,869	9
Per share, basic (6)	**0.95**	0.83	14
Per share, diluted (6)	**0.91**	0.80	14
Net earnings	**80,709**	70,255	15
Per share, basic	**0.37**	0.31	19
Per share, diluted	**0.36**	0.30	20
Net capital expenditures (1)	**169,870**	119,964	42
Net debt (3)	**168,985**	412,932	(59)
OPERATING			
Daily Production			
Natural gas (MMcf/d)	**253.3**	229.0	11
Condensate (Bbls/d)	**22,885**	21,680	6
NGLs (Bbls/d)	**6,113**	6,756	(10)
Total (Boe/d)	**71,209**	66,599	7
Condensate & NGLs weighting	**41%**	43%	
Condensate weighting	**32%**	33%	
Average realized selling prices (5)			
Natural gas ($/Mcf)	**7.02**	5.79	21
Condensate ($/Bbl)	**101.31**	119.21	(15)
NGLs ($/Bbl) (4)	**39.30**	49.30	(20)
Netbacks ($/Boe)			
Petroleum and natural gas revenues	**60.88**	63.71	(4)
Realized loss on financial derivatives	**(1.42)**	(7.54)	(81)
Royalties	**(8.04)**	(5.56)	45
Transportation expense	**(4.13)**	(4.58)	(10)
Operating expense	**(11.71)**	(10.89)	8
Operating netback (2)	**35.58**	35.14	1
Corporate netback (2)	**32.36**	31.69	2
SHARE TRADING STATISTICS			
High ($/share)	**12.67**	11.92	6
Low ($/share)	**10.42**	6.94	50
Close ($/share)	**10.93**	10.57	3
Average daily volume (thousands of shares)	**677**	1,576	(57)
Common shares outstanding (thousands of shares)	**218,764**	228,472	(4)

(1) Non-GAAP financial measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. Reference should be made to the section entitled *"Specified Financial Measures"*.
(2) Non-GAAP ratio that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. Reference should be made to the section entitled *"Specified Financial Measures"*.
(3) Capital management measure. Reference should be made to the section entitled *"Specified Financial Measures"*.
(4) Natural gas liquids ("NGLs") include butane, propane and ethane revenue and sales volumes, and sulphur revenue.
(5) Product prices exclude realized gains/losses on financial derivatives.
(6) Supplementary financial measure. Reference should be made to the section entitled *"Specified Financial Measures"*.

ABOUT NUVISTA ENERGY LTD.

NuVista is an exploration and production company actively engaged in the development, delineation and production of condensate, NGLs, 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 Wapiti and Pipestone areas of the Alberta Deep Basin ("Montney"). The common shares of NuVista trade on the Toronto Stock Exchange ("TSX") under the symbol NVA.

FIRST QUARTER HIGHLIGHTS

- **Adjusted funds flow -** During the first quarter of 2023, NuVista generated adjusted funds flow of $207.5 million, a 9% increase as compared to the same prior year period of $189.9 million. The increase in adjusted funds flow was primarily due to higher production revenues, net of realized losses on financial derivative contracts, offset by an increase in royalties. With adjusted funds flow of $207.5 million, net capital expenditures of $169.9 million and ARO spending of $9.7 million, NuVista delivered free adjusted funds flow of $27.9 million. Adjusted funds flow for the first quarter of 2023, decreased 19% over the fourth quarter of 2022, primarily due to a decrease in commodity prices and lower average production volumes impacted by unplanned outages at third party facilities.

- **Liquidity -** NuVista ended the first quarter of 2023, with $65.6 million of cash deposits and no amounts drawn on its $440 million credit facility. NuVista's net debt was $169.0 million at March 31, 2023, a 2% reduction from $171.8 million at December 31, 2022. The Company's net debt to annualized first quarter adjusted funds flow was 0.2x, well below its target of 1.0x. During the first quarter of 2023, NuVista successfully redeemed an additional $32.8 million of its 2026 Notes through open market repurchases. The remaining face value of the 2026 Notes at March 31, 2023 was $187.8 million, with a carrying value of $183.6 million. Subsequent to the first quarter of 2023, NuVista increased its financial flexibility through the successful transition from a reserve based lending facility to a covenant based facility. NuVista now has in place a $450 million three-year covenant based credit facility with its existing banking syndicate.

- **Production -** Production in the first quarter of 2023 averaged 71,209 Boe/d, which was at the lower end of our first quarter guidance range of 71,000 – 74,000 Boe/d, a 4% decrease compared to 74,252 Boe/d in the fourth quarter of 2022 and a 7% increase compared to 66,599 Boe/d in the same period of 2022. Production from 14 new wells brought online throughout the first quarter was offset by unplanned outages at three separate third party midstream facilities impacting the quarter by approximately 1,500 Boe/d, and natural declines. The production composition for the three months ended March 31, 2023 was 32% condensate, 9% NGLs and 59% natural gas.

- **Pricing -** Commodity prices weakened in the first quarter, with oil prices impacted by recessionary concerns and natural gas prices impacted by unseasonably warm weather conditions. Despite this commodity price volatility, NuVista's exposure was mitigated by its diversified natural gas portfolio, particularly from volumes delivered into the California market which saw elevated pricing. Realized natural gas pricing weakened in the first quarter of 2023 averaging $7.02/Mcf a 7% decrease as compared to the fourth quarter of 2022 at $7.55/Mcf and a 21% increase as compared to the same period of 2022 at $5.79/Mcf. Realized condensate pricing for the first quarter of 2023 averaged $101.31/Bbl, an 8% decrease compared to the fourth quarter of 2022 at $109.69/Bbl and a 15% decrease compared to the same period of 2022 at $119.21/Bbl. Realized NGL pricing for the first quarter of 2023 averaged $39.30/Bbl, a 5% decrease as compared to the fourth quarter of 2022 at $41.28/Bbl and 20% lower than the same period of 2022 at $49.30/Bbl.

- **Operating costs -** For the first quarter of 2023, NuVista's operating expenses on a per Boe basis were $11.71/Boe, a 2% decrease from the fourth quarter of 2022 at $11.94/Boe, and an 8% increase over the same period in 2022 at $10.89/Boe. Compared to the first quarter of 2022, operating costs were impacted by inflationary pressures and higher fuel and utility costs, partially offset by the economies of scale associated with increasing facility capacity utilization through production growth.

- **Corporate netback -** The corporate netback for the first quarter of 2023, including a $1.42/Boe realized loss on financial derivatives, was $32.36/Boe. This was 14% lower than the fourth quarter netback of $37.62/Boe largely impacted by lower commodity prices, and 2% higher than the corporate netback of $31.69/Boe for the first quarter of 2022.

- **Net capital expenditures -** Net capital expenditures were $169.9 million in the first quarter of 2023, inclusive of capital expenditures of $195.9 million and proceeds from the disposition of a non-operated working interest in an underutilized gas processing facility of $26.0 million. Approximately half of the proceeds will be reinvested to replace the sold processing capacity with higher efficiency operated capacity at the NuVista Elmworth compressor station. In the first quarter of 2023, 72% of NuVista's capital expenditures were allocated to drilling and completion related activities with 12 gross (11.7 net) wells drilled and 17 gross (16.2 net) wells completed.

- **Return of capital to shareholders -** During the first quarter of 2023, NuVista continued its disciplined and value-adding growth strategy concurrently with continuing the reduction of net debt and return of capital to shareholders. 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 first quarter ended March 31, 2023, NuVista repurchased and subsequently cancelled 1,060,900 common shares at a weighted average price of $11.54/share for a total cost of $12.2 million. As of May 9, 2023, an additional 1,696,761 common shares remain available for repurchase by NuVista under the NCIB. Since inception of the NCIB, repurchases represent a 7.2% reduction in common shares outstanding(1) with 91% of the approved NCIB complete. As the current NCIB will expire on June 13, 2023, NuVista's Board of Directors approved the filing of a renewal application of NuVista's existing NCIB with the TSX. Once approved, it will allow NuVista to buy back up to 10% of its public float as defined by the TSX over a one year period.
  (1) Based on common shares outstanding at May 31, 2022 of 230,748,703.

ENVIRONMENT, SOCIAL & GOVERNANCE ("ESG")

In August 2022, we released our 2021 ESG report which highlights our performance through 2021. We have made significant progress on our ESG targets and continue to advance projects that support and enhance our objectives. For more information regarding our ESG performance and targets, please refer to our 2021 ESG report which is available on our website at www.nuvistaenergy.com. Our 2022 ESG Report is currently in progress and will be released later this year.

Environment

Approximately 60% of our current production is comprised of natural gas which has the lowest carbon footprint of any hydrocarbon. Our ongoing efforts to reduce greenhouse gas ("GHG") emissions led to a 16% reduction in our Scope 1 & 2 GHG intensity for 2021 relative to our 2020 baseline year. Implementation of our GHG reduction plans continued in 2022 and we are now in the process of evaluating results and compiling annual emissions data. We are well on track to achieve our stated goal of realizing a 20% reduction in GHG intensity by 2025. Efforts to reduce flaring, venting and fugitive emissions continue to be a major area of focus for us. Moreover, in late 2022 we achieved FID approval for a cogeneration project at our Wembley Gas Plant with an expected startup in early 2024, which will significantly reduce operating costs, fuel consumption and GHG emissions. More details on our emissions reduction efforts can be found within our annual submissions to the Carbon Disclosure Project. Our 2022 score for the 2021 reporting year was a B; the highest score given across our peer group.

We continue to make strides in the reduction of fresh water use for drilling and completions activities and look to expand our water recycling pilot in our Pipestone South field, which yielded a positive technical result towards our long-term goal of utilizing recycled produced water in our completion operations. We have also increased the usage of non-potable sourced water and municipal waste water throughout our operations.

We had an active abandonment and reclamation program in the first quarter of 2023, spending close to $10 million on the abandonment of inactive wells and pipelines, and progressing environmental reclamation at numerous sites in our Northwest Alberta legacy area. Final abandonment occurred at 10 of the 19 well sites worked in the first quarter, along with the completion of a major environment remediation project and abandonment of 21 inactive pipeline segments.

Social

Safety

NuVista is committed to conducting its activities in a manner that protects the health and safety of its workers and public while minimizing the Company's impact on the environment. We always strive towards a goal of zero injuries for our employees and third-party contractors. While we are encouraged to see fewer incidents during the first quarter of 2023 compared to a year ago, some injuries have occurred on our worksites. We continue to observe the majority of safety incidents are among our third party contract work force. We continue to work closely with our service providers to ensure effective prevention measures are in place. We remain fully committed to Energy Safety Canada's 10 Life Saving Rules which we believe are a key tool in preventing the most common causes of serious injury within our industry.

Community

Investment in our people and the communities where we live and operate continues to be a top priority. Giving is at the heart of our organization and we continue to look for opportunities to make a difference for the communities where we live and operate. We continue to emphasize building relationships with the Indigenous communities with whom we work and consult. Our approach is guided by the four pillars of our Indigenous Inclusion Guiding Principles. With respect to our cultural awareness pillar, we have multiple events annually in addition to formal training, with most employees having participated. NuVista employees have also participated in training offered in communities with whom we consult. Our cultural training helps raise awareness about the history, experiences and cultures of Indigenous Peoples in Canada and supports our ongoing economic advancement efforts with Indigenous communities in our areas of operation. With respect to our economic inclusion pillar, NuVista remains focused on providing concrete benefits to the Indigenous communities surrounding our operations, including contracts and jobs.

Governance

Governance plays a key role in providing leadership to our organization. Our Governance & Compensation and ESG Committees provide Board oversight of our policies and programs and ensures Management's continued focus on these key principles. These principles provide a framework for our field and head office staff to operate in a safe and environmentally conscious manner. With Mary Ellen Lutey standing for election at our Annual General Meeting on May 9, 2023 we will have met our target of 30% female board membership, with three of our nine board members women.

2023 GUIDANCE UPDATE

We are in an extremely fortunate position of having top tier assets and economics. With disciplined execution we are able to grow production and adjusted funds flow while generating significant positive free adjusted funds flow, despite the significant moderation of natural gas pricing during the first quarter of 2023. We have hedged approximately 35% of projected natural gas production for this summer with floor and ceiling prices of C$4.17/Mcf and $7.31/Mcf (hedged and exported volumes converted to an AECO equivalent price). We have less than 2% exposure to AECO prices this summer due our hedges and our diversified sales portfolio.

Due to our high condensate weighting, our execution economics remain very strong. As such, we will continue with our capital execution plans unchanged at present, however we will remain nimble to adjust our activity levels downward should condensate and gas prices reach sustained lower levels.

We anticipate that the cost inflation we have encountered over the past year will ease through the coming summer. It has remained limited but persistent through the first quarter of 2023, partially offset by improving execution and capital efficiency. The softening of natural gas prices is expected to affect gas-directed activity levels, reducing the competition for services. In addition, inventories of steel products and raw materials are building, and fuel costs have already moderated. We also retain the pricing certainty provided in our long-term pressure pumping and sand contract. At this time, we are maintaining our outlook for full year spending by optimizing phasing toward the end of the year. We plan to reassess our budget in August in the context of commodity and service prices at that time.

Our full year production and net capital expenditure guidance range is unchanged at 79,000 – 83,000 Boe/d (62% natural gas, 29% condensate, and 9% NGLs) and $425 to $450 million, respectively. Our guidance on capital expenditures is based on “net capital expenditures” which includes proceeds received on property dispositions which will be reinvested into our development plan to replace the sold production capacity. As a result of the wildfire situation in Grande Prairie region and the related production impacts, we are choosing not to provide guidance for the second quarter production at this time. Once the situation has stabilized and facilities are restarted, we intend to provide quarterly guidance.

We intend to continue our track record of carefully directing free adjusted funds flow towards a prudent balance of return to shareholders and debt reduction, while investing in production growth until our existing facilities are filled and debottlenecked to maximum efficiency. NuVista has an exceptional business plan that maximizes free adjusted funds flow and the return of capital to shareholders when our existing facilities are debottlenecked and filled to maximum efficiency at production levels of approximately 100,000 Boe/d through 2025.

CONSOLIDATED RESULTS

Net earnings

	Three months ended March 31	
($ thousands, except per share amounts)	**2023**	2022
Net earnings	**80,709**	70,255
Per share, basic	**0.37**	0.31
Per share, diluted	**0.36**	0.30

For the three months ended March 31, 2023, net earnings increased $10.5 million to $80.7 million ($0.37/share) from first quarter 2022 earnings of $70.3 million ($0.31/share) driven primarily by the increase in adjusted funds flow of $17.6 million and an increase of $12.3 million in the gain on dispositions, offset by a $13.5 million increase in depletion, depreciation and amortization expense, and a decrease in other income of $5.6 million.

Net earnings reported in a period is significantly impacted by unrealized gains (losses) on financial derivatives recognized in each period as a result of the fair values of financial derivative contracts in place at each period end. Before taxes and unrealized losses on financial derivatives there were net earnings of $161.6 million for the three months ended March 31, 2023, compared to net earnings of $146.3 million for the prior year comparative period. The unrealized mark to market values are a function of highly volatile commodity prices, resulting in significant variances in the values from quarter to quarter. The financial derivatives contracts are in place to provide greater adjusted funds flow stability and certainty.

Cash provided by operating activities and adjusted funds flow

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

($ thousands, except per share and per Boe amounts)	Three months ended March 31 2023	2022
Cash provided by operating activities	**215,221**	162,442
Per share, basic	**0.98**	0.71
Per share, diluted	**0.95**	0.68
Adjusted funds flow [(1)]	**207,464**	189,869
Adjusted funds flow $/Boe	**32.36**	31.69
Per share, basic	**0.95**	0.83
Per share, diluted	**0.91**	0.80

(1) Capital management measure. Reference should be made to the section entitled *"Specified Financial Measures"*.

For the three months ended March 31, 2023, cash provided by operating activities increased 32% to $215.2 million ($0.98/share, basic) from $162.4 million ($0.71/share, basic) for the comparable period of 2022, primarily due to increased production volumes and lower realized losses on commodity derivative contracts, partially offset by a decrease in the average realized selling price, an increase in royalties and changes in non-cash working capital.

Adjusted funds flow for the three months ended March 31, 2023 increased 9% to $207.5 million ($0.95/share, basic) from $189.9 million ($0.83/share, basic) for the comparable period of 2022, for similar reasons as noted above.

Free adjusted funds flow

NuVista uses free adjusted funds flow, defined as adjusted funds flow less net capital expenditures and asset retirement expenditures, as an indicator of the funds available for additional capital allocation. For the three months ended March 31, 2023, free adjusted funds flow was $27.9 million compared to $64.3 million in the prior year comparative period.

($ thousands)	Three months ended March 31 2023	2022
Adjusted funds flow [(1)]	**207,464**	189,869
Net capital expenditures [(2)]	**(169,870)**	(119,964)
Asset retirement expenditures	**(9,693)**	(5,568)
Free adjusted funds flow [(2)]	**27,901**	**64,337**

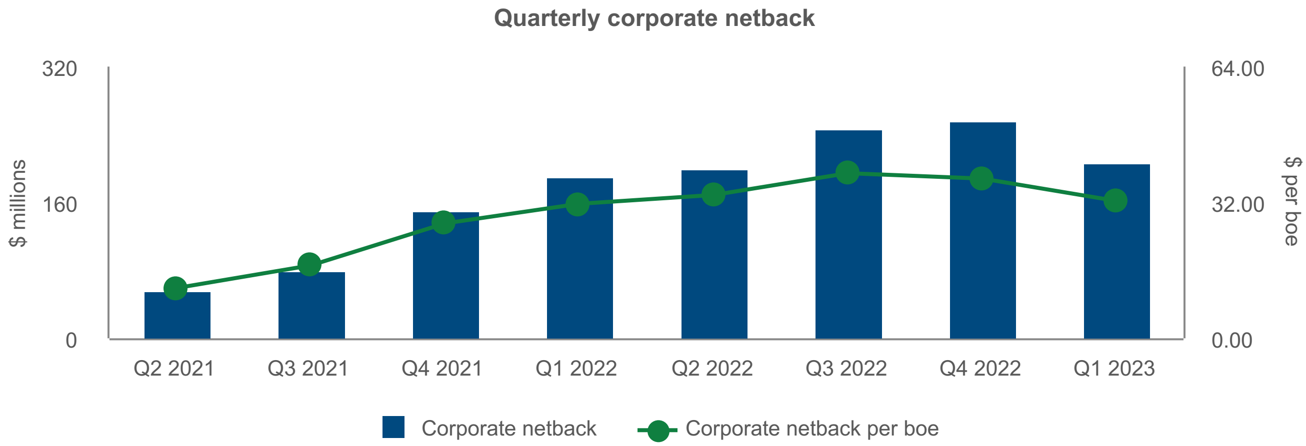
(1) Capital management measure. Reference should be made to the section entitled *"Specified Financial Measures"*.
(2) Non-GAAP financial measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. Reference should be made to the section entitled *"Specified Financial Measures"*.

Operating netback, corporate netback and cash costs

The table below summarizes operating netback and corporate netback on a per Boe basis for the three months ended March 31, 2023 and 2022:

	Three months ended March 31	
$/Boe	**2023**	2022
Petroleum and natural gas revenues [1]	**60.88**	63.71
Realized loss on financial derivatives	**(1.42)**	(7.54)
	59.46	56.17
Royalties	**(8.04)**	(5.56)
Transportation expense	**(4.13)**	(4.58)
Operating expense	**(11.71)**	(10.89)
Operating netback [2]	**35.58**	35.14
General and administrative expense	**(0.89)**	(0.84)
Cash share-based compensation expense	**0.31**	(0.69)
Financing costs [3]	**(1.64)**	(1.92)
Current tax expense	**(1.00)**	—
Corporate netback [2]	**32.36**	31.69

[1] For the three months ended March 31, 2023 includes price risk management loss of $0.72/Boe (2022 – loss of $0.37/Boe) on physical delivery sales contracts.
[2] Non-GAAP ratio that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. Reference should be made to the section entitled *"Specified Financial Measures"*.
[3] Excludes accretion expense.



The table below summarizes cash costs on a per Boe basis for the three months ended March 31, 2023 and 2022:

	Three months ended March 31	
$/Boe	**2023**	2022
Operating expense	**11.71**	10.89
Transportation expense	**4.13**	4.58
General and administrative expense	**0.89**	0.84
Financing costs [1]	**1.64**	1.92
Current tax expense	**1.00**	—
Total cash costs [2]	**19.37**	18.23

[1] Excludes accretion expense.
[2] Non-GAAP ratio that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. Reference should be made to the section entitled *"Specified Financial Measures"*.

OPERATING RESULTS

Operations activity

Number of wells	Three months ended March 31 2023	2022
Wells drilled - gross (net) [1]	**12 (11.7)**	14 (14.0)
Wells completed - gross (net) [2]	**17 (16.2)**	13 (13.0)
Wells brought on production - gross (net) [3]	**14 (13.2)**	19 (19.0)

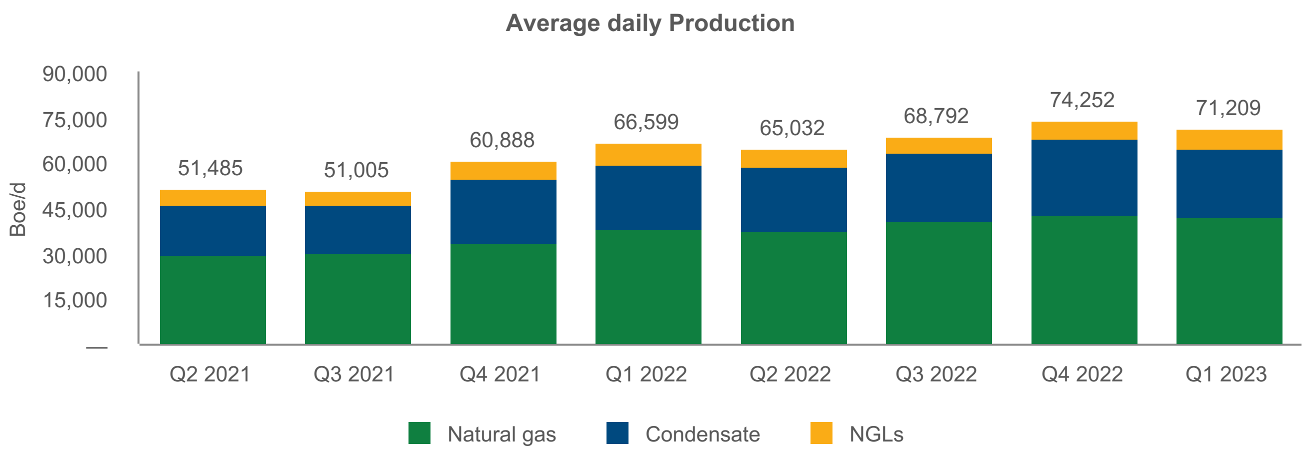
[1] Based on rig release date.
[2] Based on frac end date.
[3] Based on first production date of in-line test or on production and tied-in to permanent facilities.

For the three months ended March 31, 2023, NuVista drilled 12 gross (11.7 net) wells compared to 14 (14.0 net) wells in the comparable period of 2022. In addition, 17 (16.2 net) wells were completed with 14 (13.2 net) wells brought online throughout the first quarter.

Production

	Three months ended March 31 2023	2022	% Change
Natural gas (Mcf/d)	**253,269**	228,978	11
Condensate (Bbls/d)	**22,885**	21,680	6
NGLs (Bbls/d) [1]	**6,113**	6,756	(10)
Total (Boe/d)	**71,209**	66,599	7
Condensate & NGLs weighting [2]	**41%**	43%	
Condensate weighting [2]	**32%**	33%	

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



Production for the three months ended March 31, 2023 was 7% higher than the comparative period of 2022, due to new well production and optimization of existing production offsetting natural production declines. First quarter production of 71,209 Boe/d was at the lower end of the first quarter guidance range of 71,000 - 74,000 Boe/d and 4% lower from fourth quarter 2022 production of 74,252 Boe/d. Production from 14 new wells brought online throughout the first quarter was offset by unplanned outages at three separate third party midstream facilities impacting the quarter by approximately 1,500 Boe/d and natural declines.

Condensate volume weighting for the three months ended March 31, 2023 was 32% compared to 33% in the prior year comparative period. Condensate weightings are positively impacted by high condensate rates realized primarily in our Pipestone North area.

Pricing

	Three months ended March 31		
	2023	2022	% change
Realized selling prices [(1),(2)]			
Natural gas ($/Mcf)	**7.02**	5.79	21
Condensate ($/Bbl)	**101.31**	119.21	(15)
NGLs ($/Bbl) [(3), (4)]	**39.30**	49.30	(20)
Barrel of oil equivalent ($/Boe)	**60.88**	63.71	(4)
Benchmark pricing			
Natural gas - AECO 5A daily index (Cdn$/Mcf)	**3.22**	4.74	(32)
Natural gas - AECO 7A monthly index (Cdn$/Mcf)	**4.34**	4.59	(5)
Natural gas - NYMEX (monthly) (US$/MMbtu)	**3.42**	4.95	(31)
Natural gas - Chicago Citygate (monthly) (US$/MMBtu)	**4.26**	5.75	(26)
Natural gas - Dawn (daily) (US$/MMBtu)	**2.72**	4.42	(38)
Natural gas - Malin (monthly) (US$/MMBtu)	**18.98**	5.66	235
Oil - WTI (US$/Bbl)	**76.13**	94.29	(19)
Oil - Edmonton Par - (Cdn$/Bbl)	**99.34**	115.67	(14)
Condensate - @ Edmonton (Cdn$/Bbl)	**107.98**	121.72	(11)
Condensate - Average C5-WTI differential (US$/Bbl)	**3.72**	1.82	104
Exchange rate - (Cdn$/US$)	**1.35**	1.27	6

(1) Prices exclude price risk management realized and unrealized gains and losses on financial derivative commodity contracts but includes gains and losses on physical sale contracts and natural gas price diversification.
(2) Condensate and NGLs selling price is net of fractionation fees and excludes pipeline tariffs which is within transportation expense.
(3) Natural gas liquids ("NGLs") include butane, propane and ethane revenue and sales volumes, and sulphur revenue.
(4) Sulphur revenue for the three months ended March 31, 2023 was $2.1 million (2022 - $4.9 million).

WTI benchmark averaged US$76.13/Bbl in the first quarter of 2023, a decrease of 19% from the first quarter of the prior year and 8% lower than the fourth quarter of 2022 which averaged US$82.64/Bbl. Global oil and product inventories continue to be below normal levels for this time of year in most regions. The significant strategic petroleum reserves ("SPR") releases by the US and other OECD countries have come to an end. Sanctions and price caps have put Russian production at risk with exports declining throughout last year. Total US production has been growing but at a moderate pace as shale producers continue to show discipline in their capital programs. Consumption in China accelerated rapidly in the first quarter with the end of COVID-19 lockdowns. Despite many of these positive market events, the concern of a recession due to higher interest rates has weighed on oil prices.

With the growth in heavy oil production in Canada, demand for condensate has been strong. Condensate differentials from WTI averaged +US$3.72/Bbl in the first quarter. With much lower condensate production growth in Western Canada coupled with robust demand from the oil sands, especially with Enbridge Line 3 now in service and TransMountain Pipeline expansion to enter into service next year, the condensate market is expected to remain strong in the long-term. Condensate prices continued to outperform other liquid prices with the Edmonton marker averaging $107.98/Bbl in the quarter.

NGL prices improved significantly throughout 2022, but have softened in the first quarter of 2023. Butane prices are weaker primarily due to the decline in WTI prices throughout the first quarter. Propane prices were much higher in 2022 due to significantly higher US exports into the Asian petrochemical market. Canadian propane prices have kept pace with US prices as exports off of the West Coast of Canada continue to ramp up and storage inventories continue to operate in normal ranges. The warm winter most of North America has experienced has led to weaker propane prices in the first quarter.

NYMEX gas prices averaged US$3.42/MMBtu in the first quarter, down 45% from the fourth quarter of 2022 which averaged $6.26/MMBtu and 31% lower than the first quarter of last year which averaged $4.95/MMBtu. With a very warm winter in most key consuming regions, storage withdrawals were muted this winter and the price of gas has declined significantly at the end of the 2022 and into the start of 2023. The one exception has been the West Coast where we have seen record high gas prices in December and into the first quarter of 2023. NuVista has exposure to Malin with approximately 11% of physical natural gas sales to that location in 2023. A fire at the Freeport LNG terminal in June of 2022 reduced flows by approximately 2 Bcf/d. The return of this facility was delayed multiple times but it did restart at the end of March and into April. This outage which lasted over nine months also played a role in creating elevated storage levels. US gas production has been growing, but at a measured pace and is only now above pre-pandemic levels. Gas prices in Europe and Asia are still high but have moderated significantly from their peak last fall due to unprecedented successful efforts to fill storage coupled with a warm winter in Europe.

AECO gas prices averaged $4.34/Mcf in the first quarter of 2023 representing a decrease of 22% from the fourth quarter average of $5.58/Mcf and a 5% decrease from the first quarter of 2022 which averaged $4.59/Mcf. AECO differentials were very wide at the end of 2022 due to the elevated NYMEX prices, but have recently narrowed as US gas prices have weakened.

Revenue

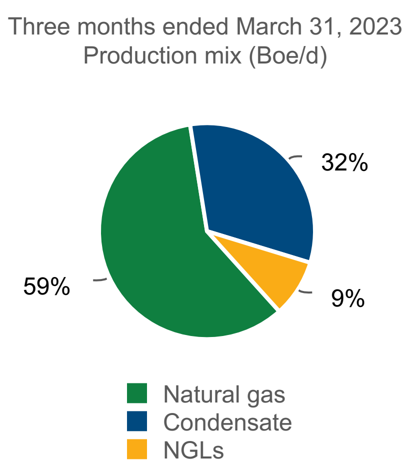
Petroleum and natural gas revenues

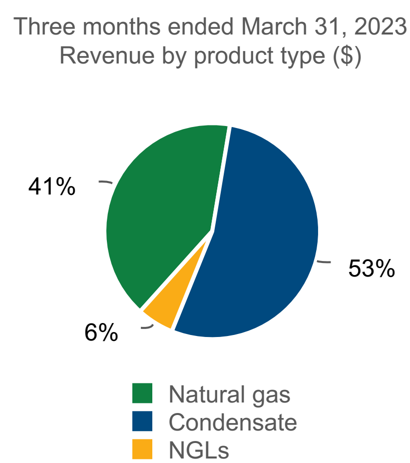
	Three months ended March 31			
	2023		2022	
($ thousands, except % amounts)	**$**	**% of total**	$	% of total
Natural gas [1]	**159,877**	**41**	119,248	31
Condensate	**208,668**	**53**	232,600	61
NGLs [2]	**21,618**	**6**	29,979	8
Total petroleum and natural gas revenues	**390,163**		381,827	

[1] Natural gas revenue includes price risk management gains and losses on physical delivery sale contracts. For the three months ended March 31, 2023, our physical delivery sales contracts resulted in a loss of $4.6 million (2022 – loss of $2.2 million).
[2] Includes butane, propane, ethane and sulphur.

For the three months ended March 31, 2023, petroleum and natural gas revenues increased 2% from the comparable period of 2022, due primarily to a 7% increase in production, partially offset by a 4% decrease in the average per Boe realized price for the quarter.

Condensate volumes averaged 32% of total production in the first quarter of 2023, contributing 53% of total petroleum and natural gas revenues.





Natural gas revenue

A breakdown of natural gas revenue is as follows:

Three months ended March 31				
	2023		2022	
($ thousands, except per unit amounts)	**$**	**$/Mcf**	$	$/Mcf
Natural gas revenue - AECO reference price (1)	**88,857**	**4.34**	93,891	4.59
Heat/value adjustment (2)	**9,280**	**0.43**	10,760	0.54
Transportation revenue (3)	**10,555**	**0.49**	8,625	0.43
Natural gas market diversification gain	**55,818**	**1.96**	8,214	0.34
AECO physical delivery sales contract losses (4)	**(4,633)**	**(0.20)**	(2,242)	(0.11)
Total natural gas revenue	**159,877**	**7.02**	119,248	5.79

(1) 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.

For the three months ended March 31, 2023, natural gas revenue increased 34% from the comparable period of 2022, due to a 21% increase in realized selling prices and a 11% increase in production. Excluding the impact of realized losses on physical sales contracts, the average selling price for natural gas for the three months ended March 31, 2023 was $7.22/Mcf, compared to $5.90/Mcf for the comparative period of 2022, and $7.61/Mcf for the fourth quarter of 2022.

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

Three months ended March 31		
	2023	2022
AECO physical deliveries	**39 %**	38 %
Dawn physical deliveries	**18 %**	18 %
Malin physical deliveries	**15 %**	16 %
Chicago physical deliveries	**28 %**	28 %

NuVista receives a premium to the AECO spot gas price due to the higher heat content of its natural gas production. Price risk is also mitigated by the various gas marketing and transportation arrangements that the Company has in place to diversify and gain exposure to alternative natural gas markets in North America. For the three months ended March 31, 2023, the Company delivered 39% of its natural gas production to AECO, 18% to Dawn, 15% to Malin, and 28% to Chicago. NuVista's existing contracts for firm transportation on export pipelines coupled with the financial NYMEX basis natural gas sales price derivative contracts serve to provide for long-term price diversification.

Condensate revenue

For the three months ended March 31, 2023, condensate revenue decreased 10% over the comparable period of 2022 due to a 15% decrease in the average realized selling price, partially offset by a 6% increase in production.

Strong demand for condensate in Alberta results in benchmark condensate prices at Edmonton trading at a premium to Canadian light oil prices. NuVista's realized condensate price includes adjustments for fractionation fees and quality differentials. The condensate realized selling price was $101.31/Bbl in the three months ended March 31, 2023, compared to $119.21/Bbl for the comparable period of 2022, and $109.69/Bbl for the fourth quarter of 2022.

NGL revenue

For the three months ended March 31, 2023, NGL revenue decreased 28% over the comparable period of 2022, due to a 20% decrease in the average realized selling price and a 10% decrease in production. The NGL realized selling price was $39.30/Bbl in the three months ended March 31, 2023, compared to $49.30/Bbl for the comparable period of 2022, and $41.28/Bbl for the fourth quarter of 2022.

Commodity price risk management

NuVista has a disciplined commodity price risk management program as part of its financial risk management strategy. The purpose of this program is to reduce volatility in financial results and help stabilize adjusted funds flow against the unpredictable commodity price environment. NuVista's Board of Directors has authorized the use of fixed price, put option and costless collar contracts ("Fixed Price Contracts"), and approved the terms of NuVista's commodity price risk management program to allow the securing of minimum prices of the following:

(% of net forecast after royalty production)	First 18 month forward period	Following 18 month forward period	Following 24 month forward period
Natural Gas Fixed Price Contracts	up to 70%	up to 60%	up to 50%
Crude Oil Fixed Price Contracts	up to 70%	up to 60%	up to 30%

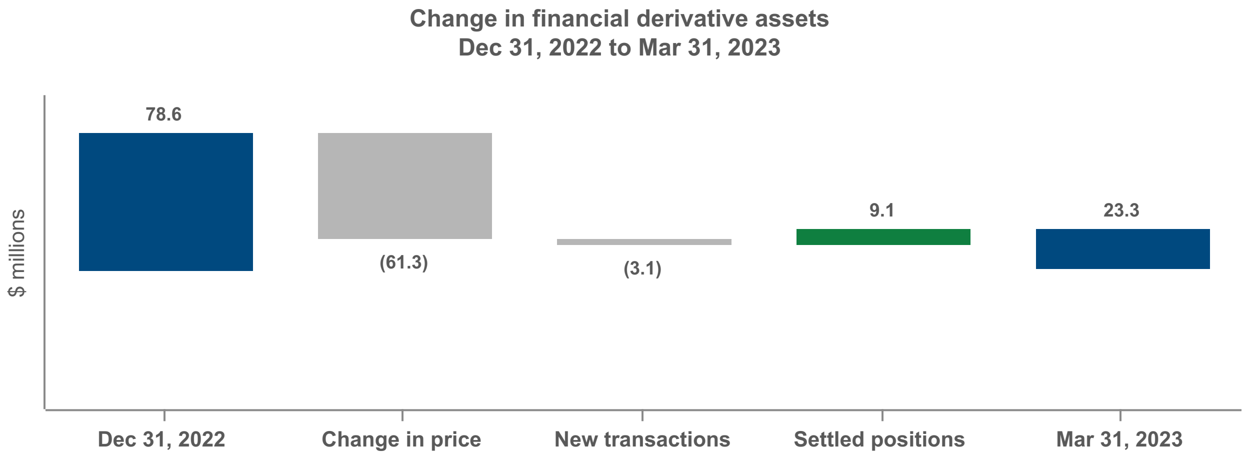
The Board of Directors has set limits for entering into natural gas basis differential contracts that are the lesser of 70% of forecast natural gas production, net of royalties, or the volumes that would bring the combined natural gas basis differential contracts and natural gas fixed price contracts to 100% of forecast natural gas production, net of royalties, with a term of not more than 7 years from the date any such swap is entered into.

Hedges on crude oil, natural gas liquids, natural gas, differentials and basis may be made in Canadian or US dollars at the time the position is established and the US dollar positions may be hedged to Canadian dollars during the term of the applicable hedge. Foreign currency exposure on interest payments and long-term debt, if there is exposure, may also be hedged back to Canadian dollars.

	Three months ended March 31					
	2023			2022		
($ thousands)	**Realized loss**	**Unrealized loss**	**Total loss**	Realized loss	Unrealized loss	Total loss
Natural gas	**(7,150)**	**(54,819)**	**(61,969)**	(13,767)	(23,751)	(37,518)
Condensate & oil	**(1,940)**	**(444)**	**(2,384)**	(31,448)	(31,585)	(63,033)
Gain (loss) on financial derivatives	**(9,090)**	**(55,263)**	**(64,353)**	(45,215)	(55,336)	(100,551)

During the first quarter of 2023, the commodity price risk management program resulted in a loss of $64.4 million, compared to a loss of $100.6 million for the prior year comparative period and a gain of $1.5 million in the fourth quarter of 2022. The fair value of financial derivative contracts is recorded in the financial statements. Unrealized gains and losses are the change in mark to market values of financial derivative contracts in place at the end of the quarter compared to the start of the quarter.

The unrealized loss in the first quarter is primarily a result of losses from the narrowing AECO-NYMEX basis strip, partially offset by gains due to the decrease in NYMEX forward strip pricing at the end of the quarter compared to the beginning of the quarter. Due to increased volatility in oil and gas prices and the related forward strip pricing, the impact of unrealized gains and/or losses on overall net earnings in a particular reporting period can be substantial.



NuVista has been primarily using three-way collars to provide downside protection while maintaining upside for price growth. We currently possess hedges which, in aggregate, cover 2% of projected 2023 Q2-Q4 liquids production (primarily Q2) at an average WTI floor price of C$100/Bbl. We have hedged 28% of projected 2023 Q2-Q4 gas production (primarily Q2-Q3) at an average floor price of C$4.14/Mcf (hedged and exported volumes converted to an AECO equivalent price) using a combination of swaps and collars. These percentage figures relate to production net of royalty volumes.

Price risk management on our physical delivery sale contracts resulted in a loss of $4.6 million for the three months ended March 31, 2023 compared to a loss of $2.2 million for the comparable period of 2022, and a loss of $1.5 million for the three months ended December 31, 2022.

Financial instruments

The following is a summary of financial derivatives contracts in place as at March 31, 2023:

	C5 - WTI differential swap		C$ WTI 3 way collar			
Term [1]	Bbls/d	US$/Bbl	Bbls/d	Cdn$/Bbl	Cdn$/Bbl	Cdn$/Bbl
Q2 2023	4,000	0.00	1,250	85.00	100.00	136.31

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

	AECO-NYMEX basis swap	
Term [1]	MMBtu/d	US$/MMBtu
Q2 2023	110,000	(1.01)
Q3 2023	110,000	(1.01)
Q4 2023	103,370	(1.01)
2024	100,000	(1.00)
2025	105,000	(0.96)
2026	187,500	(0.92)
2027	135,000	(0.91)
2028	35,000	(0.97)

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

Term (1)	AECO fixed price swap GJ/d	Cdn$/GJ
Q2 2023	20,000	3.87
Q3 2023	20,000	3.87
Q4 2023	6,739	3.87
2024	15,000	4.00
2025	15,000	4.00

(1) Table presented as weighted average volumes and prices.

	NYMEX collars			AECO collars		
Term (1)	MMBtu/d	US$/MMBtu	US$/MMBtu	GJ/d	Cdn$/GJ	Cdn$/GJ
Q2 2023	40,000	4.00	10.07	20,000	3.88	5.39
Q3 2023	40,000	4.00	10.07	20,000	3.88	5.39
Q4 2023	13,478	4.00	10.07	13,370	3.69	5.32

(1) Table presented as weighted average volumes and prices.

Subsequent to March 31, 2023, the following is a summary of financial derivatives that have been entered into:

Term (1)	AECO-NYMEX basis swap MMBtu/d	US$/MMBtu
2028	27,500	(0.99)

(1) Table presented as weighted average volumes and prices.

Physical delivery sales contracts

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

The following is a summary of the physical delivery sales contracts in place as at March 31, 2023:

	AECO fixed price swap		Dawn-NYMEX basis swap		AECO-NYMEX basis	
Term (1)	GJ/d	Cdn$/GJ	MMBtu/d	US$/MMBtu	MMBtu/d	US$/MMBtu
Q2 2023	35,000	3.92	30,000	(0.19)	—	—
Q3 2023	41,630	3.82	30,000	(0.19)	—	—
Q4 2023	15,163	3.77	10,109	(0.19)	—	—
2024	35,000	4.01	—	—	—	—
2025	35,000	4.01	—	—	5,000	(1.15)

(1) Table presented as weighted average volumes and prices.

Royalties

	Three months ended March 31	
($ thousands, except % and per Boe amounts)	**2023**	2022
Gross royalties	**61,585**	40,870
Gas cost allowance (“GCA”)	**(10,089)**	(7,562)
Net royalties	**51,496**	33,308
Gross royalty % excluding physical delivery sales contracts[(1)]	**15.6**	10.6
Gross royalty % including physical delivery sales contracts	**15.8**	10.7
Net royalty %	**13.2**	8.7
Net royalties $/Boe	**8.04**	5.56

(1) Calculated as gross royalties as a % of petroleum and natural gas revenues excluding gains (losses) on physical delivery sales contracts.

For the three months ended March 31, 2023, gross royalties increased on both a total dollar and $/Boe basis compared to the prior year comparative period primarily as a result the increase in production and a greater number of wells which have fully utilized the lower initial royalty rates under the Alberta royalty incentive programs in 2023, after which an increased royalty rate is applied.

The Company receives GCA from the Crown, which reduces royalties to account for expenses incurred by NuVista to process and transport the Crown's portion of natural gas production. For the three months ended March 31, 2023, the 33% increase in GCA credits received compared to the comparative period of 2022 is primarily due to GCA received related to NuVista’s investment in gas processing and transportation infrastructure and the increase in production volumes.

The gross natural gas and liquids (condensate and NGL) royalty rates for the three months ended March 31, 2023 were 7% and 22% compared to 7% and 13% respectively, in the comparative period of 2022. Compared to the fourth quarter, gross natural gas rate decreased from 9% and and the liquids royalty rate increased from 18%.

NuVista’s physical price risk management and gas market diversification activities impact reported average royalty rates as royalties are based on government market reference prices for delivery of product in Alberta and not the Company’s average realized prices that include price risk management and gas market diversification activities.

Transportation expense

	Three months ended March 31	
($ thousands, except per unit and per Boe amounts)	**2023**	2022
Natural gas transportation expense	**19,565**	19,320
Condensate & NGL transportation expense	**6,889**	8,149
Total transportation expense	**26,454**	27,469
Natural gas transportation $/Mcf [(1)]	**0.86**	0.94
Condensate & NGL transportation $/Bbl	**2.64**	3.18
Total transportation $/Boe	**4.13**	4.58

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

For the three months ended March 31, 2023, natural gas transportation expense on a total dollar basis was consistent with the prior year comparative period. However, over the same period, the cost on a $/Mcf basis decreased due to a 11% increase in natural gas production. Compared to the fourth quarter of 2023, natural gas transportation expense increased slightly from $19.3 million ($0.81/Mcf).

Condensate & NGL transportation for the three months ended March 31, 2023, decreased on both a total dollar and $/Bbl basis from the prior year comparative period due to a one-time third party credit adjustment for the 2022 contract year received in the first quarter of 2023 of $7.0 million. Compared to the fourth quarter of 2023, condensate & NGL transportation expense decreased from $17.1 million ($5.99/Bbl).

Operating expense

($ thousands, except per Boe amounts)	Three months ended March 31 2023	 2022
Operating expense	**75,041**	65,259
Per Boe	**11.71**	10.89

For the three months ended March 31, 2023, operating expense on a total dollar and $/Boe basis were higher than the prior year comparative period due to increased production in the Pipestone area as well as the impact of inflationary pressures and higher utility and fuel costs realized at both NuVista and third party midstream facilities. First quarter operating expense of $75.0 million ($11.71/Boe) decreased from fourth quarter operating expense of $81.6 million ($11.94/Boe) due to lower processing fees as a result of lower production volumes, in addition to lower utility and fuel costs.

The capital fees associated with the Pipestone South gas processing lease and gas transportation lease is excluded from operating expense and classified as a lease under *IFRS 16 - Leases.* For the three months ended March 31, 2023, total payments under these two leases of $4.3 million were excluded from operating expense and accounted for under the lease standard, compared to $4.3 million in the prior year comparative period.

General and administrative expense (“G&A”)

($ thousands, except per Boe amounts)	Three months ended March 31 2023	 2022
Gross G&A expense	**8,085**	6,702
Overhead recoveries	**(972)**	(497)
Capitalized G&A	**(1,404)**	(1,172)
Net G&A expense	**5,709**	5,033
Gross G&A per Boe	**1.26**	1.12
Net G&A per Boe	**0.89**	0.84

For the three months ended March 31, 2023, G&A expense on a total dollar and $/Boe basis increased from the prior year comparative period, due to increases in employee compensation and general economic inflation, partially offset by higher overhead recoveries.

The Company’s base rent for the head office is excluded from G&A expense and classified as a lease under *IFRS 16 - Leases.* For the three months ended March 31, 2023 total payments of $2.1 million and $0.2 million were excluded from gross G&A expense and accounted for under the lease standard.

Share-based compensation expense

($ thousands)	Three months ended March 31 2023	 2022
Stock options	**473**	386
Restricted share awards	**537**	397
Performance share awards	**2,519**	933
Non-cash share-based compensation expense	**3,529**	1,716
Director deferred share units	**(1,876)**	4,144
Performance share units	**(130)**	(2)
Cash share-based compensation expense	**(2,006)**	4,142
Total share-based compensation expense	**1,523**	5,858

Share-based compensation expense relates to the amortization of the fair value of stock option awards, performance share awards (“PSA”), restricted share awards (“RSA”) and accruals for future cash settled liabilities under the director deferred share unit (“DSU”) and the performance share unit (“PSU”) plans.

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

For the three months ended March 31, 2023, the decrease in total share-based compensation was primarily a result of a decrease in the DSU expense and a corresponding decrease in the recorded liability due to the decrease in the Company's share price. At March 31, 2023, the Company's closing share price was $10.93/share compared to $12.48/share at December 31, 2022 and $10.57/share at March 31, 2022. Partially offsetting this decrease was an increase in the PSA expense due to an increase to the performance multiplier for 2023 PSAs, which was determined by the Board to be 1.48x (3 year average), based on above-target Company performance.

Financing costs

	Three months ended March 31	
($ thousands, except per Boe amounts)	**2023**	2022
Interest on long-term debt (credit facility)	**1,009**	3,249
Interest on senior unsecured notes	**4,901**	5,044
Early redemption expense on 2026 Notes	**1,508**	—
Interest expense	**7,418**	8,293
Lease interest expense	**3,106**	3,239
Accretion expense	**755**	720
Total financing costs	**11,279**	12,252
Interest expense per Boe	**1.16**	1.38
Total financing costs per Boe	**1.76**	2.04

For the three months ended March 31, 2023, the decrease in interest expense on long-term debt from the prior year comparable period was primarily due to lower average borrowings on the credit facility offset by an increase in interest rates. The average interest rate on long-term debt (credit facility) for the three months ended March 31, 2023 was 7.6% compared to the average interest rate of 3.9% for the comparative period of 2022. Interest expense on long-term debt includes interest standby charges on the Company's credit facility.

On July 23, 2021, the Company issued $230.0 million aggregate principal amount of 7.875% senior unsecured notes due July 23, 2026 ("2026 Notes"). See also the *Liquidity and Capital Resources* section in this MD&A. During the three months ended March 31, 2023, NuVista repurchased and cancelled $32.8 million aggregate principal of its 2026 Notes plus accrued and unpaid interest, for a total purchase price of $33.7 million, resulting in an early redemption expense of $1.5 million compared to the carrying value of $32.2 million.

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

	Three months ended March 31	
($ thousands, except per Boe amounts)	**2023**	2022
Depletion and depreciation of property, plant and equipment	**59,315**	45,788
Depreciation of right-of-use assets	**2,241**	2,242
DD&A expense	**61,556**	48,030
DD&A rate per Boe	**9.60**	8.01

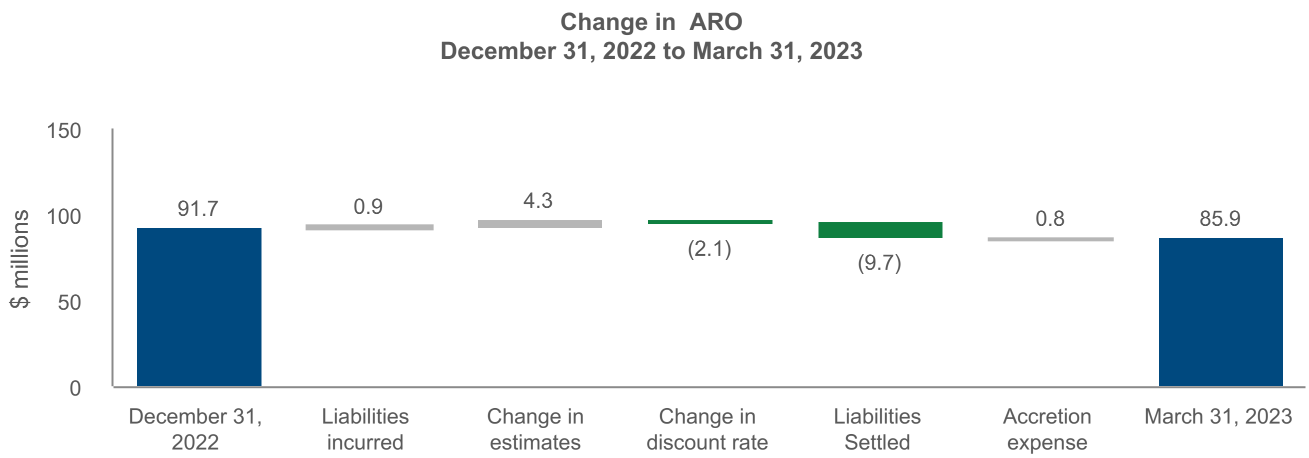
DD&A expense for three months ended March 31, 2023 was $61.6 million ($9.60/Boe) compared to $48.0 million ($8.01/Boe) for the comparable period of 2022, and $62.2 million ($9.11/Boe) in the fourth quarter of 2022.

Included in DD&A expense is the accelerated depletion expense or accelerated depletion recovery relating to a change in asset retirement obligations as a result of the change in estimate and change in discount rate, for wells with no remaining reserves that were previously fully depleted. For the three months ended March 31, 2023, the DD&A rate excluding the impact of accelerated depletion was $8.94/Boe compared to the prior year comparative period of $8.71/Boe, and $8.62/Boe in the fourth quarter of 2022.

The Montney cash generating unit ("CGU") DD&A rate per Boe for the three months ended March 31, 2023 increased to $8.69/Boe compared to $8.32/Boe for the comparable period of 2022. The higher DD&A rate is primarily a result of the increase in the depletable base and the increase in production volumes on which depletion expense is based. The current quarter rate of $8.69/Boe increased from the fourth quarter rate of $8.37/Boe due to higher depreciation and depletion rates.

At March 31, 2023, there were no indicators of impairment identified on any of the Company's CGUs within property, plant and equipment and an impairment test was not performed.

Asset retirement obligations



Asset retirement obligations ("ARO") are based on estimated costs to reclaim and abandon ownership interests in condensate and natural gas assets including well sites, gathering systems and processing facilities. At March 31, 2023, NuVista had an ARO balance of $85.9 million as compared to $91.7 million as at December 31, 2022. At March 31, 2023, the estimated total undiscounted and uninflated amount of cash required to settle NuVista's ARO was $105.9 million (December 31, 2022 – $110.7 million) with an estimated 35% to be incurred within the next 10 years. The Government of Canada long-term risk-free bond rate of 3.0% (December 31, 2022 – 3.3%) and an inflation rate of 1.7% (December 31, 2022 – 2.1%) 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 and the real rate of interest of 1.3% (December 31, 2022 - 1.2%). Actual ARO expenditures for the three months ended March 31, 2023 were $9.7 million compared to $16.4 million including funding by payments made under the Accelerated Site Rehabilitation Program ("ASRP") of $7.1 million for the year ended December 31, 2022.

NuVista's ARO liability decreased by $5.8 million in 2023 due primarily to a $2.1 million decrease as a result of a change in the discount rate used to value the liability from December 31, 2022, in addition to $9.7 million of liabilities settled, partially offset by a $4.3 million increase in ARO cost estimates and $0.9 million of liabilities incurred as a result of new wells drilled.

There are uncertainties related to asset retirement obligations and the impact on the financial statements could be material, as the eventual timing and expected costs to settle these obligations could differ from our estimates. The main factors that could cause expected costs to differ are changes to laws, regulations, reserve estimates, costs and technology. Any reclamation or abandonment expenditures will generally be funded from cash provided by operating activities.

Cash used in investing activities and net capital expenditures

For the three months ended March 31, 2023, cash used in investing activities was $143.8 million, compared to $126.5 million in the comparative period of 2022. Capital expenditures for the three months ended March 31, 2023 were $195.9 million compared to $120.0 million in the comparative period of 2022. The increase in capital expenditures for the three months ended March 31, 2023 is reflective of the increased development activity in response to the improved economic environment. The Company expects to continue to spend between 80-85% of planned capital expenditures on drilling and completion related activities.

During the three months ended March 31, 2023, the Company disposed of a non-operated working interest in an underutilized gas processing facility for cash consideration of $26.0 million, resulting in a gain on disposition of $13.6 million. Approximately half of the proceeds will be reinvested to replace the sold processing capacity with higher efficiency operated capacity as part of our larger Elmworth compressor station expansion. During the first quarter of 2022, a non-cash land swap valued at $1.3 million resulted in an accounting gain of $1.3 million.

The following table provides a breakdown of net capital expenditures by category for the three months ended March 31, 2023 and 2022:

	Three months ended March 31			
($ thousands, except % amounts)	**2023**	**% of total**	2022	% of total
Land and retention costs	**7,372**	**4**	1,114	1
Geological and geophysical	**41**	**—**	28	—
Drilling and completion	**140,480**	**72**	86,021	72
Facilities and equipment	**46,180**	**23**	31,421	26
Corporate and other	**1,797**	**1**	1,380	1
Capital expenditures [(1)]	**195,870**	**100**	119,964	100
Proceeds on property disposition	**(26,000)**		—	
Net capital expenditures [(1)]	**169,870**		119,964	

[(1)] Non-GAAP financial measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. Reference should be made to the section entitled *"Specified Financial Measures"*.

Right-of-use assets and lease liabilities

The Company has right-of-use assets and lease liabilities for its head and field office leases, a gas processing lease associated with the Pipestone South compressor, and a gas gathering lease associated with the pipeline that connects the Pipestone South compressor to the Pembina Gas Infrastructure Wapiti plant. At March 31, 2023, the total right-of-use asset is $96.7 million. The total lease liability is $115.4 million, of which $6.1 million is classified as a current liability.

Current income taxes

In 2023, NuVista expects to be cash taxable and has recognized a current income tax expense of $6.4 million in the first quarter of 2023. For the three months ended March 31, 2023, the Company recorded deferred tax expense of $19.2 million compared to a deferred tax expense of $20.7 million for the prior year comparative period. As a result of the increase in net earnings, the deferred tax liability of $279.2 million at March 31, 2023 increased from the December 31, 2022 balance of $260.3 million. The combined federal and provincial corporate tax rate in 2022 and 2023 is 23%.

Liquidity and capital resources

With the strong commodity price environment and our significantly increased production and free adjusted funds flow, NuVista is in the very favorable position of being able to continue our disciplined and value-adding growth strategy concurrently with continuing reduction of net debt and the continued return of capital to shareholders. Options for the return of capital to shareholders include the repurchase of shares and dividend strategies, and remaining free adjusted funds flow can also be considered for allocation towards continued growth and highly selective mergers and acquisitions, where value adding for shareholders. Currently, our Board has set a target of 75% of free adjusted funds flow returned to shareholders through the repurchase of the Company's common shares.

Our Board has approved a long-term sustainable target net debt to adjusted funds flow of less than 1.0 times in a stress test price environment of US$45/Bbl WTI and US$2.00/MMBtu NYMEX natural gas. We believe that the best method for return of capital to shareholders is initially to repurchase shares, however we continue to re-evaluate the uses of free adjusted funds flow. The re-evaluation takes into account the supply and demand and pricing environment, and includes all options including continued disciplined growth beyond existing facility capacity, share repurchases, dividend payments and prudent targeted mergers and acquisitions.

Extendible revolving credit agreement

At March 31, 2023, the Company had a $440 million (December 31, 2022 - $440 million) extendible revolving term credit facility available from a syndicate of Canadian financial institutions. Borrowing under the credit facility may be made by prime loans and bankers' acceptances. These advances bear interest at the bank's prime rate and/or at money market rates plus a borrowing margin. The credit facility is secured by a first floating charge debenture, general assignment of book debts and NuVista's properties and equipment. The credit facility has a tenor of two years and is subject to an annual review by the lenders, at which time the lenders can extend the revolving period or can request conversion to a one-year term loan. During the revolving period, a review of the maximum borrowing amount occurs semi-annually on November 30 and May 31. During the term period, no principal payments would be required until a year after the revolving period matures on May 31, 2024 in the event of a reduction or the credit facility not being renewed. The credit facility does not contain any financial covenants but NuVista is subject to various industry standard non-financial covenants. Compliance with these covenants is monitored on a regular basis and as at March 31, 2023, NuVista was in compliance with all covenants. The semi-annual review was completed on November 30, 2022, with no change to the credit facility capacity, and the credit facility now incorporates sustainability linked performance features.

NuVista's credit facility is a sustainability-linked loan ("SLL") which allows the Company to link performance on key sustainability themes to its borrowing costs, whereby borrowing rates and standby fees increase or decrease depending 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.

As at March 31, 2023, the Company had drawn nil on its term credit facility (December 31, 2022 – nil) and had outstanding letters of credit of $8.6 million which reduce the credit available on this credit facility.

As at March 31, 2023, the Company had cash deposits of $65.6 million attracting an interest rate of approximately 4.8% (December 31, 2022 - $41.9 million at 4.1%).

Export development Canada ("EDC") facility

The Company has a $30 million unsecured letter of credit facility under Export Development Canada's ("EDC") Account Performance Security Guarantee ("APSG") program. At March 31, 2023, the Company had outstanding letters of credit associated with the APSG of $23.4 million, leaving $6.6 million of credit available on this facility.

Covenant based credit facility

Subsequent to the first quarter of 2023, NuVista successfully renegotiated its extendible revolving term credit facility with its existing banking syndicate and has transitioned to a covenant based facility. Under the new credit agreement NuVista has in place a $450 million, covenant-based credit facility which incorporates its existing sustainability linked performance features. There is an accordion feature providing that at any time during the term, on participation of any existing or additional lenders, NuVista can increase the credit facility by an additional $300 million. The credit facility has a tenor of three years with a current maturity of May 9, 2026.

Under the terms of the credit facility, NuVista is subject to the following financial covenants (collectively, the “financial covenants”) that as of the end of each financial quarter:

- Senior Debt to EBITDA ratio will not exceed 3.0:1;
- Total Debt to EBITDA ratio will not exceed 3.5:1; and
- Interest Coverage Ratio will be less than 3.5:1,

where EBITDA is defined as net income (loss) before unrealized gains and losses on financial derivatives, plus interest, taxes and depreciation, depletion, amortization and impairment, and where EBITDA and interest are calculated on a rolling 12-month basis. Total Debt is inclusive of outstanding financial letters of credit whereas Senior Debt excludes the amount of the demand letter of credit facility.

Senior unsecured notes

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

The 2026 Notes are non-callable by the Company prior to July 23, 2023. At any time on or after July 2, 2023, the Company may redeem all or part of the 2026 Notes at the redemption prices set forth in the table below plus any accrued and unpaid interest:

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

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

During the three months ended March 31, 2023, NuVista redeemed a total of $32.8 million in aggregate principal of its 2026 Notes through open market repurchases at a weighted average price of $102.67 plus accrued and unpaid interest. The difference between the repurchase price and the carrying value was recognized as an early redemption expense within financing costs in net earnings. The remaining face value of the 2026 Notes at March 31, 2023 was $187.8 million, with a carrying value of $183.6 million.

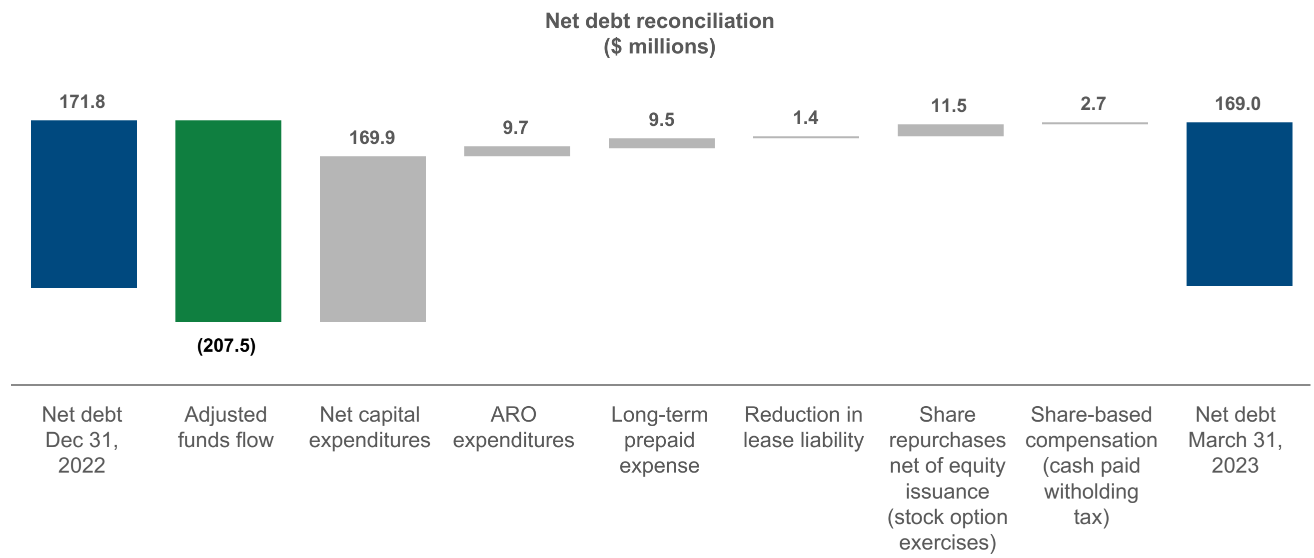
Subsequent to March 31, 2023, NuVista repurchased an additional $2.0 million in aggregate principal of its 2026 Notes. The remaining face value is $185.8 million.

Market capitalization and net debt

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

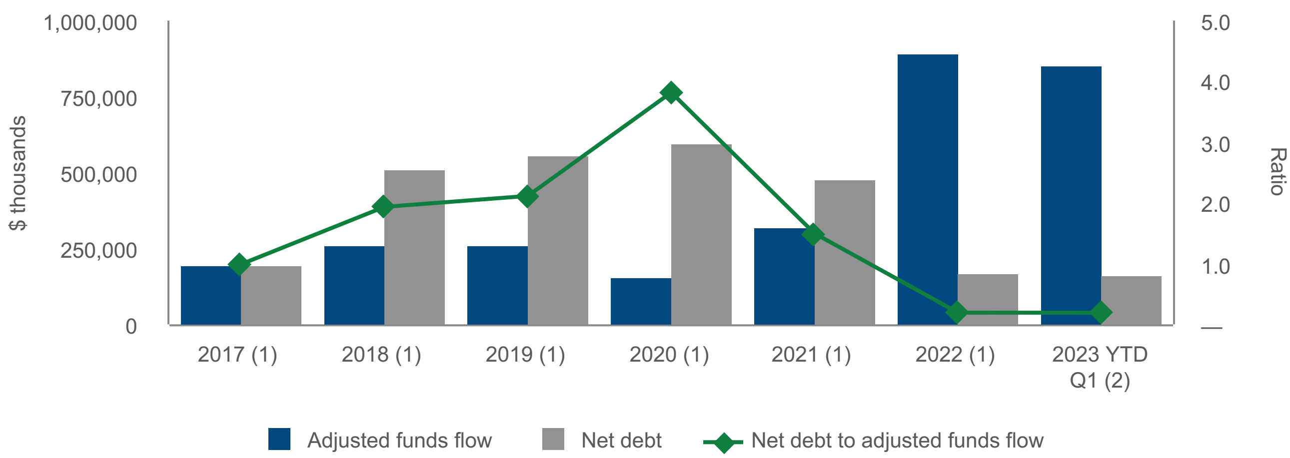
($ thousands)	March 31, 2023	December 31, 2022
Basic common shares outstanding	218,764,179	219,346,357
Share price [1]	10.93	12.48
Total market capitalization	2,391,092	2,737,443
Cash and cash equivalents	(65,598)	(41,890)
Accounts receivable and prepaid expenses	(146,162)	(196,678)
Other receivable	(11,087)	(7,063)
Accounts payable and accrued liabilities	193,292	185,129
Current portion of other liabilities	14,909	15,375
Senior unsecured notes	183,631	215,392
Other liabilities	—	1,540
Net debt [2,3]	168,985	171,805
Annualized current quarter adjusted funds flow [2,3]	829,856	1,027,932
Net debt to annualized current quarter adjusted funds flow	0.2	0.2

[1] Represents the closing share price on the TSX on the last trading day of the period.
[2] Capital management measure. Reference should be made to the section entitled *"Specified Financial Measures".*
[3] Refer to Note 15, "Capital Management" in NuVista's financial statements.



NuVista has more than sufficient liquidity to execute its business plan and increase its financial flexibility by renegotiating a covenant based credit facility with its existing banking syndicate. At current strip pricing, the Company is forecasting net debt reduction from adjusted funds flow in excess of net capital expenditures and financing of our NCIB, while achieving prudent production growth. Net debt has been reduced to $169.0 million and we achieved a favorable net debt to annualized current quarter adjusted funds flow of 0.2x. This represents the time period it would take to pay off NuVista's net debt if no further capital expenditures were incurred and if adjusted funds flow remained constant. NuVista plans to monitor its business plan and has flexibility to adjust its capital program, NCIB expenditures, and net debt reduction in the context of commodity prices and net debt levels.

Net debt to adjusted funds flow



(1) Based on full year adjusted funds flow.
(2) Based on annualized current quarter adjusted funds flow.

Share Capital

On June 9, 2022, NuVista announced the approval of its NCIB, allowing NuVista to purchase up to 18,190,261 of its outstanding common shares over a 12-month period, commencing June 14, 2022. During the quarter ended March 31, 2023, NuVista repurchased and subsequently cancelled 1,060,900 common shares at a weighted average price of $11.54/share for a total cost of $12.2 million. Since the inception of the NCIB, NuVista has repurchased and subsequently cancelled a total of 14,543,500 common shares at a weighted average price of $11.66/share for a total cost of $169.6 million.

Subsequent to March 31, 2023, the Company repurchased and subsequently cancelled 1,950,000 common shares at a weighted average price of $11.54/share for a total cost of $22.5 million.

As at March 31, 2023, there were 218.8 million common shares outstanding. In addition, there were 3.8 million stock options with an average exercise price of $3.88 per option and 0.8 million RSAs and 5.1 million PSAs outstanding.

Commitments

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

The following is a summary of NuVista's contractual obligations and commitments as at March 31, 2023:

($ thousands)	Total	2023	2024	2025	2026	2027	Thereafter
Transportation (1)	**889,975**	99,138	133,367	125,594	122,688	111,927	297,261
Processing (1)	**1,498,219**	65,309	101,928	114,458	111,706	112,176	992,642
Servicing (2)	**16,498**	5,000	5,749	5,749	—	—	—
Total commitments (3)	**2,404,692**	169,447	241,044	245,801	234,394	224,103	1,289,903

(1) Certain of the transportation and processing commitments are secured by outstanding letters of credit of $31.0 million at March 31, 2023 (December 31, 2022 - $24.7 million).
(2) Effective November 2022, NuVista entered into a 3-year fracturing services and proppant supply agreement with a third-party. Part of the agreement includes USD and the conversion rate used at March 31, 2023 was 1.36 Cdn$/US$.
(3) Excludes commitments recognized within lease liabilities.

Off "balance sheet" arrangements

NuVista has certain commitments which are reflected in the contractual obligations and commitments table, which were entered into in the normal course of operations. Most transportation and processing commitments are treated as executory contracts whereby the payments are included in operating or transportation expenses.

QUARTERLY FINANCIAL INFORMATION

($ thousands, except otherwise stated)	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
FINANCIAL								
Petroleum and natural gas revenues	**390,163**	455,868	445,007	463,273	381,827	323,355	222,601	187,925
Net earnings (loss)	**80,709**	159,372	223,463	177,954	70,255	113,159	147,065	(10,941)
Per share, basic	**0.37**	0.72	0.99	0.78	0.31	0.50	0.65	(0.05)
Per share, diluted	**0.36**	0.69	0.95	0.74	0.30	0.48	0.63	(0.05)
Cash provided by operating activities	**215,221**	226,688	228,018	227,668	162,442	110,063	124,007	58,357
Per share, basic	**0.98**	1.02	1.01	0.99	0.71	0.48	0.55	0.26
Per share, diluted	**0.95**	0.98	0.97	0.95	0.68	0.47	0.53	0.26
Adjusted funds flow (1)	**207,464**	256,983	246,115	199,833	189,869	151,665	80,602	55,452
Per share, basic (6)	**0.95**	1.16	1.09	0.87	0.83	0.67	0.36	0.25
Per share, diluted (6)	**0.91**	1.12	1.04	0.83	0.80	0.64	0.35	0.25
Net capital expenditures (2)	**169,870**	72,743	111,746	115,023	119,964	87,436	77,152	44,344
Total assets ($ millions)	**2,882**	2,822	2,750	2,613	2,505	2,392	2,353	2,140
Weighted average basic shares outstanding (thousands of shares)	**219,192**	222,483	226,770	229,595	228,146	226,951	226,301	226,045
Weighted average diluted shares outstanding (thousands of shares)	**226,921**	230,366	235,540	239,405	238,084	235,691	233,400	226,045
OPERATING								
Daily Production								
Natural gas (Mcf/d)	**253,269**	259,335	244,709	225,070	228,978	202,730	184,149	178,293
Condensate (Bbls/d)	**22,885**	25,112	22,478	21,058	21,680	21,072	15,779	16,296
NGLs (Bbls/d) (4)	**6,113**	5,918	5,529	6,463	6,756	6,028	4,534	5,473
Total (Boe/d)	**71,209**	74,252	68,792	65,032	66,599	60,888	51,005	51,485
Condensate & NGLs weighting	**41%**	42%	41%	42%	43%	45%	40%	42%
Average realized selling prices (5)								
Natural gas ($/Mcf)	**7.02**	7.55	8.32	7.83	5.79	6.09	4.88	3.48
Condensate ($/Bbl)	**101.31**	109.69	111.14	135.67	119.21	96.15	84.59	79.00
NGLs ($/Bbl)	**39.30**	41.28	55.14	73.09	49.30	42.38	41.36	28.73
Netbacks ($/Boe)								
Petroleum and natural gas revenues	**60.88**	66.73	70.32	78.28	63.71	57.73	47.44	40.11
Realized gain (loss) on financial derivatives	**(1.42)**	(1.17)	(5.63)	(12.77)	(7.54)	(6.69)	(6.04)	(6.13)
Royalties	**(8.04)**	(7.94)	(6.23)	(12.11)	(5.56)	(4.89)	(3.51)	(2.24)
Transportation expense	**(4.13)**	(5.33)	(5.12)	(5.59)	(4.58)	(5.20)	(5.38)	(5.44)
Operating expense	**(11.71)**	(11.94)	(12.23)	(11.55)	(10.89)	(10.53)	(10.49)	(10.54)
Operating netback (3)	**35.58**	40.36	41.11	36.26	35.14	30.42	22.02	15.76
Corporate netback (3)	**32.36**	37.62	38.89	33.76	31.69	27.08	17.18	11.84

(1) Capital management measure. Reference should be made to the section entitled *"Specified Financial Measures"*.
(2) Non-GAAP financial measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. Reference should be made to the section entitled *"Specified Financial Measures"*.
(3) Non-GAAP ratio that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. Reference should be made to the section entitled *"Specified Financial Measures"*.
(4) Natural gas liquids ("NGLs") include butane, propane and ethane revenue and sales volumes, and sulphur revenue.
(5) Product prices exclude realized gains/losses on financial derivatives.
(6) Supplementary financial measure. Reference should be made to the section entitled *"Specified Financial Measures"*.

Petroleum and natural gas revenues over the prior eight quarters, have ranged from $187.9 million to $463.3 million, largely due to the volatility of commodity prices and changes in production. Net earnings (loss) has been in a range of a net loss of $10.9 million to net earnings of $223.5 million, primarily influenced by commodity prices and production volumes, realized and unrealized gains and losses on financial derivatives, impairment charges and reversals and deferred income taxes.

SPECIFIED FINANCIAL MEASURES

The Company's MD&A uses various specified financial measures including "non-GAAP financial measures", "non-GAAP ratios", "capital management measures", and “supplementary financial measures” (as such terms are defined in NI 51-112), which are described in further detail below. Management believes that the presentation of these non-GAAP measures provide useful information to investors and shareholders as the measures provide increased transparency and the ability to better analyze performance against prior periods on a comparable basis.

Non-GAAP financial measures

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

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

NuVista has added the Non-GAAP financial measure of “net capital expenditures” which includes proceeds received on property dispositions which will be reinvested into the Company’s development plans. The use of “net capital expenditures” more closely aligns with the most directly comparable GAAP measure of cash used in investing activities and incorporates funds reinvested from property dispositions which more accurately reflects the Company’s strategic plan. The definition of “free adjusted funds flow” has been revised to include “net capital expenditures” rather than “capital expenditures” which did not include the reinvestment of disposition proceeds.

The following list identifies the non-GAAP financial measures included in NuVista’s MD&A:

Capital expenditures

Capital expenditures are equal to cash used in investing activities, excluding changes in non-cash working capital, other asset expenditures, and proceeds on property dispositions. NuVista considers capital expenditures to be a useful measure of cash flow used for capital reinvestment.

The following table provides a reconciliation between the non-GAAP measure of capital expenditures to the most directly comparable GAAP measure of cash used in investing activities for the period:

	Three months ended March 31	
($ thousands)	**2023**	2022
Cash used in investing activities	**(143,773)**	(126,522)
Changes in non-cash working capital	**(35,597)**	6,558
Other asset expenditures	**9,500**	—
Proceeds on property disposition	**(26,000)**	—
Capital expenditures	**(195,870)**	(119,964)

Net capital expenditures

Net capital expenditures are equal to cash used in investing activities, excluding changes in non-cash working capital, and other asset expenditures. The Company includes funds used for property acquisition or proceeds from property dispositions within net capital expenditures as these transactions are part of its development plans. NuVista considers net capital expenditures to be a useful measure of cash flow used for capital reinvestment.

The following table provides a reconciliation between the non-GAAP measure of net capital expenditures to the most directly comparable GAAP measure of cash used in investing activities for the period:

	Three months ended March 31	
($ thousands)	**2023**	2022
Cash used in investing activities	**(143,773)**	(126,522)
Changes in non-cash working capital	**(35,597)**	6,558
Other asset expenditures	**9,500**	—
Net capital expenditures	**(169,870)**	(119,964)

Free adjusted funds flow

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

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

	Three months ended March 31	
($ thousands)	**2023**	2022
Cash provided by operating activities	**215,221**	162,442
Cash used in investing activities	**(143,773)**	(126,522)
Excess cash provided by operating activities over cash used in investing activities	**71,448**	35,920
Adjusted funds flow	**207,464**	189,869
Net capital expenditures	**(169,870)**	(119,964)
Asset retirement expenditures	**(9,693)**	(5,568)
Free adjusted funds flow	**27,901**	64,337

Non-GAAP ratios

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

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

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

NuVista calculated netbacks per Boe by dividing the netbacks by total production volumes sold in the period. Each of operating netback and corporate netback are non-GAAP financial measures. Operating netback is calculated as petroleum and natural gas revenues including realized financial derivative gains/losses, less royalties, transportation expense and operating expense. Corporate netback is operating netback less general and administrative expense, cash share-based compensation expense, financing costs excluding accretion expense, and current tax expense.

Management believes both operating and corporate netbacks are key industry benchmarks and measures of operating performance for NuVista that assists management and investors in assessing NuVista's profitability, and are commonly used by other petroleum and natural gas producers. The measurement on a Boe basis assists management and investors with evaluating NuVista's operating performance on a comparable basis.

Cash costs (“cash costs”), per Boe

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

Management believes that cash costs are a key industry benchmark and measures of operating performance for NuVista that assists management and investors in assessing NuVista's profitability, and are commonly used by other petroleum and natural gas producers. The measurement on a Boe basis assists management and investors with evaluating NuVista's operating performance on a comparable basis.

Capital management measures

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

Please refer to Note 15 "Capital Management" in NuVista's financial statements for additional disclosure on net debt, adjusted funds flow, net debt to adjusted funds flow, and net debt to annualized current quarter adjusted funds flow, each of which are capital management measures used by the Company in this MD&A.

Supplementary financial measures

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

NuVista calculates “adjusted funds flow per share” by dividing adjusted funds flow for a period by the number of weighted average common shares of NuVista for the specified period.

Critical accounting estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies, if any, as at the date of the financial statements and the reported amounts of revenue and expenses during the period. Estimates are subject to measurement uncertainty and changes in such estimates in future years could require material change in the financial statements. These underlying assumptions are based on historical experience and other factors that management believes to be reasonable under the circumstances, and are subject to change as new events occur, as more industry experience is acquired, and as additional information is obtained as NuVista’s operating environment changes. Estimates and underlying assumptions are reviewed on an ongoing basis by management. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in the future periods affected.

Further information on our critical accounting policies and estimates can be found in the notes to the audited annual financial statements and MD&A for the year ended December 31, 2022.

CONTROLS AND PROCEDURES

Disclosure controls and procedures

Disclosure controls and procedures ("DC&P") have been designed to ensure that information to be disclosed by NuVista is accumulated and communicated to management, as appropriate, to allow timely decisions regarding required disclosures. All control systems by their nature have inherent limitations and, therefore, the Company's disclosure controls and procedures are believed to provide reasonable, but not absolute, assurance that the objectives of the control systems are met.

Internal control over financial reporting

NuVista complies with National Instrument 52-109 "Certification of Disclosure in Issuers' Annual and Interim Filings". The certification requires that NuVista disclose in the MD&A any material weaknesses in NuVista's internal controls over financial reporting and/or any changes in NuVista's internal controls over financial report that occurred during the period that may have materially affected, or are reasonably likely to materially affect, NuVista's internal controls over financial reporting.

The CEO and CFO have designed internal controls over financial reporting ("ICFR"), or caused them to be designed under their supervision, to provide reasonable assurance regarding the reliability of NuVista's financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes those policies and procedures that:

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

- are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with GAAP, and that receipts and expenditures of NuVista are being made only in accordance with authorizations of management and directors of NuVista; and

- are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of NuVista's assets that could have a material effect on the annual financial statements.

NuVista has designed its ICFR based on the Committee of Sponsoring Organizations of the Treadway Commission (2013). No changes were made to NuVista's ICFR during the three months ended March 31, 2023 that have materially or are reasonably likely to materially affect the internal controls over financial reporting.

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

ASSESSMENT OF BUSINESS RISKS

Operational risk

The following are the primary risks associated with the business of NuVista. Most of these risks are similar to those affecting others in the conventional oil and natural gas sector. NuVista's financial position and results of operations are directly impacted by these factors:

- Commodity risk as crude oil, condensate and natural gas prices and differentials fluctuate due to market forces;
- Risk associated with a potential recession and its corresponding impact on commodity prices;
- Inflationary pressures on the procurement of materials and labour to safely deliver on our forecasted capital and operational plans;
- Changing government regulations relating to royalty legislation, income tax laws, incentive programs, operating practices, fracturing regulations and environmental protection relating to the oil and natural gas industry;
- Transition risks as countries adopt policies and legislation to reduce GHG emissions;
- Supply chain risk on the ability to execute our development plan;
- Labour risk related to availability, productivity and retention of qualified personnel;
- Risk associated with the re-negotiation of NuVista's credit facility and the continued participation of NuVista's lenders;
- Financial risk such as volatility of the Cdn/US dollar exchange rate, interest rates and debt service obligations;
- Operational risk associated with the production of oil and natural gas;
- Operational risk associated with third party facility outages and downtime;
- Reserves risk with respect to the quantity and quality of recoverable reserves;
- Market risk relating to the availability of transportation systems to move the product to market;
- Our ability to satisfy obligations under our firm commitment transportation and processing arrangements; and
- Environmental and safety risk associated with well operations and production facilities.

NuVista seeks to mitigate these risks by:

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

Climate change risk

Widening concerns over climate change, fossil fuel consumption, greenhouse gas emissions, and water and land use could lead governments to enact additional laws, regulations and costs or taxes that may be applicable to NuVista. Changes to environmental regulations related to climate change could impact the demand for, development of, or quality of NuVista's petroleum products, or could require increased capital expenditures, operating expenses, asset retirement obligations and costs, which could result in increased costs which would reduce the profitability and competitiveness of NuVista if commodity prices do not rise commensurate with the increased costs. In addition, such regulatory changes could necessitate NuVista to develop or adapt new technologies, possibly requiring significant investments of capital. Where possible, NuVista has considered these factors in the preparation of the condensed consolidated interim financial statements.

Changing regulation

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

Information regarding risk factors associated with the business of NuVista and how NuVista seeks to mitigate these risks are contained in our Annual Information Form under the Risk Factors section for the year ended December 31, 2022.

GLOSSARY

The following tables summarize the measurements and abbreviations used in this document:

MEASUREMENTS			
Bbl	barrel	Mcf	thousand cubic feet
Bbls	barrels	Mcf/d	thousand cubic feet per day
Bbls/d	barrels per day	MMcf	million cubic feet
Boe	barrels of oil equivalent	MMcf/d	million cubic feet per day
Boe/d	barrels of oil equivalent per day	Bcf	billion cubic feet
NGLs	natural gas liquids	Bcf/d	billion cubic feet per day
GJ	gigajoule	MMBtu	million British Thermal Units

OTHER ABBREVIATIONS	
AECO	benchmark price for natural gas determined at the AECO 'C' hub in southeast Alberta
ARO	asset retirement obligation
ASRP	Alberta site rehabilitation program
AER	Alberta Energy Regulator
CDP	Climate Disclosure Project
Chicago	Chicago city-gate benchmark price for natural gas
CGU	cash-generating unit
DAWN	natural gas traded at Union Gas Dawn hub in Dawn Township, Ontario
DD&A	depreciation, depletion and amortization
DSU	director deferred share units
ESG	environment, social and governance
GAAP	generally accepted accounting principles
GCA	gas cost allowance
GHG	greenhouse gas
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
MALIN	natural gas traded at Malin, Oregon
NCIB	normal course issuer bid
NYMEX	New York Mercantile Exchange natural gas futures benchmark prices
PSA	performance share awards
PSU	performance share units
RSA	restricted share awards
SLL	sustainability-linked loan
SPR	Strategic Petroleum Reserve
SPT	sustainability performance targets
TSX	Toronto Stock Exchange
WCSB	Western Canadian Sedimentary Basin
WTI	West Texas Intermediate

ADVISORIES

Oil and Gas Measures

Unless otherwise noted, the financial data presented herein has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") also known as International Financial Reporting Standards ("IFRS"). The reporting and measurement currency is the Canadian dollar. Natural gas is converted to a barrel of oil equivalent ("Boe") using six thousand cubic feet of gas to one barrel of oil. In certain circumstances natural gas liquid volumes have been converted to a thousand cubic feet equivalent ("Mcfe") on the basis of one barrel of natural gas liquids to six thousand cubic feet of gas. Boes and Mcfes may be misleading, particularly if used in isolation. A conversion ratio of one barrel to six thousand cubic feet of natural gas is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion ratio on a 6:1 basis may be misleading as an indication of value. National Instrument 51-101 - "Standards of Disclosure for Oil and Gas Activities" includes condensate within the product type of natural gas liquids. NuVista has disclosed condensate values separate from natural gas liquids herein as NuVista believes it provides a more accurate description of NuVista's operations and results therefrom.

Forward-looking information and statements

This MD&A contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable securities laws. The use of any of the words "will", "expects", "believe", "plans", "potential" and similar expressions are intended to identify forward-looking statements. More particularly and without limitation, this MD&A contains forward looking statements, including management's assessment of: NuVista's future focus, strategy, plans, opportunities and operations; plans to maximize economic value and divide free adjusted funds flow between prudent reduction of debt and growth capital to fill existing facilities at an optimal rate; the quality of NuVista's asset base and economics therein; the ability to continue to execute NuVista's 2023 capital plan while returning free adjusted funds flow to shareholders and reducing net debt; the anticipated re-evaluation of the uses of free adjusted funds flow and anticipated outcomes therefrom; expectations with respect to achieving our sustainable net debt target of less than 1.0 times adjusted funds flow in the stress test price environment of US$45/Bbl WTI and US$2.00/MMBtu and anticipated timing thereof; 2023 capital expenditure guidance, plans and expected allocations; 2023 guidance with respect to production and production mix; the anticipated timing of release of our second quarter production guidance; the covenant based credit facility; that NuVista's credit facility and APSG program will continue to provide it with more than sufficient liquidity to continue to execute its capital plans to maximize value; the reinvestment of disposition proceeds at the NuVista Elmworth compressor station and the anticipated benefits thereof; NuVista's ability to meet the SPTs under the SLL; NuVista's ability to adjust its capital program, NCIB expenditures and net debt reduction in the context of commodity prices and net debt levels; expectations related to gas storage levels; the approval of the NCIB renewal and the Company's ability to make repurchases thereunder; ESG plans, targets and results from ESG initiatives; the timing of press of our 2022 ESG report; future commodity prices; expectations with respect to future liquidity; the Company's ability to achieve our goal of realizing a 20% GHG reduction by 2025; asset retirement obligations and the amount and timing of such expenditures and the source of funding thereof; plans to reduce net debt while achieving prudent production growth; anticipated reductions in net debt and net debt to adjusted funds flow ratio alongside significant production and adjusted funds flow growth in 2023; that NuVista will become cash taxable in 2023; the ability to reduce our unit operating, transportation, and interest expenses; the effect of NuVista's financial, commodity, and natural gas risk management strategy and market diversification; 2023 drilling and completion plans, timing and expected results; anticipated drilling and completions costs; expectations with respect to the structure set-up of global oil and gas supply and demand; and expectations with respect to the condensate price environment for 2023.

By their nature, forward-looking statements are based upon certain assumptions and are subject to numerous risks and uncertainties, some of which are beyond NuVista's control, including the impact of general economic conditions, the impact of ongoing global events including European tensions, impacts of higher inflation and interest rates, industry conditions, current and future commodity prices, currency and interest rates, anticipated production rates, expected natural decline rates, borrowing, operating and other costs and adjusted funds flow, the timing, allocation and amount of capital expenditures and the results therefrom, anticipated reserves and the *imprecision of reserve estimates, the performance of existing wells, the success obtained in drilling new wells, the sufficiency of budgeted capital expenditures in carrying out planned activities, access to infrastructure and markets, competition from other industry participants, availability of qualified personnel or services and drilling and related equipment, stock market volatility, effects of regulation by governmental agencies including changes in environmental regulations, tax laws and royalties; the ability to access sufficient capital from internal sources and bank and equity markets; and including, without limitation, those risks considered under "Risk Factors" in our Annual Information Form. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. NuVista's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements, or if any of them do so, what benefits NuVista will derive therefrom.*

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