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

(thousands)	March 31, 2014 $	December 31, 2013 $
ASSETS		
Current assets		
Accounts receivable	29,035	28,364
Prepaid expenses	1,037	570
	30,072	28,934
Exploration and evaluation assets (note 5)	28,495	32,426
Property and equipment (note 6)	547,566	489,386
	606,133	550,746
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	81,748	74,645
Financial instruments (note 13)	3,071	1,498
	84,819	76,143
Bank debt (note 7)	66,231	50,611
Asset retirement obligations (note 10)	22,733	19,597
Deferred income tax	27,092	24,992
	200,875	171,343
Shareholders' Equity		
Share capital (note 8)	320,847	317,472
Warrants (note 8)	773	3,247
Contributed surplus	4,529	3,935
Retained earnings	79,109	54,749
	405,258	379,403
	606,133	550,746

Subsequent event (note 14)

(See accompanying notes to the interim financial statements)

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

	Three months ended March 31, 2014	2013
(thousands except per share data)	$	$
REVENUE		
Petroleum and natural gas	80,707	33,151
Royalties	(7,300)	(2,844)
	73,407	30,307
Realized gain (loss) on commodity contracts (note 13)	(1,641)	61
Unrealized loss on commodity contracts (note 13)	(1,573)	(1,612)
	70,193	28,756
EXPENSES		
Operating	11,034	5,183
Transportation	1,770	903
General and administrative	1,293	770
Stock based compensation (note 9)	691	295
Financial charges	906	129
Depletion and depreciation (note 6)	20,932	12,766
Asset retirement obligation accretion (note 10)	157	73
	36,783	20,119
Earnings before income taxes	33,410	8,637
Income taxes		
Current tax	6,950	-
Deferred income taxes	2,100	2,396
	9,050	2,396
Net earnings and comprehensive earnings	24,360	6,241
Net earnings per common share (note 8 (d))		
Basic	0.14	0.04
Diluted	0.13	0.04

(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, 2014	2013
(thousands)	$	$
OPERATING		
Net earnings	24,360	6,241
Items not involving cash:		
Depletion and depreciation	20,932	12,766
Asset retirement obligation accretion	157	73
Stock based compensation	691	295
Unrealized loss on commodity contracts	1,573	1,612
Deferred income taxes	2,100	2,396
	49,813	23,383
Change in non-cash operating working capital (note 11)	(20,936)	(11,524)
	28,877	11,859
FINANCING		
Change in bank debt	15,620	12,348
Issue of common shares, net	620	-
	16,240	12,348
Cash available for investing activities	45,117	24,207
INVESTING		
Capital expenditures – property and equipment	(71,882)	(36,911)
Capital expenditures – exploration and evaluation assets	(135)	(697)
Change in non-cash investing working capital (note 11)	26,900	3,985
	(45,117)	(33,623)
Change in cash	-	(9,416)
Cash, beginning of year	-	9,416
Cash, end of period	-	-

(See accompanying notes to the interim financial statements)

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

(thousands)	**Note**	Share capital $	Warrants $	Contributed surplus $	Retained earnings $	Total equity $
Balance at January 1, 2013		241,893	3,272	869	11,337	257,371
Issued through bought deal financing	8(c)	78,400	-	-	-	78,400
Share issue costs, net of tax $1,173	8(c)	(3,171)	-	-	-	(3,171)
Warrants exercised	8(c)	252	(25)	-	-	227
Stock options exercised	8(c)	98	-	(13)	-	85
Stock based compensation		-	-	3,079	-	3,079
Net earnings for the year		-	-	-	43,412	43,412
Balance at December 31, 2013		**317,472**	**3,247**	**3,935**	**54,749**	**379,403**
Warrants exercised	8(c)	3,094	(2,474)	-	-	620
Stock options exercised	8(c)	281	-	(281)	-	-
Stock based compensation		-	-	875	-	875
Net earnings for the period		-	-	-	24,360	24,360
Balance at March 31, 2014		**320,847**	**773**	**4,529**	**79,109**	**405,258**

(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, 2014 and 2013

(tabular amounts in thousands of dollars unless otherwise stated)

1. NATURE OF OPERATIONS

Raging River Exploration Inc. ("Raging River" or the "Company") was incorporated as 1646988 Alberta Ltd. pursuant to the Business Corporations Act (Alberta) on December 15, 2011 and was inactive until March 16, 2012. On January 26, 2012, the Company changed its name to Raging River Exploration Inc. Raging River 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 710, 400-5th Avenue S.W., Calgary, Alberta.

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, 2013.

These financial statements were approved and authorized for issue by the Company's Board of Directors on May 7, 2014.

Basis of measurement

The interim financial statements have been prepared on the historical cost basis except for the following:

(i) derivative financial instruments are measured at fair value; and

(ii) held for trading financial assets are measured at fair value with changes in fair value recorded in earnings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies are described in Note 3 to the December 31, 2013 audited annual financial statements, except as noted below. Those accounting policies have been applied consistently to all periods presented in these interim financial statements.

Effective January 1, 2014, the Company retrospectively adopted International Financial Reporting Interpretation Committee ("IFRIC") 21 Levies. IFRIC 21 clarified that an entity recognizes a liability for a levy when the activity that triggers payment occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarified that no liability should be anticipated before the minimum threshold is reached. The adoption of this interpretation did not have an impact on the Company's financial statements.

Future accounting pronouncements

The IASB has issued IFRS 9 Financial Instruments, which is effective for annual periods beginning on or after January 1, 2015 with early adoption permitted. IFRS 9 is the first step to replace IAS 39 Financial Instruments: Recognition and Measurement. 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 in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The Company has not yet assessed the impact of the standard.

4. BUSINESS COMBINATIONS

On November 21, 2013, 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 a total of $103.4 million cash after closing adjustments. The property acquisition was accounted for using the acquisition method and accounted for as follows:

Cost of acquisition:

	$
Cash	103,423
Total consideration	103,423

Allocated at estimated fair values:

Property and equipment	107,107
Exploration and evaluation assets	1,134
Asset retirement obligations	(4,818)
	103,423

5. EXPLORATION AND EVALUATION ASSETS

Reconciliation of movements in E&E assets:

	March 31, 2014	December 31, 2013
	$	$
Balance, beginning of year	32,426	40,331
Additions	135	5,193
Transfers to property and equipment (note 6)	(3,485)	(11,913)
Lease expiries	(581)	(1,185)
Balance, end of period	28,495	32,426

Lease expiries of $0.6 million (December 31, 2013 - $1.2 million) for the three month period ended March 31, 2014, have been included in depletion and depreciation on the Company's Statement of Comprehensive Earnings.

For the period ended March 31, 2014, 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, 2013	37	289,700	289,737
Additions	17	274,800	274,817
Transfers from exploration and evaluation assets (note 5)	-	11,913	11,913
Balance as at December 31, 2013	54	576,413	576,467
Additions	24	75,021	75,045
Transfers from exploration and evaluation assets (note 5)	-	3,485	3,485
Balance at March 31, 2014	78	654,919	654,997
Accumulated depletion and depreciation:			
January 1, 2013	(3)	(33,376)	(33,379)
Depletion and depreciation for the year	(9)	(53,693)	(53,702)
Balance at December 31, 2013	(12)	(87,069)	(87,081)
Depletion and depreciation for the period	(3)	(20,347)	(20,350)
Balance at March 31, 2014	(15)	(107,416)	(107,431)
Net book value:			
Balance at December 31, 2013	42	489,344	489,386
Balance at March 31, 2014	63	547,503	547,566

The Company has capitalized as part of oil and natural gas properties, indirect exploration overhead relating to exploration and development activities of $438 thousand (March 31, 2013 - $245 thousand) and capitalized stock based compensation of $185 thousand (March 31, 2013 - $120 thousand) for the three months ended March 31, 2014.

As at March 31, 2014, estimated future development costs of $457 million (December 31, 2013 - $485 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 $12 million (December 31, 2013 - $11 million) have been excluded from the depletion calculation.

As at March 31, 2014, there were no indicators of impairment identified. Accordingly, an impairment test was not required.

7. BANK DEBT

	March 31, 2014	December 31, 2013
	$	$
Credit facility	66,231	50,611

As at March 31, 2014, the Company had a credit facility of $225 million comprised of a $20 million non-syndicated operating facility and a $205 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, 2014, 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 for the fall of 2014. 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 period of 364 days until April 29, 2015, 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 29, 2016.

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.

Refer to Note 14 "Subsequent Event" for details on the Company's credit facility increase subsequent to the quarter end.

8. SHARE CAPITAL

a) Authorized

Unlimited number of common shares

Unlimited number of preferred shares

b) Issued

Common Shares	Number of Shares	Amount
		$
January 1, 2013	156,757,341	241,893
Issued through bought deal financing (c)	14,000,000	78,400
Exercise of stock options (c)	43,333	98
Issued on exercise of warrants (c)	113,028	252
Share issue costs, after future income tax of $1,173	-	(3,171)
Balance, December 31, 2013	170,913,702	317,472
Exercise of stock options (c)	430,926	281
Issued on exercise of warrants (c)	7,868,840	3,094
Balance, March 31, 2014	179,213,468	320,847

Warrants	Number of Warrants	Amount
		$
January 1, 2013	14,375,000	3,272
Exercised	(113,028)	(25)
Balance December 31, 2013	14,261,972	3,247
Exercised	(10,870,200)	(2,474)
Balance, March 31, 2014	3,391,772	773

c) Shares Issued

The Company currently has warrants outstanding that entitle the holders to purchase common shares at an exercise price of $2.00 per common share until March 15, 2015. During the three months ended March 31, 2014, the Company amended the terms of the warrants to allow warrants to be exercised on a “cash-less” basis by surrendering the warrants in exchange for the issuance of common shares equal to the number determined by dividing the closing price of the common shares on the Toronto Stock Exchange (“TSX”) on the trading day immediately preceding the date of exercise into the difference between the market price and the exercise price of the warrants.

During the year ended December 31, 2013, the Company amended its Option Plan to allow 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.

During the three months ended period March 31, 2014, 599 thousand stock options were exercised for 431 thousand common shares on a cash-less basis.

During the three months ended period March 31, 2014, 10.6 million warrants were exercised for 7.6 million common shares on a cash-less basis.

During the three months ended March 31, 2014, 310 thousand warrants were exercised for 310 common shares for proceeds of $620 thousand.

During the year ended December 31, 2013, 113 thousand warrants were exercised for 113 thousand common shares for proceeds of $252 thousand.

In the year ended December 31, 2013, 43 thousand stock options were exercised for 43 thousand common shares for proceeds of $82 thousand.

On November 13, 2013, the Company completed a bought deal financing for gross proceeds of $78.4 million and issued 14 million common shares at a price of $5.60 per common share.

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 March 31,	
	2014	2013
(thousands)		
Weighted average shares outstanding		
Basic	175,461	156,757
Diluted	183,417	164,775

9. 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 March 31, 2014, 9,766,468 options with a weighted average exercise price of $2.99 were outstanding.

The following tables summarize the information about the share options:

	Three months ended March 31, 2014		Year ended December 31, 2013	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding at beginning of year	10,038,592	$2.64	6,240,000	$1.93
Granted	660,000	$7.73	3,841,925	$3.76
Exercised	(598,790)	$2.39	(43,333)	$1.90
Forfeited	(333,334)	$2.71	-	-
Outstanding at end of period	9,766,468	$2.99	10,038,592	$2.64
Options exercisable at period end	1,817,554	$1.92	2,045,556	$1.93

Options outstanding				Options exercisable	
Exercise price	Number outstanding at March 31, 2014	Weighted average remaining contractual life *(years)*	Weighted average exercise price	Number exercisable at March 31, 2014	Weighted average exercise price
$0.00- $1.90	5,425,000	1.7	$1.90	1,780,556	$1.90
$2.73 - $3.15	333,668	2.3	$3.03	36,998	$2.93
$3.53 - $3.80	2,962,800	2.6	$3.54	-	-
$4.24 - $6.90	665,000	3.2	$6.34	-	-
$8.47	380,000	3.5	$8.47	-	-
$1.90 - $8.47	9,766,468	2.1	$2.99	1,817,554	$1.92

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.

	March 31, 2014	December 31, 2013
Risk-free interest rate (%)	1.13 – 1.62	1.13 – 1.62
Expected life (years)	3.5	3.5
Expected volatility (%)	41 - 49	43 - 49
Dividend per share	nil	nil
Expected forfeiture rate (%)	1	1
Weighted average fair value at grant date ($ per option)	0.88	0.77

10. 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 $22.7 million at March 31, 2014 (December 31, 2013 - $19.6 million) based on a total future liability of $48.7 million (December 31, 2013 - $45.2 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 2063. A risk free rate of 3.0 percent and an inflation rate of 2 percent was used to calculate the net present value of the asset retirement obligations. The Company recorded a revision to estimated asset retirement obligations in the year due to discounting the costs at a lower risk-free rate at March 31, 2014 relative to the rate applied at December 31, 2013 of 3.2%.

	March 31, 2014	December 31, 2013
	$	$
Asset retirement obligation, beginning of year	19,597	12,568
Liabilities incurred	1,768	4,663
Liabilities acquired (note 4)	-	4,818
Revision to estimate	1,211	(2,803)
Accretion	157	351
Balance end of period	22,733	19,597

11. SUPPLEMENTAL CASH FLOW INFORMATION

a) Changes in non-cash working capital:

	Three months ended March 31, 2014	2013
	$	$
Accounts receivable	(672)	(3,948)
Prepaid expenses	(467)	(495)
Accounts payable	7,103	(3,096)
Changes in non-cash working capital	5,964	(7,539)

These changes relate to the following activities:

	Three months ended March 31, 2014	2013
	$	$
Operating activities	(20,936)	(11,524)
Investing activities	26,900	3,985
Changes in non-cash working capital	5,964	(7,539)

b) Other cash flow information

	Three months ended March 31,	
	2014	2013
	$	$
Interest paid	781	63
Interest received	16	-
Current income tax paid	2,775	-

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 derivative assets or liabilities, divided by funds flow from operations. At March 31, 2014, Raging River has a net debt of $117.9 million (December 31, 2013 - $96.3 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 March 31, 2014, 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 and does not contemplate doing so in the foreseeable future. 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 polices 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 May 7, 2014:

2014

Q2					
Crude oil	Fixed	Apr 2014 – Jun 2014	2,800 bbls/d	Cdn $104.07/bbl	WTI
Natural gas	Fixed	Apr 2014 – Jun 2014	500 GJs/d	Cdn $3.82/GJ	AECO
Q3					
Crude oil	Fixed	Jul 2014 – Sept 2014	2,000 bbls/d	Cdn $103.83/bbl	WTI
Natural gas	Fixed	Jul 2014 – Sept 2014	500 GJs/d	Cdn $3.82/GJ	AECO
Q4					
Crude oil	Fixed	Oct 2014 – Dec 2014	1,600 bbls/d	Cdn $103.45/bbl	WTI
Natural gas	Fixed	Oct 2014 – Dec 2014	500 GJs/d	Cdn $3.82/GJ	AECO

The contracts in place during the three month period ended March 31, 2014, resulted in a realized loss of $1.6 million (March 31, 2013 – gain of $61 thousand) and an unrealized loss of $1.6 million (March 31, 2013 – loss of $1.6 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, 2014, 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 March 31, 2014, the Company's receivables consisted of $25.9 million (December 31, 2013 - $23.7 million) of receivables from oil and natural gas marketers, $2.7 million (December 31, 2013 - $3.8 million) from joint venture partners, and $453 thousand (December 31, 2013 - $1.6 million) of other trade receivables. As at March 31, 2014, 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 March 31, 2014 was a liability of $3.1 million (December 31, 2013 – liability of $1.5 million). If the Canadian dollar

equivalent WTI price changes by $1.00 per bbl, net earnings would increase (decrease) by $882 thousand.

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 March 31, 2014.

As at March 31, 2014, a 1% change in interest rate on the bank debt would increase (decrease) net earnings by $662 thousand (December 31, 2013 –$506 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 March 31, 2014:

	less than 1 year	greater than 1 year
	$	
Accounts payable	81,748	-
Financial instruments	3,071	
Bank debt	-	66,231

14. SUBSEQUENT EVENT

Effective April 23, 2014, the Company has increased its credit facility to an authorized borrowing base of $300 million from $225 million with similar terms as the credit facility as at March 31, 2014. The banking syndicate has approved a credit facility of $300 million comprised of a $20 million non-syndicated operating facility and a $280 million syndicated extendible revolving facility.