Condensed Interim Financial Statements

For the three months ended March 31, 2015 and 2014

SEVEN GENERATIONS ENERGY LTD.

Condensed Balance Sheets (unaudited)

(thousands of Canadian dollars)

	Notes	**March 31, 2015**	December 31, 2014
Assets			
Current assets			
Cash and cash equivalents	4	**621,497**	848,136
Accounts receivable		**73,658**	64,417
Risk management contracts	14	**91,961**	138,122
Deposits and prepaid expenses		**7,804**	9,355
		794,920	1,060,030
Risk management contracts	14	**6,066**	997
Oil and natural gas assets	5	**2,365,405**	2,049,760
Goodwill		**4,010**	4,010
		3,170,401	3,114,797
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**321,574**	268,108
Current portion of deferred credits		**123**	123
		321,697	268,231
Senior notes	7	**888,356**	813,880
Deferred credits		**943**	973
Decommissioning liabilities	8	**58,562**	52,163
Deferred income taxes		**65,194**	68,624
		1,334,752	1,203,871
Equity			
Share capital	9	**1,723,958**	1,719,779
Contributed surplus		**57,926**	54,684
Retained earnings		**53,765**	136,463
		1,835,649	1,910,926
		3,170,401	3,114,797

See accompanying notes to the condensed interim financial statements

SEVEN GENERATIONS ENERGY LTD.

Condensed Statements of Income (Loss) and Comprehensive Income (Loss) (unaudited)

(thousands of Canadian dollars, except per share amounts)

Three months ended March 31	Notes	2015	2014
Revenues			
Oil and natural gas sales		**108,540**	98,737
Royalties		**(15,181)**	(5,386)
		93,359	93,351
Risk management contracts			
Realized gain (loss)	14	**50,655**	(5,405)
Unrealized loss	14	**(41,092)**	(13,437)
Interest and third party income		**1,685**	911
		104,607	75,420
Expenses			
Operating		**21,454**	11,391
Transportation		**12,966**	6,626
General and administrative	12	**6,629**	3,175
Depletion, depreciation and amortization		**60,043**	24,035
Stock based compensation	10	**2,952**	1,767
Finance expense	13	**18,027**	13,799
Foreign exchange loss		**68,664**	12,418
Gain on disposition of assets	5	**-**	(2,440)
		190,735	70,771
Income (loss) before taxes		**(86,128)**	4,649
Taxes			
Deferred income tax expense (recovery)		**(3,430)**	3,485
Net income (loss) and comprehensive income (loss)		**(82,698)**	1,164
Net (loss) income per share	11		
Basic		**(0.34)**	0.01
Diluted		**(0.34)**	0.01

See accompanying notes to the condensed interim financial statements

SEVEN GENERATIONS ENERGY LTD.

Condensed Statements of Changes in Equity (unaudited)
(thousands of Canadian dollars)

	Notes	Share capital	Contributed surplus	Retained earnings (deficit)	Total
Balance at December 31, 2013		790,064	45,626	(7,737)	827,953
Net income for the period		-	-	1,164	1,164
Stock based compensation	10	-	2,879	-	2,879
Balance at March 31, 2014		790,064	48,505	(6,573)	831,996
Balance at December 31, 2014		1,719,779	54,684	136,463	1,910,926
Net loss for the period		-	-	(82,698)	(82,698)
Stock based compensation	10	-	4,132	-	4,132
Exercise of stock options and performance warrants	9,10	4,179	(890)	-	3,289
Balance at March 31, 2015		**1,723,958**	**57,926**	**53,765**	**1,835,649**

See accompanying notes to the condensed interim financial statements

SEVEN GENERATIONS ENERGY LTD.

Condensed Statements of Cash Flows (unaudited)

(thousands of Canadian dollars)

Three months ended March 31	Notes	**2015**	2014
Operating activities			
Net income (loss) for the period		**(82,698)**	1,164
Deferred income tax expense (recovery)		**(3,430)**	3,485
Depletion, depreciation and amortization		**60,043**	24,035
Unrealized loss (gain) on risk management contracts	14	**41,092**	13,437
Stock based compensation	10	**2,952**	1,767
Amortization of premium and debt issue costs	13	**(235)**	(152)
Accretion	13	**289**	205
Gain on disposition of assets		**-**	(2,440)
Unrealized foreign exchange loss		**68,906**	12,641
Decommissioning expenditures		**-**	(206)
Other		**(30)**	22
Changes in non-cash working capital	15	**30,323**	13,837
Cash provided by operating activities		**117,212**	67,795
Financing activities			
Issue of shares on option and warrant exercises	9	**3,289**	-
Issue of senior notes	7	**-**	356,342
Debt issue costs	7	**-**	(9,814)
Cash provided by financing activities		**3,289**	346,528
Investing activities			
Oil and natural gas asset additions	5	**(368,400)**	(200,549)
Proceeds on disposition of property	5	**-**	7,500
Changes in non-cash working capital	15	**14,289**	(1,706)
Cash used in investing activities		**(354,111)**	(194,755)
Unrealized foreign exchange gain on cash held in foreign currencies		**6,971**	2,429
Increase (decrease) in cash and cash equivalents		**(226,639)**	221,997
Cash and cash equivalents, beginning of period		**848,136**	307,485
Cash and cash equivalents, end of period		**621,497**	529,482

Supplementary disclosure of cash flow information (Note 15)

See accompanying notes to the condensed interim financial statements

Notes to the Condensed Interim Financial Statements (unaudited)

As at and for the three months ended March 31, 2015 and 2014

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

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 Canadian company focused on the exploration, development and production of oil and natural gas properties in western Canada. Seven Generations' principal place of business is located at 300, 140 – 8th Avenue S.W., Calgary, Alberta T2P 1B3. The Company's Class A common shares are publicly traded on the Toronto Stock Exchange, under the symbol "VII".

2. BASIS OF PREPARATION

These condensed interim financial statements (the "financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These 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' audited financial statements for the year ended December 31, 2014. All financial information is reported in thousands of Canadian dollars, unless otherwise noted. References to "US$" are to United States dollars. The financial statements have been prepared on a historical cost basis, except as detailed in the accounting policies disclosed in Note 3 of Seven Generations' audited financial statements for the year ended December 31, 2014. All accounting policies and methods of computation followed in the preparation of these financial statements are consistent with those of the previous financial year, except as noted in Note 3 "Changes in Accounting Policies" in these financial statements. There have been no changes to the use of estimates or judgments since December 31, 2014.

The financial statements were approved and authorized for issue by the Audit Committee of the Board of Directors on May 4, 2015.

3. NEW ACCOUNTING POLICIES

Future accounting policy changes

In February 2015, the IASB tentatively decided to require an entity to apply IFRS 9 "Financial Instruments" for annual periods beginning on or after January 1, 2018. IFRS 9 is still available for early adoption. The impact of the standard on the Company's financial statements is currently being evaluated.

In May 2015, the IASB issued IFRS 15 "Revenue from Contracts with Customers," which replaces IAS 18 "Revenue," IAS 11 "Construction Contracts," and related interpretations. The standard is required to be adopted either retrospectively or using a modified transition approach for fiscal years beginning on or after January 1, 2017, with earlier adoption permitted. IFRS 15 will be applied by Seven Generations on January 1, 2017 and the Company is currently evaluating the impact of the standard on the financial statements.

4. CASH AND CASH EQUIVALENTS

	March 31, 2015	December 31, 2014
Cash	**50,005**	1,448
Short term investments, bearing interest at a weighted average rate of 0.4% (December 31, 2014 – 0.8%) (1)	**571,492**	846,688
	621,497	848,136

(1) Includes term deposit balance of US$67.5 million ($85.5 million) (March 31, 2014 – US$66.0 million ($76.6 million)).

5. OIL AND NATURAL GAS ASSETS

	Exploration and evaluation	**Developed and producing**	**Other**	**Total**
Cost				
Balance at December 31, 2013	140,342	1,017,254	4,123	1,161,719
Additions	61,652	1,056,411	2,273	1,120,336
Dispositions	-	(5,134)	-	(5,134)
Non-cash capitalized costs (1)	-	33,618	-	33,618
Balance at December 31, 2014	201,994	2,102,149	6,396	2,310,539
Additions	4,513	363,546	341	368,400
Non-cash capitalized costs (1)	-	7,288	-	7,288
Balance at March 31, 2015	**206,507**	**2,472,983**	**6,737**	**2,686,227**
Accumulated depletion, depreciation and amortization				
Balance at December 31, 2013	-	100,600	732	101,332
Depletion, depreciation and amortization expense	-	158,387	1,060	159,447
Balance at December 31, 2014	-	258,987	1,792	260,779
Depletion, depreciation and amortization expense	-	59,712	331	60,043
Balance at March 31, 2015	**-**	**318,699**	**2,123**	**320,822**
Net book value				
Balance at December 31, 2014	201,994	1,843,162	4,604	2,049,760
Balance at March 31, 2015	**206,507**	**2,154,284**	**4,614**	**2,365,405**

(1) Non-cash capitalized costs include capitalized stock based compensation, decommissioning obligation assets, land swap additions and non-cash interest and financing.

As at March 31, 2015, the calculation for depletion included an estimated $8.5 billion (December 31, 2014 - $8.9 billion) for future development capital associated with undeveloped estimated recoverable proved plus probable reserves and excluded $142.8 million (March 31, 2014 - $141.8 million) for the cost of undeveloped land for which no recoverable reserves have been assigned and for other capital projects not yet in use.

During the three months ended March 31, 2015, the Company capitalized $2.7 million (three months ended March 31, 2014 – $1.8 million) of general and administrative expenses based on actual direct salaries and benefits paid to development personnel specifically related to capital activities, including $1.2 million (three months ended March 31, 2014 – $1.1 million) related to stock based compensation.

During the three months ended March 31, 2015, the Company capitalized $0.3 million (three months ended March 31, 2014 - $Nil) of borrowing costs.

6. BANK DEBT

At March 31, 2015, the Company had available a $480.0 million revolving credit facility (December 31, 2014 – $480.0 million) with a syndicate of banks (the "credit facility"), which has a three year term ending in September 2017. The credit facility is subject to a redetermination of the borrowing base semi-annually and is secured by a floating charge over the Company's assets. The credit facility bears interest rates based on a pricing grid that increases or decreases based on the ratio of indebtedness to earnings before interest, taxes, depreciation, depletion and amortization. The credit facility also includes standby fees on balances not drawn. At March 31, 2015 and December 31, 2014, no amount was drawn on the credit facility.

In April 2015, the Company increased the credit facility to $650.0 million (Note 17).

7. SENIOR NOTES

	March 31, 2015	December 31, 2014
Balance, beginning of period	**813,880**	414,525
Issuance of debt	**-**	356,342
Debt issue costs	**-**	(9,840)
Unrealized foreign exchange loss	**74,711**	53,319
Amortization of premium and debt issue costs	**(235)**	(466)
Balance, end of period [(1)]	**888,356**	813,880

(1) Balance of debt and unamortized discount and premium at March 31, 2015 is US$697.6 million ($886.6. million) (December 31, 2014 – US$697.4 million ($812.1 million)).

The senior notes bear interest at 8.25% per annum and mature May 15, 2020. Subject to certain exceptions and qualifications, the senior unsecured notes have no financial covenants but limit the Company's 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; transfers of assets; and engage in amalgamations, mergers or consolidations. At March 31, 2015, the Company was in compliance with the covenants on the senior notes.

In April 2015**,** the Company closed US$425.0 million of additional senior notes bearing interest at 6.25% with a 2023 maturity (Note 17).

8. DECOMMISSIONING LIABILITIES

	March 31, 2015	December 31, 2014
Balance, beginning of period	**52,163**	23,656
Liabilities incurred	**2,415**	20,873
Changes in estimates [(1)]	**-**	2,367
Changes in estimated discount rates	**3,695**	4,311
Decommissioning expenditures	**-**	(206)
Accretion	**289**	1,162
Balance, end of period	**58,562**	52,163

(1) Changes in the status of wells and the estimated costs of abandonment and reclamation are factors resulting in a change in estimate.

The total future decommissioning liability was estimated based on the Company's net ownership interest in all wells and facilities, the estimated costs to abandon and reclaim the wells and facilities and the estimated timing of the costs to be incurred in future periods. The total undiscounted amount of the estimated cash flows required to settle the decommissioning liabilities at March 31, 2015 is approximately $95.1 million (December 31, 2014 – $90.9 million) which is expected to be incurred over the next 35 years with the majority of costs incurred between 2036 and 2049. At March 31, 2015 a risk-free rate of 2.0 percent (December 31, 2014 – 2.3 percent) and an inflation rate of 2.0 percent (December 31, 2014 – 2.0 percent) were used to calculate the provision for decommissioning liabilities.

9. SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of Class A Common Voting Shares, Class B Common Non-Voting Shares, Preferred A, B, C and D Shares and Special Voting Shares. There are no Preferred Shares or Special Voting Shares issued and outstanding.

The following table summarizes changes to the Company's common share capital:

	Three months ended March 31, 2015		Year ended December 31, 2014	
	Number (000s)	**Amount**	Number (000s)	Amount
Class A Common Voting Shares				
Balance, beginning of period	**244,716**	**1,716,050**	185,420	783,514
Issued on IPO (a)	**-**	**-**	51,750	931,500
Share issue costs, net of deferred tax	**-**	**-**	-	(36,637)
Issued on exercise of stock options	**734**	**3,289**	110	275
Transfer from contributed surplus on exercise of stock options	**-**	**890**	-	130
Conversion of Class B Common Non-Voting Shares (1)	**60**	**214**	7,436	37,268
Balance, end of period	**245,510**	**1,720,443**	244,716	1,716,050

(1) Class B Common Non-Voting shares convert into Class A Common Voting Shares on a two-for-one basis.

(a) On November 5, 2014, the Company closed an initial public offering for gross proceeds of $931.5 million through the issuance of 51.8 million Class A Common Voting Shares including an over-allotment option exercised by the underwriters for gross proceeds of $121.5 million. As a part of the IPO, the Company agreed to apply restrictions to the transfer of common shares issued prior to the IPO without the consent of the underwriters. At March 31, 2015, 193.8 million shares were restricted from trading until 180 days from the IPO or May 5, 2015.

	Three months ended March 31, 2015		Year ended December 31, 2014	
	Number (000s)	**Amount**	Number (000s)	Amount
Class B Common Non-Voting Shares				
Balance, beginning of period	**523**	**3,729**	966	6,550
Issued on exercise of stock options	**-**	**-**	1,770	9,765
Issued on exercise of performance warrants	**-**	**-**	1,505	15,858
Transfer from contributed surplus on exercise of stock options and performance warrants	**-**	**-**	-	8,824
Conversion to Class A Common Voting Shares (1)	**(30)**	**(214)**	(3,718)	(37,268)
Balance, end of period	**493**	**3,515**	523	3,729

(1) Class B Common Non-Voting shares convert into Class A Common Voting Shares on a two-for-one basis.

10. STOCK BASED COMPENSATION

The Company's stock option plan was amended and restated on August 27, 2014 (the "New Plan"). The stock options under the New Plan are exercisable for Class A Common Voting Shares. The stock options will vest over a period of three years, or as otherwise set out by the Board in the applicable grant agreement, and have a maximum term of ten years. The maximum number of Class A Common Voting Shares issuable under the New Plan and other share based compensation arrangements (excluding the performance warrants) must not exceed 10% of the aggregate of the number of outstanding Class A Common Voting Shares plus two times the number of outstanding Class B Common Non-Voting Shares.

Prior to the Company's IPO closing on November 5, 2014, Seven Generations had issued stock options to its directors, officers, and employees to acquire up to 12.4 million Class A Common Voting Shares. These stock options ("Pre-IPO stock options") were granted under the stock option plan provided for in the Amended and Restated Shareholder Agreement ("USA") effective while Seven Generations was a private company. The Pre-IPO stock options are exercisable for Class A Common Voting Shares. After the November 5, 2015 closing of the IPO, no additional Pre-IPO stock options may be granted

The following table sets forth a reconciliation of stock options exercisable into Class A Common Voting Shares:

	Three months ended March 31, 2015		Year ended December 31, 2014	
	Number (000s)	**Exercise price**	Number (000s)	Exercise price
Balance, beginning of period	**12,385**	**6.71**	13,426	3.49
Granted	**174**	**17.49**	2,927	17.11
Exercised	**(255)**	**2.96**	(3,650)	2.75
Forfeited	**(112)**	**10.32**	(318)	5.81
Balance, end of period	**12,192**	**6.91**	12,385	6.71

A summary of stock options outstanding and exercisable into Class A Common Voting Shares at March 31, 2015 is as follows:

	Options outstanding		Options exercisable	
Exercise price ($)	Number of options (000s)	Weighted average remaining life (years)	Number of options (000s)	Weighted average remaining life (years)
2.50	5,520	2.7	5,083	2.7
5.50	3,654	5.0	1,779	4.9
12.50	489	6.2	15	5.9
16.50- 17.49	1,887	6.3	-	-
17.50 - 18.00	642	5.3	-	-
	12,192	4.2	6,877	3.3

The fair value of stock options granted was estimated using a Black-Scholes pricing model with the following weighted average assumptions:

Three months ended March 31	**2015**	2014
Fair value of options granted ($/option)	**8.82**	5.09
Risk-free interest rate (%)	**0.60**	1.12
Expected life (years)	**5.0**	3.0
Expected forfeiture rate (%)	**3.0**	3.0
Expected volatility (%) [1]	**60.0**	60.0
Expected dividend yield (%)	**-**	-

(1) Expected volatility is based on the historical share price volatility from a peer group of listed companies.

Performance Warrants

Prior to the Company's IPO closing on November 5, 2014, Seven Generations had issued performance warrants to its directors, officers, and employees to acquire up to 26.0 million Class A Common Non-Voting Shares. These performance warrants were granted pursuant to the USA effective while Seven Generations was a private company. The performance warrants are exercisable for Class A Common Voting Shares. Except for the performance warrants that were granted in 2008 and 2009, the terms of which were extended to 2017, the performance warrants have a seven-year term from the date of grant and vest over a period of five years. After the November 5, 2015 closing of the IPO, no additional performance warrants may be granted. The following table sets forth a reconciliation of performance warrants exercisable into Class A Common Voting Shares:

	Three months ended March 31, 2015		Year ended December 31, 2014	
	Number (000s)	**Exercise price**	Number (000s)	Exercise price
Balance, beginning of period	**25,968**	**5.99**	28,825	5.39
Granted	**-**	**-**	1,350	17.38
Exercised	**(479)**	**5.29**	(3,011)	5.27
Forfeited	**(587)**	**6.99**	(1,196)	6.31
Balance, end of period	**24,902**	**5.96**	25,968	5.99

A summary of performance warrants outstanding and exercisable into Class A Common Voting Shares at March 31, 2015 is as follows:

	Warrants outstanding		Warrants exercisable	
Weighted average exercise price ($)	Number of warrants (000s)	Weighted average remaining life (years)	Number of warrants (000s)	Weighted average remaining life (years)
5.25	18,263	2.6	14,441	2.3
5.85	5,416	4.8	1,774	4.7
12.50	94	6.1	6	5.9
17.50	1,129	6.4	-	-
	24,902	3.2	16,221	2.6

The fair value of performance warrants granted was estimated using a Black-Scholes pricing model with the following weighted average assumptions:

Three months ended March 31	**2015**	2014
Fair value of warrants granted ($/warrant)	**-**	4.66
Risk-free interest rate (%)	**-**	1.11
Expected life (years)	**-**	3.0
Expected forfeiture rate (%)	**-**	3.0
Expected volatility (%) (1)	**-**	60.0
Expected dividend yield (%)	**-**	-

(1) Expected volatility is based on the historical share price volatility from a peer group of listed companies.

Compensation Plans

On August 27, 2014, the Board of Directors (the "Board") adopted a Performance and Restricted Share Unit ("PRSU") Plan and a Deferred Share Unit ("DSU") Plan. At March 31, 2015, no units had been issued for either of these plans.

11. PER SHARE AMOUNTS

Basic and diluted per share amounts have been calculated based on the following:

Three months ended March 31	**2015**	2014
(000s)		
Weighted average number of common shares – basic	**245,877**	187,352
Effect of outstanding stock options and performance warrants (1)	**-**	24,682
Weighted average number of common shares - diluted	**245,877**	212,034

(1) 7.3 million stock options and 17.3 million performance warrants have been excluded from the above since these are anti-dilutive as the Company is in a net loss position. Additional potentially dilutive instruments would include 2.5 million stock options and 1.1 million performance warrants (March 31, 2014 – 0.2 million anti-dilutive stock options).

12. GENERAL AND ADMINISTRATIVE EXPENSES

Three months ended March 31	**2015**	2014
Personnel	**5,236**	2,050
Professional fees	**460**	759
Rent	**403**	274
Other office costs	**2,016**	870
Gross expenses	**8,115**	3,953
Capitalized salaries and benefits	**(1,030)**	(533)
Operating overhead recoveries	**(456)**	(245)
	6,629	3,175

13. FINANCE EXPENSE

Three months ended March 31	**2015**	2014
Interest on senior notes	**17,820**	13,338
Revolving credit facility fees and other	**503**	408
Amortization of premium and debt issue costs	**(235)**	(152)
Accretion	**289**	205
Total finance costs	**18,377**	13,799
Capitalized borrowing costs	**(350)**	-
Total finance expense	**18,027**	13,799

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTRACTS

Financial instrument classification and measurement

The Company's financial instruments include cash and cash equivalents, outstanding cheques in excess of bank balances, accounts receivable, risk management contracts, accounts payable and accrued liabilities, the credit facility and senior notes.

The Company's financial instruments that are carried at fair value on the balance sheet include cash and cash equivalents, risk management contracts and the credit facility. The credit facility has a floating rate of interest and therefore the carrying value approximates the fair value. The senior notes are carried at amortized cost, net of transaction costs and accrete to the principal balance on maturity using the effective interest rate method. The fair value of senior notes is approximately $909.0 million as at March 31, 2015 (December 31, 2014 – $782.0 million).

Seven Generations classifies the fair value of these instruments 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 as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed in the marketplace.
- Level 3 – Valuations in this level are those inputs for the asset or liability that are not based on observable market data.

Risk management contracts, the credit facility and fair value disclosure for the senior notes are classified as Level 2 measurements. Level 2 fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted prices or indices. The fair value of risk management contracts are derived using third-party valuation models which require assumptions concerning the amount and timing of future cash flows and discount rates for the Company's risk management contracts. Management's assumptions rely on external observable market data including interest rate yield curves. The observable inputs may be adjusted using certain methods, which include extrapolation to the end of the term of the contract. Seven Generations does not have any fair value measurements classified as Level 3. There were no transfers within the hierarchy in the three months ended March 31, 2015. The carrying value of the Company's accounts receivable, accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these instruments.

Financial assets and financial liabilities subject to offsetting

The Company's risk management contracts are subject to master netting agreements that create a legally enforceable right to offset by counterparty the related financial assets and financial liabilities on the Company's balance sheets.

The following is a summary of financial assets and financial liabilities that are subject to offset:

As at March 31, 2015	Gross amounts of recognized financial assets (liabilities)	Gross amounts of recognized financial assets (liabilities) offset in balance sheet	Net amounts of recognized financial assets (liabilities) recognized in balance sheet
Risk management contracts			
Current asset	91,961	-	91,961
Long-term asset	6,333	(267)	6,066
Long-term liability	(267)	267	-
Net position	98,027	-	98,027

As at December 31, 2014	Gross amounts of recognized financial assets (liabilities)	Gross amounts of recognized financial assets (liabilities) offset in balance sheet	Net amounts of recognized financial assets (liabilities) recognized in
Risk management contracts			
Current asset	138,122	-	138,122
Long-term asset	997	-	997
Net position	139,119	-	139,119

Risk management contracts

The Company had the following risk management contracts in place at March 31, 2015:

Commodity	**Period**	**Notional**	**Average Price/Unit (1)**
Natural gas (2)	**Q2 2015**	63,500 GJ/d	CDN$3.88
Natural gas (2)	**Q3 2015**	63,500 GJ/d	CDN$3.75
Natural gas (2)	**Q4 2015**	73,500 GJ/d	CDN$3.75
Natural gas (2)	**Q1 2016**	17,500 GJ/d	CDN$3.79
Natural gas (3)	**Q1 2016**	40,000 MMBtu/d	USD$3.15
Natural gas (3)	**Q2 2016**	40,000 MMBtu/d	USD$3.15
Natural gas (3)	**Q3 2016**	40,000 MMBtu/d	USD$3.15
Natural gas (3)	**Q4 2016**	40,000 MMBtu/d	USD$3.15
Oil	**Q2 2015**	12,100 bbls/d	CDN$101.94
Oil	**Q3 2015**	7,600 bbls/d	CDN$101.20
Oil	**Q4 2015**	4,100 bbls/d	CDN$85.50 - $92.50
Oil	**Q1 2016**	6,000bbls/d	CDN$70.00 - $80.81
Oil	**Q2 2016**	6,000bbls/d	CDN$70.00 - $80.81
Oil	**Q3 2016**	6,000bbls/d	CDN$70.00 - $80.81
Oil	**Q4 2016**	6,000bbls/d	CDN$70.00 - $80.81
Foreign exchange swap	**Q1 2016**	11.5 million	CDN$1.26
Foreign exchange swap	**Q2 2016**	11.5 million	CDN$1.26
Foreign exchange swap	**Q3 2016**	11.6 million	CDN$1.26
Foreign exchange swap	**Q4 2016**	11.6 million	CDN$1.26

(4) For collar contracts, the minimum price has been used in calculating the average for the above table.
(5) AECO gas price.
(6) Chicago Citygate.

During the three months ended March 31, 2015, the Company's risk management contracts resulted in a realized gain of $50.7 million (three months ended March 31, 2014 – realized loss $5.4 million) and an unrealized loss of $41.1 million (three months ended March 31, 2014 – unrealized loss of $13.4 million).

15. SUPPLEMENTAL CASH FLOW INFORMATION

Change in non-cash working capital

Three months ended March 31	**2015**	2014
Accounts receivable	**(9,241)**	(15,117)
Deposits and prepaid expenses	**1,551**	(51)
Accounts payable and accrued liabilities	**52,302**	27,299
	44,612	12,131
Relating to:		
Operating activities	**30,323**	13,837
Investing activities	**14,289**	(1,706)

Other Cash Flow Information

Three months ended March 31	**2015**	2014
Cash interest paid	**517**	13,746
Cash taxes paid	**-**	-

16. COMMITMENTS

The following table lists the Company's estimated material contractual commitments at March 31, 2015:

	Total	Less than 1 year	1-3 years	4-5 years	Thereafter
Senior notes (1)	**886,620**	-	-	-	886,620
Interest on senior notes	**393,159**	73,146	146,292	146,292	27,429
Firm transportation and processing agreements (2)	**1,828,198**	26,131	399,532	503,877	898,658
Operating leases (3)	**14,163**	1,663	4,295	3,104	5,101
Deferred obligation and retention (4, 5)	**42,000**	21,000	21,000	-	-
Estimated contractual obligations	**3,164,140**	121,940	571,119	653,273	1,817,808

(1) Balance represents US$700.0 million principal converted to Canadian dollars at the closing exchange rate for the period end.
(2) Subject to completion of certain pipeline and facility upgrades by the counterparty transportation company.
(3) The Company is committed under operating leases for office premises.
(4) In November 2014, the Board of Directors approved a retention bonus plan for management and employees in aggregate of $6.0 million, payable over the two-year period starting November 5, 2014.
(5) With the closing of the IPO on November 5, 2014, certain terms and conditions pursuant to the USA were satisfied and $36.0 million was recognized as a liability. The settlement of the liability is payable in cash in 2015 as approved by the Board.

17. SUBSEQUENT EVENTS

In April 2015, the Company completed a private placement of US$425.0 million of senior notes, bearing interest at 6.75% and maturing in 2023. The estimated net proceeds from this offering are expected to be approximately US$415.5 million.

Subsequent to quarter end, the Company and its lending syndicate agreed to an amendment to the senior secured revolving credit arrangement that increased the borrowing capacity from $480.0 million to $650.0 million.

CORPORATE INFORMATION

Management
Pat Carlson
CEO

Marty Proctor
President & COO

Christopher Law
CFO

Randy Evanchuk
Executive Vice President

Steve Haysom
Senior Vice President

Susan Targett
Vice President, Land

Glen Nevokshonoff
Vice President, Development

Merlyn Spence
Vice President, Construction and Marketing

Barry Hucik
Vice President, Drilling

Randall Hnatuik
Vice President, Business Development

Kevin Johnston
Vice President, Accounting & Controller

Directors
Kent Jespersen
Chairman

Pat Carlson
CEO

Michael Kanovsky

Kevin Brown

Jeff van Steenbergen

Jeff Donahue

Kaush Rakhit

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Bank of Montreal
Canadian Imperial Bank of Commerce
The Bank of Nova Scotia
The Toronto-Dominion Bank
Alberta Treasury Branches
Canadian Western Bank
National Bank of Canada

Auditors
PricewaterhouseCoopers LLP

Legal Counsel
Stikeman Elliott LLP

Independent Evaluators
McDaniel & Associates Consultants Ltd.

Stock Symbol
VII
Toronto Stock Exchange