SEVEN GENERATIONS

E N E R G Y

Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020 and 2019

SEVEN GENERATIONS ENERGY LTD.

Condensed Interim Consolidated Balance Sheets (unaudited)

(millions of Canadian dollars)

As at	Notes	September 30, 2020	December 31, 2019
Assets			
Current assets			
Cash and cash equivalents		**$ 31.4**	$ 9.6
Accounts receivable	3	**216.7**	306.2
Risk management contracts	5	**52.4**	24.7
Deposits and prepaid expenses		**49.5**	37.9
		350.0	378.4
Risk management contracts	5	**8.8**	7.9
Oil and natural gas assets	4	**6,658.5**	8,051.1
		7,017.3	8,437.4
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**317.7**	402.7
Risk management contracts	5	**30.5**	36.0
		348.2	438.7
Risk management contracts	5	**24.9**	2.1
Credit facility	6	**266.8**	—
Senior notes	7	**1,820.1**	2,030.2
Other long-term liabilities	8	**371.0**	248.8
Deferred income taxes	9	**181.0**	518.5
		3,012.0	3,238.3
Equity			
Share capital	10	**3,600.4**	3,614.8
Contributed surplus		**198.7**	185.2
Retained earnings		**206.2**	1,399.1
		4,005.3	5,199.1
		$ 7,017.3	$ 8,437.4

Commitments and contingencies (Note 13)

See accompanying notes to the condensed interim consolidated financial statements.

SEVEN GENERATIONS ENERGY LTD.

Condensed Interim Consolidated Statements of Comprehensive Income (Loss) (unaudited)

(millions of Canadian dollars, except per share amounts)

	Notes	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Revenues					
Liquids and natural gas sales	14	**$ 568.9**	$ 680.2	**$ 1,623.1**	$ 2,160.9
Royalties expense		**(27.4)**	(37.5)	**(83.8)**	(118.6)
		541.5	642.7	**1,539.3**	2,042.3
Risk management contracts					
Realized gain	5	**42.9**	30.6	**212.6**	25.4
Unrealized gain (loss)	5	**(115.2)**	44.1	**11.3**	(9.3)
Other income		**0.4**	0.6	**1.8**	1.4
		469.6	718.0	**1,765.0**	2,059.8
Expenses					
Operating expenses	15	**82.3**	90.6	**231.7**	269.9
Transportation, processing and other	16	**139.4**	130.5	**415.0**	397.1
Product purchases	14	**153.7**	66.0	**387.0**	215.6
Depletion and depreciation	4	**192.0**	224.4	**595.8**	655.0
Impairment loss	4	**—**	—	**1,442.6**	—
Finance expense	17	**32.0**	36.4	**105.2**	108.4
General and administrative		**10.4**	15.8	**43.0**	48.2
Stock-based compensation	18	**3.6**	4.2	**12.6**	13.4
Foreign exchange (gain) loss		**(43.6)**	23.1	**62.2**	(60.2)
		569.8	591.0	**3,295.1**	1,647.4
Income (loss) before taxes		**(100.2)**	127.0	**(1,530.1)**	412.4
Income Taxes					
Current income tax expense	9	**0.2**	—	**0.1**	0.1
Deferred income tax expense (recovery)	9	**(33.6)**	41.9	**(337.3)**	21.1
		(33.4)	41.9	**(337.2)**	21.2
Net income (loss) and comprehensive income (loss)		**$ (66.8)**	$ 85.1	**$ (1,192.9)**	$ 391.2
Net income (loss) per share					
Basic	11	**$ (0.20)**	$ 0.25	**$ (3.58)**	$ 1.12
Diluted	11	**$ (0.20)**	$ 0.25	**$ (3.58)**	$ 1.11

See accompanying notes to the condensed interim consolidated financial statements.

SEVEN GENERATIONS ENERGY LTD.

Condensed Interim Consolidated Statements of Cash Flows (unaudited)

(millions of Canadian dollars)

	Notes	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Operating activities					
Net income (loss) and comprehensive income (loss)		**$ (66.8)**	$ 85.1	**$ (1,192.9)**	$ 391.2
Items not affecting operating cash flows:					
Impairment loss	4	**—**	—	**1,442.6**	—
Depletion and depreciation	4	**192.0**	224.4	**595.8**	655.0
Deferred income tax expense (recovery)	9	**(33.6)**	41.9	**(337.3)**	21.1
Unrealized (gain) loss on risk management contracts	5	**115.2**	(44.1)	**(11.3)**	9.3
Unrealized foreign exchange (gain) loss		**(46.1)**	24.4	**54.3**	(63.2)
Foreign exchange losses reflected in financing activities	6	**1.1**	1.6	**8.4**	0.6
Stock-based compensation	18	**3.6**	4.2	**12.6**	13.4
Financing expenses and other		**0.9**	3.0	**7.9**	7.2
Funds flow		**166.3**	340.5	**580.1**	1,034.6
Changes in non-cash working capital	19	**20.8**	(20.1)	**42.7**	(32.8)
Cash provided by operating activities		**187.1**	320.4	**622.8**	1,001.8
Financing activities					
Cumulative Credit facility draws	6	**68.0**	170.2	**576.4**	450.0
Repayment of credit facility draws	6	**(92.6)**	(116.9)	**(307.8)**	(395.6)
Purchase of senior notes	7	**—**	—	**(278.2)**	—
Purchase of common shares	10	**—**	(73.8)	**(15.6)**	(117.9)
Lease payments	8	**(5.0)**	(0.7)	**(9.2)**	(2.0)
Exercise of equity compensation units	18	**—**	10.4	**0.2**	16.8
Changes in non-cash working capital	19	**0.2**	2.1	**(0.6)**	(2.6)
Cash used in financing activities		**(29.4)**	(8.7)	**(34.8)**	(51.3)
Investing activities					
Investments in oil and natural gas assets	4	**(165.3)**	(284.6)	**(500.5)**	(996.6)
Changes in non-cash working capital	19	**38.6**	(30.5)	**(65.7)**	(25.8)
Cash used in investing activities		**(126.7)**	(315.1)	**(566.2)**	(1,022.4)
Increase (decrease) in cash and cash equivalents		**31.0**	(3.4)	**21.8**	(71.9)
Cash and cash equivalents, beginning of period		**0.4**	9.6	**9.6**	78.1
Cash and cash equivalents, end of period		**$ 31.4**	$ 6.2	**$ 31.4**	$ 6.2

See accompanying notes to the condensed interim consolidated financial statements.

SEVEN GENERATIONS ENERGY LTD.

Condensed Interim Consolidated Statements of Changes in Equity (unaudited)

(millions of Canadian dollars)

Nine months ended	Notes	September 30, 2020	September 30, 2019
Share capital			
Balance, beginning of year		**$ 3,614.8**	$ 3,813.8
Purchase of common shares	10	**(23.2)**	(170.0)
Exercise of equity compensation units	18	**8.8**	35.1
Balance, end of period		**3,600.4**	3,678.9
Contributed surplus			
Balance, beginning of year		**185.2**	110.5
Purchase of common shares	10	**7.6**	52.1
Stock-based compensation	18	**14.5**	18.2
Exercise of equity compensation units	18	**(8.6)**	(18.3)
Balance, end of period		**198.7**	162.5
Retained earnings			
Balance, beginning of year		**1,399.1**	925.3
Net income (loss) and comprehensive income (loss)		**(1,192.9)**	391.2
Balance, end of period		**$ 206.2**	$ 1,316.5
Total shareholders equity, beginning of year		**$ 5,199.1**	$ 4,849.6
Total shareholders equity, end of period		**$ 4,005.3**	$ 5,157.9

See accompanying notes to the condensed interim consolidated financial statements.

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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 production from the Company's Kakwa River Project in northwest Alberta, Canada. Seven Generations' corporate head office 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 unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2020 and 2019 (the "interim financial statements") were approved and authorized by Seven Generations' Board of Directors on November 6, 2020.

2. BASIS OF PREPARATION

These interim financial statements have been prepared in accordance with *IAS 34 - Interim Financial Reporting* under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at their estimated fair value. These interim financial statements are condensed as they do not include all of the information required by IFRS for annual financial statements and, therefore, should be read in conjunction with Seven Generations' consolidated financial statements for the years ended December 31, 2019 and 2018 (the "annual financial statements"). These statements follow the same accounting policies that were utilized to prepare the annual financial statements.

These interim 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.

3. ACCOUNTS RECEIVABLE

As at	September 30, 2020	December 31, 2019
Liquids and natural gas sales	**$ 188.3**	$ 282.0
Risk management contract settlements	**14.4**	2.4
Royalty recoveries	**8.8**	17.0
Joint venture billings and other	**5.2**	4.8
Accounts receivable	**$ 216.7**	$ 306.2

Seven Generations is primarily exposed to collection risk from receivables associated with the Company's liquids and natural gas sales. Seven Generations' customer base primarily consists of integrated oil and natural gas producers, midstream and downstream companies, energy traders and utility providers. The Company manages credit risk exposure by principally transacting with high-quality counterparties, establishing concentration limits, monitoring credit ratings and, in some cases, requiring the posting of collateral.

As at September 30, 2020, collection risk from Seven Generations' outstanding accounts receivable balances was considered low given the history of collections and because approximately 98% of the Company's accounts receivables from liquids and natural gas sales were held with investment-grade counterparties or fully secured by letters of credit. Substantially all of Seven Generations' accounts receivables from liquids and natural gas sales and risk management contract settlements were collected within 30 days following the month of sale and there were no material amounts past due as at September 30, 2020. The majority of Seven Generations' remaining receivables are owing from the Government of Alberta.

4. OIL AND NATURAL GAS ASSETS

($ millions)	Developed and producing	Right of use assets	Exploration and evaluation	Other assets	Total
Investments in oil and natural gas assets					
Balance as at December 31, 2018	$ 9,865.9	$ —	$ 350.6	$ 42.1	**$ 10,258.6**
Additions(1)	1,219.2	—	0.9	9.4	**1,229.5**
Non-cash capitalized costs	47.2	—	—	—	**47.2**
Initial recognition of right of use assets	—	5.3	—	—	**5.3**
Balance as at December 31, 2019	11,132.3	5.3	351.5	51.5	**11,540.6**
Additions(1)	491.1	—	5.4	4.0	**500.5**
Non-cash capitalized costs(2)	69.3	76.7	—	—	**146.0**
Balance as at September 30, 2020	11,692.7	82.0	356.9	55.5	**12,187.1**
Accumulated depletion, depreciation and impairment					
Balance as at December 31, 2018	2,589.9	—	5.8	10.8	**2,606.5**
Depletion and depreciation	877.9	1.5	—	2.5	**881.9**
Amortization of prepaid processing expenses	—	—	—	1.1	**1.1**
Balance as at December 31, 2019	3,467.8	1.5	5.8	14.4	**3,489.5**
Depletion and depreciation	580.9	7.5	6.0	1.4	**595.8**
Impairment loss	1,122.7	—	311.1	8.8	**1,442.6**
Amortization of prepaid processing expenses	—	—	—	0.7	**0.7**
Balance as at September 30, 2020	$ 5,171.4	$ 9.0	$ 322.9	$ 25.3	**$ 5,528.6**
Net book value					
Balance as at December 31, 2019	$ 7,664.5	$ 3.8	$ 345.7	$ 37.1	**$ 8,051.1**
Balance as at September 30, 2020	$ 6,521.3	$ 73.0	$ 34.0	$ 30.2	**$ 6,658.5**

(1) The Company capitalized employee costs of $7.3 million during the nine months ended September 30, 2020 (year ended December 31, 2019 - $13.8 million).

(2) For the nine months ended September 30, 2020, non-cash capitalized costs for developed and producing assets consisted of $65.5 million decommissioning obligation assets and $3.8 million of stock-based compensation. 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.

In the first quarter of 2020, Seven Generations identified indicators of impairment as a result of a steep decline in commodity prices primarily due to a growth in oil supply from OPEC+ as well as a deterioration of market demand for oil stemming from the COVID-19 pandemic.

Seven Generations performed an impairment test on the Company's single cash generating unit ("CGU"), the Kakwa River Project, primarily utilizing after-tax discounted future cash flows from proved plus probable reserves in order to estimate the CGU's fair-value-less-cost-to-sell valuation. Seven Generations also utilized observable third-party land transactions adjacent to the Company's assets for valuing undeveloped exploration acreage. The results of the impairment test indicated that the net book value of Seven Generations' oil and natural gas assets exceeded their recoverable value and the Company recognized an impairment loss of $1,442.6 million in the first quarter of 2020.

The following table summarizes the benchmark price forecasts included in Seven Generations' impairment test which was based on the average price forecasts from three independent third party reservoir engineering firms:

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Thereafter
WTI (US$/bbl)	29.17	40.45	49.17	53.28	55.66	56.87	58.01	59.17	60.35	61.56	**+2% per year**
Henry Hub (US$/MMBtu)	2.10	2.58	2.79	2.86	2.93	3.00	3.07	3.13	3.19	3.25	**+2% per year**
FX (US$ to C$)	0.707	0.728	0.745	0.747	0.748	0.750	0.750	0.750	0.750	0.750	**0.750**

The forecasted realized prices in the reserve report are adjusted for the Company's historical price differentials. Discounted after-tax cash flows from proved and probable reserves were calculated with a two percent inflation rate and a discount rate of 12%.

Fair value estimates utilized in the impairment test relied upon significant estimates and assumptions regarding the future cash flows from Seven Generations' recoverable reserves as well as the recoverable resale value of undeveloped exploratory acreage and, therefore, are subject to measurement uncertainty. Actual results may differ from the Company's estimates. Cash flow estimates were primarily based on Seven Generations' 2019 reserve report prepared by an independent third party engineering firm. The reports include 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. These estimates were prepared in accordance with the standards contained in the Canadian Oil and Gas Evaluation Handbook. The estimates were also updated for changes to estimates, assumptions and conditions that were present as at March 31, 2020, including the impact of the Company's decision to slow the pace of development of the Kakwa River Project in the near term in response to lower commodity prices.

A 5% change in the discounted cash flows that were utilized in the Company's impairment test would have resulted in an increase or decrease to the impairment loss of approximately $400 million. A 1% increase in the discount rate would have resulted in further impairment loss of approximately $550 million.

Seven Generations did not identify any indicators of impairment or impairment reversal during the second or third quarter of 2020.

During the nine months ended September 30, 2020, Seven Generations recognized a right-of-use asset of $76.6 million in respect of a leased third-party water disposal system that became available for use to the Company during the first quarter of 2020 (Note 8).

As at September 30, 2020, $44.8 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, 2019 - $353.5 million).

5. RISK MANAGEMENT CONTRACTS

The following table summarizes the changes in the value of Seven Generations' risk management contracts during the nine months ended September, 30 2020:

($ millions)		Oil		Natural gas		Foreign exchange		Total
Derivative asset (liability) as at December 31, 2019	$	(41.1)	$	34.1	$	1.5	$	**(5.5)**
Realization of derivative (gains) losses		(160.5)		(52.3)		0.2		**(212.6)**
Unrealized increase (decrease) in fair value		255.8		(31.1)		(0.8)		**223.9**
Derivative asset (liability) as at September 30, 2020	$	54.2	$	(49.3)	$	0.9	$	**5.8**

Seven Generations continues to execute a consistent risk management program which is primarily designed to reduce revenue and cash flow volatility, generate sufficient cash flows to service debt obligations and fund a portion of the Company's capital investment program. Seven Generations hedges liquids and natural gas pricing exposures and exchange rates through a rolling three year hedging program. Price targets are established at levels that are expected to provide a high degree of confidence in the Company's ability to internally fund the proposed capital investment program. Seven Generations' policy is to hedge between 35% to 65% of current production forecasts of condensate and natural gas volumes (net of royalties) for the upcoming four quarters, between 10% to 35% for the subsequent four quarters and between 0% to 20% for the four quarters following.

Seven Generations is exposed to credit risk on risk management contract assets associated with the Company's hedging program. Seven Generations manages credit risk by principally transacting with high-quality and reputable counterparties. The Company believes that the credit risk associated with risk management contract assets is low as the instruments are all held with large Canadian and US financial institutions. More than 90% of Seven Generations' risk management contract assets are also owing from members of the Company's Credit Facility syndicate. As at September 30, 2020, the valuation of Seven Generations' risk management contract assets included an average effective credit-adjusted discount factor of 0.20%.

The Company's risk management contracts consisted of the following positions as at September 30, 2020:

	C$ WTI Collars		US$ WTI Collars/Swaps		US$ WTI Sold Puts	
Term(1)	bbl/d	C$/bbl	bbl/d	US$/bbl	bbl/d	US$/bbl
2020 remainder	**4,000**	$57.50 - $70.33	**45,500**	$45.35 - $47.79	**4,000**	$40.00
2021	**—**	—	**17,000**	$45.70 - $48.15	**1,750**	$40.00
2022	**—**	—	**5,750**	$43.32 - $43.32	**—**	—

(1) Weighted average volumes and prices are presented.

	NYMEX Henry Hub Collars/Swaps		Chicago Basis Swaps		Chicago Citygate Swaps		AECO 7A Collars/Swaps	
Term(1)	MMbtu/d	US$/MMbtu	MMbtu/d	US$/MMbtu	MMbtu/d	US$/MMbtu	GJ/d	C$/GJ
2020 remainder	**163,315**	$2.61 - $2.70	**70,000**	$(0.20)	**20,000**	$2.71	**10,000**	$2.13
2021	**226,250**	$2.55 - $2.61	**62,500**	$(0.15)	**—**	—	**—**	—
2022	**145,000**	$2.52 - $2.54	**37,500**	$(0.07)	**—**	—	**—**	—
2023	**52,500**	$2.53 - $2.53	**7,500**	(0.05)	**—**	—	**—**	—

(1) Weighted average volumes and prices are presented.

	FX Collars/Swaps	
Term(1)	US$MM	C$:US$
2020 remainder	**$117.5**	1.3469 - 1.3535
2021	**$345.9**	1.3320 - 1.3395
2022	**$257.2**	1.3191 - 1.3323
2023	**$48.0**	1.3070 - 1.3602

(1) Weighted average figures are presented.

During the third quarter of 2020, the Company has also entered into differential swaps to protect against a potential weakening of Edmonton Condensate differentials to WTI.

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, the Company 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 potential impact of changes in commodity prices and foreign exchange rates on Seven Generations' net loss before tax, based on the derivative contracts in place as at September 30, 2020:

As at September 30, 2020 ($ millions)		Gain (loss)
10% increase in oil prices	**$**	**(67.6)**
10% decrease in oil prices		**67.7**
10% increase in natural gas prices		**(62.0)**
10% decrease in natural gas prices		**62.0**
10% increase in US$ to C$ exchange rate		**(99.2)**
10% decrease in US$ to C$ exchange rate	**$**	**98.5**

6. CREDIT FACILITY

As at	Financial covenants	September 30, 2020
Credit Facility details:		
Operating line draws (C$ millions)		$ —
Syndicated Credit Facility draws (US$200.0 million)		**266.8**
Undrawn capacity (C$ millions)		**1,133.2**
Total Credit Facility capacity (C$ millions)		$ **1,400.0**
Credit Facility maturity date		**Dec. 13, 2024**
Effective annual interest rate on 2020 draws		**1.4%**
Covenants:(1)		
Senior Secured Net Debt to Adjusted EBITDA Ratio	<3.0:1	**0.2:1**
Adjusted EBITDA to Interest Expense Ratio	>2.5:1	**8.3:1**
AER liability management ratio ("LMR")	>1.25	**30.57**
AER abandonment and reclamation orders(2)	<$110.0M or 1.5%	**None**

(1) 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.
(2) Cannot exceed the greater of $110.0 million and 1.5% of the carrying value of the Company's oil and gas assets if the orders have not been withdrawn or satisfied within prescribed timelines.

The Credit Facility has a C$120.0 million operating line that provides the Company with immediate access to capital in order to fund daily working capital requirements for ongoing operations without submitting a formal request through the syndicate. During the nine months ended September 30, 2020, C$301.5 million in cumulative amounts drawn under the Credit Facility utilized to manage liquidity were repaid by the end of the third quarter. Seven Generations elected to draw the majority of the 2020 draws 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.

In March 2020, Seven Generations also drew an additional US$200.0 million (C$274.9 million) on the Credit Facility to purchase and retire US$200.0 million of senior notes due in 2023 from the open market (Note 7). The Company is exposed to foreign exchange rate fluctuations on the principal and interest values of this long-term US dollar denominated cash draw. As at September 30, 2020, a 10% increase to the value of the Canadian dollar relative to the US dollar would result in a gain of approximately C$26.7 million (10% decline - loss of C$26.7 million).

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. For the purposes of the covenant calculations, 12-month trailing Adjusted EBITDA is calculated in a manner that is consistent with the measure disclosed in Note 12. Senior Secured Net Debt primarily consists of amounts drawn under the Credit Facility less cash and cash equivalents but may 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, both values of which are assessed by the AER.

During the second quarter of 2020, the Canadian and US currency-based components of the Company's unsecured demand letter of credit facility was increased to C$65.0 million and US$30.0 million, respectively (previously C$45.0 million and US$25.0 million). As at September 30, 2020, C$55.9 million and US$19.4 million in letters of credit were issued and outstanding under the facility (December 31, 2019 - C$41.7 million and US$20.6 million). Letters of credit issued under the letter of credit facility do not impact Seven Generations' borrowing capacity under the Credit Facility.

7. SENIOR NOTES

As at ($ millions)		September 30, 2020		December 31, 2019
US$379 million 6.75% senior notes, due May 1, 2023	**$**	**505.6**	$	552.0
US$296 million 6.875% senior notes, due June 30, 2023		**394.8**		584.5
US$700 million 5.375% senior notes, due September 30, 2025		**933.7**		909.2
Senior notes principal (US$1,375 million)		**1,834.1**		2,045.7
Less: unamortized debt issuance costs		**(15.8)**		(18.8)
Plus: unamortized premium		**1.8**		3.3
Senior notes	**$**	**1,820.1**	$	2,030.2

(1) The US dollar senior notes were translated into Canadian dollars at the period end exchange rate of US$1=C$1.3339 (December 31, 2019 – US$1=C$1.2988).

Seven Generations' senior notes are reflected 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 September 30, 2020, the fair value of the Company's senior notes was C$1,767.4 million (December 31, 2019 - C$2,092.7 million).

The following table summarizes the changes in the amortized cost value of Seven Generations' senior notes during the nine months ended September 30, 2020:

($ millions)		Nine months ended September 30, 2020		Year ended December 31, 2019
Balance, beginning of year	**$**	**2,030.2**	$	2,129.8
Purchase of US$154 million 6.875% senior notes		**(211.8)**		—
Purchase of US$46 million 6.75% senior notes		**(63.1)**		—
Foreign exchange (gains) losses on senior notes		**63.0**		(103.0)
Amortization of debt issuance costs and premiums		**1.8**		3.4
Balance, end of period	**$**	**1,820.1**	$	2,030.2

During the first quarter of 2020, Seven Generations purchased and retired US$200.0 million of the Company's senior notes at prevailing market prices utilizing the proceeds from a Credit Facility draw to finance the acquisition (Note 6). Seven Generations acquired the senior notes at a market premium of C$3.2 million. The transaction reduced the effective interest rate on US$200.0 million of the Company's long term debt from 6.8% to approximately 1.4% and extends the maturity of the debt from the second quarter of 2023 to the fourth quarter of 2024.

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

	US$700 million 5.375% senior notes(1)	US$379 million 6.75% senior notes(2)	US$296 million 6.875% senior notes(3)
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 30th of each year.
(2) The change in redemption price for the US$379 million 6.75% senior notes takes effect on May 1st of each year.
(3) The change in redemption price for the US$296 million 6.875% senior notes takes effect on June 30th 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 September 30, 2020, a 10% increase to the value of the Canadian dollar relative to the US dollar would result in a gain of approximately $185.5 million (10% decline - loss of $185.5 million).

8. OTHER LONG-TERM LIABILITIES

As at ($ millions)		September 30, 2020		December 31, 2019
Decommissioning liabilities	**$**	**311.3**	$	244.2
Lease liabilities		**76.9**		7.1
Deferred share units (Note 18)		**1.9**		—
	$	**390.1**	$	251.3
Presented as:				
Accounts payable and accrued liabilities	**$**	**19.1**	$	2.5
Other long-term liabilities	**$**	**371.0**	$	248.8

Decommissioning liabilities

As at ($ millions)		September 30, 2020		December 31, 2019
Balance, beginning of year	**$**	**244.2**	$	190.2
Development of oil and natural gas assets		**13.7**		27.2
Accretion		**3.0**		4.0
Change in estimate		**—**		6.4
Change in discount rates and other		**51.8**		16.7
Reclamation expenditures		**(1.4)**		(0.3)
Balance, end of period	**$**	**311.3**	$	244.2

Seven Generations' decommissioning liabilities reflect the estimated cost to dismantle, abandon, reclaim and remediate the Company's liquids and natural gas assets in the Kakwa River Project at the end of their useful lives. As at September 30, 2020, the total estimated undiscounted, uninflated cash flows required to settle Seven Generations' decommissioning liabilities was approximately $237.7 million (December 31, 2019 – $231.9 million). These liabilities are anticipated to be incurred over the next 35 years with the majority of costs incurred after 2040. As at September 30, 2020, the Company utilized a risk free rate of 1.0% (December 31, 2019 - 1.8%) and an inflation rate of 2.0% (December 31, 2019 – 2.0%).

Lease liabilities

As at ($ millions)		September 30, 2020		December 31, 2019
Balance, beginning of year	**$**	**7.1**	$	4.0
Acquisition of right-of-use assets		**76.7**		0.1
Lease payments		**(9.2)**		(2.7)
Accretion		**2.0**		0.5
Change in estimate		**0.3**		—
De-recognition of lease provision under IAS 37		**—**		(4.0)
Initial recognition of lease liability under IFRS 16		**—**		9.2
Balance, end of period	**$**	**76.9**	$	7.1

During the first quarter of 2019, Seven Generations entered into a third-party water disposal agreement with an undiscounted take-or-pay commitment of $88.4 million over five years. The right-of-use assets associated with the agreement became available for use to the Company during the first quarter of 2020 and Seven Generations recognized 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 (Note 4). The lease payments commenced during the second quarter of 2020.

As at September 30, 2020, the estimated undiscounted cash flows required to settle Seven Generations' lease liabilities were approximately $87.4 million (December 31, 2019 - $7.9 million) and are anticipated to be incurred within the next five years. For the nine months ended September 30, 2020, the Company's water disposal lease was valued utilizing a weighted average incremental borrowing rate of 5.8% (year ended December 31, 2019 - 6.1%). Seven Generations also 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.

9. INCOME TAXES

The following table reconciles the Company's income tax expense (recovery) recognized during the three and nine months ended September 30, 2020 at a deferred income tax rate of approximately 23%, compared to that computed using the current effective Canadian combined federal and provincial corporate tax rate of 25% (2019 - 26.5%):

	Three months ended September 30,		Nine months ended September 30,	
($ millions)	2020	2019	2020	2019
Net income (loss) before income taxes	**$ (100.2)**	$ 127.0	**$ (1,530.1)**	$ 412.4
Statutory income tax rate	**25%**	26.5%	**25%**	26.5%
Expected income tax expense (recovery)	**$ (25.1)**	$ 33.7	**$ (382.5)**	$ 109.3
Adjustments related to the following:				
Non-deductible taxable portion of foreign exchange (gain) loss	**(5.7)**	3.3	**7.3**	(8.3)
Change in unrecognized deferred tax asset	**(5.7)**	3.3	**7.3**	(8.3)
Change in current and deferred income tax rates and other	**3.1**	1.3	**29.4**	(74.1)
Stock-based compensation	**—**	0.3	**1.3**	2.6
Income tax expense (recovery)	**$ (33.4)**	**$ 41.9**	**$ (337.2)**	$ 21.2

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 legislation, the tax rate declines by 1% each year over four taxation years, starting on July 1, 2019, resulting in a combined federal and provincial corporate tax rate of 23% by 2022. For the nine months ended September 30, 2019, Seven Generations recognized a deferred income tax recovery of $75.0 million to reflect the decline in deferred provincial income taxes anticipated under the new legislation.

During the third quarter of 2020, the Alberta Government announced an acceleration to its previously legislated step reductions to the tax rate with an intention to enact a tax rate of 8% effective July 1, 2020. The new tax rate is expected to result in a combined effective federal and provincial income tax rate of 24% for the year ended December 31, 2020.

When the rate changes were first enacted in 2019, Seven Generations had anticipated that the majority of the Company's existing deferred income tax liabilities would reverse beyond 2021 at an effective tax rate of approximately 23%. Accordingly, the revised timing of the provincial tax rate reductions in 2020 are anticipated to have a minimal impact on Seven Generations' deferred income tax liability for the year ended December 31, 2020.

10. 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.

	Nine months ended September 30, 2020		Year ended December 31, 2019	
(millions)	Shares	Amount	Shares	Amount
Balance, beginning of year	**334.7**	**$ 3,614.8**	352.6	$ 3,813.8
Purchase of common shares	**(2.1)**	**(15.6)**	(22.1)	(168.1)
Exercise of equity compensation units	**0.7**	**0.2**	4.2	19.7
Transfer from contributed surplus on exercise of equity compensation	**—**	**8.6**	—	20.3
Recognition of contributed surplus from the purchase of common shares	**—**	**(7.6)**	—	(70.9)
Balance, end of period	**333.3**	**$ 3,600.4**	334.7	$ 3,614.8

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, Seven Generations was allowed to purchase up to 30.4 million common shares until November 4, 2019. In the fourth quarter of 2019, the Company completed the initial NCIB program and received approvals to purchase up to an additional 23.8 million shares under a new NCIB program by November 10, 2020. Seven Generations suspended purchases under its NCIB program in April 2020.

All of Seven Generations stock purchased under the NCIB was acquired at prevailing market prices and subsequently cancelled. During the three months ended March 31, 2020, the Company purchased 2.1 million shares for cancellation at an average price of $7.25 per common share before transaction costs. For the year ended December 31, 2019, Seven Generations purchased 22.1 million shares for cancellation at an average of $7.61 per common share before transaction costs. Since the inception of the NCIB program in the fourth quarter of 2018, the Company acquired 33.9 million shares representing approximately 9.4% of the total common shares that were outstanding as at October 31, 2018.

During the three months ended March 31, 2020, the weighted average carrying value of the Company's shares purchased for cancellation was $10.80/share (year ended December 31, 2019 - $10.81/share) and was derecognized from share capital. The carrying value of shares purchased in excess of the amount paid for the shares was recognized as contributed surplus.

11. PER SHARE AMOUNTS

	Three months ended September 30,		Nine months ended September 30,	
(millions)	**2020**	**2019**	**2020**	**2019**
Weighted average number of common shares - basic	**333.3**	345.9	**333.3**	350.2
Dilutive effect of outstanding equity compensation units[1]	**—**	1.1	**—**	1.8
Weighted average number of common shares - diluted	**333.3**	347.0	**333.3**	352.0

(1) Equity compensation units of 0.7 million were anti-dilutive during the three and nine months ended September 30, 2020.

12. CAPITAL MANAGEMENT

Seven Generations' current objective for managing capital is to maintain a strong balance sheet in order to provide financial liquidity to fund ongoing development programs or enhance the Company's net debt composition. Since the fourth quarter of 2018, the Company had also previously utilized funds flow in excess of capital expenditures for NCIB purchases. The NCIB was suspended during the second quarter of 2020 in order to conserve capital in response to a steep decline in commodity prices due to the COVID-19 pandemic.

Seven Generations manages its debt and equity with the objective of balancing the level of risk being incurred through its capital investment programs with the Company's weighted average cost of capital. Seven Generations' business plan targets a trailing 12-month ratio of net debt to adjusted EBITDA of less than 1.5 in a US$50.00 WTI and US$2.50 NYMEX Henry Hub commodity price environment. Previously, the Company had targeted a metric of less than 2.0 but recent extreme volatility in commodity prices and the shift to prioritize free cash flow over growth have prompted Seven Generations to reduce its corporate leverage target. The Company will require a period of allocating free cash flow to net debt reduction and a modest recovery in liquids and natural gas prices for Seven Generations to reach this revised target. The ratio was 2.1 for the 12 months ended September 30, 2020 (December 31, 2019 - 1.4). In the near term, the Company plans to utilize any funds flow in excess of capital expenditures to reduce net debt in order to align the Company’s balance sheet with its revised leverage targets.

Seven Generations manages liquidity risk by designing field development plans in conjunction with commodity price forecasting which provides the Company with an opportunity to fund its capital investment program and expenses using cash generated from operating activities. Seven Generations also manages liquidity risk by preserving ample borrowing capacity under the Credit Facility and managing the term of the senior notes, which provides flexibility with respect to future refinancing options associated with those instruments.

Management believes the Company has sufficient funding to meet near-term liquidity requirements. As at September 30, 2020, Seven Generations' earliest debt maturity date is May 2023 and the Company also has $1.1 billion of available credit under the Credit Facility, maturing near the end of 2024 (Note 6). Near-term development activities and any purchases of senior notes are anticipated to be funded by the Company's funds flow, cash on hand or draws under the Credit Facility (Note 6).

The following tables summarize Seven Generations' net debt, total capitalization and Adjusted EBITDA as at and for the nine months ended September 30, 2020:

As at ($ millions)		**September 30, 2020**		**December 31, 2019**
Senior notes principal (Note 7)	**$**	**1,834.1**	$	2,045.7
Credit Facility draws (Note 6)		**266.8**		—
Long-term portion of lease liabilities (Note 8)		**57.8**		4.6
Current assets		**(350.0)**		(378.4)
Current liabilities		**348.2**		438.7
		2,156.9		2,110.6
Current portion of risk management assets (Note 5)		**52.4**		24.7
Current portion of risk management liabilities (Note 5)		**(30.5)**		(36.0)
Net debt		**2,178.8**		2,099.3
Shareholders equity		**4,005.3**		5,199.1
Total capitalization	**$**	**6,184.1**	$	7,298.4

Net debt is an important measure used by Management and others 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.

	Three months ended September 30,		Nine months ended September 30,	
($ millions)	**2020**	**2019**	**2020**	**2019**
Net income (loss)	**$ (66.8)**	$ 85.1	**$ (1,192.9)**	$ 391.2
Finance expense	**32.0**	36.4	**105.2**	108.4
Current and deferred income tax expense (recovery)	**(33.4)**	41.9	**(337.2)**	21.2
Impairment loss	**—**	—	**1,442.6**	—
Depletion and depreciation	**192.0**	224.4	**595.8**	655.0
Stock-based compensation	**3.6**	4.2	**12.6**	13.4
Unrealized (gain) loss on risk management contracts	**115.2**	(44.1)	**(11.3)**	9.3
Foreign exchange (gain) loss on debt instruments and other	**(46.1)**	24.4	**54.3**	(63.2)
Adjusted EBITDA	**$ 196.5**	$ 372.3	**$ 669.1**	$ 1,135.3

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 ability to fund financing expenses, net debt reduction and other obligations.

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.

13. COMMITMENTS AND CONTINGENCIES

The following table summarizes the Company’s undiscounted future contractual cash outflows as at September 30, 2020:

($ millions)	2020	2021	2022	2023	2024	Thereafter	Total
Firm transportation and processing commitments(1)(2)(3)	$ 128.2	$ 512.1	$ 476.1	$ 295.6	$ 297.7	$ 1,812.8	**$3,522.5**
Senior notes(2)	—	—	—	900.4	—	933.7	**1,834.1**
Interest on senior notes and Credit Facility draws(2)	28.8	115.2	115.2	78.9	53.8	37.7	**429.6**
Credit Facility	—	—	—	—	266.8	—	**266.8**
Accounts payable and accrued liabilities	296.6	21.1	—	—	—	—	**317.7**
Risk management contract liabilities	4.4	31.5	15.4	4.1	—	—	**55.4**
Long-term portion of lease liabilities (undiscounted)	—	4.9	19.7	19.0	18.1	6.1	**67.8**
Other purchase commitments	26.5	42.8	2.8	—	—	—	**72.1**
Total contractual cash outflows	$ 484.5	$ 727.6	$ 629.2	$1,298.0	$ 636.4	$ 2,790.3	**$6,566.0**

(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 September 30, 2020 exchange rate of US$1=C$1.3339.
(3) Excluded from the table above are firm transportation commitments averaging $37 million/year to 2030 that a counterparty alleges Seven Generations is obligated to fulfill. While the timing and resolution of this dispute cannot be predicted with certainty, any such expenses under the contract are considered unlikely and no provision has been recognized in the interim financial statements.

The senior notes, accounts payable and accrued liabilities, Credit Facility draws, risk management contract liabilities and the long-term portion of lease liabilities are recognized on Seven Generations' consolidated balance sheet. The firm transportation and processing commitments, interest on the senior notes and Credit Facility as well as certain other contractual commitments are off-balance sheet arrangements in accordance with IAS 1 - Presentation of Financial Statements and IFRS 16 - Leases.

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

14. LIQUIDS AND NATURAL GAS SALES

($ millions)	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Sales by product				
Condensate	**$ 325.0**	$ 508.3	**$ 937.8**	$ 1,472.8
Natural gas	**188.4**	159.4	**547.7**	627.1
NGLs	**55.5**	12.5	**137.6**	61.0
Liquids and natural gas sales	**$ 568.9**	$ 680.2	**$ 1,623.1**	$ 2,160.9
Sales by country				
Canada	**$ 376.7**	$ 537.5	**$ 1,095.5**	$ 1,607.2
United States	**$ 192.2**	$ 142.7	**$ 527.6**	$ 553.7
Sales by activity				
Production from the Kakwa River Project	**$ 407.7**	$ 601.8	**$ 1,223.7**	$ 1,891.7
Sale of purchased product	**$ 161.2**	$ 78.4	**$ 399.4**	$ 269.2

Seven Generations' sale of purchased product, less the cost of product purchased and applicable transportation tolls, reflects the net profit (loss) 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 three and nine months ended September 30, 2020:

($ millions)	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Natural gas	**$ 75.7**	$ 9.4	**$ 197.7**	$ 100.7
Condensate	**74.6**	55.0	**183.0**	111.3
NGLs	**3.4**	1.6	**6.3**	3.6
Product purchases	**$ 153.7**	$ 66.0	**$ 387.0**	$ 215.6

Included in transportation, processing and other expenses are $17.3 million and $43.5 million of transportation tolls incurred in respect of products that were purchased for sale during the three and nine months ended September 30, 2020, respectively (September 30, 2019 - $8.8 million, $35.1 million) (Note 16).

Seven Generations enters into physical delivery contracts in its various gas markets on a month-to-month and term contract basis. Pricing of the physical delivery contracts is primarily based on published North American natural gas indices and fixed prices. These own-use sales contracts are not held for trading or speculative purposes and, therefore, are not recognized as financial instruments on the balance sheet.

The following table summarizes the average daily volumes the Company has committed to deliver on a term contract basis as at September 30, 2020:

Average daily sales volume commitments	2020	2021	2022
Chicago Citygate Index (MMBtu/d) - Alliance	**308,667**	**51,250**	**—**
Chicago Citygate Basis (MMBtu/d) - Alliance	**3,333**	**1,250**	**—**
Chicago Citygate Fixed (MMBtu/d) - Alliance	**3,333**	**—**	**—**
US Gulf Coast Index (MMBtu/d) - NGPL	**70,000**	**34,583**	**—**
US Gulf Coast Basis (MMBtu/d) - NGPL	**85,000**	**62,500**	**—**
Dawn Hub Index (MMBtu/d) - TC Energy	**69,444**	**29,385**	**5,275**
Dawn Hub Fixed (MMBtu/d) - TC Energy	**8,333**	**—**	**—**
Malin Hub Index (MMBtu/d) - GTN	**33,700**	**7,500**	**—**
Malin Hub Basis (MMBtu/d) - GTN	**20,000**	**12,500**	**2,500**
Malin Hub Fixed (MMBtu/d) - GTN	**10,000**	**—**	**—**

15. OPERATING EXPENSES

($ millions)	Three months ended September 30, 2020	2019	Nine months ended September 30, 2020	2019
Equipment rental and maintenance	**$ 32.0**	$ 25.4	**$ 79.5**	$ 82.5
Water trucking and disposal	**12.8**	31.2	**49.2**	82.5
Staff and contractor costs	**19.1**	16.1	**45.9**	47.0
Chemicals and fuel	**12.3**	12.3	**38.4**	38.6
Property tax, insurance and other	**6.1**	5.6	**18.7**	19.3
Operating expenses	**$ 82.3**	$ 90.6	**$ 231.7**	$ 269.9

16. TRANSPORTATION, PROCESSING AND OTHER EXPENSES

($ millions)	Three months ended September 30, 2020	2019	Nine months ended September 30, 2020	2019
Pipeline tariffs	**$ 104.5**	$ 99.7	**$ 311.6**	$ 298.8
Processing	**27.7**	19.6	**82.3**	62.6
Trucking and other	**7.2**	11.2	**21.1**	35.7
Transportation, processing and other	**$ 139.4**	$ 130.5	**$ 415.0**	$ 397.1

17. FINANCE EXPENSE

($ millions)	Three months ended September 30, 2020	2019	Nine months ended September 30, 2020	2019
Interest on senior notes	**$ 26.9**	$ 32.2	**$ 88.3**	$ 96.7
Credit Facility interest and bank fees	**2.2**	2.2	**6.2**	6.3
Premium on purchase of senior notes	**—**	—	**3.3**	—
Accretion of decommissioning and lease liabilities (Note 8)	**1.8**	1.1	**5.0**	3.5
Amortization of premiums and debt issuance costs	**1.1**	0.9	**2.4**	1.9
Finance expense	**$ 32.0**	$ 36.4	**$ 105.2**	$ 108.4

18. STOCK-BASED COMPENSATION

Seven Generations' equity compensation arrangements allow for the granting of equity incentive units to directors, officers, employees and service providers of the Company. As at September 30, 2020, Seven Generations' stock-based compensation plans consisted of performance share units ("PSUs"), restricted share units ("RSUs") and deferred share units ("DSUs"). There are also stock options and performance warrants outstanding that were issued under previous compensation plans. The following table summarizes Seven Generations' outstanding equity compensation units as at September 30, 2020:

	September 30, 2020			December 31, 2019		
As at	Units (millions)	Weighted Average Exercise Price ($)	Weighted Average Remaining Life (years)	Units (millions)	Weighted Average Exercise Price ($)	Weighted Average Remaining Life (years)
Stock options	**7.6**	**$ 17.48**	**6.2**	9.5	$ 17.27	6.7
PSUs	**2.7**	**—**	**2.2**	1.1	—	1.7
RSUs	**2.0**	**—**	**2.0**	1.1	—	1.4
DSUs(1)	**0.9**	**—**	**—**	0.4	—	—
Performance warrants	**0.2**	**16.43**	**0.6**	0.6	11.61	0.9
Units outstanding	**13.4**	**$ 10.09**	**4.3**	12.7	$ 13.40	5.3

(1) Consists of 0.4 million equity-settled DSUs and 0.5 million cash-settled DSUs (Note 8).

During the nine months ended September 30, 2020, the Company issued 4.4 million equity compensation units of PSUs, RSUs and DSUs. Seven Generations also had 0.7 million equity compensation units exercised primarily relating to PSU and RSU grants issued in prior years and 3.0 million equity compensation units forfeited during the first nine months of 2020.

The following table summarizes the Company's exercisable equity compensation units as at September 30, 2020:

As at	September 30, 2020 Units (millions)	Weighted Average Exercise Price ($)	Weighted Average Remaining Life (years)	December 31, 2019 Units (millions)	Weighted Average Exercise Price ($)	Weighted Average Remaining Life (years)
Stock options	**5.5**	**19.45**	**5.6**	5.3	20.36	5.2
PSUs and RSUs	**0.2**	**—**	**5.6**	0.2	—	6.1
DSUs(1)	**0.9**	**—**	**—**	0.4	—	—
Performance warrants	**0.2**	**16.43**	**0.6**	0.6	11.61	0.9
Units exercisable	**6.8**	**$ 16.21**	**4.6**	6.5	$ 17.65	4.5

(1) Consists of 0.4 million equity-settled DSUs and 0.5 million cash-settled DSUs (Note 8).

During the first nine months of 2020, Seven Generations issued 0.5 million in deferred share units under a new cash-settled share-based compensation arrangement for the Company's directors (the "2020 DSU Plan"). The 2020 DSU Plan units vest immediately at the date of grant and are available for redemption by directors following their departure from Seven Generations. Grants under the 2020 DSU Plan are recognized as a liability on the balance sheet at their fair market value (Note 8). The fair market value is determined based on the Company's share price and is subsequently remeasured through net income at each reporting period to reflect changes in their current payout value at the balance sheet date.

19. CHANGES IN NON-CASH WORKING CAPITAL

($ millions)	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Accounts receivable	**$ 5.5**	$ (36.2)	**$ 89.5**	$ (31.4)
Deposits and prepaid expenses	**(4.3)**	4.0	**(11.6)**	(13.9)
Accounts payable and accrued liabilities	**58.8**	(15.7)	**(85.0)**	(13.5)
	60.0	(47.9)	**(7.1)**	(58.8)
Changes in current portion of other long-term liabilities	**(0.5)**	—	**(16.6)**	(2.5)
Unrealized foreign exchange gain (loss) in non-cash working capital	**0.1**	(0.6)	**0.1**	0.1
	$ 59.6	$ (48.5)	**$ (23.6)**	$ (61.2)
Relating to:				
Operating activities	**$ 20.8**	$ (20.1)	**$ 42.7**	$ (32.8)
Financing activities	**$ 0.2**	$ 2.1	**$ (0.6)**	$ (2.6)
Investing activities	**$ 38.6**	$ (30.5)	**$ (65.7)**	$ (25.8)

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

Chris Feltin
Vice President, Corporate Planning & Development

Kevin Johnston
Vice President, Finance & Controller

Brian Newmarch
Vice President, Capital Markets & Stakeholder Engagement

Pam Ramotowski
Vice President, Human Resources

Directors
Mark Monroe
Chair of the Board

Marty Proctor
President & Chief Executive Officer

Leontine Atkins

Avik Dey

Harvey Doerr

Paul Hand

Ronnie Irani

Susan Jones

Bill McAdam

M. Jacqueline Sheppard

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Telephone: (403) 718-0700
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Trustee and Transfer Agent
Computershare Trust Company of Canada
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