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

(thousands)	March 31, 2018 $	December 31, 2017 $
ASSETS		
Current assets		
Accounts receivable	52,752	47,925
Risk management contracts (note 12)	444	198
Prepaid expenses	8,421	8,550
	61,617	56,673
Exploration and evaluation assets (note 4)	99,028	94,400
Property and equipment (note 5)	1,458,930	1,394,533
	1,619,575	1,545,606
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	135,569	107,337
Risk management contracts (note 12)	9,591	6,209
	145,160	113,546
Bank debt (note 6)	254,644	248,732
Asset retirement obligations (note 7)	131,214	127,452
Deferred income tax	94,954	86,654
	625,972	576,384
Shareholders' Equity		
Share capital (note 8)	665,314	664,982
Contributed surplus	29,685	27,373
Retained earnings	298,604	276,867
	993,603	969,222
	1,619,575	1,545,606

Commitments (note 14)

See accompanying notes to the interim financial statements

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

	Three months ended March 31,	
	2018	2017
(thousands, except per share data)	$	$
REVENUE		
Petroleum and natural gas (note 13)	136,312	112,017
Royalties	(12,253)	(10,685)
	124,059	101,332
Realized gain (loss) on risk management contracts (note 12)	(3,114)	273
Unrealized loss on risk management contracts (note 12)	(3,136)	(1,157)
	117,809	100,448
EXPENSES		
Operating	23,822	21,509
Transportation	3,061	2,970
General and administrative	2,281	2,095
Financial charges	2,771	2,028
Stock-based compensation (note 9)	2,037	2,292
Depletion and depreciation (note 5)	47,951	44,154
Exploration and evaluation (note 4)	5,148	3,085
Asset retirement obligations accretion (note 7)	701	572
	87,772	78,705
Earnings before income taxes	30,037	21,743
Deferred income taxes	8,300	6,400
Net earnings and comprehensive earnings	21,737	15,343
Net earnings per share (note 8 (d))		
Basic	0.09	0.07
Diluted	0.09	0.07

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 March 31, 2018	2017
(thousands)	$	$
OPERATING		
Net earnings and comprehensive earnings	21,737	15,343
Items not involving cash:		
Depletion and depreciation	47,951	44,154
Exploration and evaluation	5,148	3,085
Asset retirement obligations accretion	701	572
Stock-based compensation	2,037	2,292
Unrealized loss on risk management contracts	3,136	1,157
Deferred income taxes	8,300	6,400
Asset retirement expenditures	(46)	(251)
Change in non-cash operating working capital (note 10)	(7,897)	6,509
	81,067	79,261
FINANCING		
Change in bank debt	5,912	9,853
Cash available for investing activities	86,979	89,114
INVESTING		
Capital expenditures – property and equipment	(106,760)	(106,542)
Capital expenditures – exploration and evaluation	(11,650)	(6,143)
Change in non-cash investing working capital (note 10)	31,431	23,571
	(86,979)	(89,114)
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)

(thousands)	Notes	Share capital $	Contributed surplus $	Retained earnings $	Total equity $
Balance at January 1, 2018		**664,982**	**27,373**	**276,867**	**969,222**
Transfer of contributed surplus	8 (c)	332	(332)	-	-
Stock-based compensation	9 (c)	-	2,644	-	2,644
Net earnings for the period		-	-	21,737	21,737
Balance at March 31, 2018		**665,314**	**29,685**	**298,604**	**993,603**
Balance at January 1, 2017		**663,677**	**18,393**	**217,050**	**899,120**
Transfer of contributed surplus	8 (c)	107	(107)	-	-
Stock-based compensation	9 (c)	-	2,903	-	2,903
Net earnings for the period		-	-	15,343	15,343
Balance at March 31, 2017		**663,784**	**21,189**	**232,393**	**917,366**

See accompanying notes to the interim financial statements

RAGING RIVER EXPLORATION INC.
Notes to the Financial Statements
(unaudited)

For the three months ended March 31, 2018 and 2017

(All tabular amounts in thousands, 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. The Company is listed on the Toronto Stock Exchange ("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, 2017.

These interim financial statements were approved and authorized for issue by the Company's Board of Directors on May 14, 2018.

Basis of measurement, functional and presentation currency

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

The interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies are described in Note 3 to the December 31, 2017 audited annual financial statements. Those accounting policies have been applied consistently to all periods presented in these interim financial statements except as noted below.

Changes in Accounting Policies

IFRS 9: Financial Instruments

As of January 1, 2018, the Company adopted all of the requirements of IFRS 9 *Financial Instruments.*

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The previous IAS 39 categories of held to maturity, loans and receivables and available for sale are eliminated. IFRS 9 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. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9. IFRS 9 has introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial recognition. The adoption of the expected credit loss impairment model did not have any impact on the financial statements of the Company, however there are additional required disclosures which have been included in note 12 of the interim financial statements. Accounts receivable, accounts payable and bank debt are classified and measured at amortized cost. Risk management contacts are classified and measured at FVTPL. The Company does not have any asset contracts and debt investments measured at FVOCI.

IFRS 9 also contains a new hedge accounting model, however the Company does not apply hedge accounting to any of its risk management contracts.

The adoption of IFRS 9 has been applied retrospectively and did not result in a change in the carrying value of any of the Company's financial instruments on the transition date.

IFRS 15: Revenue from Contracts with Customers

As of January 1, 2018, the Company adopted all of the requirements of IFRS 15 Revenue from Contacts with Customers. There were no adjustments made to the January 1, 2018 opening statement of financial position on adoption. The additional disclosures required by IFRS 15 are provided in note 13 to these interim financial statements.

The nature of the Company's performance obligations, including roles of third parties and partners, are evaluated to determine if the Company acts as a principal. The Company recognizes revenue on a gross basis when it acts as the principal and has primary responsibility for the transaction. Revenue is recognized on a net basis if the Company acts in the capacity of an agent rather than as a principal.

Revenue from the sale of heavy crude oil, light crude oil, natural gas and natural gas liquids is based on the consideration specified in contracts from customers. The Company recognizes revenue when it transfers control of the product to the buyer. This is generally at the time product enters a third-party pipeline or when the delivery truck arrives at a customer's receiving location.

The transaction price for variable price contracts is based on a benchmark commodity price index, and may be adjusted for quality, location, delivery method, or other factors depending on the agreed upon terms of the contract. The amount of revenue recorded can vary depending on the grade, quality and quantities of crude oil or natural gas transferred to customers.

Future accounting pronouncements

IFRS 16 Leases, which replaces IAS 17 Leases was issued in January 2016. For lessees applying IFRS 16, a single recognition and measurement model for leases would apply, with required recognition of assets and liabilities for most leases. The standard will come into effect for annual periods beginning on or after January 1, 2019, with earlier adoption permitted if the entity is also applying IFRS 15 Revenue from Contracts with Customers. Management is currently assessing the potential impact of the adoption of IFRS 16 on the Company's financial statements.

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

Reconciliation of movements in E&E assets:

	March 31, 2018	December 31, 2017
	$	$
Balance, beginning of year	94,400	70,260
Additions	11,806	35,688
Transfers to property and equipment (note 5)	(2,030)	(6,950)
Lease expiries	(5,148)	(4,598)
Balance, end of period	99,028	94,400

Lease expiries of $5.1 million (year ended December 31, 2017 - $4.6 million) for the three months ended March 31, 2018, have been included in exploration and evaluation expense on the Company's Statement of Comprehensive Earnings.

As at March 31, 2018, there were no indicators of impairment identified. Accordingly, an impairment test was not required.

5. PROPERTY AND EQUIPMENT

Reconciliation of movements in property and equipment:

	Office Assets	Oil and Natural Gas Assets	Total
	$	$	$
January 1, 2017	293	1,636,170	1,636,463
Additions	109	366,699	366,808
Transfers from exploration and evaluation assets (note 4)	-	6,950	6,950
Balance as at December 31, 2017	402	2,009,819	2,010,221
Additions	9	110,309	110,318
Transfers from exploration and evaluation assets (note 4)	-	2,030	2,030
Balance at March 31, 2018	411	2,122,158	2,122,569

Accumulated depletion and depreciation:			
January 1, 2017	(106)	(433,077)	(433,183)
Depletion and depreciation for the year	(55)	(182,450)	(182,505)
Balance at December 31, 2017	(161)	(615,527)	(615,688)
Depletion and depreciation for the period	(15)	(47,936)	(47,951)
Balance at March 31, 2018	(176)	(663,463)	(663,639)

Net book value:			
Balance at December 31, 2017	241	1,394,292	1,394,533
Balance at March 31, 2018	235	1,458,695	1,458,930

The Company capitalized $0.8 million of general and administrative costs (year ended December 31, 2017 – $3.8 million) and capitalized stock-based compensation of $0.6 million (year ended December 31, 2017 - $2.5 million) for the three months ended March 31, 2018.

As at March 31, 2018, estimated future development costs of $923 million (December 31, 2017 - $968.4 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 $57 million (December 31, 2017 - $55 million) have been excluded from the depletion calculation.

As at March 31, 2018, there were no indications of impairment identified. Accordingly, an impairment test was not required.

6. BANK DEBT

	March 31, 2018	December 31, 2017
	$	$
Prime loans	34,644	28,732
Bankers' acceptances	220,000	220,000
Debt	254,644	248,732

As at March 31, 2018, the Company had a credit facility of $500 million comprised of a $50 million non-syndicated operating facility and a $450 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 March 31, 2018, 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 October 2018. 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 trailing EBITDA ratio whereby trailing EBITDA is defined as earnings before depreciation, depletion, amortization and accretion, exploration and evaluation expense, stock-

based compensation expense, unrealized gain and losses on risk management contracts, interest expense and taxes for the mostly recently completed consecutive four quarters.

The borrowings under the credit facility are available on a fully revolving basis for a year of 364 days until April 25, 2019, 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 25, 2020.

The credit facility is secured by a general security agreement and a first floating charge debenture in the amount of $1 billion covering all the Company's assets.

The Company manages its credit facilities through a combination of prime loans, bankers' acceptance loans and interest rate swaps. Refer to note 12 – "Risk Management and Financial Instruments" for additional information.

7. 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 $131.2 million at March 31, 2018 (December 31, 2017 - $127.5 million) based on a total future liability of $234.6 million (December 31, 2017 - $226.9 million). Payments to settle asset retirement obligations occur over the operating lives of the underlying assets, estimated to be from 10 to 50 years, with the majority of costs to be incurred between 2028 and 2068. A risk-free rate of 2.3 percent (December 31, 2017 – 2.2 percent) and an inflation rate of 2 percent was used to calculate the net present value of the asset retirement obligations.

	March 31, 2018	December 31, 2017
	$	$
Asset retirement obligation, beginning of year	127,452	97,846
Liabilities incurred	4,695	21,480
Liabilities settled	(46)	(807)
Revision to estimate	(1,588)	6,464
Accretion	701	2,469
Balance end of period	131,214	127,452

The Company recorded a revision to the estimated asset retirement obligations in the period due to discounting future cost estimates at a higher rate than in prior periods which resulted in a decrease of $1.6 million (December 31, 2017 - $6.5 million).

8. SHARE CAPITAL

a) Authorized

Unlimited number of common shares
Unlimited number of preferred shares

b) Issued

	Number of Shares	Amount
Common Shares		
		$
January 1, 2017	231,141,951	663,677
Exercise of stock options (c)	46,258	423
Released upon vesting of RSUs and PSUs (c)	83,283	882
Balance, December 31, 2017	231,271,492	664,982
Exercise of stock options (c)	31,064	332
Balance, March 31, 2018	231,302,556	665,314

c) Shares Issued

During the three months ended March 31, 2018, 166 thousand stock options were exercised for 31 thousand common shares on a cash-less basis.

During the year ended December 31, 2017, 83.3 thousand common shares were released from treasury to settle the vesting of 83.3 thousand restricted and performance share units.

During the year ended December 31, 2017, 180 thousand stock options were exercised for 41 thousand common shares on a cash-less basis and 5 thousand stock options were exercised for 5 thousand common shares for proceeds of $32 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 in-the-money stock options, restricted share units and performance share units.

	Three months ended March 31,	
(thousands)	2018	2017
Weighted average shares outstanding		
Basic	231,299	231,152
Diluted	231,660	231,501

9. STOCK-BASED COMPENSATION

a) Stock options

The Company accounts for stock options 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 March 31, 2018, 7,257,786 stock options with a weighted average exercise price of $8.98 were outstanding. The following tables summarize the information about the stock options.

	Three months ended March 31, 2018		Year ended December 31, 2017	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding at beginning of year	7,835,118	$8.98	9,370,796	$9.27
Granted	-	-	1,766,000	$8.39
Exercised	(165,668)	$6.95	(185,005)	$6.59
Forfeited	(411,664)	$9.61	(3,116,673)	$9.66
Outstanding at end of period	7,257,786	$8.98	7,835,118	$8.98
Options exercisable at period end	3,415,865	$8.95	3,481,025	$8.95

	Options outstanding			Options exercisable	
Exercise price	Number outstanding at March 31, 2018	Weighted average remaining contractual life *(years)*	Weighted average exercise price	Number exercisable at March 31, 2018	Weighted average exercise price
$6.00 - $7.00	104,669	0.2	$6.73	104,669	$6.73
$7.01 - $8.00	587,167	2.4	$7.57	139,003	$7.58
$8.01 - $9.00	4,087,447	1.2	$8.60	2,257,644	$8.69
$9.01 - $10.00	1,122,002	2.1	$9.40	429,034	$9.39
$10.01 - $11.00	1,328,501	1.7	$10.59	476,180	$10.59
$11.01 - $12.00	28,000	1.9	$11.23	9,335	$11.23
Total	7,257,786	1.5	$8.98	3,415,865	$8.95

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

	March 31, 2018 [1]	December 31, 2017
Risk-free interest rate (%)	-	1.0 – 1.6
Expected life (years)	-	3.5
Expected volatility (%)	-	37 - 38
Dividend per share	-	Nil
Expected forfeiture rate (%)	-	5
Weighted average fair value at grant date ($ per option)	-	2.46

(1) No stock options were granted in the three months ended March 31, 2018.

b) Share Based Awards

Restricted Share Units ("RSUs")

The RSU plan provides for the granting of RSUs to officers, employees and consultants of the Company. The RSUs granted under the plan are to be settled in cash or through the issuance of new common shares at the discretion of the Board. One third of the RSUs will vest on each of the first, second and third anniversaries of the date of grant.

Performance Share Units ("PSUs")

The PSU plan provides for the granting of PSUs to officers, employees and consultants of the Company. The PSUs granted under the plan are to be settled in cash or through the issuance of new common shares at the discretion of the Board. PSUs will vest three years after the grant, unless otherwise determined by the board and are adjusted based on a payout multiplier. The payout multiplier ranges from 0 to 2 and is based on corporate performance measures determined by the Board of Directors.

Deferred Share Units ("DSUs")

DSUs are granted to non-employee directors. Each DSU vests on the date of grant, however, settlement of the DSU occurs when the individual ceases to be a director of the Company. DSUs are to be settled in cash or by payment in common shares acquired from the TSX.

This table summarizes the changes in RSUs, PSUs and DSUs outstanding:

	Number of		
	RSUs	PSUs	DSUs
Outstanding at beginning of year	469,662	650,020	131,824
Granted	-	-	53,545
Released	-	-	-
Forfeited	(6,720)	-	-
Outstanding at end of period	462,942	650,020	185,369

c) Stock-based compensation expense reconciliation

	Three months ended March 31, 2018	Three months ended March 31, 2017
	$	$
Stock options	1,196	1,894
Share-based awards	1,448	1,009
Capitalized stock-based compensation	(607)	(611)
Total stock-based compensation expense	2,037	2,292

10. SUPPLEMENTAL CASH FLOW INFORMATION

a) Changes in non-cash working capital:

	Three months ended March 31, 2018	Three months ended March 31, 2017
	$	$
Accounts receivable	(4,827)	2,785
Prepaid expenses	129	(1,202)
Accounts payable	28,232	28,497
Changes in non-cash working capital	23,534	30,080

These changes relate to the following activities:

	Three months ended March 31, 2018	Three months ended March 31, 2017
	$	$
Operating activities	(7,897)	6,509
Investing activities	31,431	23,571
	23,534	30,080

b) Other cash flow information

	Three months ended March 31, 2018	Three months ended March 31, 2017
	$	$
Interest paid(1)	2,212	1,571
Interest received	18	9

(1) Includes prepaid interest on Bankers' Acceptances

11. 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 (defined as cash flow from operating activities before the changes in non-cash working capital) 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 risk management contract assets or liabilities, divided by funds flow from operations. At March 31, 2018, Raging River has a net debt of $329 million (December 31, 2017 - $299.6 million) excluding the fair value of the risk management contracts. Net debt to funds flow from operations 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 March 31, 2018, 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.

12. 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 March 31, 2018:

Contract Type	Volume	Fixed Contract Price	Index	Term	Fair Value Asset (liability)
Crude oil	2,667 bbl/d	CAD $68.22	WTI	Apr 2018 - Dec 2018	($9,591)

The contracts in place during the three months ended March 31, 2018, resulted in a realized loss of $3.0 million (March 31, 2017 – gain of $273 thousand) and an unrealized loss of $3.4 million (March 31, 2017 – loss of $1.2 million).

The fair value of the crude oil commodity contracts are sensitive to changes in the WTI price. If the future strip prices for the Canadian dollar equivalent WTI price changed by $1.00 per bbl, unrealized gains (losses) on risk management contracts and net earnings would increase (decrease) by $0.5 million (March 31, 2017 - $1.7 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. For the period ended March 31, 2018, a change of 25 basis points in the interest rate on the Company's floating rate debt position would increase (decrease) net earnings by $0.3 million (March 31, 2017 - $0.3 million).

The Company mitigates its exposure to interest rate changes by entering into interest rate swap transactions. The Company had the following interest rate swap contract outstanding as of March 31, 2018:

Contract Type	Notional Amount	Reference Price	Fixed Contract Price	Maturity Date	Fair Value Asset (liability)
Interest Rate Swap	$100 million	CDOR	2.02%	October 2020	$444

The contract in place during the period ended March 31, 2018, resulted in a realized loss of $123 thousand and an unrealized gain of $246 thousand.

The fair value of the interest rate swap is sensitive to changes in the Canadian Dollar Offered Rate ("CDOR"). If the CDOR rate increases (decreases) by 25 basis points, the unrealized gains (losses) on risk management contracts and net earnings would increase (decrease) by approximately $0.5 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 March 31, 2018, 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. Further risk exists with joint interest partners as disagreements occasionally arise and may increase the potential for non-collection. This risk is mitigated by obtaining partner approval of significant capital expenditures and payment of cash advances wherever possible. The Company also has the ability to withhold production from joint venture partners in the event of non-payment. 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 predominantly establish relationships with large marketers who have strong credit ratings and solid reputations.

As at March 31, 2018, the Company's receivables consisted of $48.3 million (December 31, 2017 - $45.1 million) of receivables from oil and natural gas marketers, $4.1 million (December 31, 2017 - $2.0 million) from joint venture partners and $0.4 million (December 31, 2017 - $0.8 million) from other receivables. As at March 31, 2018, the Company has no material receivables outstanding greater than 90 days.

The Company has calculated the expected credit losses as prescribed by IFRS 9 using the simplified approach which permits the use of the lifetime expected loss provision. To assess the expected credit loss, the Company uses historical information and forward-looking information. No loss provision was recorded for the three months ended March 31, 2018. Historically, there was no indication that amounts were non-collectable thus, an allowance for doubtful accounts was not set up.

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 carrying value of deposits, accounts receivable, bank debt, accounts payable and accrued liabilities included in the balance sheet approximate fair value due to the short-term nature of those instruments or the indexed rate of interest on the bank debt.

The risk management contract assets and liabilities at March 31, 2018 include an interest rate swap contract and commodity contracts. The fair value of the interest rate swap is determined based on the difference between the contracted interest rate and the current forward interest rates multiplied by the notional amount of debt. The fair value of the commodity contracts 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. Raging River's risk management contracts are classified as level 2 within the fair value hierarchy.

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 March 31, 2018:

	less than 1 year	greater than 1 year
	$	$
Accounts payable	135,569	-
Risk management contracts	9,591	-
Bank debt	-	254,644

Offsetting of Financial Assets and Liabilities:

Financial assets and liabilities are only offset if the Company has the current legal right to offset and intends to settle on a net basis or settle the asset and liability simultaneously. The Company offsets risk management contracts assets and liabilities when the counterparty, commodity, currency and timing of settlement are the same. As at March 31, 2018, there are no offsetting risk management contracts.

13. REVENUE

Petroleum and natural gas revenue primarily consist of heavy crude oil, light crude oil, natural gas liquids and natural gas. The Company sells its production pursuant to variable price contracts that have a term of one year or less. The transaction price for variable priced contracts is based on benchmark commodity prices, adjusted for quality, location and other factors. Revenues are typically collected on the 25th day of the month following production.

The following table presents the Company's petroleum and natural gas revenue disaggregated by revenue source:

	Three months ended March 31,	
	2018	2017
	$	$
Light crude oil and natural gas liquids	129,668	103,623
Heavy crude oil	4,513	5,662
Natural gas	1,742	2,651
Royalty revenue	389	81
Total petroleum and natural gas revenue	136,312	112,017

14. COMMITMENTS

Raging River is obligated to pay various costs associated with the normal course of business.

As at March 31, 2018, the Company was committed to future minimum payments as follows:

	2018	2019	2020	2021	Thereafter	TOTAL
Office lease	802	746	99	99	197	1,943
Transportation and processing	8,724	14,327	12,526	9,415	53,557	98,549
Total commitments	9,526	15,073	12,625	9,514	53,754	100,492