

CALGARY, ALBERTA--(Marketwired - May 10, 2017) - [NuVista Energy Ltd.](#) ("NuVista" or the "Company") (TSX:NVA) is pleased to announce results for the three months ended March 31, 2017 and provide an update on its future business plans. NuVista had another strong quarter of growth with continued development drilling program success. Funds flow from operations and netbacks continued to improve primarily as a result of increased condensate production and improved commodity prices.

NuVista is continuing to deliver on our accelerated 2017 drilling program. We possess a material position in the condensate-rich Wapiti Montney play which is delivering strong financial returns to shareholders now and will do so over the long term. These features become more evident with the improving results from each passing quarter. With our prudent focus on balance sheet strength, we maintain flexibility to adjust capital spending and pace of growth commensurate with the business environment while adhering to our long term growth and profitability objectives.

Significant Operating Highlights

- Achieved first quarter 2017 production of 26,731 Boe/d, representing growth of 8% compared to the prior quarter production of 24,716 Boe/d, a result well within our first quarter guidance range of 26,000 - 29,000 Boe/d. NuVista is delighted to note that production has already exceeded 33,000 Boe/d in recent weeks;
- Achieved impressive funds from operations of \$43.3 million (\$0.25/share, basic) for the first quarter, as compared to \$40.7 million (\$0.24/share, basic) for the prior quarter and a dramatic improvement from \$30.3 million (\$0.20/share, basic) for the first quarter of 2016;
- Successfully executed a very active first quarter capital program of \$107 million, utilizing 5 rigs to drill 12 (12.0 net) wells in our Montney condensate rich resource play, and brought 8 new wells on production with 6 of them reaching IP30 during the quarter. Several of these are among the best we have ever drilled, well above our type curve, as detailed later in this document and in our corporate presentation. Capital costs have trended in line with previous estimates which included modest room for cost inflation commensurate with the commodity price environment. When we finish drilling the wells that we have already spud, we will have a total of seventeen drilled uncompleted wells which we will begin to complete this month;
- Operating costs came in at \$10.72/Boe, in line with estimates, while G&A costs continued to trend downwards as planned, reaching \$1.71/Boe for the first quarter of 2017. Cost reductions in all aspects of our business remains a key area of focus for NuVista;
- Delivered funds from operations netback of \$17.98/Boe for the first quarter of 2017 as compared to \$17.90/Boe in the prior quarter and \$13.06/Boe for the first quarter of 2016;
- Exited the first quarter of 2017 with net debt of \$156 million, including credit facility borrowings of \$61 million. Subsequent to the first quarter, NuVista's annual redetermination of the credit facility borrowing base was concluded resulting in NuVista's facility being increased from \$200 million to \$235 million; and
- Maintained a ratio of net debt to annualized current quarter funds from operations of 0.9x despite experiencing the largest planned spending quarter of the year, as is typical due to winter drilling season phasing.

Bilbo Block

The Bilbo development block has now reached the free-cashflow turning point, where significantly more funds from operations are generated than required for drilling to maintain full facility capacity. The average expected payback period for new wells at Bilbo is now approximately one year. The Bilbo compressor station and dehydration facility is now at capacity with production exceeding 20,000 Boe/d. We are continually encouraged with completion execution and well performance, with four high-fracture intensity ("HiFi") and one regular intensity well reaching IP30 in the first quarter. Both the IP30 condensate and total Boe/d production rates of these five wells have averaged upwards in comparison to our historical results and typecurve. The average IP30 flowrate for the condensate portion alone exceeded 1,000 Bbl/d per well, while flowing at restricted rates, more than 40% higher than the historical Bilbo average. We look forward to continued positive indications as these wells move towards IP180 and as subsequent new wells are brought onto production, providing deeper insight into the shape and base decline of the production curve associated with our HiFi wells. The drilling of our 6-well pad at northeast Bilbo is proceeding as planned, with drilling to finish and completions to begin late in the second quarter pending weather. With 10 Bilbo wells containing a total of 275 stages of fracture in various phases of drilling, completing, and being tied in, we anticipate maintaining the Bilbo facility comfortably at full capacity. We will provide more insight into the base decline, anticipated capital efficiencies and magnitude of free cashflow generation from the Bilbo development block as we shape our 2018 budget throughout the next 6 months.

Elmworth Block

The Elmworth production facility has reached a new production record of 12,500 Boe/d, including the Gold Creek production which is presently flowing through the Elmworth facility. Only one new well was brought onto production, reaching IP30 during the quarter. Initial production from this well at 12-33 is at a record level of over 2,700 Boe/d including over 550 Bbl/d of condensate. This well has manageable sand cut which permits higher than normal initial flowrates, suggesting superior long term performance. Elmworth production is expected to grow rapidly upon resumption of activity after the spring breakup period, with 9 wells with over 230 planned total stages of fracture in various phases of drilling, completing, and being tied in.

Gold Creek Block

Our three-well extended reach horizontal ("ERH") pad has been drilled successfully at Gold Creek and is waiting on completion

pending weather. This pad contains wells ranging from 2,900 m to our record 3,850 m in horizontal length, and we plan to fracture up to 160 stages in these wells in total. These wells will be tied in to our Elmworth compressor and dehydration facility after completion. We plan to spud an additional well in Gold Creek later in the second quarter towards delineation of the north end of the block.

Pipestone Block

Pipestone stakeholder and development planning is proceeding well to underpin our future growth in this area which has continued to see exciting offsetting industry activity. We plan to spud our first well in Pipestone this summer.

Lower Montney

NuVista has recently licensed the drilling of our first Lower Montney horizontal well at Bilbo. We look forward to spudding this test well late in 2017 in this new emerging layer of the Montney formation.

Commodity Risk Management

NuVista continues to benefit from the discipline of our strong hedging program during this period of volatile commodity prices. We currently possess hedges which in aggregate cover 61% of remaining 2017 projected liquids production at a floor WTI price of C\$66.30/Bbl, and 64% of remaining 2017 projected gas production at a price of C\$3.18/Mcf. Both of these percentage figures relate to production net of royalty volumes. Due to this and our export pipeline volumes, NuVista has less than 5% of our natural gas volumes exposed to spot AECO prices in 2017.

2017 Outlook: Annual Guidance Reaffirmed

In accordance with our 2017 plan, NuVista has recently reduced activity to three rigs drilling in the Wapiti Montney area. Depending on spring weather we anticipate reducing to two rigs at some point in the second quarter. We have significant flexibility to adjust the capital program quickly if desired, commensurate with our views on commodity pricing and the business environment. At this time we have no plans to alter the program from our original budget, and re-affirm our projected 2017 capital spending in the range of \$280-300 million.

As previously stated, production through the middle quarters of 2017 is expected to be choppy due to the major 5-year-cycle planned maintenance outages at SemCAMS K3 and Keyera Simonette midstream gas plants in the second and third quarters, respectively. Although we experienced an unscheduled 3rd party plant outage in April which reduced second quarter production by approximately 2,000 Boe/d, production levels have subsequently exceeded 33,000 Boe/d in recent weeks due to strong new well production. As a result, we re-affirm our second quarter and full year 2017 guidance ranges of 26,000 to 29,000 and 28,000 - 31,000 Boe/d respectively.

Given top quality assets and a management team focused upon relentless improvement, NuVista will continue to optimize well results, improve margins, and grow our production profitably toward our 2021 goal of 60,000 Boe/d. We would like to thank our staff, contractors, and suppliers for their continued dedication and delivery, and we thank our board of directors and our shareholders for their guidance and support as we build an ever more valuable future for NuVista.

Please note that our corporate presentation is being updated and will be available at www.nuvistaenergy.com on or before midday on May 11, 2017. NuVista's first quarter 2017 condensed interim financial statements and notes to the financial statements and management's discussion and analysis will be filed on SEDAR (www.sedar.com) under [NuVista Energy Ltd.](#) on or before Thursday, May 11, 2017 and can also be accessed on NuVista's website.

Corporate Highlights

(\$ thousands, except per share and per \$/Boe)	Three months ended March 31		
	2017	2016	% Change
Financial			
Oil and natural gas revenues	\$ 84,236	\$ 59,720	41
Funds from operations ⁽¹⁾	43,254	30,288	43
Per share - basic	0.25	0.20	25
Net earnings	38,317	2,453	1,462
Per share - basic	0.22	0.02	1,000
Total assets	1,054,272	1,014,772	4
Net debt ⁽¹⁾	156,352	255,646	(39)
Capital expenditures	107,412	61,193	76
Proceeds on property dispositions	296	450	(34)

Weighted average common shares outstanding - basic	172,761		153,319	13		
End of period common shares outstanding	172,774		153,349	13		
Operating						
Production						
Natural gas (MMcf/d)	99.7		102.6	(3	)	
Condensate & oil (Bbls/d)	8,354		6,243	34		
NGLs (Bbls/d) ⁽²⁾	1,758		2,143	(18	)	
Total (Boe/d)	26,731		25,484	5		
Condensate, oil & NGLs weighting	38	%	33	%		
Condensate & oil weighting	31	%	25	%		
Average selling prices ^{(3) & (4)}						
Natural gas (\$/Mcf)	3.75		3.75	-		
Condensate & oil (\$/Bbl)	63.46		41.67	52		
NGLs (\$/Bbl)	17.92		5.35	235		
Netbacks (\$/Boe)						
Oil and natural gas revenues	35.02		25.75	36		
Realized gain on financial derivatives	0.01		4.94	(100	)	
Royalties	(1.13	)	(1.32	)	(14	)
Transportation expenses	(2.51	)	(2.74	)	(8	)
Operating expenses	(10.72	)	(10.59	)	1	
Operating netback ⁽¹⁾	20.67		16.04	29		
Funds from operations netback ⁽¹⁾	17.98		13.06	38		
Share trading statistics						
High	6.39		5.50	16		
Low	5.33		2.72	96		
Close	6.15		4.90	26		
Average daily volume	399,827		463,637	(14	)	

(1) See "Non-GAAP measurements".

(2) Natural gas liquids ("NGLs") include butane, propane and ethane.

(3) Product prices exclude realized gains/losses on financial derivatives.

(4) The average NGLs selling price is net of tariffs and fractionation fees.

Basis of presentation

Unless otherwise noted, the financial data presented in this news release has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") also known as International Financial Reporting Standards ("IFRS"). The reporting and measurement currency is the Canadian dollar.

Advisories regarding oil and gas information

This news release contains the term barrels of oil equivalent ("Boe"). Natural gas is converted to a barrel of oil equivalent ("Boe") using six thousand cubic feet of gas to one barrel of oil. Boes may be misleading, particularly if used in isolation. A conversion ratio of one barrel to six thousand cubic feet of natural gas is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion ratio on a 6:1 basis may be misleading as an indication of value.

National Instrument 51-101 - "Standards of Disclosure for Oil and Gas Activities" includes condensate within the product type of natural gas liquids. NuVista has disclosed condensate values separate from natural gas liquids herein as NuVista believes it provides a more accurate description of NuVista's operations and results therefrom.

Any reference in this news release to initial production rates such as IP30 are useful in confirming the presence of hydrocarbons, however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for NuVista.

Advisory regarding forward-looking information and statements

This news release contains forward-looking statements and forward-looking information (collectively, "forward-looking

statements") within the meaning of applicable securities laws. The use of any of the words "will", "expects", "believe", "plans", "potential" and similar expressions are intended to identify forward-looking statements. More particularly and without limitation, this news release contains forward looking statements, including management's assessment of: NuVista's future focus, strategy, plans, opportunities and operations; plans to reduce costs; financial and commodity risk management strategy; NuVista's planned capital expenditures; the timing, allocation and efficiency of NuVista's capital program and the results therefrom; the anticipated potential and growth opportunities associated with NuVista's asset base; future drilling results; and production guidance. By their nature, forward-looking statements are based upon certain assumptions and are subject to numerous risks and uncertainties, some of which are beyond NuVista's control, including the impact of general economic conditions, industry conditions, current and future commodity prices, currency and interest rates, anticipated production rates, borrowing, operating and other costs and funds from operations, the timing, allocation and amount of capital expenditures and the results therefrom, anticipated reserves and the imprecision of reserve estimates, the performance of existing wells, the success obtained in drilling new wells, the sufficiency of budgeted capital expenditures in carrying out planned activities, access to infrastructure and markets, competition from other industry participants, availability of qualified personnel or services and drilling and related equipment, stock market volatility, effects of regulation by governmental agencies including changes in environmental regulations, tax laws and royalties; the ability to access sufficient capital from internal sources and bank and equity markets; and including, without limitation, those risks considered under "Risk Factors" in our Annual Information Form. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. NuVista's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements, or if any of them do so, what benefits NuVista will derive therefrom. NuVista has included the forward-looking statements in this news release in order to provide readers with a more complete perspective on NuVista's future operations and such information may not be appropriate for other purposes. NuVista disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Non-GAAP measurements

Within the news release, references are made to terms commonly used in the oil and natural gas industry. Management uses "funds from operations", "annualized current quarter funds from operations", "funds from operations netback", "net debt", "net debt to annualized current quarter funds from operations" and "operating netback". These terms do not have any standardized meaning prescribed by GAAP and therefore may not be comparable with the calculation of similar measures for other entities. These terms are used by management to analyze operating performance on a comparable basis with prior periods and to analyze the liquidity of NuVista.

Funds from operations are based on cash flow from operating activities as per the statement of cash flows before changes in non-cash working capital, asset retirement expenditures, note receivable allowance (recovery) and environmental remediation expenses. Funds from operations as presented is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash flow from operating activities, per the statement of cash flows, net earnings or other measures of financial performance calculated in accordance with GAAP.

Funds from operations per share is calculated based on the weighted average number of common shares outstanding consistent with the calculation of net earnings per share. Total revenue equals oil and natural gas revenues including realized financial derivative gains/losses. Operating netback equals the total of revenues including realized financial derivative gains/losses less royalties, transportation and operating expenses calculated on a Boe basis. Funds from operations netback is operating netback less general and administrative, deferred share units, and interest expenses calculated on a Boe basis. Net debt is calculated as long-term debt plus senior unsecured notes plus adjusted working capital. Adjusted working capital is current assets less current liabilities and excludes the current portions of the financial derivative assets or liabilities, asset retirement obligations and deferred premium on flow through shares. Net debt to annualized current quarter funds from operations is net debt divided by annualized current quarter funds from operations.

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