MANAGEMENT’S DISCUSSION AND ANALYSIS

For the Three and Twelve Months Ended December 31, 2014
Date: March 19, 2015

2014 FOURTH QUARTER HIGHLIGHTS

- Achieved record average quarterly production of 5,209 boe/d (46% oil and NGLs) representing a 146% increase compared to Q4-2013.
- Drilled three horizontal light oil wells at Michichi and three (net two) horizontal and two vertical heavy oil wells at Lloydminster.
- Decreased operating costs to $14.99/boe, a 23% improvement from the comparable period in 2013.
- Reduced general and administrative costs to $3.36/boe, a 47% decrease from the comparable period in 2013.
- Maintained balance sheet strength with fourth quarter exit net debt of $63.1 million representing 1.5 times debt to the fourth quarter annualized cash flow.

2014 ANNUAL FINANCIAL AND OPERATIONAL HIGHLIGHTS

- Achieved record average annual production of 4,858 boe/d (44% oil and NGLs) representing a 121% increase compared to 2013.
- Increased 2014 funds flow from operations to $36.7 million, or $0.33 per share compared to $10.8 million or $0.19 per share in 2013, a 74% year-over-year increase on a per share basis.
- Reduced operating and transportation costs by $3.85 per boe (17.1%), and G&A costs by $2.45 per boe (39.8%) in 2014 compared to 2013.
- Drilled 23 (net 22) wells during the year (100% success), including 13 horizontal oil wells and 1 vertical exploratory test well at Michichi, plus 4 (net 3) horizontal and 5 vertical oil wells at Lloydminster.
- Achieved significant increases in year end reserves:
  - Increased Proved Developed Producing (”PDP”) reserves by 39% to 8.9 mmboe (41% oil and NGLs), Proved (“1P”) reserves by 12% to 12.8 mmboe (51% oil and NGLs) and Proved plus Probable (“2P”) reserves by 16% to 20.0 mmboe (55% oil and NGLs).
  - Increased the NPV10 of the Company’s PDP reserves value by 34% to $129.9 million, 1P reserves value by 26% to $173.6 million and 2P reserves value by 23% to $257.9 million.
- Acquired low decline, operated assets in the Company’s core Michichi area in March 2014 for $11.1 million, paid for by the issuance of 13,705,888 common shares and cash of $250,000. The assets included production of approximately 800 BOE/d, 120 net sections of land with 50 net sections of oil prone Mannville/Banff rights, a gas processing facility with 20 mmcf/d capacity, and extensive gas gathering infrastructure.
- Realized net proceeds of $15.8 million on non-core asset dispositions of approximately 425 boe/d (74% gas weighted).
- Raised $20.1 million in a bought deal equity financing on May 2, 2014.
- Increased 3D seismic coverage to 430 square miles over Marquee lands.

SUBSEQUENT EVENTS

- Subsequent to December 31, 2014, the Company disposed of certain non-core oil and natural gas interests to an arm’s length party, including decommissioning liabilities for net cash proceeds of approximately $3.5 million.

- Subsequent to December 31, 2014, the Company entered into an agreement to acquire light oil assets and infrastructure in its core Michichi area for consideration of $16.5 million, including $14.5 million in cash and the conveyance and exchange of certain non-core assets valued at $2.0 million (subject to customary closing adjustments). The transaction is expected to close on March 30, 2015.
- In March 2015, Marquee entered into a definitive agreement with a Canadian based company for the sale of a Production Volume Royalty ("PVR") on its Lloydminster property for $20 million. The royalty volume will be 137.5 bbls of oil per day until February 28, 2023, subject to a 20% decline per year thereafter, on a declining balance basis. The net proceeds from this arrangement will be used to reduce indebtedness and fund the Company's 2015 capital expenditure program

OUTLOOK

The Company continues to grow its technical and operational expertise in its primary core area of Michichi resulting in steady improvements in performance and consistency. Consolidation and concentration of assets continued with the business combination at the end of 2013 and the complementary acquisition in March 2014. Marquee expects the most recent transaction at Michichi announced on February 25, 2015 will be equally impactful for the Company in the future.

Marquee's technically driven Michichi drilling inventory has now grown to more than 215 locations (29 proven, 29 probable booked) where drilling results from 2014 show compelling economics.

Marquee's budget for the first half of 2015 is $5.6 million, and includes a strategic well at each of Michichi and Lloydminster, as well as some necessary facility infrastructure costs. The Company continues to work on its cost structure in all areas, with initiatives targeting operating, capital and overhead costs. Improvements realized in the Company's cost structure in 2014 in combination with strong hedging in the first half of 2015 will keep the balance sheet strong into the second half of the year.

The Company will revisit its capital budget for the remainder of the year in the second quarter to determine appropriate expenditure levels consistent with prevailing commodity prices. Planning for the balance of 2015 and 2016 will be based on strip pricing with prudent capital spending funded by cashflow and priority given to maintaining or reducing current debt levels.

FINANCIAL AND OPERATING HIGHLIGHTS

	Three months ended, December 31				Year ended December 31,			
		2014		2013		**2014**		2013
Financial *(000's except per share and per boe amounts)*								
Oil and natural gas sales [1]	**$**	**21,353**	$	10,094	**$**	**92,199**	$	45,295
Funds flow from operations	**$**	**10,255**	$	145	**$**	**36,738**	$	10,795
Per share - basic and diluted	**$**	**0.09**	$	0.00	**$**	**0.33**	$	0.19
Per BOE	**$**	**21.40**	$	0.75	**$**	**20.72**	$	13.46
Net income (loss)	**$**	**2,295**	$	614	**$**	**(12,810)**	$	(3,013)
Per share - basic and diluted	**$**	**0.02**	$	0.01	**$**	**(0.12)**	$	(0.05)
Capital expenditures	**$**	**17,914**	$	14,637	**$**	**58,275**	$	33,255
Asset acquisitions including non-cash consideration	**$**	**215**	$	34,791	**$**	**13,261**	$	34,791
Dispositions	**$**	**-**	$	(601)	**$**	**(15,727)**	$	(3,749)
Net debt [2]					**$**	**63,130**	$	73,123
Total Assets					**$**	**281,976**	$	239,156
Weighted average basic and diluted shares outstanding		**120,341**		58,171		**110,492**		55,542
Operational								
Net wells drilled		**8.0**		6.0		**22.0**		11.6
Daily sales volumes								
Oil *(bbls per day)*		**1,658**		709		**1,425**		773
Heavy Oil *(bbls per day)*		**580**		518		**537**		516
NGL's *(bbls per day)*		**150**		87		**195**		80
Natural Gas *(mcf per day)*		**16,923**		4,799		**16,203**		4,960
Total *(boe per day)*		**5,209**		2,114		**4,858**		2,196
% Oil and NGL's		**46%**		62%		**44%**		62%
Average realized prices								
Oil ($/bbl)	**$**	**75.67**	$	78.48	**$**	**89.16**	$	86.77
Heavy Oil ($/bbl)	**$**	**62.97**	$	59.49	**$**	**73.75**	$	66.59
NGL's ($/bbl)	**$**	**47.17**	$	56.89	**$**	**56.85**	$	60.53
Natural Gas ($/mcf)	**$**	**3.73**	$	3.82	**$**	**4.62**	$	3.42
Netbacks								
Combined ($/boe)	**$**	**44.56**	$	51.90	**$**	**52.00**	$	56.51
Royalties ($/boe)	**$**	**3.64**	$	7.55	**$**	**5.71**	$	6.05
Operating and transportation costs ($/boe)	**$**	**18.24**	$	23.43	**$**	**18.70**	$	22.55
Field operating netbacks	**$**	**22.68**	$	20.92	**$**	**27.59**	$	27.91

(1) Before royalties.
(2) Net debt is calculated as currents assets less current liabilities, excluding commodity contracts and flow-through share premiums.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations for Marquee Energy Ltd. ("Marquee", "we", "our" or the "Company") as at and for the three and twelve month periods ending December 31, 2014. The MD&A should be read in conjunction with the Company's audited Financial Statements and related notes thereto for the three and twelve month periods ended December 31, 2014, and 2013. The Company's Financial Statements have been prepared in accordance with International Accounting Financial Standard ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All figures provided herein are reported in thousands of Canadian dollars unless otherwise stated. The reader should be aware that historical results are not necessarily indicative of future performance.

Additional information relating to Marquee, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com. Marquee is listed on the TSX Venture Exchange (TSX-V) under the symbol "MQL-V", and on the United States OTC Markets ("OTCQX") under the symbol "MQLQF".

Non-GAAP Measures and Additional GAAP Measures

The MD&A contains certain measures that do not have any standardized meaning as prescribed by IFRS and, therefore, are considered non-GAAP measures and additional GAAP measures. Readers are cautioned that the MD&A should be read in conjunction with Marquee's disclosure under "Non-GAAP Measures", "Additional GAAP Measures" and "Forward-Looking Statements" included at the end of this MD&A.

DESCRIPTION OF BUSINESS

Marquee Energy Ltd. is a publicly traded, Calgary-based, growth oriented junior oil and natural gas company currently focused on high rate of return oil development and production. Marquee is committed to growing the company through exploitation of existing opportunities and continued consolidation within its core area at Michichi. Marquee's offices are located in Calgary, Alberta.

RESULTS OF OPERATIONS

Average Daily Oil and Natural Gas Production and Sales Volumes

	Three months ended December 31,			Year ended December 31,		
	2014	2013	Change	**2014**	2013	Change
Light oil (bbls/d)	**1,658**	709	134%	**1,425**	773	84%
Heavy oil (bbls/d)	**580**	518	12%	**537**	516	4%
NGLs (bbls/d)	**150**	87	72%	**195**	80	144%
Natural gas (mcf/d)	**16,923**	4,799	253%	**16,203**	4,960	227%
Total boe/d (6:1)	**5,209**	2,114	146%	**4,858**	2,196	121%
Production split (%)						
Crude Oil and NGL	**46%**	62%		**44%**	62%	
Natural gas	**54%**	38%		**56%**	38%	
Total	**100%**	100%		**100%**	100%	

Production for the three months ended December 31, 2014, was 5,209 BOE/d, an increase of 146% compared to the same period in 2013. Quarter over quarter and year over year production increases are a result of the drilling programs completed in 2013 and 2014, production acquired from the Sonde and Paramount acquisitions in Q4-2013 and Q1-2014, offset by the sale of the Pembina and other non-core properties. The acquired production from the Sonde and Paramount acquisitions contributed an estimated 1,100 BOE/d and 800 BOE/d respectively. The Pembina and other non-core dispositions offset the increase by approximately 425 BOE/d.

Oil and Natural Gas Revenue

	Three months ended December 31,			Year ended December 31,		
	2014	2013	Change	**2014**	2013	Change
Light oil	**$ 11,542**	$ 5,119	125%	**$ 46,374**	$ 24,480	89%
Heavy oil	**3,360**	2,835	19%	**14,456**	12,542	15%
NGLs	**651**	455	43%	**4,046**	1,768	129%
Natural gas	**5,800**	1,684	244%	**27,323**	6,198	341%
Sulphur	**-**	-	-	**-**	307	-100%
Total revenue	**$ 21,353**	$ 10,093	112%	**$ 92,199**	$ 45,295	104%

Total revenue in Q4-2014 increased to $21.4 million from $10.1 million in Q4-2013, an increase of 112%. For the year ended December 31, 2014, revenue increased to $92.1 million from $45.3 million for the same period in 2013, an increase of 104%. The increased revenue in both the three and twelve month periods is a result of higher production volumes from the asset acquisitions completed in Q4-2013 and Q1-2014 as noted above, combined with increased production from the Company's drilling program. The revenue increase from this production growth was offset by lower combined average realized commodity prices for the three and twelve months ended December 31, 2014 as compared to 2013.

Average Benchmark and Realized Sales Prices

	Three months ended December 31,			Year ended December 31,		
	2014	2013	Change	**2014**	2013	Change
Benchmark prices						
WTI ($US/bbl) (1)	$ 73.15	$ 97.43	-25%	$ 93.00	$ 97.96	-5%
$US/$C foreign exchange rate	$ 1.14	$ 1.05	9%	$ 1.10	$ 1.03	7%
WTI ($C/bbl)	$ 83.39	$ 102.48	-19%	$ 102.30	$ 100.95	1%
WSC Hardisty ($C/bbl)	$ 68.63	$ 69.02	-1%	$ 81.61	$ 76.40	7%
AECO natural gas ($/mcf)	$ 3.41	$ 3.35	2%	$ 4.27	$ 3.13	36%
Average realized prices						
Light Oil ($/bbl)	$ 75.67	$ 78.48	-4%	$ 89.16	$ 86.77	3%
Heavy Oil ($/bbl)	$ 62.97	$ 59.49	6%	$ 73.75	$ 66.59	11%
NGL ($/mcf)	$ 47.17	$ 56.89	-17%	$ 56.85	$ 60.53	-6%
Natural gas ($/mcf)	$ 3.73	$ 3.82	-2%	$ 4.62	$ 3.42	35%
Combined ($/boe)	$ 44.56	$ 51.90	-14%	$ 52.00	$ 56.51	-8%

(1) WTI represents the posting prices of West Texas Intermediate Oil.

Royalties

	Three months ended December 31,			Year ended December 31,		
	2014	2013	Change	**2014**	2013	Change
Royalties	**$ 1,742**	$ 1,468	19%	**$ 10,133**	$ 4,848	109%
As a percentage of revenue	**8%**	15%	8%	**11%**	11%	20%
Per boe (6:1)	**$ 3.64**	$ 7.55	-52%	**$ 5.71**	$ 6.05	-6%

Royalties expense for the three months ended December 31, 2014 increased to $1.7 million compared to $1.5 million for the same period in 2013. The 19% increase was due to higher revenue as a result of new production and recent acquisitions offset by royalty holidays on production from new wells. Royalties per BOE decreased 52% to $3.64 per BOE for the three months ended December 31, 2014 compared to the same period in 2013 as a result of an increase in the proportion of natural gas production, which has a lower royalty rate than oil and NGLs. For the year ended December 31, 2014, royalties expense increased to $10.1 million, or 109% consistent with the 104% increase in oil and natural gas revenue. On a per BOE basis the decrease in royalties expense for the year ended December 31, 2014 was a result of an increased natural gas production in proportion to oil and NGLS, which have a lower royalty rate.

Production and Transportation Expense

	Three months ended December 31,						Year ended December 31,				
		2014		2013	Change		**2014**		2013	Change
Production costs	**$**	**7,186**	$	3,776	90%	**$**	**26,960**	$	14,449	87%
Transportation costs		**1,553**		781	99%		**6,206**		3,627	71%
	$	**8,739**	$	4,557	92%	**$**	**33,166**	$	18,076	83%
Per boe (6:1)	**$**	**18.24**	$	23.43	-22%	**$**	**18.70**	$	22.55	-17%

Production and transportation costs for the three months ended December 31, 2014 were $8.4 million or $18.24 per BOE compared to $4.6 million and $23.43 per BOE for the same period in 2013. For the year ended December 31, 2014, operating and transportation costs were $33.2 million or $18.70 per BOE compared to $18.1 million or $22.55 per BOE for the same period in 2013. The increase in operating costs quarter over quarter, and year over year, were a result of the significant increases in production. The declines in operating and transportation costs per BOE were the result of efficiencies realized from infrastructure improvements at Michichi, optimization of resources from the Company's recent acquisitions, as well as increased production volumes.

Operating Netback

	Three months ended December 31,					Year ended December 31,				
		2014		2013	Change		**2014**		2013	Change
Sales	**$**	**44.56**	$	51.90	-14%	**$**	**52.00**	$	56.51	-8%
Royalties		**(3.64)**		(7.55)	-52%		**(5.71)**		(6.05)	-6%
Production costs		**(14.99)**		(19.42)	-23%		**(15.20)**		(18.03)	-16%
Transportation costs		**(3.25)**		(4.01)	-19%		**(3.50)**		(4.52)	-23%
Operating Netback	**$**	**22.68**	$	20.92	8%	**$**	**27.59**	$	27.91	-1%

For the three months ended December 31, 2014, operating netbacks increased to $22.68 per BOE compared to $20.92 per BOE for the same period in 2013. The 8% increase was due to significant reduction in royalties, operating and transportation costs, offset by falling commodity prices quarter over quarter resulting in decreased average realized product price despite increased production. For the year ended December 31, 2014, the operating netback remained relatively stable despite decreased royalties, operating and transportation costs due to a lower average realized sales price driven by the decrease in global benchmark pricing.

General and Administrative Expense

	Three months ended December 31,					Year ended December 31,				
		2014		2013	Change		**2014**		2013	Change
G&A	**$**	**1,610**	$	1,225	31%	**$**	**6,556**	$	4,931	33%
Per boe (6:1)	**$**	**3.36**	$	6.30	-47%	**$**	**3.70**	$	6.15	-40%

General and administrative ("G&A") costs for the three months ended December 31, 2014 increased 31% to $1.6 million from $1.2 million incurred for the same period in 2013. The increase is a result of increased salary, consulting and administration costs associated with the significant growth of the Company through drilling and recent acquisitions. On a BOE basis, G&A costs declined by 47% to $3.36 per BOE for the current quarter, compared to $6.30 per BOE in 2013. The decrease on a BOE basis is a result of the higher production volumes in 2014. For the year ended December 31, 2014, G&A per BOE decreased 40% to $3.70 per BOE due to higher production volumes compared to 2013.

Stock-based Compensation

As at December 31, 2014, the Company had 10,123,602 stock options and 1,679,835 warrants outstanding. The options and warrants were issued at an average exercise price of $1.06 per option and $1.59 per warrant. Stock-based compensation expense of $1.1 million (December 31, 2013 - $0.4 million) related to options has been recognized for the year ended December 31, 2014 with the offsetting amount recorded in contributed surplus. The expense increased from the same period in 2013 as a result of 7,460,000 new options being granted in 2014.

Risk Management and Hedging Activities

The Company realized a $1.5 million gain and a $1.6 million loss for the three and twelve months ended December 31, 2014 respectively. As at December 31, 2014, Marquee had the following commodity contracts outstanding with a fair value of $6.1 million (December 31, 2013 – negative $1.0 million).

Type	Notional Volumes	Price	Index	Term
Swap	4,000 GJs/day	CAD $4.465/GJ	AECO-5A	Jan.01, 2015 to Mar.31, 2015
Swap	500 bbl/day	CAD $104.00/bbl	WTI-NYMEX	Jan.01, 2015 to Mar.31, 2015
Swap	250 bbl/day	CAD $103.00/bbl	WTI-NYMEX	Jan.01, 2015 to Jun.30, 2015
Swap	500 bbl/day	CAD $105.00/bbl	WTI-NYMEX	Apr.01, 2015 to Jun.30, 2015
Swap	300 bbl/day	CAD ($20.70)/bbl	WCS vs NGX and Net Energy Index	Jan.01, 2015 to Mar. 31, 2015

Finance Expenses

	Three months ended December 31,			Year ended December 31,		
	2014	2013	Change	**2014**	2013	Change
Accretion expense	**$ 394**	$ 94	319%	**$ 1,421**	$ 354	301%
Interest expense	**502**	565	-11%	**3,202**	2,389	34%
Finance expense	**$ 896**	$ 659	36%	**$ 4,623**	$ 2,743	69%
Per boe (6:1)	**$ 1.87**	$ 3.39	-45%	**$ 2.61**	$ 3.42	-24%

Finance expenses increased to $0.9 million or $1.87 per BOE for the three months ended December 31, 2014 compared to $0.7 million or $3.39 per BOE for the same period in 2013. The increase relates primarily to increased accretion on decommissioning liabilities which were acquired through recent acquisitions. Finance expense increased by 69% for the year ended December 31, 2014 as compared to prior year. The increase in interest expense was attributable to higher average debt balances in 2014 compared to 2013 coupled with higher accretion expense related to additional decommissioning obligations in the year.

Depletion and Depreciation

	Three months ended December 31,			Year ended December 31,		
	2014	2013	Change	**2014**	2013	Change
Depletion and Depreciation	**$ 8,852**	$ 4,720	88%	**$ 32,948**	$ 17,979	83%
Per boe (6:1)	**$ 18.47**	$ 24.27	-24%	**$ 18.58**	$ 22.43	-17%

The depletion rate is calculated on proved and probable oil and natural gas reserves, taking into account the future development costs to produce the related reserves. Depletion expense increased in the three month period ending December 31, 2014 to $8.9 million or $18.47 per BOE from $4.7 million or $24.27 per BOE for the same period in 2013. Depletion expense for the year ended December 31, 2014 was $32.9 million or $18.58 per BOE compared to $18.0 million or $22.43 per BOE in 2013. The increase in depletion expense for both the three and twelve months ended December 31, 2014 are due to increased production with a decrease on a per BOE basis as a result of increased total reserve base from recent acquisitions.

Impairment

The Company recognized an impairment loss of $5.6 million net of reversals (2013 - $0.8 million reversal net of impairment). The net impairment loss was triggered by a decrease in fair value based on an arms-length sale of the Saskatchewan CGU subsequent to year end, and a result of changes to proved and probable reserve estimates and related cash flows as determined by Marquee's external reserve evaluators due to revised type curve analysis, and decline in the forecast oil, natural gas and liquids prices at December 31, 2014 compared to December 31, 2013.

Taxes

For the three month period ended December 31, 2014, the Company recorded a $1.6 million deferred tax recovery (2013 - $2.0 million recovery), while for the year ended December 31, 2014 there was a $6.5 million recovery (2013 -3.0 million recovery). The increase in the recovery from 2014 from 2013 is a result of the loss on sale of oil and gas assets recognized in the current period, the largest portion of which related to the sale of the Pembina assets.

The following tax pools are available to reduce future taxable income:

As at:	**December 31, 2014**	December 31, 2013
Undepreciated capital cost	**$ 30,454**	$ 26,569
Canadian development expense	**52,263**	38,100
Canadian exploration expense	**63,366**	63,672
Canadian oil and gas property expense	**32,898**	30,711
Non-capital loss carry forward	**49,124**	62,701
Share issue costs	**2,192**	2,587
Total	**$ 230,297**	$ 224,340

(1) *Includes successor pools from Sonde acquisition. See note 4(b) in the financial statements for the year ended December 31, 2014.*

Exploration and Evaluation expenditures ("E&E")

During the three month period ended December 31, 2014, the Company recorded $0.2 million of costs associated with expired mineral leases compared with $0.4 million in the comparative period in 2013. For the year ended December 31, 2014, $2.6 million was expensed, a $2.4 million decrease from the same period in the prior year. The decreased expense is a result of timing of the lease expiries and the Company's plans to develop those areas in prior years.

Funds Flow from Operations

Funds flow from operations for the three month period ended December 31, 2014 was $10.3 million or $0.09 per share compared to $145 thousand and $0.00 per share in the comparative 2013 period. For the year ended December 31, 2014 Funds flow from operations was $36.7 million compared to $10.8 in 2013. The increase both quarter over quarter, and year over year is primarily due to increased production volumes and higher oil and natural gas sales for 2014 compared to the same period in 2013. Funds flow from operations is an additional-GAAP measure, which is defined under the heading Additional GAAP Measures.

Loss on Disposition of Oil and Natural Gas Interests

For the year ended December 31, 2014, the sale of non-core oil and natural gas properties resulted in a $19.5 million loss, compared to a loss of $36 thousand for the same period in the prior year. In 2014 the Company disposed of its non-core, (gas weighted) asset Pembina oil and natural gas interests, including exploration and evaluation assets and decommissioning liabilities for proceeds of $14.0 million, less customary closing adjustments. The disposition resulted in a 300 BOE/d (75% natural gas) decline in production volumes. In addition, the Company closed two minor dispositions for properties in Fox Creek, Alberta.

Net Income (Loss)

Net income for the three month period ended December 31, 2014, was $2.3 million ($0.02 per share, basic and diluted) compared to a net income of $0.6 million ($0.01 per share, basic and diluted) for the same period in 2013. The increase to net income is primarily due to a net gain on commodity contracts for $5.8 million compared to a $0.4 million loss in the comparable 2013 period variations in the operating netback, and $5.6 million impairment. The increase to net loss for the year ended December 31, 2014 is mainly attributable to the loss on sale of natural gas interests as discussed above resulting from the Pembina sale and a gain on commodity contracts compared to a loss in prior year.

Capital Expenditures

	Three months ended December 31,		Year ended December 31,	
Capital expenditures (1), (2)	**2014**	2013	**2014**	2013
Land & lease	**$ 225**	$ 60	**$ 2,777**	$ 1,645
Drilling and completions	**10,751**	7,896	**37,766**	19,251
Equipment and facilities	**3,175**	3,724	**11,819**	8,075
Seismic	**3,543**	2,747	**5,040**	3,603
Acquisitions	**215**	17,845	**2,434**	17,845
Dispositions	**-**	(601)	**(15,727)**	(3,749)
Office and other	**220**	211	**873**	680
Total capital expenditures, net	**$ 18,129**	$ 31,882	**$ 44,982**	$ 47,351

(1) *Includes expenditures on exploration and evaluation assets as well as PP&E*

(2) *Excludes non-cash portion of Paramount acquisition in 2014*

The Company drilled 23 wells (net 22) during the year, including 13 Michichi horizontal oil wells, plus 4 (net 3) horizontal and 6 vertical oil wells at Lloydminster.

On March 6, 2014, the Company completed an asset acquisition which allowed the Company to acquire undeveloped land, as well as additional production, in its core Michichi area. The purchase price of $11.8 million was paid through a combination of shares ($10.8 million) and cash ($1.0 million).

On September 30, 2014, the Company completed the sale of its non-core, gas weighted asset in the Pembina area of Western Alberta for total consideration of $14 million, prior to customary closing adjustments. Proceeds from the sale provided the Company with a non-dilutive source of funding to increase the Company's financial flexibility and expand the 2014 drilling program as previously noted. In addition, there were other minor dispositions in Q3 2014 for total proceeds of $1.3 million.

The Company expects to fund the 2015 capital program from funds flow from operations, non-core asset sales and its existing credit facilities.

CAPITAL RESOURCES AND LIQUIDITY

Credit Facility

During the third quarter, the Company entered into a new syndicated banking arrangement which consisted of a $70 million revolving demand facility, a $10 million operating facility as well as a $15 million acquisition facility with two Canadian chartered Banks. At December 31, 2014, the Company was in compliance with all covenants under its credit facility. The revolving and operating facilities bear interest at the Bank's prime rate plus an applicable margin (of 50 bps to 250 bps) determined by reference to the Company's net debt to cash flow ratio which is calculated as negative working capital, excluding the fair value of any commodity contracts, over annualized trailing quarterly cash flow from operating activities before working capital adjustments. The acquisition facility will bear interest at the Bank's prime rate plus an applicable margin (of 50 bps to 250 bps) plus an additional 50 bps per annum.

Equity

The Company is authorized to issue an unlimited number of common shares. As at December 31, 2014, there were 120,340,685 common shares outstanding, and convertible securities comprised of 10,123,602 options to acquire common shares and 1,679,835 warrants outstanding which are exercisable for an aggregate of 11,803,437 common shares.

On May 2, 2014, the Company closed a bought-deal financing of 22,115,650 common shares at a price of $0.91 per common share resulting in net proceeds of $18.8 million.

At March 19, 2015, there were 120,340,685 common shares outstanding and 10,007,439 stock options and 1,679,835 warrants outstanding which are exercisable into an aggregate of 11,687,274 common shares.

Liquidity

The Company generally relies on operating cash flows, equity issuances and its credit facility to fund its capital requirements and provide liquidity. From time to time, the Company accesses capital markets to meet its additional financing needs and to maintain flexibility in funding its capital programs. Future liquidity depends primarily on funds flow generated from operations, the ability to draw on existing credit facilities and the ability to access debt and equity markets. Bank debt is classified as a short term liability as it is a demand loan and could potentially be paid within a year. The Company generated positive funds flow from operations for the three and twelve month period ended December 31, 2014.

The Company's credit facility is a demand loan and as such the bank could demand repayment at any time. The credit facilities are subject to review on a periodic basis at the discretion of the Bank, and this review was last completed in September 2014. Management is not aware of any indications that the bank would demand repayment within the next 12 months. The Company further expects that it will have sufficient cash on hand to meet current obligations by actively monitoring its credit facilities through use of the revolving loan, operating loan and acquisition facilities, coordinating payment and revenue cycles each month, and an active hedging program to mitigate commodity price risk and secure cash flows.

Management has delayed certain capital projects until the pricing environment improves and has and continues to work on strategies to reduce general and administrative costs subsequent to December 31, 2014.

Subsequent to yearend, Marquee entered into a definitive agreement with a Canadian based company for the sale of a Production Volume Royalty ("PVR") on its non-core Lloydminster property for $20 million. The royalty volume will be 137.5 bbls of oil per day until the end of 2022, subject to a 20% decline per year thereafter, on a declining balance basis. The net proceeds from this arrangement will be used to temporarily reduce indebtedness, fund the Company's 2015 capital expenditure program and for general corporate purposes.

Capital management

The Company's capital management policy is to maintain a strong capital base that optimizes the Company's ability to grow, maintain investor and creditor confidence and to provide a platform to create value for its shareholders. The Company maintains a flexible capital structure to maximize its ability to pursue oil and gas exploration opportunities and the requirement to sustain future development of the business. The Company monitors the level of risk associated for each capital project to balance the proportion of debt and equity in its capital structure. The Company monitors capital availability tracking its current working capital, available credit facility, projected cash flow from operating activities and anticipated capital expenditures. The Company's officers are responsible for managing the Company's capital and do so through weekly meetings and regular reviews of financial information including budgets and forecasts. The Company's directors are responsible for overseeing this process. The Company considers its capital structure to include shareholders' equity and bank debt.

In order to maintain or adjust the capital structure, the Company may issue shares, amend, revise or renew terms of the existing credit facility and adjust its capital spending to manage its current and projected capital structure. The Company's ability to raise additional funds through debt or equity financing may be impacted by external conditions, including future commodity prices, particularly natural gas and the global economic downturn. The Company continually monitors business conditions including: changes in economic conditions, the risk of its drilling programs, forecasted commodity prices and potential corporate or asset acquisitions.

The Company monitors capital based on two financial ratios: 1) net debt to annualized funds flow and 2) working capital ratio. The net debt to annualized funds flow represents the time period it would take to pay off the debt if no further capital expenditures were incurred and if funds flow from operating activities remained constant. This ratio is calculated as net debt divided by cash flows from operating activities before changes in non-cash working capital annualized ("funds flow from operating activities"). Net debt is defined as outstanding bank debt plus or minus net working capital (excluding fair value of commodity contracts and flow-through share premiums).

The Company's strategy is to monitor the ratio and the ratio can, and will, fluctuate based on the timing of property transactions, commodity prices and on the mix of exploratory and development drilling. There have been no changes to the Company's capital management policies for the year ended December 31, 2014.

The following table summarizes the Company's net debt to funds flow calculation:

As at:	**December 31, 2014**	December 31, 2013
Current assets, excluding commodity contracts	**$ 11,233**	$ 4,950
Accounts payable & accrued liabilities	**(15,598)**	(15,065)
Bank debt	**(58,765)**	63,008
Net debt	**$ (63,130)**	$ (73,123)
Funds flow from operating activities	**$ 36,738**	$ 10,795
Net debt to funds flow	**1.7 to 1.0**	6.8 to 1.0

As at December 31, 2014, the Company's ratio of net debt to annualized funds flow was 1.7 to 1 (December 31, 2013 – 6.8 to 1). The decrease in the ratio at December 31, 2014 was a result of an increase in funds flow from operating activities related to the current years successful drilling program together with the asset acquisitions completed December 31, 2013 and March 6, 2014 together with a decline in the outstanding bank debt related to the issue of common shares completed May 2, 2014 and the sale of the Pembina assets on September 30, 2014.

The following table summarizes the Company's working capital calculation for purposes of its lending facility covenants:

Working Capital Ratio

As at:	**December 31, 2014**	December 31, 2013
Current assets	**$ 11,233**	$ 4,950
Undrawn available credit	**$ 20,435**	$ 11,088
Subtotal	**$ 31,668**	$ 16,038
Current liabilities	**$ 15,598**	$ 16,805
Working capital ratio	**2.03 to 1.00**	0.95 to 1.00

The Company is required to maintain, under its credit facility, a working capital ratio of greater than 1 to 1 defined as the ratio of current assets (including undrawn available credit on the revolving portion of the facility and excluding the fair value of the commodity contracts) divided by current liabilities (less the current portion of bank debt and the fair value of the commodity contracts). At December 31, 2014, the working capital ratio was 2.03 to 1.0 (December 31, 2013 – 0.95 to 1.0) and the Company was in compliance with the covenant. The working capital ratio increased for the year ended December 31, 2014, as a result of the decrease in the outstanding debt balance and resulting increase in the undrawn available credit related to the issue of common shares completed May 2, 2014 and the sale of the Pembina assets on September 30, 2014. At December 31, 2013, the Company could have satisfied the working capital covenant by drawing down the A&D loan. The Bank waived the breach at December 31, 2013.

Contractual Obligations

Marquee has contractual obligations in the normal course of business. The Company has a rental commitment relating to leased office premises for a total commitment of $0.1 million due entirely in 2015.

Off Balance Sheet Arrangements

The Company does not have any special purpose entities, nor is it party to any arrangements that would be excluded from the balance sheet.

RISKS AND UNCERTAINTIES

Business Risks

The oil and gas industry is subject to risks in (among others):

- Finding and developing reserves;
- Commodity prices received for such reserves;
- Availability of equipment, manpower and supplies;
- Availability and cost of capital to achieve projected growth;
- Effect of weather on drilling and production; and
- Operating in an environmentally appropriate fashion.

The Company mitigates these business risks by:

- Having assets in several diverse fields;
- Maintaining cost-effective operations;
- Maintaining a balance between oil and gas properties;
- Operating our own properties to control the amount and timing of capital expenditures;
- Using new technology to maximize production and recoveries and reduce operating costs;
- Restricting operations to western, central and southern Alberta where locations are accessible, operating and capital costs are reasonable and on-stream times are shorter; and
- Drilling wells in areas with multiple high deliverability zone potential.

Environmental, Health and Safety Risk

Environmental, health and safety risks relate primarily to field operations associated with oil and gas assets. To mitigate this risk, a preventative environmental, health and safety program is in place, as is operational loss insurance coverage. Marquee employees and contractors adhere to the Company's environmental, health and safety program, which is routinely reviewed and updated to ensure that the Company operates in a manner consistent with best practices in the industry. The Board of Directors oversees the risk assessment and risk mitigation process.

Regulation, Tax and Royalty Risk

Regulation, tax and royalty risk relates to changing government royalty regulations, income tax laws and incentive programs impacting the Company's financial and operating results. Management, with the assistance of legal and accounting professionals, stay informed of proposed changes in laws and regulations and proactively responds to and plan for the effects of these changes.

Industry and Economic Factors

The oil and natural gas industry is subject to extensive controls and regulations governing its operations (including land tenure, exploration, environmental, development, production, refining, transportation, and marketing) imposed by legislation enacted by various levels of government and with respect to taxation of oil and natural gas by agreements among the governments of Canada and Alberta, all of which should be carefully considered by investors in the oil and gas industry. It is not expected that any of these controls or regulations will affect the Company's operations in a manner materially different than they would affect other oil and gas companies of similar size and with similar assets. All current legislation is a matter of public record and the Company is currently unable to predict what additional legislation or amendments may be enacted. Outlined below are some of the principal aspects of legislation, regulations and agreements governing the oil and natural gas industry.

The producers of oil are entitled to negotiate sales and purchase agreements directly with oil purchasers. Most agreements are linked to global oil prices. Global oil prices are set by daily, weekly and monthly physical and financial transactions for crude oil around the world. Those prices are primarily based on worldwide fundamentals of supply and demand. Specific prices depend in part on oil quality, prices of competing fuels, distance to the markets, value of refined products, the supply/demand balance and other contractual terms. The price of natural gas is also determined by negotiation between buyers and sellers.

International prices for crude oil and natural gas fluctuate in response to changes in the supply of and demand for crude oil and natural gas, market uncertainty and a variety of other factors beyond the Company's control. These factors include, but are not limited to, the actions of the Organization of the Oil Exporting Countries (OPEC), world economic conditions, government regulation, political developments, the foreign supply of oil, the price of foreign imports, the availability of alternate fuel sources and weather conditions.

In addition to federal regulation, each province has legislation and regulations governing land tenure, royalties, production rates, environmental protection, and other matters.

For a complete discussion of the risks affecting Marquee, refer to the Company's most recently filed Annual Information Form, available on SEDAR at www.sedar.com.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of selected quarterly information that has been derived from the condensed interim financial statements of Marquee Energy Ltd. This summary should be read in conjunction with unaudited financial statements of Marquee as contained in the public record.

				2014				2013
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial								
Total revenue	**21,353**	23,644	25,625	21,577	10,094	12,489	12,317	10,396
Funds flow from operations	**10,255**	10,334	9,273	6,820	145	3,080	4,420	3,029
Basic & diluted ($/share)	**0.09**	0.09	0.08	0.08	0.00	0.06	0.08	0.06
Net income/(loss)	**2,295**	(13,254)	900	(2,750)	614	(1,527)	484	(2,584)
Basic and diluted ($/share)	**0.02**	(0.11)	0.01	(0.03)	0.01	(0.03)	0.01	(0.05)
Capital expenditures(1)	**18,129**	23,395	5,188	24,824	49,428	8,484	1,543	8,589
Total assets	**281,976**	276,951	282,939	283,559	239,156	163,418	163,017	169,446
Total equity	**130,035**	127,384	140,088	119,826	111,507	88,287	89,730	89,050
Working capital deficiency	**57,077**	55,809	60,938	85,128	75,814	50,247	47,079	51,224
Weighted average common shares outstanding	**120,341**	120,341	112,534	88,296	58,171	54,648	54,661	52,954
Operations								
Average daily production								
Crude Oil (bbl/d)	**1,658**	1,379	1,434	1,223	709	722	830	834
Heavy Oil (bbl/d)	**580**	531	525	511	518	480	534	532
NGLs (bbl/d)	**150**	253	195	180	87	96	80	58
Natural gas (mcf/d)	**16,923**	17,881	17,285	12,657	4,799	5,045	4,942	5,054
Total boe/d	**5,209**	5,143	5,035	4,024	2,114	2,139	2,268	2,266

(1) Excluded corporate acquisitions and dispositions.

Three months ended December 31, 2014 (Q4-2014) compared to September 30, 2014 (Q3-2014)

Total revenue was lower in Q4 2014 compared to Q3 2014 despite higher production volumes as a result of decreased realized prices. Net income in Q4 2014 as opposed to net loss in Q3 2014 was due to a gain on commodity contracts and a deferred tax recovery. Capital expenditures in Q4-2014 decreased despite consistent wells drilled due to increased drilling activity in the Lloydminster area where wells carry a lower cost base than Michichi where drilling was focused in Q3.

Three months ended September 30, 2014 (Q3-2014) compared to June 30, 2014 (Q2-2014)

Total revenue was lower in Q3, 2014 compared to Q2 2014 despite higher volumes of production as a result of decreases in the realized prices. The net loss in Q3 -2014 was a result of the non-core sale of oil and gas interests at Pembina. Capital expenditures in Q3-2014 were increased from Q2-2014 as a result of the drilling of eight wells in Q3 2014 compared to only one well drilled in Q2-2014.

Three months ended June 30, 2014 (Q2 – 2014) compared to March 31, 2014 (Q1-2014)

Total revenue was higher for the three months ended June 30, 2014 as a result of the acquired Paramount assets reflecting three full months of production, versus only three weeks in the prior quarter. The working capital deficiency decreased as a result funds raised in the financing of common shares in the current quarter.

Three months ended March 31, 2014 (Q1 -2014) compared to December 31, 2013 (Q4-2013)

Total revenue was higher for three months ended March 31, 2014 compared to the three months ended December 31, 2013 as a result of a combination of increased production that was acquired from two separate acquisitions and higher oil and natural gas prices. The increase in total assets and total equity reflect the purchase equation for the assets acquired during Q1-2014.

Three months ended December 31, 2013 (Q4-2013) compared to September 30, 2013 (Q3-2013)
The net loss was higher during the three months ended December 31, 2013 as a result of the transaction costs related to the asset acquisition and E&E expenditures for projects discontinued by management. Capital expenditures were significantly higher as a result of the significant capital program completed in Q4-2013.

Three months ended September 30, 2013 (Q3-2013) compared to June 30, 2013 (Q2-2013)
Revenue was consistent quarter over quarter. The decline in the net income was a result of a loss on the sale of oil and gas interests in Q3-2013 compared to a gain Q2-2013. In addition, there was an unrealized loss on commodity contracts compared to a gain on commodity contracts in Q2-2013.

Three months ended June 30, 2013 (Q2-2013) compared to March 31, 2013 (Q1-2013)
During the three months ended June 30, 2013, the Company increased funds flow from operations to $4.4 million as the Company continued its shift to a more oil and liquids weighted Company and realized significantly higher commodity prices.

SUMMARY OF ANNUAL RESULTS

For the year ended December 31,		2014		2013		2012
Financial *(000's except per share and per boe amounts)*						
Oil and natural gas sales [1]	**$**	**92,199**	$	45,295	$	37,405
Funds flow from operations	**$**	**36,738**	$	10,795	$	9,238
Per share - basic and diluted	**$**	**0.33**	$	0.19	$	0.18
Per BOE	**$**	**20.72**	$	13.46	$	11.09
Net income (loss)	**$**	**(12,810)**	$	(3,013)	$	(10,529)
Per share - basic and diluted	**$**	**(0.12)**	$	(0.05)	$	(0.21)
Capital expenditures	**$**	**58,275**	$	33,255	$	45,131
Asset acquisitions including non-cash consideration	**$**	**13,261**	$	34,791	$	2,314
Corporate acquisitions	**$**	**-**	$	-	$	19,885
Dispositions	**$**	**(15,727)**	$	(3,749)	$	(21,001)
Net debt [2]	**$**	**(63,130)**	$	(73,124)	$	(43,852)
Total Assets	**$**	**281,976**	$	239,156	$	162,645
Weighted average basic and diluted shares outstanding		**110,492**		55,542		50,565
Operational						
Daily sales volumes						
Oil *(bbls per day)*		**1,425**		773		667
Heavy Oil *(bbls per day)*		**537**		516		369
NGL's *(bbls per day)*		**195**		80		158
Natural Gas *(mcf per day)*		**16,203**		4,960		6,534
Total *(boe per day)*		**4,858**		2,196		2,283
% Oil and NGL's		**44%**		39%		36%
Average realized prices						
Oil ($/bbl)	**$**	**89.16**	$	86.77	$	82.09
Heavy Oil ($/bbl)	**$**	**73.75**	$	66.59	$	58.98
NGL's ($/bbl)	**$**	**56.85**	$	60.53	$	57.06
Natural Gas ($/mcf)	**$**	**4.62**	$	3.42	$	2.51
Netbacks						
Combined ($/boe)	**$**	**52.00**	$	56.51	$	44.77
Royalties ($/boe)	**$**	**5.71**	$	6.05	$	4.63
Operating and transportation costs ($/boe)	**$**	**18.70**	$	22.55	$	19.50
Field operating netbacks	**$**	**27.59**	$	27.91	$	20.64

(1) Before royalties.
(2) Net debt is calculated as currents assets less current liabilities, excluding commodity contracts and flow-through share premiums.

NON-GAAP MEASURES

This MD&A contains the term "field operating netbacks" which does not have a standardized meaning prescribed by IFRS and, therefore, may not be comparable with the calculation of similar measures by other companies. Marquee uses field operating netbacks to analyze operating performance. Marquee believes this benchmark is a key measure of profitability and overall sustainability for the Company and this term is commonly used in the oil and natural gas industry. Field operating netbacks are not intended to represent operating profits, net earnings or other measures of financial performance calculated in accordance with IFRS.

Field operating netbacks are calculated by subtracting royalties, production and operating and transportation expenses from revenues before other income/losses.

ADDITIONAL GAAP MEASURES

This MD&A and the financial statements contain the term "funds flow from operations" which should not be considered an alternative to, or more meaningful than "cash flow from operating activities" as determined in accordance with IFRS as an indicator of the Company's performance. Therefore reference to funds flow from operations or funds flow from operations per share may not be comparable with the calculation of similar measures for other entities. Management uses funds flow from operations to analyze operating performance and leverage and considers funds flow from operations to be a key measure as it demonstrates the Company's ability to generate cash necessary to fund future capital investments and to repay debt. Funds flow from operations per share is calculated using the weighted average number of shares for the period.

	Three months ended December 31,			Year ended December 31,		
	2014	2013	Change	2014	2013	Change
Cash flow from operations	**$ 9,967**	$ 1,212	NM	**$ 30,214**	$ 12,422	143%
Decommissioning expenditures	**526**	119	NM	**580**	240	141%
Changes from non-cash working capital	**(237)**	(1,186)	119%	**5,944**	(1,867)	NM
Funds flow from operations	**$ 10,255**	$ 145	NM	**$ 36,738**	$ 10,795	240%

This MD&A and the financial statements also contain the term net debt and net debt to annualized funds flow. Net debt and net debt to annualized funds flow is calculated as net debt, defined as outstanding bank debt plus or minus net working capital (excluding fair value of commodity contracts and flow-through share premiums), divided by cash flow from operating activities before decommissioning expenditures and changes in non-cash working capital. Management considers net debt and net debt to annualized funds flow as important additional measures of the time period it would take to pay off the debt if no further capital expenditures were incurred and if funds flow from operating activities remained constant.

BOE Presentation

The term "barrels of oil equivalent" (BOE) may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet of natural gas to one barrel of oil (6:1) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared with natural gas is significantly different than the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value. (This conversion conforms to National Instrument 51-101). References to natural gas liquids ("NGL") in this MD&A include condensate, propane, butane and ethane. One barrel of NGL is considered to be equivalent to one barrel of crude oil equivalent (BOE).

CRITICAL ACCOUNTING ESTIMATES

The timely preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, as at the statement of financial position date and the reported amounts of revenues and expenses during the year. Accordingly, actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future periods affected.

The following discussion sets forth management's significant judgments and estimates made in preparation of these financial statements.

Management Judgment and Estimates

The following are the critical judgments that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in these financial statements.

Identification of cash-generating units
Oil and natural gas interests, exploration and evaluation assets and other corporate assets are aggregated into cash-generating-units ("CGUs") based on their ability to generate largely independent cash flows and are used for impairment testing. The classification of assets into CGU's requires significant judgement and interpretations with respect to the integration between assets, the existence of active markets, external users, shared infrastructures and the way in which management monitors the Company's operations. The Company has identified Michichi and Lloydminster as its core CGU's.

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

Componentization
For the purposes of depletion, the Company allocates its oil and natural gas assets to components with similar lives and depletion methods. The groupings of assets are subject to management's judgement and are performed on the basis of geographical proximity and similar reserve life. The Company's oil and natural gas assets are depleted on a unit of production basis.

Exploration and evaluation assets
The decision to transfer exploration and evaluation assets to property, plant and equipment is based on management's determination of an area's technical feasibility and commercial viability based on proved and probable reserves as well as related future cash flows.

Deferred taxes
Judgments are made by management to determine the likelihood of whether deferred tax assets at the end of the reporting period will be realized from future taxable earnings. To the extent that assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit and loss in the period in which the change occurs.

Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing adjustments to the carrying amounts of assets and liabilities.

Reserves
The assessment of reported recoverable quantities proved and probable reserves include estimates regarding production volumes, commodity prices, exchange rates, remediation costs, timing and amount of future development costs, and production, transportation and marketing costs for future cash flows. The economical, geological and technical factors used to estimate reserves may change from period to period. Changes in reported reserves can impact the carrying value of the Company's oil and natural gas properties and equipment, the calculation of depletion and depreciation, the provision for decommissioning liabilities, and the recognition of deferred tax assets due to changes in expected future cash flows. The Company's petroleum and natural reserves are independently evaluated by reserve engineers at least annually and are determined pursuant to National Instrument 51-101, Standard of Disclosures for Oil and Gas Activities.

Decommissioning liabilities
The calculation of decommissioning liabilities and related accretion expense includes management's estimates of current risk-free interest rates, future inflation rates, future restoration and reclamation expenditures and the timing of those expenditures. In most instances, removal of assets occurs many years in the future.

Share based payments
The amounts recorded for stock-based compensation expense relating to the fair value of stock options and warrants issued are estimated using the Black-Scholes option pricing model including management's estimates of the future volatility of the Company's share value, quoted market value of the Company's shares at grant date, expected forfeiture rates, expected lives of the options and warrants (based on historical experience and general holder behaviours), and the risk-free interest rate (based on government bonds).

Business combinations and asset acquisitions
The values assigned to the common shares issued in the asset acquisitions completed in 2014 and 2013 and the allocation of the purchase price to the net assets in the acquisitions are based on numerous estimates that affect the valuation of certain assets and liabilities acquired including the discount rates, estimates of proved and probable reserves, estimates of fair values of exploration and evaluation assets, future oil and natural gas prices and other factors.

Commodity Contracts
The amounts recorded for the fair value of commodity contracts are based on estimates of future commodity prices, foreign exchange rates and the volatility in those prices.

Deferred tax asset
The amounts recorded for deferred tax assets are based on estimates as to the timing of the reversal of temporary differences, substantially enacted tax rates and the likelihood of tax assets being realized. The availability of tax pools and other deductions are subject to audit and interpretation by tax authorities.

CHANGES IN ACCOUNTING POLICIES

During the year ended December 31, 2014, the Company adopted the following new and revised accounting standards, including any consequential amendments thereto. Changes in accounting policies adopted by the Company were made in accordance with the applicable transitional provisions as provided in those standards and amendments.

IAS 36, "Impairment of Assets" ("IAS 36") On January 1, 2014, the Company implemented certain amendments to IAS 36 which require that the Company disclose, if appropriate, the recoverable amount of an asset or cash generating unit, and the basis for the determination of fair value less costs of disposal or value-in-use of the asset, when an impairment loss is recognized or when an impairment loss is subsequently reversed. These amendments resulted in the Company including additional disclosures in respect of the recognition of impairments related to its oil and natural gas properties.

IFRIC 21, "Levies" ("IFRIC 21") On January 1, 2014, the Company implemented IFRIC 21 which provides an interpretation on IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" ("IAS 37"), with respect to the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event. The interpretation clarifies that the obligating event is the activity described in the relevant legislation that triggers the payment of the levy and is to be accrued prospectively only if the activity triggers payment occurs over a period of time. The implementation of IFRIC 21 had no impact to the Company's 2014 Financial Statements.

On January 1, 2014, the Company adopted several narrow-scope amendments to a total of nine standards issued by the IASB in December 2013. The adoption of these amendments had no impact on the financial statements.

FUTURE ACCOUNTING PRONOUNCEMENTS

IAS 1, "Presentation of Financial Statements" ("IAS 1") In December 2014, the IASB issued amendments to IAS 1, clarifying guidance on the concepts of materiality and aggregation of items in the financial statements, the use and presentation of subtotals in the statement of operations and the statement of comprehensive income or loss, and providing additional flexibility in the structure and disclosures of the financial statements to enhance understandability. The amendments to IAS 1 may be applied immediately, and become mandatory for annual periods beginning on or after January 1, 2016. The Company does not expect the impact of the amendments to IAS 1 will have a material effect on the Company's financial statements.

IFRS 9, "Financial Instruments" ("IFRS 9") IFRS9 provides a comprehensive new standard for accounting for all aspects of financial instruments. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, and replaces the multiple category and measurement models in IAS 39. The approach in IFRS 9 focuses on how an entity manages its financial instruments in the context of its business model, as well as the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods currently provided in IAS 39.

Requirements for financial liabilities were added to IFRS 9 in October 2010. Although the classification criteria for financial liabilities did not change under IFRS 9, the fair value option requires different accounting for changes to the fair value of a financial liability resulting from changes to an entity's own credit risk.

In December 2013, new hedge accounting requirements were incorporated into IFRS 9 that increase the scope of items that can qualify as a hedged item and change the requirements of hedge effectiveness testing that must be met to use hedge accounting.

In July 2014, the IASB issued final amendments to IFRS 9, replacing earlier versions of IFRS 9. These amendments to IFRS 9 introduce a single, forward-looking 'expected loss' impairment model for financial assets which will require more timely recognition of expected credit losses, and a fair value through other comprehensive income category for financial assets that are debt instruments.

The amendments to IFRS 9 are effective for annual periods beginning on or after January 1, 2018 and are available for earlier adoption. The Company does not expect that the implementation of IFRS 9 will have a material effect on the Company's financial statements.

IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15") In May 2014, the IASB issued IFRS 15. IFRS 15 provides a single model to determine how and when an entity should recognize revenue, as well as requiring entities to provide more informative, relevant disclosures in respect of its revenue recognition criteria. IFRS 15 is to be applied prospectively and is effective for annual periods beginning on or after January 1, 2017, with earlier application permitted. The Company is in the process of evaluating the impact that IFRS 15 may have on the Company's financial statements.

FORWARD-LOOKING INFORMATION AND STATEMENTS

Certain statements included or incorporated by reference in this Management's Discussion and Analysis may constitute forward looking statements under applicable securities legislation. Such forward looking statements or information typically contain statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", or similar words suggesting future outcomes or statements regarding an outlook. Forward looking statements or information in this Management's Discussion and Analysis may include, but are not limited to:

- 2015 capital budget and expenditures;
- business strategies, objectives and outlook;
- Oil and natural gas sales;
- future production levels (including the timing thereof) and rates of average annual production growth;
- exploration and development plans;
- acquisition and disposition plans and the timing and the anticipated benefits thereof;
- anticipated cash flows;
- expected cost reductions and production efficiencies derived from recently acquired assets;
- number and quality of future potential drilling locations future drilling plans;
- expected debt levels;.
- operating and other expenses;
- royalty and income tax rates; and
- the timing of regulatory proceedings and approvals.

Such forward-looking statements or information are based on a number of assumptions all or any of which may prove to be incorrect. In addition to any other assumptions identified in this document, assumptions have been made regarding, among other things:

- the ability of the Company to obtain equipment, services and supplies in a timely manner to carry out its activities;
- the ability of the Company to market crude oil, natural gas liquids and natural gas successfully to current and new customers;
- the ability to secure adequate product transportation;
- the timely receipt of required regulatory approvals;
- the ability of the Company to obtain financing on acceptable terms;
- interest rates;
- regulatory framework regarding taxes, royalties and environmental matters;
- future crude oil, natural gas liquids and natural gas prices; and
- Management's expectations relating to the timing and results of development activities.

Forward-looking information is based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by the Company and described in the forward-looking information. The material risk factors affecting the Company and its business are contained in Marquee's Annual Information Form.

The forward-looking information contained in this Management's Discussion and Analysis is made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless required by applicable securities laws. The forward looking information contained in this Management's Discussion and Analysis is expressly qualified by this cautionary statement.

DIRECTORS

Dennis Feuchuk
Chairman of the Board

Richard M. Alexander

Glenn Carley

James H. T. Riddell

Will Roach

Richard Thompson

Gregory G. Turnbull

OFFICERS AND SENIOR EXECUTIVES

Richard Thompson
President, Chief Executive Officer

Roy Evans
Chief Financial Officer

Steve Bradford
Vice President, Land

Rob Lemermeyer
Vice President, Production

Dave Washenfelder
Vice President, Exploration

Sam Yip
Vice President, Engineering

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Sproule Associates Ltd.
Calgary, Alberta

INVESTOR RELATIONS

Richard Thompson
President, Chief Executive Officer

STOCK MARKET INFORMATION

TSX.V: MQL.V (CAD)
OTC: MQLXF (USD)

ABBREVIATIONS

Oil and Natural Gas Liquids
bbl – barrels
mbbl – one thousand barrels
boe – barrels of oil equivalent
mboe – one thousand barrels of oil equivalent
NGLs – natural gas liquids
bbl/d or boepd – barrels per day
mbbl/d – one thousand barrels of oil per day

Other
WTI – West Texas Intermediate
WSC – Western Canada Select
AECO – Alberta Energy Company