Condensed Consolidated Interim Statements of Financial Position

Stated in thousand of dollars

(Unaudited)

As at	March 31, 2015	December 31, 2014
Assets		
Current Assets		
Accounts receivable	**$ 44,290**	$ 66,709
Fair value of financial contracts (note 6)	**4,816**	43,130
Prepaid expenses and deposits	**8,373**	5,697
	57,479	115,536
Exploration and evaluation assets (note 3)	**12,788**	12,788
Petroleum and natural gas properties (note 4)	**1,740,827**	1,857,035
Deferred income taxes	**2,775**	—
	$ 1,813,869	$ 1,985,359
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$ 62,084**	$ 87,313
Dividends payable	**5,501**	11,003
Current portion of other long term obligations	**2,292**	3,046
	69,877	101,362
Fair value of financial contracts (note 6)	**2,456**	2,415
Bank debt (note 7)	**537,188**	564,258
Decommissioning obligations (note 8)	**244,111**	206,060
Other long term obligations	**2,880**	2,051
Deferred income taxes	**—**	33,350
Shareholders' equity		
Share capital	**1,252,315**	1,252,315
Contributed surplus	**34,210**	31,508
Warrants	**5,883**	5,883
Deficit	**(335,051)**	(213,843)
	957,357	1,075,863
	$ 1,813,869	$ 1,985,359

Subsequent events (note 10)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)

Stated in thousands of dollars, except per share amounts

(Unaudited)

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Revenues		
Petroleum and natural gas	$ **70,353**	$ 107,567
Royalties	**(10,624)**	(19,033)
Realized gain (loss) on financial contracts	**36,344**	(6,841)
Unrealized loss on financial contracts (note 6)	**(38,355)**	(12,461)
	57,718	69,232
Expenses		
Operating	**32,945**	19,410
Transportation	**2,618**	2,595
General and administrative	**3,969**	2,902
Transaction costs	**306**	433
Stock-based compensation (note 9)	**511**	1,276
Depletion and depreciation (note 4)	**41,402**	34,272
Impairment (note 5)	**109,836**	—
Finance expense	**6,809**	4,035
Loss (gain) on disposal of petroleum and natural gas properties (note 4)	**152**	(270)
	198,548	64,653
Income (loss) before income taxes	**(140,830)**	4,579
Deferred income tax expense (recovery)	**(36,125)**	1,157
Net income (loss) for the period	$ **(104,705)**	$ 3,422
Other comprehensive income:		
Transfer of cumulative translation adjustment to earnings	**—**	8,463
Other comprehensive income for the period	**—**	8,463
Total comprehensive income (loss) for the period	$ **(104,705)**	$ 11,885
Income (loss) per share (note 9)		
Basic	$ **(0.48)**	$ 0.02
Diluted	$ **(0.48)**	$ 0.02

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

Stated in thousands of dollars, except share amounts

(Unaudited)

	Number of common shares	Share capital	Contributed surplus	Performance warrants	Accumulated other comprehensive income	Deficit	Total equity
Balance at December 31, 2013	166,543,309	$ 884,676	$ 27,123	$ 7,284	$ —	$ (64,889)	$ 854,194
Net income for the period	—	—	—	—	—	3,422	3,422
Other comprehensive income	—	—	—	—	8,463	—	8,463
Issued pursuant to short form prospectus	12,778,800	80,506	—	—	—	—	80,506
Share issue costs, net of tax of $1.1 million	—	(3,318)	—	—	—	—	(3,318)
Options exercised	6,666	12	—	—	—	—	12
Warrants exercised	172,540	901	—	—	—	—	901
Transfer on exercise of options & warrants	—	600	(5)	(595)	—	—	—
Stock-based compensation	—	—	1,005	—	—	—	1,005
Dividends	—	—	—	—	—	(23,078)	(23,078)
Balance at March 31, 2014	179,501,315	$ 963,377	$ 28,123	$ 6,689	$ 8,463	$ (84,545)	$ 922,107
Balance at December 31, 2014	220,059,794	$1,252,315	$ 31,508	$ 5,883	$ —	$ (213,843)	$ 1,075,863
Net loss for the period	—	—	—	—	—	(104,705)	(104,705)
Stock-based compensation	—	—	2,702	—	—	—	2,702
Dividends	—	—	—	—	—	(16,503)	(16,503)
Balance at March 31, 2015	**220,059,794**	**$1,252,315**	**$ 34,210**	**$ 5,883**	**$ —**	**$ (335,051)**	**$ 957,357**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flows

Stated in thousands of dollars

(Unaudited)

	Three Months Ended March 31, 2015	2014
Cash provided by (used in)		
Operating		
Net income (loss)	$ **(104,705)**	$ 3,422
Loss (gain) on disposal of petroleum and natural gas properties and farm-outs	**152**	(270)
Unrealized loss on financial contracts	**38,355**	12,461
Finance expense	**6,809**	4,035
Interest expense	**(5,469)**	(3,016)
Depletion and depreciation	**41,402**	34,272
Impairment	**109,836**	—
Decommissioning expenditures	**(2,171)**	(512)
Stock-based compensation	**511**	1,276
Deferred income tax expense (recovery)	**(36,125)**	1,157
Change in non-cash working capital	**5,228**	2,789
Cash flow from operating activities	**53,823**	55,614
Financing		
Bank debt	**(27,070)**	78,846
Dividends paid	**(22,005)**	(22,216)
Issue of common shares	**—**	76,998
Cash flow from (used in) financing activities	**(49,075)**	133,628
Investing		
Petroleum and natural gas properties	**(25,812)**	(58,351)
Disposition of petroleum and natural gas properties	**35,729**	—
Acquisitions	**(4,574)**	(108,712)
Investment	**—**	(41,385)
Change in non-cash working capital	**(10,091)**	19,206
Cash flow used in investing activities	**(4,748)**	(189,242)
Change in cash	**—**	—
Cash, beginning of the period	**—**	—
Cash, end of the period	$ **—**	$ —

Cash is defined as cash and cash equivalents.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Tabular amounts are in thousands of dollars, except share and per share data

(Unaudited)

1. REPORTING ENTITY

Surge Energy Inc.'s (the "Corporation" or "Surge") business consists of the exploration, development and production of oil and gas from properties in western Canada. The Corporation is a dividend paying entity. The condensed consolidated interim financial statements include the accounts of the Corporation, its wholly-owned subsidiaries and partnerships.

2. BASIS OF PREPARATION

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" and using the accounting policies outlined by the Corporation in its annual consolidated financial statements for the year ended December 31, 2014. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements. These condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2014.

The condensed consolidated interim financial statements were authorized for issuance by the Board of Directors on May 12, 2015.

3. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation (E&E) assets consist of the Corporation's exploration projects which are pending the determination of proven or probable reserves. Additions represent the Corporation's share of costs incurred on E&E assets during the period.

Exploration & Evaluation Assets

		Total
Balance at December 31, 2013	$	25,149
Acquisitions		2,335
Transfer to petroleum and natural gas properties		(313)
Impairment		(14,383)
Balance at December 31, 2014 and March 31, 2015	**$**	**12,788**

4. PETROLEUM AND NATURAL GAS PROPERTIES

Petroleum and Natural Gas Properties

		Total
Balance at December 31, 2013	$	1,668,896
Acquisitions		746,992
Dispositions		(54,227)
Additions - including non-monetary exchange value of $4.5 million		154,070
Transfer from exploration and evaluation assets		313
Change in decommissioning obligations		49,945
Capitalized stock-based compensation		3,181
Balance at December 31, 2014	$	2,569,170
Acquisitions		4,919
Dispositions		(52,394)
Additions		25,812
Change in decommissioning obligations		43,999
Capitalized stock-based compensation		1,568
Balance at March 31, 2015	**$**	**2,593,074**

		Total
Accumulated depletion and depreciation		
Balance at December 31, 2013	$	(356,614)
Depletion and depreciation expense		(161,702)
Impairment		(197,097)
Dispositions		3,278
Balance at December 31, 2014	$	(712,135)
Depletion and depreciation expense		(41,402)
Impairment		(109,836)
Dispositions		11,126
Balance at March 31, 2015	**$**	**(852,247)**

		Total
Carrying amounts		
At December 31, 2014	$	1,857,035
At March 31, 2015	**$**	**1,740,827**

The calculation of depletion and depreciation expense for the year ended March 31, 2015 included an estimated $627.6 million (December 31, 2014 - $654.6 million) for future development costs associated with proved plus probable reserves and deducted $165.5 million (December 31, 2014 - $177.9 million) for the estimated salvage value of production equipment and facilities.

On February 11, 2015, the Corporation disposed of certain petroleum and natural gas properties in Saskatchewan for cash proceeds of $35.7 million. The petroleum and natural gas properties had a carrying value of $41.3 million at the time of disposition and an associated decommissioning liability of $5.4 million, resulting in a loss on disposal of $0.2 million.

During the period ended March 31, 2015 the Corporation acquired certain petroleum and natural gas properties in Northern Alberta and Southeast Saskatchewan for cash consideration of $4.6 million. The Corporation also assumed decommissioning obligations of $0.3 million.

5. IMPAIRMENT

For the period ended		**March 31, 2015**		March 31, 2014
Petroleum and natural gas properties	**$**	**109,836**	$	—
Impairment Expense	**$**	**109,836**	$	—

At March 31, 2015, due to declines in forward commodity prices, the Corporation determined a trigger to be present across all of it's CGU's. As a result, the Corporation undertook an impairment test. Recoverable value was estimated at fair value less costs to sell based on before tax cashflows from oil and gas proved plus probable reserves estimated by the Corporation's third party reserve evaluators and internally updated, at a 11 - 12 percent discount rate. In determining the appropriate discount rate, the Corporation referenced recent market transactions completed on assets similar to those in the CGU. It was determined that the book value of certain CGU's exceeded the recoverable value and a $109.8 million (March 31, 2014 - nil) impairment was recognized. The impairment specifically related to Northeast Alberta ($22.5 million), Central Alberta ($18.2 million) and Southeast Saskatchewan ($69.1 million) and was the direct result of a decrease in commodity prices.

The following table outlines forecast commodity prices and exchange rates used in the Corporation’s CGU impairment tests at March 31, 2015. The forecast commodity prices are consistent with those used by the Corporation’s external reserve evaluators and are a key assumption in assessing the recoverable amount. The reserve evaluators also include financial assumptions regarding royalty rates, operating costs, and future development capital that can significantly impact the recoverable amount which are assigned based on historic rates and future anticipated activities by Management.

	Medium and Light Crude Oil		Natural Gas	NGL				
Year	Canadian Light Sweet Crude 40˚ API ($/bbl)	Western Canadian Select 20.5˚ API ($/bbl)	AECO Gas Price ($/MMBtu)	Edmonton Pentanes Plus ($/bbl)	Edmonton Butane ($/bbl)	Edmonton Propane ($/bbl)	Inflation rates (%/Yr)	Exchange rate ($US/$Cdn)
2015	59.63	50.09	2.68	66.62	46.66	15.72	—	0.80
2016	75.76	63.64	3.42	84.65	59.29	24.96	—	0.85
2017	81.18	68.19	4.01	90.69	60.50	32.10	—	0.85
2018	89.41	75.11	4.59	99.89	66.64	41.24	1.5	0.85
2019	90.75	76.23	5.18	101.39	67.64	41.86	1.5	0.85
2020	93.08	78.19	5.27	104.00	69.38	42.94	1.5	0.85
2021	94.48	79.36	5.36	105.56	70.42	43.58	1.5	0.85
2022	95.90	80.55	5.45	107.14	71.48	44.24	1.5	0.85
2023	97.34	81.76	5.54	108.75	72.55	44.90	1.5	0.85
2024	98.80	82.99	5.64	110.38	73.64	45.57	1.5	0.85
2025	100.28	84.23	5.73	112.03	74.74	46.26	1.5	0.85

6. RISK MANAGEMENT

During the period ended March 31, 2015, the Corporation monetized certain existing forward fixed swap positions at a realized gain of $36.1 million.

As a means of managing commodity price volatility, the Corporation enters into various derivative financial instrument agreements and physical contracts. The fair value of forward contracts and swaps is determined by discounting the difference between the contracted prices and published forward price curves as at the statement of financial position date, using the remaining contracted oil and natural gas volumes and a risk-free interest rate (based on published government rates). The fair value of options and costless collars is based on option models that use published information with respect to volatility, prices and interest rates. Surge's financial derivative contracts are classified as level two in the fair value hierarchy.

The following table outlines the fair value of natural gas commodity contracts as at March 31, 2015:

						As at March 31, 2015
Contract Term	**Type**	**Volume**	**Swap Price (Surge receives)**	**Swap Price (Surge pays)**	**Index**	**Fair Value ($000s CDN)**
Jul 1, 2014 to Dec 31, 2015	Swap	3,000 gj/d	CAD $4.30	CAD Floating	AECO	1,531
Jan 1, 2015 to Dec 31, 2015	Swap	2,000 gj/d	CAD $3.68	CAD Floating	AECO	646
Jan 1, 2015 to Dec 31, 2015	Swap	2,000 gj/d	CAD $3.66	CAD Floating	AECO	634
Jan 1, 2015 to Dec 31, 2015	Swap	1,000 gj/d	CAD $3.86	CAD Floating	AECO	377
Total						**$ 3,188**

The following table outlines the fair value of oil commodity contracts as at March 31, 2015:

						As at March 31, 2015
Contract Term	**Type**	**Volume**	**Price (Surge receives)**	**Price (Surge pays)**	**Index**	**Fair Value ($000s CDN)**
Jan 1, 2015 to Jun 30, 2015	Swap	500 bbls/d	USD $8.12	USD Floating	EDM Basis	(213)
Jan 1, 2014 to Dec 31, 2015	Swap	500 bbls/d	USD $22.60	USD Floating	WCS Basis	(1,592)
Jan 1, 2016 to Dec 31, 2016	Swap	1,000 bbls/d	USD $21.75	USD Floating	WCS Basis	(3,271)
Mar 1, 2015 to Dec 31, 2015	Collar (put/call)	1,000 bbls/d	CAD $60.00	CAD $85.00	WTI - NYMEX	551
Mar 1, 2015 to Dec 31, 2015	Collar (put/call)	1,000 bbls/d	CAD $60.00	CAD $84.00	WTI - NYMEX	509
Mar 1, 2015 to Dec 31, 2015	Collar (put/call)	1,000 bbls/d	CAD $65.00	CAD $80.00	WTI - NYMEX	976
Mar 1, 2015 to Dec 31, 2015	Collar (put/call)	1,000 bbls/d	USD $50.00	USD $66.00	WTI - NYMEX	906
Mar 1, 2015 to Dec 31, 2015	Collar (put/call)	500 bbls/d	USD $50.00	USD $65.00	WTI - NYMEX	429
Mar 1, 2015 to Dec 31, 2015	Collar (put/call)	1,000 bbls/d	USD $50.00	USD $65.00	WTI - NYMEX	877
Total						**$ (828)**

The following table summarizes the sensitivity of the fair value of the Corporation's market risk management positions to fluctuations in natural gas and crude oil prices. All such fluctuations were evaluated independently, with all other variables held constant. In assessing the potential impact of these fluctuations, the Corporation believes that the volatilities presented below are reasonable measures. Fluctuations in crude oil and natural gas prices would have had the following impact on the net loss:

Net earnings impact for the period ended March 31, 2015	Price Increase	Price Decrease
Crude Oil - Change of +/- $1.00	(1,546)	1,546
Natural Gas - Change of +/- $0.10	(165)	165

7. BANK DEBT

The Corporation at March 31, 2015, has a $675 million extendible, revolving term credit facility with a syndicate of Canadian banks bearing interest at bank rates. The facility is available on a revolving basis until May 29, 2016. On May 29, 2016, at the Corporation's discretion, the facility is available on a non-revolving basis for a one-year period, at the end of which time the facility would be due and payable. Alternatively, the facilities may be extended for a further 364-day period at the request of the Corporation and subject to the approval of the syndicate. As the available lending limits of the facilities are based on the syndicate's interpretation of the Corporation's reserves and future commodity prices, there can be no assurance that the amount of the available facilities will not decrease at the next scheduled review. Interest rates vary depending on the ratio of net debt to cash flow. The facility had an effective interest rate of prime plus 1.50 percent as at March 31, 2015 (December 31, 2014 – prime plus 1.50 percent).

The facility is secured by a general assignment of book debts, debentures of $1.5 billion with a floating charge over all assets of the Corporation with a negative pledge and undertaking to provide fixed charges on the major producing petroleum and natural gas properties at the request of the bank. Under the terms of the agreement, the Corporation is required to meet certain financial and engineering reporting requirements.

8. DECOMMISSIONING OBLIGATIONS

The Corporation's decommissioning obligations result from net ownership interests in petroleum and natural gas assets including well sites, gathering systems and processing facilities. The Corporation estimates the total undiscounted amount of cash flows required to settle its decommissioning obligations is approximately $587.5 million (December 31, 2014 – $565.5 million). These payments are expected to be made over the next 50 years with the majority of costs to be incurred between 2025 and 2064. A risk free rate of 1.99 percent (December 31, 2014 – 2.33 percent) and an inflation rate of two percent (December 31, 2014 – two percent) was used to calculate the fair value of the decommissioning obligations.

A reconciliation of the decommissioning obligations is provided below:

	March 31, 2015	December 31, 2014
Balance, beginning of period	**$ 206,060**	$ 85,172
Liabilities related to acquisitions	**345**	72,543
Liabilities related to dispositions	**(5,387)**	(2,615)
Change in estimate	**43,719**	47,848
Liabilities incurred	**280**	2,097
Accretion expense	**1,265**	4,895
Decommissioning expenditures	**(2,171)**	(3,880)
Balance, end of period	**$ 244,111**	$ 206,060

The change in estimate was the result of decreasing the discount rate.

9. SHARE CAPITAL

(a) Authorized

Unlimited number of voting common shares.

Unlimited number of preferred shares, issuable in series.

(b) Stock Options

The Corporation has granted options to certain officers, directors, employees and consultants under the Corporation's stock option plan. The exercise price of each option equals the market price of the Corporation's common shares at the date of grant. Options granted have a term of five years to maturity and vest as to one-third on each of the first, second and third anniversaries from the date of grant.

	March 31, 2015			December 31, 2014		
	Number of Options		**Weighted average exercise price**	Number of Options		Weighted average exercise price
Stock options outstanding, beginning of period	**232,533**	**$**	**6.76**	249,199	$	6.49
Exercised	**—**	**$**	**—**	(16,666)	$	2.74
Stock options outstanding, end of period	**232,533**	**$**	**6.76**	232,533	$	6.76
Exercisable at period-end	**191,867**	**$**	**7.30**	189,367	$	7.35

The following table summarizes stock options outstanding and exercisable at March 31, 2015:

	Options Outstanding			**Options Exercisable**	
Range of exercise prices	**Number outstanding**	**Weighted average exercise price**	**Weighted average contractual life (years)**	**Number exercisable**	**Weighted average exercise price**
$3 to $4.99	42,500	$3.44	3.06	10,000	$3.52
$5 to $6.99	103,333	$6.40	0.10	103,333	$6.40
$7 to $8.99	24,500	$7.34	2.36	16,334	$7.34
$9 to $9.53	62,200	$9.39	1.24	62,200	$9.39
$3 to $9.53	232,533	$6.76	1.19	191,867	$7.30

(c) Warrants

The Corporation has 685,732 performance warrants outstanding (December 31, 2014 – 685,732) that expired on April 13, 2015. As at March 31, 2015, all 685,732 outstanding performance warrants were vested and exercisable at a price of $5.17. During the period ended March 31, 2015 nil performance warrants were exercised (December 31, 2014 - 406,102).

The Corporation has 1,400,560 warrants exercisable at a price of $4.46. The exercise price is downward adjusted for dividends paid. The warrants become exercisable based on certain time based and performance based conditions. Specifically with respect to time they are exercisable up to one third on each anniversary from the date of the grant, and with respect to performance up to one half when the market price of the Corporation reaches $6.30 and the other half when it reaches $8.40. The warrants expire in June 2018. As at March 31, 2015, 466,853 warrants were exercisable.

(d) Stock Appreciation Rights

The Corporation had 2.0 million SAR's outstanding at March 31, 2015. The SARs vest up to one third on each anniversary from the date of grant and expire in June 2018. The exercise price is downward adjusted for dividends paid. As such the exercise price at March 31, 2015 is $2.40 (December 31, 2014 - $2.48) and 666,667 SARs were vested and exercisable. The SARs when exercised are to be cash settled based on the difference between the Corporation's common share price on the date of exercise and the adjusted exercise price. The Corporation has valued the SARs using a Black Scholes valuation model and will continue to revalue at each reporting period until ultimate cash settlement. During the period, the Corporation realized a decrease to the liability within accounts payable and an offsetting decrease to stock-based compensation of $0.6 million (2014 - $0.7 million increase). There is $2.1 million included in accounts payable at March 31, 2015 (December 31, 2014 - $2.7 million).

(e) Restricted and Performance Share Award Incentive Plan

The Corporation has a Stock Incentive Plan which authorizes the Board of Directors to grant restricted share awards ("RSAs") and performance share awards ("PSAs") to directors, officers, employees and certain consultants of Surge.

Subject to the terms and conditions of the plan, each RSA entitles the holder to an award value to be typically paid as to one-third on each of the first, second and third anniversaries from the date of grant. Each PSA entitles the holder to an award value to be typically paid on the third anniversary of the date of grant. For the purpose of calculating share-based compensation, the fair value of each award is determined at the grant date using the closing price of the common shares. An estimated forfeiture rate of 15% (2014 - 15%) was used to value all awards granted for the period ended March 31, 2015. The weighted average fair value of awards granted for the period ended March 31, 2015 is $2.69 (2014 - $6.25) per PSA and $2.63 (2014 - $6.23) per RSA. In the case of PSAs, the award value is adjusted for a payout multiplier which can range from 0.0 to 2.0 and is dependent on the performance of the Corporation relative to pre-defined corporate performance measures for a particular period. On the vesting dates, the Corporation has the option of settling the award value in cash or common shares of the Corporation. For purposes of stock-based compensation a payout multiple of 1.0 was assumed for the PSAs.

The total number of RSA and PSA units granted cannot exceed five percent of the issued and outstanding shares of the Corporation.

The number of restricted and performance share awards outstanding are as follows:

	Number of restricted share awards	Number of performance share awards
Balance at January 1, 2015	1,921,355	1,707,974
Granted	41,188	7,500
Reinvested [1]	66,383	58,843
Forfeited	(5,931)	—
Balance at March 31, 2015	**2,022,995**	**1,774,317**

[1] Per the terms of the plan, cash dividends paid by the Corporation are reinvested to purchase incremental awards.

(f) Stock-based compensation

A reconciliation of the stock-based compensation expense is provided below:

	Period ended March 31, 2015	2014
Stock-based compensation on options	**$ 11**	$ 24
Stock-based compensation on SARs	**(623)**	749
Stock-based compensation on PSAs and RSAs	**2,691**	981
Capitalized stock-based compensation	**(1,568)**	(478)
Total stock-based compensation expense	**$ 511**	$ 1,276

The Corporation’s stock-based compensation expense for the period ended March 31, 2015 was $0.5 million (March 31, 2014 - $1.3 million).

(g) Per share amounts

The following table summarizes the shares used in calculating the income (loss) per share:

	Period ended March 31, 2015	2014
Weighted average number of shares - basic	**220,059,794**	173,069,989
Effect of dilutive instruments	**—**	828,174
Weighted average number of shares - diluted	**220,059,794**	173,898,163

In computing diluted per share amounts at March 31, 2015, 232,533 options (March 31, 2014 – 190,033), 685,732 performance warrants (March 31, 2014 – nil), 1,400,560 warrants (March 31, 2014 – nil), 2,022,995 RSAs (March 31, 2014 – 40,025) and 1,774,317 PSAs (March 31, 2014 – 9,375) were excluded from the calculation as their effect was anti-dilutive.

(h) Dividends

The Board of Directors declared for the months of January through March cumulative dividends of $0.075 per share (January - December 2014 - $0.57 per share). Dividends of $0.025 per share are declared and outstanding at March 31, 2015 and were paid in April 2015. The dividend for April 2015 has been declared at $0.025 per share.

10. SUBSEQUENT EVENT

Sale of Assets

On April 27, 2015, the Corporation announced that it has signed a definitive purchase and sale agreement with a Canadian oil and gas company to sell its southeast Saskatchewan and southwest Manitoba petroleum and natural gas properties for a purchase price of $430 million. The closing date for the sale of the petroleum and natural gas properties is expected to be June 15, 2015. A redetermination and reduction of the Corporation's bank line will occur following the close of the sale.