RAGING RIVER EXPLORATION INC.
Statement of Financial Position
(unaudited)

(thousands)	September 30, 2015 $	December 31, 2014 $
ASSETS		
Current assets		
Accounts receivable	17,181	29,105
Commodity contract asset (note 13)	950	2,522
Prepaid expenses	2,727	642
	20,858	32,269
Exploration and evaluation assets (notes 4 & 5)	36,263	34,771
Property and equipment (notes 4 & 6)	791,031	698,292
	848,152	765,332
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	65,200	114,043
Current taxes payable	-	19,648
	65,200	133,691
Bank debt (note 7)	58,367	48,305
Asset retirement obligations (note 8)	54,248	42,460
Deferred income tax	53,503	43,892
	231,318	268,348
Shareholders' Equity		
Share capital (note 9)	415,317	321,925
Warrants	-	595
Contributed surplus	12,800	9,545
Retained earnings	188,717	164,919
	616,834	496,984
	848,152	765,332

See accompanying notes to the interim financial statements

RAGING RIVER EXPLORATION INC.
Statement of Comprehensive Earnings
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
(thousands except per share data)	$	$	$	$
REVENUE				
Petroleum and natural gas	63,518	88,566	191,989	258,204
Royalties	(5,575)	(8,730)	(18,481)	(24,754)
	57,943	79,836	173,508	233,450
Realized gain (loss) on commodity contracts (note 13)	993	130	3,342	(3,635)
Unrealized gain (loss) on commodity contracts (note 13)	1,073	3,450	(1,572)	2,707
	60,009	83,416	175,278	232,522
EXPENSES				
Operating	11,288	11,541	37,878	33,445
Transportation	1,691	1,912	4,996	5,485
General and administrative	1,454	1,369	4,671	3,960
Financial charges	873	894	2,638	2,879
Stock-based compensation (note 10)	1,357	1,463	4,049	3,324
Depletion and depreciation (note 6)	28,216	22,834	83,092	64,222
Exploration and evaluation expense (note 5)	-	-	2,512	581
Asset retirement obligation accretion (note 8)	287	198	794	523
	45,166	40,211	140,630	114,419
Earnings before income taxes	14,843	43,205	34,648	118,103
Income taxes				
Current tax	-	6,400	-	20,100
Deferred income taxes	3,950	5,300	10,850	11,900
	3,950	11,700	10,850	32,000
Net earnings and comprehensive earnings	**10,893**	**31,505**	**23,798**	**86,103**
Net earnings per share (note 9 (d))				
Basic	$0.05	$0.17	$0.12	$0.48
Diluted	$0.05	$0.17	$0.12	$0.46

See accompanying notes to the interim financial statements

RAGING RIVER EXPLORATION INC.
Statement of Cash Flows
(unaudited)

Cash flow related to the following activities:	Three months ended September 30, 2015	2014	Nine months ended September 30, 2015	2014
(thousands)	$	$	$	$
OPERATING				
Net earnings	10,893	31,505	23,798	86,103
Items not involving cash:				
Depletion and depreciation	28,216	22,834	83,092	64,803
Exploration and evaluation expense	-	-	2,512	-
Asset retirement obligation accretion	287	198	794	523
Stock-based compensation	1,357	1,463	4,049	3,324
Unrealized (gain) loss on commodity contracts	(1,073)	(3,450)	1,572	(2,707)
Deferred income taxes	3,950	5,300	10,850	11,900
Asset retirement expenditures	-	-	(23)	-
	43,630	57,850	126,644	163,946
Change in non-cash operating working capital (note 11)	5,277	5,163	(26,964)	(5,746)
	48,907	63,013	99,680	158,200
FINANCING				
Change in bank debt	3,886	(12,735)	10,062	(20,087)
Issue of common shares, net	1,530	120	89,232	820
	5,416	(12,615)	99,294	(19,267)
Cash available for investing activities	54,323	50,398	198,974	138,933
INVESTING				
Capital expenditures – property and equipment	(45,049)	(78,222)	(125,737)	(177,678)
Capital expenditures – exploration and evaluation	(4,711)	(3,442)	(5,818)	(3,793)
Property acquisition, net (note 4)	-	-	(35,729)	-
Change in non-cash investing working capital (note 11)	(4,563)	31,266	(31,690)	42,538
	(54,323)	(50,398)	(198,974)	(138,933)
Change in cash	-	-	-	-
Cash, beginning of period	-	-	-	-
Cash, end of period	-	-	-	-

See accompanying notes to the interim financial statements

RAGING RIVER EXPLORATION INC.
Statement of Changes in Shareholders' Equity
(unaudited)

	Note	Share capital	Warrants	Contributed surplus	Retained earnings	Total equity
(thousands)		$	$	$	$	$
Balance at January 1, 2014		**317,472**	**3,247**	**3,935**	**54,749**	**379,403**
Warrants exercised	9 (c)	3,471	(2,651)	-	-	820
Transfer of contributed surplus	9 (c)	719	-	(719)	-	-
Stock based compensation		-	-	4,449	-	4,449
Net earnings for the period		-	-	-	86,103	86,103
Balance at September 30, 2014		**321,662**	**596**	**7,665**	**140,852**	**470,775**
Balance at January 1, 2015		**321,925**	**595**	**9,545**	**164,919**	**496,984**
Issued through bought deal financing	9 (c)	88,320	-	-	-	88,320
Share issue costs, net of tax $1,239	9 (c)	(3,349)	-	-	-	(3,349)
Warrants exercised	9 (c)	3,562	(595)	-	-	2,967
Transfer of contributed surplus	9 (c)	2,327	-	(2,327)	-	-
Issued for cash on exercise of stock options	9 (c)	2,532	-	-	-	2,532
Stock based compensation		-	-	5,582	-	5,582
Net earnings for the period		-	-	-	23,798	23,798
Balance at September 30, 2015		**415,317**	**-**	**12,800**	**188,717**	**616,834**

See accompanying notes to the interim financial statements

RAGING RIVER EXPLORATION INC.
Notes to the Financial Statements

(unaudited)

For the three and nine months ended September 30, 2015 and 2014

(tabular amounts in thousands of dollars unless otherwise stated)

1. NATURE OF OPERATIONS

Raging River Exploration Inc. ("Raging River" or the "Company") is a crude oil and natural gas exploration, development and production company based in Calgary, Alberta, Canada. The Company's operations are focused in western Canada, primarily in southwest Saskatchewan. The Company is listed on the TSX under the symbol "RRX".

The address of its registered office is suite 1700, 605-5th Avenue S.W., Calgary, Alberta T2P 3H5.

2. BASIS OF PREPARATION

Statement of Compliance

The interim 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"). The interim financial statements should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2014.

These financial statements were approved and authorized for issue by the Company's Board of Directors on November 5, 2015.

Basis of measurement

The interim financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies are described in Note 3 to the December 31, 2014 audited annual financial statements. Those accounting policies have been applied consistently to all periods presented in these interim financial statements.

Future accounting pronouncements

IFRS 15 Revenue from Contracts with Customers, provides clarification for recognizing revenue from contracts with customers and establishes a single revenue recognition and measurement framework that applies to contracts with customers. The new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Management is currently assessing the potential impact of the adoption of IFRS 15 on the Company's financial statements.

IFRS 9 Financial Instruments, is intended to replace IAS 39 Financial Instruments: Recognition and Measurement and uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. For financial liabilities designated at fair value through profit or loss, a company can recognize the portion of the change in fair value related to the change in the company's own credit risk through other comprehensive income rather than profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39, and incorporates new hedge accounting requirements. The new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Management is currently assessing the potential impact of the adoption of IFRS 9 on the Company's financial statements.

4. BUSINESS COMBINATIONS

On February 11, 2015, the Company completed a property acquisition consisting of oil and gas assets in the southwest Saskatchewan region. The purchase price paid by Raging River was $35.7 million prior to closing adjustments. The acquisition had an effective date of January 1, 2015 and the purchase price was adjusted for the results of operations between the effective date and closing date of the transaction. The property acquisition was preliminarily accounted for using the acquisition method and accounted for as follows:

Cost of acquisition:

	$
Cash	35,729
Total consideration	35,729

Net assets at estimated fair values:

Property and equipment	34,377
Exploration and evaluation assets	2,376
Asset retirement obligations	(1,024)
	35,729

Had the acquisition closed on January 1, 2015, the Company estimates that its pro forma revenue and net earnings for the period would not have been significantly affected.

5. EXPLORATION AND EVALUATION ("E&E") ASSETS

Reconciliation of movements in E&E assets:

	September 30, 2015	December 31, 2014
	$	$
Balance, beginning of year	34,771	32,426
Additions	5,818	7,870
Acquisition (note 4)	2,376	-
Transfers to property and equipment (note 6)	(4,190)	(4,944)
Lease expiries	(2,512)	(581)
Balance, end of period	36,263	34,771

Lease expiries of $2.5 million (year ended December 31, 2014 - $581 thousand) for the nine month period ended September 30, 2015, have been included in exploration and evaluation expense on the Company's Statement of Comprehensive Earnings.

For the period ended September 30, 2015, there were no indicators of impairment identified. Accordingly, an impairment test was not required.

6. PROPERTY AND EQUIPMENT

Reconciliation of movements in property and equipment:

	Office Assets	Oil and Natural Gas Assets	Total
	$	$	$
January 1, 2014	54	576,413	576,467
Additions	113	294,478	294,591
Transfers from exploration and evaluation assets (note 5)	-	4,944	4,944
Balance at December 31, 2014	167	875,835	876,002
Additions	20	171,621	171,641
Transfers from exploration and evaluation assets (note 5)	-	4,190	4,190
Balance at September 30, 2015	187	1,051,646	1,051,833
Accumulated depletion and depreciation:			
January 1, 2014	(12)	(87,069)	(87,081)
Depletion and depreciation for the year	(22)	(90,607)	(90,629)
Balance at December 31, 2014	(34)	(177,676)	(177,710)
Depletion and depreciation for the period	(24)	(83,068)	(83,092)
Balance at September 30, 2015	(58)	(260,744)	(260,802)
Net book value:			
Balance at December 31, 2014	133	698,159	698,292
Balance at September 30, 2015	129	790,902	791,031

The Company capitalized $1.7 million of general and administrative costs (year ended December 31, 2014 - $2.2 million) and capitalized stock based compensation of $1.5 million (year ended December 31, 2014 - $1.6 million) for the nine months ended September 30, 2015.

As at September 30, 2015, estimated future development costs of $690 million (December 31, 2014 - $791 million) associated with the development of the Company's proved and probable reserves have been included in the depletion calculation and estimated salvage values of $18.8 million (December 31, 2014 - $14.3 million) have been excluded from the depletion calculation.

As at September 30, 2015, the decline in oil prices was identified as an impairment indicator and an impairment test was performed. Based on the impairment test performed, the net present value of future cash flows exceeded the carrying value of the CGU and no impairment was recorded for the period ended September 30, 2015.

7. BANK DEBT

	September 30, 2015	December 31, 2014
	$	$
Credit facility	58,367	48,305

As at September 30, 2015, the Company had a credit facility of $300 million comprised of a $20 million non-syndicated operating facility and a $280 million syndicated extendible revolving facility. Repayments of principal are not required provided that the borrowings under the credit facility do not exceed the authorized borrowing amount and the Company is in compliance with all covenants, representations and warranties. As at September 30, 2015, the Company is in compliance with all covenants. Covenants include reporting requirements, permitted indebtedness, permitted dispositions, permitted hedging, permitted encumbrances and other standard business operating covenants; the Company is not subject to any financial covenants. The authorized borrowing amount is subject to interim reviews by the financial institutions. The next semi-annual review of the credit facility is scheduled on or before April 2016. Amounts borrowed under the credit facility bear interest at a floating rate based on the applicable Canadian prime rate or Banker's Acceptance rate plus between 1.00% and 3.50%, depending on the type of borrowing and the Company's debt to funds flow ratio.

The borrowings under the credit facility are available on a fully revolving basis for a year of 364 days until April 28, 2016, at which time the Company can request approval by the lenders for an extension for an additional 364 days or convert the outstanding indebtedness to a one-year term loan with full repayment due at April 27, 2017.

The credit facility is secured by a general security agreement and a first floating charge debenture in the amount of $500 million covering all the Company's assets.

8. ASSET RETIREMENT OBLIGATIONS

The Company's asset retirement obligations are based on the Company's net ownership in wells and facilities and management's estimate of costs to abandon and reclaim those wells and facilities as well as an estimate of the future timing of these costs.

The Company has estimated the net present value of its total asset retirement obligations to be $54.2 million at September 30, 2015 (December 31, 2014 - $42.5 million) based on a total future liability of $100.7 million (December 31, 2014 - $82.0 million). Payments to settle asset retirement obligations occur over the operating lives of the underlying assets, estimated to be from 2 to 50 years, with the majority of costs to be incurred between 2030 and 2065. A risk free rate of 2.2 percent and an inflation rate of 2 percent was used to calculate the net present value of the asset retirement obligations.

	September 30, 2015	December 31, 2014
	$	$
Balance, beginning of year	42,460	19,597
Liabilities incurred	6,641	11,662
Liabilities acquired (note 4)	1,024	-
Liabilities settled	(23)	(108)
Revision to estimate	3,352	10,557
Accretion	794	752
Balance end of period	54,248	42,460

The Company recorded a revision to estimated asset retirement obligations of $3.4 million in the period due to a combination of discounting future cost estimates at a lower rate than in prior periods which resulted in an increase of $1.4 million (December 31, 2014 - $6.1 million) and the revaluation of asset retirement obligations acquired in the property acquisition. Asset retirement obligations acquired as part of an acquisition are initially measured at fair value using a credit-adjusted risk-free rate. The revaluation using a risk-free rate at the end of the period resulted in an increase of $2.0 million.

9. SHARE CAPITAL

a) Authorized

Unlimited number of common shares
Unlimited number of preferred shares

b) Issued

	Number of Shares	Amount
Common Shares		
		$
Balance, January 1, 2014	170,913,702	317,472
Exercise of stock options (c)	900,721	971
Issued on exercise of warrants (c)	8,517,600	3,482
Balance, December 31, 2014	180,332,023	321,925
Issued through bought deal financing (c)	13,800,000	88,320
Exercise of stock options (c)	3,866,502	4,859
Issued on exercise of warrants (c)	2,320,763	3,562
Share issue costs, after deferred income tax of $1,239	-	(3,349)
Balance, September 30, 2015	200,319,288	415,317

	Number of Warrants	Amount
Warrants		
		$
Balance, January 1, 2014	14,261,972	3,247
Exercised (c)	(11,649,550)	(2,652)
Balance, December 31, 2014	2,612,422	595
Exercised (c)	(2,612,422)	(595)
Balance, September 30, 2015	-	-

c) Shares issued

On February 4, 2015, the Company completed a bought deal financing for gross proceeds of $88.3 million and issued 13.8 million common shares at a price of $6.40 per common share.

During the nine months ended September 30, 2015, 3.6 million stock options were exercised for 2.7 million common shares on a cash-less basis and 1.2 million stock options were exercised for 1.2 million common shares for gross proceeds of $2.5 million.

During the nine months ended September 30, 2015, 1.1 million warrants were exercised for 837 thousand common shares on a cash-less basis and 1.5 million warrants were exercised for 1.5 million common shares for proceeds of $3.0 million.

During the year ended December 31, 2014, 1.1 million stock options were exercised for 817 thousand common shares on a cash-less basis and 83 thousand stock options were exercised for 83 thousand common shares for proceeds of $185 thousand.

During the year ended December 31, 2014, 11.2 million warrants were exercised for 8.1 million common shares on a cash-less basis and 415 thousand warrants were exercised for 415 thousand common shares for proceeds of $830 thousand.

d) Per share amounts

Basic per share amounts are calculated using the weighted average number of shares outstanding. The reconciling items between the basic and diluted average common shares outstanding are warrants and stock options.

	Three months ended September 30,		Nine months ended September 30,	
(thousands)	2015	2014	2015	2014
Weighted average shares outstanding				
Basic	199,576	180,081	195,923	178,343
Diluted	201,648	188,442	198,099	186,375

10. STOCK BASED COMPENSATION

The Company accounts for its stock based compensation plan using the fair value method. Under this method compensation is expensed over the vesting period for the stock options, with a corresponding increase to contributed surplus.

The Company has implemented a stock option plan for directors, employees and service providers. Stock options granted under the stock option plan have a maximum term of 3.5 years to expiry. One third of the options granted will vest on each of the first, second and third anniversaries of the date of grant. At September 30, 2015, 10,945,440 options with a weighted average exercise price of $7.19 were outstanding.

The Company's Option Plan allows for options to be exercised on a "cash-less" basis by surrendering the options in exchange for the issuance of common shares equal to the number determined by dividing the closing price of the common shares on the TSX on the date of exercise into the difference between the closing price and the exercise price of the options being exercised.

The following tables summarize the information about the share options:

	Nine months ended September 30, 2015		Year ended December 31, 2014	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding at beginning of year	13,119,738	$5.08	10,038,592	$2.64
Granted	2,898,500	$8.65	4,734,000	$9.43
Exercised	(4,737,463)	$2.12	(1,194,852)	$2.38
Forfeited	(335,335)	$9.12	(458,002)	$3.46
Outstanding at end of period	10,945,440	$7.19	13,119,738	$5.08
Options exercisable at period end	3,690,281	$5.44	4,196,835	$2.36

Options outstanding				Options exercisable	
Exercise price	Number outstanding at September 30, 2015	Weighted average remaining contractual life *(years)*	Weighted average exercise price	Number exercisable at September 30, 2015	Weighted average exercise price
$0.00 - $2.00	775,000	0.2	$1.90	775,000	$1.90
$2.01 - $4.00	2,578,272	1.0	$3.50	1,500,650	$3.52
$4.01 - $6.00	41,667	1.3	$4.29	24,999	$4.30
$6.01 - $8.00	1,008,668	2.2	$6.74	131,330	$6.55
$8.01 - $10.00	4,499,500	2.8	$8.93	559,328	$9.27
$10.00 - $11.06	2,042,333	2.1	$10.28	698,974	$10.27
Total	10,945,440	2.0	$7.19	3,690,281	$5.44

The fair market value of each option granted was estimated on the date of issue using the Black-Scholes option-pricing model with the following assumptions.

	September 30, 2015	December 31, 2014
Risk-free interest rate (%)	0.46 – 1.08	1.18 – 1.58
Expected life (years)	3.5	3.5
Expected volatility (%)	39 - 40	30 - 42
Dividend per share	nil	nil
Expected forfeiture rate (%)	3	2
Weighted average fair value at grant date ($ per option)	2.57	2.37

11. SUPPLEMENTAL CASH FLOW INFORMATION

a) Changes in non-cash working capital:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	$	$	$	$
Accounts receivable	5,089	(1,771)	11,923	4,982
Prepaid expenses	1,255	397	(2,085)	(1,604)
Accounts payable	(5,630)	32,063	(48,844)	15,256
Current taxes payable	-	5,740	(19,648)	18,158
Changes in non-cash working capital	714	36,429	(58,654)	36,792

These changes relate to the following activities:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	$	$	$	$
Operating activities	5,277	5,163	(26,964)	(5,746)
Investing activities	(4,563)	31,266	(31,690)	42,538
	714	36,429	(58,654)	36,792

b) Other cash flow information

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	$	$	$	$
Interest paid	513	737	1,311	2,007
Interest received	5	13	22	56
Current income tax paid	-	924	19,648	4,269

12. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to i) deploy capital to provide an appropriate return on investment to its shareholders; ii) maintain financial flexibility in order to preserve the Company's ability to meet financial obligations; and iii) maintain a capital structure that provides financial flexibility to execute strategic acquisitions.

The Company's strategy is designed to maintain a flexible capital structure consistent with the objectives as stated above and to respond to changes in economic conditions and the risk characteristics of the underlying petroleum and natural gas assets. Raging River considers its capital structure to include share capital, bank debt and working capital. In order to maintain or adjust its capital structure, the Company may from time to time issue new shares, seek debt financing and adjust its capital spending to manage current and projected debt levels.

In order to facilitate the management of the capital expenditures and net debt, the Company prepares annual budgets which are updated quarterly depending upon varying factors including current and forecast crude oil and natural gas prices, capital expenditures and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

The Company evaluates its capital structure based on the non-GAAP measure of net debt to funds flow from operating activities and the current credit available to Raging River compared to its budgeted capital expenditures. The ratio is calculated as net debt, defined as debt and working capital excluding commodity contract assets or liabilities, divided by funds flow from operations. At September 30, 2015, Raging River has a net debt of $103.7 million (December 31, 2014 - $152.2 million) excluding the fair value of the commodity contracts. Net debt to funds flow provides a measure of the Company's ability to manage its debt levels under current operating conditions.

The Company's current borrowing capacity is based on the lenders' semi-annual review of the Company's oil and natural gas reserves. The Company is also subject to various covenants including reporting requirements, permitted indebtedness, permitted dispositions, permitted hedging, permitted encumbrances and other standard business operating covenants; the Company is not subject to any financial covenants. Compliance with these covenants is monitored on a regular basis and at September 30, 2015, the Company was in compliance with its covenants.

The Company's share capital is not subject to external restrictions. Raging River has not paid or declared any dividends. There were no changes to the Company's approach to capital management during the year.

13. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. This note presents information about Raging River's exposure to each of

the above risks and the Company's objectives, policies and processes for measuring and managing these risks.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies.

Commodity price risk:

Due to the volatile nature of commodity prices, the Company is potentially exposed to adverse consequences if commodity prices decline. However, if commodity prices are hedged potential upside gains may also be forfeited. The Company attempts to mitigate commodity price risk through the use of financial derivative sales contracts.

The following aggregated contracts were in place as of November 5, 2015:

2015

Q4

Crude oil	Fixed	Oct 2015 – Dec 2015	750 bbls/d	Cdn $75.33/bbl	WTI
Crude oil	Differential	Oct 2015 – Dec 2015	2,333 bbls/d	Cdn $3.93/bbl	WTI/Edm
Natural gas	Fixed	Oct 2015 – Dec 2015	1,000 GJs/d	Cdn $2.92/GJ	AECO

2016

Crude oil	Differential	Jan 2016 – Dec 2016	1,000 bbls/d	Cdn $4.70/bbl	WTI/Edm

The contracts in place during the nine month period ended September 30, 2015, resulted in a realized gain of $3.3 million (September 30, 2014 – loss of $3.6 million) and an unrealized loss of $1.6 million (September 30, 2014 – gain of $2.7 million).

Foreign currency exchange risk:

The Company is exposed to foreign currency fluctuations as crude oil and natural gas prices received are referenced in U.S. dollar denominated prices. As of September 30, 2015, the Company did not have any foreign currency exchange contracts in place. The Company manages this exposure through its commodity price risk management.

Credit Risk:

Substantially all of the accounts receivable are with customers, joint interest partners and oil and gas marketers and are subject to normal industry credit risks. Receivables from customers and joint interest partners are generally collected within one to three months. The Company attempts to mitigate this risk by entering into transactions with long-standing and reputable organizations and by obtaining partner approval of significant capital expenditures and payment of cash advances wherever possible. Further risk exists with joint interest partners as disagreements occasionally arise and may increase the potential for non-collection. Currently, there is no indication that amounts are non-collectable thus, an allowance has not been set up. Receivables related to oil and gas marketers are normally collected on the 25th day of the month following production. To mitigate the risk on these receivables the Company will predominately establish

relationships with large marketers who have strong credit ratings and solid reputations. Historically, the Company has not experienced any issues in collecting from its oil and gas marketers. In light of the current economic conditions, the Company continues to monitor its accounts receivable and its allowance for doubtful accounts. As at September 30, 2015, the Company's receivables consisted of $15.7 million (December 31, 2014 - $22.6 million) of receivables from oil and natural gas marketers, $574 thousand (December 31, 2014 - $2.4 million) from joint venture partners, and $880 thousand (December 31, 2014 - $4.1 million) of other trade receivables. As at September 30, 2015, the Company has no material receivables outstanding greater than 90 days.

Fair Value of financial instruments:

Raging River classifies the fair value of these transactions 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 on an ongoing basis.

- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices 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 or corroborated in the marketplace.

- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The Company's exposure under its financial instruments is limited to financial assets and liabilities, all of which are included in these financial statements. The fair values of the financial assets and liabilities included in the statement of financial position approximate their carrying amounts due to the short-term maturity of those instruments.

Raging River's commodity contracts are classified as level 2 within the fair value hierarchy as the contracts are transacted in active markets. The fair value of derivative financial instruments is determined by calculating the difference between the contracted price and published forward price curves as at the balance sheet date, and then multiplying this price differential by the contracted commodity volumes. The fair value of commodity contracts as at September 30, 2015 was an asset of $950 thousand (December 31, 2014 – asset of $2.5 million). If the Canadian dollar equivalent WTI price changes by $1.00 per bbl, net earnings would increase (decrease) by $2.7 million.

Interest Rate Risk:

The Company is exposed to interest rate risk to the extent that bank debt is at a floating or short term rate of interest. The Company does not have any financial or interest rate contracts in place as of September 30, 2015.

As at September 30, 2015, a 1% change in interest rate on the bank debt would increase (decrease) net earnings by $426 thousand (December 31, 2014 –$483 thousand).

Liquidity Risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity through continuously monitoring cash flows from operating activities, review of actual capital expenditure program against budget, managing maturity profiles of financial assets and financial liabilities and managing its commodity price risk management program. These activities assure that the Company has sufficient funds to meet its financial obligations when due.

The following are the contractual maturities of financial liabilities as at September 30, 2015:

	less than 1 year	greater than 1 year
	$	
Accounts payable	65,200	-
Bank debt	-	58,367