

Q1 2015 MANAGEMENT'S DISCUSSION AND ANALYSIS

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The following Management's Discussion and Analysis ("MD&A") as provided by management of Spyglass Resources Corp. ("Spyglass" or the "Company") should be read in conjunction with the unaudited condensed interim consolidated financial statements and accompanying notes for the three months ended March 31, 2015 and 2014 and the audited consolidated financial statements, related notes and Management's Discussion and Analysis for the years ended December 31, 2014 and 2013. This MD&A is dated as of May 12, 2015.

Forward Looking Statements

Certain statements contained within the MD&A, and in certain documents incorporated by reference into this document constitute forward looking statements. These statements relate to future events or future performance. All statements, other than statements of historical fact, may be forward looking statements. Forward looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward looking statements.

In particular, this MD&A contains the following forward looking statements pertaining to, without limitation, the following: Spyglass' (i) future production volumes and the timing of when additional production volumes will come on stream; Spyglass' (ii) realized price of commodities in relation to reference prices; (iii) future commodity mix; (iv) future commodity prices; (v) expectations regarding future royalty rates and the realization of royalty incentives; (vi) expectation of future operating costs on a per unit basis; (vii) the relationship of Spyglass' interest expense and the Bank of Canada interest rates; (viii) future general and administrative expenses; future development and exploration activities and the timing thereof; (ix) deferred tax liability or tax asset; (x) estimated future contractual obligations; (xi) future liquidity and financial capacity of the Company; (xii) ability to raise capital and to add to reserves through exploration and development; (xiii) ability to obtain equipment in a timely manner to carry out exploration and development activities; (xiv) ability to obtain financing on acceptable terms, and (xv) ability to fund working capital and forecasted capital expenditures. In addition, statements relating to "reserves" or "resources" are deemed to be forward looking statements, as they involve assessments based on certain estimates and assumptions that the resources and reserves described can be profitably produced in the future.

We believe the expectations reflected in the forward looking statements are reasonable but no assurance can be given that our expectations will prove to be correct and consequently, such forward looking statements included in, or incorporated by reference into, this MD&A should not be unduly relied upon. These statements speak only as of the date of this MD&A or as of the date specified in the documents incorporated by reference in this MD&A. The actual results could differ materially from those anticipated as a result of the risk factors set forth below and elsewhere in this MD&A which include: (i) volatility in market prices for oil and natural gas; (ii) counterparty credit risk; (iii) access to capital; (iv) changes or fluctuations in production levels; (v) liabilities inherent in oil and natural gas operations; (vi) uncertainties associated with estimating oil and natural gas reserves; (vii) competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; (viii) stock market volatility and market valuation of Spyglass' stock; (ix) geological, technical, drilling and processing capabilities; (x) limitations on insurance; (xi) changes in environmental or legislation applicable to our operations, and (xii) our ability to comply with current and future environmental and other laws; (xiii) changes in tax laws and incentive programs relating to the oil and gas industry, and (xiv) the other factors discussed under "Risk Factors" in the Company's 2014 Annual Information Form.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward looking statements contained in this MD&A and the documents incorporated by reference herein are expressly qualified by this cautionary statement. The forward looking statements contained in this document speak only as of the date of this document and Spyglass does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable securities laws.

Basis of Presentation

The financial data presented in this MD&A has been prepared in accordance with Part I of Canadian Generally Accepted Accounting Principles ("GAAP") or International Financial Reporting Standards ("IFRS") unless otherwise noted.

The reporting and the measurement currency is in Canadian dollars. For the purpose of calculating unit costs, natural gas is converted to a barrel equivalent ("boe") using six thousand cubic feet of natural gas equal to one barrel of oil unless otherwise stated. Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf to 1 boe is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. The following MD&A

compares the results of the three months ended March 31, 2015 ("Q1 2015") to the three months ended March 31, 2014 ("Q1 2014") and the three months ended December 31, 2014 ("Q4 2014").

Outlook

Drastically lower commodity prices present a challenging business environment for the Company as 2015 progresses. Spyglass has prudently managed costs through reductions in staffing levels, renegotiating contract rates with business partners, temporary salary reductions and scaling back the capital program.

Management anticipates that the 2015 capital program coupled with the Company's relatively low 21 percent decline rate is expected to result in average production of approximately 9,000 boe/d for the year.

Subsequent to March 31, 2015, the Company and its lenders signed a notice to lenders and consent form to extend its annual review and borrowing base determination to May 29, 2015. The determination of the borrowing base incorporates factors including the Company's reserves and commodity prices which have been significantly impacted by recent global market conditions. Should the annual renewal result in a significant reduction in the borrowing base or should the credit facility or a portion thereof not be renewed on a revolving basis, this could result in significant challenges for the Company. As such, the Company has included disclosure concerning going concern uncertainty within its financial statements. Management is taking steps to manage its liquidity and is investigating alternative financing arrangements, should they be necessary. The Company continues to meet all of its obligations with respect to ongoing operations.

Our attention remains on managing the resources of the Company through a difficult commodity price environment and maintaining the capability to resume development activity as prices improve.

Non-GAAP Measurements

In the MD&A references are made to terms commonly used in the oil and gas industry. Funds from operations, funds from operations per share, netbacks, net debt, working capital deficit, basic payout ratio and all-in payout ratio are not defined by GAAP and are referred to as non-GAAP measures. Funds from operations per share is calculated based on the weighted average number of common shares outstanding consistent with the calculation of net income per share. Operating netback equals total revenue net of royalties and operating and transportation expenses calculated on a per boe basis. Cash flow netback equals operating netbacks described above and cash portion of other income, less cash general and administrative expenses, cash interest expenses and realized gain (loss) on financial derivative instruments. Cash flow and cash flow netbacks do not include transaction costs related to the Arrangement. Working capital (deficit) equals current assets less current liabilities. Net debt equals long-term debt and working capital (deficit) excluding the current portion of financial derivative instruments and liabilities associated with assets held for sale. The basic payout ratio equals dividends declared divided by funds from operations. The all-in payout ratio equals dividends declared and capital expenditures (net of property dispositions) divided by funds from operations. Management utilizes these measures to analyze operating performance and leverage. Funds from operations is not intended to represent operating profit for the period nor should it be viewed as an alternative to operating profit, net income, cash flow from operating activities or other measures of financial performance calculated in accordance with GAAP. Funds from operations is commonly referred to as cash flow by research analysts and is used to value and compare oil and gas companies and is frequently included in published research when providing investment recommendations. Total boes are calculated by multiplying the average daily production by the number of days in the period.

The following table reconciles cash flow from operating activities to funds from operations which is used in the MD&A:

($000s)	**Q1 2015**	Q1 2014	Q4 2014
Cash flow from operating activities	**$ 9,754**	$ 10,342	$ 8,938
Decommissioning expenditures	**1,092**	2,371	3,146
Change in non-cash working capital	**(6,008)**	3,313	(201)
Funds from operations	**$ 4,838**	$ 16,026	$ 11,883

Production

The Company categorizes and manages its production in three core areas: North, Central and South with a breakdown of production by product and by area provided in the following tables. Total company production for Q1 2015 averaged 11,058 boe/d compared to 14,560 in Q1 2014 and 12,666 in Q4 2014.

Production in Q1 2015 was lower than both Q1 2014 and Q4 2014 as a result of property dispositions throughout 2014, the most significant of which was the 50% working interest disposition of the Dixonville property located in the North core area, effective January 1, 2015, which reduced Q1 2015 production by approximately 1,100 boe/d. Despite significant dispositions in the prior year, the Company was able to maintain production of just over 11,000 boe/d in Q1 2015 incorporating additions from the 2014 drilling program, offset by natural production declines and the impact of wells experiencing production outages that were not brought back on stream given longer payback periods in the current commodity price environment.

Capital expenditures in the quarter were limited to maintenance capital and 1 gross (0.1 net) non-operated oil well drilled in the Herronton area, which is expected to come on production in the second quarter.

Oil and liquids production in Q1 2015 represented 40% of total production at 4,404 bbls/d compared to 7,175 bbls/d or 49% in Q1 2014 and 5,669 bbls/d or 45% in Q4 2014. The majority of the decrease in the oil and liquids weighting is, once again, due to the Dixonville disposition, which was heavily weighted to oil and liquids.

Natural gas production for Q1 2015 averaged 39.9 MMcf/d, a decrease of 4.4 MMcf/d or 10% from 44.3 MMcf/d in Q1 2014 and a decrease of 2.1 MMcf/d or 4% from Q4 2014. The decrease in natural gas production primarily relates to property dispositions in 2014 along with natural production declines.

For 2015, incorporating the Company's low decline rate and the capital budget, which is flexible to changes in commodity pricing, production is anticipated to average approximately 9,000 boe/d.

The following table outlines production volumes for the periods indicated below:

Production	**Q1 2015**	Q1 2014	Q4 2014
Oil (bbls/d)	**4,112**	6,784	5,389
NGLs (bbls/d)	**292**	391	280
Natural Gas (Mcf/d)	**39,923**	44,312	41,981
Total (boe/d)	**11,058**	14,560	12,666
Oil & Liquids weighting	**40%**	49%	45%

The following table sets out production volumes by core area:

	Q1 2015	Q1 2014	Q4 2014
North			
Oil (bbls/d)	**1,598**	3,727	2,589
NGLs (bbls/d)	**100**	176	78
Natural Gas (Mcf/d)	**23,437**	28,125	24,215
Total (boe/d)	**5,604**	8,590	6,703
Central			
Oil (bbls/d)	**515**	580	631
NGLs (bbls/d)	**77**	84	81
Natural Gas (Mcf/d)	**4,266**	4,539	4,502
Total (boe/d)	**1,303**	1,421	1,462
South			
Oil (bbls/d)	**1,999**	2,477	2,169
NGLs (bbls/d)	**115**	131	121
Natural Gas (Mcf/d)	**12,220**	11,648	13,264
Total (boe/d)	**4,151**	4,549	4,501
Total Company			
Oil (bbls/d)	**4,112**	6,784	5,389
NGLs (bbls/d)	**292**	391	280
Natural Gas (Mcf/d)	**39,923**	44,312	41,981
Total (boe/d)	**11,058**	14,560	12,666
Oil & Liquids weighting	**40%**	49%	45%

Commodity Pricing

The principal trading exchange that affects Spyglass' oil price is the US benchmark West Texas Intermediate at Cushing, Oklahoma ("WTI") spot price. The US WTI is the basis for settling of the Edmonton Par benchmark to which most of Spyglass' crude is benchmarked.

The average Q1 2015 US WTI price of $48.64 US/bbl ($60.37 CDN/bbl) was drastically lower than the $98.68 US/bbl ($108.89 CDN/bbl) averaged in Q1 2014 and the $73.15 US/bbl ($83.08 CDN/bbl) averaged in Q4 2014 as a result of global crude oil market conditions. The decline in Q1 2015 CDN WTI pricing from Q1 2014 and Q4 2014 incorporates the favourable exchange rate movement from 0.906 US/CDN in Q1 2014 to 0.881 US/CDN in Q4 2014 and 0.806 US/CDN in Q1 2015.

Spyglass' corporate differential incorporates its portfolio of oil sold through multiple crude oil streams reflecting differentials adjusted for quality and transportation. Differentials can vary widely for all crude oil streams depending on market conditions. For Spyglass' crude oil streams, the realized prices across the quarters were $44.32 CDN/bbl in Q1 2015, compared to $90.02 CDN/bbl in Q1 2014 and $66.21 CDN/bbl in Q4 2014. As a percentage of CDN WTI the corporate differential was 27% in Q1 2015, 17% in Q1 2014 and 20% in Q4 2014.

Canadian natural gas prices remain volatile, with sharp declines from the prior year. The Alberta daily spot natural gas price average in Q1 2015 of $2.75/Mcf has markedly deteriorated from the $5.71/Mcf AECO daily in Q1 2014 and the Q4 2014 price of $3.60/Mcf. Spyglass sells gas on a blend of both the AECO monthly and daily index. In Q1 2015, the Company sold approximately 49% on the AECO daily index, 48% on the monthly index and 3% through aggregators, resulting in a realized natural gas price of $2.90/Mcf. This compares to $5.08/Mcf received in Q1 2014 and $3.82/Mcf in Q4 2014. The heat content of Spyglass' natural gas production is slightly above the industry average used in the benchmark $/Mcf prices and therefore realized prices are expected to be slightly higher than the Spyglass weighted average sales for natural gas on the AECO Alberta daily and Alberta monthly indices.

Spyglass' NGL production represents approximately 3-4 percent of production mix and consists of Ethane, Propane, Butane and Condensate. Pricing of NGL's is sensitive to the specific product produced and can vary from period to period depending on the mix of NGL production. In Q1 2015, overall realized NGL price averaged $35.22/bbl or 58% of CDN$ WTI compared to $76.59/bbl or 70% of CDN$ WTI in Q1 2014 and $50.61/bbl or 61% of CDN$ WTI in Q4 2014.

The following table outlines benchmark prices compared to Spyglass' realized prices:

Prices and Marketing	Q1 2015	Q1 2014	Q4 2014
Benchmark Prices[(1)]			
WTI Oil ($US/bbl)	**$ 48.64**	$ 98.68	$ 73.15
US/CDN average exchange rate	**0.806**	0.906	0.881
WTI Oil ($CDN/bbl)	**60.37**	108.89	83.08
Edmonton Par ($/bbl)	**51.94**	99.83	75.69
Alberta daily spot ($/Mcf)	**2.75**	5.71	3.60
Alberta monthly ($/Mcf)	**$ 2.95**	$ 4.75	$ 4.01
Spyglass' Realized Prices			
Oil ($/bbl)	**$ 44.32**	$ 90.02	$ 66.21
NGLs ($/bbl)	**35.22**	76.59	50.61
Combined Oil & NGLs ($/bbl)	**43.72**	89.28	65.44
Natural gas ($/Mcf)	**2.90**	5.08	3.82
Total ($/boe)	**$ 27.87**	$ 59.46	$ 41.95

(1) Natural gas benchmark prices are from the Canadian Gas Price Reporter with the price per GJ converted to Mcf at 1.0546. Oil benchmark prices are the volume weighted average of the Net Energy and TMX indexes.

Financial Derivative Instruments

As part of its risk management program, Spyglass has entered into financial derivative contracts for a portion of its oil and natural gas production to assist with managing the volatility of crude oil and natural gas prices. Financial derivative contracts for natural gas are generally structured to reference an AECO monthly index for settlement. This index approximates the realized price received by the Company for the physical natural gas sold. The Company's financial derivative contracts for crude oil are generally structured to reference a WTI Canadian or WTI U.S. dollar price for settlement. The settlement price for these contracts may vary significantly from the realized crude oil price received for the physical sale of the Company's crude oil, as the WTI derivative contracts do not incorporate differentials associated with the Company's multiple crude oil streams where the price received for physical volumes is adjusted for both quality and transportation. Derivative contracts for the differentials between WCS and WTI are entered into for a portion of the Company's physical crude oil sales as WCS provides a stronger correlation to the Company's realized price.

The following table summarizes financial derivatives outstanding as at March 31, 2015 and December 31, 2014 and their estimated fair value:

Commodity risk management contracts					**Fair Value as at**	
Instrument	Period	Price	Reference	Quantity	**March 31, 2015**	December 31, 2014
Crude Oil Contracts						
Swap	Jan 1, 2015 - Mar 31, 2015	$96.20	CDN$ WTI	500 bbl/d	**$ -**	$ 1,504
Swap	Jan 1, 2015 - Mar 31, 2015	$96.50	CDN$ WTI	500 bbl/d	**-**	1,517
Swap	Jan 1, 2015 - Jun 30, 2015	$98.40	CDN$ WTI	500 bbl/d	**1,609**	3,112
Swap	Jan 1, 2015 - Dec 31, 2015	-$22.80	CDN$ WCS [(1)]	500 bbl/d	**(780)**	(739)
Swap	Jan 1, 2015 - Dec 31, 2015	$101.15	CDN$ WTI	500 bbl/d	**4,722**	6,328
Swap	Apr 1, 2015 - Dec 31, 2015	$99.10	CDN$ WTI	500 bbl/d	**4,446**	4,342
					$ 9,997	$ 16,064
Natural Gas Contracts						
Swap	Jan 1, 2015 - Mar 31, 2015	$3.7625	CDN$ GJ	2,000 GJ/d	**$ -**	$ 174
Swap	Jan 1, 2015 - Mar 31, 2015	$4.10	CDN$ GJ	3,000 GJ/d	**-**	352
Swap	Jan 1, 2015 - Mar 31, 2015	$4.14	CDN$ GJ	2,000 GJ/d	**-**	242
Swap	Jan 1, 2015 - Jun 30, 2015	$4.2025	CDN$ GJ	3,000 GJ/d	**458**	836
Swap	Apr 1, 2015 - Dec 31, 2015	$2.9400	CDN$ GJ	3,000 GJ/d	**258**	-
Swap	Apr 1, 2015 - Dec 31, 2015	$2.8450	CDN$ GJ	3,000 GJ/d	**180**	-
					$ 896	$ 1,604
Total					**$ 10,893**	$ 17,668

[(1)] Fixed $ WCS versus WTI

Interest rate risk management contract					**Fair Value as at**	
Instrument	Period	Notional Amount	Reference	Fixed Interest Rate	**March 31, 2015**	December 31, 2014
Swap	Jan 14, 2014 - Jan 14, 2016	$75,000,000	CAD-BA-CDOR	1.281%	**(257)**	34
Total					**$ (257)**	$ -

The following table summarizes the impact on net income (loss) for the financial derivative instrument contracts throughout the periods:

Financial Derivative Instruments	Q1 2015	Q1 2014	Q4 2014
(000s)			
Realized gain (loss)			
Oil	**$ 6,598**	$ (5,321)	$ 2,307
Gas	**1,142**	(2,211)	(463)
Interest	**(26)**	8	6
Total	**$ 7,714**	$ (7,524)	$ 1,850
Unrealized gain (loss)			
Oil	**$ (6,067)**	$ (4,123)	$ 18,912
Gas	**(708)**	(5,161)	2,655
Interest	**(291)**	(16)	28
Total	**$ (7,066)**	$ (9,300)	$ 21,595
Realized gain (loss)			
Oil ($/bbl)	**$ 17.83**	$ (8.72)	$ 4.65
Gas ($/Mcf)	**0.32**	(0.55)	(0.12)
Interest ($/boe)	**(0.03)**	0.01	0.01
Total ($/boe)	**$ 7.75**	$ (5.74)	$ 1.59
Unrealized gain (loss)			
Oil ($/bbl)	**$ (16.39)**	$ (6.75)	$ 38.14
Gas ($/Mcf)	**(0.20)**	(1.29)	0.69
Interest ($/boe)	**(0.29)**	(0.01)	0.02
Total ($/boe)	**$ (7.10)**	$ (7.10)	$ 18.53

Subsequent to March 31, 2015, Spyglass has entered into the following derivative commodity contract:

- An AECO natural gas swap contract for 3,000 GJ/d for the period June 1, 2015 to October 31, 2015 with a fixed price of $2.66 CAD/GJ.

Petroleum and Natural Gas Sales

Petroleum and natural gas sales totalled $27.7 million for Q1 2015 compared to $77.9 million for Q1 2014 and $48.9 million for Q4 2014. Oil and liquids sales decreased $40.3 million from Q1 2014 with $22.3 million due to lower prices and $18.0 million due to lower production volumes. Natural gas sales decreased $9.9 million in Q1 2015 compared to Q1 2014 with $7.9 million due to lower natural gas prices and by $2.0 million related to lower production volumes.

Compared to Q4 2014, petroleum and natural gas sales decreased $21.1 million, with oil and liquids accounting for $16.8 million of the decrease and natural gas sales down $4.3 million. Oil and liquids sales reflect an $8.6 million decrease on account of lower pricing and an $8.2 million decrease due to lower production. Natural gas sales were down $3.3 million as a result of lower pricing and an additional $1.0 million as a result of decreased production.

The following table outlines petroleum and natural gas sales for the periods indicated below:

Petroleum and Natural Gas Sales (000s)	Q1 2015	Q1 2014	Q4 2014
Oil	**$ 16,402**	$ 54,954	$ 32,828
NGLs	**925**	2,698	1,304
Natural Gas	**10,406**	20,265	14,752
Total	**$ 27,733**	$ 77,917	$ 48,884

Royalties

Royalty payments are made by producers of oil and natural gas to the owners of the mineral rights on leases that include provincial governments (Crown) and freehold landowners as well as to other third parties by way of contractual overriding royalties. Royalties are sensitive to both pricing and production and will fluctuate accordingly.

Spyglass' Q1 2015 overall effective royalty rate for all products as a percentage of petroleum and natural gas sales was 6.1%, a significant decrease from the rate of 18.0% in Q1 2014 and 17.8% in Q4 2014. The percentage decrease in royalties compared to Q1 2014 and Q4 2014 is the result of significant reductions in oil and natural gas prices in the quarter, thereby reducing royalty percentages which are paid on a sliding scale. Additional reductions in the royalty rate are due to revenue from natural gas comprising a larger portion of petroleum and natural gas sales, with natural gas royalties, in general, having lower royalty percentages than oil.

Gross overriding and other royalties averaged approximately 3-4% of petroleum and natural gas sales for Q1 2015, consistent with Q1 2014 and Q4 2014. As a percentage of total royalties paid, gross overriding royalties for Q1 2015 accounted for 44% of the total compared to 20% in Q1 2014 and 18% in Q4 2014. Gross overriding and other royalties are generally at a fixed rate versus crown royalties which are based on a sliding scale and therefore, comprise a greater percentage of royalties as prices decrease.

The following tables outline royalties by type:

Royalties by Type (000s)	**Q1 2015**	Q1 2014	Q4 2014
Crown	**$ 962**	$ 11,275	$ 7,140
Gross overriding and other	**742**	2,750	1,580
	$ 1,704	$ 14,025	$ 8,720
$/boe	**$ 1.71**	$ 10.70	$ 7.48
% of Petroleum & natural gas sales	**6.1%**	18.0%	17.8%

Operating Expenses

Operating expenses totalled $21.5 million or $21.58/boe for Q1 2015 compared to $29.2 million or $22.31/boe in Q1 2014 and $22.3 million or $19.11/boe in Q4 2014.

Operating costs for Q1 2015 were lower than Q1 2014 by $7.8 million on an absolute dollar basis and by $0.73 on a per boe basis. The reduction in absolute dollar costs is the result of property dispositions in 2014, along with cost reduction initiatives implemented by the Company in response to the decrease in commodity prices. Cost reduction initiatives include restructuring our field operations, minimizing maintenance costs to bring production back on stream given long payback periods for funds expended and seeking cost savings from service providers. The reduction of operating costs on a per boe basis is less dramatic than the absolute dollar decrease due primarily to the fixed component of operating expenses. Q1 2015 operating costs were lower than Q4 2014 by $0.8 million on an absolute dollar basis, but higher by $2.47 on a per boe basis. The absolute dollar decrease reflects reduced production resulting from 2014 property dispositions and cost reduction initiatives, partially offset by increased operating costs associated with seasonal maintenance work performed in Q1 2015. Seasonal maintenance, incorporating maintenance undertaken in winter access only areas, as well as the fixed component of operating costs account for the increase in operating cost on a per boe basis from Q4 2014.

The following table summarizes the Company's operating expenses:

Operating Expenses	**Q1 2015**	Q1 2014	Q4 2014
(000s)	**$ 21,478**	$ 29,235	$ 22,274
$/boe	**$ 21.58**	$ 22.31	$ 19.11

Transportation Expenses

Transportation expenses totalled $2.2 million or $2.21/boe for Q1 2015 compared to $3.1 million or $2.35/boe for Q1 2014 and $2.2 million or $1.87/boe in Q4 2014. Transportation costs are incurred for clean oil trucking and for oil and gas pipeline tariffs where tolls are paid directly to third parties.

Clean oil trucking charges relate primarily to the Dixonville property since the majority of the Company's other properties are tied into sales pipelines, although the Company does incur some clean oil trucking charges in Matziwin in its South core area. Total oil transportation charges per boe in the current quarter reflect the Dixonville disposition as well as trucking oil to alternative locations due to third party pipeline capacity limitations, which were resolved by the end of the quarter.

Spyglass pays tariffs on its natural gas volumes transported through third party pipelines and has entered into firm transportation commitments for a portion of those volumes; refer to "contractual obligations" section.

The following table details the Company's transportation expenses:

Transportation Expenses	**Q1 2015**	Q1 2014	Q4 2014
(000s)			
Oil	**$ 1,321**	$ 2,124	$ 1,401
Gas	**879**	961	782
Total	**$ 2,200**	$ 3,085	$ 2,183
Oil ($/bbl)	**$ 3.57**	$ 3.48	$ 2.83
Gas ($/Mcf)	**0.24**	0.24	0.20
Total ($/boe)	**$ 2.21**	$ 2.35	$ 1.87

Finance Expenses

Interest expenses include interest on Spyglass' operating line of credit. Interest expenses totalled $2.3 million in Q1 2015, lower than the $3.6 million interest expense in Q1 2014 and the $3.8 million in Q4 2014. The lower interest expense is due to the significant reduction in average bank borrowings throughout the quarter reflecting property dispositions that occurred in Q4 2014.

The effective interest rate for Q1 2015 was 5.0%, compared to 4.8% in Q1 2014 and 5.5% in Q4 2014.

Accretion expense on decommissioning liabilities was $1.4 million in Q1 2015, consistent with Q1 2014 and Q4 2014.

The following table details the Company's finance expenses:

Finance Expenses	**Q1 2015**	Q1 2014	Q4 2014
(000s)			
Interest	**$ 2,257**	$ 3,631	$ 3,844
Accretion	**1,392**	1,420	1,403
Total	**$ 3,649**	$ 5,051	$ 5,247
($/boe)			
Interest	**$ 2.27**	$ 2.77	$ 3.30
Accretion	**1.40**	1.08	1.20
Total ($/boe)	**$ 3.67**	$ 3.85	$ 4.50

General and Administration Expenses

In Q1 2015 general and administration ("G&A") expenses totalled $3.0 million, lower than $4.5 million incurred in Q1 2014 and consistent with the $3.0 million incurred in Q4 2014. Decreases in G&A from Q1 2014 are primarily the result of reductions in staffing levels throughout 2014 and to date in 2015.

The largest portion of G&A is comprised of salaries and benefits and, as such, future G&A will depend on staff levels along with reorganization costs and changes to salaries and bonus incentives. As a response to current oil and natural pricing, the Company has implemented further G&A cost reduction initiatives which included further cuts in staffing, temporary salary reductions, subletting surplus office space, minimizing discretionary expenses and working with vendors to reduce costs. Considering the implementation of these initiatives and changes in staffing related to the 2014 sale of non-core assets, the Company expects a 26% reduction in annual Cash G&A to approximately $12 million from $16.2 million in 2014.

The following table summarizes the Company's G&A expenses:

General and Administration Expenses	Q1 2015	Q1 2014	Q4 2014
(000s)	**$ 2,982**	$ 4,464	$ 2,952
$/boe	**$ 3.00**	$ 3.41	$ 2.53

Long-term Incentive Plan

The Company's long-term incentive plan ("LTIP") for employees and management includes a combination of two types of share based awards depending on roles and responsibilities within the organization: restricted share units ("RSUs") and performance share units ("PSUs"). RSUs vest evenly over a three year period. PSUs vest three years from the date of grants and the awards granted are subject to a multiplier ranging from 0 to 2 based on the performance of Spyglass on a total return basis compared to a selected peer group. The Company also grants director restricted share units ("DRSU") to non-management directors of the organization. DRSUs vest three years from the date of grant. RSUs, PSUs and DRSUs are to be settled in cash, based on the share price at the time of vesting. The number of share equivalent units at the time of vesting increases commensurately with each dividend declared by the Company after the grant date. During the three months ended March 31, 2015, the Company granted an additional 10,734 RSUs. As at March 31, 2015, incorporating forfeitures and settlements in the period, 2,276,961 RSUs, 1,963,504 PSUs and 371,110 DRSUs were outstanding.

The Company accounts for its LTIP using the fair value method, which includes revaluing to market value at the end of each period. Under this method, a compensation expense is charged over the vesting period. As such, LTIP expense fluctuates with the number of RSUs, PSUs and DRSUs outstanding and share prices at the end of the period.

The following table summarizes the Company's LTIP expense:

Long-term Incentive Plan Expense	Q1 2015	Q1 2014	Q4 2014
(000s)	**$ 48**	$ 487	$ (1,214)
$/boe	**$ 0.05**	$ 0.37	$ (1.04)

Depletion, Depreciation and Impairments

For Q1 2015, depletion, depreciation and impairments ("D&D") was $13.8 million compared to $21.5 million for Q1 2014 and $132.0 million for Q4 2014.

The Q1 2015 D&D rate before impairment of $13.87/boe was lower than the rate of $14.64/boe in Q1 2014 and the rate of $16.20/boe in Q4 2014 mostly due to a decrease in the depletable asset base as a result of impairments recognized in Q4 2014 and the disposition of a 50% working interest of the Dixonville property. Additionally, the pre-impairment D&D rate per boe fluctuates with land expiries, with Q1 2015 including $1.77/boe of lands expiries versus $0.56/boe in Q1 2014 and $1.97/boe in Q4 2014. The pre-impairment D&D rates are subject to change based on reserve updates, the timing of land expiries, depreciation of certain workover projects, and changes in production by area.

The Q4 2014 impairment charge of $113.1 million was triggered by a significant drop in forecasted crude oil and natural gas prices for 2014 and beyond and resulted in the Company recording impairments of property, plant and equipment in the North Gas, Central, North Oil and Dixonville cash generating units. Impairment charges recognized could be reversed in future periods should forward commodity prices recover.

The components of D&D are as follows:

Depletion, depreciation and impairments	**Q1 2015**	Q1 2014	Q4 2014
(000s)			
Depletion & depreciation	**$ 13,801**	$ 19,190	$ 18,879
Impairment	**-**	2,318	113,092
Total	**$ 13,801**	$ 21,508	$ 131,971
($/boe)			
Depletion & depreciation	**$ 13.87**	$ 14.64	$ 16.20
Impairment	**-**	1.77	97.05
Total	**$ 13.87**	$ 16.41	$ 113.25

Environmental Liabilities and Insurance Receivable

Dixonville

On April 30 and May 1, 2014, Spyglass responded to two pipeline leaks in its operations at Dixonville. Containment and cleanup operations commenced within hours of the pipelines being shutoff. Both incidents fall within the Company's insurance coverage subject to a $0.5 million deductible per incident. The Company has chosen to sustain clean-up and remediation costs for one of the incidents which are estimated to be $0.5 million and has filed for insurance coverage for the clean-up and remediation costs for the second incident which are estimated to total $4.5 million. The Company has received $2.0 million of insurance proceeds to March 31, 2015. As of March 31, 2015, $3.6 million of clean-up and remediation costs have been paid with a further $0.2 million recorded in accrued liabilities for work performed to March 31, 2015 and $0.7 million accrued in other liabilities for future costs expected to be incurred.

Rainbow

On May 19, 2012, Spyglass was made aware of a breach in an above-ground section of wellhead piping that resulted in a temporary release of an estimated 800 cubic meters of oil in the Rainbow Lake area of Northern Alberta. This incident falls within the Company's insurance coverage and total estimated clean-up and remediation costs are expected to be $23.9 million. The Company has received $21.1 million of insurance proceeds to March 31, 2015. The Company has paid $22.0 million in clean-up and remediation costs as at March 31, 2015 with a further $1.9 million accrued in other liabilities for future costs expected to be incurred.

Insurance Receivable

Spyglass has recorded $4.7 million in accounts receivable for insurance receivable as at March 31, 2015. Spyglass has evaluated the credit worthiness of its insurance providers and concluded it to be adequate. The receivable balance is attributed to expenditures incurred for which reimbursement is pending and as well as for future costs expected to be incurred.

Other Income

Q1 2015 other income is nil. Q1 2014 and Q4 2014 other income consisted primarily of non-cash gains and losses on property dispositions as well as cash seismic data sales.

The following is a breakdown of other income:

Other Income	Q1 2015	Q1 2014	Q4 2014
(000s)			
Cash other income	**$ -**	$ 73	$ 1,204
Non-cash other income (loss)	**-**	1,118	(21,409)
Total	**$ -**	$ 1,191	$ (20,205)
($/boe)			
Cash other income	**$ -**	$ 0.06	$ 1.03
Non-cash other income (loss)	**-**	0.85	(18.37)
Total	**$ -**	$ 0.91	$ (17.34)

Deferred Taxes

Spyglass recorded deferred taxes of $62.5 million in Q1 2015 compared to a recovery of $3.9 million in Q1 2014 and an expense of $20.7 million in Q4 2014. The difference between the Q1 2015 expected rate of 25.0% and the effective rate relates primarily to the derecognition of $66.8 million of deferred tax assets. As at March 31, 2015, the Company has $883 million of tax pools available for deduction against future taxable income for which no deferred tax asset has been recognized.

Funds from Operations and Net Loss

For Q1 2015, funds from operations totalled $4.8 million, $0.04 per basic and diluted share compared to $16.0 million, $0.13 per basic and diluted share in Q1 2014 and $11.9 million or $0.09 per basic and diluted share in Q4 2014.

For Q1 2015, funds from operations decreased $11.2 million from Q1 2014. Operating netbacks at $2.37 per boe in Q1 2015 were $21.73 per boe lower than $24.10 per boe in Q1 2014. This drop incorporates a $31.59 per boe decline in sales price resulting from the significant decline in commodity prices. This along with a lower percentage of production weighted toward crude oil and liquids contributed to a $31.4 million decrease in field cash flows. Decreased production volumes contributed to a further decrease in field cash flows of $18.7 million. These reductions were offset by lower royalties and operating expenses of $12.3 million and $7.8 million respectively and higher gains on financial derivative instruments of $15.2 million.

Compared to Q4 2014, funds from operations decreased $7.0 million in Q1 2015 reflecting a $21.2 million decrease in revenues due mostly due to reduced commodity pricing, a lower weighting to crude oil and liquids and lower production volumes. This was offset by lower royalties of $7.0 million, lower operating expenses of $0.9 million, lower financing charges of $1.6 million and higher realized gains on financial derivative instruments of $5.9 million.

For Q1 2015, the Company had a net loss of $80.0 million or $0.63 per basic and diluted share compared to a net loss of $11.7 million in Q1 2014 or $0.09 per basic and diluted share and a net loss of $140.8 million in Q4 2014 or $1.10 per basic and diluted share. Compared to Q1 2014, the increase in net loss is primarily due to deferred tax expenses recognized in Q1 2015 as a result of the derecognition of deferred tax assets. The decrease in net loss from $140.8 million in Q4 2014 to $80.0 million in Q1 2015 was largely driven by impairment charges recognized in Q4 2014.

The following table summarizes the net income on a boe basis for the periods indicated:

($/boe)	**Q1 2015**	Q1 2014	Q4 2014
Sales price	**$ 27.87**	$ 59.46	$ 41.95
Royalties	**(1.71)**	(10.70)	(7.48)
Operating expenses	**(21.58)**	(22.31)	(19.11)
Transportation expenses	**(2.21)**	(2.35)	(1.87)
Operating netback	**$ 2.37**	$ 24.10	$ 13.49
Other non-cash expenses	**0.01**	-	(0.07)
Cash other income (expense)	**-**	0.06	1.03
Realized gain (loss) on financial derivative instruments	**7.75**	(5.74)	1.59
G&A	**(3.00)**	(3.41)	(2.53)
Interest	**(2.27)**	(2.77)	(3.30)
Cash flow netback	**$ 4.86**	$ 12.24	$ 10.21
Unrealized gain (loss) on financial derivative instruments	**(7.10)**	(7.10)	18.53
Other non-cash expenses	**(0.01)**	-	0.07
Non-cash other income (expense)	**-**	0.85	(18.37)
Depletion, depreciation and impairment	**(13.87)**	(16.41)	(113.25)
Accretion	**(1.40)**	(1.08)	(1.20)
Transaction costs	**-**	-	-
Long-term incentive compensation	**(0.05)**	(0.37)	1.04
Deferred taxes	**(62.78)**	2.96	(17.80)
Net income (loss)	**$ (80.35)**	$ (8.91)	$ (120.77)

The following table provides reconciliations to the change in funds from operations and net income for Q1 2015 to Q1 2014 and for Q1 2015 to Q4 2014.

Change in Funds from Operations and Net Income (loss) (000s)	Q1 2015 to Q1 2014		Q1 2015 to Q4 2014	
	Funds from Operations	Net income / (loss)	**Funds from Operations**	Net income / (loss)
Comparative period	**$ 16,026**	$ (11,697)	**$ 11,883**	$ (140,753)
Increase (decrease) in revenue:				
Change in production volumes	**(18,743)**	(18,743)	**(7,136)**	(7,136)
Change in prices	**(31,441)**	(31,441)	**(14,015)**	(14,015)
Change in royalties	**12,321**	12,321	**7,016**	7,016
(Increase) decrease in expenses:				
Operating	**7,769**	7,757	**890**	796
Transportation	**885**	885	**(17)**	(17)
Finance charges	**1,374**	1,402	**1,587**	1,598
General and administration	**1,482**	1,482	**(30)**	(30)
Long-term incentive compensation	**-**	439	**-**	(1,262)
Depletion, depreciation and impairment	**-**	7,707	**-**	118,170
Deferred tax	**-**	(66,356)	**-**	(41,738)
Transaction costs	**-**	-	**-**	-
Increase (decrease) in:				
Other income	**(73)**	(1,191)	**(1,204)**	20,205
Gains (losses) on financial derivative instruments	**15,238**	17,472	**5,864**	(22,797)
Current period	**$ 4,838**	$ (79,963)	**$ 4,838**	$ (79,963)

Capital Expenditures

Capital expenditures in Q1 2015 totalled $5.6 million with $2.0 million spent on drilling, completion, maintenance and optimization activities, $2.6 million on facilities, pipelines, equipping and tie-ins including the finalization of pipeline integrity activities in Dixonville, $0.9 million on office costs which was substantially capitalized G&A, and the remaining $0.1 million on land and seismic. The majority of the capital spend focused on maintenance activities as well as the conclusion of pipeline remediation activities at Dixonville which commenced in 2014, the tie-in of 2 gross (2 net) wells that were drilled in Q4 2014 and the drilling and completion of 1 gross (0.1 net) non-operated well in the Herronton area.

The following table highlights the breakdown of expenditures by category for the periods indicated:

Capital Expenditures (000s)	Q1 2015	Q1 2014	Q4 2014
Land	**$ 53**	$ 224	$ 153
Geological and geophysical	**11**	111	569
Drilling and completions	**2,048**	13,521	4,653
Facilities and equipment	**2,566**	2,547	8,885
Office and capitalized G&A	**898**	1,444	945
Capital Expenditures	**$ 5,576**	$ 17,847	$ 15,205
Acquisitions	**-**	-	-
Dispositions	**-**	(5,328)	(110,935)
Total capital expenditures and acquistions net of dispostions	**$ 5,576**	$ 12,519	$ (95,730)
Exploration and evaluation expenditures	**$ 145**	$ 196	$ (5)
Property, plant and equipment expenditures	**5,431**	12,323	(95,725)
Total capital expenditures and acquisitions net of dispositions	**$ 5,576**	$ 12,519	$ (95,730)

Spyglass has approximately 414,000 net acres of undeveloped land under lease at March 31, 2015.

Equity

On December 18, 2014, the TSX accepted the Company's notice to make a normal course issuer bid to purchase its outstanding common shares on the open market. The TSX authorized the Company to purchase up to 12,460,689 common shares during the period from December 22, 2014 to December 21, 2015. Shares purchased under the bid will be cancelled. During 2014, there were 272,000 shares purchased at a weighted average cost of $0.36 per share. As the carrying value of the purchased shares was $3.86 per share, the $1.0 million difference between the carrying amount and the purchased amount was recorded as contributed surplus. Spyglass has not repurchased any further common shares up to the date of this MD&A.

The Company has no dilutive instruments outstanding.

Share Information	Q1 2015	Q1 2014	Q4 2014
Shares Outstanding			
Basic	**127,804,720**	128,076,720	127,804,720
Diluted	**127,804,720**	128,076,720	127,804,720
Weighted average shares outstanding			
Basic	**127,804,720**	128,076,720	128,061,742
Diluted	**127,804,720**	128,076,720	128,061,742

Liquidity and Capital Resources

Spyglass is listed on the Toronto Stock Exchange trading under the symbol "SGL" and trades in the over the counter market in the United States under the symbol "SGLRF". The following is a summary of the trading history for Q1 2015, Q1 2014 and Q4 2014.

Trading History on the TSX	Q1 2015	Q1 2014	Q4 2014
Trading price			
High	**$ 0.50**	$ 2.14	$ 1.40
Low	**$ 0.26**	$ 1.71	$ 0.29
Close	**$ 0.30**	$ 1.82	$ 0.33
Volume (000's)	**11,005**	19,788	27,452

On the over the counter market, 4.8 million shares were traded in Q1 2015 compared to 5.2 million shares in Q1 2014.

As at March 31, 2015, Spyglass had a $200 million revolving term credit facility with a syndicate of banks. Subsequent to March 31, 2015, the Company and its lenders signed a notice to lenders and consent form to extend its annual review and borrowing base determination to May 29, 2015. At March 31, 2015, $182.1 million was drawn on the facility and the Company had a working capital deficit of $13.6 million (excluding current portion of financial derivative instruments) for net debt of $195.7 million. The available level of credit is subject to semi-annual review and may be adjusted for changes in reserves, commodity prices and other factors. The Company is subject to certain non-financial covenants in its credit facility agreement. Covenants include reporting requirements, permitted dispositions, permitted financial derivatives, permitted encumbrances and other standard business operating covenants. The Company is not subject to any financial covenants. As at March 31, 2015 the Company is in compliance with all covenants. The facility is available on a revolving basis until May 29, 2015. On May 29, 2015 facility may be extended for a further 364-day period at the request of the Company, subject to approval by the banks. Alternatively, the facility would be available on a non-revolving basis for a period of 366 days from the original renewal date of April 28, 2015, at which time the facility would be due and payable. At March 31, 2015, there were $1.2 million of letters of credit outstanding.

The condensed interim financial statements have been prepared in accordance with IFRS on a going concern basis, which asserts that the Company has the ability to realize its assets and discharge its liabilities and commitments in the normal course of business. Subsequent to March 31, 2015, the Company and its lenders signed a notice to lenders and consent form to extend its annual review and borrowing base determination from April 30, 2015 to May 29, 2015. The determination of the borrowing base incorporates factors including the Company's reserves and forward commodity prices which have been significantly impact by recent global market conditions. Material uncertainty about the Company's ability to continue as a going concern could result should the annual borrowing base renewal result in a significant reduction in the borrowing base or should the credit facility, or a portion thereof, not be renewed on a revolving basis. These circumstances, should they occur, lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Further, should the circumstances described occur, there is no assurance that the Company would be able to access equity or debt financing that would be necessary to meet the Company's commitments. Management is taking steps to manage its liquidity and is investigating alternative financing arrangements, should they be necessary.

The Company continues to meet all of its obligations with respect to ongoing operations. The condensed interim consolidated financial statements do not reflect the adjustments to the carrying amounts of the Company's assets, liabilities, revenues, expenses and balance sheet classifications would be necessary if the going concern assumption is not appropriate. Such adjustments could be material.

Management recognizes the difficulties of operating in the current commodity price environment and has taken steps to manage spending and leverage. Cost reduction and capital management initiatives have been implemented and as such the Company has been able to maintain positive cash flows from operations. The Company continually monitors its capital structure and makes adjustments as necessary based on business conditions including changes in economic condition, forecasted commodity prices and resulting cash flows, debt levels and the risk and timing of capital investments. The Company maintains the ability to modify its capital program in response to changes in commodity prices and cash flows.

Off Balance Sheet Transactions

There were no off balance sheet transactions entered into during the period, nor are there any outstanding as of the date of this MD&A.

Contractual Obligations

The contractual obligations for which the Company is responsible are as follows:

Contractual Obligations (000s)	Total	< 1 year	1-3 years	4-5 years	After 5 years
Long-term debt and related interest	**$ 193,480**	$ 9,104	$ 184,376	$ -	$ -
Firm transportation charges	**6,433**	2,123	2,979	630	701
Operating leases	**26,456**	3,525	7,245	7,253	8,433
Total Contractual Obligations	**$ 226,369**	$ 14,752	$ 194,600	$ 7,883	$ 9,134

The Company enters into many contractual obligations in the course of conducting its day to day business. Material contractual obligations consist of long-term debt under its bank facility, firm transportation charges and operating lease arrangements.

The Company estimates it will incur costs of approximately $364.8 million on an undiscounted basis, excluding obligations associated with assets classified as held for sale, to settle its decommissioning liabilities to abandon and reclaim petroleum and natural gas assets including well sites, gathering systems and processing facilities. The present value of these expected costs is $71.0 million and has been recorded on the Company's balance sheet as at March 31, 2015. These costs will be incurred over the operating lives of the assets with the majority being at or after the end of production. The Company may enter into farm-in agreements where it commits to capital expenditures to earn and retain lands. These are considered routine in nature and form part of the normal course of operations for active oil and gas companies and are not included in the table above.

The Company is currently undergoing tax reviews related to issuance of flow through shares and has accrued a provision for reassessments which it is currently reviewing.

Financial Instruments

Financial instruments comprise accounts receivable, financial derivative instruments, accounts payable and accrued liabilities, long-term incentive plan liability and long-term debt. The fair values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, dividends payable approximate their carrying amounts due to their short-term maturities. Spyglass' financial derivative instruments and long-term incentive plan liability have been recorded at their fair value.

The Company's long-term debt bears interest at a floating market rate and accordingly the fair market value approximates the carrying value. The Company is exposed to credit, liquidity and market risk from its use of financial instruments. A description of these risks has been included in the Company's year-end audited consolidated financial statements for December 31, 2014.

Internal Control over Financial Reporting ("ICFR")

Spyglass' Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance on the reliability of Spyglass' financial reporting and preparation of financial statements for external purposes in accordance with GAAP. The control framework to design Spyglass' ICFR is the Internal Control-Integrated Framework (COSO Framework) (2013) published by the Committee of Sponsoring Organizations of the Treadway Commission. The certification of interim filings for the period ended March 31, 2015 requires that the Company disclose in the MD&A and changes in the Company's internal controls that have materially affected, or are likely to materially affect, the Company's internal controls over financial reporting during the three months ended March 31, 2015. The Company confirms that there were no changes in the Company's internal controls during Q1 2015 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

It should be noted that while Spyglass' Chief Executive Officer and Chief Financial Officer believe that the Company's disclosure and internal control procedures provide a reasonable level of assurance that they are effective, they do not expect that the disclosure and internal control procedures will prevent all errors and 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

The significant accounting policies used by Spyglass are disclosed in the Company's year-end audited consolidated financial statements for the years ended December 31, 2014 and 2013.

Financial Reporting Update

Pronouncements and amendments for annual periods beginning on or after January 1, 2015 are disclosed in the Company's year end audited consolidated financial statements for the year ended December 31, 2014. Adopting these standards is not expected to impact the consolidated financial statements.

Risk Factors

There are a number of risk factors facing companies that participate in the Canadian oil and gas industry. A summary of certain risk factors relating to our business are disclosed below, a more exhaustive list is provided in the Risk Factors Section of our 2014 Annual Information Form filed on SEDAR at www.sedar.com.

Selected Quarterly Information

Financial (000s, except per share amounts)	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2
Petroleum and natural gas sales	**$ 27,733**	$ 48,884	$ 61,731	$ 76,326	$ 77,917	$ 65,909	$ 80,859	$ 76,405
Cash flow from (used in) operations	**9,754**	8,938	8,398	27,470	10,342	9,360	14,046	1,329
Funds from operations	**4,838**	11,883	11,902	19,043	16,026	11,426	21,547	20,558
Per share- basic	**0.04**	0.09	0.09	0.15	0.13	0.09	0.17	0.16
Per share- diluted	**0.04**	0.09	0.09	0.15	0.13	0.09	0.17	0.16
Net income (loss)	**$ (79,963)**	$ (140,753)	$ (4,188)	$ 815	$ (11,697)	$ (16,866)	$ (1,402)	$ 246
Per share- basic	**(0.63)**	(1.10)	(0.03)	0.01	(0.09)	(0.13)	(0.01)	0.00
Per share- diluted	**(0.63)**	(1.10)	(0.03)	0.01	(0.09)	(0.13)	(0.01)	0.00
Capital expenditures	**$ 5,576**	$ 15,205	$ 29,078	$ 15,402	$ 17,847	$ 14,991	$ 24,559	$ 8,284
Property acquisitions	**-**	-	-	2,458	-	-	-	-
Dispositions	**-**	(110,935)	(42,836)	(7,344)	(5,328)	(12,515)	(10,199)	-
Total capital expenditures and acquisitions net of dispositions	**5,576**	(95,730)	(13,758)	10,516	12,519	2,476	14,360	8,284
Long term debt	**182,100**	174,700	267,400	290,900	294,900	287,000	277,000	280,400
Net debt	**195,677**	193,819	293,762	270,828	307,150	300,508	291,997	296,853
Total assets	**480,596**	561,545	833,942	881,033	897,155	892,328	921,752	930,843
Dividends Declared	**-**	3,843	6,724	8,645	8,645	8,645	8,645	8,644
Per share- basic	**-**	0.0300	0.0525	0.0675	0.0675	0.0675	0.0675	0.0675
Shares outstanding (000s)								
Basic	**127,805**	127,805	128,077	128,077	128,077	128,077	128,077	128,077
Diluted	**127,805**	127,805	128,077	128,077	128,077	128,077	128,077	128,077
Weighted average shares outstanding (000s)								
Basic	**127,805**	128,062	128,077	128,077	128,077	128,077	128,077	128,077
Diluted	**127,805**	128,062	128,077	128,077	128,077	128,077	128,077	128,077
Operations								
Average daily production								
Oil (bbls/d)	**4,112**	5,389	5,045	6,164	6,784	7,198	7,473	7,434
NGLs (bbls/d)	**292**	280	410	535	391	647	383	490
Natural gas (Mcf/d)	**39,923**	41,981	48,379	46,647	44,312	48,164	51,533	50,626
Combined (boe/d)	**11,058**	12,666	13,518	14,474	14,560	15,873	16,445	16,362
Operating netback ($/boe)	**$ 2.37**	$ 13.49	$ 19.60	$ 27.31	$ 24.10	$ 15.09	$ 22.09	$ 20.81

In 2014, the Company drilled 21 gross (17.3 net) wells, and has drilled 1 gross (0.1 net) wells year to date in 2015.

Production averaged 11,058 in Q1 2015, lower than 2014 annual production average of 13,798, reflecting the impact of property dispositions which closed in 2014. Commodity prices have been volatile over the previous eight trailing quarters which led to an impairment loss in Q4 2014, which contributed to a net loss of $140.8 million in the quarter.

Additional Information

Additional information relating to Spyglass is filed on SEDAR and can be viewed at www.sedar.com. Information can also be obtained by contacting the Company at Spyglass Resources Corp., 1700, 250- 2nd Street SW, Calgary, Alberta T2P 0C1 or by email to **ir@spyglassresources.com** or by accessing the website at www.spyglassresources.com.