



**SEVEN GENERATIONS**  
E N E R G Y



# **Consolidated Financial Statements**

For the years ended December 31, 2019 and 2018



## *Independent auditor's report*

To the Shareholders of Seven Generations Energy Ltd.

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### *Our opinion*

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Seven Generations Energy Ltd. and its subsidiary (together, the "Company") as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

#### **What we have audited**

The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2019 and 2018;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in equity for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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### *Basis for opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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### *Other information*

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, which is expected to be made available to us after that date.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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### *Responsibilities of management and those charged with governance for the consolidated financial statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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### *Auditor's responsibilities for the audit of the consolidated financial statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



The engagement partner on the audit resulting in this independent auditor's report is Calvin Blain Jacober.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants

Calgary, Alberta

February 26, 2020

**SEVEN GENERATIONS ENERGY LTD.**

**Consolidated Balance Sheets**

(millions of Canadian dollars)

As at	Notes	December 31, 2019	December 31, 2018
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	\$ 9.6	\$ 78.1
Accounts receivable	6	306.2	237.3
Risk management contracts	8	24.7	83.9
Deposits and prepaid expenses		37.9	24.0
		<b>378.4</b>	<b>423.3</b>
Risk management contracts	8	7.9	44.1
Oil and natural gas assets	7	8,051.1	7,652.1
		<b>8,437.4</b>	<b>8,119.5</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		402.7	393.5
Risk management contracts	8	36.0	16.9
		<b>438.7</b>	<b>410.4</b>
Risk management contracts	8	2.1	23.7
Senior notes	10	2,030.2	2,129.8
Other long-term liabilities	11	248.8	194.2
Deferred income taxes	12	518.5	511.8
		<b>3,238.3</b>	<b>3,269.9</b>
<b>Equity</b>			
Share capital	13	3,614.8	3,813.8
Contributed surplus		185.2	110.5
Retained earnings		1,399.1	925.3
		<b>5,199.1</b>	<b>4,849.6</b>
		<b>\$ 8,437.4</b>	<b>\$ 8,119.5</b>

Commitments and contingencies (Note 16)

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board of Directors:

*[signed] "Dale Hohm"*  
Dale Hohm  
Director

*[signed] "Mark Monroe"*  
Mark Monroe  
Director

**SEVEN GENERATIONS ENERGY LTD.**
**Consolidated Statements of Comprehensive Income**

(millions of Canadian dollars, except per share amounts)

	Notes	December 31, 2019	December 31, 2018
<b>Revenues</b>			
Liquids and natural gas sales	17	\$ 2,952.1	\$ 3,314.3
Royalties expense		(168.8)	(99.2)
		<b>2,783.3</b>	<b>3,215.1</b>
<b>Risk management contracts</b>			
Realized gain (loss)	8	35.9	(98.2)
Unrealized gain (loss)	8	(92.9)	49.1
<b>Other income</b>			
		3.1	3.9
		<b>2,729.4</b>	<b>3,169.9</b>
<b>Expenses</b>			
Operating expenses	18	354.8	408.3
Transportation, processing and other	19	539.4	537.0
Product purchases	17	335.3	332.7
Depletion and depreciation	7	881.9	846.9
Finance expense	20	144.9	127.3
General and administrative		64.0	56.2
Stock-based compensation	21	17.8	19.9
Foreign exchange (gain) loss		(98.7)	166.3
Loss on associate		—	2.4
		<b>2,239.4</b>	<b>2,497.0</b>
<b>Income before taxes</b>			
		<b>490.0</b>	<b>672.9</b>
<b>Income Taxes</b>			
Current income tax expense (recovery)	12	0.2	(0.4)
Deferred income tax expense	12	16.0	233.4
		<b>16.2</b>	<b>233.0</b>
<b>Net income and comprehensive income</b>			
		<b>\$ 473.8</b>	<b>\$ 439.9</b>
<b>Net income per share</b>			
Basic	14	\$ 1.37	\$ 1.23
Diluted	14	\$ 1.36	\$ 1.21

See accompanying notes to the consolidated financial statements.

**SEVEN GENERATIONS ENERGY LTD.**  
**Consolidated Statements of Cash Flows**  
(millions of Canadian dollars)

	Notes	December 31, 2019	December 31, 2018
<b>Operating activities</b>			
Net income and comprehensive income		\$ 473.8	\$ 439.9
Items not affecting cash:			
Depletion and depreciation	7	881.9	846.9
Unrealized (gain) loss on risk management contracts	8	92.9	(49.1)
Unrealized foreign exchange (gain) loss		(102.9)	169.6
Deferred income tax expense	12	16.0	233.4
Stock-based compensation	21	17.8	19.9
Non-cash finance expenses and other	2	8.6	14.5
Reclamation expenditures	11	(0.3)	(2.9)
Funds flow	2	1,387.8	1,672.2
Changes in non-cash working capital	23	(42.9)	124.1
Cash provided by operating activities		1,344.9	1,796.3
<b>Financing activities</b>			
Draws on credit facility	9	593.8	220.4
Repayment of credit facility draws	9	(593.8)	(224.6)
Purchase of common shares	13	(168.1)	(104.2)
Lease payments	11	(2.7)	—
Exercise of equity compensation units	21	19.7	36.8
Changes in non-cash working capital	23	(8.9)	6.0
Cash used in financing activities		(160.0)	(65.6)
<b>Investing activities</b>			
Investments in oil and natural gas assets	7	(1,229.5)	(1,765.7)
Changes in non-cash working capital	23	(23.9)	(52.6)
Cash used in investing activities		(1,253.4)	(1,818.3)
Foreign exchange gain on cash held in foreign currencies		—	0.4
Decrease in cash and cash equivalents		(68.5)	(87.2)
Cash and cash equivalents, beginning of year		78.1	165.3
Cash and cash equivalents, end of year		\$ 9.6	\$ 78.1

See accompanying notes to the consolidated financial statements.



**SEVEN GENERATIONS ENERGY LTD.****Consolidated Statements of Changes in Equity**

(millions of Canadian dollars)

	Notes	December 31, 2019	December 31, 2018
<b>Share capital</b>			
Balance, beginning of year		\$ 3,813.8	\$ 3,864.4
Exercise of equity compensation units	21	40.0	54.4
Purchase of common shares	13	(239.0)	(105.0)
Balance, end of year		3,614.8	3,813.8
<b>Contributed surplus</b>			
Balance, beginning of year		110.5	100.6
Stock-based compensation	21	24.1	26.7
Exercise of equity compensation units	21	(20.3)	(17.6)
Purchase of common shares	13	70.9	0.8
Balance, end of year		185.2	110.5
<b>Retained earnings</b>			
Balance, beginning of year		925.3	485.4
Net income and comprehensive income		473.8	439.9
Balance, end of year		\$ 1,399.1	\$ 925.3
<b>Total shareholders equity, beginning of year</b>		\$ 4,849.6	\$ 4,450.4
<b>Total shareholders equity, end of year</b>		\$ 5,199.1	\$ 4,849.6

See accompanying notes to the consolidated financial statements.

## SEVEN GENERATIONS ENERGY LTD.

### Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2019 and 2018

(all tabular amounts in millions of Canadian dollars, except share and price information)

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## 1. NATURE OF BUSINESS

Seven Generations Energy Ltd. ("Seven Generations" or "the Company") is incorporated under the *Canada Business Corporations Act* and commenced operations in 2008. Seven Generations is a low supply-cost energy producer dedicated to stakeholder service, responsible development and generating strong returns from condensate and liquids-rich natural gas from the Company's Kakwa River Project in northwest Alberta, Canada. Seven Generations' principal place of business is located at 4400, 525 – 8 Avenue SW Calgary, AB T2P 1G1. The Company's class A voting common shares ("common shares") are publicly traded on the Toronto Stock Exchange ("TSX") under the symbol "VII". These consolidated financial statements were approved and authorized by Seven Generations' Board of Directors on February 26, 2020.

## 2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. They have been prepared on a historical cost basis, except for certain financial instruments which are measured at their estimated fair value. These statements follow the same accounting policies as the consolidated financial statements for the year ended December 31, 2018, other than for the modified retrospective adoption of IFRS 16 Leases ("IFRS 16") on January 1, 2019 (Note 3 - Leases).

These consolidated financial statements consist of the financial records of Seven Generations and its wholly owned subsidiary, Seven Generations Energy (US) Corp. All inter-company transactions have been eliminated. The Company's functional currency is Canadian dollars and all amounts are reported in millions of Canadian dollars unless noted otherwise. References to "US\$" relate to United States dollars.

In the consolidated statement of cash flows, certain 2018 comparative figures have been reclassified to conform with current period presentation. The funds flow subtotal has also been included in the 2019 cash flow statement which consists of cash provided by operating activities, excluding the impact of changes in non-cash working capital. The comparative 2018 consolidated cash flow statement has been updated to include this funds flow subtotal.

During the year ended December 31, 2019, Seven Generations revised certain performance measures utilized by the Company for purposes of managing its capital. Comparative 2018 figures have been updated to conform with the current year performance measures utilized by the Company (Note 15).

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### Oil and natural gas assets

Oil and natural gas assets are measured at historical cost less accumulated depletion, depreciation and impairment. The Company begins capitalizing oil and natural gas exploration costs after the right to explore has been obtained and includes land acquisition costs, geological and geophysical activities, drilling expenditures and costs incurred for the completion and testing of exploration wells. Seven Generations capitalizes all subsequent investments attributable to the development of its oil and natural gas assets if the expenditures are considered a betterment and provide a future benefit beyond one year. Capitalized costs primarily consist of pad construction, drilling activities, completion activities, well equipment, major facilities, gathering system infrastructure and pipelines. Borrowing costs attributable to long-term development projects are also capitalized.

Capitalized costs are classified as exploration and evaluation ("E&E") assets if technical feasibility and commercial viability have not yet been established. Technical feasibility and commercial viability are deemed to exist when proved reserves are present and the Company has sanctioned the projects for commercial development. Capitalized costs are classified as property, plant and equipment ("PP&E") if they are attributable to the development of oil and natural gas reserves after technical feasibility and commercial viability have been achieved. When technical feasibility and commercial viability of E&E assets have been established, the E&E assets are tested for impairment and reclassified to PP&E.

The majority of Seven Generations' PP&E is depleted using the unit-of-production method relative to the Company's estimated total recoverable proved plus probable reserves. For the purposes of the depletion calculation, natural gas reserves and production are converted to barrels of oil equivalent based upon the relative energy content (6:1). The depletion base consists of the historical net book value of capitalized costs, plus the estimated future costs required to develop the Company's estimated recoverable proved plus probable reserves, and excludes E&E and the cost of assets not yet available for use in the manner intended by management. Significant components, primarily consisting of natural gas processing facilities, are depreciated separately on a straight-line basis over their estimated 40 year useful lives. Corporate and other costs are depreciated over their estimated useful lives using the declining-balance method.

#### Financial instruments

The Company's financial instruments primarily consist of cash and cash equivalents, accounts receivable, risk management contracts, accounts payable, accrued liabilities, credit facilities and the senior notes.

All financial instruments are initially recognized at fair value on the consolidated balance sheet, with the exception of the senior notes and credit facilities which are initially recognized at amortized cost. The fair value (FV) measurement of the Company's financial instruments are classified according to the following hierarchy based on the amount of observable inputs used to value the instrument:

- **Level 1** - Quoted prices are available in active markets for identical assets or liabilities at the reporting date.
- **Level 2** - Values are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed in the marketplace but are not readily observable in an actively traded market.
- **Level 3** - Valuation inputs that are not based on observable market data.

The following table summarizes the Company's financial instrument measurement approach and fair value hierarchy:

Financial Instrument	Fair value hierarchy	Classification & measurement
Cash and cash equivalents	Level 1	<b>FV through profit and loss</b>
Accounts receivable	Level 3	<b>Amortized cost</b>
Risk management contracts	Level 2	<b>FV through profit and loss</b>
Accounts payable and accrued liabilities	Level 3	<b>Amortized cost</b>
Credit facility	Level 2	<b>Amortized cost</b>
Senior notes	Level 2	<b>Amortized cost</b>

Realized gains and losses from the settlement of financial instruments as well as unrealized gains/losses from the remeasurement of financial instruments are recognized in net income as incurred. Transaction costs related to fair value through profit or loss financial instruments are immediately recognized in earnings. Transaction costs related to financial liabilities measured at amortized cost are initially capitalized along with the host financial instrument and are amortized to net income over the life of the instrument.

Any impairment of financial assets is determined by assessing and measuring the expected credit losses of the instruments at each reporting period. Seven Generations measures expected credit losses using a lifetime expected loss allowance model for all trade receivables and contract assets. The credit loss model groups receivables based on similar credit risk characteristics and the number of days past due in order to estimate and recognize bad debt expenses. When measuring expected credit losses, the Company considers a variety of factors including: evidence of the debtor's financial condition, history of collections, the term of the receivable and any changes in economic conditions.

Cash and cash equivalents consist of cash on hand and other short-term highly liquid investments with a maturity of three months or less and are presented as a current asset on the balance sheet. All financial instruments are presented as a current asset or liability on the balance sheet if they are expected to be settled within 12 months of the balance sheet date.

## Revenue

Revenue primarily relates to the sale of condensate, natural gas and natural gas liquids ("NGLs") in Canada and the United States from the Company's Kakwa River Project production. Seven Generations also purchases these products for resale in order to utilize the Company's pipeline capacity or fulfill sales nominations. The products are classified and presented in the consolidated financial statements based on the physical characteristics of the hydrocarbons at the time of sale. Liquids extracted from the natural gas are presented as NGLs except for pentanes plus extracted which are presented together with condensate sales. Revenues from liquids, natural gas and NGLs sales are presented net of third-party royalty interests on the consolidated income statement.

Seven Generations measures revenue from the sale of condensate, natural gas and NGLs at the amount the Company expects to receive which is based on an agreed upon transaction volume and price with the customer. Seven Generations recognizes revenue in the period when the following conditions have been satisfied: title and physical possession of the commodities have transferred, the significant risks and rewards of ownership of the products have been conveyed and there is a present right to payment. In most cases, revenue is recognized when the hydrocarbons are delivered to the customer. Payment terms with the Company's customers are generally within 30 days following the month of product delivery.

Seven Generations periodically enters into fixed-volume, index-based physical commodity delivery contracts with varying lengths of term. Pricing of the physical delivery contracts is primarily based on published North American natural gas indices and fixed prices. These instruments are not used for trading or speculative purposes and are considered own-use sales contracts that are not recorded at fair value in the financial statements. At each reporting period, these revenue contracts are off-balance sheet arrangements and carry unsatisfied or partially unsatisfied performance obligations for the Company which generally consists of outstanding volume delivery commitments.

Included in revenues are realized and unrealized gains and losses from the Company's risk management contracts which are remeasured at fair market value at each reporting period (see financial instruments accounting policy and Note 9). The Company also earns interest income primarily on its cash and cash equivalent balances held.

## Impairment

Seven Generations reviews its oil and natural gas assets for indicators of impairment at each reporting period. For the purposes of the review, the Company's PP&E and E&E assets are grouped into cash-generating units ("CGUs") which are defined as the smallest group of assets that generate cash inflows that are largely independent of the cash inflows of other groups of assets. PP&E and E&E assets that are in the same CGU are aggregated together. If impairment indicators exist, the CGU is tested for impairment and a loss is recognized to the extent that the carrying amount of the CGU exceeds its estimated recoverable amount.

The recoverable amount of the CGU is determined as the greater of its fair value less costs to sell ("FVLCTS") and value in use ("VIU"). FVLCTS is estimated based on the amount recoverable from the sale of an asset or CGU in an arm's length transaction between knowledgeable parties, less the cost of disposal. In assessing VIU, the estimated future cash flows of the CGU are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money, risks specific to the asset and overhead costs associated with operating the CGU. The recoverable amount of the Company's CGUs are primarily estimated using discounted cash flows from the Company's proved plus probable reserves (Level 3 valuation).

## Provisions

Provisions are liabilities that are recognized when Seven Generations has a present legal or constructive obligation as a result of a past event and it is probable that the Company will be required to settle the obligation. Seven Generations' provisions primarily consist of decommissioning obligations associated with the dismantling, decommissioning and site disturbance remediation activities for the Company's oil and natural gas assets. Decommissioning obligations are measured at the present value of the expected future inflated cash outflows using a risk-free discount rate. The liabilities are accreted upwards towards their estimated settlement value over the expected life of the assets in order to reflect the passage of time. Actual expenditures incurred to settle the obligations reduce the provision.

## Income taxes

Seven Generations' income taxes primarily relate to deferred income taxes recognized in respect of the Company's earnings, which are anticipated in future years under the Income Tax Act (Canada). Seven Generations also incurs current income tax expenses and recoveries primarily relating to foreign-sourced income earned by the Company's US subsidiary. Income taxes are recognized in the statements of comprehensive income, except when they relate to share capital or development incentive tax credits, in which case, the taxes are recognized directly in shareholders equity and PP&E, respectively.

Current income tax expense (recovery) is the expected cash tax payable or receivable on the taxable income during the year, using tax rates that have been enacted or substantively enacted. Deferred income tax assets and liabilities are recognized on temporary differences between the current carrying value of assets and liabilities for financial reporting purposes and their corresponding tax values. Deferred income tax is determined on an undiscounted basis using tax rates that have been enacted or substantively enacted and that are expected to apply in future years when the temporary differences reverse. A deferred tax asset is only recognized to the extent that it is probable that future taxable profits will arise with which the available carry-forward tax deductions can be utilized to shelter the taxable profits from tax.

### **Stock-based compensation**

Seven Generations stock-based compensation expense relates to stock options, performance warrants, performance share units ("PSUs"), restricted share units ("RSUs") and deferred share units ("DSUs") granted to employees, officers, service providers and directors of the Company. Outstanding performance warrants were issued prior to the Company's initial public offering in 2014 pursuant to the Amended and Restated Shareholder Agreement that was effective while Seven Generations was a private company.

Awards are initially measured at fair value at the date of grant and are expensed over their vesting periods under the terms of the compensation arrangements. The fair value of stock options and performance warrants are primarily determined using the Black-Scholes option pricing model. The fair value of PSUs, RSUs and DSUs are primarily based on the Company's share price at the date of grant. Upon exercise, certain stock-based compensation plans allow the holder of an award to receive cash or common shares at the Company's discretion. As at December 31, 2019, all of Seven Generations' plans were accounted for as equity-settled share-based compensation arrangements based on their anticipated settlement option. When equity compensation units are exercised or released, the consideration received, together with the expense previously recognized as contributed surplus, is recorded as an increase to share capital. In the fourth quarter of 2019, the Company created a new DSU plan which will be a cash-settled share-based compensation arrangement for any DSUs granted after January 1, 2020.

The primary non-market vesting condition for all of the Company's stock-based compensation plans, other than DSUs, is continuous employment. An estimated forfeiture rate is applied to the valuation of the equity units over the vesting period and is subsequently adjusted to reflect the actual number of equity awards that ultimately vest. DSUs are fully expensed at the date of grant because they vest immediately.

PSUs are also granted with certain other vesting conditions which are determined by the Company's Board of Directors. If the Company satisfies these performance criteria, a pre-determined adjustment factor is applied to the vested PSUs at the end of the performance period. The fair value of the PSUs at the date of grant is initially adjusted to reflect the probability of these possible outcomes. The stock-based compensation expense attributable to performance factors that are dependent upon market conditions are not subsequently adjusted for actual results. The stock-based compensation expense attributable to performance factors that are dependent upon non-market conditions are subsequently adjusted for actual results.

### **Leases**

On January 1, 2019, Seven Generations adopted the new accounting standard IFRS 16. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease ("IFRIC 4"), the accounting for onerous lease liabilities which were previously measured under IAS 37 Provisions ("IAS 37") and other related IFRS interpretations. IFRS 16 prescribes a single recognition and measurement model for lease contracts and requires the recognition of a right-of-use asset and corresponding lease liability for most leases, including subleases.

Seven Generations elected to adopt IFRS 16 using the modified retrospective approach (simplified method) by recognizing an opening balance sheet adjustment for the Company's discounted right-of-use assets and corresponding lease liabilities as at January 1, 2019. Accordingly, there was no opening adjustment to retained earnings and the comparative 2018 consolidated statements of comprehensive income and cash flows have not been restated to reflect the accounting presentation prescribed under IFRS 16.

At the date of transition, Seven Generations recognized a lease liability of \$9.2 million in respect of long-term minimum commitments associated with corporate office lease arrangements under IFRS 16. The net balance sheet impact on transition was \$5.2 million due to the derecognition of a \$4.0 million onerous lease provision for underutilized office space previously recognized on the balance sheet under IAS 37, now recognized under IFRS 16 (Note 10). Under previous IFRS standards, office lease arrangements were recognized as general and administrative expenses as incurred. Seven Generations is the lessee for substantially all in-scope office lease arrangements.

The following table summarizes the opening balance sheet adjustment for the adoption of IFRS 16 as at January 1, 2019:

Opening Balance Sheet	December 31, 2018 (previous IFRS)	Adoption of IFRS 16	January 1, 2019 (new IFRS)
Oil and natural gas assets	\$ 7,652.1	\$ 5.2	\$ 7,657.3
Accounts payable and accrued liabilities	(393.5)	(2.5)	(396.0)
Other long-term liabilities	\$ (194.2)	\$ (2.7)	\$ (196.9)

Seven Generations has elected to apply the practical expedient exemption to scope-out non-cancellable low-value and short-term lease arrangements. The Company has also elected to not recognize contractual arrangements that previously had not met the definition of a lease under IFRIC 4 at the inception of the contract. These out-of-scope contractual arrangements continue to be recognized in net income as incurred.

At the inception of a contract, Seven Generations assesses if an agreement contains a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For all in-scope lease arrangements, a right-of-use asset and corresponding lease liability is initially recognized at the commencement date and measured at the net present value of all future non-cancellable lease payments. The lease payments are discounted using the rate implicit in the lease unless that rate is not readily determined, in which case, the Company's incremental borrowing rate is utilized. The estimated lease term consists of all non-cancellable periods under the contract and includes periods covered by an extension or termination option if Seven Generations is reasonably certain that it will exercise the option.

Right-of-use assets are depreciated to net income over the term of the contract using the straight line method. The depreciation of right-of-use assets that are utilized in respect of development activities is initially capitalized to PP&E and then depleted to net income over the remaining life of the developed assets once they are ready for use in the manner intended by management. Lease liabilities are accreted upwards toward their settlement value over the expected life of the contract in order to reflect the passage of time. Lease payments reduce the lease liability and are primarily reflected as a financing activity in the consolidated statement of cash flows. Right-of-use assets and lease liabilities are remeasured at each reporting period to reflect any contract modifications or reassessments that impact the remaining cash outflows under the contract.

#### **Cancellation of common shares**

Seven Generations de-recognizes the weighted-average carrying value of share capital attributable to the Company's publicly traded common shares that are purchased for cancellation under a normal course issuer bid. The net book value of common shares purchased in excess of the amount paid for the shares is recognized as contributed surplus. Any amount paid for common shares purchased in excess of their net book value reduces contributed surplus to the extent that it was created as a result of the Company's previous share purchases, with any remaining amount recognized as a reduction to retained earnings.

#### **Foreign currency translation**

Monetary assets and liabilities denominated in a foreign currency are translated at the rate of exchange in effect at the balance sheet date. Revenues and expenses are translated at the average exchange rates during the year. The corresponding realized and unrealized gains and losses from foreign currency translations are recognized in the consolidated statements of comprehensive income.

#### **Jointly operated assets**

Seven Generations' oil and natural gas activities include jointly operated oil and natural gas assets and liabilities. These consolidated financial statements only include the Company's share of these jointly operated assets and liabilities and a proportionate share of the related revenue and expenses.

#### **Per share information**

Basic per share information is calculated using the weighted average number of common shares outstanding during the year. Diluted per share information is calculated using the basic weighted average number of common shares outstanding during the year, adjusted for the number of shares which could have had a dilutive effect on net income during the year had outstanding in-the-money equity compensation units been exercised.

#### 4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements requires the use of judgments, estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses. Actual results may differ from the amounts recorded.

##### Judgments

Oil and natural gas assets are grouped into CGUs based on their ability to generate largely independent cash flows. The determination of the Company's CGUs is subject to judgment. Seven Generations' oil and natural gas assets are currently held in one CGU. The Company also applies judgment when determining the classification of its oil and natural gas assets as either PP&E or E&E assets. Judgment is required in assessing technical feasibility and commercial viability as it involves determining the existence of proven reserves and the probability of the Company developing the assets.

The Company applies judgment in determining when the transfer of risks and rewards of ownership occurs during the sale of condensate, natural gas and NGLs. The determination of the Company's income tax and royalty amounts require interpretation of complex laws and regulations and are subject to measurement uncertainty. All tax filings are subject to audit and potential reassessment. The recoverability of loss carryforwards, investment tax credits and royalty incentives require judgment. The Company records deferred income tax assets and liabilities using income tax rates that are enacted or substantively enacted at the balance sheet date, which is subject to change.

##### Estimates and assumptions

Amounts recorded for depletion of oil and natural gas assets rely on estimates and assumptions regarding proved plus probable reserves and future development costs. The estimated future cash flows from recoverable reserves are relied upon for determining if the Company's oil and natural gas assets have become impaired. The Company's reserve report includes significant estimates for the quantity of oil and natural gas volumes, recovery factors, production rates, future commodity prices, discount rates, and future royalty, operating and capital costs. The Company's reserve estimates have been determined in accordance with the standards contained in the Canadian Oil and Gas Evaluation Handbook. However, these estimates and assumptions are all subject to a level of measurement uncertainty. The useful life of the Company's major facilities are subject to judgment for the purposes of calculating depreciation of major components.

The Company's provision for decommissioning liabilities is based on estimates and assumptions regarding current legal requirements, future costs to settle the provisions and the expected timing of the remediations. The Company's stock-based compensation expense is subject to measurement uncertainty as a result of estimates and assumptions related to forfeiture rates, expected life, market-based vesting conditions, non market-based vesting conditions and underlying volatility of the price of the Company's common shares. The estimated fair value of financial instruments is subject to measurement uncertainty. The fair value of financial instruments without an observable actively traded market is estimated using the Company's assessment of available market inputs and other assumptions. These estimates may vary from the actual value that will be realized upon settlement of the financial instruments.

#### 5. CASH AND CASH EQUIVALENTS

As at December 31, 2019, Seven Generations held cash and cash equivalents of \$9.6 million (December 31, 2018 - \$78.1 million) and the Company's cash investments earned interest at a weighted average annual rate of 1.42% (December 31, 2018 - 2.29%). As at December 31, 2019, the credit risk associated with Seven Generations' cash was considered low as the balances were held with three large Canadian chartered banks.

#### 6. ACCOUNTS RECEIVABLE

As at	December 31, 2019	December 31, 2018
Liquids and natural gas sales	\$ 282.0	\$ 203.2
Royalty recoveries	17.0	28.4
Joint venture billings and other	4.8	5.2
Risk management contract settlements	2.4	0.5
Accounts receivable <sup>(1)</sup>	\$ 306.2	\$ 237.3

(1) Comparative figures have been reclassified to conform with current period presentation.

As at December 31, 2019, collection risk on Seven Generations' outstanding accounts receivable balances was considered low given the Company's history of collections and greater than 90% of the Company's accounts receivables were held with investment-grade counterparties. There were no material amounts past due as at December 31, 2019.



## 7. OIL AND NATURAL GAS ASSETS

	Exploration and evaluation	Developed and producing	Other assets	Total
<b>Investments in oil and natural gas assets</b>				
Balance at December 31, 2017	\$ 331.2	\$ 8,121.9	\$ 38.6	\$ 8,491.7
Additions <sup>(1)</sup>	17.9	1,744.1	3.7	1,765.7
Non-cash capitalized costs <sup>(2)</sup>	1.5	(0.1)	(0.2)	1.2
Balance at December 31, 2018	350.6	9,865.9	42.1	10,258.6
Additions <sup>(1)</sup>	0.9	1,219.2	9.4	1,229.5
Non-cash capitalized costs <sup>(2)</sup>	—	47.2	—	47.2
Initial recognition of right-of-use assets (Note 3,11)	—	—	5.3	5.3
Balance at December 31, 2019	351.5	11,132.3	56.8	11,540.6
<b>Accumulated depletion and depreciation</b>				
Balance at December 31, 2017	4.5	1,746.6	7.6	1,758.7
Amortization of prepaid processing expenses	—	—	0.9	0.9
Depletion and depreciation	1.3	843.3	2.3	846.9
Balance at December 31, 2018	5.8	2,589.9	10.8	2,606.5
Amortization of prepaid processing expenses	—	—	1.1	1.1
Depletion and depreciation	—	877.9	4.0	881.9
Balance at December 31, 2019	\$ 5.8	\$ 3,467.8	\$ 15.9	\$ 3,489.5
<b>Net book value</b>				
Balance at December 31, 2018	\$ 344.8	\$ 7,276.0	\$ 31.3	\$ 7,652.1
Balance at December 31, 2019	\$ 345.7	\$ 7,664.5	\$ 40.9	\$ 8,051.1

(1) Seven Generations capitalized employee costs of \$13.8 million during the year ended December 31, 2019 (December 31, 2018 - \$11.5 million).

(2) For the year ended December 31, 2019, non-cash capitalized costs consisted of \$50.3 million decommissioning obligation assets and \$6.2 million of stock-based compensation partially offset by \$9.3 million of tax credits (year ended December 31, 2018, non-cash capitalized costs consisted of \$6.8 million of stock-based compensation partially offset by a \$5.6 million reduction in decommissioning obligation assets).

As at December 31, 2019, \$353.5 million in oil and natural gas assets were not subject to depletion and depreciation as they were not ready for use in the manner intended by management (December 31, 2018 - \$344.8 million).

In the fourth quarter of 2019, Seven Generations identified indicators of impairment as a result of declines in the forecasted commodity prices utilized in the 2019 reserve report, compared to the prior year, and a market capitalization deficiency relative to the book value of the Company's shareholder equity. Seven Generations performed an impairment test on the Kakwa River Project primarily using after-tax discounted future cash flows from proved plus probable reserves. The following table summarizes the benchmark price forecast included in the Company's 2019 reserve report:

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Thereafter
WTI (US\$/bbl)	61.00	63.75	66.18	67.91	69.48	71.07	72.68	74.24	75.73	77.24	+2% per year
Henry Hub (US\$/MMBtu)	2.62	2.87	3.06	3.17	3.24	3.32	3.39	3.45	3.53	3.60	+2% per year
US\$ to C\$	0.760	0.770	0.785	0.785	0.785	0.785	0.785	0.785	0.785	0.785	0.785

The forecasted realized prices in the reserve report are adjusted for the Company's historical price differentials. Discounted after-tax cash flows in the impairment test utilized a two percent inflation rate and a discount rate of 10%. As at December 31, 2019, the recoverable value of the Kakwa River Project exceeded its carrying value and no impairment was identified.

## 8. RISK MANAGEMENT CONTRACTS

Seven Generations periodically enters into risk management contracts to manage the Company's exposure to commodity price and foreign currency risks. The following table summarizes the estimated fair market value of Seven Generations' outstanding risk management contracts as at December 31, 2019:

As at	December 31, 2019	December 31, 2018
Natural gas	\$ 34.1	\$ 45.4
Oil	(41.1)	75.1
Foreign exchange	1.5	(33.1)
Net risk management contract asset (liability)	\$ (5.5)	\$ 87.4



Seven Generations' risk management contracts are subject to master netting agreements that create the legal right to settle the instruments on a net basis. The following table provides a summary of the financial instruments that are subject to offsetting agreements in the Company's consolidated balance sheets:

As at	December 31, 2019			December 31, 2018		
	Asset	Liability	Net	Asset	Liability	Net
<b>Balance sheet classification</b>						
Current asset	\$ 36.0	\$ (11.3)	\$ 24.7	\$ 84.3	\$ (0.4)	\$ 83.9
Long-term asset	14.7	(6.8)	7.9	46.9	(2.8)	44.1
Current liability	16.1	(52.1)	(36.0)	—	(16.9)	(16.9)
Long-term liability	7.5	(9.6)	(2.1)	—	(23.7)	(23.7)
Net position	\$ 74.3	\$ (79.8)	\$ (5.5)	\$ 131.2	\$ (43.8)	\$ 87.4

Seven Generations believes that the credit risk associated with the Company's risk management contract assets is low as the instruments are all held with large Canadian and US financial institutions. The Company's risk management contracts consisted of the following positions as at December 31, 2019:

Term <sup>(1)</sup>	C\$ WTI Collars		C\$ WTI Sold Puts		US\$ WTI Collars/Swaps		US\$ WTI Sold Puts	
	bbl/d	C\$/bbl	bbl/d	C\$/bbl	bbl/d	US\$/bbl	bbl/d	US\$/bbl
2020	8,500	\$57.06 - \$71.50	1,500	\$40.00	26,000	\$54.29 - \$58.46	3,750	\$40.00
2021	—	—	—	—	8,000	\$53.37 - \$58.59	1,750	\$40.00
2022	—	—	—	—	1,250	\$52.31	—	—

(1) Weighted average volumes and prices are presented.

Term <sup>(1)</sup>	Chicago Citygate Swaps		Chicago Basis Swaps		NYMEX Henry Hub Collars/Swaps		AECO 7A Collars/Swaps	
	MMbtu/d	US\$/MMbtu	MMbtu/d	US\$/MMbtu	MMbtu/d	US\$/MMbtu	GJ/d	C\$/GJ
2020	32,500	\$2.74	55,000	\$(0.21)	142,500	\$2.64 - \$2.74	10,000	\$2.13
2021	—	—	52,500	\$(0.17)	42,500	\$2.62 - \$2.96	—	—
2022	—	—	12,500	\$(0.08)	5,000	\$2.58 - \$3.05	—	—

(1) Weighted average volumes and prices are presented.

Term <sup>(1)</sup>	FX Collars/Swaps	
	US\$MM	C\$:US\$
2020	\$304.6	\$1.2951 - \$1.3051
2021	\$179.6	\$1.2969 - \$1.3114
2022	\$54.4	\$1.3191 - \$1.3292

(1) Weighted average figures are presented.

Swap instruments fix a single forward price that Seven Generations will receive for the underlying contract. Collar instruments create a range by setting a fixed floor and ceiling contract price. If the actual market value exceeds the ceiling or falls below the floor, Seven Generations receives the fixed ceiling price or fixed floor price, respectively. If actual market prices fall within the collar range, Seven Generations will receive the actual market price. Sold put instruments are added to a collar to create a three-way collar whereby if the market price settles below the sold put price, Seven Generations receives the floating market price plus the difference between the fixed floor price and the sold put price.

The following table illustrates the impact of changes in commodity prices and foreign exchange rates on Seven Generations' net income before tax, based on the derivative contracts in place as at December 31, 2019:

As at December 31, 2019	Gain (Loss)
10% increase in oil prices	\$ (102.7)
10% decrease in oil prices	94.8
10% increase in gas prices	(19.2)
10% decrease in gas prices	19.5
10% increase in US\$ to C\$ exchange rate	(66.2)
10% decrease in US\$ to C\$ exchange rate	\$ 67.4

## 9. CREDIT FACILITY

As at December 31, 2019, Seven Generations held an undrawn \$1.4 billion senior secured credit facility (the "Credit Facility"). The Credit Facility is a covenant-based borrowing structure that expires in 2024 and has an accordion feature that provides the Company with the ability to access an incremental \$500.0 million of secured debt, subject to certain conditions. In the fourth quarter of 2019, the Credit Facility was amended primarily to extend the maturity date of the facility by one year to 2024 and to increase the accordion feature from \$300.0 million to \$500.0 million. The Credit Facility was also modified to include borrowing and default provisions with respect to the Company's decommissioning obligations.

During the year ended December 31, 2019, US\$448.0 million in non-cumulative amounts drawn under the Credit Facility utilized to fund ongoing operations were fully repaid by the end of the year. Borrowings under the Credit Facility incur interest at a market-based interest rate plus an applicable margin which varies depending on the Company's Senior Secured Net Debt to Adjusted EBITDA ratio. Amounts drawn under the Credit Facility in 2019 had an effective annual interest rate of 3.5%. The Company elected to draw these amounts from the Credit Facility in US dollars, as permitted under the terms of the credit agreement. In conjunction with these draws of US dollar denominated cash, the Company entered into short-term cross-currency swaps to mitigate the exposure to foreign currency risk and reduce borrowing costs.

The Credit Facility is secured by a floating charge over the Company's assets and contains certain covenants that limit the Company's ability to, among other things: incur additional indebtedness; create or permit liens to exist; and make certain dispositions and transfers of assets. The following financial related covenants are associated with the Credit Facility:

- Senior Secured Net Debt to Adjusted EBITDA Ratio - cannot exceed 3.00:1
- Adjusted EBITDA to Interest Expense Ratio - cannot be less than 2.50:1
- AER liability management ratio ("LMR") - cannot be less than 1.25 for a period of greater than 90 days
- AER abandonment and reclamation orders - cannot exceed the greater of \$110.0 million and 1.5% of the carrying value of the Company's oil & gas assets if the orders have not been withdrawn or satisfied within prescribed timelines

For the purposes of the covenant calculations, Adjusted EBITDA is primarily calculated as net income before interest, income taxes, depletion, depreciation and amortization, adjusted for certain non-cash, extraordinary or non-recurring items such as unrealized gains and losses on financial instruments. Senior Secured Net Debt primarily consists of amounts drawn under the Credit Facility less cash and cash equivalents but may now also include the value of Seven Generations' undiscounted non-producing decommissioning obligation liabilities if the Company's LMR falls below 2.00. The LMR is determined by the Alberta Energy Regulator ("AER") and is calculated by dividing Seven Generations' deemed assets by its deemed liabilities, values of which are assessed by the AER.

As at December 31, 2019, the Company was in compliance with the covenants under the Credit Facility. The Senior Secured Net Debt to Adjusted EBITDA Ratio was (0.01):1, Adjusted EBITDA to Interest Expense Ratio was 11.35:1, the Company's LMR was 29.30 and there were no outstanding abandonment and reclamation orders.

The Company has an unsecured demand letter of credit facility of C\$45.0 million and an additional US\$25.0 million. As at December 31, 2019, C\$41.7 million and US\$20.6 million in letters of credit were issued and outstanding under the facility (December 31, 2018 - C\$39.4 million and US\$18.8 million). Letters of credit issued under the letter of credit facility do not impact the Company's borrowing capacity under the Credit Facility.

## 10. SENIOR NOTES

As at	December 31, 2019	December 31, 2018
US\$425 million 6.75% senior notes, due May 1, 2023	\$ 552.0	\$ 579.8
US\$450 million 6.875% senior notes, due June 30, 2023	584.5	613.9
US\$700 million 5.375% senior notes, due September 30, 2025	909.2	955.0
Senior notes principal	2,045.7	2,148.7
Less: unamortized debt issue costs	(18.8)	(23.3)
Plus: unamortized premium	3.3	4.4
Senior notes	\$ 2,030.2	\$ 2,129.8

(1) The US dollar senior notes were translated into Canadian dollars at the period end exchange rate of US\$1=C\$1.2988 (December 31, 2018 – US\$1=C\$1.3642).

The Company's senior notes are carried at amortized cost, net of premiums and transaction costs, and are accreted to their principal balance at maturity using the effective interest rate method. As at December 31, 2019, the fair value of the Company's senior notes was C\$2,092.7 million (December 31, 2018 - C\$2,054.1 million).

The following table summarizes the changes in the value of Seven Generations' senior notes during the year:

For the year ended	December 31, 2019	December 31, 2018
Balance, beginning of year	\$ 2,129.8	\$ 1,956.4
Impact of foreign exchange (gains) losses on senior notes	(103.0)	172.8
Impact of amortized debt issue costs and premiums <sup>(1)</sup>	3.4	0.6
Balance, end of year	\$ 2,030.2	\$ 2,129.8

(1) Comparative figures have been reclassified to conform with current period presentation.

The Company has the option to redeem the senior notes at the following specified redemption prices:

	US\$700 million 5.375% senior notes <sup>(1)</sup>	US\$425 million 6.75% senior notes <sup>(2)</sup>	US\$450 million 6.875% senior notes <sup>(3)</sup>
2019	105.4%	103.4%	103.4%
2020	104.0%	101.7%	101.7%
2021	102.7%	100.0%	100.0%
2022	101.3%	100.0%	100.0%
2023 or thereafter	100.0%	100.0%	100.0%

(1) The change in redemption price for the US\$700 million 5.375% senior notes takes effect on September 30<sup>th</sup> of each year. Prior to September 30, 2020, the Company may only redeem up to 35% of the 5.375% Notes at a redemption price of 105.375% using the proceeds of one or more equity offerings, or can fully redeem the notes at a price of 104.031% plus the present value of interest that would otherwise be payable from the redemption date through September 30, 2020.

(2) The change in redemption price for the US\$425 million 6.75% senior notes takes effect on May 1<sup>st</sup> of each year.

(3) The change in redemption price for the US\$450 million 6.875% senior notes takes effect on June 30<sup>th</sup> of each year.

Subject to certain exceptions and qualifications, the senior unsecured notes have no financial covenants but limit Seven Generations' ability to, among other things: make certain payments and distributions; incur additional indebtedness; issue disqualified or preferred stock; create or permit liens to exist; make certain dispositions; transfer assets; and engage in amalgamations, mergers or consolidations.

Seven Generations is exposed to foreign exchange rate fluctuations on the principal value and interest payments in respect of the Company's senior notes. As at December 31, 2019, a 10% increase to the value of the Canadian dollar relative to the US dollar would result in a gain of approximately \$204.6 million (10% decline - loss of \$204.6 million).

## 11. OTHER LONG-TERM LIABILITIES

As at	December 31, 2019	December 31, 2018
Decommissioning liabilities	\$ 244.2	\$ 190.2
Lease liabilities (Note 3)	7.1	4.0
	\$ 251.3	\$ 194.2
Presented as:		
Accounts payable and accrued liabilities	\$ 2.5	—
Other long-term liabilities	\$ 248.8	\$ 194.2

### Decommissioning liabilities

As at	December 31, 2019	December 31, 2018
Balance, beginning of year	\$ 190.2	\$ 194.2
Liabilities incurred	27.2	23.9
Change in discount rates and other	16.7	(0.2)
Accretion (Note 20)	4.0	4.5
Change in estimate	6.4	(29.3)
Reclamation expenditures	(0.3)	(2.9)
Balance, end of year	\$ 244.2	\$ 190.2

Seven Generations' decommissioning liabilities reflect the estimated cost to dismantle, abandon, reclaim and remediate the Company's oil and natural gas assets in the Kakwa River Project at the end of their useful lives. As at December 31, 2019, the total estimated undiscounted, uninflated cash flows required to settle the Company's decommissioning liabilities was approximately \$231.9 million (December 31, 2018 – \$201.3 million). These liabilities are anticipated to be incurred over the next 35 years with the majority of costs incurred after 2040. As at December 31, 2019, the Company utilized a risk free rate of 1.8% (December 31, 2018 - 2.2%) and an inflation rate of 2.0% (December 31, 2018 – 2.0%).

#### Lease liabilities

As at		December 31, 2019		December 31, 2018
Balance, beginning of year	\$	4.0	\$	3.8
De-recognition of lease provision under IAS 37 (Note 3)		(4.0)		—
Initial recognition of lease liability under IFRS 16 (Note 3)		9.2		—
Liabilities incurred		0.1		—
Lease payments		(2.7)		(1.0)
Change in estimate		—		1.1
Accretion (Note 19)		0.5		0.1
Balance, end of year	\$	7.1	\$	4.0

Following the adoption of IFRS 16 on January 1, 2019, Seven Generations derecognized its onerous lease provision of \$4.0 million previously valued under IAS 37 in respect of under-utilized office space and recognized a lease liability of \$9.2 million for all office lease commitments.

As at December 31, 2019, the estimated undiscounted cash flows required to settle the Company's lease liabilities were approximately \$7.9 million (January 1, 2019 - \$10.5 million) and are anticipated to be incurred within the next five years. As at December 31, 2019, the Company utilized a weighted average incremental borrowing rate of 6.1% (January 1, 2019 - 6.0%).

During the years ended December 31, 2019, Seven Generations incurred expenses relating to low-value, short term lease commitments and variable operating costs in respect of non-cancellable lease liabilities of less than \$5.0 million.

## 12. INCOME TAXES

Changes in the Company's deferred tax balances during the year ended December 31, 2019 were as follows:

As at	December 31, 2017	Movement	December 31, 2018	Movement	December 31, 2019
Property, plant and equipment	\$ 465.1	\$ 145.0	\$ 610.1	\$ 100.6	\$ 710.7
Non-capital losses	(121.9)	68.2	(53.7)	(65.1)	(118.8)
Decommissioning liabilities	(52.4)	1.0	(51.4)	(4.9)	(56.3)
Unrealized foreign exchange losses	(20.0)	(22.7)	(42.7)	18.2	(24.5)
Risk management contracts	10.3	10.2	20.5	(23.1)	(2.6)
Financing costs	(20.9)	10.1	(10.8)	9.6	(1.2)
Tax credits and other	(7.0)	0.7	(6.3)	(10.0)	(16.3)
	253.2	212.5	465.7	25.3	491.0
Unrecognized deferred tax asset	25.2	20.9	46.1	(18.6)	27.5
Deferred income tax liability	\$ 278.4	\$ 233.4	\$ 511.8	\$ 6.7	\$ 518.5

As at December 31, 2019, Seven Generations had an unrecognized deferred tax asset of \$27.5 million related to \$24.5 million in capital losses and \$3.0 million in equity investment losses.

During the year ended December 31, 2019, all changes in the Company's deferred income tax liability were reflected in net income other than for certain incentive tax credits earned in respect of development activities that were recognized directly in PP&E:

As at	December 31, 2019	December 31, 2018
Balance, beginning of year	\$ 511.8	\$ 278.4
Deferred income taxes recognized in net income	16.0	233.4
Recognition of incentive tax credits in PP&E	(9.3)	—
Balance, end of year	\$ 518.5	\$ 511.8

The following table reconciles the Company's expected income tax expense relative to the current effective Canadian statutory rate of 26.5% (2018 - 27%) for the years ended December 31, 2019:

For the year ended	December 31, 2019		December 31, 2018	
Net income (loss) before income taxes	\$	490.0	\$	672.9
Statutory income tax rate		26.5%		27%
Expected income tax expense		129.9		181.7
Adjustments related to the following:				
Change in current and deferred income tax rates		(90.2)		—
Non-deductible taxable portion of foreign exchange (gain) loss		(13.6)		23.3
Change in unrecognized deferred tax asset		(13.6)		20.9
Stock-based compensation		3.3		5.9
Other items		0.4		1.2
Income tax expense	\$	16.2	\$	233.0
Consisting of:				
Current income tax expense (recovery)	\$	0.2	\$	(0.4)
Deferred income tax expense	\$	16.0	\$	233.4

During the second quarter of 2019, the Alberta Government enacted new legislation to reduce the provincial corporate income tax rate from 12% to 8%. Under the new legislation, the tax rate declines by 1% each year over the next four taxation years, starting on July 1, 2019, resulting in a combined federal and provincial corporate tax rate of 23% by 2022.

Seven Generations anticipates that the majority of the Company's existing deferred income tax liabilities will reverse at an effective tax rate of approximately 23%. For the year ended December 31, 2019, Seven Generations recognized a deferred income tax recovery of \$90.2 million to reflect the decline in deferred provincial income taxes anticipated under the new legislation.

As at December 31, 2019, the Company had \$5.5 billion of tax pools available for future deduction, including \$1.0 billion available for immediate deduction against taxable income (December 31, 2018 - \$5.6 billion and \$0.6 billion, respectively). Non-capital loss tax pools begin to expire after 2035.

### 13. SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of common shares, class B common non-voting shares, preferred A, B, C and D shares and special voting shares. There are no class B common non-voting shares, preferred shares or special voting shares issued and outstanding.

For the year ended	December 31, 2019		December 31, 2018	
	Number (millions)	Amount (\$)	Number (millions)	Amount (\$)
Balance, beginning of year	352.6	\$ 3,813.8	354.7	\$ 3,864.4
Purchase of common shares	(22.1)	(239.0)	(9.7)	(105.0)
Exercise of equity compensation units	4.2	19.7	7.6	36.8
Transfer from contributed surplus on exercise of equity compensation	—	20.3	—	17.6
Balance, end of year	334.7	\$ 3,614.8	352.6	\$ 3,813.8

During the fourth quarter of 2018, Seven Generations received approval from the TSX to purchase the Company's outstanding common shares through a normal course issuer bid ("NCIB"). Under the NCIB, the Company was allowed to purchase up to 30.4 million common shares until November 4, 2019. In the fourth quarter of 2019, the Company received approvals to purchase up to an additional 23.8 million shares under a new NCIB program by November 10, 2020.

All of the Company's stock purchased under the NCIB was acquired at prevailing market prices and subsequently cancelled. During the year ended December 31, 2018, the Company purchased 9.7 million shares for cancellation at an average price of \$10.72 per common share before transaction costs. During the year ended December 31, 2019, the Company purchased an additional 22.1 million shares for cancellation at an average of \$7.61 per common share before transaction costs.

The weighted average carrying value of the Company's shares purchased for cancellation was \$10.81/share (December 31, 2018 - \$10.82/share) and was derecognized from share capital.

## 14. PER SHARE AMOUNTS

For the year ended	December 31, 2019	December 31, 2018
Weighted average number of common shares - basic	346.8	358.6
Dilutive effect of outstanding equity compensation units	1.7	5.3
Weighted average number of common shares - diluted	348.5	363.9

## 15. CAPITAL MANAGEMENT

Seven Generations' objective for managing capital is to maintain a strong balance sheet and available funding in order to provide financial liquidity to fund the capital budget, the return of capital to shareholders, the reduction of debt or future development growth.

Management believes it has sufficient funding to meet the Company's foreseeable liquidity requirements. As at December 31, 2019, Seven Generations' earliest debt maturity date is May, 2023, and the Company also has \$1.4 billion of available credit under the Company's Credit Facility that matures in 2024 (Note 9). Near-term development activities and any common share repurchases or debt repayments are anticipated to be funded by the Company's funds flow, cash on hand and draws under the Credit Facility (Note 9).

Seven Generations strives for a proportion of debt and equity which appropriately balances the level of risk being incurred through its capital investments with the Company's weighted average cost of capital. The Company's business plan targets a trailing 12 month ratio of net debt to Adjusted EBITDA of less than 2.0. The ratio was 1.4 for the year ended December 31, 2019 (December 31, 2018 - 1.2). The following tables summarize the Company's net debt, total capitalization and Adjusted EBITDA as at and for the year ended December 31, 2019:

As at	December 31, 2019	December 31, 2018
Senior notes principal (Note 10)	\$ 2,045.7	\$ 2,148.7
Long-term portion of lease liabilities (Note 3,11)	4.6	4.0
Current assets	(378.4)	(423.3)
Current liabilities	438.7	410.4
	2,110.6	2,139.8
Current portion of risk management assets (Note 8)	24.7	83.9
Current portion of risk management liabilities (Note 8)	(36.0)	(16.9)
Net debt	2,099.3	2,206.8
Shareholders equity	5,199.1	4,849.6
Total capitalization	\$ 7,298.4	\$ 7,056.4

Net debt is an important measure used by Management to assess the Company's liquidity by incorporating long-term debt, lease liabilities and working capital. Total capitalization is utilized by Seven Generation's to analyze balance sheet strength, liquidity and composition.

Following the adoption of IFRS 16 on January 1, 2019, Seven Generations began including the lease liability in the net debt measure in order to provide users with a better understanding of the Company's long-term financing arrangements. The total capitalization measure previously included the market capitalization value of the Company's publicly traded common shares. Starting in fourth quarter of 2019, Seven Generations elected to instead utilize the net book value of the Company's shareholders equity in order to better align the total capitalization measure with the figures that are presented in the consolidated balance sheets. The 2018 comparative figures have been adjusted to conform with this current period presentation.

For the year ended	December 31, 2019	December 31, 2018
Net income	\$ 473.8	\$ 439.9
Finance expense	144.9	127.3
Current and deferred income taxes	16.2	233.0
Depletion and depreciation	881.9	846.9
Stock-based compensation	17.8	19.9
Unrealized (gain) loss on risk management contracts	92.9	(49.1)
Foreign exchange (gain) loss on senior notes and other	(102.9)	169.6
Adjusted EBITDA	\$ 1,524.6	\$ 1,787.5



Seven Generations utilizes adjusted EBITDA as a measure of operational performance and cash flow generating capability. Adjusted EBITDA impacts the level and extent of funding for capital projects investments or returning capital to shareholders. This measure is also consistent with the adjusted EBITDA formula prescribed under the Company's Credit Facility and allows Seven Generations and others to evaluate the impact of the Company's earnings on its financial covenants and assess its ability to fund financing expenses and other obligations.

Seven Generations previously utilized adjusted funds flow as the primary measure for managing capital. Starting in the fourth quarter of 2019, Seven Generations elected to utilize adjusted EBITDA as the primary measure for managing its capital in order to better align with the metrics utilized by the Company's lenders and other capital providers. Adjusted EBITDA is similar to adjusted funds flow, other than for primarily the exclusion of financing expenses. Adjusted funds flow has been renamed to funds flow and now comprises of cash provided by operating activities, excluding the impact of changes in non-cash working capital. Funds flow has been presented in the consolidated statement of cash flows for the year ended December 31, 2019.

Net debt, total capitalization and adjusted EBITDA are not standardized measures and may not be comparable with the calculation of similar measures by other companies.

## 16. COMMITMENTS AND CONTINGENCIES

The following table summarizes the Company's undiscounted future contractual cash outflows as at December 31, 2019:

(\$ millions)	2020	2021	2022	2023	2024	Thereafter	Total
Firm transportation and processing commitments <sup>(1)</sup>	\$ 520.3	\$ 533.9	\$ 505.5	\$ 323.9	\$ 317.3	\$ 2,226.2	\$ 4,427.1
Senior notes <sup>(2)</sup>	—	—	—	1,136.5	—	909.2	2,045.7
Interest on senior notes <sup>(2)</sup>	126.3	126.3	126.3	81.4	48.9	36.7	545.9
Accounts payable and accrued liabilities	402.7	—	—	—	—	—	402.7
Risk management contract liabilities	36.0	1.8	0.3	—	—	—	38.1
Long-term portion of lease liabilities (undiscounted)	—	2.0	2.1	1.2	—	—	5.3
	\$1,085.3	\$ 664.0	\$ 634.2	\$1,543.0	\$ 366.2	\$ 3,172.1	\$ 7,464.8

(1) The timing and extent of certain firm transportation commitments are subject to certain conditions, including regulatory approvals.

(2) The value of future cash outflows associated with US dollar denominated contracts have been converted to Canadian dollars at the December 31, 2019 exchange rate of US\$1=C\$1.2988.

The senior notes, accounts payable and accrued liabilities, risk management contract liabilities and the long-term portion of lease liabilities are recognized on the Company's consolidated balance sheet. The firm transportation and processing commitments, interest on the senior notes and certain other contractual commitments are off-balance sheet arrangements in accordance with IAS 1 - Presentation of Financial Statements.

Following the adoption of IFRS 16 on January 1, 2019, Seven Generations recognized a lease liability on the consolidated balance sheet for the majority of the Company's non-cancellable lease arrangements, primarily consisting of office space commitments. The Company elected to apply the practical expedient exemption to scope-out non-cancellable low-value and short-term lease arrangements. Seven Generations has also elected to not recognize certain natural gas processing commitments that previously had not met the definition of a lease under IFRIC 4 at the inception of the contract. These out-of-scope contractual commitments continue to be reflected as off-balance sheet arrangements.

During the first quarter of 2019, Seven Generations entered into a third-party water disposal agreement with an undiscounted take-or-pay commitment of up to \$88.4 million over five years. The commitment under the contract is contingent upon the productivity of the disposal wells. The contract qualifies as a lease arrangement under IFRS 16 and is currently presented as a firm transportation and processing commitment in the table above. The commencement date of the contract is anticipated to occur in the first quarter of 2020 when the third party water disposal assets are expected to be ready for use. At that time, Seven Generations will recognize a discounted right-of-use asset and corresponding lease liability on the consolidated balance sheet for the discounted value of the minimum lease payments under the contract.

The Company is currently undergoing income tax audits in the normal course of business. While the final outcome of such audits cannot be predicted with certainty and could be material, Seven Generations does not currently anticipate that these audits will have a material impact on the Company's consolidated financial position or results of operations.

The Company is involved in legal claims arising in the normal course of business. While the final outcome of such claims cannot be predicted with certainty and could be material, Seven Generations does not currently anticipate that these claims will have a material impact on the Company's consolidated financial position or results of operations.

## 17. LIQUIDS AND NATURAL GAS SALES

For the year ended	December 31, 2019	December 31, 2018
<b>Sales by product</b>		
Condensate	\$ 2,002.1	\$ 2,200.2
Natural gas	842.7	916.3
NGLs	107.3	197.8
Liquids and natural gas sales	\$ 2,952.1	\$ 3,314.3
<b>Sales by country</b>		
Canada	\$ 2,182.0	\$ 2,541.8
United States	\$ 770.1	\$ 772.5
<b>Sales by activity</b>		
Production from the Kakwa River Project	\$ 2,551.8	\$ 2,907.7
Sale of purchased product	\$ 400.3	\$ 406.6

Seven Generations' sale of purchased product, less the cost of product purchased and applicable transportation tolls, reflects the net profit margin earned in respect of the Company's marketing activities. The following table summarizes the cost of the liquids and natural gas purchased for sale during the year ended December 31, 2019:

For the year ended	December 31, 2019	December 31, 2018
Condensate	\$ 184.1	\$ 209.4
Natural gas	146.9	123.3
NGLs	4.3	—
Product purchases	\$ 335.3	\$ 332.7

Included in transportation, processing and other expenses is \$43.1 million of transportation tolls incurred for products purchased for sale during the year ended December 31, 2019 (December 31, 2018 - \$45.2 million) (Note 19).

The following table summarizes the average daily volumes the Company has committed to deliver on a term contract basis as at December 31, 2019:

Average daily sales volume commitments	2020
Chicago Citygate Index (MMBtu/d) - Alliance	53,929
Chicago Citygate Basis (MMBtu/d) - Alliance	28,750
US Gulf Coast Basis (MMBtu/d) - NGPL	54,167
US Gulf Coast Index (MMBtu/d) - NGPL	28,333
Dawn Hub Index (MMBtu/d) - TC Energy	21,588
Malin Hub Index (MMBtu/d) - GTN	2,766

## 18. OPERATING EXPENSES

For the year ended	December 31, 2019	December 31, 2018
Water trucking and disposal	\$ 112.3	\$ 159.3
Equipment rental and maintenance	105.7	129.0
Staff and contractor costs	58.6	51.4
Chemicals and fuel	51.1	43.4
Property tax and other	27.1	25.2
Operating expenses	\$ 354.8	\$ 408.3



## 19. TRANSPORTATION, PROCESSING AND OTHER EXPENSES

For the year ended	December 31, 2019	December 31, 2018
Pipeline tariffs	\$ 401.7	\$ 371.9
Processing	91.4	100.2
Trucking and other	46.3	64.9
Transportation, processing and other	\$ 539.4	\$ 537.0

During the years ended December 31, 2019, the Company incurred \$43.1 million of transportation tolls on product purchased for sale and is included within the table above (December 31, 2018 - \$45.2 million) (Note 17).

## 20. FINANCE EXPENSE

For the year ended	December 31, 2019	December 31, 2018
Interest on senior notes	\$ 129.1	\$ 126.0
Revolving credit facility and bank fees	8.7	6.6
Accretion of decommissioning and lease liabilities (Note 11)	4.5	4.5
Amortization of premiums and debt issuance costs	2.6	2.2
Finance costs	144.9	139.3
Capitalized borrowing costs	—	(12.0)
Finance expense	\$ 144.9	\$ 127.3

Capitalized borrowing costs in 2018 relate to borrowed funds invested to build the Company's wholly-owned gas processing facility in the Gold Creek area at the Kakwa River Project. The facility became ready for use in the manner intended by management during the fourth quarter of 2018, at which time, the Company discontinued the capitalization of finance expenses related to that investment.

## 21. STOCK-BASED COMPENSATION

The following table summarizes the Company's outstanding equity compensation units as at December 31, 2019:

	December 31, 2019			December 31, 2018		
	Units (millions)	Weighted Average Exercise Price (\$)	Weighted Average Remaining Life (years)	Units (millions)	Weighted Average Exercise Price (\$)	Weighted Average Remaining Life (years)
Stock options	9.5	\$ 17.27	6.7	11.4	\$ 18.16	5.4
PSUs and RSUs	2.2	—	1.6	1.1	—	3.2
DSUs	0.4	—	—	0.3	—	—
Performance warrants	0.6	11.61	0.9	3.1	8.92	1.1
Units outstanding	12.7	\$ 13.40	5.3	15.9	\$ 14.69	4.6

### (a) Stock Options

For the year ended	December 31, 2019	December 31, 2018
Balance, beginning of year	11.4	12.4
Granted	2.5	2.3
Exercised	(1.5)	(2.2)
Forfeited and expired	(2.9)	(1.1)
Balance, end of year	9.5	11.4

The Company's stock option grants are generally fully exercisable for common shares after three years and expire ten years after the date of grant.

The following table summarizes the weighted-average inputs and output of the Black Scholes pricing model during the year ended December 31, 2019 and 2018:

For the year ended	December 31, 2019	December 31, 2018
<b>Inputs:</b>		
Average share price (\$/unit)	9.3	15.5
Risk-free interest rate (%)	1.6	2.1
Expected life (years)	5.0	5.0
Expected forfeiture rate (%)	5.0	5.0
Expected volatility (%)	40.0	35.0
Expected dividend yield (%)	—	—
<b>Output:</b>		
Fair value of options granted (\$/unit)	3.5	5.4

The following table summarizes the stock options outstanding and exercisable as at December 31, 2019:

Exercise Price (\$)	Outstanding		Exercisable	
	Number of Options (Millions)	Weighted Average Remaining Life (Years)	Number of Options (Millions)	Weighted Average Remaining Life (Years)
5.50 - 11.00	2.6	8.2	0.3	0.7
11.01 - 15.50	2.2	7.3	1.2	6.5
15.51 - 18.00	1.8	3.3	1.5	2.6
18.01 - 25.50	1.5	7.3	0.9	7.2
25.51 - 31.00	1.4	6.7	1.4	6.7
	9.5	6.7	5.3	5.2

#### (b) Performance share units and restricted share units

For the year ended	December 31, 2019	December 31, 2018
Balance, beginning of year	1.1	1.1
Granted	1.8	0.5
Exercised	(0.6)	(0.4)
Forfeited	(0.1)	(0.1)
Balance, end of year	2.2	1.1

PSUs and RSUs represent the right for the holder to receive common voting shares or, at the election of holder and the Company, a cash payment equal to the fair market value of the common shares calculated at the date of such payment. PSUs and RSUs grants generally vest annually over a three year period. The weighted average fair value of PSUs and RSUs granted during the year ended December 31, 2019 was \$9.25 per unit.

To value the performance factors related to the 2019 PSU grants that are dependent upon market conditions, the Company utilized a probability adjustment factor of 1.0, which assumes that Seven Generations will be within the 50th percentile of its pre-determined peer group based on relative total shareholder return at the respective vesting dates. The stock-based compensation expense attributable to market-based performance factors is not subsequently adjusted for actual results.

To value the performance factors related to the 2019 PSU grants that are dependent upon non-market conditions, Seven Generations initially utilized a probability adjustment factor of 1.0 which assumes the Company's performance will be consistent with baseline performance targets that have been established. The stock-based compensation expense attributable to non-market based performance factors is subsequently adjusted for actual results.

During the year ended December 31, 2019, actual market adjustment factors on vested units ranged from 0.50 - 1.33 (December 31, 2018 - 0.69 - 1.80).

### (c) Deferred share units

DSUs represent the right for the holder to receive common shares, or, at the election of the holder and the Company, a cash payment equal to fair market value of the common shares calculated at the date of such payment. DSUs granted under the DSU Plan vest immediately upon grant. As at December 31, 2019, there were 0.4 million DSUs outstanding (December 31, 2018 - 0.3 million). In the fourth quarter of 2019, the Company created a new DSU plan that will be a cash-settled share-based compensation arrangement for all DSU grants issued after January 1, 2020.

### (d) Performance warrants

As at December 31, 2019, the Company had 0.6 million performance warrants issued and outstanding with a weighted average exercise price of \$11.61 per share (December 31, 2018 - 3.1 million outstanding at \$8.92 per share). During the year ended 1.9 million performance warrants were exercised at a weighted average price of \$5.82 per share and 0.6 million were forfeited or expired.

## 22. RELATED PARTY TRANSACTIONS

Seven Generations' related parties primarily consist of the Company's directors and officers. Amounts paid to directors and officers for the year ended December 31, 2019 were as follows:

For the year ended	December 31, 2019	December 31, 2018
Stock-based compensation	\$ 13.1	\$ 11.6
Salaries, benefits and other short-term compensation	7.2	6.2
Termination and retirement benefits <sup>(1)</sup>	0.3	1.2
	<b>\$ 20.6</b>	<b>\$ 19.0</b>

(1) In 2018, Seven Generations' acquired the personal Grande Prairie residence of a former executive under terms of a retirement agreement. The house was acquired from the employee at its historical cost of \$2.2 million and had been appraised at a fair market value of \$1.4 million. Under the terms of the agreement, the executive was entitled to recover the original purchase price paid for the house plus renovation costs. Included in the table above is \$0.8 million relating to the amount paid in excess of fair market value.

## 23. CHANGES IN NON-CASH WORKING CAPITAL

For the year ended	December 31, 2019	December 31, 2018
Accounts receivable	\$ (68.9)	\$ 65.4
Deposits and prepaid expenses	(13.9)	(5.2)
Accounts payable and accrued liabilities	9.2	16.2
	<b>(73.6)</b>	<b>76.4</b>
Changes in current portion of other long-term liabilities	(2.5)	—
Unrealized foreign exchange gain in non-cash working capital	0.4	1.1
	<b>\$ (75.7)</b>	<b>\$ 77.5</b>
<b>Relating to:</b>		
Operating activities	\$ (42.9)	\$ 124.1
Financing activities	\$ (8.9)	\$ 6.0
Investing activities	\$ (23.9)	\$ (52.6)
<b>Other cash flow information</b>		
Cash interest paid	\$ 137.4	\$ 132.1
Cash taxes paid	\$ 0.1	\$ 1.1

## CORPORATE INFORMATION

### Management

Marty Proctor  
President & Chief Executive Officer

Derek Aylesworth  
Chief Financial Officer

David Holt  
Chief Operating Officer

Karen Nielsen  
Chief Development Officer

Kyle Brunner  
Vice President, General Counsel & Corporate Secretary

Lynne Chrumka  
Vice President, Geosciences & Land

Chris Feltin  
Vice President, Corporate Planning & Development

Jordan Johnsen  
Vice President, Operations & Engineering

Kevin Johnston  
Vice President, Finance & Controller

Brian Newmarch  
Vice President, Capital Markets & Stakeholder Engagement

Charlotte Raggett  
Vice President, Midstream Business Development

Pam Ramotowski  
Vice President, Human Resources

### Directors

Mark Monroe  
Chairman

Marty Proctor  
President & Chief Executive Officer

Leontine Atkins

Avik Dey

Harvey Doerr

Paul Hand

Dale Hohm

Ronnie Irani

Bill McAdam

M. Jacqueline Sheppard

### Corporate Office

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### Trustee and Transfer Agent

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600, 530 – 8 Avenue S.W.  
Calgary, Alberta, T2P 3S8

### Banks

Royal Bank of Canada  
Credit Suisse AG, Toronto Branch  
Bank of Montreal  
Canadian Imperial Bank of Commerce  
National Bank of Canada  
The Bank of Nova Scotia  
The Toronto-Dominion Bank  
ATB Financial  
Fédération des Caisses Desjardins Du Québec  
JP Morgan Chase Bank, N.A., Toronto Branch  
Wells Fargo Bank, N.A., Canadian Branch  
China Construction Bank, Toronto Branch  
Barclays Bank PLC

### Auditors

PricewaterhouseCoopers LLP

### Independent Evaluators

McDaniel & Associates Consultants Ltd.

### Stock Symbol

VII  
Toronto Stock Exchange