Interim Condensed Consolidated Financial Statements

(unaudited)

For the three and nine month periods ended September 30, 2017

Dated: November 14, 2017

RMP ENERGY INC.

Interim Condensed Consolidated Statements of Financial Position

(unaudited) (thousands)	September 30, 2017	December 31, 2016
Assets		
Current assets		
Cash and cash equivalents	**$ -**	$ 404
Accounts receivable	**6,746**	8,187
Prepaid expenses and deposits	**680**	942
Risk management contracts (Note 11)	**193**	-
Assets held for sale (Note 3)	**89,146**	-
	96,765	9,533
Deferred charge	**-**	2,229
Property, plant and equipment (Note 5)	**49,397**	212,386
Exploration and evaluation assets (Note 4)	**6,552**	10,259
Deferred tax asset	**-**	41,783
	$ 152,714	$ 276,190
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$ 11,039**	$ 12,647
Risk management contracts (Note 11)	**-**	98
Liabilities related to assets held for sale (Note 3)	**11,889**	-
Bank debt (Note 6)	**33,179**	-
Decommissioning obligations (Note 8)	**2,607**	14,230
	58,714	26,975
Shareholders' Equity		
Share capital (Note 9)	**334,684**	333,646
Warrants (Note 9)	**439**	-
Contributed surplus	**36,626**	35,907
Deficit	**(277,749)**	(120,338)
	94,000	249,215
	$ 152,714	$ 276,190

Subsequent Events (Notes 3 and 6)

See accompanying notes as they are an integral part of these interim condensed consolidated financial statements.

RMP ENERGY INC.
Interim Condensed Consolidated Statements of Loss and Comprehensive Loss

(unaudited)
(thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
Revenue				
Petroleum and natural gas sales	**$ 7,649**	$ 22,107	**$ 26,561**	$ 64,088
Royalties	**(799)**	(3,350)	**(2,040)**	(9,431)
Revenue, net of royalties	**6,850**	18,757	**24,521**	54,657
Realized gain (loss) on risk management contracts (Note 11)	**446**	(92)	**544**	(137)
Unrealized gain (loss) on risk management contracts (Note 11)	**(71)**	554	**291**	(748)
	7,225	19,219	**25,356**	53,772
Expenses				
Operating	**4,889**	4,165	**11,724**	12,970
Transportation	**2,226**	2,623	**4,456**	7,887
General and administrative	**3,276**	1,601	**6,441**	4,647
Share-based compensation (recovery) (Note 10)	**(193)**	884	**644**	2,578
Finance costs (Note 7)	**281**	1,088	**786**	3,102
Depletion and depreciation (Notes 4, 5)	**4,768**	15,104	**16,946**	49,912
Gain on non-monetary property exchange (Note 4)	**-**	-	**(500)**	(384)
Gain on property disposition	**-**	(675)	**-**	(675)
Impairment (Note 3)	**102,472**	-	**102,472**	-
	117,719	24,790	**142,969**	80,037
Loss before taxes	**(110,494)**	(5,571)	**(117,613)**	(26,265)
Deferred tax expense (reduction)	**41,305**	(1,102)	**39,798**	(5,754)
Net loss and comprehensive loss	**$ (151,799)**	$ (4,469)	**$ (157,411)**	$ (20,511)
Net loss per share (Note 9c)				
Basic and diluted	**$ (1.00)**	$ (0.03)	**$ (1.04)**	$ (0.14)

See accompanying notes as they are an integral part of these interim condensed consolidated financial statements.

RMP ENERGY INC.
Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

(unaudited)
(thousands)

	Number of shares	Share capital	Warrants	Contributed surplus	Deficit	Total Shareholders' Equity
Balance, December 31, 2016	150,970	$ 333,646	$ -	$ 35,907	$ (120,338)	$ 249,215
Net loss for the period	-	-	-	-	(157,411)	(157,411)
Share-based compensation expensed	-	-	11	633	-	644
Share-based compensation capitalized	-	-	-	366	-	366
Issue of units in private placement	5,350	2,782	428	-	-	3,210
Share issue costs	-	(39)	-	-	-	(39)
Issue of common shares – restricted common share award exercises	198	-	-	-	-	-
Transfer from contributed surplus – restricted common share award exercises	-	280	-	(280)	-	-
Equity component of derecognized deferred tax asset	-	(1,985)	-	-	-	(1,985)
Balance, September 30, 2017	156,518	$ 334,684	$ 439	$ 36,626	$ (277,749)	$ 94,000
Balance, December 31, 2015	126,475	$ 300,621	$ 2,885	$ 28,337	$ (34,319)	$ 297,524
Net loss for the period	-	-	-	-	(20,511)	(20,511)
Share-based compensation expensed	-	-	-	2,578	-	2,578
Share-based compensation capitalized	-	-	-	1,168	-	1,168
Issue of common shares	24,495	34,538	-	-	-	34,538
Share issue costs, net of tax of $560	-	(1,513)	-	-	-	(1,513)
Transfer of warrants to contributed surplus upon expiry	-	-	(2,885)	2,885	-	-
Balance, September 30, 2016	150,970	$ 333,646	$ -	$ 34,968	$ (54,830)	$ 313,784

See accompanying notes as they are an integral part of these interim condensed consolidated financial statements.

RMP ENERGY INC.
Interim Condensed Consolidated Statements of Cash Flows

(unaudited) (thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
Cash provided from (used in):				
Operating activities				
Net loss	**$ (151,799)**	$ (4,469)	**$ (157,411)**	$ (20,511)
Adjustments for non-cash items:				
Depletion and depreciation	**4,768**	15,104	**16,946**	49,912
Accretion on decommissioning obligations	**83**	102	**250**	297
Share-based compensation	**(193)**	884	**644**	2,578
Deferred tax expense (reduction)	**41,305**	(1,102)	**39,798**	(5,754)
Unrealized loss (gain) on risk management contracts	**71**	(554)	**(291)**	748
Gain on non-monetary property exchange	**-**	-	**(500)**	(384)
Gain on property disposition	**-**	(675)	**-**	(675)
Impairment	**102,472**	-	**102,472**	-
Decommissioning expenditures	**(60)**	(9)	**(60)**	(184)
Change in non-cash working capital and deferred charge	**694**	(254)	**394**	1,728
	(2,659)	9,027	**2,242**	27,755
Financing activities				
Increase (decrease) in bank loan	**3,998**	(3,899)	**33,179**	(13,114)
Issue of common shares	**-**	-	**-**	34,538
Issue of units	**3,210**	-	**3,210**	-
Share issue costs	**(39)**	(2)	**(39)**	(2,073)
	7,169	(3,901)	**36,350**	19,351
Investing activities				
Exploration and evaluation asset expenditures	**(786)**	(63)	**(7,217)**	(10,151)
Property, plant and equipment expenditures	**(7,044)**	(8,792)	**(31,743)**	(24,460)
Property acquisition	**-**	-	**-**	(10,020)
Property disposition	**-**	752	**-**	752
Change in non-cash working capital	**3,320**	2,977	**(36)**	(3,227)
	(4,510)	(5,126)	**(38,996)**	(47,106)
Change in cash and cash equivalents	**-**	-	**(404)**	-
Cash and cash equivalents, beginning of period	**-**	-	**404**	-
Cash and cash equivalents, end of period	**$ -**	$ -	**$ -**	$ -

See accompanying notes as they are an integral part of these interim condensed consolidated financial statements.

1. Reporting Entity

RMP Energy Inc. (the "**Company**" or "**RMP**") is a crude oil and natural gas exploration, development and production company headquartered in Calgary, Alberta, Canada. RMP conducts its operations in the Western Canadian Sedimentary Basin, primarily in the province of Alberta. RMP is incorporated under the laws of Alberta and its common shares are traded on the Toronto Stock Exchange ("**TSX**") under the trading symbol "RMP". The Company's corporate office is located at 1200, 500 - 4th Avenue S.W., Calgary, Alberta.

On October 13, 2017, the holders of common shares of the Company (the "**Shareholders**") approved by an overwhelming majority (over 99%) the transformational asset disposition, as described in Note 3 to these interim condensed consolidated financial statements. The Shareholders also approved the name change of the Company to "**Iron Bridge Resources Inc.**". The corporate name change is expected to become effective by November 30, 2017, concurrent with the filing of articles of amendment with the Registrar under the Business Corporations Act (Alberta). The ticker symbol "**IBR**" has been reserved by the TSX for the Company's use following the name change becoming effective. No action is required by Shareholders with respect to the name change. Each existing share certificate reflecting the former name will continue to be a valid share certificate of the Company until such certificate is transferred, re-registered or otherwise exchanged through the Company's transfer agent.

The Company's interim condensed consolidated financial statements as at and for the three and nine months ended September 30, 2017 comprise the accounts of the Company and its wholly-owned subsidiary, RMP Energy (USA) Inc. These statements, in addition to other disclosure documents, are available on the *System for Electronic Document Analysis and Retrieval* ("**SEDAR**") at www.sedar.com.

2. Basis of Preparation

The interim condensed consolidated 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 condensed consolidated financial statements were prepared using the accounting policies, methods of computation and key estimates disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2016. These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2016 and exclude certain disclosures required to be included in annual financial statements.

The interim condensed consolidated financial statements were authorized for issue by the Company's Board of Directors on November 14, 2017.

3. Assets Held For Sale

On August 31, 2017, RMP entered into a purchase and sale agreement for the sale of the Company's crude oil and natural gas assets in the Waskahigan/Grizzly, Kaybob, Gilby and Pine Creek areas in addition to other minor Alberta properties (collectively, the "**Disposition Assets**") for total consideration of $80.0 million, subject to customary closing adjustments (the "**Disposition Transaction**").

(all tabular amounts are in thousands except share and per share amounts)

The Disposition Assets have been classified as *assets held for sale* and are presented as current assets on the Company's interim condensed consolidated statements of financial position. The *assets held for sale* were measured at the lower of its carrying amount and fair value less costs to sell resulting in an impairment loss of $102.5 million. The Disposition Assets were not depleted or depreciated after classification as *assets held for* sale on August 31, 2017 as *assets held for sale* are not depleted or depreciated. Decommissioning obligations of $11.9 million associated with the Disposition Assets are presented as *liabilities related to assets held for sale on* the interim condensed consolidated statements of financial position.

The following table reconciles the Company's *assets held for sale* and *liabilities related to assets held for sale*:

Assets held for sale:	**September 30, 2017**
Transfer from E&E assets	$ 546
Transfer from PP&E assets	189,106
Transfer from deferred charge	1,966
Impairment	(102,472)
Balance - end of period	$ 89,146

Liabilities related to assets held for sale:	**September 30, 2017**
Transfer from decommissioning obligations	11,889
Balance - end of period	$ 11,889

On October 17, 2017, RMP closed the Disposition Transaction. After closing adjustments and before costs to sell, consideration received by the Company totaled approximately $78.1 million, comprised of approximately $69.1 million in cash and approximately 13.85 million common shares in the purchaser of the Disposition Assets (having a value of $9.0 million based upon the issue price of the purchaser's most recent equity financing completed in conjunction with the Disposition Transaction).

4. Exploration and Evaluation ("E&E") Assets

The following table reconciles the Company's E&E assets:

	Total
Cost:	
Balance at December 31, 2015	$ 22,386
Additions	10,743
Acquisition	3,840
Divestitures	(6,859)
Transfer to PP&E	(5,615)
Balance at December 31, 2016	24,495
Additions	7,717
Transfer to PP&E	(9,225)
Transfer to assets held for sale (Note 3)	(4,730)
Balance at September 30, 2017	$ 18,257

(all tabular amounts are in thousands except share and per share amounts)

	Total
Depletion and depreciation:	
Balance at December 31, 2015	$ (16,747)
Depletion and depreciation	(3,374)
Divestitures	5,627
Transfer to PP&E	258
Balance at December 31, 2016	(14,236)
Depletion and depreciation	(2,425)
Transfer to PP&E	772
Transfer to assets held for sale (Note 3)	4,184
Balance at September 30, 2017	$ (11,705)
Net E&E carrying amounts:	
At December 31, 2016	$ 10,259
At September 30, 2017	$ 6,552

On March 15, 2017, RMP exchanged undeveloped land assets in the Waskahigan area with an arm's-length party on a non-monetary basis. The lands disposed of by the Company had a nil net book value as the lands had been fully depreciated. The acquired lands were measured at fair value. The exchange resulted in the recognition of a $0.5 million gain.

There were no indicators of impairment for the Company's E&E assets requiring an impairment test to be performed at September 30, 2017.

5. Property, Plant and Equipment ("PP&E") Assets

The following table reconciles the Company's PP&E assets:

	Total
Cost:	
Balance at December 31, 2015	$ 966,247
Additions	30,406
Acquisition	6,601
Divestitures	(278,652)
Change in decommissioning obligations	2,085
Capitalized share-based compensation	1,456
Transfer from E&E	5,615
Balance at December 31, 2016	733,758
Additions	31,743
Change in decommissioning obligations	76
Capitalized share-based compensation	366
Transfer from E&E	9,225
Transfer to assets held for sale (Note 3)	(722,181)
Balance at September 30, 2017	$ 52,987

(all tabular amounts are in thousands except share and per share amounts)

	Total
Depletion, depreciation and impairment:	
Balance at December 31, 2015	$ (550,884)
Depletion and depreciation	(57,797)
Transfer from E&E	(258)
Divestitures	203,130
Impairment	(115,563)
Balance at December 31, 2016	(521,372)
Depletion and depreciation	(14,521)
Transfer from E&E	(772)
Transfer to assets held for sale (Note 3)	533,075
Balance at September 30, 2017	$ (3,590)
Net PP&E carrying amounts:	
At December 31, 2016	$ 212,386
At September 30, 2017	$ 49,397

The calculation of depletion and depreciation included estimated future development costs of $168.8 million (December 31, 2016: $279.0 million) associated with the development of the Company's proved plus probable reserves and excludes salvage value $2.2 million (December 31, 2016: $4.4 million).

There were no indicators of impairment for the Company's remaining Greater Elmworth CGU requiring an impairment test to be performed at September 30, 2017.

6. Bank Facility

As at September 30, 2017, the Company had an uncommitted revolving, reducing operating demand loan (the "**Credit Facility**") with a Canadian bank (the "**Lender**") with a maximum borrowing base limit of $35.0 million.

Upon closing of the aforementioned Disposition Transaction described in Note 3, the Company repaid the outstanding Credit Facility balance. The maximum borrowing base limit was reduced to $5.0 million. The Credit Facility is payable on demand and borrowings under the Credit Facility bear interest at a rate equal to the Lender's prime rate plus 2.0% per annum on the outstanding principal (payable monthly).

The Credit Facility is secured by a demand debenture in the principal amount of $75.0 million with a floating charge over all assets of the Company and contains one financial covenant, an adjusted working capital ratio of at least 1:1. The adjusted working capital ratio is calculated by: dividing the summation of current assets less unrealized hedging gains plus any undrawn availability under the Credit Facility by the summation of current liabilities less unrealized hedging losses and less any current portion of bank debt. The Company was in compliance with this covenant as at September 30, 2017.

(all tabular amounts are in thousands except share and per share amounts)

7. Finance Costs

	Three Months Ended		Nine Months Ended	
	September 30, 2017	**September 30, 2016**	**September 30, 2017**	**September 30, 2016**
Interest expense on bank debt	$ 198	$ 986	$ 536	$ 2,805
Accretion expense on decommissioning obligations	83	102	250	297
Total finance costs	$ 281	$ 1,088	$ 786	$ 3,102

8. Decommissioning Obligations

The following table summarizes the changes in decommissioning obligations for the nine month period ended September 30, 2017 and the year ended December 31, 2017:

	September 30, 2017	**December 31, 2016**
Balance - beginning of period	$ 14,230	$ 18,503
Accretion expense	250	384
Liabilities incurred	749	819
Liabilities acquired	-	421
Liabilities released on disposition	-	(6,977)
Change in discount rate on acquired liabilities	-	1,843
Change in estimates	(673)	(577)
Transfer to assets held for sale (Note 3)	(11,889)	-
Decommissioning expenditures	(60)	(186)
Balance - end of period	$ 2,607	$ 14,230

The Company's decommissioning obligations result from its ownership interest in crude oil and natural gas assets including well sites, gathering systems and crude oil batteries. The total decommissioning obligation is estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon these wells and facilities and the estimated timing of the costs to be incurred in future years.

As at September 30, 2017, the Company has estimated the net present value of the decommissioning obligations, inflated at 1.5%, to be $2.6 million (December 31, 2016: $14.2 million) based on an undiscounted, non-inflated total future liability of $3.1 million (December 31, 2016: $18.2 million). The Company expects these obligations to be settled over the next 41 years. The discount factor, being the risk-free rate related to the liability, is 2.47% (December 31, 2016: 2.31%). During the nine months ended September 30, 2017, the decommissioning obligation decreased by $11.6 million as a result of $11.9 million of decommissioning obligations associated with the Disposition Assets being transferred to *liabilities associated with assets held for sale* combined with changes in estimate related to changes in discount rate and due to decommissioning expenditures in the period. This decrease in the decommissioning obligation liability was offset by liabilities incurred during the period and accretion.

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9. Share Capital and Warrants

a) Authorized - Unlimited number of voting common shares.

On September 7, 2017, the Company closed a private placement to the directors and the new management team resulting in the issuance of 5.35 million units of the Company ("**Units**") at a purchase price of $0.60 per Unit for gross proceeds of approximately $3.2 million. Each Unit is comprised of one (1) common share and one (1) common share purchase warrant ("**Warrant**"). Each whole Warrant entitles the holder to purchase one (1) common share at a price of $0.75 per share for a period of four (4) years following the date of issuance. The Warrants vest and become exercisable in equal tranches of one-third each upon the 20-day weighted average trading price of the common shares on the TSX equalling or exceeding $0.75, $0.90 and $1.05, respectively.

b) Warrants

As described above, 5.35 million Warrants were issued in conjunction with the private placement. A portion of the private placement gross proceeds was allocated to the Warrants based upon the difference in the Unit offering price and the closing value of the Company's common shares on the date of closing of the private placement. The fair value of the Warrants was calculated using the Black-Scholes pricing model using the following assumptions: an expected life of four (4) years, a volatility rate of 65.21% and a risk-free interest rate of 1.60%. The difference between the fair value of the Warrants and the value allocated on initial grant will be recognized as stock-based compensation over the vesting term of the Warrants with a corresponding increase to the Warrants carrying value.

c) Per Share Amounts

For both the three and nine month periods ended September 30, 2017, there were 11.1 million stock options ($0.82 average exercise price), 0.9 million restricted common share awards and 5.4 million Warrants (three and nine month periods ended September 30, 2016: 10.9 million options, 1.1 million restricted common share awards and nil Warrants) excluded in calculating the weighted average number of diluted common shares outstanding.

	Three Months Ended		Nine Months Ended	
Weighted average shares outstanding:	**September 30, 2017**	**September 30, 2016**	**September 30, 2017**	**September 30, 2016**
Basic	152,455,375	150,970,068	151,492,857	143,550,050
Diluted	152,455,375	150,970,068	151,492,857	143,550,050

10. Share-Based Compensation

a) Outstanding stock options

The Company has a stock option plan in which the Company may grant options to its directors, officers and employees for up to 8% of its outstanding common shares. Under this plan, the Company has granted options to purchase common shares, whereby each option permits the holder to purchase one (1) share of the Company at the stated exercise price. Options granted have a term of five (5) years to maturity and vest as to one-third on each of the first, second and third anniversaries from the date of grant.

(all tabular amounts are in thousands except share and per share amounts)

At September 30, 2017, a total of 11,148,000 stock options with a weighted average exercise price of $0.82 per option were outstanding and exercisable at various dates through to September 20, 2022.

The following table summarizes the stock options as at September 30, 2017:

	Number	Weighted Avg. Exercise Price
Outstanding – December 31, 2016	**13,958,367**	**$ 3.34**
Granted	**7,425,000**	**0.65**
Expired	**(924,367)**	**1.60**
Forfeited	**(4,768,000)**	**1.73**
Cancelled	**(4,543,000)**	**7.18**
Outstanding – September 30, 2017	**11,148,000**	**$ 0.82**
Options exercisable – September 30, 2017	**759,665**	**$ 1.44**

b) Exercise price range for options outstanding as at September 30, 2017:

	Outstanding Options			Exercisable Options	
Price Range	Number	Weighted Avg. Price	Weighted Avg. Remaining Life	Number	Weighted Avg. Price
$ 0.55 - $ 0.74	3,789,520	$ 0.55	4.94 years	-	$ -
$ 0.75 - $ 1.36	5,105,480	$ 0.75	4.65 years	-	$ -
$ 1.37 - $ 1.59	1,661,000	$ 1.37	3.68 years	553,667	$ 1.37
$ 1.60 - $ 2.00	592,000	$ 1.63	2.81 years	205,998	$ 1.64
Total	**11,148,000**	**$ 0.82**	**4.51 years**	**759,665**	**$ 1.44**

The Company recorded share-based compensation expense (recovery) in respect to the Company's stock options (net of capitalization) for the three and nine month periods ended September 30, 2017 of ($0.1) million and $0.9 million (three and nine month periods ended September 30, 2016: $0.7 million and $2.1 million). A forfeiture rate of 0% to 3.0% (September 30, 2016: 3.0%) is used when recording share-based compensation. This estimate is adjusted to the actual forfeiture rate.

The Company determined the fair value of stock options granted during the nine month period ended September 30, 2017 using the Black-Scholes evaluation stock option pricing model under the following assumptions:

	September 30, 2017
Weighted-average fair value ($/option)	0.29
Risk-free interest rate (%)	1.62
Expected life (years)	5
Expected volatility (%)	60.77
Dividend yield (%)	Nil

(all tabular amounts are in thousands except share and per share amounts)

c) Long-term incentive plan

The Company has a long-term incentive plan (the "**Plan**") whereby the Company can issue incentive awards to employees, officers, directors and other service providers of the Company in the form of common shares of the Company. The awards granted vest as to one-third on each of the first, second and third anniversaries from the date of grant and have an expiry date of December 15th of the tenth year following the year in which the award was granted. As at September 30, 2017, a total of 879,667 restricted common share awards were outstanding and exercisable at various dates through to December 15, 2027.

Service cost recoveries (net of capitalization) of $78 thousand and $267 thousand related to the restricted common share awards have been recognized and recorded in share-based compensation expense for the three and nine month periods ended September 30, 2017, respectively, as a result of forfeitures in the period (three and nine month periods ended September 30, 2016: service costs expense of $173 thousand and $451 thousand). A forfeiture rate of 3.0% was used when recording share-based compensation.

11. Financial Risk Management

Commodity Price Risk Management

The prices the Company receives for its crude oil and natural gas production may have a significant impact on its revenues and cash provided from operating activities. Any significant decline in commodity prices would adversely affect the amount of funds available for capital reinvestment purposes. As such, the Company utilizes a risk management program to partially mitigate that risk and to ensure adequate funds are available for planned capital activities and other commitments. From time-to-time, the Company may employ financial instruments to manage fluctuations in crude oil and natural gas market prices. The Company does not utilize derivative financial instruments for speculative purposes.

At September 30, 2017, the following derivative contract was outstanding and recorded at estimated fair value:

Natural Gas:

Remaining Term	Contract Type	Volume (GJs/d)	Reference Point	Contract price per GJ	Fair value
Financial:					
October 1, 2017 – October 31, 2017	Swap	3,000	AECO 5A	Cdn. $ 3.00	**$ 193**

A $0.25 per GJ change in the future natural gas price would result in an approximate $17 thousand after-tax change in the unrealized gain on the gas commodity risk management contract in-place at September 30, 2017.

Interest Rate Risk Management

Interest rate risk is the risk that cash provided from operating activities (before changes in non-cash working capital from operating activities) will fluctuate as a result of changes in market interest rates. The Company's exposure to interest rate risk relates to its bank Credit Facility, which bears a floating interest rate. The borrowings under the Company's Credit Facility are subject to interest at a rate equal to the Lender's prime rate plus 2.0%.

For the nine month period ended September 30, 2017, a 1% or 100 basis point increase or decrease in market interest rates on the Company's floating rate bank debt would change net loss by an approximate $0.1 million after-tax, assuming all other variables remain constant.

Risk Management Assets and Liabilities

The Company recognizes the fair value of its risk management contracts on the statement of financial position each reporting period with the change in fair value being recognized as an unrealized gain or loss on the statement of loss. In respect to the commodity price risk management 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 period end date, using the remaining contracted oil and natural gas volumes and a risk-free interest rate (based on published government rates).

Financial assets and liabilities carried at fair value are required to be classified into a hierarchy that prioritizes the inputs used to measure the fair value. At September 30, 2017, the only asset or liability measured at fair value on a recurring basis was the Company's risk management contracts, which were valued using Level 2 inputs. Assets and liabilities in Level 2 are based on valuation models and techniques where the significant inputs are derived from quoted indices.

Liquidity Risk

Liquidity risk is the risk the Company will encounter difficulties in meeting its financial liability obligations. The Company's financial liabilities are comprised of accounts payable and accrued liabilities, bank loan and risk management liabilities. The Company funds its on-going operations and manages its liquidity risk through a combination of cash provided from operating activities, debt and equity management strategies (as needed), and asset dispositions. The Company continuously monitors and assesses its liquidity position and obligations under its financial liabilities by preparing annual and quarterly financial business plan forecasts. As a result of the aforementioned Disposition Transaction, the Company believes it has sufficient liquidity to meet foreseeable funding requirements.