CONSOLIDATED FINANCIAL STATEMENTS

As at, and for the years then ended:
December 31, 2023 and 2022

MANAGEMENT'S REPORT

The preparation of the accompanying consolidated financial statements is the responsibility of Management. The consolidated financial statements have been prepared by Management in accordance with IFRS Accounting Standards. Financial information contained throughout all other financial and operating data is consistent with these consolidated financial statements.

Management is responsible for the integrity and objectivity of the consolidated financial statements. Where necessary, the consolidated financial statements include estimates, which are based on Management's informed judgments.

Management has established systems of internal controls, which are designed to provide reasonable assurance those assets, are safeguarded from loss or unauthorized use and to produce reliable accounting records for the preparation of financial information.

Under the supervision of our Chief Executive Officer and our Chief Financial Officer, Management has conducted an evaluation of the effectiveness of internal controls over financial reporting. Management has concluded that as of December 31, 2023, internal controls over financial reporting were effective. Because of the inherent limitations, internal controls over financial reporting may not prevent or detect misstatements and even those systems determined to be effective can provide only reasonable assurance with respect to the financial statement preparation and presentation.

The Board of Directors is responsible for ensuring Management fulfils its responsibilities for financial reporting and internal controls. It exercises its responsibilities primarily through the Audit Committee, all of whose members are non-management directors. The Audit Committee has reviewed the consolidated financial statements with Management and the auditors and has reported to the Board of Directors which have approved the consolidated financial statements.

KPMG LLP are independent auditors appointed by NuVista's shareholders. The auditors have audited the consolidated financial statements in accordance with Canadian generally accepted auditing standards.

(signed) "Jonathan A. Wright"
President and Chief Executive Officer

(signed) "Ivan J. Condic"
Vice President, Finance and Chief Financial Officer

Calgary, Alberta
February 28, 2024

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of NuVista Energy Ltd.

Opinion

We have audited the consolidated financial statements of NuVista Energy Ltd. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2023 and December 31, 2022
- the consolidated statements of earnings and comprehensive income for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Assessment of the impact of estimated proved and proved plus probable oil and natural gas reserves on development and production assets.

Description of the matter

We draw attention to notes 2 and 3 to the financial statements. The Entity uses estimated proved and proved plus probable oil and natural gas reserves to deplete its development and production assets and to assess for indicators of impairment on each of the Entity's cash generating units ("CGU"). The Entity has $2.7 billion of PP&E as at December 31, 2023, including development and production assets.

The Entity depletes its net carrying value of development and production assets using the unit-of-production method by reference to the ratio of production in the period to the related proved and proved plus probable oil and natural gas reserves, taking into account estimated future development costs necessary to bring those reserves into production. Depletion expense on development and production assets was $225.8 million for the year ended December 31, 2023.

The estimate of proved and proved plus probable oil and natural gas reserves includes significant assumptions related to:

- Forecasted oil and natural gas prices
- Forecasted production volumes
- Forecasted operating costs
- Forecasted royalties
- Future development costs

The Entity engages independent third-party reserve evaluators to estimate the proved and proved plus probable oil and natural gas reserves and the related cash flows.

Why the matter is a key audit matter

We identified the assessment of the impact of estimated proved and proved plus probable oil and natural gas reserves on development and production assets as a key audit matter. Significant auditor judgment was required to evaluate the results of our audit procedures regarding the estimate of proved and proved plus probable oil and natural gas reserves.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter:

We assessed the depletion expense calculation for compliance with IFRS Accounting Standards.

With respect to the estimate of proved and proved plus probable oil and natural gas reserves:

- We evaluated the competence, capabilities and objectivity of the independent third-party reserve evaluators engaged by the Entity
- We compared forecasted oil and natural gas prices to those published by other independent third-party reserve evaluators
- We compared the 2023 actual production volumes, operating costs, royalties and development costs of the Entity to those estimates used in the prior year's estimate of proved oil and natural gas reserves to assess the Entity's ability to accurately forecast

- We evaluated the appropriateness of forecasted production volumes and forecasted operating costs, royalties and future development costs assumptions by comparing to 2023 historical results. We took into account changes in conditions and events affecting the Entity to assess the adjustments or lack of adjustments made by the Entity in arriving at the assumptions.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditor's report is Jasmeet Kang.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada
February 28, 2024

NUVISTA ENERGY LTD.
Consolidated Statements of Financial Position

($Cdn thousands)

As at December 31,	Note	2023	2022
ASSETS			
Current assets			
Cash and cash equivalents		$ —	$ 41,890
Accounts receivable and prepaid expenses		163,987	194,128
Inventory		20,705	9,613
Financial derivative assets	19	14,599	37,925
		199,291	283,556
Financial derivative assets	19	39,429	40,633
Other assets		9,500	—
Exploration and evaluation assets	5	27,754	18,307
Property, plant and equipment	6	2,677,754	2,380,205
Right-of-use assets	7	104,325	98,965
Total assets		$ 3,058,053	$ 2,821,666
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		$ 157,711	$ 185,129
Current portion of other liabilities	10,18	14,082	15,375
Current portion of lease liabilities	11	6,500	5,908
Current portion of asset retirement obligations	12	14,000	9,950
		192,293	216,362
Long-term debt	8	16,897	—
Senior unsecured notes	9	162,195	215,392
Other liabilities	10,18	17,358	1,540
Lease liabilities	11	119,461	110,822
Asset retirement obligations	12	74,114	81,731
Deferred tax liability	13	360,703	260,326
Total liabilities		943,021	886,173
SHAREHOLDERS' EQUITY			
Share capital	14	1,111,750	1,183,769
Contributed surplus		51,250	65,963
Retained earnings		952,032	685,761
Total shareholders' equity		2,115,032	1,935,493
Total liabilities and shareholders' equity		$ 3,058,053	$ 2,821,666
Commitments	22		

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board of Directors of NuVista Energy Ltd:

(signed) "Deborah Stein"
Chair of the Audit Committee and Director

(signed) "Pentti Karkkainen"
Chair of the Board of Directors and Director

NUVISTA ENERGY LTD.
Consolidated Statements of Earnings and Comprehensive Income

($Cdn thousands, except per share amounts)

Year ended December 31,	Note	2023	2022
Revenues			
Petroleum and natural gas sales	16	$ 1,398,097	$ 1,745,975
Royalties		(135,232)	(198,674)
Revenue from petroleum and natural gas sales		1,262,865	1,547,301
Realized gain (loss) on financial derivatives	19	11,573	(164,349)
Unrealized gain (loss) on financial derivatives	19	(24,530)	135,813
Other income		3,058	7,186
Total revenue, other income and gain (loss) on risk management contracts		1,252,966	1,525,951
Expenses			
Operating		324,196	292,568
Transportation		134,312	129,313
General and administrative		23,496	21,247
Share-based compensation	18	9,681	14,147
Financing costs	20	42,061	42,816
Depletion, depreciation and amortization	6,7	254,462	211,120
Exploration and evaluation	5	—	2,037
Gain on property dispositions	6	(11,475)	(1,688)
		776,733	711,560
Earnings before taxes		476,233	814,391
Deferred income tax expense	13	108,555	183,346
Net earnings and comprehensive income		$ 367,678	$ 631,045
Net earnings per share	15		
Basic		$ 1.70	$ 2.78
Diluted		$ 1.65	$ 2.67

See accompanying notes to the consolidated financial statements.

NUVISTA ENERGY LTD.
Consolidated Statements of Changes in Shareholders' Equity

($Cdn thousands)

Year ended December 31,	Note		2023		2022
Share capital	14,18				
Balance, January 1		$	1,183,769	$	1,228,275
Issued for cash on exercise of stock options			2,331		16,949
Contributed surplus transferred on exercise of stock options			1,842		7,466
Conversion of restricted share awards			2,388		1,405
Conversion of performance share awards			3,791		2,543
Repurchase of shares for cancellation			(82,371)		(72,869)
Balance, end of period		$	1,111,750	$	1,183,769
Contributed surplus					
Balance, January 1		$	65,963	$	68,337
Share-based compensation			12,226		8,032
Transfer to share capital on exercise of stock options			(1,842)		(7,466)
Conversion of restricted share awards			(2,388)		(1,405)
Conversion of performance share awards			(3,791)		(2,543)
Share-based compensation - tax withholdings settled in cash			(27,096)		(9,845)
Tax deduction on excess value of share awards			8,178		10,853
Balance, end of period		$	51,250	$	65,963
Retained earnings					
Balance, January 1		$	685,761	$	139,205
Repurchase of shares for cancellation			(101,407)		(84,489)
Net earnings			367,678		631,045
Balance, end of period		$	952,032	$	685,761
Total shareholders' equity		$	2,115,032	$	1,935,493

See accompanying notes to the consolidated financial statements.

NUVISTA ENERGY LTD.
Consolidated Statements of Cash Flows

($Cdn thousands)

Year ended December 31,	Note	2023	2022
Cash provided by (used in)			
Operating activities			
Net earnings		$ 367,678	$ 631,045
Items not requiring cash from operations:			
Other income	12	—	(7,118)
Depletion, depreciation and amortization	6,7	254,462	211,120
Exploration and evaluation	5	—	2,037
Gain on property dispositions	6	(11,475)	(1,688)
Share-based compensation	18	10,167	6,810
Unrealized (gain) loss on financial derivatives		24,530	(135,813)
Deferred income tax expense	13	108,555	183,346
Accretion	12	3,026	3,062
Asset retirement expenditures	12	(11,195)	(9,302)
Change in non-cash working capital	21	(24,406)	(38,683)
Cash provided by operating activities		721,342	844,816
Financing activities			
Issuance of share capital on exercise of stock options		2,331	16,949
Share-based compensation - tax withholdings settled with cash		(27,096)	(9,845)
Payment on lease liabilities		(5,868)	(5,300)
Repurchase of shares		(183,778)	(157,358)
Increase (decrease) of long-term debt		16,897	(196,055)
Repayment of senior unsecured notes		(54,132)	(9,226)
Other liabilities	10	20,000	—
Cash used in financing activities		(231,646)	(360,835)
Investing activities			
Property, plant and equipment expenditures	6	(509,829)	(416,171)
Exploration and evaluation expenditures	5	(7,369)	(3,305)
Other asset expenditures		(9,500)	—
Property acquisitions	6	(44,000)	—
Proceeds on property dispositions	6	26,000	—
Change in non-cash working capital	21	13,112	(22,615)
Cash used in investing activities		(531,586)	(442,091)
Change in cash and cash equivalents		(41,890)	41,890
Cash and cash equivalents, beginning of period		41,890	—
Cash and cash equivalents, end of period		$ —	$ 41,890
Cash interest paid		$ 24,746	$ 26,914

See accompanying notes to the consolidated financial statements.

1. Corporate information

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

NuVista's registered office and principal place of business is located at 2500, 525 – 8th Avenue S.W., Calgary, Alberta, Canada, T2P 1G1. NuVista's common shares are traded on the Toronto Stock Exchange ("TSX") under the symbol NVA.

2. Basis of preparation

Statement of compliance

These consolidated financial statements (the "financial statements") have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). A summary of NuVista's material accounting policies under IFRS are presented in Note 3, "Material accounting policies". These policies have been applied consistently for all periods presented in these financial statements.

These financial statements were approved and authorized for issuance by the Board of Directors on February 28, 2024.

Basis of measurement

These financial statements have been prepared on the historical cost basis, except for certain items that have been measured at fair value as detailed in the accounting policies disclosed in Note 3 "Significant Accounting Policies".

Functional and presentation currency

These financial statements are presented in Canadian dollars ("CDN"), which is the Company's functional currency. All tabular amounts are in thousands of CDN dollars, unless otherwise stated.

Reporting environment changes

The International Sustainability Standards Board (ISSB) recently released its initial sustainability standards, IFRS S1 and IFRS S2, focusing on general sustainability disclosure requirements and climate-related disclosure, respectively. While there has been overall support from various Canadian stakeholders for ISSB's initiatives, the Canadian disclosure framework is still in the early stages of development. Following a comprehensive examination of the Canadian standard-setting structure, the Canadian Sustainability Standards Board ("CSSB") was established in 2023 with the goal of collaborating with the ISSB to facilitate the adoption of ISSB standards in Canada.

In addition, the Canadian Securities Administrators (CSA) published Proposed National Instrument 51-107 – *Disclosure of Climate Related Matters* for public comment. This instrument aims to introduce climate-related disclosure requirements for reporting issuers in Canada, with limited exceptions. The comment period has since closed, and with the release of ISSB standards and the establishment of the CSSB, the CSA has expressed its intent to further assess international developments and collaborate with the CSSB to finalize National Instrument 51-107.

Failure to meet upcoming sustainability reporting obligations set by regulators or current and future expectations of investors, insurers, or other stakeholders could adversely affect NuVista. This may impact its business, its ability to attract and retain skilled employees, obtain necessary regulatory approvals, and raise capital. The cost to comply with these standards, and others that may be developed or evolve over time, has not yet been quantified.

NuVista has considered the evolving global demand for carbon-based energy, incorporating climate-related factors into key business planning and risk management processes. The uncertainties surrounding climate change may influence management's estimates, potentially impacting areas such as property, plant and equipment, exploration and evaluation assets, depletion, impairment, and impairment reversal, reserves estimates, decommissioning obligations, credit facilities, and share capital.

Use of management's judgments and 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, 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. The key sources of estimation uncertainty to the carrying value of assets and liabilities are discussed below:

i. Determination of cash generating units

Oil and natural gas assets are grouped into cash generating units ("CGUs") that have been identified as being the smallest identifiable group of assets that generate cash flows that are independent of cash flows of other assets or groups of assets. The determination of NuVista's CGUs is subject to management judgment and interpretations with respect to the geographical proximity, shared infrastructure, commodity composition, similar market exposure, and the way in which operations are managed.

ii. Impairment indicators

NuVista assesses its property, plant and equipment for impairment when internal or external indicators of impairment exist and impairment testing is required. If any indication of impairment exists, NuVista performs an impairment test on the CGU. The carrying amount of each CGU is compared to its recoverable amount, which is defined as the greater of its fair value less costs of disposal and value in use, and is subject to management's estimates. If in determining the recoverable amount of assets, in the absence of quoted market prices, impairment tests are based on estimates of reserves which are dependent upon variables including forecasted oil and natural gas prices, operating costs, royalties, production volumes, future development costs, discount rates and other relevant assumptions.

iii. Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation ("E&E") assets requires management to make certain judgments in determining whether it is likely that future economic benefits exist when activities have not generally reached a stage where technical feasibility and commercial viability can be reasonably determined.

iv. Reserve estimates

Proved and proved plus probable oil and natural gas reserves are used in the calculation of depletion, impairment and to assess for indicators of impairment on each of the NuVista's CGUs. Reserve estimates and their related cash flows are based on a number of significant assumptions, which include forecasted oil and natural gas prices, operating costs, royalties, production volumes and future development costs, all of which are subject to many uncertainties and interpretations. NuVista expects that, over time, its reserve estimates will be revised upward or downward based on updated information such as the results of future drilling, testing and production levels and changes in commodity prices.

Independent third-party reserve evaluators are engaged annually to estimate proved and proved plus probable oil and natural gas reserves and the related cash flows from NuVista's interest in oil and gas properties. This evaluation of proved and proved plus probable oil and natural gas reserves is prepared in accordance with the reserves definitions as set up by the Canadian Securities Administrators in National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* and the Canadian Oil and Gas Evaluation ("COGE") Handbook.

v. Asset retirement obligations

Asset retirement obligations are recognized for the future decommissioning and restoration of property, plant and equipment. These obligations are based on estimated costs, which take into account the anticipated method and extent of restoration and technological advances. Actual costs are uncertain and estimates can vary as a result of changes to relevant laws and regulations, the emergence of new technology, operating experience and prices. The expected timing of future decommissioning and restoration may change due to certain factors, including reserve life. The estimate for these obligations is also impacted by the risk-free rate and inflation rates used to calculate the present value of the asset retirement obligation.

vi. Depreciation, depletion, amortization

Property, plant and equipment is measured at cost less accumulated depreciation, depletion, amortization. Depletion of crude oil and natural gas assets is determined based on total proved plus probable reserves as well as future development costs as estimated by an independent qualified reserve evaluator.

vii. Lease arrangements

Management applies judgment in reviewing each of its contractual arrangements to determine whether the arrangement contains a lease. Leases that are recognized are subject to further management judgment and estimation in various areas specific to the arrangement, including lease term and discount rate.

3. Material accounting policies

Revenue recognition

NuVista's petroleum and natural gas revenue from the sale of natural gas, condensate and natural gas liquids ("NGLs") are based on the consideration specified in contracts with customers. NuVista recognizes revenue when it transfers control of the product to the customer. This is generally at the point in time when the customer obtains legal title to the product which is when it is physically transferred to the pipeline or other transportation method agreed upon and collection is reasonably assured. The amount of revenue recognized is based on the consideration specified in the contract.

NuVista evaluates its arrangements with third parties and partners to determine if NuVista is acting as the principal or as an agent. NuVista is considered the principal in a transaction when it has primary responsibility for the transaction. If NuVista acts in the capacity of an agent rather than as a principal in a transaction, then the revenue is recognized on a net basis, only reflecting the fee, if any, realized by NuVista from the transaction. As a result of various marketing arrangements, NuVista will give up title to their commodity to a third party marketing company who will deliver the product to the end customer using NuVista's pipeline capacity. This revenue is shown separate as transportation revenue.

The transaction price for variable price contracts is based on a representative commodity price index, and may be adjusted for quality, location, delivery method, or other factors depending on the agreed upon terms of the contract. The amount of revenue recorded can vary depending on the grade, quality and quantities of natural gas, condensate or NGLs transferred to customers. Market conditions, which impact NuVista's ability to negotiate certain components of the transaction price, can also cause the amount of revenue recorded to fluctuate from period to period. Tariffs, tolls and fees charged to other entities for use of pipelines and facilities owned by NuVista are evaluated by management to determine if these originate from contracts with customers or from incidental or collaborative arrangements. Tariffs, tolls and fees charged to other entities that are from contracts with customers are recognized in revenue when the related services are provided.

Jointly controlled operations

A portion of exploration, development and production activities are conducted jointly with others and, accordingly, NuVista only reflects its proportionate interest of the assets, liabilities, revenues, expenses and cash flows. NuVista does not have any joint arrangements that are structured through a separate vehicle.

Exploration and evaluation assets ("E&E")

Exploration and evaluation expenditures are initially capitalized within "exploration and evaluation assets". E&E expenditures may include the costs of acquiring licenses, technical services and studies, seismic acquisition, exploration drilling and testing costs, directly attributable general and administrative costs, and the cost of acquiring undeveloped land with no booked reserves. Costs incurred prior to having obtained the legal right to explore an area are charged to net earnings as exploration and evaluation expenditures in the period in which they are incurred.

E&E assets are not depreciated. These costs are accumulated and are carried forward until technical feasibility and commercial viability of the area is determined or the assets are determined to be impaired. Technical feasibility and commercial viability are met when NuVista has determined that an E&E asset will be developed, as evidenced by the classification of proved or probable reserves and the appropriate internal and external approvals.

E&E assets are assessed for impairment if: (i) sufficient data exists to determine technical feasibility and commercial viability; and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset is defined as the higher of fair value less costs to sell and value in use.

If proved and/or probable reserves have been discovered, E&E assets are first tested for impairment prior to the reclassification to property, plant and equipment. The carrying value, after any impairment loss, of the relevant E&E assets and associated undeveloped land is then reclassified as development and production assets within property, plant and equipment.

Any impairment loss on E&E assets, unsuccessful E&E costs and the cost of undeveloped land that has expired are charged to net earnings as exploration and evaluation expense.

Development and production assets

Items of property, plant and equipment which include oil and natural gas development and production assets and corporate assets are measured at cost less accumulated depletion, depreciation, amortization and impairment (reversal). Development and production assets are accumulated on an area-by-area basis and represent the cost of developing the commercial reserves discovered and bringing them into production, together with the E&E expenditures incurred in finding commercial reserves transferred from E&E assets as outlined above.

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property, plant and equipment are recognized as oil and natural gas assets only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in net earnings as incurred. Such capitalized oil and natural gas assets generally represent costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such reserves. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in net earnings as incurred.

An impairment test is performed when events and circumstances arise, at each reporting date, that indicate that the carrying value of a development and production asset may exceed its recoverable amount. The carrying value is compared against the expected recoverable amount of the asset, defined as the greater of fair value less costs to sell and its value in use. Fair value less costs to sell is determined as the amount that would be obtained for the sale of a CGU in an arm's length transaction between knowledgeable and willing parties. Fair value less costs to sell may be determined by using discounted future net cash flows of proved and proved plus probable reserves using forecast prices and costs including expansion prospects and its eventual disposal, using assumptions that an independent market participant may take into account. Value in use is determined by estimating the present value of the future net cash flows expected to be derived from the continued use of the asset. If any indications of impairment exist, NuVista performs an impairment test related to the assets. Individual assets or areas are grouped for impairment assessment purposes into CGU's.

Where the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and is written down to its recoverable amount. The impairment loss is recorded within depletion, depreciation, amortization and impairment expense in net earnings. Impairments are reversed when events or circumstances give rise to changes in the estimate of the recoverable amount since the period the impairment was recorded. An impairment loss is reversed only to the extent that the CGU's carrying amount does not exceed the carrying amount that would have been determined, net of depletion, if no impairment loss had been recognized.

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

The costs of development and production assets are depleted using the unit-of-production method by reference to the ratio of production in the period to the related proved and proved plus probable reserves, taking into account estimated future development costs necessary to bring those reserves into production and the estimated salvage value of the assets at the end of their useful lives. Future development costs are estimated by taking into account the level of development required to produce the reserves. These estimates are evaluated by independent third-party reserve evaluators at least annually.

Other property, plant and equipment are stated at cost less accumulated depreciation, amortization and any impairment in value. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) and depreciated over their useful lives.

Costs associated with workovers are depreciated over two years and plant turnarounds and overhauls are depreciated over five years. Corporate assets are depreciated on a straight-line basis over the useful life of the related assets. Right-of-use assets are depreciated on a straight-line basis over the economic life of the contract. The assets' useful lives and residual values are assessed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

Asset retirement obligations

NuVista recognizes a liability in the period in which it has a present and legal or constructive liability and a reasonable estimate of the amount can be made. On a periodic basis, NuVista reviews these estimates and changes, if any, are applied prospectively. An obligation is recognized for the estimated cost of abandonment and site restoration, by discounting expected future cash flows required to settle the obligation using a risk free rate, with a corresponding amount capitalized as asset retirement costs in property, plant and equipment.

These asset retirement costs are subsequently depleted on a unit-of-production basis over the life of the proved and probable reserves. The obligation is adjusted each reporting period to reflect the passage of time and changes to the estimated future cash flows underlying the obligation. The increase in the obligation due to the passage of time is recognized as accretion expense and changes in the estimated future cash flows are capitalized. Actual costs incurred upon settlement of the obligations are charged against the liability.

Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Leases are recognized as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by NuVista. A lease liability is recognized at the commencement of the lease term at the present value of the lease payments that are not paid at that date, discounted at NuVista's incremental borrowing rate where the rate implicit in the lease is not readily determinable. Each lease payment is allocated between the liability and lease interest expense. The lease interest expense is charged net earnings over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. A corresponding right-of-use asset is recognized at the amount of the lease liability. The right-of-use asset is depreciated on a straight line basis over the term of the lease.

Lease payments on short-term leases with lease terms of less than twelve months or leases on which the underlying asset is of low value are accounted for as expenses in net earnings on a straight-line basis over the lease term.

Financial instruments

Non-derivative financial instruments

The measurement categories for each class of NuVista's financial assets and financial liabilities is as follows:

Financial Instrument	Measurement Category
Cash and cash equivalents	Amortized cost
Accounts receivable and prepaid expenses	Amortized cost
Derivative assets and liabilities	Fair value through profit and loss
Other receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Lease liability	Amortized cost
Other liabilities	Amortized cost
Long-term debt	Amortized cost
Senior unsecured notes	Amortized cost

Derivative financial instruments

NuVista has entered into certain financial derivative contracts in order to manage the exposure to market risks from fluctuations in commodity prices. These instruments are not used for trading or speculative purposes. NuVista has not designated its financial derivative contracts as effective accounting hedges, and has not applied hedge accounting, even though the Company considers all commodity contracts to be economic hedges. As a result, all financial derivative contracts are classified as fair value through net earnings and are recorded on the consolidated statements of financial position at fair value. Transaction costs are recognized in net earnings when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in net earnings.

NuVista has accounted for its forward physical delivery sales contracts, which were entered into and continue to be held for the purpose of receipt or delivery of non-financial items, in accordance with its expected purchase, sale or usage requirements as executory contracts. As such, these contracts are not considered to be derivative financial instruments and have not been recorded at fair value on the statement of financial position. Realized gains or losses from natural gas and oil commodity physical delivery sales contracts are recognized in petroleum and natural gas revenue as the contracts are settled.

Income taxes

Income tax expense represents the sum of the tax currently payable and the deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax expense is recognized in the statement of earnings except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

4. Future accounting pronouncements

Various amendments to existing standards and new accounting requirements have been released that are effective for reporting periods beginning on or after January 1, 2024. The Company does not anticipate the new requirements to have a significant impact on its financial statements.

5. Exploration and evaluation assets

	Note	2023	2022
Cost			
Balance, January 1		$ 18,307	$ 18,135
Additions		7,369	3,305
Acquisitions [1]		6,840	1,280
Transfers to property, plant and equipment	6	(4,762)	(2,376)
Expiries (exploration and evaluation expense)		—	(2,037)
Balance, end of period		$ 27,754	$ 18,307

[1] 2022 includes a non-cash land swap included in acquisitions.

6. Property, plant and equipment

	Note		2023		2022
Cost					
Balance, January 1		$	3,914,710	$	3,509,731
Additions (1)			509,829		416,171
Acquisitions			45,160		—
Dispositions			(44,288)		—
Capitalized share-based compensation	18		2,059		1,222
Change in asset retirement obligations	12		4,602		(14,790)
Transfers from exploration and evaluation assets	5		4,762		2,376
Balance, end of period		$	4,436,834	$	3,914,710

(1) Included within additions for the year ended December 31, 2023, is $16.9 million of power generation expenditures (2022 - $ nil).

		2023		2022
Accumulated depletion, depreciation and amortization				
Balance, January 1	$	1,534,505	$	1,332,352
Depletion, depreciation and amortization (“DD&A”)		244,723		202,153
Dispositions		(20,148)		—
Balance, end of period	$	1,759,080	$	1,534,505

		2023		2022
Carrying value				
Balance, January 1	$	2,380,205	$	2,177,379
Balance, end of period	$	2,677,754	$	2,380,205

DD&A on property, plant and equipment was $244.7 million for the year ended December 31, 2023 (2022 - $202.2 million). Included in DD&A for the year ended December 31, 2023 is depletion of $225.8 million and depreciation and amortization of $18.9 million (2022 - $183.5 million and $18.7 million, respectively). Future development costs of $2.7 billion were included in the determination of DD&A for the year ended December 31, 2023 (2022 - $2.3 billion).

At December 31, 2023 and at December 31, 2022, there were no indicators of impairment identified in any of NuVista’s CGUs within property, plant & equipment and an impairment test was not performed.

During the year ended December 31, 2023 NuVista completed certain transactions that were accounted for as asset purchases and dispositions. Specifically, NuVista acquired certain property, plant, and equipment of $45.2 million and exploration and evaluation assets of $6.8 million, for total cash and non-cash consideration of $52.0 million. During the year ended December 31, 2023, NuVista received total cash and non-cash consideration of $34.0 million for the disposition of certain non-core assets, resulting in a gain on sale of property, plant and equipment of $11.5 million.

7. Right-of-use assets

		Office Leases		Gas Gathering Lease		Gas Processing Lease		2023 Total		2022 Total
Cost										
Balance, January 1	$	5,481	$	36,921	$	86,356	**$**	**128,758**	$	128,758
Additions		4,216		—		10,883		**15,099**		—
Balance, end of period	$	9,697	$	36,921	$	97,239	**$**	**143,857**	$	128,758
Accumulated depreciation										
Balance, January 1	$	3,170	$	8,027	$	18,596	**$**	**29,793**	$	20,826
Depreciation		855		2,408		6,476		**9,739**		8,967
Balance, end of period	$	4,025	$	10,435	$	25,072	**$**	**39,532**	$	29,793
Carrying amount										
Balance, January 1	$	2,311	$	28,894	$	67,760	**$**	**98,965**	$	107,932
Balance, end of period	**$**	**5,672**	**$**	**26,486**	**$**	**72,167**	**$**	**104,325**	$	98,965

8. Long-term debt

Covenant based credit facility

Effective May 9, 2023, NuVista renegotiated its extendible revolving term credit facility with its existing banking syndicate, transitioning to a covenant-based credit facility. Under the new credit agreement, NuVista has in place a $450 million covenant-based credit facility (December 31, 2022 - $440 million extendable revolving term credit facility), which incorporates its existing sustainability-linked performance features. The agreement includes an accordion feature, allowing NuVista to increase the credit facility by $300 million at any time during the term, with the approval of existing or additional lenders.

The credit facility has a tenor of three years, maturing on May 9, 2026, and is secured by a demand debenture. Borrowings under the credit facility may be made through prime loans and bankers' acceptances. These advances bear interest at the bank's prime rate and/or at money market rates plus a borrowing margin. For the year ended December 31, 2023, borrowing costs averaged 7.6% (December 31, 2022 - 5.3%).

Under the terms of the credit facility, NuVista has provided the following financial covenants (collectively, the "financial covenants") that at the end of each financial quarter:

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

where EBITDA is defined as net income before unrealized gains and losses on financial derivatives, plus interest, taxes and depreciation, depletion and amortization, and where EBITDA and interest expense 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. Interest Coverage Ratio is defined as EBITDA to Interest expense for the 12-months ending at the end of each reporting period.

At December 31, 2023, the NuVista was in compliance with its financial covenants, the details of which are as follows:

Financial Covenant	Reported	Threshold	Compliance
Senior debt to EBITDA ratio	**0.02:1**	Not exceed 3.0:1	Met
Total debt to EBITDA ratio	**0.25:1**	Not exceed 3.5:1	Met
EBITDA to interest expense ratio	**19.88:1**	Not be less than 3.5:1	Met

NuVista's credit facility is structured as a sustainability-linked loan ("SLL"), allowing the Company to link its performance on key sustainability themes directly to borrowing costs. The borrowing rates and standby fees can increase or decrease based on established annual sustainability performance targets ("SPTs") related to:

- A reduction of Scope 1 & 2 Greenhouse Gas ("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 December 31, 2023, NuVista had $16.9 million drawn on its credit facility (December 31, 2022 – nil) and outstanding letters of credit of $11.5 million (December 31, 2022 - $7.2 million), which reduce the credit available on the credit facility.

NuVista also has in place a $30 million unsecured letter of credit facility under Export Development Canada's ("EDC") Account Performance Security Guarantee ("APSG") program. At December 31, 2023, NuVista had outstanding letters of credit associated with the APSG totaling $8.0 million (December 31, 2022 - $22.8 million), leaving $22.0 million of credit available on the letter of credit facility.

9. Senior unsecured notes

On July 23, 2021, NuVista issued $230.0 million aggregate principal amount of 7.875% senior unsecured notes due July 23, 2026 ("2026 Notes"). The 2026 Notes were issued at $989.89 expressed as a price per $1,000.00 principal amount. Interest is payable semi-annually in arrears. The 2026 Notes are fully and unconditionally guaranteed as to the payment of principal and interest on a senior unsecured basis by the Company. NuVista is not subject to any financial covenants under the terms of the 2026 Notes.

The 2026 Notes were non-callable by NuVista prior to July 23, 2023. On or after July 23, 2023, NuVista 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 NuVista 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 year ended December 31, 2023, NuVista redeemed a total of $55.2 million (December 31, 2022 - $9.4 million) in aggregate principal of its 2026 Notes through open market repurchases at a weighted average price of $102.85, plus accrued and unpaid interest. The difference of between the redemption price and the carrying value was recognized as an early redemption expense within financing costs in the consolidated statements of earnings and comprehensive income.

10. Other liabilities

During the year ended December 31, 2023, NuVista together with its joint venture partners completed the construction of a cogeneration unit at the Wembley Gas Plant, which it operates. For its majority working interest, NuVista partnered with five Indigenous Nations, who invested $20 million in support of this emissions reduction project. In return, the five Indigenous Nations are entitled to defined contractual cash flows, as a result NuVista has recognized a liability of $20 million within other liabilities.

11. Lease liabilities

NuVista has the following future commitments associated with its lease obligations relating to office leases, gas gathering, and gas processing commitments:

		2023		2022
Balance, January 1	**$**	**116,730**	$	122,030
Additions		**15,099**		—
Lease interest expense		**14,079**		12,763
Payment of leases		**(19,947)**		(18,063)
Balance, end of period	**$**	**125,961**	$	116,730
Current portion of lease liabilities	**$**	**6,500**	$	5,908
Non-current portion of lease liabilities	**$**	**119,461**	$	110,822

The following table details the undiscounted cash outflows and contractual maturities relating to NuVista's lease liabilities:

		2023		2022
Less than 1 year	**$**	**20,643**	$	18,113
1-3 years		**62,508**		52,550
4-5 years		**41,710**		34,634
After 5 years		**94,404**		100,217
Total undiscounted future lease payments	**$**	**219,265**	$	205,514
Amounts representing lease interest expense over the term of the lease		**(93,304)**		(88,784)
Present value of net lease payments	**$**	**125,961**	$	116,730

12. Asset retirement obligations

NuVista's asset retirement obligations are based on estimated costs to reclaim and abandon ownership interests in condensate and natural gas assets including well sites, gathering systems and processing facilities. At December 31, 2023, the estimated total undiscounted, uninflated amount of cash flows required to settle the asset retirement obligations was $118.0 million (December 31, 2022 – $110.7 million), of which 32% is estimated to be incurred within the next 10 years. The Government of Canada benchmark long-term risk-free bond rate of 3.0% (December 31, 2022 – 3.3%) and an inflation rate of 1.6% (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 of 3.0% (December 31, 2022 - 3.3%) and the real rate of interest of 1.4% (December 31, 2022 - 1.2%).

The following table reconciles NuVista's provision for asset retirement obligations:

		2023		2022
Balance, January 1	$	**91,681**	$	120,237
Accretion expense		**3,026**		3,062
Liabilities incurred		**4,579**		5,126
Liabilities disposed		**—**		(408)
Change in estimates		**2,575**		2,756
Change in discount rate		**(2,552)**		(22,672)
Liabilities settled (cash)		**(11,195)**		(9,302)
Liabilities settled (non-cash) [1]		**—**		(7,118)
Balance, end of period	$	**88,114**	$	91,681
Expected to be incurred within one year	$	**14,000**	$	9,950
Expected to be incurred beyond one year	$	**74,114**	$	81,731

[1] Liabilities settled (non-cash) of nil (2022 - $7.1 million) were funded by payments made directly to NuVista's service providers from the Alberta Site Rehabilitation program ("SRP") with respect to approved abandonment and reclamation expenditures. These amounts have been recorded as "Other Income".

13. Deferred income taxes

The tax provision differs from the amount computed by applying the combined Canadian federal and provincial statutory income tax rates to income before deferred income tax expense (benefit) as follows:

		2023		2022
Income before tax	$	**476,233**	$	814,391
Expected tax rate [1]		**23.00%**		23.00%
Expected income tax expense		**109,534**		187,310
Non-deductible expenses		**(133)**		430
Non-deductible share-based expense		**(1,957)**		(3,091)
Other		**1,111**		(1,303)
Deferred income tax expense	$	**108,555**	$	183,346

[1] The statutory rate consists of the combined statutory rates for NuVista for the years ended December 31, 2023 and 2022.

The significant components of the net deferred income tax liability are as follows:

	2023	2022
Deferred tax liability		
Oil and natural gas properties	**$ 429,859**	$ 324,558
Financial derivative contracts	**12,426**	18,068
Senior unsecured notes	**351**	593
	442,636	343,219
Deferred tax assets		
Asset retirement obligations	**(49,237)**	(47,935)
Share issue costs	**(593)**	(1,423)
Non-capital losses	**(14,153)**	(15,483)
Other	**(17,950)**	(18,052)
	(81,933)	(82,893)
Net deferred tax liability	**$ 360,703**	$ 260,326

A continuity of the net deferred tax liability is detailed in the following tables:

Assets (liability)	Balance January 1, 2023	Recognized in profit or loss	Recognized in equity	**Balance December 31, 2023**
Oil and natural gas properties	$ (324,558)	$ (105,301)	$ —	**$ (429,859)**
Asset retirement obligations	47,935	1,302	—	**49,237**
Share issue costs	1,423	(830)	—	**593**
Senior unsecured notes	(593)	242	—	**(351)**
Financial derivative contracts	(18,068)	5,642	—	**(12,426)**
Non-capital losses	15,483	(1,330)	—	**14,153**
Other	18,052	(8,280)	8,178	**17,950**
Total	$ (260,326)	$ (108,555)	$ 8,178	**$ (360,703)**

Asset (liability)	Balance January 1, 2022	Recognized in profit or loss	Recognized in equity	Balance December 31, 2022
Oil and natural gas properties	$ (293,906)	$ (30,652)	$ —	$ (324,558)
Asset retirement obligations	55,721	(7,786)	—	47,935
Share issue costs	2,723	(1,300)	—	1,423
Senior unsecured notes	(438)	(155)	—	(593)
Financial derivative contracts	13,169	(31,237)	—	(18,068)
Non-capital losses	123,856	(108,373)	—	15,483
Other	11,042	(3,843)	10,853	18,052
Total	$ (87,833)	$ (183,346)	$ 10,853	$ (260,326)

A summary of the Company's estimated tax pools is as follows:

	2023	2022
Canadian exploration expense	$ 7,000	$ 158,000
Canadian development expense	539,000	463,000
Canadian oil and natural gas property expense	189,000	277,000
Undepreciated capital cost	176,000	177,000
Non-capital losses	58,000	67,000
Other	23,000	17,000
Total federal tax pools	$ 992,000	$ 1,159,000
Additional:		
Alberta tax pools	$ 14,000	$ 14,000
Incentive tax credits	$ 3,000	$ 2,000

14. Share capital

Common shares

	2023		2022	
	Number	Amount	Number	Amount
Balance, January 1	219,346,357	$ 1,183,769	227,578,334	$ 1,228,275
Issued for cash on exercise of stock options	—	2,331	—	16,949
Contributed surplus transferred on exercise of stock options	952,699	1,842	3,403,318	7,466
Conversion of restricted share awards	338,342	2,388	1,188,970	1,405
Conversion of performance share awards	2,246,360	3,791	658,335	2,543
Repurchase of shares for cancellation	(15,299,561)	(82,371)	(13,482,600)	(72,869)
Balance, end of period	207,584,197	$ 1,111,750	219,346,357	$ 1,183,769

On June 9, 2022, NuVista announced the approval of its normal course issuer bid ("2022 NCIB"). The 2022 NCIB allowed NuVista to purchase up to 18,190,261 of its outstanding common shares over a 12-month period, commencing June 14, 2022. The 2022 NCIB was completed on June 12, 2023. On June 14, 2023, NuVista announced the renewal of its NCIB ("2023 NCIB"), which allows the Company to purchase up to 16,793,779 of its outstanding common shares over a 12-month period, commencing on June 16, 2023.

For the year ended December 31, 2023, NuVista repurchased and subsequently cancelled 15,299,561 common shares under its NCIB programs, at a weighted average price of $12.01 per share for a total cost of $183.8 million. The total cost of $183.8 million exceeded the average carrying value of the shares repurchased of $82.4 million, with the difference of $101.4 recorded in retained earnings.

Subsequent to December 31, 2023, NuVista repurchased and subsequently cancelled 948,200 common shares at a weighted average price of $10.75/share for a total cost of $10.2 million.

15. Earnings per share

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

(thousands of shares)	2023	2022
Weighted average common shares outstanding		
Basic	**216,144**	226,733
Diluted	**222,359**	236,094

16. Petroleum and natural gas revenues

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

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

	2023	2022
Natural gas revenue [1]	**$ 422,818**	$ 646,653
Condensate revenue	**899,319**	975,839
NGL revenue [2]	**75,960**	123,483
Total petroleum and natural gas revenue	**$ 1,398,097**	$ 1,745,975

[1] Natural gas revenue includes price risk management gains and losses on physical delivery sale contracts. For the year ended December 31, 2023, physical delivery sales contracts resulted in a gain $9.4 million (2022 – loss of $19.1 million).
[2] Includes butane, propane, ethane and sulphur revenue.

Under its contracts with customers, NuVista is required to deliver volumes of natural gas, condensate and NGLs to agreed upon locations where control over the delivered volumes is transferred to the customer. In instances where the third-party marketer takes title of NuVista’s product but uses NuVista's pipeline contract to deliver the product to the end customer, a portion of the natural gas revenue is recognized as natural gas transportation revenue. For the year ended December 31, 2023, transportation revenue related to these contracts was $37.5 million (December 31, 2022 - $37.3 million).

Included in the accounts receivable at December 31, 2023 is $103.5 million (December 31, 2022 - $141.8 million) of accrued petroleum and natural gas revenue related to deliveries for periods prior to the reporting date. There were no significant adjustments for prior period accrued petroleum and natural gas revenue reflected in the current period.

17. Capital management

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

NuVista has a long-term sustainable net debt target of less than 1.0 times adjusted funds flow annualized for the current quarter in the stress test price environment of US$ 45/Bbl WTI and US$ 2.00/MMBtu NYMEX natural gas. The actual ratio may fluctuate on a quarterly basis above or below targeted levels due to a number of factors including facility outages, commodity prices, capital expenditures, and the timing of acquisitions and dispositions. At December 31, 2023, NuVista's net debt was 0.2 times its annualized fourth quarter adjusted funds flow (December 31, 2022 - 0.2 times). The net debt to annualized current quarter adjusted funds flow ratio represents the time period in years it would take to reduce net debt to nil if no further capital expenditures were incurred and if adjusted funds flow remained consistent.

To facilitate the management of this ratio, NuVista prepares annual adjusted funds flow and capital expenditure forecasts, which are updated as necessary, and are routinely reviewed and approved by the Board of Directors. The Company manages its capital structure and makes adjustments by continually monitoring its business conditions including: the current economic conditions, the risk characteristics of NuVista's natural gas and condensate assets, the depth of its investment opportunities, current and forecast net debt levels, current and forecast commodity prices, and other factors that influence commodity prices and adjusted funds flow such as quality and basis differentials, royalties, operating costs and transportation costs.

Adjusted funds flow

NuVista considers adjusted funds flow to be a key measure that provides a more complete understanding of the Company's ability to generate cash flow necessary to finance capital expenditures, expenditures on asset retirement obligations, and meet its financial obligations. NuVista has calculated adjusted funds flow based on cash flow provided by operating activities, excluding changes in non-cash working capital and asset retirement expenditures, as management believes the timing of collection, payment, and occurrence is variable and by excluding them from the calculation, management is able to provide a more meaningful performance measure of NuVista's operations on a continuing basis. More specifically, expenditures on asset retirement obligations may vary from period to period depending on the Company's capital programs and the maturity of its operating areas, while environmental remediation recovery relates to an incident that management doesn't expect to occur on a regular basis. The settlement of asset retirement obligations is managed through NuVista's capital budgeting process which considers its available adjusted funds flow.

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

	2023	2022
Cash provided by operating activities	**$ 721,342**	$ 844,816
Asset retirement expenditures	**11,195**	9,302
Change in non-cash working capital	**24,406**	38,683
Adjusted funds flow [1]	**$ 756,943**	$ 892,801

[1] Adjusted funds flow as presented does not have any standardized meaning prescribed by IFRS Accounting Standards and therefore it may not be comparable with the calculation of similar measures of other entities. Management considers adjusted funds flow to be a capital management measure.

Net debt and total capitalization

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

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

		2023		2022
Basic common shares outstanding (thousands of shares)		**207,584**		219,346
Share price[1]	**$**	**11.04**	$	12.48
Total market capitalization	**$**	**2,291,727**	$	2,737,438
Cash and cash equivalents	**$**	**—**	$	(41,890)
Accounts receivable and prepaid expenses		**(163,987)**		(194,128)
Inventory		**(20,705)**		(9,613)
Accounts payable and accrued liabilities		**157,711**		185,129
Current portion of other liabilities		**14,082**		15,375
Long-term debt (credit facility)		**16,897**		—
Senior unsecured notes		**162,195**		215,392
Other liabilities		**17,358**		1,540
Net debt [2]	**$**	**183,551**	$	171,805
Annualized current quarter adjusted funds flow	**$**	**807,948**	$	1,027,932
Net debt to annualized current quarter adjusted funds flow		**0.2**		0.2
Adjusted funds flow	**$**	**756,943**	$	892,801
Net debt to 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) Net debt as presented does not have any standardized meaning prescribed by IFRS Accounting Standards and therefore it may not be comparable with the calculation of similar measures of other entities. Management considers net debt to be a capital management measure.

18. Share-based compensation

Stock options

NuVista has established a Stock Option plan whereby officers and employees may be granted options to purchase common shares. Options granted vest at the rate of one-third per year and expire 2.5 years after the vesting date. The maximum number of stock options currently outstanding and available to be issued as at December 31, 2023 is 3,995,676.

The following continuity table summarizes the stock option activity:

	2023			2022		
	Number of options		**Weighted average exercise price**	Number of options		Weighted average exercise price
Balance, January 1	**4,050,019**	**$**	**3.84**	6,972,487	$	3.78
Granted	**519,001**		**12.09**	487,270		12.74
Exercised - issuance of shares from treasury	**(952,699)**		**3.32**	(3,403,318)		4.98
Exercised - cash withholding tax	**(189,914)**		**3.32**	—		—
Forfeited	**(3,253)**		**12.28**	(5,820)		11.76
Expired	**(7,994)**		**1.01**	(600)		3.92
Balance, end of period	**3,415,160**	**$**	**5.27**	4,050,019	$	3.84

For the year ended December 31, 2023, NuVista withheld 189,914 shares with respect to minimum statutory withholding tax obligations which were settled from its cash reserves (December 31, 2022 - nil shares). Total withholding tax paid in cash for the year ended December 31, 2023 was $1.0 million (December 31, 2022 - nil).

The following table summarizes stock options outstanding and exercisable at December 31, 2023:

	Options outstanding				Options exercisable		
Range of exercise price	Number of options outstanding	Weighted average remaining contractual life		Weighted average exercise price	Number of options exercisable		Weighted average exercise price
$0.79 to $1.99	1,122,808	1.6	$	0.83	1,122,808	$	0.83
$2.00 to $3.99	977,624	1.5		2.74	754,808		2.77
$4.00 to $5.99	103,887	0.5		4.49	100,543		4.47
$6.00 to $7.99	219,845	2.3		7.28	137,593		7.28
$10.00 to $11.99	460,742	3.3		11.42	74,504		11.76
$12.00 to $13.99	530,254	3.9		13.29	84,197		13.77
$0.79 to $13.99	**3,415,160**	**2.2**	**$**	**5.27**	**2,274,453**	**$**	**2.86**

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

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

	2023	2022
Risk-free interest rate (%)	**3.70**	3.11
Expected volatility (%)	**54**	53
Expected life (years)	**4.5**	4.5
Forfeiture rate (%)	**9.16**	9
Fair value at grant date ($ per option)	**5.76**	5.93

Share award incentive plan

NuVista has a Share Award Incentive Plan for officers, directors and employees consisting of Restricted Share Awards (“RSA”) and Performance Share Awards (“PSA”). The maximum number of common shares reserved for issuance under the Share Award Incentive Plan is 14,350,000 of which 5,112,713 remain to be issued.

Restricted share awards

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

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

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

	2023	2022
Balance, January 1	**845,204**	2,308,555
Settled - issuance of shares from treasury	**(338,342)**	(1,188,970)
Settled - cash withholding tax	**(272,237)**	(496,477)
Granted	**259,302**	240,145
Forfeited	**(5,535)**	(18,049)
Balance, end of period	**488,392**	845,204

For the year ended December 31, 2023, NuVista withheld 272,237 shares with respect to minimum statutory withholding tax obligations which was settled from its cash reserves (December 31, 2022 - 496,477 shares). Total withholding tax paid in cash for the year ended December 31, 2023 was $3.2 million (December 31, 2022 - $6.6 million).

Performance share awards

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

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

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

	2023	2022
Balance, January 1	**4,307,296**	4,644,674
Settled - issuance of shares from treasury	**(2,246,360)**	(658,335)
Settled - cash withholding tax	**(1,953,716)**	(249,078)
Granted	**452,434**	407,049
Forfeited	**(73,094)**	(157,401)
Performance adjustment [(1)]	**1,268,812**	320,387
Balance, end of period	**1,755,372**	4,307,296

[(1)] Awards granted on the vest date due to a performance factor increase to 1.48x for the year ended December 31, 2023. (December 31, 2022 - 1.23x)

For the year ended December 31, 2023, the Company withheld 1,953,716 shares (December 31, 2022 - 249,078 shares) with respect to minimum statutory withholding tax obligations which the Company settled from its cash reserves. Total withholding tax paid in cash for the year ended December 31, 2023 was $22.9 million (December 31, 2022 - $3.3 million).

Cash award incentive plan

The Company has a Cash Award Incentive Plan consisting of Director Deferred Share Units (“DSU”) for non-management directors, Restricted Stock Units (“RSU”) for non-management directors, officers, and employees, and Performance Share Units (“PSU”) for officers and employees.

Director deferred share units

The Company’s DSU plan provides compensation to non-management directors. Each DSU entitles the holder to receive cash equal to the trading price of the equivalent number of shares of the Company. All DSUs granted vest and become payable upon retirement of the director.

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

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

	2023	2022
Balance, January 1	1,231,973	1,147,930
Settled	(275,544)	—
Granted	78,185	84,043
Balance, end of period	1,034,614	1,231,973

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

	2023	2022
Balance, January 1	$ 15,375	$ 7,990
Change in accrued compensation liabilities	(357)	7,385
Cash settled	$ (3,596)	$ —
Balance, end of period	$ 11,422	$ 15,375

The compensation liability was calculated using share prices at December 31, 2023 and December 31, 2022, of $11.04 and $12.48, respectively.

Restricted share units

The Company’s RSU plan provides compensation to non-management directors, officers and employees. Each RSU entitles the holder to receive cash equal to the trading price of the equivalent number of shares of the Company. All RSU’s granted vest and become payable within three years from the date of grant.

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

	2023	2022
Balance, January 1	—	—
Granted	8,236	—
Balance, end of period	8,236	—

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

	2023	2022
Balance, January 1	$ —	$ —
Change in accrued compensation liabilities	18	—
Balance, end of period	$ 18	$ —

Performance share units

The Company's PSU plan provides compensation to officers and employees. Each PSU entitles the holder to receive cash equal to the trading price of the equivalent number of shares of the Company at the time of grant, multiplied by a payout multiplier ranging from 0 to 2.0x.

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

	2023	2022
Balance, January 1	916,366	944,645
Settled	(898,807)	(3,848)
Forfeited	(17,559)	(24,431)
Balance, end of period	—	916,366

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

	2023	2022
Balance, January 1	$ 1,540	$ 1,587
Change in accrued compensation liabilities	(147)	(47)
Cash settled	(1,393)	—
Balance, end of period	$ —	$ 1,540

The compensation liability relating to PSUs was fully settled in the fourth quarter of 2023, with no units or related liability outstanding at December 31, 2023 (December 31, 2022 - $1.5 million)

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

	2023	2022
Stock options	$ 2,049	$ 1,662
Restricted share awards	2,269	1,904
Performance share awards	5,849	3,244
Non-cash share-based compensation expense	10,167	6,810
Director deferred share units	(357)	7,385
Restricted share units	18	—
Performance share units	(147)	(48)
Cash share-based compensation expense	(486)	7,337
Total share-based compensation expense	$ 9,681	$ 14,147

The following table summarizes the capitalized share-based compensation relating to stock options, RSAs and PSAs:

	2023	2022
Capitalized stock options	$ 443	$ 318
Capitalized restricted share awards	441	341
Capitalized performance share awards	1,175	563
Capitalized share-based compensation	$ 2,059	$ 1,222

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

19. Risk management activities

Financial instruments

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

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

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

  The Company's cash and cash equivalents are classified as Level 1 measurements, financial derivative contracts as Level 2 measurements. The Company does not have any recurring fair value measurements classified as Level 3. The Company uses third party models and valuation methodologies to determine the fair value of financial derivative contracts. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

Financial assets and financial liabilities subject to offsetting

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

			2023			2022
	Gross financial assets	Gross financial liabilities	Net financial assets	Gross financial assets	Gross financial liabilities	Net financial assets
Current assets (liabilities)	$ 14,599	$ —	$ 14,599	$ 37,925	$ —	$ 37,925
Long-term assets (liabilities)	39,429	—	39,429	40,633	—	40,633
Net position	$ 54,028	$ —	$ 54,028	$ 78,558	$ —	$ 78,558

Risk management contracts

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

		2023		2022
Fair value of contracts, beginning of year	$	78,558	$	(57,255)
Change in the fair value of contracts in the period		(12,957)		(28,536)
Fair value of contracts realized in the period		(11,573)		164,349
Fair value of contracts, end of year	$	54,028	$	78,558
Financial derivative assets – current	$	14,599	$	37,925
Financial derivative assets – long-term	$	39,429	$	40,633

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

	AECO-NYMEX basis swap	
Term [(1)]	MMBtu/d	US$/MMBtu
2024	100,000	(1.00)
2025	105,000	(0.96)
2026	187,500	(0.92)
2027	140,000	(0.91)
2028	97,500	(0.99)
2029	22,500	(0.98)

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

	AECO fixed price swap	
Term [(1)]	GJ/d	Cdn$/GJ
2024	15,000	4.00
2025	15,000	4.00

[(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 December 31, 2023:

	AECO fixed price swap		AECO-NYMEX basis	
Term [(1)]	GJ/d	Cdn$/GJ	MMBtu/d	US$/MMBtu
2024	35,000	4.01	—	—
2025	35,000	4.01	5,000	(1.15)

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

Financial risk management

In the normal course of business, NuVista is exposed to a variety of financial risks that arise as a result of its exploration, development, production, and financing activities such as:

- credit risk;
- liquidity risk; and
- market risk.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management, in turn, has implemented and monitors compliance to risk management policies. NuVista's risk management policies are designed to identify and assess the risks faced by the Company, establish suitable risk limits and controls, and oversee risk and compliance with market conditions and the Company's operations.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk with respect to its accounts receivables. Most of the Company's accounts receivable arises from transactions with joint operations partners and petroleum and natural gas sales with petroleum and natural gas marketers and are now subject to normal credit risk. The Company mitigates its credit risk by entering into contracts with established counterparties that have strong credit ratings and reviewing its exposure to individual counterparties on a regular basis.

The majority of the Company's credit exposure on accounts receivable at December 31, 2023 pertains to accrued sales revenue for December 2023 production volumes. Receivables from oil and natural gas marketers are normally collected on the 25th of the month following production. Receivables with joint operations partners are typically collected within one to three months of the joint operations invoice being issued to the partner. At December 31, 2023, NuVista's receivables consisted of $103.5 million from oil and natural gas marketers and $15.2 million from joint operations partners. At December 31, 2023, NuVista did not have any past due accounts receivable that it has determined to be uncollectible.

The following table details the disaggregated balances of accounts receivable and prepaid expenses:

	2023	2022
Accounts receivable	$ 118,746	$ 167,544
Prepaid expenses	45,241	26,584
Total accounts receivable and prepaid expenses	$ 163,987	$ 194,128

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity through continuously monitoring cash flows from operating activities, review of the actual capital expenditure program, managing maturity profiles of financial assets and financial liabilities, maintaining a revolving credit facility with sufficient capacity, and managing its commodity price risk management program. These activities ensure that the Company has sufficient funds to meet its financial obligations when due.

The timing of cash flows relating to financial liabilities as at December 31, 2023 is as follows:

	Total	1 year	2 to 3 years	4 to 5 years	Beyond 5 years
Accounts payable and accrued liabilities	**$ 157,711**	$ 157,711	$ —	$ —	$ —
Senior unsecured notes	**162,195**	—	162,195	—	—
Long-term debt	**16,897**	16,897	—	—	—
Lease liabilities	**125,961**	6,500	25,172	22,223	72,066
Other liabilities	**31,440**	14,082	5,338	5,320	6,700
Total financial liabilities	**$ 494,204**	$ 195,190	$ 192,705	$ 27,543	$ 78,766

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in commodity price risk, currency risk, and interest rate risk. The Company is engaged in oil and natural gas exploration, development and production activities in Canada and as a result has significant exposure to commodity price risk. The Company has adopted a disciplined commodity price risk management program as part of its overall financial management strategy. The Company considers all of these transactions to be economic hedges but does not designate them as hedges for accounting purposes.

(a) Commodity price risk

Commodity price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in commodity prices. The Company manages the risks associated with changes in commodity prices through the use of various financial derivative and physical delivery sales contracts. The financial derivative contracts are considered financial instruments, but the physical delivery sales contracts are excluded from the definition of financial instruments. The Company uses financial instruments and physical delivery sales contracts to manage petroleum and natural gas commodity price risk.

(b) Currency risk

Currency risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Company's financial instruments are only indirectly exposed to currency risk as the underlying commodity prices in Canada for petroleum and natural gas are impacted by changes in exchange rate between the Canadian and United States dollars. In addition, NuVista has US dollar denominated receivables and payables which future cash payments are directly impacted by the exchange rate in effect on the payment date.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows will fluctuate because of changes in market interest rates. The Company is exposed to interest rate fluctuations on its bank credit facility which bears a floating rate of interest. The Company had no interest rate swap or financial contracts in place as at or during the year ended December 31, 2023.

At December 31, 2023, NuVista had $16.9 million drawn on its bank credit facility.

(d) Financial instrument sensitivities

The following table summarizes the effects of movement in commodity prices on net earnings due to changes in the fair value of financial derivative contracts in place at December 31, 2023. Changes in the fair value generally cannot be extrapolated because the relationship of a change in an assumption to the change in fair value may not be linear.

CDN $		2023		2022
Increase in $ WTI – oil $10/Bbl	$	—	$	(1,631)
Decrease in $ WTI – oil $10/Bbl	$	—	$	1,524
Increase in $ AECO – gas $0.50/GJ	$	(13,999)	$	(61,468)
Decrease in $ AECO – gas $0.50/GJ	$	13,999	$	61,372

20. Financing costs

	Note		2023		2022
Interest on long-term debt (credit facility)		$	6,171	$	7,110
Interest on senior unsecured notes			16,181		19,525
Early redemption expense on 2026 Notes	9		2,604		356
Interest expense			24,956		26,991
Lease interest expense			14,079		12,763
Accretion expense	12		3,026		3,062
Total financing costs		$	42,061	$	42,816

21. Supplemental cash flow information

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

		2023		2022
Cash provided by (used for):				
Accounts receivable and prepaid expenses	$	31,757	$	(100,400)
Inventory		(11,092)		(8,418)
Other receivables		—		(6,387)
Accounts payable and accrued liabilities		(31,959)		53,907
	$	(11,294)	$	(61,298)
Related to:				
Operating activities	$	(24,406)	$	(38,683)
Investing activities		13,112		(22,615)
	$	(11,294)	$	(61,298)

22. Commitments

The following is a summary of the Company's commitments as at December 31, 2023:

	Total	2024	2025	2026	2027	2028	Thereafter
Transportation [1]	**$ 986,330**	$ 139,739	$ 140,998	$ 140,383	$ 136,238	$ 109,787	$ 319,185
Processing [1] [2]	**1,797,233**	105,636	123,263	139,348	139,978	141,161	1,147,847
Servicing [3]	**5,777**	—	5,777	—	—	—	—
Total commitments [4]	**$ 2,789,340**	$ 245,375	$ 270,038	$ 279,731	$ 276,216	$ 250,948	$1,467,032

(1) Certain of the transportation and processing commitments are secured by outstanding letters of credit totaling $18.5 million at December 31, 2023 (December 31, 2022 - $29.0 million).
(2) Includes processing commitments to guarantee firm capacity in various facilities.
(3) Effective November 2022, NuVista entered into a 3-year fracturing services and proppant supply agreement with a third-party. Part of the agreement includes USD and the conversion rate used at December 31, 2023 was 1.32 Cdn$/US$.
(4) Excludes commitments recognized within lease liabilities.

23. Key management compensation

Key management personnel includes the Board of Directors and executive officers of the Company. The compensation included in general and administrative expense relating to key management personnel for the year was comprised of the following:

	2023	2022
Salaries, wages and short-term benefits	**$ 5,566**	$ 5,823
Share-based payments [1]	**4,070**	10,644
Total	**$ 9,636**	$ 16,467

(1) Represents the amortization of share-based compensation expense as recorded in the financial statements.

24. Presentation in the consolidated statements of earnings and comprehensive income

The Company's statement of earnings and comprehensive income is prepared primarily by nature of expense, with the exception of employee compensation which is included in both operating and general and administrative expenses.

The following table details the amount of total employee compensation included in the operating, general and administrative expenses and share-based compensation in the statement of earnings and comprehensive income:

	2023	2022
Operating	**$ 2,770**	$ 2,830
General and administrative	**20,245**	19,434
Share-based compensation	**9,681**	14,147
Total employee compensation costs	**$ 32,696**	$ 36,411

Corporate Information

LEADERSHIP TEAM

Jonathan Wright
President and Chief Executive Officer

Kevin Asman
Vice President, Marketing

Ivan J. Condic
Vice President, Finance and Chief Financial Officer

Mike Lawford
Chief Operating Officer

Chris LeGrow
Vice President, Development & Planning

Ryan Paulgaard
Vice President, Production & Facilities

Josh Truba
Vice President, Land & Business Development

Tanya Dickison
Director, Human Resources & ESG Communications

BOARD OF DIRECTORS

Pentti Karkkainen (1) (2)
Chair of the Board

Ronald Eckhardt (2) (4)
Independent Director

K.L. (Kate) Holzhauser (1) (3)
Independent Director

Mary Ellen Lutey (3) (4)
Independent Director

Keith MacPhail (2) (4)
Independent Director

Ronald Poelzer (1) (2)
Independent Director

Deborah Stein (1) (3)
Independent Director

Grant Zawalsky (3) (4)
Independent Director

Jonathan Wright
President and Chief Executive Officer

(1) Member of Audit Committee
(2) Member of Corporate Governance & Compensation Committee
(3) Member of Environment, Social & Governance Committee
(4) Member of Reserves Committee

BANKERS

Canadian Imperial Bank of Commerce
Royal Bank of Canada
The Bank of Nova Scotia
Bank of Montreal
ATB Financial
Canadian Western Bank
Business Development Bank of Canada

TRANSFER AGENT - COMMON SHARES

Odyssey Trust Company
Calgary, Alberta

TRANSFER AGENT - SENIOR UNSECURED NOTES

Computershare Trust Company of Canada
Calgary, Alberta and Toronto, Ontario

AUDITORS

KPMG LLP
Calgary, Alberta

RESERVE EVALUATORS

GLJ Ltd.
Calgary, Alberta

STOCK EXCHANGE LISTING

The Toronto Stock Exchange (“TSX”)
“NVA”

NuVista Energy Ltd

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