Novus Energy Inc
Condensed Interim Financial Statements
March 31, 2013
(unaudited)

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Novus Energy Inc.
Condensed Interim Statement of Financial Position
(unaudited)

($CAD, thousands)	Notes		**Mar 31, 2013**		Dec 31, 2012
ASSETS					
Current Assets					
Accounts receivable	12	**$**	**10,494**	$	8,057
Deposits and prepaid expenses			**776**		667
			11,270		8,724
Exploration and evaluation	4		**12,030**		11,374
Property and equipment	5		**208,838**		197,797
Deferred income taxes	10		**17,640**		19,493
		$	**249,778**	$	237,388
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	12	**$**	**13,294**	$	18,458
Bank debt	6		**80,977**		69,149
			94,271		87,607
Decommissioning liabilities	7		**14,385**		13,924
			108,656		101,531
Shareholders' Equity					
Equity instruments	8		**131,412**		131,412
Contributed surplus			**15,996**		15,811
Deficit			**(6,286)**		(11,366)
			141,122		135,857
		$	**249,778**	$	237,388

Commitments – note 14

See accompanying notes.

Approved on behalf of the Board:

(signed) *"Hugh G. Ross"*

Hugh G. Ross - Director

(signed) *"Larry C. Mah"*

Larry C. Mah - Director

Novus Energy Inc.
Condensed Interim Statement of Income and Comprehensive Income
(unaudited)

($CAD, thousands, except per share amounts)	Notes		**Three months ended March 31, 2013**		Three months ended March 31, 2012
REVENUE					
Production revenue		**$**	**26,851**	$	18,542
Royalties			**(3,132)**		(1,907)
			23,719		16,635
EXPENSES					
Field operations			**3,330**		2,913
Transportation and marketing			**1,572**		801
General and administrative			**1,710**		1,521
Exploration and evaluation			**135**		57
Stock-based compensation	8(d)		**185**		479
Depletion and depreciation	4,5		**8,946**		5,558
			15,878		11,329
Income from operations			**7,841**		5,306
Other income (loss)					
Finance costs	9		**(710)**		(465)
Gain on sale of property			**236**		-
			(474)		(465)
Income before income taxes			**7,367**		4,841
Current	10		**434**		289
Deferred	10		**1,853**		1,708
			2,287		1,997
Net income and comprehensive income for the period		**$**	**5,080**	$	2,844
Net income and comprehensive income per share					
Basic	8(f)	**$**	**0.03**	$	0.02
Diluted	8(f)	**$**	**0.03**	$	0.02

See accompanying notes.

Novus Energy Inc.
Condensed Interim Statement of Changes in Shareholders' Equity
(unaudited)

($CAD, thousands)	Notes		**Three months ended March 31, 2013**		Three months ended March 31, 2012
Equity instruments	8				
Common Shares					
Balance – beginning of period		**$**	**131,412**	$	112,208
Issued on exercise of warrants			**-**		20,447
Balance – end of period		**$**	**131,412**	$	132,655
Warrants	8(a)				
Balance – beginning of period		**$**	**-**	$	3,881
Exercised			**-**		(3,814)
Expired			**-**		(67)
Balance – end of period		**$**	**-**	$	**-**
Total equity instruments		**$**	**131,412**	$	132,655
Contributed surplus					
Stock-based compensation	8(d)				
Balance – beginning of period		**$**	**12,054**	$	9,955
Stock-based compensation expense			**185**		479
Balance – end of period		**$**	**12,239**	$	10,434
Warrants					
Balance – beginning of period		**$**	**3,757**	$	3,690
Expiry of warrants			**-**		67
Balance – end of period		**$**	**3,757**	$	3,757
Total contributed surplus		**$**	**15,996**	$	14,191
Deficit					
Balance – beginning of period		**$**	**(11,366)**	$	(18,089)
Net income for the period			**5,080**		2,844
Balance – end of period		**$**	**(6,286)**	$	(15,245)
Total shareholders' equity		**$**	**141,122**	$	131,601

See accompanying notes.

Novus Energy Inc.
Condensed Interim Statement of Cash Flows
(unaudited)

($CAD, thousands)	Notes	**Three months ended March 31, 2013**	Three months ended March 31, 2012
CASH PROVIDED BY (USED IN)			
OPERATING ACTIVITIES			
Net income for the period		**$ 5,080**	$ 2,844
Non-cash and other items:			
Stock-based compensation		**185**	479
Depletion and depreciation		**8,946**	5,558
Loss (gain) on sale of property		**(236)**	-
Finance costs		**86**	71
Deferred income taxes		**1,853**	1,708
Decommissioning expenditures		**(71)**	(34)
Change in non-cash working capital	11	**(2,794)**	4,632
		13,049	15,258
FINANCING ACTIVITIES			
Proceeds from (repayment of) bank debt, net		**11,828**	(16,696)
Proceeds from issuance of equity instruments, net of issuance costs		**-**	16,633
Redemption of share capital		**-**	-
		11,828	(63)
INVESTING ACTIVITIES			
Capital expenditures		**(20,190)**	(18,134)
Proceeds from sale of property		**229**	-
Change in non-cash working capital	11	**(4,916)**	2,939
		(24,877)	(15,195)
Increase in cash		**-**	-
Cash, beginning of period		**-**	-
Cash, end of period		**$ -**	$ -

Supplemental cash flows disclosure – note 11.

See accompanying notes.

1. Description of business

Novus Energy Inc. ("Novus" or the "Company") is engaged in the acquisition, exploration, development and production of petroleum and natural gas reserves in Western Canada.

The principal and head office of the Company is located at Suite 5200, 150 - 6th Avenue S.W., Calgary, Alberta T2P 3Y7. The registered office of the Company is located at 3500, 855 – 2nd Street S.W., Calgary, Alberta T2P 4J8.

Novus' common shares are listed and posted for trading on the TSX Venture Exchange under the symbol NVS.

These condensed interim financial statements were approved and authorized for issuance by the Audit Committee on May 27, 2013 on behalf of the Board of Directors.

2. Basis of preparation

Statement of compliance

These condensed interim financial statements have been prepared following the same accounting policies and methods of computation as the audited financial statements for the year ended December 31, 2012. They have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". Accordingly, certain information and disclosure normally include in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. The disclosure provided herein is incremental to the disclosure included in the annual financial statements. The condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2012.

3. Accounting Policies

The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as the audited financial statements for the year ended December 31, 2012 except as follows:

a) Fair Value Measurements

The Company adopted IFRS 13, "Fair Value Measurement" ("IFRS 13") effective January 1, 2013. IFRS 13 provides a consistent and less complex definition of fair value, establishes a single source of guidance for determining fair value and introduces consistent requirements for disclosures related to fair value measurement.

Adoption of this standard had no material impact on the Company's financial statements, although additional fair value disclosures have been made in note 12.

b) Reporting Entity

The Company adopted IFRS 10, "Consolidated Financial Statements" ("IFRS 10"), IFRS 11, "Joint Arrangements" ("IFRS 11"), IFRS 12, "Disclosure of Interests in Other Entities" ("IFRS 12") and amendments to both IAS 27, "Consolidated and Separate Financial Statements" and IAS 28, "Investments in Associates" effective January 1, 2013.

IFRS 10 creates a single consolidation model by revising the definition of control in order to apply the same control criteria to all types of entities, including joint arrangements, associates and special purpose vehicles. IFRS 11 establishes a principle-based approach to the accounting for joint arrangements by focusing on the rights and obligations of the arrangement and limits the application

of proportionate consolidation to arrangements that meet the definition of a joint operation. IFRS 12 is a comprehensive disclosure standard for all forms of interests in other entities, including joint arrangements, associates and special purpose vehicles.

Adoption of these standards and amendments had no material impact on the Company's financial statements.

4. Exploration and evaluation

Cost		**Mar 31, 2013**		Dec 31, 2012
Balance, beginning of period	**$**	**11,374**	$	10,212
Additions		**691**		3,299
Dispositions		**(6)**		-
Transfers to property and equipment		**-**		(1,218)
Surrendered and expired leases		**(29)**		(919)
Balance, end of period	**$**	**12,030**	$	11,374

E&E assets consist of the Company's unproved properties and capitalized exploratory drilling and completion costs which are pending the determination of commercial viability. The Company assesses the recoverability of these assets both before and at the time of transfer to property and equipment.

5. Property and equipment

Petroleum and natural gas properties		**Mar 31, 2013**		Dec 31, 2012
Balance, beginning of period	**$**	**290,951**	$	205,423
Additions		**19,954**		86,622
Dispositions		**(110)**		(2,312)
Transfers from exploration and evaluation		**-**		1,218
Balance, end of period	**$**	**310,795**	$	290,951

Other corporate assets		**Mar 31, 2013**		Dec 31, 2012
Balance, beginning of period	**$**	**774**	$	745
Additions		**5**		29
Balance, end of period	**$**	**779**	$	774

Accumulated depletion, depreciation and impairment		**Mar 31, 2013**		Dec 31, 2012
Balance, beginning of period	**$**	**93,928**	$	68,753
Dispositions		**(109)**		(960)
Depletion, depreciation and impairment expense		**8,917**		26,135
Balance, end of period	**$**	**102,736**	$	93,928

Carrying amounts		**Mar 31, 2013**		Dec 31, 2012
Petroleum and natural gas properties	**$**	**208,689**	$	197,630
Other corporate assets		**149**		167
	$	**208,838**	$	197,797

The depletion, depreciation and impairment of property and equipment, and any reversal thereof, are recognized in depletion and depreciation expense.

Future development costs of $344.4 million (December 31, 2012 – $345.9 million) were included in depletable costs as these costs are necessary to bring the proved and probable reserves into production.

General and administrative expenditures of $128 thousand for the three months ended March 31, 2013 (2012 - $121 thousand) were capitalized as they were directly attributable to drilling, completion and facility construction activities.

During the fourth quarter of 2012, the Company recognized impairments (recoveries) on the following Cash Generating Units ("CGUs"):

Central Alberta	$	(1,292)
North Central Alberta		(831)
Northwest Alberta		2,019
Southeast Saskatchewan		101
	$	(3)

The total impairments (recoveries) were recorded as additional depletion, depreciation and impairment expense. In 2012, a gross impairment of $2.1 million was recognized in two CGUs due to a combination of lower commodity prices and a revision of estimated reserves, which resulted in the fair value less costs to sell of the applicable CGU being less than its carrying amount. Also in 2012, an impairment reversal of $2.1 million was recognized in two CGUs largely as a result of positive technical revisions to reserves in those CGUs. The fair values of the CGUs were calculated using before tax future net cash flows based on proved and probable reserves and discounted at a rate of 10%. In determining the discount rate, the Company considered acquisition metrics of recent transactions completed on assets similar to those in the specific CGU.

No impairment was recorded for the three months ended March 31, 2013 since prevailing conditions have not changed and there are no other indicators of impairment.

6. Bank debt

As at March 31, 2013, the Company had $81.0 million drawn against its $95 million revolving operating demand line and $nil against its $10 million acquisition/development demand loan. The loans are available to the Company by way of prime rate based loans, bankers' acceptances and letters of credit/guarantee with interest paid monthly. Interest on the revolving operating demand loan is charged at prime plus 0.75% per annum. Bankers' acceptances are charged a stamping fee of 2% per annum and letters of credit/guarantee are charged a fee of 1.5% per annum. Interest on the acquisition/development is charged at prime plus 1.25% per annum. The credit facilities are secured by a general assignment of book debts and a $150 million debenture with a floating charge over all assets of the Company with a negative pledge and undertaking to provide fixed charges upon request. The credit facilities are subject to a financial covenant that requires the Company to maintain a working capital ratio of at least 1:1, but for the purposes of the covenant, outstanding bank debt and the fair value of any commodity contracts are excluded and the unused portion of the revolving operating demand loan may be added to current assets. As at March 31, 2013, this ratio was 1.9:1 and the Company was in compliance with its credit facility covenants.

The credit facilities are subject to periodic review by the bank, with the next review scheduled on or before June 1, 2013, but may be set at an earlier or later date at the sole discretion of the bank.

The effective interest rate for the credit facility for the three months ended March 31, 2013 was approximately 3.3% (2012 – 3.8%).

7. Decommissioning liabilities

The Company's decommissioning liabilities are based on the Company's net ownership in wells and facilities along with management's estimate of the timing and expected future costs associated with the plugging and abandonment of wells, facilities dismantlement and site reclamation.

The following table reconciles the changes in the Company's decommissioning liabilities:

		Mar 31, 2013		Dec 31, 2012
Decommissioning liabilities, beginning of period	**$**	**13,924**	$	11,655
Liabilities incurred		**460**		1,651
Liabilities acquired on property acquisitions		**-**		249
Liabilities settled		**(71)**		(405)
Liabilities extinguished on property dispositions		**(14)**		(77)
Effect of change in rate and estimates		**-**		546
Accretion expense		**86**		305
Decommissioning liabilities, end of period	**$**	**14,385**	$	13,924

The inflated, undiscounted amount of the future cash flows required to settle the obligations is estimated to be $19.6 million (December 31, 2012 - $18.9 million). The obligations were calculated using a risk-free interest rate of 2.5% (2012 – 2.5%) and an inflation rate of 2% (2012 – 2%). It is expected that the obligations will be funded from general Company resources at the time the costs are incurred with the majority of costs expected to occur between 2020 and 2033.

8. Equity instruments

Authorized

Unlimited number of common shares

Issued

Common Shares	**Shares**		**Stated Value**
Balance - December 31, 2011	168,990	$	112,208
Issued on exercise of warrants	22,177		20,447
Normal course issuer bid (note 8(e))	(1,792)		(1,243)
Balance - December 31, 2012	189,375	$	131,412
Balance – March 31, 2013	**189,375**	**$**	**131,412**

Warrants	**Number of Warrants and Underlying Shares**		**Stated Value**
Balance – December 31, 2011	22,562	$	3,881
Exercised	(22,177)		(3,814)
Expired	(385)		(67)
Balance – December 31, 2012	-		-
Balance – March 31, 2013	-	$	-
Total Equity Instruments		**$**	**131,412**

a) Warrants

During the three months ended March 31, 2013, nil warrants (2012 – 22,176,730) were exercised for gross proceeds of $nil (2012 – $16.6 million) and nil warrants (2012 – 384,870) expired.

b) Stock options

The Company has a floating stock option plan by which the Company may grant options to directors, officers, employees and consultants for up to 10% of common shares outstanding. Each

option permits the holder to purchase one common share of the Company at the stated exercise price. Option vest ¼ every six months, beginning six months from the date of grant.

The following tables summarize the status of the Company's stock option plan and the activity during the three months ended March 31, 2013 and year ended December 31, 2012:

	Mar 31, 2013		Dec 31, 2012	
	Number of Options	**Weighted Average Exercise Price**	**Number of Options**	**Weighted Average Exercise Price**
Balance - beginning of period	18,087	$ 0.84	16,283	$ 0.84
Granted	-	-	1,955	0.93
Expired/forfeited	-	-	(151)	1.35
Balance - end of period	18,087	0.84	18,087	0.84
Exercisable - end of period	16,097	$ 0.84	16,056	$ 0.84

Date of Grant	**Number Outstanding at Mar 31, 2013**	**Exercise Price**	**Weighted Average Remaining Contractual Life (Years)**	**Date of Expiry**	**Number Exercisable at Mar 31, 2013**
Jul 16, 2008	**247**	$ 2.00	0.29	Jul 16, 2013	**247**
Sep 4, 2009	**3,000**	0.60	1.43	Sep 4, 2014	**3,000**
Feb 9, 2010	**3,775**	0.88	1.86	Feb 9, 2015	**3,775**
Jun 17, 2010	**295**	1.10	2.21	Jun 17, 2015	**295**
Oct 1, 2010	**550**	0.90	2.50	Oct 1, 2015	**550**
Nov 1, 2010	**6,880**	0.85	2.59	Nov 1, 2015	**6,880**
Nov 23, 2010	**225**	0.90	2.65	Nov 23, 2015	**225**
Feb 10, 2011	**60**	1.23	2.87	Feb 10, 2016	**60**
Dec 8, 2011	**1,100**	0.82	3.69	Dec 8, 2016	**550**
Mar 14, 2012	**105**	1.06	3.96	Mar 14, 2017	**52**
Apr 20, 2012	**1,850**	0.92	4.06	Apr 20, 2017	**463**
	18,087	**$ 0.84**	**2.43**		**16,097**

c) Performance warrants

The following tables summarize the status of the Company's performance warrants and the activity during the three months ended March 31, 2013 and the year ended December 31, 2012:

	Mar 31, 2013		Dec 31, 2012	
	Number of Performance Warrants	**Exercise Price**	**Number of Performance Warrants**	**Exercise Price**
Balance – beginning of period	4,200	$ 0.56	4,200	$ 0.56
Granted	-	-	-	-
Exercised	-	-	-	-
Balance – end of period	4,200	$ 0.56	4,200	$ 0.56
Exercisable – end of period	4,200	$ 0.56	4,200	$ 0.56

Performance warrants were granted to certain officers and employees on September 4, 2009 for a term of three years, with each performance warrant being exercisable into one common share at a price of $0.56 per performance warrant upon the Company achieving certain targets for growth in net asset value per fully diluted share ("NAV per share") as defined in the performance warrant certificates. On May 24, 2012, the expiry dates of the performance warrants were extended by two

years to September 4, 2014. With reference to the initial NAV per share calculated as $1.10, ⅓ of the performance warrants shall vest upon an increase in NAV per share of 25%, ⅔ of the performance warrants shall vest upon an increase of NAV per share of 33 ⅓%, and all of the performance warrants shall vest upon an increase in NAV per share of 50%. As at December 31, 2011, the NAV growth targets had been met and all of the performance warrants vested.

d) Stock-based compensation expense

The fair value of stock options granted during the three months ended March 31, 2013 and March 31, 2012 were estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	Three months ended	
	Mar 31, 2013	Mar 31, 2012
Risk-free interest rate	-	1.3%
Expected volatility	-	81%
Expected life	-	4.0 years
Expected dividend yield	-	0%
Estimated forfeiture rate	-	2.4%
Fair value per option	-	$0.63

The weighted average price of the Company's common shares on the dates the stock options were granted was $1.06.

Compensation costs of $185 thousand for the three months ended March 31, 2013 (2012 - $479 thousand) have been expensed and have resulted in a corresponding increase in contributed surplus in the respective periods.

e) Normal course issuer bids

The Company instituted a normal course issuer bid for the period September 20, 2012 to September 19, 2013, pursuant to which a maximum of 5,000,000 common shares may be acquired during the period. The Company also had a normal course issuer bid for the period September 15, 2011 to September 14, 2012, pursuant to which a maximum of 5,000,000 commons shares could be acquired during the period.

For the three months ended March 31, 2013, nil common shares (2012 – nil) were acquired and cancelled under the normal course issuer bid.

At March 31, 2013, a maximum of 5,000,000 common shares may be acquired by the Company under the present normal course issuer bid.

f) Per share amounts

The following table reconciles the denominators used for the basic and diluted net income per share calculations:

	Three months ended	
	Mar 31, 2013	Mar 31, 2012
Basic weighted average shares	**189,375**	177,131
Effect of dilutive instruments	**5,333**	7,890
Diluted weighted average share	**194,708**	185,021

The calculation of diluted net income per share for the three month period ended March 31, 2013 excludes 707 thousand (2012 - 707 thousand) stock options as the inclusion of these options would have been anti-dilutive.

9. Finance costs

	Three months ended	
	Mar 31, 2013	Mar 31, 2012
Interest and borrowing costs	**$ 624**	$ 394
Accretion of decommissioning liabilities	**86**	71
	$ 710	$ 465

10. Income taxes

The current income tax expense of $434 thousand (2012 – $289 thousand) relates to the Saskatchewan Resource Surcharge on the Company's Saskatchewan production revenue.

The following is a summary of the Company's estimated tax pools as at March 31, 2013:

Classification	**Amount**
Canadian development expenditures	**$ 97,203**
Non-capital loss carry-forwards	**73,955**
Capital cost allowance	**38,551**
Canadian oil and gas property expenditures	**33,475**
Scientific research and development	**18,899**
Canadian exploration expenditures	**9,392**
Share issue costs	**1,299**
Other	**214**
	$ 272,988

The estimated non-capital loss carry-forwards available to reduce future year's income for tax purposes expire as follows:

Year	**Amount**
2014	**1,898**
2022 – 2033	**72,057**
Total non-capital loss carry-forwards	**$ 73,955**

11. Supplemental cash flow information

	Three months ended			
		Mar 31, 2013		Mar 31, 2012
Changes in non-cash working capital related to:				
Accounts receivable	**$**	**(2,437)**	$	2,670
Deposits and prepaid expenses		**(109)**		(343)
Accounts payable and accrued liabilities		**(5,164)**		5,244
	$	**(7,710)**	$	7,571
Changes in non-cash working capital related to:				
Operating activities	**$**	**(2,794)**	$	4,632
Financing activities		**-**		-
Investing activities		**(4,916)**		2,939
	$	**(7,710)**	$	7,571
Interest paid	**$**	**624**	$	394
Income taxes paid	**$**	**500**	$	235

12. Financial instruments and risk management

Fair value of financial instruments

The fair values of accounts receivable, bank debt and accounts payable are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At March 31, 2013, and December 31, 2012, the fair value of these balances, excluding bank debt, approximated their carrying value due to their short term to maturity. The fair value of bank debt approximated carrying value due to it bearing a floating rate of interest.

The significance of inputs used in making fair value measurements are examined and classified according to a fair value hierarchy. Fair value of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly, and are based on valuation models and techniques where the inputs are derived from quoted indices. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

The Company does not have any financial instruments measured at fair value using a fair value hierarchy.

Risk management

The nature of the Company's financial instruments and operations expose the Company to certain risks. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework, and senior management employs various strategies to ensure that the exposure to risk is in compliance with the Company's business objectives and tolerance levels.

Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company is exposed to credit risk with respect to accounts receivable.

Substantially all of the Company's accounts receivable are with customers and joint interest partners in the oil and gas industry and are subject to normal industry credit risks. The Company markets its petroleum and natural gas to several marketers so that the exposure to any one entity is minimized. Receivables from petroleum and natural gas marketers are normally collected on the 25th day of the month following production. Two of these marketers owed the Company $8.4 million at March 31, 2013, which was subsequently received. Receivables from joint venture partners are typically collected within one to three months of the joint venture billing being issued, however collection is dependent on industry factors such as commodity price fluctuations, escalating costs, the risk of unsuccessful drilling, and disputes amongst partners. The Company attempts to mitigate credit risk from joint venture partners by obtaining partner approval of significant capital costs prior to expenditure. While the Company does not typically obtain collateral from joint venture partners, it may cash call a partner in advance of the work being done. In addition, the Company has the ability to withhold production from partners in the event of non-payment. Should any of the Company's customers or partners be unable to settle amounts due, the impact on the Company could be significant. The maximum exposure to losses arising from accounts receivable is equal to their total carrying amounts on the Statement of Financial Position. During the period ended March 31, 2013, the Company has a provision for doubtful accounts in the amount of $175 thousand (2012 – $175 thousand). Although an allowance has been provided, the Company will continue to pursue collection of the balance. The allowance may be adjusted if circumstances or events change. When determining whether past due accounts are collectible, the Company factors in the past credit history of the counter parties.

As at March 31, 2013, the Company's accounts receivable were comprised of the following:

Sales revenue receivable	$	8,901
Joint interest receivable		1,293
GST receivable		299
Cash call receivable		1
Total accounts receivable	$	10,494

As at March 31, 2013, the Company estimates its accounts receivables to be aged as follows:

Total accounts receivable	0 to 30 days	31 to 60 days	61 to 90 days	Greater than 90 days
$ 10,494	$ 9,341	$ 345	$ -	$ 808

The Company considers all amounts greater than 90 days as past due and collectible.

Liquidity risk

This is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's objective in managing liquidity risk is to ensure that it has sufficient resources available to meet its liabilities when due. The Company's ongoing liquidity is impacted by various external events and conditions, including commodity price fluctuations and the global economic downturn. At March 31, 2013, the Company's accounts payable and accrued liabilities were $13.3 million, all of which are due for payment within normal terms of trade, which are generally between 30 and 60 days. The Company has a $95 million revolving operating demand loan to manage its liquidity and settlement of liabilities, of which $81.0 million has been drawn as at March 31, 2013.

The Company's financial liabilities at March 31, 2013 are aged as follows:

Total accounts payable and accrued liabilities	0 to 30 days	31 to 60 days	61 to 90 days	Greater than 90 days
$ 13,294	$ 10,711	$ 2,113	$ 106	$ 364

The Company expects to satisfy its obligations under accounts payable and accrued liabilities within the next year. As well, the Company is required to meet certain financial commitments as described in notes 6, 13 and 14.

The Company's credit facilities are demand loans and as such the bank could demand repayment at any time. However, management is not aware of any indications that the bank would demand repayment within the next 12 months. Indications considered include the Company has not had any breach or default of bank covenants during the year and had a recent credit facility review in November, 2012. The Company further ensures that it will have sufficient access funds to meet short-term obligations by actively monitoring it's credit facilities and coordinating payment cycles with revenue cycles.

Foreign currency exchange risk

This is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company's petroleum and natural gas sales are denominated in Canadian dollars, the underlying market prices in Canada are impacted by changes in the exchange rate between the Canadian and United States dollar and the impact of such exchange rate fluctuations cannot be accurately quantified. The Company had no forward exchange rate contracts in place, nor any working capital items denominated in foreign currencies, as at or during the three months ended March 31, 2013.

Commodity price risk

This is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are not only impacted by the relationship between the Canadian and United States dollar as outlined above, but also by world economic events that dictate the levels of supply and demand. The Company had no commodity contracts locking in petroleum or natural gas prices as at or during the three months ended March 31, 2013.

Interest rate risk

This is the risk that the fair value or future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate fluctuations on its bank debt which bears a floating rate of interest. From time to time, the Company attempts to mitigate this risk by utilizing short-term bankers' acceptances to lock in a portion of its bank debt at fixed rates.

The average bank debt outstanding during the three month period ended March 31, 2013 was $76.4 million (2012 - $41.4 million). For the period ended March 31, 2013, a 100 basis points change to the effective interest rate would have an impact of $139 thousand on net income (2012 - $76 thousand).

13. Capital disclosures

The Company considers its capital structure to consist of working capital, including bank debt. The Company manages its capital structure in order to meet its financial obligations and sustain the future development of the Company. The Company's Officers are responsible for managing the Company's capital and do so through quarterly meetings and regular reviews of financial information including budgets and forecasts. The Company's Directors are responsible for overseeing this process. Methods used by the Company to manage its capital include the issuance of new share capital to raise additional funds and adjusting its capital spending to manage current and projected debt levels. The Company continually monitors business conditions including: changes in economic conditions; the risk of its drilling programs; forecasted commodity prices; and potential corporate or asset acquisitions. There was no change in the Company's approach to Capital management during the three months ended March 31, 2013.

The Company monitors its capital structure using primarily the non-IFRS measurement ratio of net debt to funds flow from operations, annualized from the most recent quarter. This ratio is calculated as net debt, defined as outstanding bank debt plus or minus net working capital, divided by annualized funds flow from

operations. Annualized funds flow is calculated as cash flow from operations before changes in non-cash working capital and decommissioning expenditures from the Company's most recent quarter, multiplied by four. The objective is to maintain this ratio below 1.5:1, although this ratio may temporarily increase at certain times as a result of acquisitions or other significant capital expenditures for which the full quarterly effect of funds flow has not yet been accounted for. As at March 31, 2013 the ratio of net debt to funds flow from operations was 1.3:1 calculated as follows:

		Three months ended Mar 31, 2013
Current assets	**$**	**11,270**
Current liabilities		**(94,271)**
Net debt	**$**	**(83,001)**
Cash flow from operations	**$**	**13,049**
Changes in non-cash working capital items		**2,794**
Decommissioning expenditures		**71**
Funds flow from operations		**15,914**
Annualized funds flow from operations	**$**	**63,656**
Net debt to annualized funds flow from operations		**1.3:1**

The Company's share capital is not subject to any external restrictions; however its credit facility is subject to periodic reviews (note 6). The credit facility also contains certain covenants such that the Company cannot, without prior approval of the bank, hedge or contract petroleum or natural gas volumes, on a fixed price basis, exceeding 50% of production volumes, nor can it monetize or settle any fixed price financial hedge or contract. The credit facility also contains a financial covenant that requires the Company to maintain a working capital ratio of at least 1:1, but for the purposes of the covenant, bank debt and the fair value of any commodity contracts are excluded and the unused portion of the revolving operating demand loan may be added to current assets. As at March 31, 2013, this working capital ratio was 1.9:1 and the Company was in compliance with its credit facility covenants.

14. Commitments

As at March 31, 2013, the Company had commitments as follows:

	2013	**2014**	**2015**	**Thereafter**
Office lease	$ 430	$ -	$ -	$ -

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") should be read in conjunction with Novus Energy Inc.'s ("Novus" or the "Company") unaudited condensed interim financial statements as at and for the three months ended March 31, 2013, and Novus' audited financial statements as at and for the year ended December 31, 2012. The accompanying financial statements of Novus have been prepared by management and approved by the Company's Audit Committee on behalf of the Board of Directors. The financial data presented herein has been prepared in accordance with International Financial Reporting Standards ("IFRS"), specifically International Accounting Standard 34, "Interim Financial Reporting".

Additional information relating to Novus, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com and Novus's website (www.novusenergy.ca).

All tabular amounts are stated in thousands except per share amounts or as otherwise stated.

This MD&A is current as at May 27, 2013.

NON-IFRS FINANCIAL MEASUREMENTS

Included in the MD&A are references to certain financial measures commonly used in the oil and natural gas industry, such as funds flow from operations, operating netbacks and net debt. These measures have no standardized meanings, are not defined by IFRS, and accordingly are referred to as non-IFRS measures. The determination of these measures may not be comparable to the same as reported by other companies and should not be considered an alternative to, or more meaningful than, cash provided by operating, investing and financing activities or net income as determined by IFRS as an indicator of the Company's performance or liquidity.

The Company considers funds flow from operations to be a key measure as it demonstrates the Company's ability to generate the cash necessary to repay debt and to fund future growth through capital investment. Novus determines funds flow from operations as cash provided by operating activities prior to changes in non-cash working capital items and decommissioning expenditures. A reconciliation of cash provided by operating activities to funds flow from operations is presented below:

	Three months ended	
	Mar 31, 2013	Mar 31, 2012
Cash provided by operating activities	**13,049**	15,258
Change in non-cash working capital	**2,794**	(4,632)
Decommissioning expenditures	**71**	34
Funds flow from operations	**15,914**	10,660

Operating netbacks are used by management to assess operating results between periods and between peer companies as they provide an indication of results generated by the Company's principal business activities before the consideration of how these activities are financed or how the results are taxed. Operating netbacks are calculated by deducting royalties, field operations and transportation and marketing expenses from production revenue.

The Company monitors net debt as part of its capital structure. Net debt is calculated as current assets less all current liabilities, including any bank debt.

OTHER MEASUREMENTS

The reporting and measurement currency of this MD&A is the Canadian dollar.

Reported production represents Novus' ownership share of sales before the deduction of royalties. Where amounts are expressed on a barrel of oil equivalent ("boe") basis, natural gas has been converted at a ratio

of six thousand cubic feet to one boe. This ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Boe's may be misleading, particularly if used in isolation. References to natural gas liquids ("liquids") include condensate, propane, butane and ethane, and one barrel of liquids is considered to be equivalent to one boe.

ADVISORY REGARDING FORWARD-LOOKING STATEMENTS

Certain disclosures set forth in this MD&A constitute forward-looking statements. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "believes", "budget", "continue", "could", "estimate", "forecast", "intends", "may", "plan", "predicts", "projects", should", "will" and other similar expressions. All estimates and statements that describe the Company's future, goals, or objectives, including management's assessment of future plans and operations, may constitute forward-looking information under securities laws. Forward-looking statements involve known and unknown risks and uncertainties which include, but are not limited to: exploration, development and production risks; assessments of acquisitions; reserve measurements; availability of drilling equipment; access restrictions; permits and licenses; aboriginal claims; title defects; commodity prices; commodity markets, transportation and marketing of crude oil, liquids and natural gas; reliance on operators and key personnel; competition; corporate matters; funding requirements; access to credit and capital markets; market volatility; cost inflation; foreign exchanges rates; general economic and industry conditions; environmental risks; and government regulation and taxation.

Forward-looking statements relate to future events and/or performance and although considered reasonable by Novus at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated in the statements made. Novus does not undertake any obligation to publicly update forward-looking information except as required by applicable securities law.

THE COMPANY

Novus is engaged in the acquisition, exploration, development and production of petroleum and natural gas reserves in Western Canada.

The principal and head office of the Company is located at Suite 5200, 150 - 6th Avenue S.W., Calgary, Alberta T2P 3Y7. The registered office of the Company is located at 3500, 855 – 2nd Street S.W., Calgary, Alberta T2P 4J8.

Novus' common shares are listed and posted for trading on the TSX Venture Exchange under the symbol NVS.

RESULTS OF OPERATIONS

Production

Novus' average daily production for the quarter ended March 31, 2013 was 4,085 boe/d, which was 49% greater than the 2,745 boe/d recorded in the quarter ended March 31, 2012. The higher production in 2013 is a reflection of the Company's ongoing drilling programs.

	Three months ended	
Average production	**Mar 31, 2013**	Mar 31, 2012
Oil & liquids (bbls/d)	**3,340**	2,203
Natural gas (mcf/d)	**4,470**	3,254
Oil equivalent (boe/d)	**4,085**	2,745

Production in the first quarter of 2013 increased 19% from the 3,444 boe/d in the fourth quarter of 2012. Normal corporate declines were more than offset by production from wells completed and tied-in late in the fourth quarter of 2012 and continuing into the first quarter of 2013.

Revenue and pricing

Gross production revenue for the three months ended March 31, 2013 was $26.9 million versus $18.5 million for the three months ended March 31, 2012. The increase in revenue was due to increased production as well as higher natural gas prices, offset slightly by lower oil and liquids prices.

The Company did not enter into any commodity derivative contracts locking in petroleum or natural gas prices during the current quarter nor has it entered into any such contracts as of the date of this MD&A.

	Three months ended			
Sales revenue		**Mar 31, 2013**		Mar 31, 2012
Oil & liquids	**$**	**25,420**	$	17,823
Natural gas		**1,431**		719
Total	**$**	**26,851**	$	18,542

	Three months ended			
Sales price per unit		**Mar 31, 2013**		Mar 31, 2012
Oil & liquids ($/bbl)	**$**	**84.56**	$	88.92
Natural gas ($/mcf)		**3.56**		2.43
Blended ($/boe)	**$**	**73.03**	$	74.23

Total revenue increased from $21.3 million in the fourth quarter of 2012, mainly due to increased oil sales and prices. For comparative purposes, the fourth quarter production numbers were 3,444 boe/d (2,683 bbls/d of oil and liquids and 4,568 mcf/d of natural gas) while pricing was $67.29/boe ($80.55/bbl for oil and liquids and $3.43/mcf for natural gas).

Royalties

Royalties, which include crown, freehold and overriding royalties paid on oil, liquids and natural gas production, amounted to $3.1 million during the first quarter of 2013 compared to $1.9 million during the same quarter in 2012.

As a percentage of production, royalties increased to 11.7% in the most recently completed quarter from 10.3% a year ago. The increase is primarily the result of increased production from the Company's Saskatchewan freehold properties, which generally carry a higher average royalty rate than the Company's Saskatchewan crown properties as the latter are eligible for the Saskatchewan royalty incentive program on production from new wells.

	Three months ended			
Royalties		**Mar 31, 2013**		Mar 31, 2012
Total	**$**	**3,132**	$	1,907
Per boe	**$**	**8.52**	$	7.63
% of revenue		**11.7%**		10.3%

The majority of the Company's growth is expected to come from its Saskatchewan assets, particularly the greater Dodsland area. Based on the anticipated production split from crown and freehold lands, the Company is forecasting an average royalty rate range of 11% - 12% in 2013.

Field Operations

Field operations for the quarter ended March 31, 2013 amounted to $3.3 million, or $9.06/boe, compared to $2.9 million, or $11.66/boe, during the quarter ended March 31, 2012. Field operations per boe decreased due to the increased level of production and on-going operational efficiencies in the Dodsland area of Saskatchewan.

	Three months ended			
		Mar 31, 2013		Mar 31, 2012
Field operations	**$**	**3,330**	$	2,913
$/boe	**$**	**9.06**	$	11.66

Field operations per boe continued to decline from the fourth quarter of 2012 ($9.84/boe), again due to the increased level of production and greater operational efficiencies.

Transportation and marketing costs

Total transportation and marketing costs for the quarter ended March 31, 2013 amounted to $1.6 million or $4.28/boe, compared to $801 thousand or $3.21/boe, during the quarter ended March 31, 2012. The higher transportation costs reflect longer wait times at constricted delivery points and increased trucking distances due to third party maintenance and shutdowns at closer delivery terminals.

	Three months ended			
		Mar 31, 2013		Mar 31, 2012
Transportation and marketing costs	**$**	**1,572**	$	801
$/boe	**$**	**4.28**	$	3.21

Transportation and marketing costs increased from $3.13/boe in the fourth quarter of 2012, largely due to the reasons stated above. Going forward, second quarter costs will remain high due to transportation issues surrounding spring break-up, but are expected to decrease heading into the third quarter.

Operating netbacks

The following table summarizes the Company's operating netbacks. Operating netback is a non-IFRS measure and is used by Novus to measure the profitability of crude oil and natural gas sales, subsequent to the deduction of royalty, operating and transportation and marketing costs. This measure is not necessarily comparable to operating netbacks as reported by other entities.

	Three months ended			
Netback per boe		**Mar 31, 2013**		Mar 31, 2012
Revenue	**$**	**73.03**	$	74.23
Royalties		**(8.52)**		(7.63)
Field operations		**(9.06)**		(11.66)
Transportation and marketing		**(4.28)**		(3.21)
$/boe	**$**	**51.17**	$	51.73

The operating netback for the three months ended March 31, 2013 was $51.17/boe compared to $51.73/boe in the first quarter of 2012. The slightly lower netback is the result of a lower effective boe price, higher royalties and transportation costs, offset in part by lower operating costs.

The operating netback is up from the $46.41/boe reported in the fourth quarter of 2012, largely on the back of higher commodity prices.

General and administrative expenses

Net general and administrative expenses during the first quarter of 2013 amounted to $1.7 million compared to $1.5 million a year ago.

	Three months ended	
Administrative costs	**Mar 31, 2013**	Mar 31, 2012
Gross expenditures	$ **1,863**	$ 1,659
Recoveries	**(25)**	(17)
Capitalized	**(128)**	(121)
Net expenditures	$ **1,710**	$ 1,521
Per boe	$ **4.65**	$ 6.09

Going forward, while the Company anticipates general and administrative expenditures to increase on an absolute basis, they are expected to decrease on a per boe basis as new production is added and comes on stream.

Exploration and evaluation expenses

Exploration and evaluation ("E&E") expenses for the three months ended March 31, 2013 were $135 thousand compared to $57 thousand for the three months ended March 31, 2012. These charges reflect carrying costs on non-producing lands.

Finance costs

Finance costs include both borrowing and accretion costs. The borrowing component includes interest, commitment fees, standby charges, and other expenses related to the Company's credit facilities and borrowings. Accretion costs relate to the provision of the Company's decommissioning liabilities.

The breakdown of these costs is as follows:

	Three months ended	
Finance costs	**Mar 31, 2013**	Mar 31, 2012
Borrowing costs	**$ 624**	$ 394
Accretion of decommissioning liabilities	**86**	71
Total	**$ 710**	$ 465

	Three months ended	
Finance costs per boe	**Mar 31, 2013**	Mar 31, 2012
Borrowing costs	**$ 1.70**	$ 1.58
Accretion of decommissioning liabilities	**0.23**	0.29
Total ($/boe)	**$ 1.93**	$ 1.87

Stock-based compensation

The Company accounts for stock-based compensation using the fair-value method. Under this method, compensation expense is recorded over the vesting terms of the options. During the first quarter of 2013, $185 thousand of stock-based compensation expense was recognized, which compares to $479 thousand in the first quarter of 2012. Stock-based compensation costs were lower as fewer options vested in 2013 than in 2012.

Depletion and depreciation

Total depletion and depreciation expense for the quarter ended March 31, 2012 amounted to $8.9 million ($24.33/boe) versus $5.6 million ($22.25/boe) for the quarter ended March 31, 2012. The higher base

charge for depletion largely reflects the increased book value of the Company's petroleum and natural gas assets. No impairment of assets was recognized for the three month period ended March 31, 2013, nor the comparative period of 2012.

	Three months ended	
Depletion and depreciation	**Mar 31, 2013**	Mar 31, 2012
Depletion	**$ 8,894**	$ 5,440
Depreciation	**23**	35
Surrendered leases	**29**	83
Total	**$ 8,946**	$ 5,558

	Three months ended	
Depletion and depreciation per boe	**Mar 31, 2013**	Mar 31, 2012
Depletion	**$ 24.19**	$ 21.78
Depreciation	**0.06**	0.14
Surrendered leases	**0.08**	0.33
Total ($/boe)	**$ 24.33**	$ 22.25

Income taxes

The $434 thousand charge for current income taxes during the quarter ended March 31, 2013 is the result of the Saskatchewan Resource Surcharge on the Company's Saskatchewan production revenue. This is up from the $289 thousand recorded in the comparative period as a result of the Company's production growth in Saskatchewan.

The following is a summary of the estimated tax pools of the Company as at March 31, 2013:

Classification	**Pool balance**
Canadian development expenditures	**$ 97,203**
Non-capital loss carry-forwards	**73,955**
Capital cost allowance	**38,551**
Canadian oil and gas property expenditures	**33,475**
Scientific research and development	**18,899**
Canadian exploration expenditures	**9,392**
Share issue costs	**1,299**
Other	**214**
	$ 272,988

The non-capital loss carry-forwards available to reduce future year's income for tax purposes expire as follows:

Year	**Amount**
2014	**1,898**
2022 – 2033	**72,057**
Total non-capital loss carry-forwards	**$ 73,955**

Deferred income taxes amounted to $1.9 million for the first quarter of 2013, which compares to $1.7 million for the first quarter of 2012. The 2013 figure is reflective of the increased profitability of the Company and the reduction of the Company's deferred income tax asset.

Net income, funds flow and cash flow from operations

	Three months ended	
	Mar 31, 2013	Mar 31, 2012
Net income	**$ 5,080**	$ 2,844
Per share – basic	**0.03**	0.02
– diluted	**0.03**	0.02
Funds flow from operations [1]	**15,914**	10,660
Per share – basic	**0.08**	0.06
– diluted	**0.08**	0.06
Cash flow from operations	**13,049**	15,258
Per share – basic	**0.07**	0.09
– diluted	**0.07**	0.08
Weighted average shares outstanding - basic	**189,375**	177,133
- diluted	**194,708**	185,021

(1) Funds flow from operations has been presented for information purposes only and should not be considered an alternative to, or more meaningful than, cash flow from operating activities as determined in accordance with IFRS. The Company considers funds flow from operations to be a key measure as it demonstrates the Company's ability to generate the cash necessary to repay debt and to fund future growth through capital investment. The determination of Novus' funds flow from operations may not be comparable to the same reported by other companies. The reconciliation of net income and funds flow from operations can be found in the "Non-IFRS financial measurements" section at the front of this MD&A. Funds flow from operations per share was calculated using the same weighted average shares outstanding used in calculating net income per share.

Capital expenditures

During the first quarter of 2013, the Company recorded $20.2 million of capital expenditures compared to $18.1 million during the comparative quarter of 2012. During the first three months of 2013, the Company participated in the drilling of 17 wells (17.0 net), all of which were horizontal wells at Dodsland, Saskatchewan. Twenty (20.0 net) wells were completed in the quarter. A further breakdown of the capital expenditures is outlined below:

	Three months ended	
	Mar 31, 2013	Mar 31, 2012
Land acquisition/retention	**$ 691**	$ 507
Geological and geophysical	**200**	-
Drilling and completions	**16,996**	10,614
Equipping and tie-in	**2,298**	7,008
Furniture and fixtures	**5**	5
Gross expenditures	**20,190**	18,134
Dispositions	**(229)**	-
Net expenditures	**$ 19,961**	$ 18,134

LIQUIDITY AND CAPITAL RESOURCES

Capital structure

The Company considers its capital structure to consist of working capital, including bank debt. The Company manages its capital structure in order to meet its financial obligations and sustain the future development of the Company. The Company's Officers are responsible for managing the Company's capital and do so through quarterly meetings and regular reviews of financial information including budgets and forecasts. The Company's Directors are responsible for overseeing this process. Methods used by the Company to manage its capital include the issuance of new share capital to raise additional funds and adjusting its capital spending to manage current and projected debt levels. The Company continually monitors business conditions including: changes in economic conditions; the risk of its drilling programs;

forecasted commodity prices; and potential corporate or asset acquisitions. There was no change in the Company's approach to Capital management during the three months ended March 31, 2013.

The Company monitors its capital structure using primarily the non-IFRS measurement ratio of net debt to funds flow from operations, annualized from the most recent quarter. This ratio is calculated as net debt, defined as outstanding bank debt plus or minus net working capital, divided by annualized funds flow from operations. Annualized funds flow is calculated as cash flow from operations before changes in non-cash working capital and decommissioning expenditures from the Company's most recent quarter, multiplied by four. The objective is to maintain this ratio below 1.5:1, although this ratio may temporarily increase at certain times as a result of acquisitions or other significant capital expenditures for which the full quarterly effect of funds flow has not yet been accounted for. As at March 31, 2013 the ratio of net debt to funds flow from operations was 1.3:1 calculated as follows:

		Three months ended Mar 31, 2013
Current assets	**$**	**11,270**
Current liabilities		**(94,271)**
Net debt	**$**	**(83,001)**
Cash flow from operations	**$**	**13,049**
Changes in non-cash working capital items		**2,794**
Decommissioning expenditures		**71**
Funds flow from operations		**15,914**
Annualized funds flow from operations	**$**	**63,656**
Net debt to annualized funds flow from operations		**1.3:1**

The Company's share capital is not subject to any external restrictions; however its credit facility is subject to periodic reviews. The credit facility also contains certain covenants such that the Company cannot, without prior approval of the bank, hedge or contract petroleum or natural gas volumes, on a fixed price basis, exceeding 50% of production volumes, nor can it monetize or settle any fixed price financial hedge or contract. The credit facility also contains a financial covenant that requires the Company to maintain a working capital ratio of at least 1:1, but for the purposes of the covenant, bank debt and the fair value of any commodity contracts are excluded and the unused portion of the revolving operating demand loan may be added to current assets. As at March 31, 2013, this working capital ratio was 1.9:1.

Equity instruments

As at March 31, 2013, the Company had the following equity instruments outstanding:

Common shares outstanding	189,375
Issuable upon the exercise of outstanding stock options	18,087
Issuable upon the exercise of outstanding performance warrants	4,200
Total equity instruments outstanding	211,662

The following table summarizes the outstanding stock options as at March 31, 2013 by expiry date:

Date of Grant	Number of Options	Exercise Price	Date of Expiry
Jul 16, 2008	247	$ 2.00	Jul 16, 2013
Sep 4, 2009	3,000	$ 0.60	Sep 4, 2014
Feb 9, 2010	3,775	$ 0.88	Feb 9, 2015
Jun 17, 2010	295	$ 1.10	Jun 17, 2015
Oct 1, 2010	550	$ 0.90	Oct 1, 2015
Nov 1, 2010	6,880	$ 0.85	Nov 1, 2015
Nov 23, 2010	225	$ 0.90	Nov 23, 2015
Feb 10, 2011	60	$ 1.23	Feb 10, 2016
Dec 8, 2011	1,100	$ 0.82	Dec 8, 2016
Mar 14, 2012	105	$ 1.06	Mar 14, 2017
Apr 20, 2012	1,850	$ 0.92	Apr 20, 2017
	18,087	$ 0.84	

The Company's 4,200,000 performance warrants were granted on September 4, 2009 for a term of three years. On May 24, 2012, the expiry dates of the performance warrants were extended by two years to September 4, 2014. As a result of having achieved all net asset value per share growth targets, each performance warrant has vested and is exercisable into one common share at a price of $0.56 per performance warrant.

As of the date of this MD&A, Novus has 189,375,042 common shares outstanding. A further 18,087,000 common shares are reserved for issuance pursuant to the exercise of outstanding stock options and 4,200,000 common shares are reserved for issuance pursuant to the exercise of outstanding performance warrants.

Working capital and bank debt

At March 31, 2013, the Company had a working capital deficit of $83.0 million compared to $78.9 million at December 31, 2012. Components of the working capital figures are contained in the following table:

	Mar 31, 2013	Dec 31, 2012
Accounts receivable	**10,494**	8,057
Deposits and prepaid expenses	**776**	667
Accounts payable and accrued liabilities	**(13,294)**	(18,458)
Bank debt	**(80,977)**	(69,149)
Total working capital (deficit)	**$ (83,001)**	$ (78,883)

As at March 31, 2013, the Company had a credit facility consisting of a revolving operating demand loan to a maximum of $95 million and a $10 million acquisition/development demand loan. The loans are available to the Company by way of prime rate based loans, bankers' acceptance and letters of credit/guarantee with interest paid monthly. Interest on the revolving operating demand loan is payable at prime plus 0.75% per annum. Bankers' acceptances are charged a stamping fee of 2% per annum and letters of credit/guarantee are charged a fee of 1.5% per annum. Interest on the acquisition/development demand loan is charged at prime plus 1.25% per annum. The credit facilities are secured by a general assignment of book debts and a $150 million debenture with a floating charge over all assets of the Company with a negative pledge and undertaking to provide fixed charges upon request. The credit facility is subject to a financial covenant that requires the Company to maintain a working capital ratio of at least 1:1, but for the purposes of the covenant, bank debt and the fair value of any commodity contracts are excluded and the unused portion of the revolving operating demand loan may be added to current assets. As at March 31, 2013, this ratio was 1.9:1 and the Company was in compliance with its credit facility covenants.

The credit facility is subject to periodic review by the bank, with the next review scheduled on or before June 1, 2013, but may be set at an earlier or later date at the sole discretion of the bank.

COMMITMENTS

As at March 31, 2013, the Company had commitments as follows:

	2013	2014	Thereafter
Office lease	$ 430	$ -	$ -

SUMMARY OF QUARTERLY RESULTS

	Three months ended			
	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012	Jun 30, 2012
Petroleum and natural gas sales	$ 26,851	$ 21,322	$ 19,351	$ 16,737
Funds flow from operations	15,914	11,655	10,839	8,583
per share - basic	0.08	0.06	0.06	0.04
per share - diluted	0.08	0.06	0.06	0.04
Net income (loss)	5,080	1,111	1,720	1,090
per share - basic	0.03	0.01	0.01	0.01
per share - diluted	0.03	0.01	0.01	0.01
Capital expenditures, net	19,961	29,146	22,950	17,076
Average daily production (boe/d)	4,085	3,444	3,154	2,887
Average selling price ($/boe)	73.03	67.29	66.70	63.70
Operating netback ($/boe)	51.17	46.41	45.87	41.95
Weighted average shares - basic	189,375	189,375	189,800	190,985
Weighted average shares - diluted	194,708	193,353	191,464	192,893

	Three months ended			
	Mar 31, 2012	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011
Petroleum and natural gas sales	$ 18,542	$ 21,187	$ 14,793	$ 8,286
Funds flow from operations	10,660	12,025	7,933	2,938
per share – basic	0.06	0.07	0.05	0.02
per share – diluted	0.06	0.07	0.05	0.02
Net income (loss)	2,844	(2,176)	3,460	(760)
per share – basic	0.02	(0.01)	0.02	-
per share – diluted	0.02	(0.01)	0.02	-
Capital expenditures, net	18,134	11,684	31,294	18,130
Average daily production (boe/d)	2,745	2,845	2,159	1,318
Average selling price ($/boe)	74.23	80.97	74.49	69.09
Operating netback ($/boe)	51.73	55.34	49.78	40.12
Weighted average shares – basic	177,131	168,974	169,700	170,018
Weighted average shares – diluted	185,021	168,974	172,855	170,018

Production increased in the third and fourth quarters of 2011 as wells drilled in the second and third quarters were brought on stream. In the first quarter of 2012, production dipped slightly as wells in the greater Dodsland area were shut-in to accommodate the startup of a new oil and natural gas gathering system and the line was backfilled before coming on stream towards the end of the quarter. Production volumes increased marginally during the second quarter of 2012 as a result of increased natural gas conservation and sales due to a new gathering system. Production continued to increase in the third and

fourth quarters as normal corporate declines were more than offset by production from wells completed and tied-in during those periods. In the first quarter of 2013, wells completed in the late fourth quarter and into the first quarter contributed to the increased production.

Production revenue is a function of sales volumes and commodity prices. Oil prices rose throughout 2011, partially offsetting the impact of lower volumes in the second quarter and adding to the effect of higher volumes in the third and fourth quarters. The decline in production revenue in the first half of 2012 was largely attributed to the decline in commodity prices, as volumes did not change significantly. Increased production and slightly higher commodity prices in the third and fourth quarters of 2012 contributed to the turnaround in production revenue. Both volumes and prices rose in the first quarter of 2013, contributing to higher production revenue.

Funds flow from operations starts with production revenue and is affected by royalties, field operations, transportation and marketing costs, general and administrative expenditures, certain finance costs and current taxes. For 2011, funds flow from operations generally followed the increase in production revenue, with the third and fourth quarter figures achieving a higher proportionate increase due to lower royalties and operating costs as a percentage of the sales price. Funds flow for the first half of 2012 trended downwards, following the decrease in production revenue, but increased in the last half of the year, again following the trend in production revenue. This upward trend continued in the first quarter of 2013.

The net loss for the second quarter of 2011 showed improvement, principally as a result of increased production revenue as discussed above, with positive net income being generated in the third quarter. The fourth quarter of 2011 moved back to a loss position as a deferred income tax recovery of $5.6 million could not offset property impairments of $9.9 million and undeveloped land expiries of $1.7 million. Positive net income was generated in the first quarter of 2012 on the back of continued strong operating results. Net income was lower in the second quarter, following the decline in funds flow from operations. The third quarter saw an increase in net income, following the increase in funds flow from operations, while the fourth quarter registered a slight drop in net income on the back of increased depletion charges. Net income increased in the first quarter of 2013 as a result of the improvement in funds flow from operations.

During the second quarter of 2011, drilling and completion activities recommenced on the Company's Viking play in Saskatchewan. The activities ramped up in the third quarter, and tapered off towards year end. Capital spending picked up again in the first quarter of 2012 as 13 wells (13.0 net) were drilled with eight wells (8.0 net) completed and placed on production. In addition, a major emulsion gathering system was constructed and became operational. The second quarter of 2012 saw an additional 13 wells (13.0 net) drilled and eight (8.0 net) completed. The Company also enhanced its Dodsland oil facilities and purchased additional tankage. In the third quarter, the Company drilled an additional 22 wells (22.0 net) and completed 20 (20.0 net). In the last quarter of 2012, 24 wells (24.0 net) were drilled and 32 (32.0 net) were completed. During the first quarter of 2013, 17 wells (17.0 net) were drilled and 20 (20.0 net) were completed.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments as at March 31, 2013 consist of accounts receivable, deposits, accounts payable and accrued liabilities and bank debt. The fair values of accounts receivable, deposits, and accounts payable and accrued liabilities approximate their carrying values due to their short-term nature. The fair value of bank debt approximates its carrying value due to it bearing interest at a floating market rate.

The nature of the Company's financial instruments and operations expose the Company to certain risks. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework, and senior management employs various strategies to ensure that the exposure to risk is in compliance with the Company's business objectives and tolerance levels.

Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company is exposed to credit risk with respect to accounts receivable. Substantially all of the Company's accounts receivable are with customers and joint interest partners in the oil and gas industry and are subject to normal industry credit risks. The Company markets its petroleum and natural gas to several marketers so that the exposure to any one entity is minimized. Receivables from petroleum and natural gas marketers are normally collected on the 25th day of the month following production. Two of these marketers owed the Company $8.4 million at March 31, 2013, which were subsequently received. Receivables from joint venture partners are typically collected within one to three months of the joint venture billing being issued, however collection is dependent on industry factors such as commodity price fluctuations, escalating costs, the risk of unsuccessful drilling, and disputes amongst partners. The Company attempts to mitigate credit risk from joint venture partners by obtaining partner approval of significant capital costs prior to expenditure. While the Company does not typically obtain collateral from joint venture partners, it may cash call a partner in advance of the work being done. In addition, the Company has the ability to withhold production from partners in the event of non-payment. Should any of the Company's customers or partners be unable to settle amounts due, the impact on the Company could be significant. The maximum exposure to losses arising from accounts receivable and cash and cash equivalents is equal to their total carrying amounts on the balance sheet. During the period ended March 31, 2013, the Company has a provision for doubtful accounts in the amount of $175 thousand (2012 – $175 thousand). Although an allowance has been provided, the Company will continue to pursue collection of the balance. The allowance may be adjusted if circumstances or events change. When determining whether past due accounts are collectible, the Company factors in the past credit history of the counter parties.

As at March 31, 2013, the Company's accounts receivable were comprised of the following:

Sales revenue receivable	$	8,901
Joint interest receivable		1,293
GST receivable		299
Cash call receivable		1
Total accounts receivable	$	10,494

As at March 31, 2013, the Company estimates its accounts receivables to be aged as follows:

Total	0 to 30 days	31 to 60 days	61 to 90 days	Greater than 90 days
$ 10,494	$ 9,341	$ 345	$ -	$ 808

The Company considers all amounts greater than 90 days as past due and collectible.

Cash and cash equivalents consist of bank balances. The Company manages the credit exposure of cash by selecting financial institutions with high credit ratings.

Liquidity risk

This is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's objective in managing liquidity risk is to ensure that it has sufficient resources available to meet its liabilities when due. The Company's ongoing liquidity is impacted by various external events and conditions, including commodity price fluctuations and global economics. At March 31, 2013, the Company's accounts payable and accrued liabilities were $13.3 million, all of which are due for payment within normal terms of trade, which are generally between 30 and 60 days. As at March 31, 2013, the Company had a $95 million revolving operating demand loan to manage its liquidity and settlement of liabilities, of which $81.0 million had been drawn as at March 31, 2013.

The Company's financial liabilities at March 31, 2013 are aged as follows:

Total	0 to 30 days	31 to 60 days	61 to 90 days	Greater than 90 days
$ 13,294	$ 10,711	$ 2,113	$ 106	$ 364

The Company expects to satisfy its obligations under accounts payable and accrued liabilities within the next year. As well, the Company is required to meet certain financial commitments as described in the Commitments section of this MD&A.

Foreign currency exchange risk

This is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company's petroleum and natural gas sales are denominated in Canadian dollars, the underlying market prices in Canada are impacted by changes in the exchange rate between the Canadian and United States dollar and the impact of such exchange rate fluctuations cannot be accurately quantified. The Company had no forward exchange rate contracts in place, nor any working capital items denominated in foreign currencies, as at or during the three months ended March 31, 2013.

Commodity price risk

This is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are not only impacted by the relationship between the Canadian and United States dollar as outlined above, but also by world economic events that dictate the levels of supply and demand. The Company had no commodity contracts locking in petroleum or natural gas prices as at or during the three months ended March 31, 2013.

Interest rate risk

This is the risk that the fair value or future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate fluctuations on its bank debt which bears a floating rate of interest. From time to time, the Company may attempt to mitigate this risk by utilizing short-term bankers' acceptances to lock in a portion of its bank debt at fixed rates. No interest rate swaps or financial contracts were in place as at or during the three months ended March 31, 2013.

Operational risks

Novus' operational activities are focused on the Western Canadian Sedimentary Basin, a competitive environment with a number of companies exploring for hydrocarbons. Other operational risks include weather delays, mechanical or technical difficulties, and exploration risks associated with finding economically viable hydrocarbon reserves. Novus attempts to manage these risks by maintaining an inventory of certain critical equipment; conducting advance planning to manage its drilling programs in an efficient and cost effective manner; and hiring experienced technical staff and personnel to conduct its exploration programs.

Novus' field operations are also subject to health, safety and environmental risks. The Company maintains a Health, Safety and Environmental Policy and an Emergency Response Plan which are updated bi-annually or as needed to comply with current legislation. Both are designed to protect the health and safety of all concerned persons in addition to respecting any environmental regulations. Novus also maintains insurance covering property, drilling, pollution, and commercial general liability.

Financial Risks

Financial risks faced by the Company include fluctuations in commodity prices, US/Canadian foreign exchange rates, interest rates, the ability to access capital and/or debt markets, and credit risks associated with its joint venture partners and purchasers. At times, Novus may hedge a portion of its production, or

lock in foreign exchange or interest rates. It also attempts to mitigate overall financial risks by maintaining a positive working capital position; having a flexible capital program; and managing its reliance on joint venture partners.

Regulatory Risks

Novus is subject to various policies and legislation governing the oil and gas industry. Although these policies are out of Novus' direct control, the Company is a member of the Small Explorers and Producers Association of Canada, which, amongst other things, represent the interests of junior oil and gas companies to the public, governments, and other sectors of the energy industry in Canada. Novus operates in a manner that is in compliance with applicable regulations and industry standards and must react to comply with changes as they occur.

CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING PRONOUNCEMENTS

Recent Accounting Pronouncements

Financial Instruments

The International Accounting Standards Board ("IASB") intends to replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39") with IFRS 9, "Financial Instruments" ("IFRS 9"). IFRS 9 will be published in three phases, of which the first phase has been published.

For financial assets, IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, and replaces the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used. For financial liabilities, the approach to the fair value option may require different accounting for changes to the fair value of a financial liability as a result of changes to an entity's own credit risk.

IFRS 9 is currently effective for annual periods beginning on or after January 1, 2015. The Company will assess the impact of this standard prior to implementation.

Fair Value Measurements

The Company adopted IFRS 13, "Fair Value Measurement" ("IFRS 13") effective January 1, 2013. IFRS 13 provides a consistent and less complex definition of fair value, establishes a single source of guidance for determining fair value and introduces consistent requirements for disclosures related to fair value measurement. Adoption of this standard had no material impact on the Company's financial statements, although additional fair value disclosures have been made in note 12 to the condensed interim financial statements as at and for the three months ended March 31, 2013.

Reporting Entity

The Company adopted IFRS 10, "Consolidated Financial Statements" ("IFRS 10"), IFRS 11, "Joint Arrangements" ("IFRS 11"), IFRS 12, "Disclosure of Interests in Other Entities" ("IFRS 12") and amendments to both IAS 27, "Consolidated and Separate Financial Statements" and IAS 28 "Investments in Associates" effective January 1, 2013.

IFRS 10 creates a single consolidation model by revising the definition of control in order to apply the same control criteria to all types of entities, including joint arrangements, associates and special purpose vehicles. IFRS 11 establishes a principle-based approach to the accounting for joint arrangement by focusing on the rights and obligations of the arrangement and limits the application of proportionate consolidation to arrangements that meet the definition of a joint operation. IFRS 12 is a comprehensive disclosure standard for all forms of interests in other entities, including joint

arrangements, associates and special purpose vehicles. Adoption of these standards had no material impact on the Company's financial statements.

CURRENT ECONOMIC CONDITIONS AND TRENDS

There are a number of trends that have been developing in the oil and natural gas industry during the past several years that appear to be shaping the near future of the business.

The first trend is the volatility of commodity prices. Natural gas is a commodity increasingly influenced by liquefied natural gas coming from outside of North America and intensive shale gas drilling within North America. In addition, North American fluctuations in supply, influenced by drilling activity, natural gas storage levels, imports and demand (which is impacted both by weather and by economic factors) has resulted in significant volatility in the price of natural gas in Canada and the United States.

Crude oil is influenced by the world economy and the Organization of the Petroleum Exporting Countries ability to adjust supply to world demand. Recently crude oil prices have been kept high by increased demand from growing economies in China and India as well as ongoing political events causing disruptions in the supply of oil, and concern over potential supply disruptions triggered by unrest in the Middle East.

The impact on the oil and natural gas industry from commodity price volatility is significant. Historically, during periods of high prices, producers generated higher cash flows and conducted active exploration programs without external capital. Higher commodity prices frequently translate into very busy periods for service suppliers triggering premium costs for their services. The costs associated with purchasing land and properties similarly increase in price during these periods.

A second trend, and one that will continue to garner heightened attention and consequently increased governmental intervention, is an increasing call for carbon capture due to greenhouse gas emissions. Capital requirements to meet emission standards could be enormous and are directly impacted by events such as binding international commitments. Novus realizes that it will be required to meet governmental standards as they are introduced and must maintain the financial flexibility to do so.

The third trend currently affecting the oil and natural gas industry, as well as many other industries, is the impact on capital markets caused by investor uncertainty in the credit markets and the global economy. Global economics ultimately dictate commodity demand and therefore prices. Novus realizes that it is a price taker and therefore must maintain financial flexibility to deal with uncertain commodity prices. The competitive nature of the oil and natural gas industry will cause opportunities for equity financings to be selective. Some companies will have to rely on internally generated funds to conduct their exploration and developmental programs. Novus is unable to estimate the timing or magnitude of stock market fluctuations.

OUTLOOK

After almost three months of drilling inactivity due to spring break-up, and with recently favorable weather and rapidly improving field conditions, Novus plans to recommence drilling operations in early June in the Dodsland region.

The Company continues to undertake innovative measures such as pad drilling to maintain its low drilling and completion costs. Long term, the Company expects it will be able to maintain its cost structure at historically attractive levels.

With recently completed land transactions, the Company now has a total of 1,500 net high quality risked Viking oil drilling locations on its 220 net sections of land in its Viking light oil resource play.

VALUE OPTIMIZATION PROCESS

On December 4, 2012, Novus announced that it had retained financial advisors to assist the Special Committee of the Board of Directors in exploring and evaluating a broad range of options to optimize shareholder value. Technical presentations commenced during the third week of January 2013 for interested and qualified parties who have entered into a confidentiality agreement with Novus. The Company does not intend to disclose future developments with respect to the process unless and until the Board of Directors has approved a specific transaction or otherwise determines that disclosure is appropriate or required.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") should be read in conjunction with Novus Energy Inc.'s ("Novus" or the "Company") unaudited condensed interim financial statements as at and for the three months and six months ended June 30, 2013, and Novus' audited financial statements as at and for the year ended December 31, 2012. The accompanying financial statements of Novus have been prepared by management and approved by the Company's Audit Committee on behalf of the Board of Directors. The financial data presented herein has been prepared in accordance with International Financial Reporting Standards ("IFRS"), specifically International Accounting Standard 34, "Interim Financial Reporting".

Additional information relating to Novus, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com and Novus's website (www.novusenergy.ca).

All tabular amounts are stated in thousands except per share amounts or as otherwise stated.

This MD&A is current as at August 22, 2013.

NON-IFRS FINANCIAL MEASUREMENTS

Included in the MD&A are references to certain financial measures commonly used in the oil and natural gas industry, such as funds flow from operations, operating netbacks and net debt. These measures have no standardized meanings, are not defined by IFRS, and accordingly are referred to as non-IFRS measures. The determination of these measures may not be comparable to the same as reported by other companies and should not be considered an alternative to, or more meaningful than, cash provided by operating, investing and financing activities or net income as determined by IFRS as an indicator of the Company's performance or liquidity.

The Company considers funds flow from operations to be a key measure as it demonstrates the Company's ability to generate the cash necessary to repay debt and to fund future growth through capital investment. Novus determines funds flow from operations as cash provided by operating activities prior to changes in non-cash working capital items and decommissioning expenditures. A reconciliation of cash provided by operating activities to funds flow from operations is presented below:

	Three months ended		Six months ended	
	Jun 30, 2013	Jun 30, 2012	**Jun 30, 2013**	Jun 30, 2012
Cash provided by operating activities	**$ 16,375**	$ 8,275	**$ 29,424**	$ 23,533
Change in non-cash working capital items	**(3,374)**	263	**(580)**	(4,369)
Decommissioning expenditures	**83**	45	**154**	79
Funds flow from operations	**$ 13,084**	$ 8,583	**$ 28,998**	$ 19,243

Operating netbacks are used by management to assess operating results between periods and between peer companies as they provide an indication of results generated by the Company's principal business activities before the consideration of how these activities are financed or how the results are taxed. Operating netbacks are calculated by deducting royalties, field operations and transportation and marketing expenses from production revenue.

The Company monitors net debt as part of its capital structure. Net debt is calculated as current assets less all current liabilities, including any bank debt.

OTHER MEASUREMENTS

The reporting and measurement currency of this MD&A is the Canadian dollar.

Reported production represents Novus' ownership share of sales before the deduction of royalties. Where amounts are expressed on a barrel of oil equivalent ("boe") basis, natural gas has been converted at a ratio of six thousand cubic feet to one boe. Boe's may be misleading, particularly if used in isolation. This ratio 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 oil as compared to natural gas is significantly different from the energy equivalent of 6:1, utilizing a value conversion of 6:1 basis may be misleading. References to natural gas liquids ("liquids") include condensate, propane, butane and ethane, and one barrel of liquids is considered to be equivalent to one boe.

ADVISORY REGARDING FORWARD-LOOKING STATEMENTS

Certain disclosures set forth in this MD&A constitute forward-looking statements. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "believes", "budget", "continue", "could", "estimate", "forecast", "intends", "may", "plan", "predicts", "projects", should", "will" and other similar expressions. All estimates and statements that describe the Company's future, goals, or objectives, including management's assessment of future plans and operations, may constitute forward-looking information under securities laws. Forward-looking statements involve known and unknown risks and uncertainties which include, but are not limited to: exploration, development and production risks; assessments of acquisitions; reserve measurements; availability of drilling equipment; access restrictions; permits and licenses; aboriginal claims; title defects; commodity prices; commodity markets, transportation and marketing of crude oil, liquids and natural gas; reliance on operators and key personnel; competition; corporate matters; funding requirements; access to credit and capital markets; market volatility; cost inflation; foreign exchanges rates; general economic and industry conditions; environmental risks; and government regulation and taxation.

Forward-looking statements relate to future events and/or performance and although considered reasonable by Novus at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated in the statements made. Novus does not undertake any obligation to publicly update forward-looking information except as required by applicable securities law.

THE COMPANY

Novus is engaged in the acquisition, exploration, development and production of petroleum and natural gas reserves in Western Canada.

The principal and head office of the Company is located at Suite 5200, 150 - 6th Avenue S.W., Calgary, Alberta T2P 3Y7. The registered office of the Company is located at 3500, 855 – 2nd Street S.W., Calgary, Alberta T2P 4J8.

Novus' common shares are listed and posted for trading on the TSX Venture Exchange under the symbol NVS.

RESULTS OF OPERATIONS

Results for the second quarter of 2013 were affected by limited capital activity, facility downtimes and operational difficulties as a result of spring break-up. Although eight wells were drilled in the quarter, none were completed and no new production was added. In addition to Novus' own plant turnaround and maintenance, certain third party facilities were shutdown at various times, which contributed to lower than anticipated sales volumes. Heavy snowfall and lease access issues had the effect of increasing operating and transportation costs.

Production

Novus' average daily production for the quarter ended June 30, 2013 was 3,452 boe/d, which was 20% greater than the 2,887 boe/d recorded in the quarter ended June 30, 2012. For the six month period ending June 30, 2013, the daily average production was 3,767 boe/d, a 34% increase from the 2,816 boe/d in the first six months of 2012. The higher production in 2013 is a reflection of the Company's ongoing drilling programs.

	Three months ended		Six months ended	
Average production	**Jun 30, 2013**	Jun 30, 2012	**Jun 30, 2013**	Jun 30, 2012
Oil & liquids (bbls/d)	**2,776**	2,153	**3,057**	2,178
Natural gas (mcf/d)	**4,054**	4,402	**4,261**	3,828
Oil equivalent (boe/d)	**3,452**	2,887	**3,767**	2,816

Production in the second quarter of 2013 decreased from the 4,085 boe/d in the first quarter of 2013. The decrease can be attributed to a number of factors including: normal corporate declines; no new wells brought on production during spring break-up; third party facility shutdowns; and Novus plant turnaround and maintenance. Current production, based on field estimates, is approximately 4,050 boe/d.

Revenue and pricing

Gross production revenue for the three and six months ended June 30, 2013 was $24.1 million and $50.9 million respectively versus $16.7 million and $35.3 million for the three and six months ended June 30, 2012. The increases in revenue are due to the increases in both production and commodity pricing.

	Three months ended		Six months ended	
Sales revenue	**Jun 30, 2013**	Jun 30, 2012	**Jun 30, 2013**	Jun 30, 2012
Oil & liquids	$ **22,634**	$ 15,912	$ **48,054**	$ 33,735
Natural gas	**1,449**	825	**2,880**	1,544
Total	$ **24,083**	$ 16,737	$ **50,934**	$ 35,279

	Three months ended		Six months ended	
Sales price per unit	**Jun 30, 2013**	Jun 30, 2012	**Jun 30, 2013**	Jun 30, 2012
Oil & liquids ($/bbl)	**89.60**	81.19	**86.86**	85.10
Natural gas ($/mcf)	**3.93**	2.06	**3.73**	2.22
Blended ($/boe)	**76.67**	63.70	**74.71**	68.83

Second quarter revenue decreased from $26.9 million in the first quarter of 2013, as higher commodity prices could not fully offset the effect of decreased production volumes. For comparative purposes, the first quarter production numbers were 4,085 boe/d (3,340 bbls/d of oil and liquids and 4,470 mcf/d of natural gas) while pricing was $73.03/boe ($84.56/bbl for oil and liquids and $3.56/mcf for natural gas).

The Company did not enter into any commodity derivative contracts locking in petroleum or natural gas prices during the current quarter, although contracts have been entered into subsequent to quarter end as more particularly described below:

Commodity	Contract Type	Term	Notional Volume	Price	Reference
Crude oil	Fixed price	Aug 1/13 – Dec 31/13	1,700 bbls/d	CAD $106.67/bbl	WTI – NYMEX
Crude oil	Fixed price	Jan 1/14 – Dec 31/14	1,000 bbls/d	CAD $ 99.14/bbl	WTI – NYMEX

Royalties

Royalties, which include crown, freehold and overriding royalties paid on oil, liquids and natural gas production, amounted to $2.7 million during the second quarter of 2013 compared to $2.2 million during

the same quarter in 2012. For the six months ended June 30, 2013, total royalties were $5.8 million compared to $4.1 million for the same period in 2012.

As a percentage of production, royalties decreased to 11.2% in the most recently completed quarter from 13.2% a year ago. The decrease is primarily the result of the increased production weighting from the Company's Saskatchewan crown properties, which generally carry lower average royalty rates than the Company's Saskatchewan freehold properties, as the former are eligible for the Saskatchewan royalty incentive program on production from new wells.

	Three months ended		Six months ended	
Royalties	**Jun 30, 2013**	Jun 30, 2012	**Jun 30, 2013**	Jun 30, 2012
Total	**$ 2,696**	$ 2,201	**$ 5,828**	$ 4,108
Per boe	**$ 8.58**	$ 8.38	**$ 8.55**	$ 8.02
% of revenue	**11.2%**	13.2%	**11.4%**	11.6%

The majority of the Company's growth is expected to come from its Saskatchewan assets, particularly the greater Dodsland area. Based on the anticipated production split from crown and freehold lands, the Company is forecasting an average royalty rate range of 11% - 12% in 2013.

Field Operations

Field operations for the quarter ended June 30, 2013 amounted to $3.6 million, or $11.58/boe, compared to $2.6 million, or $9.96/boe, during the quarter ended June 30, 2012. For the six month period ended June 30, 2013, field operations were $7.0 million ($10.22/boe) compared to $5.5 million ($10.79/boe) for the same period in 2012. On a quarterly basis, field operations increased on a boe basis due to a combination of factors, including operational difficulties during spring breakup, heavy snow fall and equipment repairs.

	Three months ended		Six months ended	
	Jun 30, 2013	Jun 30, 2012	**Jun 30, 2013**	Jun 30, 2012
Field operations	$ **3,638**	$ 2,616	$ **6,968**	$ 5,529
$/boe	$ **11.58**	$ 9.96	$ **10.22**	$ 10.79

Field operations per boe increased from the first quarter ($3.3 million or $9.06/boe), again due to the operational difficulties during spring breakup.

Transportation and marketing costs

Total transportation and marketing costs for the three months ended June 30, 2013 amounted to $1.5 million or $4.63/boe, compared to $896 thousand or $3.41/boe, during the quarter ended June 30, 2012. For the six month period ended June 30, 2013, transportation costs were $3.0 million ($4.44/boe) compared to $1.7 million ($3.31/boe) for the same period in 2012. The higher transportation costs reflect increased wait times at constricted delivery points and longer trucking distances to other terminals.

	Three months ended		Six months ended	
	Jun 30, 2013	Jun 30, 2012	**Jun 30, 2013**	Jun 30, 2012
Transportation	$ **1,455**	$ 896	$ **3,027**	$ 1,697
$/boe	$ **4.63**	$ 3.41	$ **4.44**	$ 3.31

Transportation and marketing costs increased from $4.28/boe in the first quarter of 2013, due to increased trucking costs during spring breakup, longer hauling distances and continuing charges for wait times at constricted delivery points.

Operating netbacks

The following table summarizes the Company's operating netbacks. Operating netback is a non-IFRS measure and is used by Novus to measure the profitability of crude oil and natural gas sales, subsequent to

the deduction of royalty, operating and transportation and marketing costs. This measure is not necessarily comparable to operating netbacks as reported by other entities.

	Three months ended		Six months ended	
Netback per boe	**Jun 30, 2013**	Jun 30, 2012	**Jun 30, 2013**	Jun 30, 2012
Revenue	$ **76.67**	$ 63.70	$ **74.71**	$ 68.83
Royalties	**(8.58)**	(8.38)	**(8.55)**	(8.02)
Field operations	**(11.58)**	(9.96)	**(10.22)**	(10.79)
Transportation and marketing	**(4.63)**	(3.41)	**(4.44)**	(3.31)
Operating netbacks	$ **51.88**	$ 41.95	$ **51.50**	$ 46.71

With higher commodity prices, the $51.88/boe netback in the second quarter of 2013 was higher than the $41.95/boe in the comparative quarter. The overall increase was somewhat mitigated by the increase in field operating costs and transportation and marketing costs. The $51.50/boe netback in the first six months of 2013 was higher than the $46.71/boe recorded in the first six months of 2012. The effect of higher pricing was again mitigated somewhat by the increase transportation and marketing costs, while the changes in royalties and field operations cancelled one another out.

The second quarter operating netback is higher than the $51.17/boe reported in the first quarter of 2013, as prices rose from $73.03/boe, offset in large part by the increase in field operations from $9.06/boe.

General and administrative expenses

Net general and administrative expenses during the second quarter of 2013 amounted to $1.9 million compared to $1.6 million a year ago. For the first six months of 2013, $3.6 million of general and administrative expenses were incurred compared to $3.2 million in the same period last year.

	Three months ended		Six months ended	
Administrative costs	**Jun 30, 2013**	Jun 30, 2012	**Jun 30, 2013**	Jun 30, 2012
Gross expenditures	$ **2,087**	$ 1,806	$ **3,950**	$ 3,465
Recoveries	**(26)**	(28)	**(51)**	(46)
Capitalized	**(160)**	(134)	**(288)**	(254)
Net expenditures	$ **1,901**	$ 1,644	$ **3,611**	$ 3,165
Per boe	$ **6.05**	$ 6.26	$ **5.30**	$ 6.18

Going forward, while the Company anticipates small increases to general and administrative expenditures on an absolute basis, they should decrease on a per boe basis as new production is added and comes on stream.

Exploration and evaluation expenses

Exploration and evaluation ("E&E") expenses for the three and six months ended June 30, 2013 were $159 thousand and $294 thousand respectively, compared to $103 thousand and $160 thousand for the three and six months ended June 30, 2012 respectively. The charges primarily relate to carrying costs on non-producing lands.

Finance costs

Finance costs include both borrowing and accretion costs. The borrowing component includes interest, commitment fees, standby charges, and other expenses related to the Company's credit facilities and borrowings. Accretion costs relate to the provision of the Company's decommissioning liabilities.

The breakdown of these costs is as follows:

	Three months ended		Six months ended	
Finance costs	**Jun 30, 2013**	Jun 30, 2012	**Jun 30, 2013**	Jun 30, 2012
Borrowing costs	**$ 763**	$ 426	**$ 1,387**	$ 820
Accretion	**87**	76	**173**	147
Total	**$ 850**	$ 502	**$ 1,560**	$ 967

	Three months ended		Six months ended	
Finance costs per boe	**Jun 30, 2013**	Jun 30, 2012	**Jun 30, 2013**	Jun 30, 2012
Borrowing costs	**$ 2.43**	$ 1.62	**$ 2.03**	$ 1.60
Accretion	**0.28**	0.29	**0.25**	0.29
Total ($/boe)	**$ 2.71**	$ 1.91	**$ 2.28**	$ 1.89

Stock-based compensation

The Company accounts for stock-based compensation using the fair-value method. Under this method, compensation expense is recorded over the vesting terms of the options. During the second quarter of 2013, $121 thousand of stock-based compensation expense was recognized, which compares to $856 thousand in the second quarter of 2012. For the six month period ending June 30, 2013, $306 thousand of stock-based compensation expense was recognized, which compares to $1.3 million during the comparative period of 2012. Stock-based compensation costs were lower as fewer options vested in 2013 than in 2012.

Depletion and depreciation

Total depletion and depreciation expense for the three and six months ended June 30, 2013 amounted to $7.7 million ($24.55/boe) and $16.7 million ($24.43/boe), respectively versus $5.6 million ($21.25/boe) and $11.1 million ($21.74/boe) for the three and six month periods ended June 30, 2012. The higher charge largely reflects the increased book value of the Company's assets.

No impairment of assets was recognized for the three and six months ended June 30, 2013, nor the comparative periods of 2012.

	Three months ended		Six months ended	
Depletion and depreciation	**Jun 30, 2013**	Jun 30, 2012	**Jun 30, 2013**	Jun 30, 2012
Depletion	$ **7,682**	$ 5,549	$ **16,576**	$ 10,989
Depreciation	**30**	34	**53**	69
Surrendered leases	**-**	-	**29**	83
Total	$ **7,712**	$ 5,583	$ **16,658**	$ 11,141
Total ($/boe)	$ **24.55**	$ 21.25	$ **24.43**	$ 21.74

Income taxes

The $387 thousand and $821 thousand charges for current income taxes during the three and six months ended June 30, 2013 respectively, is the Saskatchewan Resource Surcharge on the Company's Saskatchewan production revenue. This is up from the $268 thousand and $557 thousand recorded in the comparative periods of 2012, and is a result of the Company's production growth in Saskatchewan.

The following is a summary of the estimated tax pools of the Company as at June 30, 2013:

Classification	Pool balance
Canadian development expenditures	**$ 90,802**
Non-capital loss carry-forwards	**76,227**
Capital cost allowance	**36,932**
Canadian oil and gas property expenditures	**32,918**
Scientific research and development	**18,899**
Canadian exploration expenditures	**6,838**
Share issue costs	**1,056**
Other	**210**
	$ 263,882

The non-capital loss carry-forwards available to reduce future year's income for tax purposes expire as follows:

Year	Amount
2014	**$ 1,898**
2022 – 2033	**74,329**
Total non-capital loss carry-forwards	**$ 76,227**

Deferred income taxes amounted to $1.4 million and $3.2 million for the three and six months ended June 30, 2013 respectively, which compares to $983 and $2.7 million for the three and six months ended June 30, 2012. The 2013 figures are reflections of the increased profitability of the Company, and the reduction of Company's deferred income tax asset.

Net income, funds flow and cash flow from operations

	Three months ended		Six months ended	
	Jun 30, 2013	Jun 30, 2012	**Jun 30, 2013**	Jun 30, 2012
Net income	$ **3,793**	$ 1,090	**8,873**	$ 3,934
per share - basic	**0.02**	0.01	**0.05**	0.02
- diluted	**0.02**	0.01	**0.05**	0.02
Funds flow from operations (1)	**13,084**	8,583	**28,998**	19,243
per share - basic	**0.07**	0.04	**0.15**	0.10
- diluted	**0.07**	0.04	**0.15**	0.10
Cash flow from operations	**16,375**	8,275	**29,424**	23,533
per share - basic	**0.09**	0.04	**0.16**	0.13
- diluted	**0.09**	0.04	**0.15**	0.12
Weighted average shares outstanding				
basic	**189,375**	190,985	**189,375**	184,058
diluted	**191,478**	192,893	**193,465**	188,846

(1) Funds flow from operations has been presented for information purposes only and should not be considered an alternative to, or more meaningful than, cash flow from operating activities as determined in accordance with IFRS. The Company considers funds flow from operations to be a key measure as it demonstrates the Company's ability to generate the cash necessary to repay debt and to fund future growth through capital investment. The determination of Novus' funds flow from operations may not be comparable to the same reported by other companies. The reconciliation of net income and funds flow from operations can be found in the "Non-IFRS financial measurements" section at the front of this MD&A. Funds flow from operations per share was calculated using the same weighted average shares outstanding used in calculating net income per share.

Capital expenditures

During the second quarter of 2013, the Company recorded $4.7 million of net capital expenditures compared to $17.1 million during the comparative quarter of 2012. During the second quarter of 2013, the Company drilled 8 wells (8.0 net), all of which were horizontal wells at Dodsland, Saskatchewan. No

wells were completed in the quarter. For the first six months of the year, the Company drilled 25 wells (25.0 net) and completed 20 (20.0 net). A further breakdown of the capital expenditures is outlined below:

	Three months ended		Six months ended	
	Jun 30, 2013	Jun 30, 2012	**Jun 30, 2013**	Jun 30, 2012
Land acquisition	**$ 205**	$ 678	**$ 896**	$ 1,185
Geological and geophysical	**2**	-	**202**	-
Drilling and completions	**3,610**	10,930	**20,606**	21,544
Equipping and facilities	**908**	5,456	**3,206**	12,464
Property acquisitions	**-**	-	**-**	-
Furniture and fixtures	**3**	17	**8**	22
Gross expenditures	**4,728**	17,081	**24,918**	35,215
Dispositions	**-**	(5)	**(229)**	(5)
Net expenditures	**4,728**	17,076	**24,689**	35,210

LIQUIDITY AND CAPITAL RESOURCES

Capital structure

The Company considers its capital structure to consist of working capital, including bank debt. The Company manages its capital structure in order to meet its financial obligations and sustain the future development of the Company. The Company's Officers are responsible for managing the Company's capital and do so through quarterly meetings and regular reviews of financial information including budgets and forecasts. The Company's Directors are responsible for overseeing this process. Methods used by the Company to manage its capital include the issuance of new share capital to raise additional funds and adjusting its capital spending to manage current and projected debt levels. The Company continually monitors business conditions including: changes in economic conditions; the risk of its drilling programs; forecasted commodity prices; and potential corporate or asset acquisitions. There was no change in the Company's approach to capital management during the six months ended June 30, 2013.

The Company monitors its capital structure using primarily the non-IFRS measurement ratio of net debt to funds flow from operations, annualized from the most recent quarter. This ratio is calculated as net debt, defined as outstanding bank debt plus or minus net working capital, divided by annualized funds flow from operations. Annualized funds flow is calculated as cash flow from operations before changes in non-cash working capital and decommissioning expenditures from the Company's most recent quarter, multiplied by four. The objective is to maintain this ratio below 1.5:1, although this ratio may temporarily increase at certain times as a result of acquisitions or other significant capital expenditures for which the full quarterly effect of funds flow has not yet been accounted for. As at June 30, 2013 the ratio of net debt to funds flow from operations was 1.4:1 calculated as follows:

	Three months ended Jun 30, 2013
Current assets	**$ 8,085**
Current liabilities	**(82,813)**
Net debt	**$ (74,728)**
Cash flow from operations	**$ 16,375**
Changes in non-cash working capital items	**(3,374)**
Decommissioning expenditures	**83**
Funds flow from operations	**13,084**
Annualized funds flow from operations	**$ 52,336**
Net debt to annualized funds flow from operations	**1.4:1**

The Company's share capital is not subject to any external restrictions; however its credit facility is subject to periodic review. The credit facility also contains certain covenants such that the Company cannot, without prior approval of the bank, hedge or contract petroleum or natural gas volumes, on a fixed price basis, exceeding 50% of production volumes for each commodity (subsequent to June 30, 2013, the threshold was increased to 60% until July 17, 2014, reverting to 50% thereafter), nor can it monetize or settle any fixed price financial hedge or contract. The credit facility also contains a financial covenant that requires the Company to maintain a working capital ratio of at least 1:1, but for the purposes of the covenant, bank debt and the fair value of any commodity contracts are excluded and the unused portion of the revolving operating demand loan may be added to current assets. As at June 30, 2013, this working capital ratio was 3.0:1 and the Company was in compliance with its credit facility covenants.

Equity instruments

As at June 30, 2013, the Company had the following equity instruments outstanding:

Common shares outstanding	189,375
Issuable upon the exercise of outstanding stock options	18,049
Issuable upon the exercise of outstanding performance warrants	4,200
Total equity instruments outstanding	211,624

The following table summarizes the outstanding stock options as at June 30, 2013 by expiry date:

Date of Grant	Number of Options	Exercise Price	Date of Expiry
Jul 16, 2008	209	$ 2.00	Jul 16, 2013
Sep 4, 2009	3,000	$ 0.60	Sep 4, 2014
Feb 9, 2010	3,775	$ 0.88	Feb 9, 2015
Jun 17, 2010	295	$ 1.10	Jun 17, 2015
Oct 1, 2010	550	$ 0.90	Oct 1, 2015
Nov 1, 2010	6,880	$ 0.85	Nov 1, 2015
Nov 23, 2010	225	$ 0.90	Nov 23, 2015
Feb 10, 2011	60	$ 1.23	Feb 10, 2016
Dec 8, 2011	1,100	$ 0.82	Dec 8, 2016
Mar 14, 2012	105	$ 1.06	Mar 14, 2017
Apr 20, 2012	1,850	$ 0.92	Apr 20, 2017
	18,049	$ 0.84	

The Company's 4,200,000 performance warrants were granted on September 4, 2009 for a term of three years. As a result of having achieved all net asset value per share growth targets, each performance warrant has vested and is exercisable into one common share at a price of $0.56 per performance warrant. During the second quarter of 2012, the expiry date of the performance warrants was extended by two years to September 4, 2014.

The Company instituted a normal course issuer bid for the period September 20, 2012 to September 19, 2013, pursuant to which a maximum of 5,000,000 common shares may be acquired during the period. No shares have been acquired under this bid.

As of the date of this MD&A, Novus has 189,375,042 common shares outstanding. A further 17,840,000 common shares are reserved for issuance pursuant to the exercise of outstanding stock options and 4,200,000 common shares are reserved for issuance pursuant to the exercise of outstanding performance warrants.

Working capital and bank debt

At June 30, 2013, the Company had a working capital deficit of $74.7 million, compared to $78.9 million at December 31, 2012. Components of the working capital figures are contained in the following table:

		Jun 30, 2013		Dec 31, 2012
Accounts receivable		**7,465**		8,057
Deposits and prepaid expenses		**620**		667
Accounts payable and accrued liabilities		**(9,967)**		(18,458)
Bank debt		**(72,846)**		(69,149)
Total working capital (deficit)	**$**	**(74,728)**	$	(78,883)

As at June 30, 2013, the Company had $72.8 million drawn against its $95 million revolving operating demand loan and $nil against its $10 million acquisition/development demand loan.

The revolving operating demand loan is available to the Company by way of prime rate based loans, bankers' acceptances and letters of credit/guarantee with interest paid monthly. Rates and fees are determined quarterly and are based on a grid system with interest rates ranging from 0.5% to 2.5% over the bank's prime lending rate; bankers' acceptances stamping fees ranging from 1.75% to 3.75%; letters of credit/guarantee fees ranging from 1.5% to 3.0%; and standby fees ranging from 0.2% to 0.45%, all depending on a net debt to cash flow ratio ranging from less than or equal to 1:1 up to greater than 3:1.

The acquisition/development demand loan is available to the Company by way of prime rate based loans. Interest on the acquisition/development demand loan is charged at 0.50% over the applicable margin charged on the revolving operating demand loan prime rate based loans plus a 0.50% fee on the amount of each advance drawn.

As at June 30, 2013, interest on the revolving operating demand loan is charged at prime plus 0.75% per annum, bankers' acceptances stamping fees are 2% per annum, letters of credit/guarantee are charged a fee of 1.75% per annum, and standby fees are 0.25% per annum. Interest on the acquisition/development loan is charged at prime plus 1.25% per annum.

The credit facilities are secured by a general assignment of book debts and a $150 million debenture with a floating charge over all assets of the Company with a negative pledge and undertaking to provide fixed charges upon request. The credit facilities are subject to a financial covenant that requires the Company to maintain a working capital ratio of at least 1:1, but for the purposes of the covenant, outstanding bank debt and the fair value of any commodity contracts are excluded and the unused portion of the revolving operating demand loan may be added to current assets. As at June 30, 2013, this ratio was 3.0:1 and the Company was in compliance with its credit facility covenants.

The credit facilities are subject to periodic review by the bank, with the next review scheduled on or before November 1, 2013, but may be set at an earlier or later date at the sole discretion of the bank.

COMMITMENTS

As at June 30, 2013, the Company had commitments as follows:

	2013	**2014**	**2015**	**Thereafter**
Office lease	$ 269	$ -	$ -	$ -

Subsequent to June 30, 2013, the Company entered into a new office lease commitment as follows:

	2013	**2014**	**2015**	**Thereafter**
Office lease	$ 93	$ 1,115	$ 186	$ -

SUMMARY OF QUARTERLY RESULTS

	Three months ended			
	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012
Petroleum and natural gas sales	$ 24,083	$ 26,851	$ 21,322	$ 19,351
Funds flow from operations	13,084	15,914	11,655	10,839
per share - basic	0.07	0.08	0.06	0.06
per share - diluted	0.07	0.08	0.06	0.06
Net income (loss)	3,793	5,080	1,111	1,720
per share - basic	0.02	0.03	0.01	0.01
per share - diluted	0.02	0.03	0.01	0.01
Cash capital expenditures, net	4,728	19,961	29,146	22,950
Average daily production (boe/d)	3,452	4,085	3,444	3,154
Average selling price ($/boe)	76.67	73.03	67.29	66.70
Operating netback ($/boe)	51.88	51.17	46.41	45.87
Weighted average shares - basic	189,375	189,375	189,375	189,800
Weighted average shares - diluted	191,478	194,708	193,353	191,464

	Three months ended			
	Jun 30, 2012	Mar 31, 2012	Dec 31, 2011	Sep 30, 2011
Petroleum and natural gas sales	$ 16,737	$ 18,542	$ 21,187	$ 14,793
Funds flow from operations	8,583	10,660	12,025	7,933
per share – basic	0.04	0.06	0.07	0.05
per share – diluted	0.04	0.06	0.07	0.05
Net income (loss)	1,090	2,844	(2,176)	3,460
per share – basic	0.01	0.02	(0.01)	0.02
per share – diluted	0.01	0.02	(0.01)	0.02
Cash capital expenditures, net	17,076	18,134	11,684	31,294
Average daily production (boe/d)	2,887	2,745	2,845	2,159
Average selling price ($/boe)	63.70	74.23	80.97	74.49
Operating netback ($/boe)	41.95	51.73	55.34	49.78
Weighted average shares – basic	190,985	177,131	168,974	169,700
Weighted average shares – diluted	192,893	185,021	168,974	172,855

Production increased in the fourth quarter of 2011 as wells drilled in the third quarter were brought on stream. In the first quarter of 2012, production dipped slightly as wells in the greater Dodsland area were shut-in to accommodate the startup of a new oil and natural gas gathering system and the line was backfilled before coming on stream towards the end of the quarter. Production volumes increased marginally during the second quarter of 2012 as a result of increased natural gas conservation and sales due to a new gathering system. Production continued to increase in the third and fourth quarters as normal corporate declines were more than offset by production from wells completed and tied-in during those periods. In the first quarter of 2013, wells completed in the late fourth quarter and into the first quarter contributed to the increased production. Production decreased in the second quarter of 2013 due to normal production declines, spring breakup when no new wells were placed on production, and plant and facility shutdowns and maintenance.

Production revenue is a function of sales volumes and commodity prices. Oil prices rose throughout 2011, adding to the effect of higher volumes in the last half of 2011. The decline in production revenue in the first half of 2012 was largely attributed to the decline in commodity prices, as volumes did not change

significantly. Increased production and slightly higher commodity prices in the third and fourth quarters of 2012 contributed to the turnaround in production revenue. Both volumes and prices rose in the first quarter of 2013, contributing to higher production revenue. For the second quarter of 2013, production revenue declined due to lower volumes, offset in part by higher commodity prices.

Funds flow from operations starts with production revenue and is affected by royalties, field operations, transportation and marketing costs, general and administrative expenditures, certain finance costs and current taxes. For 2011, funds flow from operations generally followed the increase in production revenue, with the fourth quarter figure achieving a higher proportionate increase due to lower royalties and operating costs as a percentage of the sales price. Funds flow for the first half of 2012 trended downwards, following the decrease in production revenue, but increased in the last half of the year, again following the upward trend in production revenue. The matching continued in the first half of 2013, with funds flow from operations following the ups and downs of production revenue.

Positive net income was generated in the third quarter of 2011. The fourth quarter of 2011 moved to a loss position as a deferred income tax recovery of $5.6 million could not offset property impairments of $9.9 million and undeveloped land expiries of $1.7 million. Positive net income was generated in the first quarter of 2012 on the back of continued strong operating results. Net income was lower in the second quarter, following the decline in funds flow from operations. The third quarter saw an increase in net income, following the increase in funds flow from operations, while the fourth quarter registered a slight drop in net income on the back of increased depletion charges. Net income increased in the first quarter of 2013 as a result of the improvement in funds flow from operations, and declined in the second quarter of 2013 on the back of the lower funds flow figures.

The Company's drilling and completion activities ramped up in the third quarter of 2011, and tapered off towards year end. Capital spending picked up again in the first quarter of 2012 as 13 wells (13.0 net) were drilled with eight wells (8.0 net) completed and placed on production. In addition, a major emulsion gathering system was constructed and became operational. The second quarter of 2012 saw an additional 13 wells (13.0 net) drilled and eight (8.0 net) completed. The Company also enhanced its Dodsland oil facilities and purchased additional tankage. In the third quarter, the Company drilled an additional 22 wells (22.0 net) and completed 20 (20.0 net). In the last quarter of 2012, 24 wells (24.0 net) were drilled and 32 (32.0 net) were completed. During the first quarter of 2013, 17 wells (17.0 net) were drilled and 20 (20.0 net) were completed. In the second quarter, the Company drilled eight wells (8.0 net) but no wells were completed as drilling operations did not commence until the latter part of the quarter.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments as at June 30, 2013 consist of accounts receivable, deposits, accounts payable and accrued liabilities and bank debt. The fair values of accounts receivable, deposits, and accounts payable and accrued liabilities approximate their carrying values due to their short-term nature. The fair value of bank debt approximates its carrying value due to it bearing interest at a floating market rate.

The nature of the Company's financial instruments and operations expose the Company to certain risks. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework, and senior management employs various strategies to ensure that the exposure to risk is in compliance with the Company's business objectives and tolerance levels.

Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company is exposed to credit risk with respect to accounts receivable and cash and cash equivalents.

Substantially all of the Company's accounts receivable are with customers and joint interest partners in the oil and gas industry and are subject to normal industry credit risks. The Company markets its petroleum and natural gas to several marketers so that the exposure to any one entity is minimized. Receivables from petroleum and natural gas marketers are normally collected on the 25th day of the month following production. Three of these marketers owed the Company $6.0 million at June 30, 2013, which was subsequently received. Receivables from joint interest partners are typically collected within one to three months of the joint interest billing being issued, however collection is dependent on industry factors such as commodity price fluctuations, escalating costs, the risk of unsuccessful drilling, and disputes amongst partners. The Company attempts to mitigate credit risk from joint interest partners by obtaining partner approval of significant capital costs prior to expenditure. While the Company does not typically obtain collateral from joint interest partners, it may cash call a partner in advance of the work being done. In addition, the Company has the ability to withhold production from partners in the event of non-payment. Should any of the Company's customers or partners be unable to settle amounts due, the impact on the Company could be significant. The maximum exposure to losses arising from accounts receivable is equal to their total carrying amounts on the balance sheet. During the period ended June 30, 2013, the Company has a provision for doubtful accounts in the amount of $175 thousand (2012 – $175 thousand). Although an allowance has been provided, the Company will continue to pursue collection of the balance. The allowance may be adjusted if circumstances or events change. When determining whether past due accounts are collectible, the Company factors in the past credit history of the counter parties.

As at June 30, 2013, the Company's accounts receivable were comprised of the following:

Sales revenue receivable	$	6,441
Joint interest receivable		790
Cash call receivable		1
Accrued and other receivable		233
Total accounts receivable	$	7,465

As at June 30, 2013, the Company estimates its accounts receivables to be aged as follows:

	Total		0 to 30 days		31 to 60 days		61 to 90 days		Greater than 90 days
$	7,465	$	6,797	$	40	$	29	$	599

The Company considers all amounts greater than 90 days as past due and collectible.

The credit exposure of cash is managed by selecting financial institutions with high credit ratings.

Liquidity risk

This is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's objective in managing liquidity risk is to ensure that it has sufficient resources available to meet its liabilities when due. The Company's ongoing liquidity is impacted by various external events and conditions, including commodity price fluctuations and the global economic downturn. At June 30, 2013, the Company's accounts payable and accrued liabilities were $10.0 million, all of which are due for payment within normal terms of trade, which are generally between 30 and 60 days. As at June 30, 2013, the Company had a $95 million revolving operating demand facility to manage its liquidity and settlement of liabilities, of which $72.8 million had been drawn.

The Company's financial liabilities at June 30, 2013 are aged as follows:

	Total		0 to 30 days		31 to 60 days		61 to 90 days		Greater than 90 days
$	9,967	$	8,929	$	231	$	23	$	784

The Company expects to satisfy its obligations under accounts payable and accrued liabilities within the next year. As well, the Company is required to meet certain financial commitments as described in the Commitments section of this MD&A.

Foreign currency exchange risk

This is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company's petroleum and natural gas sales are denominated in Canadian dollars, the underlying market prices in Canada are impacted by changes in the exchange rate between the Canadian and United States dollar and the impact of such exchange rate fluctuations cannot be accurately quantified. The Company had no forward exchange rate contracts in place, nor any working capital items denominated in foreign currencies, as at or during the three and six months ended June 30, 2013.

Commodity price risk

This is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are not only impacted by the relationship between the Canadian and United States dollar as outlined above, but also by world economic events that dictate the levels of supply and demand. The Company had no commodity contracts locking in petroleum or natural gas prices as at or during the three and six months ended June 30, 2013, although the following contracts have been entered into as of the date of this MD&A:

Commodity	Contract Type	Term	Notional Volume	Price	Reference
Crude oil	Fixed price	Aug 1/13 – Dec 31/13	1,700 bbls/d	CAD $106.67/bbl	WTI – NYMEX
Crude oil	Fixed price	Jan 1/14 – Dec 31/14	1,000 bbls/d	CAD $ 99.14/bbl	WTI – NYMEX

Interest rate risk

This is the risk that the fair value or future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate fluctuations on its bank debt which bears a floating rate of interest. From time to time, the Company may attempt to mitigate this risk by utilizing short-term bankers' acceptances to lock in a portion of its bank debt at fixed rates.

Operational risks

Novus' operational activities are focused on the Western Canadian Sedimentary Basin, a competitive environment with a number of companies exploring for hydrocarbons. Other operational risks include weather delays, mechanical or technical difficulties, and exploration risks associated with finding economically viable hydrocarbon reserves. Novus attempts to manage these risks by maintaining an inventory of certain critical equipment; conducting advance planning to manage its drilling programs in an efficient and cost effective manner; and hiring experienced technical staff and personnel to conduct its exploration programs.

Novus' field operations are also subject to health, safety and environmental risks. The Company maintains a Health, Safety and Environmental Policy and an Emergency Response Plan which are updated bi-annually or as needed to comply with current legislation. Both are designed to protect the health and safety of all concerned persons in addition to respecting any environmental regulations. Novus also maintains insurance covering property, drilling, pollution, and commercial general liability.

Financial Risks

Financial risks faced by the Company include fluctuations in commodity prices, US/Canadian foreign exchange rates, interest rates, the ability to access capital and/or debt markets, and credit risks associated with its joint venture partners and purchasers. At times, Novus may hedge a portion of its production, or

lock in foreign exchange or interest rates. It also attempts to mitigate overall financial risks by monitoring its debt levels; having a flexible capital program; and managing its reliance on joint venture partners.

Regulatory Risks

Novus is subject to various policies and legislation governing the oil and gas industry. Although these policies are out of Novus' direct control, the Company is a member of the Explorers and Producers Association of Canada, which, amongst other things, represent the interests of oil and gas companies to the public, governments, and other sectors of the energy industry in Canada. Novus operates in a manner that is in compliance with applicable regulations and industry standards and must react to comply with changes as they occur.

CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING PRONOUNCEMENTS

Recent Accounting Pronouncements

Financial Instruments

The International Accounting Standards Board ("IASB") intends to replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39") with IFRS 9, "Financial Instruments" ("IFRS 9"). IFRS 9 will be published in three phases, of which the first phase has been published.

For financial assets, IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, and replaces the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used. For financial liabilities, the approach to the fair value option may require different accounting for changes to the fair value of a financial liability as a result of changes to an entity's own credit risk.

IFRS 9 is currently effective for annual periods beginning on or after January 1, 2015. The Company will assess the impact of this standard prior to implementation.

Fair Value Measurements

The Company adopted IFRS 13, "Fair Value Measurement" ("IFRS 13") effective January 1, 2013. IFRS 13 provides a consistent and less complex definition of fair value, establishes a single source of guidance for determining fair value and introduces consistent requirements for disclosures related to fair value measurement. Adoption of this standard had no material impact on the Company's financial statements, although additional fair value disclosures have been made in note 12 to the condensed interim financial statements as at and for the three and six months ended June 30, 2013.

Reporting Entity

The Company adopted IFRS 10, "Consolidated Financial Statements" ("IFRS 10"), IFRS 11, "Joint Arrangements" ("IFRS 11"), IFRS 12, "Disclosure of Interests in Other Entities" ("IFRS 12") and amendments to both IAS 27, "Consolidated and Separate Financial Statements" and IAS 28 "Investments in Associates" effective January 1, 2013.

IFRS 10 creates a single consolidation model by revising the definition of control in order to apply the same control criteria to all types of entities, including joint arrangements, associates and special purpose vehicles. IFRS 11 establishes a principle-based approach to the accounting for joint arrangement by focusing on the rights and obligations of the arrangement and limits the application of proportionate consolidation to arrangements that meet the definition of a joint operation. IFRS 12 is a comprehensive disclosure standard for all forms of interests in other entities, including joint

arrangements, associates and special purpose vehicles. Adoption of these standards had no material impact on the Company's financial statements.

CURRENT ECONOMIC CONDITIONS AND TRENDS

There are a number of trends that have been developing in the oil and natural gas industry during the past several years that appear to be shaping the near future of the business.

The first trend is the volatility of commodity prices. Natural gas is a commodity increasingly influenced by liquefied natural gas coming from outside of North America and intensive shale gas drilling within North America. In addition, North American fluctuations in supply, influenced by drilling activity, natural gas storage levels, imports and demand (which is impacted both by weather and by economic factors) has resulted in significant volatility in the price of natural gas in Canada and the United States.

Crude oil is influenced by the world economy and the Organization of the Petroleum Exporting Countries ability to adjust supply to world demand. Recently crude oil prices have been kept high by increased demand from growing economies in China and India as well as ongoing political events causing disruptions in the supply of oil, and concern over potential supply disruptions triggered by unrest in the Middle East.

The impact on the oil and natural gas industry from commodity price volatility is significant. Historically, during periods of high prices, producers generated higher cash flows and conducted active exploration programs without external capital. Higher commodity prices frequently translate into very busy periods for service suppliers triggering premium costs for their services. The costs associated with purchasing land and properties similarly increase in price during these periods.

A second trend, and one that will continue to garner heightened attention and consequently increased governmental intervention, is an increasing call for carbon capture due to greenhouse gas emissions. Capital requirements to meet emission standards could be enormous and are directly impacted by events such as binding international commitments. Novus realizes that it will be required to meet governmental standards as they are introduced and must maintain the financial flexibility to do so.

The third trend currently affecting the oil and natural gas industry, as well as many other industries, is the impact on capital markets caused by investor uncertainty in the credit markets and the global economy. Global economics ultimately dictate commodity demand and therefore prices. Novus realizes that it is a price taker and therefore must maintain financial flexibility to deal with uncertain commodity prices. The competitive nature of the oil and natural gas industry will cause opportunities for equity financings to be selective. Some companies will have to rely on internally generated funds to conduct their exploration and developmental programs. Novus is unable to estimate the timing or magnitude of stock market fluctuations.

OUTLOOK

The Company is opportunity driven and is confident that it can continue to grow its production base by building on its current large inventory of development prospects. Novus is in the midst of a significant level of development activity and is pleased with the progression of its drilling and completion operations to date. The Company expects to see continued increases in its production levels in the second half of the year.

Novus continually focuses on lowering its drilling and completion costs, employing new completion techniques to improve the economic performance of its wells, and building the necessary area infrastructure to support stable, low operating cost production. Long term, the Company expects it will be able to maintain its cost structure at historically attractive levels.

Based upon stable production rates, high economic netbacks, significant recoverable reserves, and attractive drilling and completion costs in the Dodsland area, Novus plans to maintain an aggressive drilling program on its current acreage. Novus will continue to actively drill its existing land base and remain focused on expanding its presence within this large oil resource play. The Company's extensive Viking acreage position and the predictable and economic nature of its production is expected to allow Novus to continue to drive production and funds flow growth through future development of this repeatable resource play.

VALUE OPTIMIZATION PROCESS

On December 4, 2012, Novus announced that it had retained financial advisors to assist the Special Committee of the Board of Directors in exploring and evaluating a broad range of options to optimize shareholder value. The Company confirms that it is currently in exclusive negotiations with respect to a potential transaction. In that regard, the Company received an order of the Court of Queen's Bench of Alberta, as well as confirmation from the TSX Venture Exchange, that it may delay its annual general meeting of shareholders until October 24, 2013. This may save the Company the expense of holding an additional meeting, should the Company undertake a transaction which requires shareholder approval.

Investors are cautioned that there can be no assurance that a potential transaction will result from the current negotiations, and the Company does not intend to disclose future developments with respect to the process unless and until the Board of Directors has approved a specific transaction or otherwise determines that disclosure is appropriate or required.