



**CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS**

**As at, and for three months ended:
March 31, 2024 and 2023**

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

(\$Cdn thousands)	Note	March 31 2024	December 31 2023
ASSETS			
Current assets			
Accounts receivable and prepaid expenses		152,480	163,987
Inventory		9,721	20,705
Financial derivative assets	15	3,280	14,599
		165,481	199,291
Financial derivative assets	15	27,286	39,429
Other assets		9,500	9,500
Exploration and evaluation assets	3	28,083	27,754
Property, plant and equipment	4	2,802,811	2,677,754
Right-of-use assets	5	101,815	104,325
Total assets		\$ 3,134,976	\$ 3,058,053
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 176,391	\$ 157,711
Current portion of other liabilities	14	14,951	14,082
Current portion of lease liabilities	8	6,695	6,500
Current portion of asset retirement obligations	9	15,250	14,000
		213,287	192,293
Long-term debt	6	52,420	16,897
Senior unsecured notes	7	162,580	162,195
Other liabilities		17,030	17,358
Lease liabilities	8	117,746	119,461
Asset retirement obligations	9	69,633	74,114
Deferred tax liability		363,350	360,703
Total liabilities		996,046	943,021
SHAREHOLDERS' EQUITY			
Share capital	10	1,104,813	1,111,750
Contributed surplus		54,238	51,250
Retained earnings		979,879	952,032
Total shareholders' equity		2,138,930	2,115,032
Total liabilities and shareholders' equity		\$ 3,134,976	\$ 3,058,053
Subsequent events	6, 14		
Commitments	18		

See accompanying notes to the condensed consolidated interim financial statements.

NUVISTA ENERGY LTD.
**Condensed Consolidated Interim Statements of Earnings and Comprehensive Income
(Unaudited)**

(\$Cdn thousands, except per share amounts)	Note	Three months ended March 31	
		2024	2023
Revenues			
Petroleum and natural gas sales	12	\$ 309,024	\$ 390,163
Royalties		(32,579)	(51,496)
Revenue from petroleum and natural gas sales		276,445	338,667
Realized loss on financial derivatives	15	(1,291)	(9,090)
Unrealized loss on financial derivatives	15	(23,462)	(55,263)
Other income		3,332	—
Total revenue, other income and gain (loss) on risk management contracts		255,024	274,314
Expenses			
Operating		86,799	75,041
Transportation		32,526	26,454
General and administrative		6,229	5,709
Share-based compensation	14	3,258	1,523
Financing costs	16	9,890	11,279
Depletion, depreciation and amortization	4,5	69,571	61,556
Gain on property dispositions		—	(13,592)
		208,273	167,970
Earnings before taxes		46,751	106,344
Current income tax expense		7,551	6,391
Deferred income tax expense		3,431	19,244
Total income tax expense		\$ 10,982	\$ 25,635
Net earnings and comprehensive income		\$ 35,769	\$ 80,709
Net earnings per share			
	11		
Basic		\$ 0.17	\$ 0.37
Diluted		\$ 0.17	\$ 0.36

See accompanying notes to the condensed consolidated interim financial statements.

NUVISTA ENERGY LTD.

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

(\$Cdn thousands)	Note	Three months ended March 31	
		2024	2023
Share capital	10,14		
Balance, January 1		\$ 1,111,750	\$ 1,183,769
Issued for cash on exercise of stock options		—	716
Contributed surplus transferred on exercise of stock options		133	334
Conversion of restricted share awards		27	164
Conversion of performance share awards		106	658
Repurchase of shares for cancellation		(7,203)	(5,726)
Balance, end of period		\$ 1,104,813	\$ 1,179,915
Contributed surplus			
Balance, January 1		\$ 51,250	\$ 65,963
Share-based compensation		2,872	4,224
Transfer to share capital on exercise of stock options		(133)	(334)
Conversion of restricted share awards		(27)	(164)
Conversion of performance share awards		(106)	(658)
Share-based compensation - tax withholdings settled in cash		(402)	(2,685)
Tax deduction on excess value of share awards		784	388
Balance, end of period		\$ 54,238	\$ 66,734
Retained earnings			
Balance, January 1		\$ 952,032	\$ 685,761
Repurchase of shares for cancellation		(7,922)	(6,522)
Net earnings		35,769	80,709
Balance, end of period		\$ 979,879	\$ 759,948
Total shareholders' equity		\$ 2,138,930	\$ 2,006,597

See accompanying notes to the condensed consolidated interim financial statements.

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

(\$Cdn thousands)	Note	Three months ended March 31	
		2024	2023
Cash provided by (used in)			
Operating activities			
Net earnings		\$ 35,769	\$ 80,709
<i>Items not requiring cash from operations:</i>			
Depletion, depreciation and amortization	4,5	69,571	61,556
Gain on property dispositions		—	(13,592)
Share-based compensation	14	2,375	3,529
Unrealized loss on financial derivatives		23,462	55,263
Deferred income tax expense		3,431	19,244
Accretion	9	805	755
Asset retirement expenditures	9	(6,450)	(9,693)
Change in non-cash working capital	17	18,930	17,450
Cash provided by operating activities		147,893	215,221
Financing activities			
Issuance of share capital on exercise of stock options		—	716
Share-based compensation - tax withholdings settled with cash		(402)	(2,685)
Payment on lease liabilities		(1,520)	(1,364)
Repurchase of shares		(15,125)	(12,248)
Increase (decrease) of long-term debt		35,523	—
Repayment of senior unsecured notes		—	(32,159)
Other liabilities		(342)	—
Cash provided by (used in) financing activities		18,134	(47,740)
Investing activities			
Property, plant and equipment expenditures	4	(189,207)	(188,501)
Exploration and evaluation expenditures	3	(329)	(7,369)
Other asset expenditures		—	(9,500)
Proceeds on property dispositions		—	26,000
Change in non-cash working capital	17	23,509	35,597
Cash used in investing activities		(166,027)	(143,773)
Change in cash and cash equivalents		—	23,708
Cash and cash equivalents, beginning of period		—	41,890
Cash and cash equivalents, end of period		\$ —	\$ 65,598
Current income tax expense paid in cash		\$ —	\$ —
Interest paid in cash		\$ 8,493	\$ 11,321

See accompanying notes to the condensed consolidated interim financial statements.

NUVISTA ENERGY LTD.
Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024, and 2023

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 condensed consolidated interim financial statements (the “financial statements”) have been prepared in accordance with IFRS Accounting Standards (“IFRS”). These financial statements have been prepared following the same accounting policies and methods of computation as the annual financial statements for the year ended December 31, 2023. These financial statements do not include all the information required for annual financial statements and should be read in conjunction with the audited financial statements for the year ended December 31, 2023, which have been prepared in accordance with IFRS.

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.

Use of estimates and judgments

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.

These financial statements were approved and authorized for issuance by the Board of Directors on May 7, 2024.

3. Exploration and evaluation assets

	Note	March 31, 2024	December 31, 2023
Cost			
Balance, January 1		\$ 27,754	\$ 18,307
Additions		329	7,369
Acquisitions		—	6,840
Transfers to property, plant and equipment	4	—	(4,762)
Balance, end of period		\$ 28,083	\$ 27,754

4. Property, plant and equipment

	Note	March 31, 2024	December 31, 2023
Cost			
Balance, January 1		\$ 4,436,834	\$ 3,914,710
Additions ⁽¹⁾		189,207	509,829
Acquisitions		—	45,160
Dispositions		—	(44,288)
Capitalized share-based compensation	14	497	2,059
Change in asset retirement obligations	9	2,414	4,602
Transfers from exploration and evaluation assets	3	—	4,762
Balance, end of period		\$ 4,628,952	\$ 4,436,834

⁽¹⁾ Included in additions for the three months ended March 31, 2024, is \$1.7 million of power generation expenditures (December 31, 2023 - \$16.9 million).

	Note	March 31, 2024	December 31, 2023
Accumulated depletion, depreciation and amortization			
Balance, January 1		\$ 1,759,080	\$ 1,534,505
Depletion, depreciation and amortization		67,061	244,723
Dispositions		—	(20,148)
Balance, end of period		\$ 1,826,141	\$ 1,759,080

	March 31, 2024	December 31, 2023
Carrying value		
Balance, January 1	\$ 2,677,754	\$ 2,380,205
Balance, end of period	\$ 2,802,811	\$ 2,677,754

Depletion, depreciation and amortization (“DD&A”) on property, plant and equipment was \$67.1 million for the three months ended March 31, 2024 (March 31, 2023 - \$59.3 million). Included in DD&A for the three months ended March 31, 2024 is depletion of \$62.9 million and depreciation and amortization of \$4.2 million (March 31, 2023 - \$53.9 million and \$5.4 million, respectively). Future development costs of \$2.6 billion were included in the determination of DD&A for the three months ended March 31, 2024 (March 31, 2023 - \$2.3 billion).

At March 31, 2024 and as at December 31, 2023, there were no indicators of impairment identified in any of NuVista’s CGUs within property, plant & equipment and an impairment test was not performed.

5. Right-of-use assets

				March 31	December 31
	Office	Gas Gathering	Gas Processing	2024	2023
	Leases	Lease	Lease	Total	Total
Cost					
Balance, January 1	\$ 9,697	\$ 36,921	\$ 97,239	\$ 143,857	\$ 128,758
Additions	—	—	—	—	15,099
Balance, end of period	\$ 9,697	\$ 36,921	\$ 97,239	\$ 143,857	\$ 143,857
Accumulated depreciation					
Balance, January 1	\$ 4,025	\$ 10,435	\$ 25,072	\$ 39,532	\$ 29,793
Depreciation	229	602	1,679	2,510	9,739
Balance, end of period	\$ 4,254	\$ 11,037	\$ 26,751	\$ 42,042	\$ 39,532
Carrying amount					
Balance, January 1	\$ 5,672	\$ 26,486	\$ 72,167	\$ 104,325	\$ 98,965
Balance, end of period	\$ 5,443	\$ 25,884	\$ 70,488	\$ 101,815	\$ 104,325

6. Long-term debt

Covenant based credit facility

On May 7, 2024, NuVista amended and renewed its existing covenant based credit facility of \$450.0 million (December 31, 2023 - \$450 million) from a syndicate of Canadian financial institutions to a maturity date of May 7, 2027. The amendments made to the credit facility pertain to the applicable benchmark rates for borrowing as well as certain other administrative amendments. NuVista's covenants remain unchanged under the terms of the credit facility, however NuVista elected to remove the sustainability-linked performance features.

NuVista's covenant based credit 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 and is secured by a demand debenture. Borrowings under the credit facility may be made through prime loans and CORRA loans. These advances bear interest at the bank's prime rate and/or at money market rates plus a borrowing margin. For the three months ended March 31, 2024, borrowing costs averaged 7.6% (March 31, 2023 - 7.6%).

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 March 31, 2024, 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	0.07:1	Not exceed 3.0:1	Met
Total debt to EBITDA ratio	0.32:1	Not exceed 3.5:1	Met
EBITDA to interest expense ratio	18.70:1	Not be less than 3.5:1	Met

As at March 31, 2024, NuVista had \$52.4 million drawn on its credit facility (December 31, 2023 – \$16.9 million) and outstanding letters of credit of \$8.6 million (December 31, 2023 - \$11.5 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 March 31, 2024, NuVista had outstanding letters of credit associated with the APSG totaling \$7.0 million (December 31, 2023 - \$8.0 million), leaving \$23.0 million of credit available on the letter of credit facility.

7. 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.

As at March 31, 2024, NuVista has redeemed in aggregate \$64.6 million of the 2026 Notes. The remaining face value at March 31, 2024 was \$165.4 million, with a carrying value of \$162.6 million.

8. Lease liabilities

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

	March 31, 2024	December 31, 2023
Balance, January 1	\$ 125,961	\$ 116,730
Additions	—	15,099
Lease interest expense	3,604	14,079
Payment of leases	(5,124)	(19,947)
Balance, end of period	\$ 124,441	\$ 125,961
Current portion of lease liabilities	\$ 6,695	\$ 6,500
Non-current portion of lease liabilities	\$ 117,746	\$ 119,461

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

	March 31, 2024	December 31, 2023
Less than 1 year	\$ 20,655	\$ 20,643
1-3 years	62,592	62,508
4-5 years	41,362	41,710
After 5 years	89,533	94,404
Total undiscounted future lease payments	\$ 214,142	\$ 219,265
Amounts representing lease interest expense over the term of the lease	(89,701)	(93,304)
Present value of net lease payments	\$ 124,441	\$ 125,961

9. 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 March 31, 2024, the estimated total undiscounted, uninflated amount of cash flows required to settle the asset retirement obligations was \$117.0 million (December 31, 2023 – \$118.0 million), of which 33% is estimated to be incurred within the next 10 years. The Government of Canada benchmark long-term risk-free bond rate of 3.3% (December 31, 2023 – 3.0%) and an inflation rate of 1.8% (December 31, 2023 – 1.6%) 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 3.3% (December 31, 2023 - 3.0%) and the real rate of interest of 1.5% (December 31, 2023 - 1.4%).

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

	March 31, 2024	December 31, 2023
Balance, January 1	\$ 88,114	\$ 91,681
Accretion expense	805	3,026
Liabilities incurred	726	4,579
Change in estimates	3,518	2,575
Change in discount rate	(1,830)	(2,552)
Liabilities settled	(6,450)	(11,195)
Balance, end of period	\$ 84,883	\$ 88,114
Expected to be incurred within one year	\$ 15,250	\$ 14,000
Expected to be incurred beyond one year	\$ 69,633	\$ 74,114

10. Share capital

Common shares

	March 31, 2024		December 31, 2023	
	Number	Amount	Number	Amount
Balance, January 1	207,584,197	\$ 1,111,750	219,346,357	\$ 1,183,769
Issued for cash on exercise of stock options	—	—	—	2,331
Contributed surplus transferred on exercise of stock options	81,275	133	952,699	1,842
Conversion of restricted share awards	1,140	27	338,342	2,388
Conversion of performance share awards	10,723	106	2,246,360	3,791
Repurchase of shares for cancellation	(1,345,000)	(7,203)	(15,299,561)	(82,371)
Balance, end of period	206,332,335	\$ 1,104,813	207,584,197	\$ 1,111,750

On June 14, 2023, NuVista announced the approval of its renewed normal course issuer bid ("NCIB"). The NCIB allows NuVista to purchase up to 16,793,779 of its outstanding common shares over a 12-month period, commencing on June 16, 2023.

During the three months ended March 31, 2024, NuVista repurchased and subsequently cancelled 1,345,000 common shares, at a weighted average price of \$11.25 per share for a total cost of \$15.1 million. The total cost of \$15.1 million exceeded the average carrying value of the shares repurchased of \$7.2 million, with the difference of \$7.9 million recorded in retained earnings.

11. Earnings per share

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

(thousands of shares)	Three months ended March 31	
	2024	2023
Weighted average common shares outstanding		
Basic	207,174	219,192
Diluted	210,668	226,921

12. 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:

	Three months ended March 31	
	2024	2023
Natural gas revenue ⁽¹⁾	\$ 82,019	\$ 159,877
Condensate revenue	209,606	208,668
NGL revenue ⁽²⁾	17,399	21,618
Total petroleum and natural gas revenue	\$ 309,024	\$ 390,163

⁽¹⁾ Natural gas revenue includes price risk management gains and losses on physical delivery sale contracts. For the three months ended March 31, 2024, physical delivery sales contracts resulted in a gain \$6.6 million (2023 – loss of \$4.6 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 three months ended March 31, 2024, transportation revenue related to these contracts was \$9.2 million (2023 - \$10.6 million).

Included in the accounts receivable at March 31, 2024 is \$90.8 million (December 31, 2023 - \$103.5 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.

13. 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 March 31, 2024, NuVista's net debt was 0.5 times its annualized first quarter adjusted funds flow (December 31, 2023 - 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:

	Three months ended March 31	
	2024	2023
Cash provided by operating activities	\$ 147,893	\$ 215,221
Asset retirement expenditures	6,450	9,693
Change in non-cash working capital	(18,930)	(17,450)
Adjusted funds flow ⁽¹⁾	\$ 135,413	\$ 207,464

⁽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 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, and net debt to annualized current quarter adjusted funds flow:

	March 31, 2024	December 31, 2023
Basic common shares outstanding (thousands of shares)	206,332	207,584
Share price ⁽¹⁾	\$ 11.88	\$ 11.04
Total market capitalization	\$ 2,451,224	\$ 2,291,727
Accounts receivable and prepaid expenses	(152,480)	(163,987)
Inventory	(9,721)	(20,705)
Accounts payable and accrued liabilities	176,391	157,711
Current portion of other liabilities	14,951	14,082
Long-term debt (credit facility)	52,420	16,897
Senior unsecured notes	162,580	162,195
Other liabilities	17,030	17,358
Net debt ⁽²⁾	\$ 261,171	\$ 183,551
Annualized current quarter adjusted funds flow	\$ 541,652	\$ 807,948
Net debt to annualized current quarter adjusted funds flow	0.5	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.

14. 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 common shares reserved for issuance under the Stock Option plan is 10,445,000 of which 3,995,676 remain to be issued at March 31, 2024. On May 7, 2024, NuVista's Shareholders approved a 2,500,000 increase to the number of common shares available for stock option grants.

The following continuity table summarizes the stock option activity:

	March 31, 2024		December 31, 2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, January 1	3,415,160	\$ 5.27	4,050,019	\$ 3.84
Granted	—	—	519,001	12.09
Exercised - issuance of shares from treasury	(81,275)	2.01	(952,699)	3.32
Exercised - cash withholding tax	(49,149)	2.01	(189,914)	3.32
Forfeited	(11,486)	9.45	(3,253)	12.28
Expired	—	—	(7,994)	1.01
Balance, end of period	3,273,250	\$ 5.38	3,415,160	\$ 5.27

For the three months ended March 31, 2024, NuVista withheld 49,149 shares with respect to minimum statutory withholding tax obligations which were settled from its cash reserves (December 31, 2023 - 189,914 shares). Total withholding tax paid in cash for the three months ended March 31, 2024 was \$0.3 million (December 31, 2023 - \$1.0 million).

The following table summarizes stock options outstanding and exercisable at March 31, 2024:

Range of exercise price	Options outstanding			Options exercisable	
	Number of options outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
\$0.79 to \$1.99	1,036,483	1.4	\$ 0.83	1,036,483	\$ 0.83
\$2.00 to \$3.99	966,759	1.3	2.74	746,728	2.77
\$4.00 to \$5.99	70,087	0.3	4.51	66,743	4.48
\$6.00 to \$7.99	216,626	2.1	7.28	135,374	7.28
\$10.00 to \$11.99	455,510	3.1	11.42	75,461	11.74
\$12.00 to \$13.77	527,785	3.6	13.29	83,374	13.77
\$0.79 to \$13.77	3,273,250	2.0	\$ 5.38	2,144,163	\$ 2.91

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.

There were no stock options granted in the three months ended March 31, 2024.

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 4,603,563 remain to be issued at March 31, 2024.

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:

	March 31, 2024	December 31, 2023
Balance, January 1	488,392	845,204
Settled - issuance of shares from treasury	(1,140)	(338,342)
Settled - cash withholding tax	(1,058)	(272,237)
Granted	—	259,302
Forfeited	(1,111)	(5,535)
Balance, end of period	485,083	488,392

For the three months ended March 31, 2024, NuVista withheld 1,058 shares with respect to minimum statutory withholding tax obligations which was settled from its cash reserves (December 31, 2023 - 272,237 shares). Total withholding tax paid in cash for the three months ended March 31, 2024 was \$10.0 thousand (December 31, 2023 - \$3.2 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:

	March 31, 2024	December 31, 2023
Balance, January 1	1,755,372	4,307,296
Settled - issuance of shares from treasury	(10,723)	(2,246,360)
Settled - cash withholding tax	(9,907)	(1,953,716)
Granted	—	452,434
Forfeited	(5,701)	(73,094)
Performance adjustment ⁽¹⁾	515,962	1,268,812
Balance, end of period	2,245,003	1,755,372

⁽¹⁾ Awards granted on the vest date due to a performance factor increase to 1.48x for the three months ended March 31, 2024. (December 31, 2022 - 1.23x)

For the three months ended March 31, 2024, the Company withheld 9,907 shares (December 31, 2023 - 1,953,716 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 three months ended March 31, 2024 was \$0.1 million (December 31, 2023 - \$22.9 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:

	March 31, 2024	December 31, 2023
Balance, January 1	1,034,614	1,231,973
Settled	—	(275,544)
Granted	—	78,185
Balance, end of period	1,034,614	1,034,614

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

	March 31, 2024	December 31, 2023
Balance, January 1	\$ 11,422	\$ 15,375
Change in accrued compensation liabilities	869	(357)
Cash settled	\$ —	\$ (3,596)
Balance, end of period	\$ 12,291	\$ 11,422

The compensation liability was calculated using share prices at March 31, 2024 and December 31, 2023, of \$11.88 and \$11.04, 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:

	March 31, 2024	December 31, 2023
Balance, January 1	8,236	8,236
Balance, end of period	8,236	8,236

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

	March 31, 2024	December 31, 2023
Balance, January 1	\$ 18	\$ 18
Change in accrued compensation liabilities	14	—
Balance, end of period	\$ 32	\$ 18

Share-based compensation expense

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

	Three months ended March 31	
	2024	2023
Stock options	\$ 548	\$ 473
Restricted share awards	630	537
Performance share awards	1,197	2,519
Non-cash share-based compensation expense	2,375	3,529
Director deferred share units	869	(1,876)
Restricted share units	14	—
Performance share units	—	(130)
Cash share-based compensation expense	883	(2,006)
Total share-based compensation expense	\$ 3,258	\$ 1,523

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

	Three months ended March 31	
	2024	2023
Capitalized stock options	\$ 119	\$ 100
Capitalized restricted share awards	120	103
Capitalized performance share awards	258	492
Capitalized share-based compensation	\$ 497	\$ 695

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

15. Risk management activities

(a) Financial instruments

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

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

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

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

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

(b) Financial assets and financial liabilities subject to offsetting

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

	March 31, 2024			December 31, 2023		
	Gross financial assets	Gross financial liabilities	Net financial assets	Gross financial assets	Gross financial liabilities	Net financial assets
Current assets (liabilities)	\$ 8,422	\$ (5,142)	\$ 3,280	\$ 14,599	\$ —	\$ 14,599
Long-term assets (liabilities)	28,503	(1,217)	27,286	39,429	—	39,429
Net position	\$ 36,925	\$ (6,359)	\$ 30,566	\$ 54,028	\$ —	\$ 54,028

(c) Risk management contracts

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

	March 31, 2024	December 31, 2023
Fair value of contracts, beginning of year	\$ 54,028	\$ 78,558
Change in the fair value of contracts in the period	(24,753)	(12,957)
Fair value of contracts realized in the period	1,291	(11,573)
Fair value of contracts, end of period	\$ 30,566	\$ 54,028
Financial derivative assets (liabilities) – current	\$ 3,280	\$ 14,599
Financial derivative assets (liabilities) – long-term	\$ 27,286	\$ 39,429

The following is a summary of the financial derivatives as at March 31, 2024:

Term ⁽¹⁾	AECO-NYMEX basis swap	
	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	25,000	(0.98)

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

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

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

(d) Physical delivery sales contracts

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

The following is a summary of the physical delivery sales contracts in place as at March 31, 2024:

Term ⁽¹⁾	AECO fixed price swap		AECO-NYMEX Basis	
	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.

16. Financing costs

	Note	Three months ended March 31	
		2024	2023
Interest on long-term debt (credit facility)	\$	1,810	\$ 1,009
Interest on senior unsecured notes		3,672	4,901
Early redemption expense on 2026 Notes		—	1,508
Interest expense		5,482	7,418
Lease interest expense		3,603	3,106
Accretion expense	9	805	755
Total financing costs	\$	9,890	\$ 11,279

17. Supplemental cash flow information

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

		Three months ended March 31	
		2024	2023
Cash provided by (used for):			
Accounts receivable and prepaid expenses	\$	11,507	\$ 41,076
Inventory		10,984	5,416
Accounts payable and accrued liabilities		19,948	6,555
	\$	42,439	\$ 53,047
Related to:			
Operating activities	\$	18,930	\$ 17,450
Investing activities		23,509	35,597
	\$	42,439	\$ 53,047

18. Commitments

The following is a summary of the Company's commitments as at March 31, 2024:

	Total	2024	2025	2026	2027	2028	Thereafter
Transportation ⁽¹⁾	\$ 978,892	\$ 108,094	\$ 149,112	\$ 147,410	\$ 143,026	\$ 116,639	\$ 314,611
Processing ^{(1) (2)}	1,802,013	84,406	126,529	143,757	144,760	145,949	1,156,612
Servicing ⁽³⁾	5,921	—	5,921				
Total commitments ⁽⁴⁾	\$ 2,786,826	\$ 192,500	\$ 281,562	\$ 291,167	\$ 287,786	\$ 262,588	\$1,471,223

⁽¹⁾ Certain of the transportation and processing commitments are secured by outstanding letters of credit totaling \$14.6 million at March 31, 2024 (December 31, 2023 - \$18.5 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 March 31, 2024 was 1.35 Cdn\$/US\$.

⁽⁴⁾ Excludes commitments recognized within lease liabilities.

LEADERSHIP TEAM

Jonathan Wright

Chief Executive Officer

Mike Lawford

President and Chief Operating Officer

Kevin Asman

Vice President, Marketing

Ivan J. Condic

Vice President, Finance and Chief Financial 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

Chief Executive Officer

(1) Member of Audit Committee

(2) Member of Corporate Governance & Compensation Committee

(3) Member of Environment, Social & Governance Committee

(4) Member of Reserves Committee

BANKERS

Canadian Imperial Bank of Commerce

Royal Bank of Canada

The Bank of Nova Scotia

Bank of Montreal

ATB Financial

Canadian Western Bank

Business Development Bank of Canada

TRANSFER AGENT - COMMON SHARES

Odyssey Trust Company

Calgary, Alberta

TRANSFER AGENT - SENIOR UNSECURED NOTES

Computershare Trust Company of Canada

Calgary, Alberta and Toronto, Ontario

AUDITORS

KPMG LLP

Calgary, Alberta

RESERVE EVALUATORS

GLJ Ltd.

Calgary, Alberta

STOCK EXCHANGE LISTING

The Toronto Stock Exchange ("TSX")

"NVA"



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