



CONSOLIDATED FINANCIAL STATEMENTS

**As at, and for the years then ended:
December 31, 2024 and 2023**



MANAGEMENT'S REPORT

The preparation of the accompanying consolidated financial statements is the responsibility of Management. The consolidated financial statements have been prepared 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 ensuring the integrity and objectivity of the consolidated financial statements. Where necessary, these consolidated financial statements include estimates based on Management's informed judgments.

Management has established systems of internal controls designed to provide reasonable assurance that assets are safeguarded against loss or unauthorized use and that accounting records are accurate and reliable 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, 2024, internal controls over financial reporting were effective. However, due to the inherent limitations, internal controls over financial reporting may not prevent or detect misstatements, and even those systems deemed effective can provide only reasonable assurance regarding the preparation and presentation of financial statements.

The Board of Directors is responsible for ensuring Management fulfills its financial reporting and internal control responsibilities. It primarily exercises its oversight through the Audit Committee, which consists entirely of 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, independent auditors appointed by NuVista's shareholders, have audited the consolidated financial statements in accordance with Canadian generally accepted auditing standards.

(signed) "Mike J. Lawford"

President and Chief Executive Officer

(signed) "Ivan J. Condic"

Vice President, Finance and Chief Financial Officer

Calgary, Alberta

March 4, 2025



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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, 2024 and December 31, 2023
- 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, 2024 and December 31, 2023, 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.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.



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, 2024. 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 plus probable oil and natural gas reserves on development and production assets

Description of the matter

We draw attention to notes 2, 4 and 7 to the financial statements. The Entity uses estimated 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 \$2.9 billion of PP&E as at December 31, 2024, including development and production assets.

The Entity depletes its net carrying value of development and production assets using the unit-of-production method based on the ratio of production during the period to the related 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 \$271.1 million for the year ended December 31, 2024.

The estimate of 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 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 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 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 as issued by the International Accounting Standards Board.



With respect to the estimate of 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 2024 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 2024 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.



- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants

Calgary, Canada
March 4, 2025

NUVISTA ENERGY LTD.
Consolidated Statements of Financial Position

(\$Cdn thousands)

As at December 31,	Note	2024	2023
ASSETS			
Current assets			
Accounts receivable and other		132,538	139,451
Prepaid expenses		45,584	45,241
Financial derivative assets	20	65,537	14,599
		243,659	199,291
Financial derivative assets	20	138,567	39,429
Other assets		9,500	9,500
Exploration and evaluation assets	6	29,790	27,754
Property, plant and equipment	7	2,934,617	2,677,754
Right-of-use assets	8	94,286	104,325
Total assets		\$ 3,450,419	\$ 3,058,053
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 206,862	\$ 157,711
Current portion of other liabilities	11,19	18,351	14,082
Current portion of lease liabilities	12	7,441	6,500
Current portion of asset retirement obligations	13	9,800	14,000
		242,454	192,293
Long-term debt	9	5,353	16,897
Senior unsecured notes	10	163,258	162,195
Other liabilities	11	16,801	17,358
Lease liabilities	12	112,021	119,461
Asset retirement obligations	13	112,614	74,114
Deferred tax liability	14	443,938	360,703
Total liabilities		1,096,439	943,021
SHAREHOLDERS' EQUITY			
Share capital	15	1,091,990	1,111,750
Contributed surplus		47,342	51,250
Retained earnings		1,214,648	952,032
Total shareholders' equity		2,353,980	2,115,032
Total liabilities and shareholders' equity		\$ 3,450,419	\$ 3,058,053
Subsequent events	15,20		
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	2024	2023
Revenues			
Petroleum and natural gas sales	17	\$ 1,215,234	\$ 1,398,097
Royalties		(130,810)	(135,232)
Net revenue from petroleum and natural gas sales		1,084,424	1,262,865
Realized gain on financial derivatives		26,202	11,573
Unrealized gain (loss) on financial derivatives	20	150,077	(24,530)
Other income		11,840	3,058
Total revenue, other income and gain (loss) on financial derivatives		1,272,543	1,252,966
Expenses			
Operating		354,253	324,196
Transportation		145,292	134,312
General and administrative		25,405	23,496
Share-based compensation	19	14,121	9,681
Financing costs	21	40,022	42,061
Depletion, depreciation and amortization	7,8	296,273	254,462
Gain on property dispositions		—	(11,475)
		875,366	776,733
Earnings before taxes		397,177	476,233
Current income tax expense	14	4,699	—
Deferred income tax expense	14	86,760	108,555
Total income tax expense		\$ 91,459	\$ 108,555
Net earnings and comprehensive income		\$ 305,718	\$ 367,678
Net earnings per share			
Basic	16	\$ 1.48	\$ 1.70
Diluted		\$ 1.46	\$ 1.65

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	2024	2023
Share capital			
	15,19		
Balance, January 1		\$ 1,111,750	\$ 1,183,769
Issued for cash on exercise of stock options		1,401	2,331
Contributed surplus transferred on exercise of stock options		1,655	1,842
Conversion of restricted share awards		2,898	2,388
Conversion of performance share awards		5,559	3,791
Repurchase of shares for cancellation		(31,273)	(82,371)
Balance, end of year		\$ 1,091,990	\$ 1,111,750
Contributed surplus			
Balance, January 1		\$ 51,250	\$ 65,963
Share-based compensation		11,770	12,226
Transfer to share capital on exercise of stock options		(1,655)	(1,842)
Conversion of restricted share awards		(2,898)	(2,388)
Conversion of performance share awards		(5,559)	(3,791)
Share-based compensation - tax withholdings settled in cash		(9,091)	(27,096)
Tax deduction on excess value of share awards		3,525	8,178
Balance, end of year		\$ 47,342	\$ 51,250
Retained earnings			
Balance, January 1		\$ 952,032	\$ 685,761
Repurchase of shares for cancellation		(43,102)	(101,407)
Net earnings		305,718	367,678
Balance, end of year		\$ 1,214,648	\$ 952,032
Total shareholders' equity		\$ 2,353,980	\$ 2,115,032

See accompanying notes to the consolidated financial statements.

NUVISTA ENERGY LTD.
Consolidated Statements of Cash Flows

(\$Cdn thousands)

Year ended December 31,	Note	2024	2023
Cash provided by (used in)			
Operating activities			
Net earnings		\$ 305,718	\$ 367,678
<i>Items not requiring cash from operations:</i>			
Depletion, depreciation and amortization	7,8	296,273	254,462
Gain on property dispositions		—	(11,475)
Share-based compensation	19	9,842	10,167
Unrealized loss (gain) on financial derivatives	20	(150,077)	24,530
Deferred income tax expense	14	86,760	108,555
Accretion	13	3,680	3,026
Asset retirement expenditures	13	(12,029)	(11,195)
Change in non-cash working capital	24	60,086	(24,406)
Cash provided by operating activities		600,253	721,342
Financing activities			
Proceeds from the exercise of stock options	15	1,401	2,331
Share-based compensation - tax withholdings settled with cash	19	(9,091)	(27,096)
Payment on lease liabilities	12	(6,499)	(5,868)
Repurchase of shares	15	(74,375)	(183,778)
Increase (decrease) of long-term debt		(11,543)	16,897
Repayment of senior unsecured notes		—	(54,132)
Other liabilities		(567)	20,000
Cash used in financing activities		(100,674)	(231,646)
Investing activities			
Property, plant and equipment expenditures	7	(494,272)	(509,829)
Exploration and evaluation expenditures	6	(6,284)	(7,369)
Other asset expenditures		—	(9,500)
Property acquisitions	7	—	(44,000)
Proceeds on property dispositions		—	26,000
Change in non-cash working capital	24	977	13,112
Cash used in investing activities		(499,579)	(531,586)
Change in cash and cash equivalents		—	(41,890)
Cash and cash equivalents, beginning of year		—	41,890
Cash and cash equivalents, end of year		\$ —	\$ —
Current income tax expense paid in cash		\$ —	\$ —
Interest paid in cash		\$ 22,092	\$ 24,746

See accompanying notes to the consolidated financial statements.

NUVISTA ENERGY LTD.
Notes to the Consolidated Financial Statements
For the year ended December 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 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 4, “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 March 4, 2025.

Basis of measurement

These financial statements have been prepared on the historical cost basis, except for certain financial derivative instruments which are measured at fair value. The methods used to measure fair values are disclosed in Note 4 “Material Accounting Policies”.

Certain comparative figures in these financial statements have been adjusted to conform with the current period presentation. On the balance sheet, accounts receivable and prepaid expenses have been disaggregated, and inventory is aggregated with accounts receivable. NuVista has also aggregated current income tax together with accounts payable and accrued liabilities. There were no changes to the consolidated operating results or financial position for the year ended December 31, 2023 as a result of these presentation changes.

Functional and presentation currency

These financial statements are presented in Canadian dollars (“CDN”), which is the NuVista’s functional currency. All tabular amounts are in thousands of CDN dollars, unless otherwise stated.

Operating environment

Numerous factors beyond NuVista’s control influence the marketability and pricing of oil, condensate, NGLs, and natural gas, which may experience significant volatility. These factors include uncertainties in supply and demand driven by government policies, global economic conditions, sanctions and tariffs, shifts in global trade flows, changes in interest rates and inflation, actions by OPEC+, political and geopolitical instability, regulatory changes, ongoing conflicts, and other macroeconomic or political developments. Specifically, adverse changes in U.S.-Canada-Mexico trade relations, particularly regarding tariffs and energy, could negatively affect NuVista given the integration of North American energy markets.

Given the uncertainty surrounding the magnitude, duration, and potential outcomes of these factors, NuVista cannot currently predict their long-term impact on its operations, liquidity, financial condition, or results; however, the impact may be material.

Reporting environment

In December 2024, the Canadian Sustainability Standards Board (“CSSB”), released the final versions of the Canadian Sustainability Reporting Standards, CSDS 1 and CSDS 2 (collectively, the “Canadian Standards”). These standards closely align with the ISSB’s international sustainability standards IFRS S1 and IFRS S2, but include certain differences, particularly around the timing for adoption. Currently, the adoption of the Canadian standards remains voluntary, while the Canadian Securities Administrators (“CSA”) are currently evaluating how and to what extent they will be incorporated into future reporting requirements.

Failure to comply with these emerging sustainability reporting obligations, whether required by regulators or driven by investor, insurer, or other stakeholders expectations, could adversely affect NuVista. NuVista has considered the evolving global demand for carbon-based energy and integrated climate-related factors into key business planning and risk management processes. Uncertainties related to climate change may affect management’s estimates, potentially impacting 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 and judgement in these financial statements are discussed below:

i. Determination of cash generating units

NuVista’s assets are grouped into cash-generating units (“CGUs”) for the purpose of calculating depletion and assessing impairment. A CGU consists of assets that are grouped together based on the smallest group of assets whose cash flows that are largely independent of those from other assets or groups of assets. The determination of NuVista’s CGUs is subject to management judgment and interpretation, taking into account factors such as geographical proximity, shared infrastructure, commodity composition, similar market exposure, and the management of operations.

ii. Impairment indicators

NuVista assesses its property, plant and equipment for impairment when internal or external indicators of impairment suggest that impairment may exist. If any such indicators are identified, NuVista performs an impairment test on the relevant 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. This assessment is subject to management’s estimates. In the absence of quoted market prices, impairment tests are based on estimates of reserves which are dependent upon variables such as 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 NuVista'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 plus probable oil and natural gas reserves are used in the calculation of depletion and impairment, as well as to assess for indicators of impairment on each of the NuVista's CGUs. Reserve estimates and their associated cash flows are based on several 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, production levels and changes in commodity prices.

Independent third-party reserve evaluators are engaged annually to estimate 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 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 consider the anticipated method and scope of restoration, as well as potential technological advances. Actual costs are uncertain, and estimates may vary due to changes in relevant laws and regulations, the emergence of new technology, operating experience, and market prices. The expected timing of future decommissioning and restoration may also 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 development and production assets is determined based on total proved plus probable reserves as well as future development costs as estimated by an independent qualified reserve evaluator.

3. Changes in material accounting policies

On January 1, 2024, NuVista adopted the amendments to IAS 1 - *Presentation of Financial Statements* ("IAS 1"), issued by the IASB, which clarify the requirements for presenting liabilities as current or non-current in the statement of financial position and specify the classification and disclosure of liabilities with covenants.

4. Material accounting policies

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.

Revenue recognition

NuVista generates revenue primarily from the sale of natural gas, condensate, and natural gas liquids (“NGLs”) in accordance with the consideration specified in contracts with customers. Revenue is recognized when control of the product is transferred to the customer, which generally occurs when legal title passes at the agreed-upon delivery point, such as a pipeline or other designated transportation method. The amount of revenue recognized is based on the contractual consideration and may be subject to adjustments for product quality, location, delivery method, or other contract-specific factors.

NuVista assesses its transactions with third parties and partners to determine whether it is acting as the principal or an agent. NuVista is considered the principal when it has primary responsibility for the transaction, control of the product before transfer, and inventory risk. In such cases, revenue is recognized on a gross basis. If NuVista acts as an agent, revenue is recognized on a net basis, reflecting only the fee, if any, earned from the transaction. Due to various marketing arrangements, NuVista may transfer title of its commodity to a third-party marketing company, which then delivers the product to the end customer using its own reserved pipeline capacity. Revenue from such transactions is separately presented as transportation revenue.

The transaction price for variable-price contracts is typically based on a benchmark commodity index and may be adjusted for quality, location, delivery method, or other contractually agreed-upon factors. Revenue recognized may fluctuate due to changes in market conditions affecting pricing components. Tariffs, tolls, and fees charged to third parties for the use of pipelines and facilities owned by NuVista are evaluated to determine whether they originate from contracts with customers or from incidental or collaborative arrangements. When such fees arise from contracts with customers, revenue is recognized as the related services are provided. Additionally, royalty income is recognized as it accrues in accordance with the terms of the applicable overriding royalty agreement.

NuVista also produces power generation revenue which is recognized when control of the electricity is transferred to the customer, typically upon delivery to the grid or as specified in the contractual terms of the arrangement.

Exploration and evaluation assets (“E&E”)

Exploration and evaluation expenditures are initially capitalized within “exploration and evaluation assets”. These 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 carried forward until technical feasibility and commercial viability of the area are determined or the assets are deemed 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:

- Sufficient data exists to determine technical feasibility and commercial viability, and
- 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 before being reclassified 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 expenses.

Development and production assets

Items of property, plant, and equipment, including oil and natural gas development and production assets as well as corporate assets, are measured at cost, net of accumulated depletion, depreciation, amortization, and impairment. Development and production assets are accumulated on an area-by-area basis, representing the cost of developing discovered commercial reserves and bringing them into production. This includes E&E expenditures transferred from E&E assets upon the discovery of commercial reserves.

Subsequent costs incurred after determining technical feasibility and commercial viability, as well as costs for replacing components of property, plant, and equipment, are recognized as oil and natural gas assets only if they enhance the future economic benefits of the specific asset. All other expenditures are expensed in net earnings as incurred. Capitalized oil and natural gas assets generally include costs related to developing proved and/or probable reserves and enhancing production from these reserves. When a component is replaced or sold, its carrying amount is derecognized. Routine servicing and maintenance costs are recognized in net earnings as incurred.

An impairment test is conducted at each reporting date if events or circumstances indicate that the carrying value of a development and production asset may exceed its recoverable amount. The carrying value is compared to the recoverable amount, which is defined as the higher of:

- Fair value less costs to sell – determined based on an arm's-length transaction price between knowledgeable, willing parties. This may involve discounted future net cash flows from proved and probable reserves, using forecast prices, costs, and expansion prospects.
- Value in use – estimated by calculating the present value of expected future net cash flows generated from the continued use of the asset.

If indications of impairment exist, NuVista conducts an impairment test. Assets or areas are grouped into CGUs for this assessment. When the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and is written down accordingly. The impairment charge is recorded within depletion, depreciation, amortization, and impairment expenses in net earnings.

Depletion, depreciation and amortization (“DD&A”)

NuVista depletes the carrying value of its development and production assets using the unit-of-production method, based on the ratio of production during the period to the related proved plus probable reserves. This calculation considers estimated future development costs required to bring the reserves into production and the estimated salvage value of the assets at the end of their useful lives. Future development costs are forecasted based on the level of development required to produce the reserves. At least annually, an independent third-party reserve evaluator assesses the proved and probable reserves, which represent the estimated recoverable quantities of oil, natural gas, and natural gas liquids, based on geological, geophysical, and engineering data.

Other property, plant, and equipment are recorded at cost, net of accumulated depreciation, amortization, and any impairment. Depreciation is recognized on a straight-line basis over the estimated useful lives of each major component. Significant components of an asset with different useful lives are treated separately and depreciated accordingly.

Specific asset categories have designated depreciation periods:

- Workover costs are depreciated over two years.
- Plant turnarounds and overhauls are depreciated over five years.
- Corporate assets are depreciated on a straight-line basis over their useful lives.
- Right-of-use assets are depreciated on a straight-line basis over the economic life of the contract.

Useful lives and residual values are reviewed annually, with any necessary changes applied prospectively.

Provisions

NuVista recognizes a provision when it has a present legal or constructive obligation resulting from a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. NuVista's provisions primarily consist of asset retirement obligations related to abandonment, dismantling, decommissioning, and site disturbance remediation activities. A liability is recognized in the period when NuVista has a present legal or constructive obligation, and a reasonable estimate of the amount can be made. On a periodic basis, NuVista reviews these estimates, and any changes are applied prospectively.

An obligation is recognized for the estimated cost of abandonment and site restoration, determined by discounting the expected future cash flows required to settle the obligation using a risk-free rate. A corresponding amount is capitalized as asset retirement costs within property, plant, and equipment.

The asset retirement costs are then depleted over the useful life of the underlying assets, and the liabilities are accreted upwards to their estimated settlement value over time. The accretion expense is recognized in net earnings over the life of the asset. Changes in estimated future cash flows or discount rates are capitalized as part of the underlying assets. Actual costs incurred when settling the obligations are charged against the liability.

Leases

A contract is considered a lease, or contains a lease, if it grants the right to control the use of a specified asset for a defined period in exchange for consideration. Leases are recognized as a right-of-use asset and corresponding liability from the date the leased asset is available for use by NuVista. At the commencement of the lease term, a lease liability is recognized based on the present value of the lease payments that are not paid at that date, discounted at NuVista's incremental borrowing rate when 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 for short-term leases, defined as those with terms of less than twelve months, or for leases involving low-value assets, are accounted for as expenses in net earnings and allocated on a straight-line basis over the lease term.

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

NuVista has entered into certain financial derivative contracts to manage its exposure to market risks arising from fluctuations in commodity prices. These instruments are not used for trading or speculative purposes. Although NuVista considers all commodity contracts to be economic hedges, it has not designated its financial derivative contracts as effective accounting hedges and has not applied hedge accounting. As a result, 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, financial derivative contracts are measured at fair value, and changes therein are recognized in net earnings.

NuVista accounts for its forward physical delivery sales contracts, which were entered into and are held for the receipt or delivery of non-financial items, in accordance with its expected purchase, sale, or usage requirements as executory contracts. Consequently, these contracts are not considered financial derivative contracts and are not 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.

NuVista recognizes embedded derivatives when derivative features exist in a contract. Specifically, embedded derivatives are separated from the underlying host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, if a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and if the combined instrument is not measured at fair value through net earnings. Changes in the fair value of separable embedded derivatives are recognized immediately in net earnings.

Income taxes

NuVista's income tax expense is comprised of current and deferred tax recognized in respect of the Company's earnings which are anticipated under the Income Tax Act (Canada). Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period.

Deferred income tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding tax values. Deferred income tax is measured using tax rates that are expected to apply when these temporary differences reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset them. 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.

5. Future accounting pronouncements

In May 2024, the IASB issued amendments to IFRS 9 – *Financial Instruments* (“IFRS 9”) and IFRS 7 – *Financial Instruments: Disclosures* (“IFRS 7”) regarding the settlement of financial liabilities via electronic payment systems and the assessment of contractual cash flow characteristics of financial assets. These amendments, effective January 1, 2026, are not expected to have a material impact on NuVista’s financial statements.

The IASB introduced IFRS 18 – *Presentation and Disclosure in Financial Statements*, (“IFRS 18”) effective January 1, 2027, with early adoption permitted. NuVista is currently evaluating the implications of IFRS 18, as it introduces significant changes to certain financial statement disclosures. These include the requirement to categorize income and expenses into operating, investing, financing, and tax-related activities within the profit and loss statement. IFRS 18 also mandates the disclosure of Management-Defined Performance Measures (“MPMs”), which are non-GAAP metrics used internally by management. Additionally, the standard establishes more detailed guidelines for aggregating and disaggregating financial data, aiming to further enhance transparency and comparability in financial reporting.

6. Exploration and evaluation assets

	Note	2024	2023
Cost			
Balance, January 1		\$ 27,754	\$ 18,307
Additions		6,284	7,369
Acquisitions		—	6,840
Transfers to property, plant and equipment	7	(4,248)	(4,762)
Balance, end of year		\$ 29,790	\$ 27,754

7. Property, plant and equipment

	Note	2024	2023
Cost			
Balance, January 1		\$ 4,436,834	\$ 3,914,710
Additions ⁽¹⁾		494,272	509,829
Acquisitions		—	45,160
Dispositions		—	(44,288)
Capitalized share-based compensation	19	1,928	2,059
Change in asset retirement obligations	13	42,649	4,602
Transfers from exploration and evaluation assets	6	4,248	4,762
Balance, end of year		\$ 4,979,931	\$ 4,436,834

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

		2024	2023
Accumulated depletion, depreciation and amortization			
Balance, January 1		\$ 1,759,080	\$ 1,534,505
Depletion, depreciation and amortization		286,234	244,723
Dispositions		—	(20,148)
Balance, end of year		\$ 2,045,314	\$ 1,759,080

		2024	2023
Carrying value			
Balance, January 1		\$ 2,677,754	\$ 2,380,205
Balance, end of year		\$ 2,934,617	\$ 2,677,754

The calculation of depletion at December 31, 2024, includes estimated future development costs of \$3.3 billion associated with NuVista's proved and probable reserves (December 31, 2023 - \$2.7 billion). Depletion expense related to NuVista's development and production assets was \$271.1 million for the year ended December 31, 2024 (December 31, 2023 - \$225.8 million). Depreciation and amortization expense related to corporate assets, turnarounds and workovers was \$15.2 million for the year ended December 31, 2024 (December 31, 2023 - \$18.9 million).

During the year ended December 31, 2024, there were no transactions accounted for as asset purchases or dispositions. During the year ended December 31, 2023 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.

Impairment assessment

At December 31, 2024 and 2023, there were no indicators of impairment identified within property, plant & equipment, and an impairment test was not performed.

8. Right-of-use assets

	Office Leases	Gas Gathering Lease	Gas Processing Lease	2024 Total	2023 Total
Cost					
Balance, January 1	\$ 9,697	\$ 36,921	\$ 97,239	\$ 143,857	\$ 128,758
Additions	—	—	—	—	15,099
Balance, end of year	\$ 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	917	2,408	6,714	10,039	9,739
Balance, end of year	\$ 4,942	\$ 12,843	\$ 31,786	\$ 49,571	\$ 39,532
Carrying amount					
Balance, January 1	\$ 5,672	\$ 26,486	\$ 72,167	\$ 104,325	\$ 98,965
Balance, end of year	\$ 4,755	\$ 24,078	\$ 65,453	\$ 94,286	\$ 104,325

9. Long-term debt

Covenant-based credit facility

On May 7, 2024, NuVista amended and renewed its existing covenant-based credit facility (the "Credit Facility") of \$450.0 million (December 31, 2023 - \$450 million) with a syndicate of Canadian financial institutions, extending the maturity date to May 7, 2027. The amendments include updates to the applicable benchmark rates for borrowing and certain administrative changes. While NuVista's financial covenants remain unchanged, the Company elected to remove the sustainability-linked performance features.

The maturity date may be extended annually at the request of NuVista and with lenders consent. The Credit Facility has a three-year tenor and is secured by a demand debenture. It also includes an expansion feature (the "accordion"), allowing the Company, subject to lenders approval, to increase the facility amount by up to \$300 million at any time during the term, either by adding a new financial institution or increasing the commitments of existing lenders.

Borrowings under the Credit Facility may be made through prime loans and CORRA loans or SOFR loans and U.S. base rate loans (for U.S. borrowings). These advances bear interest at the bank's prime rate and/or at money market rates plus applicable margins. For the year ended December 31, 2024, borrowing costs averaged 7.1% (December 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 reporting period:

- 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 not be less than 3.5:1.

EBITDA is defined as net earnings 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, 2024, 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	0.01:1	Not exceed 3.0:1	Met
Total debt to EBITDA ratio	0.29:1	Not exceed 3.5:1	Met
EBITDA to interest expense ratio	15.76:1	Not be less than 3.5:1	Met

As at December 31, 2024, NuVista had \$5.4 million drawn on its credit facility (December 31, 2023 – \$16.9 million) and had no outstanding letters of credit (December 31, 2023 - \$11.5 million). Outstanding letters of credit reduce the available borrowing capacity under 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. As at December 31, 2024, NuVista had outstanding letters of credit associated with the APSG of \$15.6 million (December 31, 2023 - \$8.0 million), leaving \$14.4 million of credit available on this letter of credit facility.

10. Senior unsecured notes

	2024	2023
Principal amount of senior unsecured notes	165,393	165,393
Debt issue cost	(2,135)	(3,198)
Senior unsecured notes ⁽¹⁾	163,258	162,195

⁽¹⁾ Represents the carrying value of senior unsecured notes.

On July 23, 2021, NuVista issued \$230.0 million of senior unsecured notes bearing interest at a fixed rate of 7.875%, payable semi-annually in arrears, and maturing on July 23, 2026 (the “2026 Notes”). The 2026 Notes were issued at \$989.89 per \$1,000 principal amount and are fully and unconditionally guaranteed as to the payment of principal and interest on a senior unsecured basis. NuVista is not subject to any financial covenants under the terms of the 2026 Notes. Since issuance, NuVista has redeemed an aggregate principal amount of \$64.6 million of the senior unsecured notes.

The 2026 Notes were non-callable by NuVista before July 23, 2023, after which NuVista may redeem all or part of the 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 were to occur, each holder of the 2026 Notes will have the right to require NuVista to purchase all or any part their notes for cash at 101% of the aggregate principal amount repurchased, plus accrued and unpaid interest.

11. 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. As part of its majority working interest, NuVista partnered with five Indigenous Nations, who collectively invested \$20 million in support of this emissions reduction project. In return, the Indigenous Nations are entitled to defined contractual cash flows, which represent a financial obligation for NuVista. Consequently, the NuVista recognized an initial liability of \$20 million within Other Liabilities.

As at December 31, 2024, the carrying value of the liability was \$18.6 million, with \$2.7 million classified as a current liability and \$16.0 million as a long-term liability. Changes in carrying value reflect accretion of interest and cash settlements made during the period.

12. Lease liabilities

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

	2024		2023	
Balance, January 1	\$	125,961	\$	116,730
Additions		—		15,099
Lease interest expense		14,145		14,079
Payment of leases		(20,644)		(19,947)
Balance, end of year	\$	119,462	\$	125,961
Consisting of:				
Current portion of lease liabilities	\$	7,441	\$	6,500
Non-current portion of lease liabilities	\$	112,021	\$	119,461

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

	2024		2023	
Less than 1 year	\$	20,805	\$	20,643
1-3 years		62,684		62,508
4-5 years		40,479		41,710
After 5 years		74,655		94,404
Total undiscounted future lease payments	\$	198,623	\$	219,265
Amounts representing lease interest expense over the term of the leases		(79,161)		(93,304)
Present value of net lease payments	\$	119,462	\$	125,961

13. Asset retirement obligations

NuVista's asset retirement obligations are based on estimated costs for reclaiming and abandoning its ownership interests in oil and natural gas assets, including well sites, gathering systems, and processing facilities. At of December 31, 2024, the Company estimated the total undiscounted, uninflated cash flows required to settle these obligations to be \$155.9 million (December 31, 2023 – \$118.0 million), with approximately 47% expected to be settled within the next 10 years.

A 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 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%). During the period ended December 31, 2024, NuVista incurred a change in estimate of \$39.8 million which largely related to revised liability cost estimates for well abandonments.

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

	2024	2023
Balance, January 1	\$ 88,114	\$ 91,681
Accretion expense	3,680	3,026
Liabilities incurred	4,780	4,579
Change in estimates	39,781	2,575
Change in discount rate	(1,912)	(2,552)
Liabilities settled	(12,029)	(11,195)
Balance, end of year	\$ 122,414	\$ 88,114
Consisting of:		
Current portion of asset retirement obligations	\$ 9,800	\$ 14,000
Non-current portion of asset retirement obligations	\$ 112,614	\$ 74,114

14. Income taxes

The table below reconciles NuVista's income tax expense, as calculated using the combined Canadian federal and provincial corporate tax rate of 23.0% (December 31, 2023 – 23.0%), which includes both current and deferred tax impacts.

	2024	2023
Income before tax	\$ 397,177	\$ 476,233
Expected tax rate ⁽¹⁾	23.00%	23.00%
Expected income tax expense	91,351	109,534
Non-deductible expenses	155	(133)
Non-deductible share-based expense	558	(1,957)
Other	(605)	1,111
Total income tax expense	\$ 91,459	\$ 108,555
Consisting of:		
Current income tax expense ⁽²⁾	\$ 4,699	\$ —
Deferred income tax expense	\$ 86,760	\$ 108,555

⁽¹⁾ The statutory rate consists of the combined statutory rates for NuVista for the years ended December 31, 2024 and 2023.

⁽²⁾ Current taxes payable are included in accounts payable and accrued liabilities at December 31, 2024 (December 31, 2023 - nil).

The following table presents the significant components of NuVista's deferred income tax liability:

	2024	2023
Deferred tax liability		
Oil and natural gas properties	\$ 465,467	\$ 429,859
Financial derivative contracts	46,944	12,426
Senior unsecured notes	106	351
	512,517	442,636
Deferred tax assets		
Asset retirement obligations	(55,632)	(49,237)
Share issue costs	(358)	(593)
Non-capital losses	—	(14,153)
Other	(12,589)	(17,950)
	(68,579)	(81,933)
Net deferred tax liability	\$ 443,938	\$ 360,703

A continuity of NuVista's deferred tax liability is detailed in the following tables:

Assets (liability)	Balance January 1, 2024	Recognized in profit or loss	Recognized in equity	Balance December 31, 2024
Oil and natural gas properties	\$ (429,859)	\$ (35,608)	\$ —	\$ (465,467)
Asset retirement obligations	49,237	6,394	—	55,631
Share issue costs	593	(235)	—	358
Senior unsecured notes	(351)	245	—	(106)
Financial derivative contracts	(12,426)	(34,518)	—	(46,944)
Non-capital losses	14,153	(14,153)	—	—
Other	17,950	(8,885)	3,525	12,590
Total	\$ (360,703)	\$ (86,760)	\$ 3,525	\$ (443,938)

Asset (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)

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

	2024	2023
Canadian exploration expense	\$ —	\$ 7,000
Canadian development expense	598,000	539,000
Canadian oil and natural gas property expense	176,000	189,000
Undepreciated capital cost	230,000	176,000
Non-capital losses	—	58,000
Other	2,000	23,000
Total federal tax pools	\$ 1,006,000	\$ 992,000
Additional:		
Alberta tax pools	\$ 14,000	\$ 14,000
Incentive tax credits	\$ —	\$ 3,000

15. Share capital

	2024		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	—	1,401	—	2,331
Contributed surplus transferred on exercise of stock options	953,112	1,655	952,699	1,842
Conversion of restricted share awards	175,031	2,898	338,342	2,388
Conversion of performance share awards	931,389	5,559	2,246,360	3,791
Repurchase of shares for cancellation	(5,942,500)	(31,273)	(15,299,561)	(82,371)
Balance, end of year	203,701,229	\$ 1,091,990	207,584,197	\$ 1,111,750

Normal course issuer bid

During the year ended December 31, 2024, NuVista repurchased and cancelled 5,942,500 common shares at an average price of \$12.52 per common share, for a total repurchase cost of \$74.4 million, including \$0.9 million of share buyback tax. The total cost of \$74.4 million exceeded the average carrying value of the shares repurchased of \$31.3 million, with the difference of \$43.1 million recorded to retained earnings.

During the year ended December 31, 2023, NuVista repurchased and cancelled 15,299,561 common shares at an average price of \$12.01 per common share, for a total repurchase 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 million recorded to retained earnings.

In the second quarter of 2024, NuVista received approval from the TSX to purchase up to 14,234,451 of its outstanding common shares under its current NCIB program. This program commenced on June 19, 2024, and will expire on the earlier of June 18, 2025, or the completion of the authorized repurchases. As of March 4, 2025, NuVista has repurchased and cancelled an additional 1,772,600 common shares at an average price of \$13.17 per common share, for a total cost of \$23.4 million under its current NCIB program.

16. Earnings per share

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

(thousands of shares)	2024	2023
Weighted average common shares outstanding		
Basic	206,020	216,144
Diluted ⁽¹⁾	208,902	222,359

⁽¹⁾ For the year ended December 31, 2024, 1,456,841 options and 440,483 share awards (December 31, 2023 - 990,996 options and 382,378 share awards) were excluded from the diluted weighted average common share calculation as they were anti-dilutive.

17. 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 through fixed-price or variable-price physical delivery contracts. For variable-price contracts, the transaction price is based on a benchmark commodity price, adjusted for quality, location, or other factors. Each component of the pricing formula may be fixed or variable, depending on the contract terms.

Under its contracts with customers, NuVista is obligated to deliver volumes of natural gas, condensate and NGLs to specified locations, where control over the delivered volumes is transferred to the customer. In cases where a third-party marketer takes title of NuVista's product but uses NuVista's pipeline contract for delivery to the end customer, a portion of the natural gas revenue is recognized as natural gas transportation revenue.

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

	2024	2023
Natural gas revenue ⁽¹⁾	\$ 279,478	\$ 422,818
Condensate revenue	857,625	899,319
NGL revenue ⁽²⁾	78,131	75,960
Total petroleum and natural gas revenue	\$ 1,215,234	\$ 1,398,097

⁽¹⁾ Natural gas revenue includes transportation revenue which was \$36.5 million and \$37.5 million, for the years ended December 31, 2024 and 2023, respectively.

⁽²⁾ Includes butane, propane, ethane and sulphur revenue.

Included in the accounts receivable at December 31, 2024 was \$97.1 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.

18. Capital management

NuVista manages its capital structure with the goal of maintaining flexibility to respond to changing economic conditions, commodity prices, and the risk profiles of its assets. NuVista has the ability to adjust its capital structure through various means, including issuing new shares and debt, repurchasing shares or debt, or changing capital expenditures relative to adjusted funds flow.

NuVista has established a long-term net debt target of less than 1.0 times adjusted funds flow, annualized for the current quarter, in a stress test price environment of US\$45.00/Bbl WTI and US\$2.00/MMBtu NYMEX. While the actual ratio may fluctuate on a quarterly basis due to factors such as facility outages, commodity price changes, capital expenditures, and the timing of acquisitions and dispositions, NuVista activity monitors these variables to manage its capital structure effectively. As of December 31, 2024, NuVista's net debt was 0.4 times its annualized fourth quarter adjusted funds flow (December 31, 2023 - 0.2 times). This ratio represents the number of years it would take to pay off net debt if no additional capital expenditures were made and adjusted funds flow remained consistent.

To manage its long-term net debt target, 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. NuVista manages its capital structure and makes adjustments by continually monitoring its business conditions including: the current economic conditions, the risk characteristics of its 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. NuVista's approach ensures its capital structure aligns with both short-term operational needs and long-term strategic goals, balancing liquidity with flexibility to support growth opportunities while maintaining financial strength.

Adjusted funds flow

NuVista considers adjusted funds flow to be a key measure that provides a more comprehensive view of the company's ability to generate cash flow necessary for financing capital expenditures, meeting asset retirement obligations, and fulfilling its financial commitments. Adjusted funds flow is calculated by adjusting cash flow from operating activities to exclude changes in non-cash working capital and asset retirement expenditures. Management believes these elements are subject to timing variations in collection, payment, and occurrence. By excluding them, management is able to provide a more meaningful performance measure of NuVista's ongoing operations. Specifically, expenditures on asset retirement obligations may fluctuate depending on the company's capital programs and the maturity of its operating areas, while environmental remediation recovery is tied to an infrequent incident that management does not expect to recur regularly.

The settlement of asset retirement obligations is managed through NuVista's capital budgeting process, which incorporates the available adjusted funds flow.

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

	2024	2023
Cash provided by operating activities	\$ 600,253	\$ 721,342
Asset retirement expenditures	12,029	11,195
Change in non-cash working capital	(60,086)	24,406
Adjusted funds flow ⁽¹⁾	\$ 552,196	\$ 756,943

⁽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 comprehensive understanding of NuVista's capital structure and to assess the company's liquidity. NuVista calculates net debt by considering accounts receivable, prepaid expenses, accounts payable and accrued liabilities, long-term debt (the Credit Facility), senior unsecured notes, and other liabilities. Management uses total market capitalization and the ratio of net debt to annualized adjusted funds flow for the current quarter 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:

	2024	2023
Basic common shares outstanding (thousands of shares)	203,701	207,584
Share price ⁽¹⁾	\$ 13.82	\$ 11.04
Total market capitalization	\$ 2,815,148	\$ 2,291,727
Accounts receivable and other	(132,538)	(139,451)
Prepaid expenses	(45,584)	(45,241)
Accounts payable and accrued liabilities	206,862	157,711
Current portion of other liabilities	18,351	14,082
Long-term debt	5,353	16,897
Senior unsecured notes	163,258	162,195
Other liabilities	16,801	17,358
Net debt ⁽²⁾	\$ 232,503	\$ 183,551
Annualized current quarter adjusted funds flow	\$ 548,236	\$ 807,948
Net debt to annualized current quarter adjusted funds flow	0.4	0.2
Adjusted funds flow	\$ 552,196	\$ 756,943
Net debt to adjusted funds flow	0.4	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.

19. Share-based compensation

Stock options

NuVista has established a Stock Option plan under which officers and employees are eligible to receive options to purchase common shares. The options granted under this plan vest at a rate of one-third per year and expire 2.5 years after the vesting date. On May 7, 2024, shareholders approved a 2,500,000 increase in the number of common shares available for stock option grants. The maximum number of common shares reserved for issuance under the Stock Option plan is 12,945,000 of which 5,454,556 remain to be issued at December 31, 2024.

The following continuity table summarizes the stock option activity:

	2024		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	662,831	12.74	519,001	12.09
Exercised - issuance of shares from treasury	(953,112)	2.60	(952,699)	3.32
Exercised - cash withholding tax	(285,829)	2.60	(189,914)	3.32
Forfeited	(26,639)	10.71	(3,253)	12.28
Expired	(670)	13.77	(7,994)	1.01
Balance, end of year	2,811,741	\$ 8.15	3,415,160	\$ 5.27

For the year ended December 31, 2024, NuVista withheld 285,829 common shares with respect to minimum statutory withholding tax obligations which were settled from its cash reserves (December 31, 2023 - 189,914 common shares). Total withholding tax paid in cash for the year ended December 31, 2024 was \$1.8 million (December 31, 2023 - \$1.0 million).

The following table summarizes stock options outstanding and exercisable at December 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	615,619	1.0	\$ 0.83	615,619	\$ 0.83
\$2.00 to \$3.99	423,327	1.1	2.55	423,327	2.55
\$6.00 to \$7.99	177,848	1.5	7.28	177,848	7.28
\$10.00 to \$11.99	434,743	2.4	11.42	204,304	11.53
\$12.00 to \$13.77	1,160,204	3.5	12.99	247,346	13.43
\$0.79 to \$13.77	2,811,741	2.3	\$ 8.15	1,668,444	\$ 5.13

NuVista uses the fair value-based method to determine 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 granted in the year are as follows:

	2024	2023
Risk-free interest rate (%)	3.40	3.70
Expected volatility (%)	51	54
Expected life (years)	4.4	4.5
Forfeiture rate (%)	9.03	9.16
Fair value at grant date (\$ per option)	5.72	5.76

Share award incentive plan

NuVista has a Share Award Incentive plan for certain directors, officers, employees and consultants 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 4,397,713 remain to be issued at December 31, 2024.

Restricted share awards

NuVista has a RSA plan for its officers and employees, entitling 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. 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 compensation expense is adjusted by an estimated forfeiture rate, which is determined at the grant date and updated periodically. Upon vesting of the RSAs and settlement in common shares, the previously recognized value in contributed surplus is transferred to share capital.

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

	2024	2023
Balance, January 1	488,392	845,204
Settled - issuance of shares from treasury	(175,031)	(338,342)
Settled - cash withholding tax	(52,446)	(272,237)
Granted	297,044	259,302
Forfeited	(19,691)	(5,535)
Balance, end of year	538,268	488,392

For the year ended December 31, 2024, NuVista withheld 52,446 common shares with respect to minimum statutory withholding tax obligations which was settled from its cash reserves (December 31, 2023 - 272,237 common shares). Total withholding tax paid in cash for the year ended December 31, 2024, was \$0.7 million (December 31, 2023 - \$3.2 million).

Performance share awards

NuVista has a PSA plan for its officers and employees. Each PSA entitles the holder to receive the number of common shares specified 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 for 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 adjusted for an estimated forfeiture rate, determined at the date of the grant and updated periodically. Upon vesting of the PSAs and settlement in common shares, the previously recognized value in contributed surplus is transferred to share capital.

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

	2024	2023
Balance, January 1	1,755,372	4,307,296
Settled - issuance of shares from treasury	(931,389)	(2,246,360)
Settled - cash withholding tax	(494,509)	(1,953,716)
Granted	527,828	452,434
Forfeited	(84,994)	(73,094)
Performance adjustment ⁽¹⁾	541,768	1,268,812
Balance, end of year	1,314,076	1,755,372

⁽¹⁾ Awards granted on the vest date due to a performance factor increase to 1.56x for the year ended December 31, 2024. (December 31, 2023 - 1.48x)

For the year ended December 31, 2024, NuVista withheld 494,509 common shares (December 31, 2023 - 1,953,716 common shares) with respect to minimum statutory withholding tax obligations which was settled from its cash reserves. Total withholding tax paid in cash for the year ended December 31, 2024 was \$6.5 million (December 31, 2023 - \$22.9 million).

Cash award incentive plan

NuVista has a Cash Award Incentive Plan that includes 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

NuVista’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 common shares of the NuVista. All DSUs granted vest and become payable upon the director’s retirement. The compensation expense is calculated using the fair value method, based on the trading price of the NuVista’s common shares at the end of each reporting period.

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

	2024	2023
Balance, January 1	1,034,614	1,231,973
Settled	—	(275,544)
Granted	95,029	78,185
Balance, end of year	1,129,643	1,034,614

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

	2024	2023
Balance, January 1	\$ 11,422	\$ 15,375
Change in accrued compensation liabilities	4,190	(357)
Cash settled	\$ —	\$ (3,596)
Balance, end of year	\$ 15,612	\$ 11,422

The compensation liability was calculated using NuVista’s closing share price at December 31, 2024 and December 31, 2023, of \$13.82 and \$11.04, respectively and is recorded within the current portion of other liabilities on the Statement of Financial Position.

Restricted share units

NuVista'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 common shares of NuVista. The vesting arrangement of RSU's is at the discretion of NuVista Board of Directors, although each RSU will typically vest and become payable within two years from the date of grant.

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

	2024	2023
Balance, January 1	8,236	—
Granted	11,180	8,236
Balance, end of year	19,416	8,236

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

	2024	2023
Balance, January 1	\$ 18	\$ —
Change in accrued compensation liabilities	89	18
Balance, end of year	\$ 107	\$ 18
Current portion of compensation liabilities	\$ 79	\$ —
Non-current portion of compensation liabilities	\$ 28	\$ 18

Share-based compensation expense

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

	2024	2023
Stock options	\$ 2,425	\$ 2,049
Restricted share awards	2,634	2,269
Performance share awards	4,783	5,849
Non-cash share-based compensation expense	9,842	10,167
Director deferred share units	4,190	(357)
Restricted share units	89	18
Performance share units	—	(147)
Cash share-based compensation expense	4,279	(486)
Total share-based compensation expense	\$ 14,121	\$ 9,681

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

	2024	2023
Capitalized stock options	\$ 489	\$ 443
Capitalized restricted share awards	486	441
Capitalized performance share awards	953	1,175
Capitalized share-based compensation	\$ 1,928	\$ 2,059

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

20. Risk management

In the normal course of business, NuVista is exposed to various financial risks arising from its exploration, development, production, and financing activities, including:

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

NuVista's Board of Directors oversees the establishment and execution of the Company's risk management framework, while management is responsible for implementing and ensuring compliance with risk management policies. These policies are designed to identify and assess key risks, establish appropriate risk limits and controls, and monitor risk exposure in alignment with market conditions and the Company's operations.

Credit risk

Credit risk is the risk of financial loss to NuVista if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk primarily arises from joint operations partners, oil and natural gas marketers, and financial intermediaries. Most of NuVista's accounts receivable are with oil and natural gas marketers and joint operations partners and subject to standard industry credit risks. NuVista mitigates its credit risk by contracting with financially stable counterparties that have strong credit ratings and by regularly monitoring its exposure to individual counterparties.

The following table presents NuVista's disaggregated accounts receivable balance:

		2024	2023
Production revenues	\$	97,139	\$ 103,505
Joint interest and other		20,746	15,241
Accounts receivable	\$	117,885	\$ 118,746

The majority of NuVista credit exposure on accounts receivable at December 31, 2024 pertains to accrued sales revenue for December 2024 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. As at December 31, 2024, NuVista's receivables consisted of \$97.1 million from oil and natural gas marketers of which all has been subsequently collected and \$20.7 million from joint operations partners and other receivables of which \$12.5 million has been subsequently collected. NuVista does not have any past due accounts receivable that it has determined to be uncollectible.

Liquidity risk

Liquidity risk is the risk that NuVista may be unable to meet its financial obligations as they become due. NuVista actively manages its liquidity through continuously monitoring cash flows from operating, financings, and investing activities, as well as reviewing and adjusting its capital expenditures program as necessary.

To ensure sufficient liquidity under both normal and adverse conditions, NuVista maintains a revolving credit facility with adequate capacity, manages the maturity profiles of financial assets and liabilities, and aligns its payment cycles with revenue collection where possible. Additionally, NuVista oversees its commodity price

risk management program to help mitigate cash flow volatility. These measures enable NuVista to meet both short-term and long-term financial obligations while maintaining financial flexibility.

The timing of cash flows relating to financial liabilities as at December 31, 2024 is as follows:

	Total	1 year	2 to 3 years	4 to 5 years	Beyond 5 years
Accounts payable and accrued liabilities	\$ 206,862	\$ 206,862	\$ —	\$ —	\$ —
Senior unsecured notes	163,258	—	163,258	—	—
Long-term debt	5,353	5,353	—	—	—
Lease liabilities	119,462	7,440	28,342	23,584	60,096
Other liabilities	35,152	18,351	5,548	5,520	5,733
Total financial liabilities	\$ 530,087	\$ 238,006	\$ 197,148	\$ 29,104	\$ 65,829

Market risk

Market risk refers to the potential fluctuation in the fair value or future cash flows of a financial instrument due to changes in commodity price risk, currency risk, and interest rate risk. NuVista is involved in oil and natural gas exploration, development and production activities in Canada, resulting in significant exposure to commodity price risk. To mitigate this, NuVista has implemented a disciplined commodity price risk management program as part of its overall financial management strategy. Although, NuVista considers these transactions to be economic hedges, it does not designate them as hedges for accounting purposes.

i. Commodity price risk

Commodity price risk refers to the potential fluctuation in the fair value of future cash flows due to changes in commodity prices. Significant shifts in commodity prices can materially affect NuVista's financial performance, operating results, and financial position. These price changes are influenced not only by the domestic supply and demand of crude oil and natural gas in Canada and the United States, but also by global events that affect worldwide supply and demand levels. NuVista is exposed to commodity price risk as prices for its natural gas, natural gas liquids, and condensate fluctuate due to various local and global factors, including supply and demand, inventory levels, weather patterns, pipeline transportation constraints, political stability, and economic factors.

To manage this risk, NuVista employs a disciplined commodity price risk management program as part of its overall financial risk management strategy. This program aims to reduce volatility in financial results and stabilize adjusted funds flow against unpredictable commodity prices. NuVista manages commodity price risk through the use of various financial derivative and physical delivery sales contracts. Financial derivative contracts are considered financial instruments, while physical delivery sales contracts are excluded from the definition of financial instruments, as they consist of executory contracts. NuVista uses these instruments to manage petroleum and natural gas commodity price risk. The Board of Directors has authorized the use of fixed price, put option, and costless collar contracts ("Fixed Price Contracts") and approved the terms of the commodity price risk management program as follows:

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

The Board of Directors has set limits for entering into natural gas basis differential contracts, which are the lesser of 70% of forecast natural gas production, net of royalties, or the volumes required to bring the combined natural gas basis differential contracts and natural gas fixed price contracts to 100% of forecast natural gas production, net of royalties. These contracts are limited to a term of no more than 7 years from the date any such swap is entered into.

Derivative contracts on crude oil, natural gas liquids, and natural gas differentials and basis may be made in Canadian or U.S. dollars at the time the position is established, with U.S. dollar positions potentially hedged to Canadian dollars during the term of the applicable hedge. Additionally, in the second quarter of 2024, NuVista's Board of Directors amended the Company's risk management policies to permit international basis positions at Asia or European markers, with terms not exceeding 5 years and a forecast natural gas volume not exceeding 25 MMcf/d.

Financial derivative contracts

At December 31, 2024, NuVista had the following financial derivative contracts in place to manage commodity price risk:

Term ⁽¹⁾	WTI fixed price swap	
	Bbls/d	Cdn\$/Bbl
2025	6,000	97.12

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

Term ⁽¹⁾	AECO-NYMEX basis swap	
	MMBtu/d	US\$/MMBtu
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)
2030	45,000	(1.00)

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

Term ⁽¹⁾	NYMEX collars		AECO fixed price swap		AECO collars			
	MMBtu/d	US\$/MMBtu	US\$/MMBtu	GJ/d	Cdn\$/GJ	GJ/d	Cdn\$/GJ	Cdn\$/GJ
2025	25,452	3.00	3.66	20,863	3.70	5,863	1.50	2.35

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

Subsequent to December 31, 2024, the following is a summary of the financial derivatives contracts that have been entered into:

Term ⁽¹⁾	WTI fixed price swap	
	Bbls/d	Cdn\$/Bbl
2025	915	102.80

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

Term ⁽¹⁾	AECO-NYMEX basis swap	
	MMBtu/d	US\$/MMBtu
2030	2,500	(1.05)
2031	2,500	(1.00)

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

Term ⁽¹⁾	NYMEX fixed price swap		NYMEX collars		
	Mmbtu/d	US\$/Mmbtu	Mmbtu/d	US\$/Mmbtu	US\$/Mmbtu
2025	4,192	4.25	16,767	3.75	4.59
2026	15,000	4.01	15,000	3.50	4.82

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

The following table summarizes the impact of commodity price fluctuations on net earnings, resulting from changes in the fair value of financial derivative contracts in place at December 31, 2024. Due to the non-linear relationship between assumption changes and fair value fluctuations, changes in fair value typically cannot be extrapolated.

CDN \$		2024	2023
Increase in \$ WTI – oil \$10/Bbl	\$	(11,085) \$	—
Decrease in \$ WTI – oil \$10/Bbl	\$	11,138 \$	—
Increase in \$ AECO – gas \$0.50/GJ	\$	(81,544) \$	(13,999)
Decrease in \$ AECO – gas \$0.50/GJ	\$	80,615 \$	13,999

Physical delivery sales contracts

NuVista 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, 2024:

Term ⁽¹⁾	AECO fixed price swap		AECO-NYMEX basis	
	GJ/d	Cdn\$/GJ	MMBtu/d	US\$/MMBtu
2025	40,863	3.85	5,000	(1.15)

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

Embedded derivative

In the fourth quarter of 2024, NuVista entered into a long-term natural gas supply agreement under which the Company will deliver 21,000 MMBtu/d of LNG for a period of up to thirteen years, commencing on January 1, 2027. Under the terms of the agreement, NuVista will deliver natural gas to its counterparty at the NOVA Inventory transfer point (“NIT”) and receive a Japan Korea Marker (“JKM”) index price less deductions for transport and liquefaction. NuVista will recognize unrealized gains or losses on the JKM natural gas supply agreement embedded derivative based on movements in JKM and AECO 7A monthly index price forecasts. Realized gains or losses will not be recognized until natural gas deliveries commence in January 2027.

As of December 31, 2024, NuVista recorded an embedded derivative liability of \$0.1 million for the JKM natural gas supply agreement and an unrealized loss of \$0.1 million. This Level 2 fair value measurement was estimated using an internally developed model that incorporates observable assumptions, as well as assumptions that can be reasonably substantiated by market information, including forecasted JKM prices.

ii. Currency risk

Currency risk refers to the potential fluctuation in the fair value of a financial instrument due to changes in foreign exchange rates. NuVista’s financial instruments are indirectly exposed to currency risk, as the prices of petroleum and natural gas in Canada are influenced by changes in the exchange rate between the Canadian dollar and the US dollar. Additionally, NuVista has US dollar-denominated receivables and payables, with future cash payments directly impacted by the exchange rate in effect at the time of payment.

iii. Interest rate risk

Interest rate risk refers to the potential fluctuation in the fair value or future cash flows of a financial instrument due to changes in market interest rates. NuVista is exposed to interest rate fluctuations on its Credit Facility, which carries a floating interest rate. To manage this risk, NuVista maintains a mix of fixed and variable interest rates on its debt, including its 2026 Notes and Credit Facility. NuVista had no interest rate swap or financial contracts in place as at or during the year ended December 31, 2024.

At December 31, 2024, NuVista had \$5.4 million drawn on its bank credit facility (December 31, 2023 - \$16.9 million).

Fair value of financial instruments

NuVista's financial instruments recognized on the statement of financial position consist 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 financial derivative contracts and compensation liability, which are recorded at fair value, the carrying values of other financial instruments reflect their current fair value, given their short-term maturities. The estimated fair values of recognized financial instruments have been determined based on quoted market prices when available, or through third-party models and valuation methodologies utilizing observable market data.

NuVista 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.

NuVista's cash and cash equivalents are classified as Level 1 measurements, financial commodity derivative contracts and embedded derivative contracts as Level 2 measurements. NuVista 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 derivatives, and internally developed models based on observable market data and information that can be corroborated by market data. The assessment of the significance of a particular input to the fair value measurement requires judgment and may impact the placement within the fair value hierarchy level.

Risk management contracts

The following provides a summary of the unrealized gains and losses on financial instruments for the years ended December 31, 2024 and 2023:

	2024		2023	
Unrealized gain (loss) on financial instruments - commodity contracts	\$	150,212	\$	(24,530)
Unrealized loss on financial instruments - embedded derivative		(135)		—
Total unrealized gain (loss) on financial instruments	\$	150,077	\$	(24,530)

The following is a summary of the fair value of financial instruments as at December 31, 2024 and 2023:

			2024		2023	
	Financial derivative contracts	Natural gas embedded derivative	Total	Total	Total	Total
Current asset	\$ 65,538	\$ —	\$ 65,538	\$	14,599	
Long term asset (liability)	138,702	(136)	138,566		39,429	
Total fair value of financial instruments	\$ 204,240	\$ (136)	\$ 204,104	\$	54,028	

21. Financing costs

	Note	2024	2023
Interest on long-term debt	\$	7,914	\$ 6,171
Interest on senior unsecured notes		14,283	16,181
Early redemption expense on senior unsecured notes		—	2,604
Interest expense		22,197	24,956
Lease interest expense		14,145	14,079
Accretion expense	13	3,680	3,026
Total financing costs	\$	40,022	\$ 42,061

22. Commitments

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

	Total	2025	2026	2027	2028	2029	Thereafter
Transportation ⁽¹⁾	\$ 1,037,928	\$ 167,954	\$ 171,355	\$ 161,887	\$ 133,258	\$ 114,310	\$ 289,164
Processing ^{(1) (2)}	1,828,423	133,940	154,473	155,489	156,729	154,337	1,073,455
Servicing ⁽³⁾	6,302	6,302	—	—	—	—	—
Other	1,633	117	117	117	117	117	1,048
Total commitments ⁽⁴⁾	\$ 2,874,286	\$ 308,313	\$ 325,945	\$ 317,493	\$ 290,104	\$ 268,764	\$1,363,667

⁽¹⁾ Certain of the transportation and processing commitments are secured by outstanding letters of credit totaling \$14.8 million at December 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 December 31, 2024 was 1.44 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 NuVista. The compensation recognized in general and administrative expenses for key management personnel during the year consisted of the following:

	2024	2023
Salaries, wages and short-term benefits	\$ 6,323	\$ 5,566
Share-based payments ⁽¹⁾	8,147	4,070
Total	\$ 14,470	\$ 9,636

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

24. Supplemental information

Supplemental cash flow information

The following table provides a detailed breakdown of certain non-cash items included in cash flows from operating and investing activities:

	2024	2023
Cash provided by (used for):		
Accounts receivable and other	\$ 6,913	\$ 39,321
Prepaid expenses	(343)	(18,656)
Accounts payable and accrued liabilities	54,493	(31,959)
	\$ 61,063	\$ (11,294)
Related to:		
Operating activities	\$ 60,086	\$ (24,406)
Investing activities	977	13,112
	\$ 61,063	\$ (11,294)

Supplemental disclosures

NuVista's statement of earnings is prepared primarily by nature of expense, except for 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 expenses, general and administrative expenses and share-based compensation in the statement of earnings:

	2024	2023
Operating	\$ 2,825	\$ 2,770
General and administrative	22,211	20,245
Share-based compensation	14,121	9,681
Total employee compensation costs	\$ 39,157	\$ 32,696

LEADERSHIP TEAM

Mike Lawford

President and Chief Executive Officer

Ivan J. Condic

Vice President, Finance and Chief Financial Officer

Ryan Paulgaard

Vice President, Operations

Chris LeGrow

Vice President, Development and Planning

Josh Truba

Vice President, Business Development and Corporate Services

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

Ronald Poelzer ^{(1) (2)}

Independent Director

Deborah Stein ^{(1) (3)}

Independent Director

Grant Zawalsky ⁽³⁾

Independent Director

Jonathan Wright ⁽⁴⁾

Non-Independent Director

Mike Lawford

President and Chief Executive Officer

(1) Member of Audit Committee

(2) Member of Corporate Governance & Compensation Committee

(3) Member of Environment, Social & Governance Committee

(4) Member of Reserves Committee

BANKERS

Canadian Imperial Bank of Commerce

Royal Bank of Canada

The Bank of Nova Scotia

Bank of Montreal

ATB Financial

Canadian Western Bank

Business Development Bank of Canada

TRANSFER AGENT - COMMON SHARES

Odyssey Trust Company

Calgary, Alberta

TRANSFER AGENT - SENIOR UNSECURED NOTES

Computershare Trust Company of Canada

Calgary, Alberta and Toronto, Ontario

AUDITORS

KPMG LLP

Calgary, Alberta

RESERVE EVALUATORS

GLJ Ltd.

Calgary, Alberta

STOCK EXCHANGE LISTING

The Toronto Stock Exchange ("TSX")

"NVA"



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