MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis as provided by the management of Raging River Exploration Inc. ("Raging River" or the "Company") is dated May 7, 2014 and should be read in conjunction with the unaudited interim financial statements for the three months ended March 31, 2014 and the audited financial statements for the year ended December 31, 2013 and the notes thereto. 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"). All dollar amounts are referenced in Canadian dollars, except when noted otherwise.

Forward Looking Statements

This Management Discussion and Analysis ("MD&A") may include forward-looking statements including opinions, assumptions, estimates and management's assessment of future plans and operations, expected royalty rates, expected transportation costs, expected capital expenditures, expectations that the company will have adequate liquidity to fund operations and capital expenditures and the timing and funding thereof. When used in this document, the words "anticipate", "believe", "estimate", "expect", "intent", "may", "project", "plan", "should" and similar expressions are intended to be among the statements that identify forward-looking statements. Forward-looking statements are subject to a wide range of risks and uncertainties, and although the Company believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will be realized. Any number of important factors could cause actual results to differ materially from those in the forward-looking statements, including, but not limited to, risks associated with petroleum and natural gas, exploration, development, exploitation, production, marketing and transportation, the volatility of petroleum and natural gas prices, currency fluctuations, the ability to implement corporate strategies, the state of domestic capital markets, the ability to obtain financing, incorrect assessments of the value of acquisitions, failure to realize the anticipated benefits of acquisitions, changes in petroleum and natural gas acquisition and drilling programs, delays resulting from inability to obtain required regulatory approvals, delays resulting from other producers, imprecision or reserve estimates, labour supply risks, environmental risks, competition from other producers, imprecision of reserve estimates, changes in general economic conditions, whether farm-in and farm-out opportunities result in agreements and other factions more fully described from time to time in the reports and filings made by the Company with securities regulatory authorities including the Company's most recent annual information form. Statements relating to "reserves" or "resources" are deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitably produced in the future. The forward looking statements contained in this MD&A are expressly qualified by this cautionary statement. Readers are cautioned not to place undue reliance on forward-looking statements, as no assurances can be given as to future results, levels of activity or achievements. Except as required by applicable securities laws, the Company does not undertake any obligation to publicly update or revise any forward-looking statements.

Additional GAAP Measures

The MD&A contains the term funds flow from operations which should not be considered an alternative to, or more meaningful than, cash flow from operating activities as determined in accordance with IFRS as an indicator of the Company's performance. The reconciliation between cash flow from operating activities and funds flow from operations can be found in the statement of cash flows in the unaudited interim financial statements and is presented before the change in non-cash operating working capital. The Company reconciles funds flow from operations to cash flow from operating activities, which is the most directly comparable measure calculated in accordance with IFRS, as follows:

	Three months ended March 31,	
	2014	2013
Cash flow from operating activities	28,877	11,859
Changes in non – cash working capital	20,936	11,524
Funds flow from operations	49,813	23,383

The Company presents funds from operations per share whereby per share amounts are calculated consistent with the calculation of earnings per share.

<u>Non-GAAP Measures</u>

The MD&A contains other terms such as net debt and operating netbacks, which are not recognized measures under IFRS. Management believes these measures are useful supplemental measures of firstly, the total amount of current and long-term debt the Company has, and secondly, the amount of revenues received after the royalties, operating and transportation costs. Net debt and working capital deficiency, which terms represent current assets less current liabilities and bank debt is used to assess efficiency, liquidity and the general financial strength of the Company. Mark-to-market risk management contracts are excluded from the net debt calculation. Readers are cautioned however, that these measures should not be construed as an alternative to other terms such as current and long-term debt or net earnings in accordance with IFRS as measures of performance. The Company’s method of calculating these measures may differ from other companies, and accordingly, may not be comparable to measures used by other companies.

The term barrels of oil equivalent (“boe”) may be misleading, particularly if used in isolation. Per boe amounts have been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil. This equivalence is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

<u>Description of the Company</u>

Raging River was incorporated as 1646988 Alberta Ltd. pursuant to the *Business Corporations Act* (Alberta) on December 15, 2011 and subsequently 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 the Dodsland area of southwest Saskatchewan.

Raging River commenced active operations on March 16, 2012 following the completion of the Plan of Arrangement among Wild Stream Exploration Inc., Crescent Point Energy Corp. and the Company. Upon completion of the Plan of Arrangement, Wild Stream shareholders received 1.0 Raging River common share, 0.17 Crescent Point common share and 0.2 of a Raging River purchase warrant. Concurrent with the arrangement Raging River acquired certain oil-weighted assets (the “Acquired Assets”) in the Dodsland area in southwest Saskatchewan. The Acquired Assets were purchased with an effective date of January 1, 2012 and a closing date of March 15, 2012.

Unless otherwise indicated herein, all production information presented herein has presented on a gross basis, which is the Company's working interest prior to deduction of royalties and without including any royalty interests.

Corporate Highlights

First quarter ended March 31, 2014

- Achieved record average production of 9,805 boe/d (96% oil), an increase of 26% from the fourth quarter of 2013 volumes of 7,777 boe/d and an increase of 115% over the comparable period in 2013.

- Increased average production guidance to 9,800 boe/d from 9,500 boe/d and increased exit guidance to 11,700 boe/d from 11,000 boe/d.

- Attained record corporate funds flow from operations of $49.8 million ($0.28/share basic), an increase of 39% from a fourth quarter 2013 funds flow from operations of $35.9 million.

- Achieved record operating netbacks of $66.82/boe and strong funds flow netbacks of $56.44/boe.

- Achieved record earnings of $24.4 million ($0.14/share basic) or $27.60/boe.

- Improved overall general and administrative costs to $1.47/boe representing a 17% decrease in costs per boe from the fourth quarter of 2013.

- The Company spent $72 million on capital expenditures including $70.6 million on development activities in addition to $1.4 million on land. A total of 75 (65.7 net) horizontal Viking oil wells were drilled and completed testing 28 (27 net) new sections.

- Maintained balance sheet strength with first quarter exit net debt of $117.9 million representing 0.6 times debt to the first quarter annualized cash flow.

Highlights subsequent to March 31, 2014

- Raging River increased its credit facility to $300 million from $225 million.

Petroleum and Natural Gas Revenue

	Three months ended March 31, 2014	2013	Percent Change
	(thousands of dollars)		
Liquids revenue	79,446	32,981	141
Natural gas revenue	1,163	166	601
Royalty revenue	98	4	2,350
	80,707	33,151	143
Operating: (6:1 boe conversion)			
Average daily production			
Liquids (bbls/d)	9,427	4,454	112
Natural gas (mcf/d)	2,269	580	291
Barrels of oil equivalent (boe/d)	9,805	4,550	115
Average Raging River sales price			
Liquids ($/bbl)	93.75	82.29	14
Natural gas ($/mcf)	5.69	3.18	79
Barrel of oil equivalent ($/boe)	91.46	80.95	13
Average Benchmark Prices			
Crude oil - WTI (US$/bbl)	98.68	94.30	5
Crude oil - Edmonton Par	100.18	88.65	13
Natural gas - AECO	5.63	3.08	83
Exchange rate (US$/Cdn$)	0.91	0.99	(8)

The Company takes almost all of its working interest production "in kind" and it is marketed and sold through various credit-worthy commodity purchasers. Raging River’s crude oil is marketed under a short-term (30 day) contract with a crude oil marketer and through major North American crude oil purchasers. All of the Company's natural gas is currently sold as spot gas through significant North American natural gas marketers.

Commodity prices are affected by both domestic and international factors that are beyond the control of the Company. Prices received for crude oil are determined by the quality of the crude compared to the benchmark price for Edmonton par light, sweet oil. The combination of the WTI/Edmonton Par differential narrowing to $8.25/bbl and a significantly weakened Canadian dollar has resulted in a higher realized price for the Company in the first quarter of 2014. Raging River’s average quality adjustment to Edmonton Par pricing during the first quarter of 2014 was $6.43/bbl compared to $6.36/bbl in the first quarter of 2013. The Company's liquids price averaged $93.75/bbl for the first quarter of 2014, up 14 percent from $82.29/bbl in the first quarter of 2013.

The AECO natural gas price surged upwards in the first quarter of 2014 due to cold winter weather, which resulted in the increase of the natural gas price realized by the Company. Raging River’s realized natural gas price in the first quarter of 2014 was $5.69 per mcf compared to the AECO daily index average of $5.63, and $3.18 per mcf in the first quarter of 2013.

During the first quarter of 2014, the Company drilled a total of 75 gross (65.7 net) wells with a 100% success rate, all in Dodsland in southwest Saskatchewan.

Production	Q1/14	Q4/13	Q3/13	Q2/13	Q1/13	Q4/12	Q3/12	Q2/12	Q1/12
Liquids (bbls/d)	9,427	7,458	5,495	4,387	4,454	3,027	2,073	1,667	1,345
Natural gas (mcf/d)	2,269	1,912	1,104	1,401	580	618	319	268	291
Total (boe/d)	9,805	7,777	5,679	4,620	4,550	3,130	2,127	1,711	1,394
% increase over prior quarter	26%	37%	23%	2%	45%	47%	24%	23%	-
Production per 1,000,000 shares	55.9	47.4	36.2	29.5	29.0	24.6	17.4	15.2	15.8
Per share % increase over prior quarter	18%	31%	23%	2%	18%	41%	14%	(4)	-

The Company's production for the first quarter of 2014 increased to 9,805 boe/d from 4,550 boe/d in the first quarter of 2013, an increase of 115 percent. Quarter over quarter, production in the first quarter of 2014 increased to 9,805 boe/d from 7,777 boe/d in the fourth quarter of 2013, an increase of 26 percent. The quarter over quarter and year over year increase was attributable to a successful drilling program in 2013 and 2014 combined with the property acquisition that closed late in the fourth quarter of 2013.

Petroleum and natural gas revenue in the three month period March 31, 2014 was $80.7 million as compared to $33.2 million in the comparable period of 2013. This increase was the result of a 115 percent increase in production volumes and a 13 percent increase in commodity pricing.

Commodity Price Risk Management

Raging River, as part of our financial management strategy, has adopted a disciplined commodity hedging program. The objective of the hedging program is to reduce volatility in the financial results, protect acquisition economics and stabilize cash flow against the unpredictable commodity price environment. As the Company's production grows, our corporate hedging strategy will be restricted to a maximum hedge of 60% of the trailing month's actual production, allowing the Company to participate in commodity price increases while limiting exposure to declines in commodity prices. As of May 7, 2014 the Company has the following price contracts in place by quarter:

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

Realized & unrealized gain/loss on financial instruments

The realized loss represents the commodity contracts settled during the three months ended March 31, 2014. For the three months ended March 31, 2014, the Company realized losses of $1.6 million compared to a realized gain of $61 thousand in the comparable period of 2013. As the oil commodity contracts referenced to the WTI are settled in Canadian dollars, a weaker Canadian dollar in the first quarter of 2014, resulted in recording the $1.6 million realized loss.

As of March 31, 2014, the fair value of Raging River's outstanding commodity contracts is an unrealized liability of $3.1 million as reflected in the interim financial statements. The fair value or mark to market value of these contracts is based upon the estimated amount that would have been received as at March 31, 2014 had the contracts been monetized or terminated. Subsequent changes in the fair value of the commodity contracts are recognized in the interim financial statements and could be materially different than what is recorded at March 31, 2014. The unrealized loss of $1.6 million represents the fair value change of the underlying commodity contracts to be settled in the future. In comparison, an unrealized loss of $1.6 million was recorded for the three months ended March 31, 2013.

Royalties

	Three months ended March 31, 2014	2013	Percent Change
	(thousands of dollars)		
Crown	2,184	944	131
Saskatchewan resource surcharge	1,579	665	137
Freehold and GORR	3,537	1,235	186
	7,300	2,844	157
Percent of total revenue	9.0%	8.6%	5
Per boe ($)	8.27	6.94	19

Royalty expenses consist of royalties paid to provincial governments, freehold landowners, overriding royalty owners and the Saskatchewan resource surcharge. Royalties increased to $7.3 million in the first quarter of 2014 from $2.8 million in the first quarter of 2013, due to a combination of a 115 percent increase in production volumes and a 13 percent increase in commodity pricing. The Company's average royalty rate was 9.0% in the first quarter of 2014 compared to 8.6% in the comparable quarter of 2013 due to a larger percentage of wells having freehold royalties drilled in the second half of 2013 and into the first quarter of 2014.

The Company's average royalty rate is expected to marginally increase through 2014 as a larger percentage of wells having freehold royalties are anticipated to be drilled in the remainder of 2014.

Operating Expenses

	Three months ended March 31, 2014	2013	Percent Change
Total operating costs *($ thousands)*	11,034	5,183	113
Percent of total revenue	13.7%	15.6%	(12)
Per boe ($)	12.50	12.66	(1)

Operating expenses increased to $11.0 million in the first quarter of 2014 from $5.2 million in the first quarter of 2013. The increase is attributable to the 115 percent increase in production volumes. Efficiencies in operations combined with economies of scale as a result of increased production volumes, led to the slight decline of $0.16 per unit operating costs to $12.50/boe in 2014 from $12.66/boe in the comparable quarter of 2013. Quarter over quarter per unit operating expenses increased by $0.08/boe as a direct result of higher operating costs associated with winter operations.

Transportation Expenses

	Three months ended March 31, 2014	2013	Percent Change
Total transportation costs *($ thousands)*	1,770	903	96
Percent of total revenue	2.2%	2.7%	(19)
Per boe ($)	2.01	2.20	(9)

Transportation costs increased to $1.8 million in the first quarter of 2014 from $0.9 million in the first quarter of 2013 as a result of the 115 increase in production volumes. Transportation expenses relate to the cost of transporting liquids and natural gas and hauling crude oil to the point of sale. On a per boe basis, transportation expenses for the quarter ended March 31, 2014 decreased 9 percent to $2.01 from $2.20 in the comparable period of 2013. This decrease is primarily due to more volumes being pipeline connected which on an overall basis has led to the decline in transportation costs per boe.

Transportation costs are expected to increase marginally for the second quarter of 2014 than the first quarter due to spring break up conditions. For the second half of 2014 we expect to return to transportation costs of approximately $2.00 per boe.

General and Administrative Expenses

	Three months ended March 31, 2014	2013	Percent Change
	(thousands of dollars)		
General and administrative	1,997	1,237	61
Overhead recoveries	(266)	(222)	20
Capitalized G & A	(438)	(245)	79
	1,293	770	68
Percent of total revenue	1.6%	2.3%	(30)
Per boe ($)	1.47	1.88	(22)

Gross general and administrative costs increased to $2.0 million in the first quarter of 2014 from $1.2 million in the first quarter of 2013. Increased general and administrative costs before recoveries and capitalization were mainly the result of increased costs including head office staff to accommodate the Company's capital expenditure program and the larger operations resulting from significant increases in production. Higher salary costs were driven by increased personnel including technical, operations and administrative staff.

Net general and administration expenses for the first quarter of 2014 were $1.3 million or $1.47/boe compared to $0.8 million or $1.88/boe in the first quarter of 2013. Capitalized G&A and overhead recoveries also increased in the first quarter due to a substantial increase in capital spending. Costs on a boe basis decreased by 22% from the first quarter of 2013 primarily as a result of a 115 percent increase in production volumes due to successful drilling activities.

Financial Charges

	Three months ended March 31, 2014	2013	Percent Change
Financial charges *($ thousands)*	906	129	602
Percent of total revenue	1.1%	0.4%	175
Per boe ($)	1.03	0.32	222

Financial charges for the first quarter of 2014 were $906 thousand or $1.03/boe compared to $129 thousand or $0.32/boe in the first quarter of 2013. Financial charges increased by 602 percent as a result of increased interest on bank debt and increased standby charges. Interest on bank debt increased in the first quarter as compared to the first quarter of 2013, due to carrying higher average debt levels to fund operations and significant capital spending. Standby charges increased during the first quarter of 2014 as a result of an increase in the authorized borrowing base to $225 million in the fourth quarter of 2013 compared to the borrowing base of $125 million in the first quarter of 2013. As at March 31, 2014 the Company had drawn $66.2 million against the available credit facility of $225 million.

Refer to Subsequent Events below for details on the Company's credit facility increase to $300 million subsequent to the quarter end.

Stock-based Compensation

	Three months ended March 31, 2014	2013	Percent Change
Stock based compensation *($ thousands)*	691	295	134
Percent of total revenue	0.9%	0.9%	-
Per boe ($)	0.78	0.72	8

As at March 31, 2014 the Company has issued a total of 9.8 million stock options with a weighted average fair value of $0.88 per option. Stock based compensation expense in the first quarter of 2014 was $691 thousand compared to $295 thousand in the first quarter of 2013. The expense is driven by the timing and valuation of new stock option grants. Stock options granted have a term of 3.5 years to expiry and have a three year vesting period from the date of grant. The stock-based compensation plan is accounted for using the fair value method of accounting.

Depletion, Depreciation and Accretion

	Three months ended March 31, 2014	2013	Percent Change
	(thousands of dollars)		
Depletion and depreciation	20,351	11,581	76
Exploration and evaluation lease expiries	581	1,185	(51)
Accretion	157	73	115
	21,089	12,839	64
Percent of total revenue	26.1%	38.7%	(33)
Per boe ($) – Depletion and depreciation	23.24	28.46	(18)
Per boe ($) – Exploration and evaluation lease expiries	0.66	2.89	(77)

Depletion and depreciation expense for the three month period ended March 31, 2014 was $20.4 million or $23.24/boe compared to $11.6 million or $28.46/boe in the first quarter of 2013. Depletion of oil and gas assets is provided on the "unit-of–production" method based on total proved and probable reserves, including future development costs, on a component basis. The increase in depletion expense is a result of a 115 percent increase in production volumes, combined with a large increase to the capital base from capital expenditures from an intensive drilling program. On a per boe basis, the depletion and depreciation rate declined by 18 percent due to significant reserve additions recorded in the fourth quarter of 2013.

Accretion increased in 2014 to $157 thousand from $73 thousand in the comparable quarter of 2013. This increase is primarily due to the increase in asset retirement obligation from drilling and acquisition activities. Accretion represents the time value of the asset retirement obligation and is calculated at the Company's risk-free rate, currently 2.96 percent. It will continue to increase with the passage of time and the increases in asset retirement obligations.

During the three month period ended March 31, 2014, $581 thousand of costs associated with expired mineral leases were recognized as depletion expense in the statement of comprehensive earnings. In comparison, $1.2 million of lease expiries were recorded in the first quarter of 2013.

Asset Retirement Obligations

As at March 31, 2014, the asset retirement obligation of the Company was $22.7 million. The Company recorded an increase of $3.1 million in the obligation from the asset retirement obligation of $19.6 million as at December 31, 2013. This is related to its first quarter 2014 capital exploration and development program combined with an upward revision to the estimate due to discounting the costs at a lower risk-free rate at March 31, 2014 relative to the rate applied at December 31, 2013.

Income Taxes

The income tax provision for the three months ended March 31, 2014 was $9.1 million for an effective tax provision rate of 27 percent.

In the three months ended March 31, 2014, the Company recorded a current tax expense of $7.0 million and $2.1 million of deferred taxes.

Funds from Operations and Net Earnings

The Company's funds from operations and net earnings generating capability are a direct result of production, commodity prices, and the cost to find and produce reserves. In the three month period of operations ended March 31, 2014, Raging River recorded funds from operations of $49.8 million and net earnings of $24.4 million. This is a significant increase from the 2013 results with funds from operations of $23.4 million and net earnings of $6.2 million, due primarily to increased production volumes, higher commodity pricing, and lower depletion rates per boe in 2014.

The following table summarizes the operating netback, funds from operations and net earnings on a barrel of oil equivalent basis:

	Three months ended March 31,		Percent
	2014	2013	Change
	($/boe)		
Petroleum and natural gas revenue	91.46	80.95	13
Realized gain (loss) on commodity contracts	(1.86)	0.15	n/a
Royalties	(8.27)	(6.94)	19
Net revenue	81.33	74.16	10
Operating expenses	(12.50)	(12.66)	(1)
Transportation expenses	(2.01)	(2.20)	(9)
Operating netback	66.82	59.30	13
Financial charges	(1.03)	(0.32)	222
General and administrative expenses	(1.47)	(1.88)	(22)
Current taxes	(7.88)	-	100
Funds from operations	56.44	57.10	(1)
Unrealized loss on financial instruments	(1.78)	(3.94)	(55)
Exploration and evaluation lease expiries	(0.66)	(2.89)	(77)
Stock based compensation expense	(0.78)	(0.72)	8
Depletion, depreciation and accretion expense	(23.24)	(28.46)	(18)
Earnings before taxes	29.98	21.09	42
Deferred income tax provision	(2.38)	(5.85)	(59)
Net earnings	27.60	15.24	81

Capital Expenditures

Total exploration and development capital expenditures for the three month period ended March 31, 2014 were $72 million compared to $37.6 million for the comparable period of 2013. The expenditures are detailed below:

	Three months ended March 31, 2014	2013	Percent Change
	(thousands of dollars)		
Land	1,368	746	83
Geological and geophysical	68	54	26
Drilling, completions and equipping	62,357	35,289	77
Production facilities	8,199	1,518	440
Other	25	1	n/a
Exploration and development	72,017	37,608	91

In the three months ended March 31, 2014, Raging River drilled a total of 75 (65.7 net) crude oil wells testing 28 new sections. By comparison, the Company drilled a total of 45 (38.2 net) crude oil wells in the three months ended March 31, 2013.

During the first quarter of 2014, the Company spent $72 million on capital expenditures including $70.6 million on drilling, completions and production facilities. Additionally the Company has expanded its undeveloped land base spending $1.4 million in the core area of Dodsland in southwest Saskatchewan.

The Company's Board of Directors approved an initial 2014 exploration and development budget of $215 million. On May 7, 2014, the capital budget was expanded to $245 million. It is anticipated that this budget will be funded from anticipated 2014 cash flow combined with the Company's credit facility that was increased to $300 million subsequent to quarter end (see Subsequent Event).

Drilling Activity

The following table summarizes our drilling results:

	Three months ended March 31, 2014		2013	
	Gross	Net	Gross	Net
Natural gas	-	-	-	-
Crude oil	75	65.7	45	38.2
Service	-	-	-	-
Dry and abandoned	-	-	-	-
Total	75	65.7	45	38.2
Success	100%	100%	100%	100%

Although 100% of the wells drilled in the first quarter of 2014 were drilled, completed and placed on production, 3 (3.0 net) wells have been deemed to be below an internally calculated economic threshold.

Liquidity and Capital Resources

At March 31, 2014, the Company had net debt of $117.9 million compared to net debt of $96.3 million at December 31, 2013. For the three months ended March 31, 2014, funds from operations of $49.8 combined with warrant proceeds of $0.6 million less capital expenditures of $72 million resulted in the ending net debt of $117.9 million. The Company expects to have adequate liquidity to fund the 2014 capital expenditure budget of $235 million through a combination of funds flow from operations, and the $300 million syndicated credit facility (see Subsequent Event).

Capital Resources

	March 31, 2014	March 31, 2013
($ thousands)		
Capital Resources		
Bank debt available	225,000	125,000
Working capital deficiency	(117,907)	(29,381)
Total capital resources available	107,093	95,619

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.

Under the amended plans, changes to capital were the following:

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.

Common share information

CAPITALIZATION

Share Capital

	March 31,	
Outstanding common shares	2014	2013
Weighted average outstanding common shares (1)		
-Basic	175,460,734	156,757,341
-Diluted	183,416,551	164,775,352
Outstanding securities at March 31, 2014		
-Common shares		179,213,468
-Stock options – weighted average exercise price of $2.99		9,766,468
-Warrants issued through Private Placement – exercise price of $2.00		3,391,772

(1) Diluted weighted average share information reflects the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. Diluted weighted average share information is calculated assuming that any proceeds received by the Company upon exercise of in-the-money stock options or warrants plus the unamortized stock compensation expense would be used to buy back common shares at the average market price for the period.

Total Market Capitalization

The Company's market capitalization at March 31, 2014 was $1.6 billion.

	March 31, 2014
Common shares outstanding	179,213,468
Share price (1)	$8.90
Total market capitalization	$1,594,999,865

(1) Represents the last price traded on the TSX on March 31, 2014.

As at May 7, 2014 the Company had 179,312,900 common shares outstanding.

	May 7, 2014
Outstanding securities at May 7, 2014	
-Common shares	179,312,900
-Stock options – weighted average exercise price of $3.49	10,529,196
-Warrants issued through Private Placement	3,318,672

Subsequent Event

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

Contractual Obligations and Commitments

Raging River has assumed various contractual obligations and commitments in the normal course of operations and financing activities. We consider these obligations when assessing cash requirements in the discussion of future liquidity that follows:

Contractual Obligations

Payments due by Period ($ thousands)	Less than 1 Year	1 to 3 Years	4 to 5 Years	After 5 Years	Total
Bank debt	-	66,231	-	-	66,231
Financial instruments	3,071	-	-	-	3,071
Total contractual obligations	3,071	66,231	-	-	69,302

Off-Balance Sheet Arrangements

There are currently no significant off-balance sheet arrangements.

Related Party Transactions

The Company did not have any related party transactions in the first quarter of 2014.

Summary of Quarterly Results

	Q1/14	Q4/13	Q3/13	Q2/13	Q1/13	Q4/12	Q3/12	Q2/12
Financial *(thousands of dollars except share data)*								
Petroleum and natural gas revenue	80,707	56,106	50,287	36,264	33,151	21,764	15,038	11,602
Funds flow from operations [1]	49,813	35,882	32,174	25,527	23,383	15,089	10,269	7,492
Per share - basic	0.28	0.22	0.21	0.16	0.15	0.12	0.08	0.07
- diluted	0.27	0.20	0.19	0.15	0.14	0.12	0.08	0.07
Net earnings	24,360	16,622	11,738	8,810	6,241	4,943	2,648	3,363
Per share - basic	0.14	0.10	0.07	0.06	0.04	0.04	0.02	0.03
- diluted	0.13	0.09	0.07	0.05	0.04	0.03	0.02	0.03
Capital expenditures, net	72,017	164,121	60,184	10,583	37,608	62,209	27,270	31,537
Capital expenditures – corporate	-	-	-	-	-	5,211	-	-
Shareholders' equity	405,258	379,403	286,318	273,703	264,027	257,371	161,133	158,154
Weighted average shares								
Basic	175,461	164,121	156,757	156,757	156,757	127,149	122,382	112,380
Diluted	183,417	178,729	169,485	166,546	164,775	129,380	123,437	112,380
Shares outstanding, end of period *(thousands)*								
Basic	179,213	170,914	156,757	156,757	156,757	156,757	122,382	122,382
Diluted	192,372	195,214	180,879	180,829	177,672	177,372	142,827	142,952
Operating *(6:1 boe conversion)*								
Average daily production								
Crude oil and NGLs *(bbls/d)*	9,427	7,458	5,495	4,387	4,454	3,027	2,073	1,667
Natural gas *(mcf/d)*	2,269	1,912	1,104	1,401	580	618	319	268
Barrels of oil equivalent [2] *(boe/d)*	9,805	7,777	5,679	4,620	4,550	3,130	2,127	1,711
Average selling prices[4]								
Crude oil and NGLs *($/bbl)*	93.75	80.93	98.98	89.71	82.29	77.54	78.54	76.28
Natural gas *($/mcf)*	5.69	3.28	2.43	3.55	3.18	3.05	1.91	1.37
Barrels of oil equivalent [2] *($/boe)*	91.46	78.42	96.25	86.26	80.95	75.59	76.86	74.50
Netbacks ($/boe)								
Operating								
Petroleum and natural gas revenue[4]	91.46	78.42	96.25	86.26	80.95	75.59	76.86	74.50
Realized gain (loss) on commodity contracts	(1.86)	(1.99)	(7.65)	(0.49)	0.15	0.83	0.04	2.25
Royalties	(8.27)	(7.02)	(8.86)	(7.46)	(6.94)	(6.69)	(7.70)	(7.79)
Operating expenses	(12.50)	(12.42)	(12.53)	(12.78)	(12.66)	(12.44)	(12.03)	(14.25)
Transportation expenses	(2.01)	(2.10)	(2.02)	(2.25)	(2.20)	(1.75)	(1.69)	(1.73)
Operating netback *($/boe)*	66.82	54.89	65.19	63.28	59.30	55.54	55.48	52.98
General and administrative expense	(1.47)	(1.78)	(1.85)	(1.95)	(1.88)	(2.31)	(2.48)	(3.97)
Financial charges	(1.03)	(0.76)	(0.32)	(0.61)	(0.32)	(0.79)	(0.51)	(0.90)
Asset retirement obligation	-	-	-	-	-	(0.03)	-	-
Current taxes	(7.88)	(2.20)	(0.55)	-	-	-	-	-
Funds flow netback[3] *($/boe)*	56.44	50.15	62.47	60.72	57.10	52.41	52.49	48.10

(1) Management uses funds flow from operations to analyze operating performance and leverage. Funds flow from operations as presented does not have any standardized meaning prescribed by IFRS and therefore it may not be comparable with the calculation of similar measures for other entities. The reconciliation between funds flow from operations and cash flow from operating activities can be found in this MD & A.
(2) Boe conversion ratio for natural gas of 1 Boe: 6 Mcf has been used, which is based on an energy equivalency conversion method primarily applicable at the burner tip and does not necessarily represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.
(3) Funds flow netbacks are calculated as the operating netback less general and administrative expenses, financial charges asset retirement obligations, transaction costs and current taxes.
(4) Excludes unrealized risk management contracts.

The fluctuations in Raging River's revenue, funds flow from operations and net earnings from quarter to quarter are primarily due to increases in production volumes, changes in realized commodity pricing and the related impact on royalties. With the commencement of operations in the latter part of the first quarter of 2012, and continuing through into 2014, the Company has maintained an active capital expenditure program combined with property acquisitions and corporate acquisitions. This has resulted in a substantial increase on a quarter over quarter basis in the Company's 2014 production, revenues, funds from operations and net earnings. Please refer to the Financial and Operating Results section of this MD&A for detailed discussions of changes in the first quarter of 2014.

Business Environment and Risk

The business risks the Company is exposed to are those inherent in the oil and gas industry as well as those governed by the individual nature of Raging River's operations. Geological and engineering risks, the uncertainty of discovering commercial quantities of new reserves, commodity prices, interest rate and foreign exchange risks, competition and government regulations – all of these govern the business and influence the controls and management at the Company. Raging River manages these risks by:

- attracting and retaining a team of highly qualified and motivated professionals who have a vested interest in the success of the Company;
- operating properties in order to maximize opportunities;
- employing risk management instruments to minimize exposure to volatility of commodity prices, interest rate and foreign exchange rates;
- maintaining a strong financial position; and
- maintaining strict environmental, safety and health practices

For additional details on the risks relating to Raging River's business, see "Risk Factors" in the Company's most recent annual information form, which is available on SEDAR at www.sedar.com.

Disclosure Controls and Procedures

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") have designed, or caused to be designed under their supervision, disclosure controls and procedures as defined in National Instrument 52-109 of the Canadian Securities Administrators, to provide reasonable assurance that: (i) material information relating to the Company is made known to the CEO and the CFO by others, particularly during the period in which the annual filings are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Internal Controls over Financial Reporting

The CEO and the CFO have designed, or caused to be designed under their supervision, internal controls over financial reporting as defined in National Instrument 52-109 of the Canadian Securities Administrators, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. No changes were made to the Company's internal controls over financial reporting during the three month period ended March 31, 2014 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

It should be noted that while Raging River's CEO and CFO believe that the Company's internal controls and procedures provide a reasonable level of assurance and that they are effective, they do not expect that these controls will prevent all errors or fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Application of Critical Accounting Estimates

Use of estimates and judgments

The preparation of financial statements requires management to make estimates and use judgment regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the period. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future periods could require a material change in the financial statements. Accordingly, actual results may differ from the estimated amounts as future confirming events occur.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and for any future years affected.

a) Critical Judgments in Applying Accounting Policies

The determination of what constitutes a cash-generating unit ("CGU") used to test the recoverability of development and production asset carrying values is subject to management judgment. Judgments are made in regards to shared infrastructure, geographical proximity, petroleum type and similar exposure to market risk and materiality. The asset composition of a CGU can directly impact the recoverability of the assets included therein. The key estimates used in the determination of cash flows from oil and natural gas reserves include the following:

i) Reserves – assumptions that are valid at the time of reserve estimation may change significantly when new information becomes available. Changes in forward price estimates, production levels or results of future drilling may change the economic status of reserves and may ultimately result in reserves being restated.

ii) Oil and natural gas prices – forward price estimates are used in the cash flow model. Commodity prices can fluctuate for a variety of reasons including supply and demand fundamentals, inventory levels, exchanges rates, weather, and economic and geopolitical factors.

iii) Discount rate – the discount rate used to calculate the net present value of cash flows is based on estimates of an approximate industry peer group weighted average cost of capital. Changes in the general economic environment could result in significant changes to this estimate.

Judgments are required to assess when impairment indicators exist and impairment testing is required. In determining the recoverable amount of assets, in the absence of quoted market prices, impairment tests are based on estimates of reserves, production rates, future oil and natural gas prices, future costs, discount rates, market value of land and other relevant assumptions.

The application of the Company's accounting policy for exploration and evaluation assets requires management to make certain judgments as to future events and circumstances as to whether economic quantities of reserves have been found.

Judgments are made by management to determine the likelihood of whether deferred income tax assets at the end of the reporting period will be realized from future taxable earnings.

b) Key Sources of Estimation Uncertainty

Amounts recorded for depletion and depreciation and amounts used for impairment calculations are based on estimates of petroleum and natural gas reserves. By their nature, the estimates of reserves, including the estimates of future prices, costs, discount rates, future development costs and the related future cash flows, are subject to measurement uncertainty. Accordingly, the impact to the financial statements in future periods could be material.

Amounts recorded for asset retirement obligations and the related accretion expense requires the use of estimates with respect to the amount and timing of abandonment expenditures. Other provisions are recognized in the period when it becomes probable that there will be a future cash outflow.

The estimated fair values of derivative financial instruments resulting in financial assets and liabilities, by their very nature are subject to measurement uncertainty.

The estimated fair values of stock options and warrants using pricing models such as the Black-Scholes model is based on significant assumptions such as volatility and expected term.

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty.

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events

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 the Company's 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 or determined whether it will adopt the standard early.

Corporate Information

Board of Directors

NEIL ROSZELL
President & CEO, Raging River Exploration Inc.
Calgary, Alberta

GEORGE FINK [1] [2]
Chairman & CEO, Bonterra Energy Corp.
Calgary, Alberta

RAYMOND P. MACK [1] [3]
Partner, Kenway Mack Slusarchuk Stewart LLP
Calgary, Alberta

KEVIN OLSON [1] [3]
President, Kyklopes Capital Management Ltd.
Calgary, Alberta

DAVE PEARCE [2] [3]
Industry Partner KERN Partners
Calgary, Alberta

GARY BUGEAUD [2]
Businessman
Calgary, Alberta

(1) Audit Committee
(2) Corporate Governance and Compensation Committee
(3) Reserves Committee

Officers

NEIL ROSZELL, P. Eng.
President & CEO

BRUCE ROBERTSON
Executive Vice President

JERRY SAPIEHA, CA
Vice President Finance & CFO

BRUCE BEYNON
Vice President Exploration

JASON JASKELA, P. Eng.
Vice President Production & COO

TERRY DANKU
Vice President Engineering

TED BROWN (Corporate Secretary)
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