Brian Newmarch, Vice President, Capital Markets:

Thank you for joining us for the Seven Generations Energy first quarter 2019 conference call. In attendance are:

- President and Chief Executive Officer Marty Proctor
- Chief Financial Officer Derek Aylesworth
- Chief Operating Officer David Holt
- as well as other members of our management team

We will review our results for the quarter ended March 31, 2019 and then open the line to questions. All statements made by the company during this call are subject to the reader advisories set forth in the news release issued this morning and the company's corporate presentation. All dollar amounts discussed today are in Canadian dollars unless otherwise stated. The complete financial statements and MD&A for the period ending March 31, 2019 were published this morning and are available on www.7genergy.com as well as the SEDAR website.

I will now pass the call over to you, Marty.

Marty Proctor, President & CEO

Thanks Brian, and thanks to everyone joining us on the line.

The first quarter of 2019 brought significant improvements to benchmark WTI pricing and local condensate differentials, which continue to be the backbone of our cash flow generating capacity. Although North American natural gas and NGL prices have been slightly softer than anticipated, we now have visibility to free cash flow in 2019, and we are taking steps to actively return capital to our shareholders. For 2019, we remain firmly committed to the $1.25 billion capital investment plan we established at the beginning of the year, with incremental cash flow above $1.25 billion earmarked for returns of cash to our shareholders through our normal course issuer bid, and net debt reduction.

The first quarter was active, both from a base-line drilling and completions front, and from our key infrastructure investments, which support Nest 3 development in the second half of 2019 and beyond. These investments give us the capacity to grow Nest 3 as a major development area in the coming years, where it will also become a substantial free cash flow generator, just like we are seeing from our core Nest 2 area. We included the investment in Nest 3 connectivity in our sustaining capital budget in 2019, but it should be emphasized that approximately $130 million of infrastructure investment that connects southern Nest 2 and Nest 3 to our main infrastructure will not recur in 2020.

Our business continues to get stronger. Our $150 million dollars of discretionary capital allocation in our 2019 budget is yielding value-enhancing delineation results, particularly within our Lower Montney resource. We reported another successful lower Montney result which helps expand our economic inventory, and allows us to make better use of surface infrastructure on a full cycle return basis. 7G's previously announced Nest 1 perimeter test continues to flow at rates and pressures exceeding expectations. Initial rates during the first 60 days of production averaged about 1,900 boe/d of which 72 percent was condensate while flowing at restricted rates during most of the second month. Longer-term flow rates in our Nest 1 perimeter tests will help fine-tune our development planning in that region.

While we continue to see some of the best well results in the basin, we are also starting to see the beneficial results from our heightened focus on cost structure. We have challenged our historical assumptions to improve capital efficiencies through evolving completion, surface facilities and lease construction designs. While there is no single 'silver bullet' to drive costs down, we are active on numerous fronts, and expect to see continued improvements in our cost structure and capital efficiencies over time. Improving our cost base contributes to our sustainable free cash flow generation, and improves our resiliency to commodity price cycles.

Before passing things over to Derek, I want to outline one key differentiator for 7G - our commitment to stakeholder service and responsible energy development. We are seeing increasing interest and inquiries from stakeholders about environment, social and governance issues across all aspects of our business.

For those that are familiar with 7G, you will know that we have a differentiated approach to our business. Stakeholder service is not just a page in a presentation, or an annual report. It is inherent in our every day business. It is embedded in the behaviour of our employees and those who work with us. We refer to this commitment as our ‘guiding principle’ and it permeates every decision we make. We are committed to responsible development.

As an example, right now we are the lowest emitter of Greenhouse Gas Equivalents per boe of production in all of Canada. While our relatively new project and modern infrastructure helps in this category, we have made intentional investments in processes and equipment that helps reduce our carbon footprint.

This week we published on our website Generations 2019, our Stakeholder and Sustainability Report. It gives voice to our stakeholders about how we engage with communities and the stakeholders that contribute to our Kakwa River Project. You will also find expanded sustainable development reporting, with robust quantitative data and metrics. Along with costs, revenues and other metrics of economic performance, we constantly seek new ways of measuring our ESG performance.

Our ability to develop Alberta’s resources responsibly is tied to the need for us to create value and generate compelling returns for our shareholders. At Seven Generations, environmental responsibility and profitable development go hand in hand.

I will now pass the call over to our Chief Financial Officer, Derek Aylesworth.

Derek Aylesworth, Chief Financial Officer:

Thanks Marty.

As we mature 7G from a high-growth, out-spend cashflow business model, to a self-funded, free cash flow generating entity, we believe that a return of capital is an important component of total shareholder returns. At our current stage, a share buyback is the most appropriate method to return capital to our shareholders, which is why we are continuing with our NCIB. We see buybacks, coupled with net debt reduction, as the primary use of this year’s cash flow beyond our $1.25 billion dollar capital investment plan. Ultimately, we see our asset base generating very strong returns that in a $55-65 WTI price environment will consistently drive a combination of fully funded growth coupled with a return of capital component to our shareholders.

We have continued to be active in our regular hedging program, recently having added approximately 5,000 bbl/d of additional oil volumes at $65+ per barrel of WTI for the balance of the year. This contributes to our confidence in our capacity to generate free cash flow, and comfortably fund an NCIB.

We have also added an additional 55 MMcf/d of capacity on the NGPL Line during the first quarter that gives us the option to take additional natural gas production directly to the Gulf Coast of the United States. This transaction provides 7G with additional optionality and market diversity that we expect will improve future natural gas netbacks. With gas egress capacity in excess of our own production, we have significant optionality to optimize our market exposures and commodity risk, grow production volumes if warranted, or market excess capacity and continue to make money for our shareholders from these arrangements.

On a final note – I wanted to briefly mention that our midstream process continues to progress, and as previously discussed, we will update the markets during 2019 when appropriate.

I will now pass the call over to our Chief Operating Officer, David Holt.

David Holt, Chief Operating Officer:

Thanks Derek,

This quarter, we invested in a significant wedge of up-front capital in our key Nest 3 supporting infrastructure, including initial preparations for river crossings and nearly $60 million of pipeline work, over 4 segments. The second quarter of 2019 will see construction of our first Nest 3 Super-Pad, in support of future development. The second half of the year will see less infrastructure and a larger proportion of capital investment in drilling & completions. As we progress development of Nest 3 into 2020 and beyond, we anticipate the region's strong capital efficiencies, lower decline rates, and optimization of surface infrastructure should require a reduced level of sustaining capital.

Operating expenses this quarter were 11 percent below our 2018 average, and almost two percent below the low-end of our 2019 guidance. Investments in water handling have contributed to this strong showing, in addition to across the board efforts by our team to get the best value for our investments. Looking forward to the balance of 2019, several planned turnaround events in the second quarter are likely to drive modestly higher operating costs per boe than we experienced in the first quarter, so we continue to anticipate quarterly operating costs to remain within the guided $5.00-5.50 per boe range for the rest of 2019.

I also wanted to highlight a few key points about the latest lower Montney location test result. This was our second partial triple-stack, meaning that we placed a single horizontal well in the Lower Montney, beneath several upper and middle Montney horizontals. Our operations team brought this Lower well on-steam faster than initially anticipated, allowing us to disclose an IP30 rate, of approximately 1,250 boe/d, 63% condensate. The location of this well is a township west of our prior location, helping calibrate our geological model expectations for the Lower Montney over a wider area. We had anticipated that the Lower Montney here could be of tier-2 rock quality, however we are quite happy with initial flow rates and notably the pressure, which over the first 30 days has averaged about 40% higher than our earlier Lower Montney result this fall.

Elsewhere within our delineation program, we are currently prepping for the tie-in of our first full triple stack location, consisting of 3 lower Montney horizontals, beneath a layer of both upper and middle Montney horizontals. We anticipate providing results on this pad during our Q2 release this summer. Combined, these Lower Montney results are continuing to demonstrate additional resource potential that can expand our economic drilling inventory, and make better full-cycle use of infrastructure over time.

I'll now pass the call back to Marty for a few closing remarks.

Closing Remarks

Marty:

Thanks David.

As we look forward to the rest of 2019, I'm encouraged by the transition toward a truly sustainable business with free cash flow generation, a replenishment of top tier inventory, in addition to our industry-leading environmental performance. We remain committed to delivering long-term value to our shareholders over the coming years through a blend of modest growth and full-cycle economic returns far-above our cost of capital, that will allow us to continue to return capital to our shareholders.