

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2024

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 001-39191



Ovintiv Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

84-4427672

(I.R.S. Employer Identification No.)

Suite 1700, 370 17th Street, Denver, Colorado, 80202, U.S.A.

(Address of principal executive offices)

Registrant's telephone number, including area code **(303) 623-2300**

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Shares	OVV	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Number of registrant's shares of common stock outstanding as of April 26, 2024

266,980,795

OVINTIV INC.
FORM 10-Q
TABLE OF CONTENTS

PART I

<u>Item 1.</u>	<u>Financial Statements</u>	6
	<u>Condensed Consolidated Statement of Earnings</u>	6
	<u>Condensed Consolidated Statement of Comprehensive Income</u>	6
	<u>Condensed Consolidated Balance Sheet</u>	7
	<u>Condensed Consolidated Statement of Changes in Shareholders' Equity</u>	8
	<u>Condensed Consolidated Statement of Cash Flows</u>	9
	<u>Notes to Condensed Consolidated Financial Statements</u>	10
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	33
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	53
<u>Item 4.</u>	<u>Controls and Procedures</u>	55

PART II

<u>Item 1.</u>	<u>Legal Proceedings</u>	56
<u>Item 1A.</u>	<u>Risk Factors</u>	56
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	56
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u>	57
<u>Item 4.</u>	<u>Mine Safety Disclosures</u>	57
<u>Item 5.</u>	<u>Other Information</u>	57
<u>Item 6.</u>	<u>Exhibits</u>	57
	<u>Signatures</u>	58

DEFINITIONS

Unless the context otherwise requires or otherwise expressly stated, all references in this Quarterly Report on Form 10-Q to “Ovintiv,” the “Company,” “us,” “we,” “our,” and “ours” refer to Ovintiv Inc. and its consolidated subsidiaries. In addition, the following are other abbreviations and definitions of certain terms used within this Quarterly Report on Form 10-Q:

- “AECO” means Alberta Energy Company and is the Canadian benchmark price for natural gas.
- “ASU” means Accounting Standards Update.
- “bbl” or “bbls” means barrel or barrels.
- “BOE” means barrels of oil equivalent.
- “Btu” means British thermal units, a measure of heating value.
- “DD&A” means depreciation, depletion and amortization expenses.
- “FASB” means Financial Accounting Standards Board.
- “GHG” means greenhouse gas.
- “Mbbbl/d” means thousand barrels per day.
- “MBOE/d” means thousand barrels of oil equivalent per day.
- “Mcf” means thousand cubic feet.
- “MD&A” means Management’s Discussion and Analysis of Financial Condition and Results of Operations.
- “MMBOE” means million barrels of oil equivalent.
- “MMBtu” means million Btu.
- “MMcf/d” means million cubic feet per day.
- “NCIB” means normal course issuer bid.
- “NGL” or “NGLs” means natural gas liquids.
- “NYMEX” means New York Mercantile Exchange.
- “NYSE” means New York Stock Exchange.
- “OPEC” means Organization of the Petroleum Exporting Countries.
- “SEC” means United States Securities and Exchange Commission.
- “S&P 400” means Standard and Poor’s MidCap 400 index.
- “TSX” means Toronto Stock Exchange.
- “U.S.”, “United States” or “USA” means United States of America.
- “U.S. GAAP” means U.S. Generally Accepted Accounting Principles.
- “WTI” means West Texas Intermediate.

CONVERSIONS

In this Quarterly Report on Form 10-Q, a conversion of natural gas volumes to BOE is on the basis of six Mcf to one bbl. BOE is based on a generic energy equivalency conversion method primarily applicable at the burner tip and does not represent economic 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 equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value, particularly if used in isolation.

CONVENTIONS

Unless otherwise specified, all dollar amounts are expressed in U.S. dollars, all references to “dollars”, “\$” or “US\$” are to U.S. dollars and all references to “C\$” are to Canadian dollars. All amounts are provided on a before tax basis, unless otherwise stated. In addition, all information provided herein is presented on an after royalties basis.

The terms “include”, “includes”, “including” and “included” are to be construed as if they were immediately followed by the words “without limitation”, except where explicitly stated otherwise.

The term “liquids” is used to represent oil, NGLs and condensate. The term “liquids rich” is used to represent natural gas streams with associated liquids volumes. The term “play” is used to describe an area in which hydrocarbon accumulations or prospects of a given type occur. Ovintiv’s focus of development is on hydrocarbon accumulations known to exist over a large areal expanse and/or thick vertical section and are developed using hydraulic fracturing. This type of development typically has a lower geological and/or commercial development risk and lower average decline rate, when compared to conventional development.

References to information contained on the Company’s website at www.ovintiv.com are not incorporated by reference into, and does not constitute a part of, this Quarterly Report on Form 10-Q.

FORWARD-LOOKING STATEMENTS AND RISK

This Quarterly Report on Form 10-Q, and the other documents incorporated herein by reference (if any), contain certain forward-looking statements or information (collectively, “forward-looking statements”) within the meaning of applicable securities legislation, including Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements, except for statements of historical fact, that relate to the anticipated future activities, plans, strategies, objectives or expectations of the Company are forward-looking statements. When used in this Quarterly Report on Form 10-Q, and the other documents incorporated herein by reference (if any), the use of words and phrases including “anticipates,” “believes,” “continue,” “could,” “estimates,” “expects,” “focused on,” “forecast,” “guidance,” “intends,” “maintain,” “may,” “opportunities,” “outlook,” “plans,” “potential,” “strategy,” “targets,” “will,” “would” and other similar terminology is intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words or phrases. Without limiting the generality of the foregoing, forward-looking statements contained in this Quarterly Report on Form 10-Q include: expectations of plans, strategies and objectives of the Company, including anticipated reserves development; the Company’s ability to consummate any future acquisition and divestiture transactions; the Company’s ability to successfully integrate any acquired assets (including the Permian Acquisition as defined in Note 9 to the Condensed Consolidated Financial Statements under Part I, Item 1 of this Quarterly Report on Form 10-Q) into its business; drilling plans and programs, including the amount and availability of capital to complete these plans and programs; the composition of the Company’s assets and the anticipated capital returns associated with its assets; anticipated oil, NGL and natural gas prices; the anticipated success of, and benefits from, technology and innovation, including the cube development model, Trimulfrac and Simulfrac techniques and other new or advanced drilling techniques or well completion designs; anticipated drilling and completions activity, including the number of drilling rigs and frac crews utilized; anticipated proceeds and future benefits from various joint venture, partnership and other agreements; anticipated oil, NGLs and natural gas production and commodity mix; the Company’s ability to access credit facilities, credit markets and other sources of liquidity; the ability of the Company to timely achieve its stated ESG goals, targets and initiatives; the impact of changes in federal, state, provincial, local and tribal laws, rules and regulations; anticipated compliance with current or proposed environmental legislation; the Company’s ability to manage debt and financial ratios and comply with financial covenants; the implementation and outcomes of risk management programs, including exposure to commodity prices, interest rate and foreign exchange fluctuations and the volume of oil, NGLs and natural gas production hedged; the declaration and payment of future dividends and the anticipated repurchase of the Company’s outstanding common shares; the Company’s ability to manage cost inflation and expected cost structures, including expected operating, transportation, processing and labor expenses; and the outlook of the oil and natural gas industry generally, including impacts from changes to the geopolitical environment.

The forward-looking statements included in this Quarterly Report on Form 10-Q involve risks and uncertainties that could cause actual results to differ materially from projected results. Accordingly, investors should not place undue reliance on forward-looking statements as a prediction of actual results. We have based these forward-looking statements on current expectations and assumptions about future events, taking into account all information currently known by us. While we consider these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks and uncertainties, many of which are difficult to predict and beyond our control. The risks and uncertainties that may affect the operations, performance and results of our business and forward-looking statements include, but are not limited to, those set forth in Item 1A. Risk Factors of the Company’s most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the “2023 Annual Report on Form 10-K”); and other risks and uncertainties impacting

the Company's business as described from time to time in the Company's other periodic filings with the SEC or Canadian securities regulators.

Although the Company believes the expectations represented by its forward-looking statements are reasonable based on the information available to it as of the date such statements are made, forward-looking statements are only predictions and statements of our current beliefs and there can be no assurance that such expectations will prove to be correct. All forward-looking statements contained in this Quarterly Report on Form 10-Q are made as of the date of this document (or in the case of a document incorporated herein by reference, the date of such document) and, except as required by law, the Company undertakes no obligation to update publicly or revise any forward-looking statements. The forward-looking statements contained or incorporated by reference in this Quarterly Report on Form 10-Q, and all subsequent forward-looking statements attributable to the Company, whether written or oral, are expressly qualified by these cautionary statements.

The reader should carefully read the risk factors described in Item 1A. Risk Factors of the 2023 Annual Report on Form 10-K for a description of certain risks that could, among other things, cause actual results to differ from these forward-looking statements.

PART I

Item 1. Financial Statements

Condensed Consolidated Statement of Earnings (unaudited)

(US\$ millions, except per share amounts)	Three Months Ended March 31,	
	2024	2023
Revenues	<i>(Note 3)</i>	
Product and service revenues	<i>(Note 4)</i> \$ 2,387	\$ 2,592
Gains (losses) on risk management, net	<i>(Note 20)</i> (54)	(58)
Sublease revenues	<i>(Note 11)</i> 19	17
Total Revenues	2,352	2,551
Operating Expenses	<i>(Note 3)</i>	
Production, mineral and other taxes	83	84
Transportation and processing	419	455
Operating	<i>(Notes 17, 18)</i> 243	206
Purchased product	440	701
Depreciation, depletion and amortization	566	364
Accretion of asset retirement obligation	5	5
Administrative	<i>(Notes 17, 18)</i> 102	58
Total Operating Expenses	1,858	1,873
Operating Income (Loss)	494	678
Other (Income) Expenses		
Interest	<i>(Note 5)</i> 98	71
Foreign exchange (gain) loss, net	<i>(Note 6)</i> (28)	(3)
Other (gains) losses, net	<i>(Note 18)</i> (4)	(3)
Total Other (Income) Expenses	66	65
Net Earnings (Loss) Before Income Tax	428	613
Income tax expense (recovery)	<i>(Note 7)</i> 90	126
Net Earnings (Loss)	\$ 338	\$ 487
Net Earnings (Loss) per Share of Common Stock	<i>(Note 14)</i>	
Basic	\$ 1.25	\$ 1.99
Diluted	1.24	1.97
Weighted Average Shares of Common Stock Outstanding (millions)	<i>(Note 14)</i>	
Basic	269.7	244.3
Diluted	272.3	247.7

Condensed Consolidated Statement of Comprehensive Income (unaudited)

(US\$ millions)	Three Months Ended March 31,	
	2024	2023
Net Earnings (Loss)	\$ 338	\$ 487
Other Comprehensive Income (Loss), Net of Tax		
Foreign currency translation adjustment	<i>(Note 15)</i> (76)	2
Pension and other post-employment benefit plans	<i>(Notes 15, 18)</i> (1)	(2)
Other Comprehensive Income (Loss)	(77)	-
Comprehensive Income (Loss)	\$ 261	\$ 487

See accompanying Notes to the unaudited Condensed Consolidated Financial Statements

Condensed Consolidated Balance Sheet *(unaudited)*

(US\$ millions)	As at March 31, 2024	As at December 31, 2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 5	\$ 3
Accounts receivable and accrued revenues (net of allowances of \$5 million (2023: \$5 million))	(Note 4) 1,270	1,442
Risk management	(Notes 19, 20) 146	214
Income tax receivable	31	17
	1,452	1,676
Property, Plant and Equipment, at cost: (Note 10)		
Oil and natural gas properties, based on full cost accounting		
Proved properties	64,586	64,084
Unproved properties	1,340	1,486
Other	905	907
Property, plant and equipment	66,831	66,477
Less: Accumulated depreciation, depletion and amortization	(52,023)	(51,837)
Property, plant and equipment, net	(Note 3) 14,808	14,640
Other Assets		
Risk Management	(Notes 19, 20) 991	1,015
Deferred Income Taxes	-	4
Goodwill	(Note 3) 2,583	2,599
	(Note 3) \$ 19,834	\$ 19,987
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 1,920	\$ 2,209
Current portion of operating lease liabilities	78	87
Income tax payable	10	232
Risk management	(Notes 19, 20) 30	-
Current portion of long-term debt	(Note 12) 745	284
	2,783	2,812
Long-Term Debt (Note 12)		
Operating Lease Liabilities	5,453	5,453
Other Liabilities and Provisions	818	832
Risk Management	(Note 13) 128	132
Asset Retirement Obligation	(Notes 19, 20) 8	2
Deferred Income Taxes	269	276
	113	110
	9,572	9,617
Commitments and Contingencies (Note 22)		
Shareholders' Equity		
Share capital - authorized 775 million shares of stock		
2024 issued and outstanding: 267.6 million shares (2023: 271.7 million shares)	(Note 14) 3	3
Paid in surplus	(Note 14) 8,331	8,620
Retained earnings	955	697
Accumulated other comprehensive income	(Note 15) 973	1,050
Total Shareholders' Equity	10,262	10,370
	\$ 19,834	\$ 19,987

See accompanying Notes to the unaudited Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Changes in Shareholders' Equity *(unaudited)*

Three Months Ended March 31, 2024 (US\$ millions)	Share Capital	Paid in Surplus	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance, December 31, 2023	\$ 3	\$ 8,620	\$ 697	\$ 1,050	\$ 10,370
Net Earnings (Loss)	-	-	338	-	338
Dividends on Shares of Common Stock (\$0.30 per share) <i>(Note 14)</i>	-	-	(80)	-	(80)
Shares of Common Stock Purchased <i>(Note 14)</i>	-	(250)	-	-	(250)
Equity-Settled Compensation Costs	-	(39)	-	-	(39)
Other Comprehensive Income (Loss) <i>(Note 15)</i>	-	-	-	(77)	(77)
Balance, March 31, 2024	\$ 3	\$ 8,331	\$ 955	\$ 973	\$ 10,262

Three Months Ended March 31, 2023 (US\$ millions)	Share Capital	Paid in Surplus	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance, December 31, 2022	\$ 3	\$ 7,776	\$ (1,081)	\$ 991	\$ 7,689
Net Earnings (Loss)	-	-	487	-	487
Dividends on Shares of Common Stock (\$0.25 per share) <i>(Note 14)</i>	-	-	(61)	-	(61)
Shares of Common Stock Purchased <i>(Note 14)</i>	-	(239)	-	-	(239)
Equity-Settled Compensation Costs	-	18	-	-	18
Other Comprehensive Income (Loss) <i>(Note 15)</i>	-	-	-	-	-
Balance, March 31, 2023	\$ 3	\$ 7,555	\$ (655)	\$ 991	\$ 7,894

See accompanying Notes to the unaudited Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Cash Flows *(unaudited)*

(US\$ millions)	Three Months Ended March 31,	
	2024	2023
Operating Activities		
Net earnings (loss)	\$ 338	\$ 487
Depreciation, depletion and amortization	566	364
Accretion of asset retirement obligation	5	5
Deferred income taxes	(Note 7) 58	64
Unrealized (gain) loss on risk management	(Note 20) 100	(18)
Unrealized foreign exchange (gain) loss	(Note 6) (23)	(5)
Foreign exchange (gain) loss on settlements	(Note 6) (2)	(1)
Other	(7)	(45)
Net change in other assets and liabilities	(12)	(5)
Net change in non-cash working capital	(Note 21) (364)	222
Cash From (Used in) Operating Activities	659	1,068
Investing Activities		
Capital expenditures	(Note 3) (591)	(610)
Acquisitions	(Note 8) (190)	(199)
Corporate acquisition	(Note 9) 12	-
Proceeds from divestitures	(Note 8) 2	12
Net change in investments and other	6	(66)
Cash From (Used in) Investing Activities	(761)	(863)
Financing Activities		
Net issuance (repayment) of revolving debt	(Note 12) 461	187
Purchase of shares of common stock	(Note 14) (250)	(239)
Dividends on shares of common stock	(Note 14) (80)	(61)
Finance lease payments and other	(29)	(71)
Cash From (Used in) Financing Activities	102	(184)
Foreign Exchange Gain (Loss) on Cash, Cash Equivalents and Restricted Cash Held in Foreign Currency	2	-
Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	2	21
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	3	5
Cash, Cash Equivalents and Restricted Cash, End of Period	\$ 5	\$ 26
Cash, End of Period	\$ 3	\$ 6
Cash Equivalents, End of Period	2	20
Restricted Cash, End of Period	-	-
Cash, Cash Equivalents and Restricted Cash, End of Period	\$ 5	\$ 26

Supplementary Cash Flow Information

(Note 21)

See accompanying Notes to the unaudited Condensed Consolidated Financial Statements

1. Basis of Presentation and Principles of Consolidation

Ovintiv is in the business of the exploration for, the development of, and the production and marketing of oil, NGLs and natural gas.

The interim Condensed Consolidated Financial Statements include the accounts of Ovintiv and entities in which it holds a controlling interest. All intercompany balances and transactions are eliminated on consolidation. Undivided interests in oil and natural gas exploration and production joint ventures and partnerships are consolidated on a proportionate basis. Investments in non-controlled entities over which the Company has the ability to exercise significant influence are accounted for using the equity method.

The interim Condensed Consolidated Financial Statements are prepared in conformity with U.S. GAAP and the rules and regulations of the SEC. Pursuant to these rules and regulations, certain information and disclosures normally required under U.S. GAAP have been condensed or have been disclosed on an annual basis only. Accordingly, the interim Condensed Consolidated Financial Statements should be read in conjunction with the annual audited Consolidated Financial Statements and the notes thereto for the year ended December 31, 2023, which are included in Item 8 of Ovintiv's 2023 Annual Report on Form 10-K.

The interim Condensed Consolidated Financial Statements have been prepared following the same accounting policies and methods of computation as the annual audited Consolidated Financial Statements for the year ended December 31, 2023.

These unaudited interim Condensed Consolidated Financial Statements reflect, in the opinion of Management, all normal and recurring adjustments necessary to present fairly the financial position and results of the Company as at and for the periods presented. Interim condensed consolidated financial results are not necessarily indicative of consolidated financial results expected for the fiscal year.

2. Recent Accounting Pronouncements

Changes in Accounting Policies and Practices

On January 1, 2024, Ovintiv adopted ASU 2023-07 "Improvements to Reportable Segment Disclosures", issued by FASB. The amendments enhance annual disclosure requirements about significant segment expenses that are regularly provided to the chief operating decision maker and included within reported measures of segment profit or loss. The amendments do not change how an entity identifies its operating segments. In addition, all annual disclosures are to be presented in interim periods beginning in the first quarter of 2025. The amendments will be applied retrospectively to all prior periods presented in the annual disclosures and are not expected to have a material impact on the Company's Consolidated Financial Statements.

New Standards Issued Not Yet Adopted

As of January 1, 2025, Ovintiv will be required to adopt ASU 2023-09 "Improvements to Income Tax Disclosures". The standard requires disaggregated information about the Company's effective tax rate reconciliation as well as information on income taxes paid. The amendment requires the tabular rate reconciliation to be presented using both percentages and amounts, with additional separate disclosure for any reconciling items within certain categories equal to or greater than five percent of net earnings or loss before income tax and the applicable statutory federal income tax rate. The amendment also requires the disaggregation of income taxes paid by federal, state, and foreign jurisdictions, as well as additional disaggregated information on income taxes paid to an individual jurisdiction equal to or greater than five percent of total income taxes paid. Amendments will be applied prospectively at the date of adoption and are not expected to have a material impact on the Company's Consolidated Financial Statements.

3. Segmented Information

Ovintiv's reportable segments are determined based on the following operations and geographic locations:

- **USA Operations** includes the exploration for, development of, and production of oil, NGLs and natural gas and other related activities within the U.S. cost center.
- **Canadian Operations** includes the exploration for, development of, and production of oil, NGLs and natural gas and other related activities within the Canadian cost center.
- **Market Optimization** is primarily responsible for the sale of the Company's proprietary production. These results are reported in the USA and Canadian Operations. Market optimization activities include third-party purchases and sales of product to provide operational flexibility and cost mitigation for transportation commitments, product type, delivery points and customer diversification. These activities are reflected in the Market Optimization segment. Market Optimization sells substantially all of the Company's upstream production to third-party customers. Transactions between segments are based on market values and are eliminated on consolidation.

Corporate and Other mainly includes unrealized gains or losses recorded on derivative financial instruments. Once the instruments are settled, the realized gains and losses are recorded in the reporting segment to which the derivative instruments relate. Corporate and Other also includes amounts related to sublease rentals.

Intersegment Information

For the three months ended March 31,	Marketing Sales		Market Optimization Upstream Eliminations		Total	
	2024	2023	2024	2023	2024	2023
	Revenues	\$ 2,498	\$ 3,136	\$ (2,042)	\$ (2,420)	\$ 456
Operating Expenses						
Transportation and processing	170	165	(129)	(124)	41	41
Operating	7	7	-	-	7	7
Purchased product	2,353	2,997	(1,913)	(2,296)	440	701
Operating Income (Loss)	\$ (32)	\$ (33)	\$ -	\$ -	\$ (32)	\$ (33)

Capital Expenditures by Segment

	Three Months Ended March 31,	
	2024	2023
USA Operations	\$ 457	\$ 467
Canadian Operations	133	142
Corporate & Other	1	1
	\$ 591	\$ 610

Goodwill, Property, Plant and Equipment and Total Assets by Segment

	Goodwill		Property, Plant and Equipment		Total Assets	
	As at		As at		As at	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
USA Operations	\$ 1,938	\$ 1,938	\$ 13,273	\$ 13,129	\$ 16,126	\$ 16,033
Canadian Operations	645	661	1,388	1,357	2,368	2,404
Market Optimization	-	-	-	-	166	232
Corporate & Other	-	-	147	154	1,174	1,318
	\$ 2,583	\$ 2,599	\$ 14,808	\$ 14,640	\$ 19,834	\$ 19,987

4. Revenues from Contracts with Customers

The following table summarizes Ovintiv's revenues from contracts with customers.

Revenues (For the three months ended March 31)

	USA Operations		Canadian Operations		Market Optimization	
	2024	2023	2024	2023	2024	2023
Revenues from Customers						
Product revenues ⁽¹⁾						
Oil	\$ 1,181	\$ 851	\$ 1	\$ -	\$ 392	\$ 609
NGLs	188	184	234	237	8	20
Natural gas	97	155	235	455	49	80
Service revenues						
Gathering and processing	1	-	1	1	-	-
Product and Service Revenues	\$ 1,467	\$ 1,190	\$ 471	\$ 693	\$ 449	\$ 709
			Corporate & Other		Consolidated	
			2024	2023	2024	2023
Revenues from Customers						
Product revenues ⁽¹⁾						
Oil			\$ -	\$ -	\$ 1,574	\$ 1,460
NGLs			-	-	430	441
Natural gas			-	-	381	690
Service revenues						
Gathering and processing			-	-	2	1
Product and Service Revenues			\$ -	\$ -	\$ 2,387	\$ 2,592

(1) Includes revenues from production and revenues of product purchased from third parties, but excludes intercompany marketing fees transacted between the Company's operating segments.

The Company's revenues from contracts with customers consists of product sales including oil, NGLs and natural gas, as well as the provision of gathering and processing services to third parties. Ovintiv had no contract asset or liability balances during the periods presented. As at March 31, 2024, receivables and accrued revenues from contracts with customers were \$935 million (\$1,070 million as at December 31, 2023).

Ovintiv's product sales are sold under short-term contracts with terms that are less than one year at either fixed or market index prices or under long-term contracts exceeding one year at market index prices.

The Company's gathering and processing services are provided on an interruptible basis with transaction prices that are for fixed prices and/or variable consideration. Variable consideration received is related to recovery of plant operating costs or escalation of the fixed price based on a consumer price index. As the service contracts are interruptible, with service provided on an "as available" basis, there are no unsatisfied performance obligations remaining at March 31, 2024.

As at March 31, 2024, all remaining performance obligations are priced at market index prices or are variable volume delivery contracts. As such, the variable consideration is allocated entirely to the wholly unsatisfied performance obligation or promise to deliver units of production, and revenue is recognized at the amount for which the Company has the right to invoice the product delivered. As the period between when the product sales are transferred and Ovintiv receives payments is generally 30 to 60 days, there is no financing element associated with customer contracts. In addition, Ovintiv does not disclose unsatisfied performance obligations for customer contracts with terms less than 12 months or for variable consideration related to unsatisfied performance obligations.

5. Interest

	Three Months Ended March 31,	
	2024	2023
Interest Expense on:		
Debt	\$ 97	\$ 60
Other	1	11
	\$ 98	\$ 71

6. Foreign Exchange (Gain) Loss, Net

	Three Months Ended March 31,	
	2024	2023
Unrealized Foreign Exchange (Gain) Loss on:		
Translation of U.S. dollar risk management contracts issued from Canada	\$ 6	\$ (6)
Translation of intercompany notes	(29)	1
	(23)	(5)
Foreign Exchange (Gain) Loss on Settlements of:		
U.S. dollar financing debt issued from Canada	-	(1)
U.S. dollar risk management contracts issued from Canada	-	4
Intercompany notes	(2)	-
Other Monetary Revaluations	(3)	(1)
	\$ (28)	\$ (3)

7. Income Taxes

	Three Months Ended March 31,	
	2024	2023
Current Tax		
United States	\$ 14	\$ -
Canada	18	62
Total Current Tax Expense (Recovery)	32	62
Deferred Tax		
United States	58	72
Canada	-	(8)
Total Deferred Tax Expense (Recovery)	58	64
Income Tax Expense (Recovery)	\$ 90	\$ 126
Effective Tax Rate	21.0%	20.6%

Ovintiv's interim income tax expense is determined using the estimated annual effective income tax rate applied to year-to-date net earnings before income tax plus the effect of legislative changes and amounts in respect of prior periods. The estimated annual effective income tax rate is impacted by expected annual earnings, changes in valuation allowances, income tax related to foreign operations, state taxes, the effect of legislative changes, non-taxable items and tax differences on transactions, which can produce interim effective tax rate fluctuations.

During the three months ended March 31, 2024, the current income tax expense was primarily due to Canadian operations being in a taxable position and the corporate alternative minimum tax in the U.S. During the three months ended March 31, 2023, the current income tax expense was primarily due to the full utilization of Ovintiv's operating losses in Canada resulting in current tax in 2023.

During the three months ended March 31, 2024 and March 31, 2023, the deferred tax expense was predominately due to the annual effective tax rate applied to the U.S. earnings.

8. Acquisitions and Divestitures

	Three Months Ended March 31,	
	2024	2023
Acquisitions		
USA Operations	\$ 190	\$ 193
Canadian Operations	-	6
Total Acquisitions	190	199
Divestitures		
USA Operations	(2)	(12)
Total Divestitures	(2)	(12)
Net Acquisitions & (Divestitures)	\$ 188	\$ 187

For the three months ended March 31, 2024, acquisitions in the USA Operations were \$190 million, which primarily included property purchases in Permian with oil and liquids-rich potential.

For the three months ended March 31, 2023, acquisitions in the USA Operations were \$193 million, which primarily included property purchases in Permian and Uinta with oil and liquids-rich potential.

Amounts received from the Company's divestiture transactions have been deducted from the respective U.S. and Canadian full cost pools.

9. Business Combination

Acquisition of Midland Basin Assets ("Permian Acquisition")

On June 12, 2023, Orintiv completed a business combination to purchase all of the outstanding equity interests in seven Delaware limited liability companies ("Permian LLCs") pursuant to the purchase agreement with Black Swan Oil & Gas, LLC, PetroLegacy II Holdings, LLC, Piedra Energy III Holdings, LLC and Piedra Energy IV Holdings, LLC, which were portfolio companies of funds managed by EnCap Investments L.P ("EnCap"). The Company paid aggregate cash consideration of approximately \$3.2 billion and issued approximately 31.8 million shares of Orintiv common stock, representing a value of approximately \$1.2 billion. The cash portion of the consideration was funded through a combination of net proceeds from the Company's May 2023 senior notes offering, net proceeds from the sale of Bakken during the second quarter of 2023, cash on hand and proceeds from short-term borrowings. During the period from June 12, 2023 to December 31, 2023, transaction costs of approximately \$76 million were included in administrative expense.

The acquisition was strategically located in close proximity to Orintiv's current Permian operations and added approximately 1,050 net well locations to Orintiv's Permian inventory and approximately 65,000 net acres. The results of operations from the acquired Permian assets have been included in Orintiv's consolidated financial statements since June 12, 2023.

Purchase Price Allocation

The Permian LLCs were accounted for under the acquisition method and as a single transaction because the purchase agreement was entered into at the same time with EnCap and in contemplation of one another to achieve an overall economic effect. The purchase price allocations represent the consideration paid and the fair values of the assets acquired, and liabilities assumed as of the acquisition date.

Purchase Price Allocation

Consideration:		
Fair value of shares of Ovintiv common stock issued ⁽¹⁾	\$	1,169
Consideration paid in cash ⁽²⁾		3,229
Total Consideration	\$	4,398
Assets Acquired:		
Cash and cash equivalents	\$	16
Accounts receivable and accrued revenues ⁽³⁾		202
Proved properties ⁽³⁾		3,727
Unproved properties ⁽³⁾		914
Other property, plant and equipment ⁽³⁾		17
Liabilities Assumed:		
Accounts payable and accrued liabilities ⁽³⁾		(446)
Asset retirement obligation		(28)
Other liabilities and provisions ⁽³⁾		(4)
Total Purchase Price	\$	4,398

(1) The fair value was based on the issuance of 31.8 million shares of common stock using the NYSE price of \$36.78 on June 12, 2023.

(2) Cash consideration paid reflects final cash settlements of \$12 million which were completed during the first quarter of 2024.

(3) Since the completion of the business combination on June 12, 2023, additional information related to pre-acquisition assets and liabilities was obtained resulting in measurement period adjustments. Changes in the fair value estimates comprised an increase in accounts receivable and accrued revenues of \$22 million, an increase in proved properties of \$134 million, a decrease in unproved properties of \$227 million, a decrease in other property, plant and equipment of \$16 million, a decrease in accounts payable and accrued liabilities of \$73 million and a decrease in other liabilities and provisions of \$2 million.

The Company used the income approach valuation technique for the fair value of assets acquired and liabilities assumed. The carrying amounts of cash, accounts receivable and accounts payable approximate their fair values due to their nature and/or short-term maturity of the instruments. The fair value of tubular inventory in other property, plant and equipment was based on the fair value approach, which utilized subsequent sales of inventory, asset listings and cost records with consideration for the relative age, condition, utilization and economic support of the inventory. The fair values of the proved properties, unproved properties and asset retirement obligation were categorized within Level 3 and were determined using relevant market assumptions, including discount rates, future commodity prices and costs, timing of development activities, projections of oil and gas reserves, and estimates to abandon and reclaim producing wells. Level 3 inputs require significant judgment and estimates to be made.

For income tax purposes, the Permian Acquisition was treated as an asset purchase, and as a result, the tax basis in the assets and liabilities reflect their allocated fair value.

10. Property, Plant and Equipment, Net

	As at March 31, 2024			As at December 31, 2023		
	Cost	Accumulated DD&A	Net	Cost	Accumulated DD&A	Net
USA Operations						
Proved properties	\$ 48,204	\$ (36,288)	\$ 11,916	\$ 47,440	\$ (35,799)	\$ 11,641
Unproved properties	1,306	-	1,306	1,449	-	1,449
Other	51	-	51	39	-	39
	49,561	(36,288)	13,273	48,928	(35,799)	13,129
Canadian Operations						
Proved properties	16,382	(15,037)	1,345	16,644	(15,332)	1,312
Unproved properties	34	-	34	37	-	37
Other	9	-	9	8	-	8
	16,425	(15,037)	1,388	16,689	(15,332)	1,357
Market Optimization	7	(7)	-	7	(7)	-
Corporate & Other	838	(691)	147	853	(699)	154
	\$ 66,831	\$ (52,023)	\$ 14,808	\$ 66,477	\$ (51,837)	\$ 14,640

USA and Canadian Operations' property, plant and equipment include internal costs directly related to exploration, development and construction activities of \$51 million, which have been capitalized during the three months ended March 31, 2024 (2023 - \$53 million).

11. Leases

The following table outlines Ovintiv's estimated future sublease income as at March 31, 2024. All subleases are classified as operating leases.

(undiscounted)	2024	2025	2026	2027	2028	Thereafter	Total
Sublease Income	\$ 38	\$ 51	\$ 51	\$ 46	\$ 41	\$ 369	\$ 596

For the three months ended March 31, 2024, operating lease income was \$14 million (2023 - \$12 million), and variable lease income was \$5 million (2023 - \$5 million).

12. Long-Term Debt

	As at March 31, 2024	As at December 31, 2023
U.S. Dollar Denominated Debt		
Revolving credit and term loan borrowings	\$ 745	\$ 284
U.S. Unsecured Notes:		
5.65% due May 15, 2025	600	600
5.375% due January 1, 2026	459	459
5.65% due May 15, 2028	700	700
8.125% due September 15, 2030	300	300
7.20% due November 1, 2031	350	350
7.375% due November 1, 2031	500	500
6.25% due July 15, 2033	600	600
6.50% due August 15, 2034	599	599
6.625% due August 15, 2037	390	390
6.50% due February 1, 2038	430	430
5.15% due November 15, 2041	148	148
7.10% due July 15, 2053	400	400
Total Principal	6,221	5,760
Increase in Value of Debt Acquired	21	22
Unamortized Debt Discounts and Issuance Costs	(44)	(45)
Total Long-Term Debt	\$ 6,198	\$ 5,737
Current Portion	\$ 745	\$ 284
Long-Term Portion	5,453	5,453
	\$ 6,198	\$ 5,737

As at March 31, 2024, the Company had outstanding commercial paper of \$495 million maturing at various dates with a weighted average interest rate of approximately 6.14 percent. As at March 31, 2024, the Company also had \$250 million drawn on its revolving credit facilities.

As at March 31, 2024, total long-term debt had a carrying value of \$6,198 million and a fair value of \$6,451 million (as at December 31, 2023 - carrying value of \$5,737 million and a fair value of \$5,989 million). The estimated fair value of long-term borrowings is categorized within Level 2 of the fair value hierarchy and has been determined based on market information of long-term debt with similar terms and maturity, or by discounting future payments of interest and principal at interest rates expected to be available to the Company at period end.

13. Other Liabilities and Provisions

	As at March 31, 2024	As at December 31, 2023
Finance Lease Obligations	\$ 18	\$ 20
Unrecognized Tax Benefits	16	16
Pensions and Other Post-Employment Benefits	75	74
Other	19	22
	\$ 128	\$ 132

14. Share Capital

Authorized

Ovintiv is authorized to issue 750 million shares of common stock, par value \$0.01 per share, and 25 million shares of preferred stock, par value \$0.01 per share. No shares of preferred stock are outstanding.

Issued and Outstanding

	As at March 31, 2024		As at December 31, 2023	
	Number (millions)	Amount	Number (millions)	Amount
Shares of Common Stock Outstanding, Beginning of Year	271.7	\$ 3	245.7	\$ 3
Shares of Common Stock Purchased	(5.4)	-	(9.9)	-
Shares of Common Stock Issued	1.3	-	35.9	-
Shares of Common Stock Outstanding, End of Period	267.6	\$ 3	271.7	\$ 3

On June 12, 2023, in accordance with the terms of the Permian Acquisition agreement, Ovintiv issued approximately 31.8 million shares of common stock as a component of the consideration paid to EnCap as discussed in Note 9. In conjunction with the share issuance, the Company recognized share capital of \$318 thousand and paid in surplus of \$1,169 million.

Ovintiv's Performance Share Units ("PSU") and Restricted Share Units ("RSU") stock-based compensation plans allow the Company to settle the awards either in cash or in the Company's common stock. Accordingly, Ovintiv issued 1.3 million shares of common stock during the three months ended March 31, 2024 (4.1 million shares of common stock during the twelve months ended December 31, 2023), as certain PSU and RSU grants vested during the period.

Normal Course Issuer Bid and Other Share Buybacks

During the three months ended March 31, 2024, the Company purchased approximately 5.4 million shares for total consideration of approximately \$250 million. Of the amount paid, \$54 thousand was charged to share capital and \$250 million was charged to paid in surplus.

During the three months ended March 31, 2023, the Company purchased approximately 5.2 million shares for total consideration of approximately \$239 million. Of the amount paid, \$52 thousand was charged to share capital and \$239 million was charged to paid in surplus.

For the twelve months ended December 31, 2023, the Company purchased approximately 9.9 million shares for total consideration of approximately \$426 million, of which \$99 thousand was charged to share capital and \$426 million was charged to paid in surplus.

All NCIB purchases were made in accordance with their respective programs at prevailing market prices plus brokerage fees, with consideration allocated to share capital up to the par value of the shares, with any excess allocated to paid in surplus.

Dividends

During the three months ended March 31, 2024, the Company declared and paid dividends of \$0.30 per share of common stock totaling \$80 million (2023 - \$0.25 per share of common stock totaling \$61 million).

On May 7, 2024, the Board of Directors declared a dividend of \$0.30 per share of common stock payable on June 28, 2024, to shareholders of record as of June 14, 2024.

Earnings Per Share of Common Stock

The following table presents the calculation of net earnings (loss) per share of common stock:

(US\$ millions, except per share amounts)	Three Months Ended March 31,	
	2024	2023
Net Earnings (Loss)	\$ 338	\$ 487
Number of Shares of Common Stock:		
Weighted average shares of common stock outstanding - Basic	269.7	244.3
Effect of dilutive securities	2.6	3.4
Weighted Average Shares of Common Stock Outstanding - Diluted	272.3	247.7
Net Earnings (Loss) per Share of Common Stock		
Basic	\$ 1.25	\$ 1.99
Diluted	1.24	1.97

Stock-Based Compensation Plans

Shares issued as a result of awards granted from stock-based compensation plans are funded out of the common stock authorized for issuance as approved by the Company's shareholders.

Certain PSUs and RSUs are classified as equity-settled if the Company has sufficient common stock held in reserve for issuance. These awards are included in the calculation of fully diluted net earnings (loss) per share of common stock, using the treasury stock method, if dilutive.

Ovintiv's stock options with associated Tandem Stock Appreciation Rights ("TSARs") give the employee the right to purchase shares of common stock of the Company or receive cash. Historically, most holders of options have elected to exercise their TSARs in exchange for a cash payment. As a result, outstanding options are not considered potentially dilutive securities.

15. Accumulated Other Comprehensive Income

	Three Months Ended March 31,	
	2024	2023
Foreign Currency Translation Adjustment		
Balance, Beginning of Year	\$ 1,000	\$ 937
Change in Foreign Currency Translation Adjustment	(76)	2
Balance, End of Period	\$ 924	\$ 939
Pension and Other Post-Employment Benefit Plans		
Balance, Beginning of Year	\$ 50	\$ 54
Amounts Reclassified from Other Comprehensive Income:		
Reclassification of net actuarial (gains) and losses to net earnings (See Note 18)	(1)	(2)
Income taxes	-	-
Balance, End of Period	\$ 49	\$ 52
Total Accumulated Other Comprehensive Income	\$ 973	\$ 991

16. Variable Interest Entities

Veresen Midstream Limited Partnership

Veresen Midstream Limited Partnership (“VMLP”) provides gathering, compression and processing services under various agreements related to the Company’s development of liquids and natural gas production in the Montney play. As at March 31, 2024, VMLP provides approximately 1,153 MMcf/d of natural gas gathering and compression and 913 MMcf/d of natural gas processing under long-term service agreements with remaining terms ranging from seven to 21 years and have various renewal terms providing up to a potential maximum of 10 years.

Ovintiv has determined that VMLP is a variable interest entity and that Ovintiv holds variable interests in VMLP. Ovintiv is not the primary beneficiary as the Company does not have the power to direct the activities that most significantly impact VMLP’s economic performance. These key activities relate to the construction, operation, maintenance and marketing of the assets owned by VMLP. The variable interests arise from certain terms under the various long-term service agreements and include: i) a take or pay for volumes in certain agreements; ii) an operating fee of which a portion can be converted into a fixed fee once VMLP assumes operatorship of certain assets; and iii) a potential payout of minimum costs in certain agreements. The potential payout of minimum costs will be assessed in the eighth year of the assets’ service period and is based on whether there is an overall shortfall of total system cash flows from natural gas gathered and compressed under certain agreements. The potential payout amount can be reduced in the event VMLP markets unutilized capacity to third-party users. Ovintiv is not required to provide any financial support or guarantees to VMLP.

As a result of Ovintiv’s involvement with VMLP, the maximum total exposure to loss related to the commitments under the agreements is estimated to be \$1,180 million as at March 31, 2024. The estimate comprises the take or pay volume commitments and the potential payout of minimum costs. The take or pay volume commitments associated with certain gathering and processing assets are included in Note 22 under Transportation and Processing. The potential payout requirement is highly uncertain as the amount is contingent on future production estimates, pace of development and downstream transportation constraints. As at March 31, 2024, accounts payable and accrued liabilities included \$0.4 million related to the take or pay commitment.

17. Compensation Plans

Ovintiv has a number of compensation arrangements under which the Company awards various types of long-term incentive grants to eligible employees and Directors. They may include Stock Appreciation Rights (“SARs”), TSARs, PSUs, Deferred Share Units (“DSUs”) and RSUs.

Ovintiv accounts for certain PSUs and RSUs as equity-settled stock-based payment transactions provided there is sufficient common stock held in reserve for issuance. SARs, TSARs and DSUs are accounted for as cash-settled stock-based payment transactions. The Company accrues compensation costs over the vesting period based on the fair value of the rights determined using the Black-Scholes-Merton or other appropriate fair value models.

The following weighted average assumptions were used to determine the fair value of SAR and TSAR units outstanding:

	As at March 31, 2024		As at March 31, 2023	
	US\$ SAR Share Units	C\$ TSAR Share Units	US\$ SAR Share Units	C\$ TSAR Share Units
Risk Free Interest Rate	4.16%	4.16%	3.79%	3.79%
Dividend Yield	2.31%	2.30%	2.77%	2.78%
Expected Volatility Rate ⁽¹⁾	50.59%	47.01%	64.06%	60.86%
Expected Term	1.6 yrs	1.6 yrs	1.5 yrs	1.4 yrs
Market Share Price	US\$51.90	C\$70.28	US\$36.08	C\$48.72
Weighted Average Grant Date Fair Value	US\$41.11	C\$55.44	US\$45.01	C\$62.36

(1) Volatility was estimated using historical rates.

The Company has recognized the following share-based compensation costs:

	Three Months Ended March 31,	
	2024	2023
Total Compensation Costs of Transactions Classified as Cash-Settled	\$ 5	\$ (28)
Total Compensation Costs of Transactions Classified as Equity-Settled	24	21
Less: Total Share-Based Compensation Costs Capitalized	(6)	(8)
Total Share-Based Compensation Expense (Recovery)	\$ 23	\$ (15)
Recognized in the Condensed Consolidated Statement of Earnings in:		
Operating	\$ 8	\$ 4
Administrative	15	(19)
	\$ 23	\$ (15)

As at March 31, 2024, the liability for cash-settled share-based payment transactions totaled \$17 million (\$14 million as at December 31, 2023), which is recognized in accounts payable and accrued liabilities.

The following units were granted primarily in conjunction with the Company’s annual grant of long-term incentive awards. The PSUs and RSUs were granted at the volume-weighted average trading price of shares of Ovintiv common stock for the five days prior to the grant date.

Three Months Ended March 31, 2024 (thousands of units)

PSUs	1,405
RSUs	572
DSUs	3

18. Pension and Other Post-Employment Benefits

The Company has recognized total benefit plans expense which includes pension benefits and other post-employment benefits (“OPEB”) for the three months ended March 31 as follows:

	Pension Benefits		OPEB		Total	
	2024	2023	2024	2023	2024	2023
Net Defined Periodic Benefit Cost	\$ -	\$ 1	\$ (1)	\$ (1)	\$ (1)	\$ -
Defined Contribution Plan Expense	7	6	-	-	7	6
Total Benefit Plans Expense	\$ 7	\$ 7	\$ (1)	\$ (1)	\$ 6	\$ 6

Of the total benefit plans expense, \$6 million (2023 - \$6 million) was included in operating expense and \$1 million (2023 - \$1 million) was included in administrative expense. Excluding service costs, net defined periodic benefit gains of \$1 million (2023 - gains of \$1 million) were recorded in other (gains) losses, net.

The net defined periodic benefit cost for the three months ended March 31 is as follows:

	Defined Benefits		OPEB		Total	
	2024	2023	2024	2023	2024	2023
Service Cost	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ 1
Interest Cost	1	2	-	-	1	2
Expected Return on Plan Assets	(1)	(1)	-	-	(1)	(1)
Amounts Reclassified from Accumulated Other Comprehensive Income:						
Amortization of net actuarial (gains) and losses	-	-	(1)	(2)	(1)	(2)
Total Net Defined Periodic Benefit Cost ⁽¹⁾	\$ -	\$ 1	\$ (1)	\$ (1)	\$ (1)	\$ -

(1) The components of total net defined periodic benefit cost, excluding the service cost component, are included in other (gains) losses, net.

19. Fair Value Measurements

The fair values of cash and cash equivalents, accounts receivable and accrued revenues, and accounts payable and accrued liabilities approximate their carrying amounts due to the short-term maturity of those instruments. The fair values of restricted cash and marketable securities included in other assets approximate their carrying amounts due to the nature of the instruments held.

Recurring fair value measurements are performed for risk management assets and liabilities and other derivative contracts, as discussed further in Note 20. These items are carried at fair value in the Condensed Consolidated Balance Sheet and are classified within the three levels of the fair value hierarchy in the following tables.

Fair value changes and settlements for amounts related to risk management assets and liabilities are recognized in revenues and foreign exchange gains and losses according to their purpose.

As at March 31, 2024	Level 1 Quoted Prices in Active Markets	Level 2 Other Observable Inputs	Level 3 Significant Unobservable Inputs	Total Fair Value	Netting ⁽¹⁾	Carrying Amount
Risk Management Assets						
Commodity Derivatives:						
Current assets	\$ -	\$ 186	\$ -	\$ 186	\$ (43)	\$ 143
Long-term assets	-	1	-	1	(1)	-
Foreign Currency Derivatives:						
Current assets	-	3	-	3	-	3
Risk Management Liabilities						
Commodity Derivatives:						
Current liabilities	\$ -	\$ 32	\$ 41	\$ 73	\$ (43)	\$ 30
Long-term liabilities	-	9	-	9	(1)	8
Other Derivative Contracts ⁽²⁾						
Current in accounts payable and accrued liabilities	\$ -	\$ 4	\$ -	\$ 4	\$ -	\$ 4

As at December 31, 2023	Level 1 Quoted Prices in Active Markets	Level 2 Other Observable Inputs	Level 3 Significant Unobservable Inputs	Total Fair Value	Netting ⁽¹⁾	Carrying Amount
Risk Management Assets						
Commodity Derivatives:						
Current assets	\$ -	\$ 188	\$ 16	\$ 204	\$ (1)	\$ 203
Long-term assets	-	5	-	5	(1)	4
Foreign Currency Derivatives:						
Current assets	-	11	-	11	-	11
Risk Management Liabilities						
Commodity Derivatives:						
Current liabilities	\$ -	\$ 1	\$ -	\$ 1	\$ (1)	\$ -
Long-term liabilities	-	3	-	3	(1)	2
Other Derivative Contracts ⁽²⁾						
Current in accounts payable and accrued liabilities	\$ -	\$ 4	\$ -	\$ 4	\$ -	\$ 4

- (1) Netting to offset derivative assets and liabilities where the legal right and intention to offset exists, or where counterparty master netting arrangements contain provisions for net settlement.
- (2) Includes credit derivatives associated with certain prior years' divestitures.

The Company's Level 1 and Level 2 risk management assets and liabilities consist of commodity fixed price contracts, NYMEX three-way options, NYMEX costless collars, foreign currency swaps and basis swaps with terms to 2025. The fair values of these contracts are estimated using inputs which are either directly or indirectly observable from active markets, such as exchange and other published prices, broker quotes and observable trading activity throughout the term of the instruments.

Level 3 Fair Value Measurements

As at March 31, 2024, the Company's Level 3 risk management assets and liabilities consist of WTI three-way options and WTI costless collars with terms to 2025. The WTI three-way options are a combination of a sold call, a bought put and a sold put. The WTI costless collars are a combination of a sold call and a bought put. These contracts allow the Company to participate in the upside of commodity prices to the ceiling of the call option and provide the Company with complete (collars) or partial (three-way) downside price protection through the put options. The fair values of these contracts are determined using an option pricing model using observable and unobservable inputs such as implied volatility. The unobservable inputs are obtained from third parties whenever possible and reviewed by the Company for reasonableness.

A summary of changes in Level 3 fair value measurements for risk management positions is presented below:

	Three Months Ended March 31,	
	2024	2023
Balance, Beginning of Year	\$ 16	\$ 12
Total Gains (Losses)	(57)	8
Purchases, Sales, Issuances and Settlements:		
Purchases, sales and issuances	-	-
Settlements	-	-
Transfers Out of Level 3	-	-
Balance, End of Period	\$ (41)	\$ 20
Change in Unrealized Gains (Losses) During the Period Included in Net Earnings (Loss)	\$ (57)	\$ 8

Quantitative information about unobservable inputs used in Level 3 fair value measurements is presented below as at March 31, 2024:

	Valuation Technique	Unobservable Input	Range	Weighted Average ⁽¹⁾
Risk Management - WTI Options	Option Model	Implied Volatility	19% - 35%	33%

(1) Unobservable inputs were weighted by the relative fair value of the instruments.

A 10 percent increase or decrease in implied volatility for the WTI options would cause an approximate corresponding \$4 million (\$1 million as at December 31, 2023) increase or decrease to net risk management assets and liabilities.

20. Financial Instruments and Risk Management

A) Financial Instruments

Ovintiv's financial assets and liabilities are recognized in cash and cash equivalents, accounts receivable and accrued revenues, other assets, accounts payable and accrued liabilities, risk management assets and liabilities, long-term debt, and other liabilities and provisions.

B) Risk Management Activities

Ovintiv uses derivative financial instruments to manage its exposure to fluctuating commodity prices and foreign currency exchange rates. The Company does not apply hedge accounting to any of its derivative financial instruments. As a result, gains and losses from changes in the fair value are recognized in net earnings (loss).

Commodity Price Risk

Commodity price risk arises from the effect that fluctuations in future commodity prices may have on revenues from production. To partially mitigate exposure to commodity price risk, the Company has entered into various derivative financial instruments. The use of these derivative instruments is governed under formal policies and is subject to limits established by the Board of Directors.

Oil and NGLs - To partially mitigate oil and NGL commodity price risk, the Company uses WTI- and NGL-based contracts such as fixed price contracts, options and costless collars. Ovintiv has also entered into basis swaps to manage against widening price differentials between various production areas, products and price points.

Natural Gas - To partially mitigate natural gas commodity price risk, the Company uses NYMEX-based contracts such as fixed price contracts, options and costless collars. Ovintiv has also entered into basis swaps to manage against widening price differentials between various production areas and benchmark price points.

Foreign Exchange Risk

Foreign exchange risk arises from changes in foreign currency exchange rates that may affect the fair value or future cash flows from the Company's financial assets or liabilities. To partially mitigate the effect of foreign exchange fluctuations on future commodity revenues and expenses, the Company may enter into foreign currency derivative contracts. As at March 31, 2024, the Company has entered into \$301 million notional U.S. dollar denominated currency swaps at an average exchange rate of C\$1.3622 to US\$1, which mature monthly through the remainder of 2024.

Risk Management Positions as at March 31, 2024

	Notional Volumes	Term	Average Price	Fair Value
Oil and NGL Contracts			US\$/bbl	
Fixed Price Contracts				
WTI Fixed Price	8.3 Mbbls/d	2024	73.69	\$ (19)
Ethane Fixed Price	5.0 Mbbls/d	2024	10.28	2
WTI Three-Way Options				
Sold call / bought put / sold put	30.1 Mbbls/d	2024	86.75 / 65.00 / 50.00	(13)
Sold call / bought put / sold put	11.4 Mbbls/d	2025	83.67 / 65.00 / 50.00	(7)
WTI Costless Collars				
Sold call / bought put	28.2 Mbbls/d	2024	81.78 / 64.41	(21)
Basis Contracts ⁽¹⁾		2024		-
Oil and NGLs Fair Value Position				(58)
Natural Gas Contracts			US\$/Mcf	
Fixed Price Contracts				
NYMEX Fixed Price	200 MMcf/d	2024	3.62	67
NYMEX Three-Way Options				
Sold call / bought put / sold put	200 MMcf/d	2024	4.48 / 3.00 / 2.25	26
Sold call / bought put / sold put	410 MMcf/d	2025	4.49 / 3.00 / 2.25	(7)
NYMEX Costless Collars				
Sold call / bought put	400 MMcf/d	2024	4.13 / 3.00	81
Basis Contracts ⁽²⁾		2024		(2)
		2025		(2)
Other Financial Positions				-
Natural Gas Fair Value Position				163
Other Derivative Contracts				
Fair Value Position ⁽³⁾				(4)
Foreign Currency Contracts				
Fair Value Position ⁽⁴⁾		2024		3
Total Fair Value Position				\$ 104

(1) Oventiv has entered into oil differential swaps associated with Canadian condensate and WTI.

(2) Oventiv has entered into natural gas basis swaps associated with AECO, Waha and NYMEX.

(3) Includes credit derivatives associated with certain prior years' divestitures.

(4) Oventiv has entered into U.S. dollar denominated fixed-for-floating average currency swaps to protect against fluctuations between the Canadian and U.S. dollars.

Earnings Impact of Realized and Unrealized Gains (Losses) on Risk Management Positions

	Three Months Ended	
	March 31,	
	2024	2023
Realized Gains (Losses) on Risk Management		
Commodity and Other Derivatives:		
Revenues ⁽¹⁾	\$ 46	\$ (76)
Foreign Currency Derivatives:		
Foreign exchange	-	(4)
	\$ 46	\$ (80)
Unrealized Gains (Losses) on Risk Management		
Commodity and Other Derivatives:		
Revenues ⁽¹⁾	\$ (100)	\$ 18
Foreign Currency Derivatives:		
Foreign exchange	(8)	6
	\$ (108)	\$ 24
Total Realized and Unrealized Gains (Losses) on Risk Management, net		
Commodity and Other Derivatives:		
Revenues ⁽¹⁾	\$ (54)	\$ (58)
Foreign Currency Derivatives:		
Foreign exchange	(8)	2
	\$ (62)	\$ (56)

(1) There were no realized or unrealized gains or losses related to other derivative contracts for the three months ended March 31, 2024 or 2023.

Reconciliation of Unrealized Risk Management Positions from January 1 to March 31

	2024		2023	
	Fair Value	Total Unrealized Gain (Loss)	Total Unrealized Gain (Loss)	Total Unrealized Gain (Loss)
Fair Value of Contracts, Beginning of Year	\$ 212			
Change in Fair Value of Contracts in Place at Beginning of Year and Contracts Entered into During the Period	(62)	\$ (62)	\$ (56)	
Settlement of Other Derivative Contracts	-			
Fair Value of Contracts Realized During the Period	(46)	(46)	80	
Fair Value of Contracts, End of Period	\$ 104	\$ (108)	\$ 24	

Risk management assets and liabilities arise from the use of derivative financial instruments and are measured at fair value. See Note 19 for a discussion of fair value measurements.

Unrealized Risk Management Positions

	As at March 31, 2024	As at December 31, 2023
Risk Management Assets		
Current	\$ 146	\$ 214
Long-term	-	4
	146	218
Risk Management Liabilities		
Current	30	-
Long-term	8	2
	38	2
Other Derivative Contract Liabilities		
Current in accounts payable and accrued liabilities	4	4
	4	4
Net Risk Management Assets (Liabilities) and Other Derivative Contracts	\$ 104	\$ 212

C) Credit Risk

Credit risk arises from the potential that the Company may incur a loss if a counterparty to a financial instrument fails to meet its obligation in accordance with agreed terms. While exchange-traded contracts are subject to nominal credit risk due to the financial safeguards established by the exchanges and clearing agencies, over-the-counter traded contracts expose Ovintiv to counterparty credit risk. Counterparties to the Company's derivative financial instruments consist primarily of major financial institutions and companies within the energy industry. This credit risk exposure is mitigated through the use of credit policies approved by the Board of Directors governing the Company's credit portfolio including credit practices that limit transactions according to counterparties' credit quality. Mitigation strategies may include master netting arrangements, requesting collateral, purchasing credit insurance and/or transacting credit derivatives. The Company executes commodity derivative financial instruments under master agreements that have netting provisions that provide for offsetting payables against receivables. Ovintiv actively evaluates the creditworthiness of its counterparties, assigns appropriate credit limits and monitors credit exposures against those assigned limits. As at March 31, 2024, Ovintiv's maximum exposure of loss due to credit risk from derivative financial instrument assets on a gross and net fair value basis was \$190 million and \$146 million, respectively, as disclosed in Note 19. The Company had no significant credit derivatives in place and held no collateral at March 31, 2024.

Any cash equivalents include high-grade, short-term securities, placed primarily with financial institutions with investment grade ratings. Any foreign currency agreements entered into are with major financial institutions that have investment grade credit ratings.

A substantial portion of the Company's accounts receivable are with customers and working interest owners in the oil and gas industry and are subject to normal industry credit risks. As at March 31, 2024, approximately 92 percent (91 percent as at December 31, 2023) of Ovintiv's accounts receivable and financial derivative credit exposures were with investment grade counterparties.

During 2015 and 2017, the Company entered into agreements resulting from divestitures, which may require Ovintiv to fulfill certain payment obligations on the take or pay volume commitments assumed by the purchasers. The circumstances that would require Ovintiv to perform under the agreements include events where a purchaser fails to make payment to the guaranteed party and/or a purchaser is subject to an insolvency event. The agreements expire in June 2024 with a fair value recognized of \$4 million as at March 31, 2024 (\$4 million as at December 31, 2023). The maximum potential amount of undiscounted future payments is \$5 million as at March 31, 2024, and is considered unlikely.

21. Supplementary Information

Supplemental disclosures to the Condensed Consolidated Statement of Cash Flows are presented below:

A) Net Change in Non-Cash Working Capital

	Three Months Ended March 31,	
	2024	2023
Operating Activities		
Accounts receivable and accrued revenues	\$ 172	\$ 314
Accounts payable and accrued liabilities	(292)	(187)
Current portion of operating lease liabilities	(9)	12
Income tax receivable and payable	(235)	83
	\$ (364)	\$ 222

B) Non-Cash Activities

	Three Months Ended March 31,	
	2024	2023
Non-Cash Operating Activities		
ROU operating lease assets and liabilities	\$ (8)	\$ (29)
Non-Cash Investing Activities		
Property, plant and equipment accruals	\$ 15	\$ (1)
Capitalized long-term incentives	(7)	(2)
Property additions/dispositions, including swaps	17	18

22. Commitments and Contingencies

Commitments

The following table outlines the Company's commitments as at March 31, 2024:

(undiscounted)	Expected Future Payments							Total
	2024	2025	2026	2027	2028	Thereafter		
Transportation and Processing	\$ 523	\$ 667	\$ 595	\$ 501	\$ 447	\$ 2,141	\$ 4,874	
Drilling and Field Services	233	102	9	-	-	-	344	
Building Leases & Other Commitments	6	10	8	7	7	19	57	
Total	\$ 762	\$ 779	\$ 612	\$ 508	\$ 454	\$ 2,160	\$ 5,275	

Operating leases with terms greater than one year are not included in the commitments table above. The table above includes short-term leases with contract terms less than 12 months, such as drilling rigs and field office leases, as well as non-lease operating cost components associated with building leases.

Included within transportation and processing in the table above are certain commitments associated with midstream service agreements with VMLP as described in Note 16. Divestiture transactions can reduce certain commitments disclosed above.

Contingencies

Ovintiv is involved in various legal claims and actions arising in the normal course of the Company's operations. Although the outcome of these claims cannot be predicted with certainty, the Company does not expect these matters to have a material adverse effect on Ovintiv's financial position, cash flows or results of operations. Management's assessment of these matters may change in the future as these matters are subject to a number of uncertainties. For any material matters that the Company believes an unfavorable outcome is reasonably possible, the Company discloses the nature and a range of potential exposures,

if reasonably estimable. If an unfavorable outcome were to occur, there exists the possibility of a material impact on the Company's consolidated net earnings or loss for the period in which the effect becomes reasonably estimable. The Company accrues for such items when a liability is both probable and the amount can be reasonably estimated. Such accruals are based on the Company's information known about the matters, estimates of the outcomes of such matters and experience in handling similar matters.

23. Subsequent Event

Subsequent to the quarter end, Ovintiv resolved a dispute related to the previous disposition of certain legacy assets. The Company expects to receive proceeds later in the year, at which time, the Company will recognize a gain within Other (gains) losses in its Consolidated Statement of Earnings. The Company estimates that the aggregate gain will be approximately \$150 million.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The MD&A is intended to provide a narrative description of the Company’s business from management’s perspective, which includes an overview of Ovintiv’s condensed consolidated results for the three months ended March 31, 2024, and period-over-period comparison. This MD&A should be read in conjunction with the unaudited interim Condensed Consolidated Financial Statements and accompanying notes for the period ended March 31, 2024 (“Consolidated Financial Statements”), which are included in Part I, Item 1 of this Quarterly Report on Form 10-Q and the audited Consolidated Financial Statements and accompanying notes and MD&A for the year ended December 31, 2023, which are included in Items 8 and 7, respectively, of the 2023 Annual Report on Form 10-K.

Common industry terms and abbreviations are used throughout this MD&A and are defined in the Definitions, Conversions and Conventions sections of this Quarterly Report on Form 10-Q. This MD&A includes the following sections:

- [Executive Overview](#)
- [Results of Operations](#)
- [Liquidity and Capital Resources](#)
- [Non-GAAP Measures](#)

Executive Overview

Strategy

Ovintiv aims to be a leading North American energy producer and is focused on developing its high-quality multi-basin portfolio of oil and natural gas producing plays. Ovintiv is committed to delivering quality returns from its capital investment, generating significant cash flows and providing durable cash returns to its shareholders through the commodity price cycle. The Company aims to achieve its strategic priorities through execution excellence, disciplined capital allocation, and commercial acumen and risk management. In addition, the Company is dedicated to driving progress in areas of environmental, social, and governance, aligning with its commitment to corporate responsibility.

In support of the Company’s commitment to enhancing shareholder value, Ovintiv utilizes its capital allocation framework to provide competitive returns to shareholders while strengthening its balance sheet.

Ovintiv continually monitors and evaluates changing market conditions to maximize cash flows, mitigate risks and renew its premium well inventory. The Company’s assets, located in some of the most prolific plays in North America, form a multi-basin, multi-product portfolio which enables flexible and efficient investment of capital that supports the Company’s strategy.

Ovintiv seeks to deliver results in a socially and environmentally responsible manner. Best practices are deployed across its assets, allowing the Company to capitalize on operational efficiencies and decrease emissions intensity. The Company’s sustainability reporting, which outlines its key metrics, targets and relative progress achieved, can be found in the Company Outlook section of this MD&A and on the Company’s sustainability website.

Underpinning Ovintiv’s strategy are core values of one, agile, innovative and driven, which guide the organization to be collaborative, responsive, flexible and determined. The Company is committed to excellence with a passion to drive corporate financial performance and shareholder value.

For additional information on Ovintiv’s strategy, its reporting segments and the plays in which the Company operates, refer to Items 1 and 2 of the 2023 Annual Report on Form 10-K.

In evaluating its operations and assessing its leverage, Ovintiv reviews performance-based measures such as Non-GAAP Cash Flow and debt-based metrics such as Debt to Adjusted Capitalization, Debt to EBITDA and Debt to Adjusted EBITDA, which are non-GAAP measures and do not have any standardized meaning under U.S. GAAP. These measures may not be similar to measures presented by other issuers and should not be viewed as a substitute for measures reported under U.S. GAAP. Additional information regarding these measures, including reconciliations to the closest GAAP measure, can be found in the Non-GAAP Measures section of this MD&A.

Highlights

During the first quarter of 2024, the Company focused on commencing its 2024 capital investment plan aimed at maximizing profitability through operational and capital efficiencies and delivering cash from operating activities. Higher upstream product revenues in the first quarter of 2024 compared to 2023, primarily resulted from higher production volumes, partially offset by lower average realized natural gas prices, excluding the impact of risk management activities. Production volumes increased 12 percent compared to the first quarter of 2023 primarily due to the addition of the Permian assets acquired in the second quarter of 2023. Decreases in average realized natural gas prices of 49 percent were primarily due to lower benchmark prices. Ovintiv continues to focus on optimizing realized prices from the diversification of the Company's downstream markets.

Financial Results

Three months ended March 31, 2024

- Reported net earnings of \$338 million, including net losses on risk management in revenues of \$54 million, before tax.
- Generated cash from operating activities of \$659 million and Non-GAAP Cash Flow of \$1,035 million.
- Purchased for cancellation, approximately 5.4 million shares of common stock for total consideration of approximately \$250 million.
- Paid dividends of \$0.30 per share of common stock totaling \$80 million.
- Had approximately \$3.0 billion in total liquidity as at March 31, 2024, which included available credit facilities of \$3,250 million, available uncommitted demand lines of \$237 million, and cash and cash equivalents of \$5 million, net of outstanding commercial paper of \$495 million.
- Reported Debt to EBITDA of 1.3 times and Non-GAAP Debt to Adjusted EBITDA of 1.3 times.

Capital Investment

During the three months ended March 31, 2024

- Commenced the Company's 2024 capital plan with expenditures totaling \$591 million.
- Focused on highly efficient capital activity to benefit from short-cycle high margin and/or low-cost projects which provide flexibility to respond to fluctuations in commodity prices.

Production

During the three months ended March 31, 2024

- Produced average liquids volumes of 299.3 Mbbls/d, which accounted for 52 percent of total production volumes. Average oil and plant condensate volumes of 210.9 Mbbls/d, represented 70 percent of total liquids production volumes.
- Produced average natural gas volumes of 1,648 MMcf/d, which accounted for 48 percent of total production volumes.
- Produced average total volumes of 573.8 MBOE/d.

Operating Expenses

During the three months ended March 31, 2024

- Incurred total upstream transportation and processing expenses of \$378 million or \$7.25 per BOE, a decrease of \$36 million compared to 2023, primarily due to lower variable contract rates in Permian, the sale of the Bakken assets in the second quarter of 2023, and the impact of a new downstream contract in Uinta, partially offset by higher production volumes in Permian and Uinta.
- Incurred total upstream operating expenses of \$236 million or \$4.52 per BOE, an increase of \$37 million compared to 2023, primarily due to the Permian assets acquired in the second quarter of 2023, partially offset by the sale of the Bakken assets in the second quarter of 2023.
- Incurred total production, mineral and other taxes of \$83 million, which represents approximately 4.3 percent of upstream product revenues. Total production, mineral and other taxes were flat compared to the first quarter of 2023.

The Company's upstream operations refers to the summation of the USA and Canadian operating segments. Additional information on the items above and other expenses can be found in the Results of Operations section of this MD&A.

Subsequent Event

Subsequent to the quarter end, Orintiv resolved a dispute related to the previous disposition of certain legacy assets. The Company expects to receive proceeds later in the year, at which time, the Company will recognize a gain within Other (gains) losses in its Consolidated Statement of Earnings. The Company estimates that the aggregate gain will be approximately \$150 million.

2024 Outlook

Industry Outlook

Oil Markets

The oil and gas industry is cyclical and commodity prices are inherently volatile. Oil prices reflect global supply and demand dynamics as well as the geopolitical and macroeconomic environment.

Oil prices for the remainder of 2024 are expected to be impacted by the interplay between the pace of global economic growth and demand for oil, continued OPEC+ production restraint and continued supply uncertainties resulting from geopolitical events. Recessionary concerns continue to have an impact on global demand as central banks evaluate and recalibrate their strategies in response to the prevailing economic environment. Supply and the accumulation of global oil inventories are expected to be impacted by changes in OPEC+ production levels, consumer demand behavior and geopolitical volatility.

Natural Gas Markets

Natural gas prices are primarily impacted by structural changes in supply and demand as well as deviations from seasonally normal weather.

Natural gas prices for the remainder of 2024 are expected to be impacted by the interplay between natural gas production and associated natural gas from oil production, changes in demand from the power generation sector, changes in export levels of U.S. liquefied natural gas, impacts from seasonal weather, as well as supply chain constraints or other disruptions resulting from geopolitical events.

Company Outlook

The Company will continue to exercise discretion and discipline, and intends to optimize capital allocation through the remainder of 2024 as the commodity price environment evolves. Orintiv pursues innovative ways to maximize cash flows and to reduce upstream operating and administrative expenses.

Markets for oil and natural gas are exposed to different price risks and are inherently volatile. To mitigate price volatility and provide more certainty around cash flows, the Company enters into derivative financial instruments. As at March 31, 2024, the Company has hedged approximately 66.6 Mbbls/d of expected oil production and 800 MMcf/d of expected natural gas production for the remainder of the year. In addition, Ovintiv proactively utilizes transportation contracts to diversify the Company's sales markets, thereby reducing significant exposure to any given market and regional pricing.

Additional information on Ovintiv's hedging program can be found in Note 20 to the Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Capital Investment

The Company has commenced its 2024 capital investment program, focusing on maximizing returns from high-margin oil and condensate, and generating cash flows in excess of capital expenditures.

During the first quarter of 2024, the Company invested \$591 million, which was in line with the first quarter guidance range of \$580 million to \$620 million. The Company expects to meet its full year 2024 capital investment guidance range of \$2,200 million to \$2,400 million.

Ovintiv continually strives to improve well performance and lower costs through innovative techniques. Ovintiv's large-scale cube development model utilizes multi-well pads and advanced completion designs to maximize returns and resource recovery from its reservoirs. The Company continues to enhance its multi-frac technology by shifting, where possible, from simultaneously fracing two wells ("Simulfrac") to fracing three wells ("Trimulfrac") at the same time. Ovintiv's disciplined capital program and continuous innovation create flexibility to allocate capital in changing commodity markets to maximize cash flows while preserving the long-term value of the Company's multi-basin portfolio.

Production

During the first quarter of 2024, total average production volumes were 573.8 MBOE/d, which was in line with the first quarter guidance range of 560.0 MBOE/d to 575.0 MBOE/d. Average oil and plant condensate production volumes were 210.9 Mbbls/d and average other NGL production volumes were 88.4 Mbbls/d, which were in line with first quarter guidance ranges of 208.0 Mbbls/d to 212.0 Mbbls/d and 86.0 Mbbls/d to 89.0 Mbbls/d, respectively. Average natural gas production volumes were 1,648 MMcf/d, which exceeded the first quarter guidance range of 1,575 MMcf/d to 1,625 MMcf/d.

The Company expects to meet its updated full year 2024 total production guidance range of 560.0 MBOE/d to 575.0 MBOE/d, including oil and plant condensate production volumes of approximately 204.0 Mbbls/d to 208.0 Mbbls/d, other NGLs production volumes of approximately 88.0 Mbbls/d to 92.0 Mbbls/d and natural gas production volumes of approximately 1,600 MMcf/d to 1,650 MMcf/d.

Operating Expenses

Ovintiv promotes a collaborative culture that values knowledge exchange, open communication, continuous improvement and learning. This culture stimulates innovation and fosters the creation of best practices resulting in efficiency improvements and enhanced operational performance for the Company.

The Company is on track to achieve full year upstream transportation and processing costs of approximately \$7.50 per BOE to \$8.00 per BOE, operating expenses of approximately \$4.25 per BOE to \$4.75 per BOE, and total production, mineral and other taxes of approximately four to five percent of upstream product revenues. The Company's upstream operations refers to the summation of the USA and Canadian operating segments.

Additional information on Ovintiv's second quarter and updated full year 2024 Corporate Guidance can be accessed on the Company's website at www.ovintiv.com.

Environmental, Social and Governance

Ovintiv recognizes climate change as a global concern and the importance of reducing its environmental footprint as part of the solution. The Company voluntarily participates in emission reduction programs and has adopted a range of strategies to help reduce emissions from its operations. These strategies include incorporating new and proven technologies, optimizing processes in its operations and working closely with third-party providers to develop best practices. The Company continues to look for innovative techniques and efficiencies in support of its commitment to emission reductions.

Ovintiv expects to publish its 2023 Sustainability Report in May. The report will highlight the Company's 2023 environmental, social and governance results, and its progress in emissions intensity reductions with the goal to meet its Scope 1&2 GHG emissions target by 2030. As at the end of 2023, the Company had achieved a greater than 40 percent reduction in the Scope 1&2 GHG emissions intensity and is on track to meet its emissions intensity reduction target of 50 percent by 2030. The GHG emissions reduction target is tied to the annual compensation program for all employees.

During the second quarter of 2023, the Company acquired assets in Permian which increased both oil production volumes and net premium well inventory. Ovintiv is undergoing an integration period to align the emissions profile of the acquired inventory with the World Bank Zero Routine Flaring initiative. Ovintiv remains committed to its emissions reduction targets.

Ovintiv is committed to diversity, equity and inclusion ("DEI"). The Company's social commitment framework, which is rooted in the Company's foundational values of integrity, safety, sustainability, trust and respect, reflects Ovintiv's positive contributions to the communities where it operates and highlights the Company's approach to enabling an inclusive culture that embraces diversity of thought, background and experience.

Ovintiv remains committed to protecting the health and safety of its workforce. Safety is a foundational value at Ovintiv and plays a critical role in the Company's belief that a safe workplace is a strong indicator of a well-managed business. This safety-oriented mindset enables the Company to quickly respond to emergencies and minimize any impacts to employees and business continuity. Safety performance goals are incorporated into the Company's annual compensation program. Additional information on DEI and employee safety can be found in the Human Capital section of Items 1 and 2 of the 2023 Annual Report on Form 10-K.

Additional information on Ovintiv's sustainable business practices are included in its most recent Sustainability Report on the Company's sustainability website at <https://sustainability.ovintiv.com>.

Results of Operations

Selected Financial Information

(\$ millions)	Three months ended March 31,	
	2024	2023
Product and Service Revenues		
Upstream product revenues	\$ 1,929	\$ 1,875
Market optimization	456	716
Service revenues ⁽¹⁾	2	1
Total Product and Service Revenues	2,387	2,592
Gains (Losses) on Risk Management, Net	(54)	(58)
Sublease Revenues	19	17
Total Revenues	2,352	2,551
Total Operating Expenses ⁽²⁾	1,858	1,873
Operating Income (Loss)	494	678
Total Other (Income) Expenses	66	65
Net Earnings (Loss) Before Income Tax	428	613
Income Tax Expense (Recovery)	90	126
Net Earnings (Loss)	\$ 338	\$ 487

(1) Service revenues include amounts related to the USA and Canadian Operations.

(2) Total Operating Expenses include non-cash items such as DD&A, accretion of asset retirement obligations and long-term incentive costs.

Revenues

Ovintiv's revenues are substantially derived from sales of oil, NGLs and natural gas production. Increases or decreases in Ovintiv's revenue, profitability and future production are highly dependent on the commodity prices the Company receives. Prices are market driven and fluctuate due to factors beyond the Company's control, such as supply and demand, seasonality and geopolitical and economic factors. The Company's realized prices generally reflect WTI, NYMEX, Edmonton Condensate and AECO benchmark prices, as well as other downstream benchmarks, including Houston and Dawn. The Company proactively mitigates price risk and optimizes margins by entering into firm transportation contracts to diversify market access to different sales points. Realized prices, excluding the impact of risk management activities, may differ from the benchmarks for many reasons, including quality, location, or production being sold at different market hubs.

Benchmark prices relevant to the Company are shown in the table below.

Benchmark Prices

(average for the period)	Three months ended March 31,	
	2024	2023
Oil & NGLs		
WTI (\$/bbl)	\$ 76.96	\$ 76.13
Houston (\$/bbl)	78.84	77.58
Edmonton Condensate (C\$/bbl)	98.92	108.24
Natural Gas		
NYMEX (\$/MMBtu)	\$ 2.24	\$ 3.42
AECO (C\$/Mcf)	2.05	4.34
Dawn (C\$/MMBtu)	3.40	3.67

Production Volumes and Realized Prices

	Three months ended March 31,			
	Production Volumes ⁽¹⁾		Realized Prices ⁽²⁾	
	2024	2023	2024	2023
Oil (Mbbls/d, \$/bbl)				
USA Operations	170.2	127.2	\$ 76.17	\$ 74.06
Canadian Operations	0.2	0.1	72.34	71.44
Total	170.4	127.3	76.17	74.06
NGLs – Plant Condensate (Mbbls/d, \$/bbl)				
USA Operations	10.6	10.6	57.97	61.84
Canadian Operations	29.9	28.1	71.70	77.22
Total	40.5	38.7	68.10	73.01
NGLs – Other (Mbbls/d, \$/bbl)				
USA Operations	74.6	73.7	19.35	18.73
Canadian Operations	13.8	12.5	30.13	35.17
Total	88.4	86.2	21.03	21.11
Total Oil & NGLs (Mbbls/d, \$/bbl)				
USA Operations	255.4	211.5	58.79	54.16
Canadian Operations	43.9	40.7	58.65	64.32
Total	299.3	252.2	58.77	55.80
Natural Gas (MMcf/d, \$/Mcf)				
USA Operations	526	507	2.02	3.40
Canadian Operations	1,122	1,048	2.30	4.80
Total	1,648	1,555	2.21	4.34
Total Production (MBOE/d, \$/BOE)				
USA Operations	343.0	296.1	46.85	44.52
Canadian Operations	230.8	215.3	22.30	35.50
Total	573.8	511.4	36.97	40.72
Production Mix (%)				
Oil & Plant Condensate	37	32		
NGLs – Other	15	17		
Total Oil & NGLs	52	49		
Natural Gas	48	51		
Production Change Year Over Year (%) ⁽³⁾				
Total Oil & NGLs	19	-		
Natural Gas	6	5		
Total Production	12	2		

(1) Average daily.

(2) Average per-unit prices, excluding the impact of risk management activities.

(3) Includes production impacts of acquisitions and divestitures.

Upstream Product Revenues

(\$ millions)	Three months ended March 31,				
	Oil	NGLs - Plant Condensate	NGLs - Other	Natural Gas	Total
2023 Upstream Product Revenues	\$ 848	\$ 255	\$ 164	\$ 608	\$ 1,875
Increase (decrease) due to:					
Sales prices	31	(20)	(3)	(322)	(314)
Production volumes	299	16	8	45	368
2024 Upstream Product Revenues	\$ 1,178	\$ 251	\$ 169	\$ 331	\$ 1,929

Oil Revenues

Three months ended March 31, 2024 versus March 31, 2023

Oil revenues were higher by \$330 million compared to the first quarter of 2023 primarily due to:

- Higher average oil production volumes of 43.1 Mbbls/d increased revenues by \$299 million. Higher volumes were primarily due to the Permian assets acquired in the second quarter of 2023 (47.6 Mbbls/d) and successful drilling in Permian and Uinta (28.5 Mbbls/d), partially offset by the sale of the Bakken assets in the second quarter of 2023 (21.5 Mbbls/d) and natural declines in Anadarko (8.8 Mbbls/d); and
- An increase of \$2.11 per bbl, or three percent, in the average realized oil prices which increased revenues by \$31 million. The increase reflected exposure to other downstream benchmark prices relating to the Company's diversified markets, and higher Houston and WTI benchmark prices which were up two percent and one percent, respectively.

NGL Revenues

Three months ended March 31, 2024 versus March 31, 2023

NGL revenues were higher by \$1 million compared to the first quarter of 2023 primarily due to:

- Higher average plant condensate production volumes of 1.8 Mbbls/d increased revenues by \$16 million. Higher volumes were primarily due to lower effective royalty rates resulting from lower commodity prices in Montney (2.8 Mbbls/d) and successful drilling in Montney and Permian (2.6 Mbbls/d), partially offset by natural declines in Montney (2.3 Mbbls/d) and the sale of the Bakken assets in the second quarter of 2023 (1.5 Mbbls/d); and
- A decrease of \$4.91 per bbl, or seven percent, in the average realized plant condensate prices which decreased revenues by \$20 million. The decrease reflected lower Edmonton Condensate benchmark prices which were down nine percent, partially offset by higher regional pricing relative to benchmark prices.

Natural Gas Revenues

Three months ended March 31, 2024 versus March 31, 2023

Natural gas revenues were lower by \$277 million compared to the first quarter of 2023 primarily due to:

- A decrease of \$2.13 per Mcf, or 49 percent, in the average realized natural gas prices which decreased revenues by \$322 million. The decrease reflected lower AECO, NYMEX and Dawn benchmark prices which were down 53 percent, 35 percent and seven percent, respectively; and
- Higher average natural gas production volumes of 93 MMcf/d increased revenues by \$45 million. Higher volumes were primarily due to lower effective royalty rates resulting from lower commodity prices in Montney (119 MMcf/d), successful drilling in Permian and Uinta (56 MMcf/d), and the Permian assets acquired in the second quarter of 2023 (26 MMcf/d), partially offset by natural declines in Montney (61 MMcf/d) and the sale of the Bakken assets in the second quarter of 2023 (49 MMcf/d).

Gains (Losses) on Risk Management, Net

As a means of managing commodity price volatility, Ovintiv enters into commodity derivative financial instruments on a portion of its expected oil, NGLs and natural gas production volumes. Additional information on the Company's commodity price positions as at March 31, 2024, can be found in Note 20 to the Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

The following tables provide the effects of the Company's risk management activities on revenues.

(\$ millions)	Three months ended March 31,	
	2024	2023
Realized Gains (Losses) on Risk Management		
Commodity Price ⁽¹⁾		
Oil	\$ (8)	\$ -
NGLs - Other	1	-
Natural Gas	53	(76)
Total	46	(76)
Unrealized Gains (Losses) on Risk Management	(100)	18
Total Gains (Losses) on Risk Management, Net	\$ (54)	\$ (58)

(Per-unit)	Three months ended March 31,	
	2024	2023
Realized Gains (Losses) on Risk Management		
Commodity Price ⁽¹⁾		
Oil (\$/bbl)	\$ (0.51)	\$ -
NGLs - Other (\$/bbl)	\$ 0.13	\$ -
Natural Gas (\$/Mcf)	\$ 0.35	\$ (0.54)
Total (\$/BOE)	\$ 0.87	\$ (1.64)

(1) Primarily includes realized gains and losses related to the USA and Canadian Operations.

Ovintiv recognizes fair value changes from its risk management activities each reporting period. The changes in fair value result from new positions and settlements that occur during each period, as well as the relationship between contract prices and the associated forward curves. Realized gains or losses on risk management activities related to commodity price mitigation are included in the USA Operations, Canadian Operations and Market Optimization revenues as the contracts are cash settled. Unrealized gains or losses on fair value changes of unsettled contracts are included in the Corporate and Other segment. Additional information on fair value changes can be found in Note 19 to the Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Market Optimization Revenues

Market Optimization product revenues relate to activities that provide operational flexibility and cost mitigation for transportation commitments, product type, delivery points and customer diversification. Ovintiv also purchases and sells third-party volumes under marketing arrangements associated with the Company's previous divestitures.

(\$ millions)	Three months ended March 31,	
	2024	2023
Market Optimization	\$ 456	\$ 716

Three months ended March 31, 2024 versus March 31, 2023

Market Optimization product revenues decreased \$260 million compared to the first quarter of 2023 primarily due to:

- Lower sales of third-party purchased liquids volumes primarily relating to price optimization activities in the USA Operations (\$231 million), lower natural gas benchmark prices (\$21 million), and lower sales of third-party purchased natural gas volumes primarily relating to marketing arrangements for assets divested in prior years (\$8 million).

Sublease Revenues

Sublease revenues primarily include amounts related to the sublease of office space in The Bow office building recorded in the Corporate and Other segment. Additional information on office sublease income can be found in Note 11 to the Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Operating Expenses

Production, Mineral and Other Taxes

Production, mineral and other taxes include production and property taxes. Production taxes are generally assessed as a percentage of oil, NGLs and natural gas production revenues. Property taxes are generally assessed based on the value of the underlying assets.

Three months ended March 31,	\$ millions		\$/BOE	
	2024	2023	2024	2023
USA Operations	\$ 80	\$ 80	\$ 2.56	\$ 3.01
Canadian Operations	3	4	0.17	0.19
Total	\$ 83	\$ 84	\$ 1.60	\$ 1.83

Three months ended March 31, 2024 versus March 31, 2023

Production, mineral and other taxes decreased \$1 million compared to the first quarter of 2023 primarily due to:

- The sale of the Bakken assets in the second quarter of 2023 (\$15 million), production tax recoveries and lower production volumes in Anadarko (\$8 million) and lower natural gas commodity prices (\$4 million);

partially offset by:

- Higher production volumes in Permian primarily due to the assets acquired in the second quarter of 2023 (\$25 million).

Transportation and Processing

Transportation and processing expense includes transportation costs incurred to move product from production points to sales points including gathering, compression, pipeline tariffs, trucking and storage costs. Ovintiv also incurs costs related to processing provided by third parties or through ownership interests in processing facilities.

Three months ended March 31,	\$ millions		\$/BOE	
	2024	2023	2024	2023
USA Operations	\$ 127	\$ 147	\$ 4.07	\$ 5.51
Canadian Operations	251	267	11.96	13.80
Upstream Transportation and Processing	378	414	7.25	9.00
Market Optimization	41	41		
Total	\$ 419	\$ 455		

Three months ended March 31, 2024 versus March 31, 2023

Transportation and processing expense decreased \$36 million compared to the first quarter of 2023 primarily due to:

- Lower variable contract rates in Permian (\$24 million), the sale of the Bakken assets in the second quarter of 2023 (\$24 million), the impact of a new downstream contract in Uinta (\$20 million) and lower downstream transport costs in Montney (\$15 million);

partially offset by:

- Higher production volumes in Permian and Uinta (\$46 million).

Operating

Operating expense includes costs paid by the Company, net of amounts capitalized, on oil and natural gas properties in which Ovintiv has a working interest. These costs primarily include labor, service contract fees, chemicals, fuel, water hauling, electricity and workovers.

Three months ended March 31,	\$ millions		\$/BOE	
	2024	2023	2024	2023
USA Operations	\$ 211	\$ 170	\$ 6.77	\$ 6.39
Canadian Operations	25	29	1.19	1.50
Upstream Operating Expense	236	199	4.52	4.33
Market Optimization	7	7		
Total	\$ 243	\$ 206		

Three months ended March 31, 2024 versus March 31, 2023

Operating expense increased \$37 million compared to the first quarter of 2023 primarily due to:

- Higher activity in Permian primarily related to the assets acquired in the second quarter of 2023 (\$69 million); partially offset by:
- The sale of the Bakken assets in the second quarter of 2023 (\$23 million) and decreased activity in Anadarko (\$9 million).

Additional information on the Company's long-term incentive costs can be found in Note 17 to the Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Purchased Product

Purchased product expense includes purchases of oil, NGLs and natural gas from third parties that are used to provide operational flexibility and cost mitigation for transportation commitments, product type, delivery points and customer diversification. Ovintiv also purchases and sells third-party volumes under marketing arrangements associated with the Company's previous divestitures.

(\$ millions)	Three months ended March 31,	
	2024	2023
Market Optimization	\$ 440	\$ 701

Three months ended March 31, 2024 versus March 31, 2023

Purchased product expense decreased \$261 million compared to the first quarter of 2023 primarily due to:

- Lower third-party purchased liquids volumes primarily relating to price optimization activities in the USA Operations (\$231 million), lower natural gas benchmark prices (\$23 million), and lower third-party purchased natural gas volumes primarily relating to marketing arrangements for assets divested in prior years (\$7 million).

Depreciation, Depletion & Amortization

Proved properties within each country cost center are depleted using the unit-of-production method based on proved reserves as discussed in Note 1 to the Consolidated Financial Statements included in Item 8 of the 2023 Annual Report on Form 10-K. Depletion rates are impacted by impairments, acquisitions, divestitures and foreign exchange rates, as well as fluctuations in 12-month average trailing prices which affect proved reserves volumes. Corporate assets are carried at cost and depreciated on a straight-line basis over the estimated service lives of the assets.

Additional information can be found under Upstream Assets and Reserve Estimates in the Critical Accounting Estimates section of the MD&A included in Item 7 of the 2023 Annual Report on Form 10-K.

Three months ended March 31,	\$ millions		\$/BOE	
	2024	2023	2024	2023
USA Operations	\$ 489	\$ 294	\$ 15.69	\$ 11.03
Canadian Operations	72	65	3.42	3.38
Upstream DD&A	561	359	10.75	7.81
Corporate & Other	5	5		
Total	\$ 566	\$ 364		

Three months ended March 31, 2024 versus March 31, 2023

DD&A increased \$202 million compared to the first quarter of 2023 primarily due to:

- Higher depletion rates and production volumes in the USA Operations (\$145 million and \$50 million, respectively).

The depletion rate in the USA Operations increased \$4.66 per BOE compared to the first quarter of 2023 primarily due to a higher depletable base associated with the Permian assets acquired in the second quarter of 2023.

Administrative

Administrative expense represents costs associated with corporate functions provided by Ovintiv staff. These expenses primarily include salaries and benefits, operating lease, office, information technology, legal and long-term incentive costs.

Three months ended March 31,	\$ millions		\$/BOE	
	2024	2023	2024	2023
Administrative, excluding Long-Term Incentive and Legal Costs ⁽¹⁾	\$ 75	\$ 71	\$ 1.43	\$ 1.52
Long-term incentive costs	15	(19)	0.29	(0.41)
Legal costs	12	6	0.23	0.14
Total Administrative	\$ 102	\$ 58	\$ 1.95	\$ 1.25

(1) The first quarter of 2024 includes costs related to The Bow office lease of \$29 million (2023 - \$28 million), half of which is recovered from sublease revenues.

Three months ended March 31, 2024 versus March 31, 2023

Administrative expense increased \$44 million compared to the first quarter of 2023 primarily due to:

- Long-term incentive costs resulting from changes in the Company's share price in the first quarter of 2023 (\$34 million) and higher legal costs (\$6 million).

Additional information on the Company's long-term incentive costs can be found in Note 17 to the Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Other (Income) Expenses

(\$ millions)	Three months ended March 31,	
	2024	2023
Interest	\$ 98	\$ 71
Foreign Exchange (Gain) Loss, Net	(28)	(3)
Other (Gains) Losses, Net	(4)	(3)
Total Other (Income) Expenses	\$ 66	\$ 65

Interest

Interest expense primarily includes interest on Ovintiv's short-term and long-term debt. Additional information on changes in interest can be found in Note 5 to the Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Three months ended March 31, 2024 versus March 31, 2023

Interest expense increased \$27 million compared to the first quarter of 2023 primarily due to:

- Interest expense related to the senior unsecured notes issued in May 2023 (\$36 million);

partially offset by:

- An assessment related to certain prior years' tax items in the first quarter of 2023 (\$8 million).

Foreign Exchange (Gain) Loss, Net

Foreign exchange gains and losses primarily result from the impact of fluctuations in the Canadian to U.S. dollar exchange rate. Additional information on changes in foreign exchange gains or losses can be found in Note 6 to the Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q. Additional information on foreign exchange rates and the effects of foreign exchange rate changes can be found in Part I, Item 3 of this Quarterly Report on Form 10-Q.

Three months ended March 31, 2024 versus March 31, 2023

Net foreign exchange gain increased \$25 million compared to the first quarter of 2023 primarily due to:

- Unrealized foreign exchange gains on the translation of intercompany notes compared to losses in 2023 (\$30 million) and no foreign exchange gains or losses on the settlement of U.S. dollar risk management contracts issued from Canada compared to losses in 2023 (\$4 million);

partially offset by:

- Unrealized foreign exchange losses on the translation of U.S. dollar risk management contracts issued from Canada compared to gains in 2023 (\$12 million).

Other (Gains) Losses, Net

Other (gains) losses, net, primarily includes other non-recurring revenues or expenses and may also include items such as interest income, interest received from tax authorities, reclamation charges relating to decommissioned assets, government stimulus programs and adjustments related to other assets.

Income Tax

(\$ millions)	Three months ended March 31,	
	2024	2023
Current Income Tax Expense (Recovery)	\$ 32	\$ 62
Deferred Income Tax Expense (Recovery)	58	64
Income Tax Expense (Recovery)	\$ 90	\$ 126
Effective Tax Rate	21.0%	20.6%

Income Tax Expense (Recovery)

Three months ended March 31, 2024 versus March 31, 2023

In the first quarter of 2024, Ovintiv recorded a lower income tax expense compared to 2023 (\$36 million), primarily due to lower net earnings before income tax.

Effective Tax Rate

Ovintiv's interim income tax expense is determined using the estimated annual effective income tax rate applied to year-to-date net earnings before income tax plus the effect of legislative changes and amounts in respect of prior periods. The estimated annual effective income tax rate is impacted by expected annual earnings, changes in valuation allowances, income tax related to foreign operations, state taxes, the effect of legislative changes, non-taxable items and tax differences on transactions, which can produce interim effective tax rate fluctuations.

The determination of income and other tax liabilities of the Company and its subsidiaries requires interpretation of complex domestic and foreign tax laws and regulations, that are subject to change. The Company's interpretation of tax laws may differ from the interpretation of the tax authorities. As a result, there are tax matters under review for which the timing of resolution is uncertain. The Company believes that the provision for income taxes is adequate.

In 2023, Canada released its draft Global Minimum Tax Act ("GMTA"), which implements the Organization for Economic Cooperation and Development Pillar II framework, providing a global minimum tax of 15 percent. The legislation, once enacted, will be effective as of January 1, 2024. The Company continues to evaluate the GMTA but does not anticipate any material impact in 2024.

Additional information on income taxes can be found in Note 7 to the Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Liquidity and Capital Resources

Sources of Liquidity

The Company has the flexibility to access cash equivalents and a range of funding alternatives at competitive rates through committed revolving credit facilities as well as debt and equity capital markets. Ovintiv closely monitors the accessibility of cost-effective credit and ensures that sufficient liquidity is in place to fund capital expenditures and dividend payments. In addition, the Company may use cash and cash equivalents, cash from operating activities, or proceeds from asset divestitures to fund its operations and capital allocation framework or to manage its capital structure as discussed below.

The Company's capital structure consists of total shareholders' equity plus long-term debt, including any current portion. The Company's objectives when managing its capital structure are to maintain financial flexibility to preserve Ovintiv's access to capital markets and its ability to meet financial obligations and finance internally generated growth, as well as potential acquisitions. Ovintiv has a practice of maintaining capital discipline and strategically managing its capital structure by adjusting capital spending, adjusting dividends paid to shareholders, issuing new shares of common stock, purchasing shares of common stock for cancellation or return to treasury, issuing new debt and repaying or repurchasing existing debt.

(\$ millions, except as indicated)	As at March 31,	
	2024	2023
Cash and Cash Equivalents	\$ 5	\$ 26
Available Credit Facilities	3,250	3,200
Available Uncommitted Demand Lines ⁽¹⁾	237	280
Issuance of U.S. Commercial Paper	(495)	(280)
Total Liquidity	\$ 2,997	\$ 3,226
Long-Term Debt, including current portion ⁽²⁾	\$ 6,198	\$ 3,756
Total Shareholders' Equity ⁽²⁾	\$ 10,262	\$ 7,894
Debt to Capitalization (%) ⁽³⁾	38	32
Debt to Adjusted Capitalization (%) ⁽³⁾	26	19

(1) Includes three uncommitted demand lines totaling \$285 million, net of \$48 million in related undrawn letters of credit (2023 - \$322 million and \$42 million, respectively).

(2) Includes the impact of long-term debt and shares of common stock issued in conjunction with the acquisition of Permian assets in the second quarter of 2023.

(3) These measures are defined in the Non-GAAP Measures section of this MD&A.

The Company has full access to two committed revolving U.S. dollar denominated credit facilities totaling \$3.5 billion, which include a \$2.2 billion revolving credit facility for Ovintiv Inc. and a \$1.3 billion revolving credit facility for a Canadian subsidiary (collectively, the "Credit Facilities"). The Credit Facilities, which mature in July 2026, provide financial flexibility and allow the Company to fund its operations or capital investment program. At March 31, 2024, \$250 million was outstanding under the revolving Credit Facilities.

Depending on the Company's credit rating and market demand, the Company may issue from its two U.S. CP programs, which include a \$1.5 billion program for Ovintiv Inc. and a \$1.0 billion program for a Canadian subsidiary. As at March 31, 2024, the Company had \$495 million of commercial paper outstanding under its U.S. CP program maturing at various dates with a weighted average interest rate of approximately 6.14 percent, which is supported by the Company's Credit Facilities. All of Ovintiv's credit ratings are investment grade as at March 31, 2024.

The available Credit Facilities, uncommitted demand lines, and cash and cash equivalents, net of outstanding commercial paper, provide Ovintiv with total liquidity of approximately \$3.0 billion as at March 31, 2024. At March 31, 2024, Ovintiv also had approximately \$48 million in undrawn letters of credit issued in the normal course of business primarily as collateral security related to sales arrangements.

Ovintiv has a U.S. shelf registration statement under which the Company may issue from time to time, debt securities, common stock, preferred stock, warrants, units, share purchase contracts and share purchase units in the U.S. The U.S. shelf registration statement expires in March 2026.

The obligations under the Company's existing debt securities are fully and unconditionally guaranteed on a senior unsecured basis by Ovintiv Canada ULC, an indirect wholly-owned subsidiary of the Company. Additional information on the Company's

Canadian Operations segment and the Bow office lease can be found in the Results of Operations section in this MD&A and the Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q and the MD&A and audited Consolidated Financial Statements and accompanying notes for the year ended December 31, 2023, which are included in Items 7 and 8, respectively, of the 2023 Annual Report on Form 10-K.

Ovintiv is currently in compliance with all financial covenants under the Credit Facilities. Management monitors Debt to Adjusted Capitalization, which is a non-GAAP measure defined in the Non-GAAP Measures section of this MD&A, as a proxy for Ovintiv's financial covenant under the Credit Facilities, which requires Debt to Adjusted Capitalization to be less than 60 percent. As at March 31, 2024, the Company's Debt to Adjusted Capitalization was 26 percent. The definitions used in the covenant under the Credit Facilities adjust capitalization for cumulative historical ceiling test impairments recorded in conjunction with the Company's January 1, 2012 adoption of U.S. GAAP. Additional information on financial covenants can be found in Note 15 to the Consolidated Financial Statements included in Item 8 of the 2023 Annual Report on Form 10-K.

The Company's debt-based metrics have increased over the prior year primarily due to the increase in long-term debt resulting from the acquisition of Permian assets in the second quarter of 2023.

Sources and Uses of Cash

In the first quarter of 2024, Ovintiv primarily generated cash through operating activities and from the net issuance of revolving debt. The following table summarizes the sources and uses of the Company's cash and cash equivalents.

(\$ millions)	Activity Type	Three months ended March 31,	
		2024	2023
Sources of Cash and Cash Equivalents			
Cash from operating activities	Operating	\$ 659	\$ 1,068
Proceeds from divestitures	Investing	2	12
Corporate acquisition	Investing	12	-
Net issuance of revolving debt	Financing	461	187
Other	Investing	6	-
		1,140	1,267
Uses of Cash and Cash Equivalents			
Capital expenditures	Investing	591	610
Acquisitions	Investing	190	199
Purchase of shares of common stock	Financing	250	239
Dividends on shares of common stock	Financing	80	61
Other	Investing/Financing	29	137
		1,140	1,246
Foreign Exchange Gain (Loss) on Cash, Cash Equivalents and Restricted Cash Held in Foreign Currency		2	-
Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash		\$ 2	\$ 21

Operating Activities

Net cash from operating activities in the first quarter of 2024 was \$659 million and was primarily a reflection of the impacts from changes in non-cash working capital, production volumes, average realized commodity prices, and realized gains/losses on risk management.

Additional detail on changes in non-cash working capital can be found in Note 21 to the Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q. Ovintiv expects it will continue to meet the payment terms of its suppliers.

Non-GAAP Cash Flow in the first quarter of 2024 was \$1,035 million and was primarily impacted by the items affecting cash from operating activities which are discussed below and in the Results of Operations section of this MD&A.

Three months ended March 31, 2024 versus March 31, 2023

Net cash from operating activities decreased \$409 million compared to the first quarter of 2023 primarily due to:

- Changes in non-cash working capital (\$586 million), lower realized commodity prices (\$314 million), higher operating expense, excluding non-cash long-term incentive costs (\$42 million) and higher interest expense (\$27 million);

partially offset by:

- Higher production volumes (\$368 million), realized gains on risk management in revenues compared to losses in 2023 (\$122 million), lower transportation and processing expense (\$36 million), and a decrease in current income tax expense (\$30 million).

Investing Activities

Cash used in investing activities in the first quarter of 2024 was \$761 million primarily due to capital expenditures and acquisitions in the USA Operations. Capital expenditures, and acquisition and divestiture activities are summarized in Notes 3 and 8, respectively, to the Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Capital expenditures decreased \$19 million compared to the first quarter of 2023, primarily due to decreased activity in Anadarko, and the sale of the Bakken assets in the second quarter of 2023, partially offset by increased activity in Permian and Uinta.

Acquisitions in the first quarter of 2024 were \$190 million, which primarily included property purchases with oil and liquids-rich potential in the USA Operations (2023 - \$199 million).

Corporate acquisitions reflect the final cash settlements of \$12 million completed in the first quarter of 2024 related to the assets acquired in Permian in the second quarter of 2023. Additional information regarding the Permian Acquisition can be found in Note 9 to the Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Financing Activities

Net cash from and/or used in financing activities has been impacted by Ovintiv's strategic objective to return value to shareholders by repaying or repurchasing existing debt, purchasing shares of common stock and paying dividends.

Net cash from financing activities in the first quarter of 2024 was \$102 million, compared to net cash used in financing activities of \$184 million in 2023. The change was primarily due to an increase in net issuance of revolving debt in 2024 compared to 2023 (\$274 million), partially offset by an increase in dividend payments in 2024 (\$19 million) and increased purchases of shares of common stock in 2024 compared to 2023 (\$11 million).

From time to time, Ovintiv may seek to retire or purchase the Company's outstanding debt through cash purchases and/or exchanges for other debt or equity securities, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, the Company's liquidity requirements, contractual restrictions and other factors.

The Company's long-term debt, including the current portion of \$745 million, totaled \$6,198 million at March 31, 2024. The Company's long-term debt at December 31, 2023, including the current portion of \$284 million, totaled \$5,737 million. As at March 31, 2024, the Company has no fixed rate long-term debt due until May 2025 and beyond.

In support of the Company's commitment to enhancing shareholder value, Ovintiv utilizes its capital allocation framework to provide competitive returns to shareholders while strengthening its balance sheet. Ovintiv expects to continue to deliver shareholder returns through share buybacks.

For additional information on long-term debt, refer to Note 12 to the Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q. Further details on the Company's debt-based metrics can be found in the Non-GAAP measures section of this MD&A.

Dividends

The Company pays quarterly dividends to common shareholders at the discretion of the Board of Directors.

(\$ millions, except as indicated)	Three months ended March 31,	
	2024	2023
Dividend Payments	\$ 80	\$ 61
Dividend Payments (\$/share)	\$ 0.30	\$ 0.25

On May 7, 2024, the Board of Directors declared a dividend of \$0.30 per share of common stock payable on June 28, 2024, to common shareholders of record as of June 14, 2024.

Dividends increased \$19 million compared to the first quarter of 2023 as a result of Ovintiv increasing its annualized dividend to \$1.20 per share of common stock in the second quarter of 2023. The dividend increase reflects the Company's commitment to returning capital to shareholders.

Normal Course Issuer Bid

In the first quarter of 2024, under the NCIB program, the Company purchased, for cancellation, approximately 5.4 million shares of common stock for total consideration of approximately \$250 million. The Company expects to continue to execute the NCIB program in conjunction with its capital allocation framework. For additional information on the NCIB, refer to Note 14 to the Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Material Cash Requirements

For information on material cash requirements, refer to the Material Cash Requirements section of the MD&A included in Item 7 of the 2023 Annual Report on Form 10-K.

Commitments and Contingencies

For information on commitments and contingencies, refer to Note 22 to the Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Critical Accounting Estimates

There have been no significant changes to the Company's critical accounting policies and use of estimates from the disclosures reported in the "Critical Accounting Estimates" section of the MD&A included in Item 7 of the 2023 Annual Report on Form 10-K.

Non-GAAP Measures

Certain measures in this document do not have any standardized meaning as prescribed by U.S. GAAP and, therefore, are considered non-GAAP measures. These measures may not be comparable to similar measures presented by other issuers and should not be viewed as a substitute for measures reported under U.S. GAAP. These measures are commonly used in the oil and gas industry and by Ovintiv to provide shareholders and potential investors with additional information regarding the Company's liquidity and its ability to generate funds to finance its operations. Non-GAAP measures include: Non-GAAP Cash Flow, Debt to Adjusted Capitalization, Debt to EBITDA and Debt to Adjusted EBITDA. Management's use of these measures is discussed further below.

Cash from Operating Activities and Non-GAAP Cash Flow

Non-GAAP Cash Flow is a non-GAAP measure defined as cash from (used in) operating activities excluding net change in other assets and liabilities, and net change in non-cash working capital.

Management believes this measure is useful to the Company and its investors as a measure of operating and financial performance across periods and against other companies in the industry, and is an indication of the Company's ability to generate cash to finance capital investment programs, to service debt and to meet other financial obligations. This measure is used, along with other measures, in the calculation of certain performance targets for the Company's management and employees.

(\$ millions, except as indicated)	Three months ended March 31,	
	2024	2023
Cash From (Used in) Operating Activities	\$ 659	\$ 1,068
(Add back) deduct:		
Net change in other assets and liabilities	(12)	(5)
Net change in non-cash working capital	(364)	222
Non-GAAP Cash Flow	\$ 1,035	\$ 851

Debt to Capitalization and Debt to Adjusted Capitalization

Debt to Adjusted Capitalization is a non-GAAP measure which adjusts capitalization for historical ceiling test impairments that were recorded as at December 31, 2011. Management monitors Debt to Adjusted Capitalization as a proxy for the Company's financial covenant under the Credit Facilities which require Debt to Adjusted Capitalization to be less than 60 percent. Adjusted Capitalization includes debt, total shareholders' equity and an equity adjustment for cumulative historical ceiling test impairments recorded as at December 31, 2011 in conjunction with the Company's January 1, 2012 adoption of U.S. GAAP.

(\$ millions, except as indicated)	March 31, 2024	December 31, 2023
Debt (Long-Term Debt, including Current Portion)	\$ 6,198	\$ 5,737
Total Shareholders' Equity	10,262	10,370
Capitalization	\$ 16,460	\$ 16,107
Debt to Capitalization	38%	36%
Debt (Long-Term Debt, including Current Portion)	\$ 6,198	\$ 5,737
Total Shareholders' Equity	10,262	10,370
Equity Adjustment for Impairments at December 31, 2011	7,746	7,746
Adjusted Capitalization	\$ 24,206	\$ 23,853
Debt to Adjusted Capitalization	26%	24%

Debt to EBITDA and Debt to Adjusted EBITDA

Debt to EBITDA and Debt to Adjusted EBITDA are non-GAAP measures. EBITDA is defined as trailing 12-month net earnings (loss) before income taxes, depreciation, depletion and amortization, and interest. Adjusted EBITDA is EBITDA adjusted for impairments, accretion of asset retirement obligation, unrealized gains/losses on risk management, foreign exchange gains/losses, gains/losses on divestitures and other gains/losses.

Management believes these measures are useful to the Company and its investors as a measure of financial leverage and the Company's ability to service its debt and other financial obligations. These measures are used, along with other measures, in the calculation of certain financial performance targets for the Company's management and employees.

(\$ millions, except as indicated)	March 31, 2024		December 31, 2023
Debt (Long-Term Debt, including Current Portion)	\$	6,198	\$ 5,737
Net Earnings (Loss)		1,936	2,085
Add back (deduct):			
Depreciation, depletion and amortization		2,027	1,825
Interest		382	355
Income tax expense (recovery)		389	425
EBITDA	\$	4,734	\$ 4,690
Debt to EBITDA (times)		1.3	1.2
Debt (Long-Term Debt, including Current Portion)	\$	6,198	\$ 5,737
Net Earnings (Loss)		1,936	2,085
Add back (deduct):			
Depreciation, depletion and amortization		2,027	1,825
Accretion of asset retirement obligation		19	19
Interest		382	355
Unrealized (gains) losses on risk management		(76)	(194)
Foreign exchange (gain) loss, net		(6)	19
Other (gains) losses, net		(21)	(20)
Income tax expense (recovery)		389	425
Adjusted EBITDA	\$	4,650	\$ 4,514
Debt to Adjusted EBITDA (times)		1.3	1.3

Item 3: Quantitative and Qualitative Disclosures About Market Risk

The primary objective of the following information is to provide forward-looking quantitative and qualitative information about Ovintiv’s potential exposure to market risks. The term “market risk” refers to the Company’s risk of loss arising from adverse changes in oil, NGL and natural gas prices, foreign currency exchange rates and interest rates. The following disclosures are not meant to be precise indicators of expected future losses but rather indicators of reasonably possible losses. The forward-looking information provides indicators of how the Company views and manages ongoing market risk exposures.

COMMODITY PRICE RISK

Commodity price risk arises from the effect fluctuations in future commodity prices, including oil, NGLs and natural gas, may have on future revenues, expenses and cash flows. Realized pricing is primarily driven by the prevailing worldwide price for oil and spot market prices applicable to the Company’s natural gas production. Pricing for oil, NGLs and natural gas production is volatile and unpredictable as discussed in Part 1, Item 2 of this Quarterly Report on Form 10-Q in the Executive Overview section in Management’s Discussion and Analysis of Financial Condition and Results of Operations and in Item 1A. “Risk Factors” of the 2023 Annual Report on Form 10-K. To partially mitigate exposure to commodity price risk, the Company may enter into various derivative financial instruments including futures, forwards, swaps, options and costless collars. The use of these derivative instruments is governed under formal policies and is subject to limits established by the Board of Directors and may vary from time to time. Both exchange traded and over-the-counter traded derivative instruments may be subject to margin-deposit requirements, and the Company may be required from time to time to deposit cash or provide letters of credit with exchange brokers or counterparties to satisfy these margin requirements. For additional information relating to the Company’s derivative and financial instruments, see Note 20 to the Condensed Consolidated Financial Statements under Part I, Item 1 of this Quarterly Report on Form 10-Q.

The table below summarizes the sensitivity of the fair value of the Company’s risk management positions to fluctuations in commodity prices, with all other variables held constant. The Company has used a 10 percent variability to assess the potential impact of commodity price changes. Fluctuations in commodity prices could have resulted in unrealized gains (losses) impacting pre-tax net earnings as follows:

(US\$ millions)	March 31, 2024	
	10% Price Increase	10% Price Decrease
Oil price	\$ (120)	\$ 79
NGL price	(1)	1
Natural gas price	(52)	50

FOREIGN EXCHANGE RISK

Foreign exchange risk arises from changes in foreign exchange rates that may affect the fair value or future cash flows from the Company’s financial assets or liabilities. As Ovintiv operates primarily in the United States and Canada, fluctuations in the exchange rate between the U.S. and Canadian dollars can have a significant effect on the Company’s reported results.

The table below summarizes selected foreign exchange impacts on Ovintiv’s financial results when compared to the same period in 2023.

	\$ millions	\$/BOE
Increase (Decrease) in:		
Capital Investment	\$ -	
Transportation and Processing Expense ⁽¹⁾	1	\$ 0.01
Operating Expense ⁽¹⁾	-	-
Administrative Expense	-	-
Depreciation, Depletion and Amortization ⁽¹⁾	-	-

(1) Reflects upstream operations.

Foreign exchange gains and losses also arise when monetary assets and monetary liabilities denominated in foreign currencies are translated and settled, and primarily include:

- U.S. dollar denominated financing debt issued from Canada
- U.S. dollar denominated risk management assets and liabilities held in Canada
- U.S. dollar denominated cash and short-term investments held in Canada
- Foreign denominated intercompany loans

To partially mitigate the effect of foreign exchange fluctuations on future commodity revenues and expenses, the Company may enter into foreign currency derivative contracts. As at March 31, 2024, Ovintiv has entered into \$301 million notional U.S. dollar denominated currency swaps at an average exchange rate of C\$1.3622 to US\$1, which mature monthly through the remainder of 2024.

As at March 31, 2024, Ovintiv did not have any U.S. dollar denominated financing debt issued from Canada that was subject to foreign exchange exposure.

The table below summarizes the sensitivity to foreign exchange rate fluctuations, with all other variables held constant. The Company has used a 10 percent variability to assess the potential impact from Canadian to U.S. foreign currency exchange rate changes. Fluctuations in foreign currency exchange rates could have resulted in unrealized gains (losses) impacting pre-tax net earnings as follows:

(US\$ millions)	March 31, 2024	
	10% Rate Increase	10% Rate Decrease
Foreign currency exchange	\$ 124	\$ (152)

INTEREST RATE RISK

Interest rate risk arises from changes in market interest rates that may affect the fair value or future cash flows from the Company's financial assets or liabilities. The Company may partially mitigate its exposure to interest rate changes by holding a mix of both fixed and floating rate debt and may also enter into interest rate derivatives to partially mitigate effects of fluctuations in market interest rates.

As at March 31, 2024, Ovintiv had floating rate revolving credit and term loan borrowings of \$745 million. Accordingly, on a before-tax basis, the sensitivity for each one percent change in interest rates on floating rate revolving credit and term loan borrowings was \$7 million.

Item 4: Controls and Procedures

DISCLOSURE CONTROLS AND PROCEDURES

Ovintiv's Chief Executive Officer and Chief Financial Officer performed an evaluation of the effectiveness of the Company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. The Company's disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in reports it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC, and to ensure that the information required to be disclosed by the Company in reports that it files or submits under the Exchange Act, is accumulated and communicated to the Company's management, including the principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of March 31, 2024.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in the Company's internal controls over financial reporting during the first quarter of 2024 that have materially affected, or are reasonably likely to affect, the Company's internal controls over financial reporting.

PART II

Item 1. Legal Proceedings

Please refer to Item 3 of the 2023 Annual Report on Form 10-K and Note 22 to the Condensed Consolidated Financial Statements under Part I, Item 1 of this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

There have been no material changes to the risk factors previously disclosed in Item 1A., "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchase of Equity Securities

On September 26, 2023, the Company announced it had received regulatory approval to purchase, for cancellation or return to treasury, up to approximately 26.7 million shares of common stock pursuant to a NCIB over a 12-month period from October 3, 2023 to October 2, 2024. The number of shares of common stock authorized for purchase represented approximately 10 percent of Ovintiv's issued and outstanding shares of common stock as of such time.

During the three months ended March 31, 2024, the Company purchased approximately 5.4 million shares of common stock for total consideration of approximately \$248 million at a weighted average price of \$46.15. The following table presents the common shares purchased during the three months ended March 31, 2024.

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share ⁽²⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet be Purchased Under the Plans or Programs
January 1 to January 31, 2024	1,426,914	\$ 42.06	1,426,914	24,103,360
February 1 to February 29, 2024	1,375,867	43.62	1,375,867	22,727,493
March 1 to March 31, 2024	2,572,346	49.77	2,572,346	20,155,147
Total	5,375,127	\$ 46.15	5,375,127	20,155,147

- (1) For the three months ended March 31, 2024, 2,802,781 shares of common stock were repurchased through our broker in accordance with a Rule 10b5-1 compliant plan initially adopted by the Company on September 30, 2021.
- (2) Includes commissions but excludes excise taxes.

In the first quarter of 2022, Ovintiv obtained an exemption order (the "NCIB Exemption") from the Alberta Securities Commission and the Ontario Securities Commission, which permits Ovintiv to make repurchases (the "Proposed Bids"), under its current and any future normal course issuer bids, through the facilities of the NYSE and other U.S.-based trading systems (collectively, "U.S. Markets"), in excess of the maximum allowable purchases under applicable Canadian securities laws. The NCIB Exemption applies to any Proposed Bid commenced within 36 months of the date of the exemption order and is subject to several other conditions, including that Ovintiv remain a U.S. and SEC foreign issuer under applicable Canadian securities laws. The purchases of common stock under a Proposed Bid must also be made in compliance with other applicable Canadian securities laws and applicable U.S. rules. Additionally, the NCIB Exemption imposes restrictions on the number of shares of common stock that may be acquired under the exemption, including that: (a) Ovintiv may not acquire common stock in reliance upon the exemption under subsection 4.8(3) of Canadian National Instrument 62-104 – Take-Over Bids and Issuer Bids ("NI 62-104") from the requirements applicable to issuer bids (the "Other Published Markets Exemption") if the aggregate number of shares of common stock purchased by Ovintiv, and any person or company acting jointly or in concert with Ovintiv, in reliance on the NCIB Exemption and the Other Published Markets Exemption within any period of 12 months exceeds 5 percent of the outstanding common stock on the first day of such 12-month period; and (b) the aggregate number of shares of common stock purchased pursuant to (i) a Proposed Bid in reliance on the NCIB Exemption; (ii) exempt issuer bid purchases made in the normal course through the facilities of the TSX; and (iii) the Other Published Markets Exemption does not exceed, over the 12-month period of its current NCIB, 10 percent of Ovintiv's public float. As a result, the NCIB Exemption effectively allows Ovintiv to purchase up to 10 percent of its public float on U.S. Markets under its NCIB. Without the NCIB Exemption this amount would be limited to 5 percent of Ovintiv's outstanding common stock within a 12-month period under applicable Canadian securities law.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No	Description
-------------------	--------------------

10.1	Transition Services and Separation Agreement between Ovintiv Inc. and Renee E. Zemljak effective March 7, 2024.
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.
32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbases Document.
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, has been formatted in Inline XBRL.

* The certifications on Exhibits 32.1 and 32.2 hereto are deemed not "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that section. Such certifications will not be deemed incorporated by reference to any filings under the Securities Act or the Exchange Act.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Ovintiv Inc.

By: /s/ Corey D. Code

Name: Corey D. Code
Title: Executive Vice-President &
Chief Financial Officer

Dated: May 7, 2024