

To our Shareholders

Computer Modelling Group Ltd. is very pleased to announce our third quarter results for the three and nine months ended December 31, 2014.

THIRD QUARTER HIGHLIGHTS

Three months ended December 31, (\$ thousands, except per share data)	2014	2013	\$ change	% change
Annuity/maintenance software licenses	16,071	14,278	1,793	13%
Perpetual software licenses	7,150	2,942	4,208	143%
Total revenue	25,206	19,227	5,979	31%
Operating profit	14,315	9,575	4,740	50%
Net income	10,982	7,205	3,777	52%
Earnings per share - basic	0.14	0.09	0.05	56%
Nine months ended December 31, (\$ thousands, except per share data)	2014	2013	\$ change	% change
Annuity/maintenance software licenses	47,368	41,389	5,979	14%
Perpetual software licenses	11,243	7,102	4,141	58%
Total revenue	64,489	54,527	9,962	18%
Operating profit	32,996	27,221	5,775	21%
Net income	24,699	19,894	4,805	24%
Earnings per share - basic	0.31	0.26	0.05	19%

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") for Computer Modelling Group Ltd. ("CMG," the "Company," "we" or "our"), presented as at February 10, 2015, should be read in conjunction with the unaudited condensed consolidated financial statements and related notes of the Company for the three and nine months ended December 31, 2014 and the audited consolidated financial statements and MD&A for the years ended March 31, 2014 and 2013 contained in the 2014 Annual Report for CMG. Additional information relating to CMG, including our Annual Information Form, can be found at www.sedar.com. The financial data contained herein have been prepared in accordance with International Financial Reporting Standards ("IFRS") and, unless otherwise indicated, all amounts in this report are expressed in Canadian dollars.

On May 21, 2014, the Board of Directors of the Company approved a two-for-one stock split of the Company's issued and outstanding Common Shares. The Common Shares were traded on a "due bill" basis from the opening on June 23, 2014 to July 2, 2014, inclusively. The stock split record date was June 25, 2014. Accordingly, all comparative number of shares and per share amounts have been retroactively adjusted to reflect the two-for-one split.

FORWARD-LOOKING INFORMATION

Certain information included in this MD&A is forward-looking. Forward-looking information includes statements that are not statements of historical fact and which address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as investment objectives and strategy, the development plans and status of

the Company's software development projects, the Company's intentions, results of operations, levels of activity, future capital and other expenditures (including the amount, nature and sources of funding thereof), business prospects and opportunities, research and development timetable, and future growth and performance. When used in this MD&A, statements to the effect that the Company or its management "believes", "expects", "expected", "plans", "may", "will", "projects", "anticipates", "estimates", "would", "could", "should", "endeavours", "seeks", "predicts" or "intends" or similar statements, including "potential", "opportunity", "target" or other variations thereof that are not statements of historical fact should be construed as forward-looking information. These statements reflect management's current beliefs with respect to future events and are based on information currently available to management of the Company. The Company believes that the expectations reflected in such forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon.

With respect to forward-looking information contained in this MD&A, we have made assumptions regarding, among other things:

- Future software license sales
- The continued financing by and participation of the Company's partners in the CoFlow project (formally known as the DRMS project) and it being completed in a timely manner
- Ability to enter into additional software license agreements
- Ability to continue current research and new product development
- Ability to recruit and retain qualified staff

Forward-looking information is not a guarantee of future performance and involves a number of risks and uncertainties, only some of which are described herein. Many factors could cause the Company's actual results, performance or achievements, or future events or developments, to differ materially from those expressed or implied by the forward-looking information including, without limitation, the following factors which are described in the MD&A of CMG's 2014 Annual Report under the heading "Business Risks":

- Economic conditions in the oil and gas industry
- Reliance on key customers
- Foreign exchange
- Economic and political risks in countries where the Company currently does or proposes to do business
- Increased competition
- Reliance on employees with specialized skills or knowledge
- Protection of proprietary rights

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievement may vary materially from those expressed or implied by the forward-looking information contained in this MD&A. These factors should be carefully considered and readers are cautioned not to place undue reliance on forward-looking information, which speaks only as of the date of this MD&A. All subsequent forward-looking information attributable to the Company herein is expressly qualified in its entirety by the cautionary statements contained in or referred to herein. The Company does not undertake any obligation to release publicly any revisions to forward-looking information contained in this MD&A to reflect events or circumstances that occur after the date of this MD&A or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

NON-IFRS FINANCIAL MEASURES

This MD&A includes certain measures which have not been prepared in accordance with IFRS such as "EBITDA", "direct employee costs" and "other corporate costs." Since these measures do not have a standard meaning prescribed by IFRS, they are unlikely to be comparable to similar measures presented by other issuers. Management believes that these indicators nevertheless provide useful measures in evaluating the Company's performance.

"Direct employee costs" include salaries, bonuses, stock-based compensation, benefits, commission expenses, and professional development. "Other corporate costs" include facility-related expenses, corporate reporting, professional services, marketing and promotion, computer expenses, travel, and other office-related expenses. Direct employee costs and other corporate costs should not be considered an alternative to total operating expenses as determined in accordance with IFRS. People-related costs represent the Company's largest area of expenditure; hence, management considers highlighting

separately corporate and people-related costs to be important in evaluating the quantitative impact of cost management of these two major expenditure pools. See "Expenses" heading for a reconciliation of direct employee costs and other corporate costs to total operating expenses.

"EBITDA" refers to net income before adjusting for depreciation expense, finance income, finance costs, and income and other taxes. EBITDA should not be construed as an alternative to net income as determined by IFRS. The Company believes that EBITDA is useful supplemental information as it provides an indication of the results generated by the Company's main business activities prior to consideration of how those activities are amortized, financed or taxed. See "EBITDA" heading for a reconciliation of EBITDA to net income.

CORPORATE PROFILE

CMG is a computer software technology company serving the oil and gas industry. The Company is a leading supplier of advanced processes reservoir modelling software with a blue chip customer base of international oil companies and technology centers in more than 50 countries. The Company also provides professional services consisting of highly specialized support, consulting, training, and contract research activities. CMG has sales and technical support services based in Calgary, Houston, London, Caracas, Dubai, Bogota and Kuala Lumpur. CMG's Common Shares are listed on the Toronto Stock Exchange ("TSX") and trade under the symbol "CMG".

QUARTERLY PERFORMANCE

(\$ thousands, unless otherwise stated)	Fiscal 2013 ⁽¹⁾			Fiscal 2014 ⁽²⁾			Fiscal 2015 ⁽³⁾	
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Annuity/maintenance licenses	15,359	13,958	13,153	14,278	15,750	15,966	15,331	16,071
Perpetual licenses	2,300	2,331	1,829	2,942	1,972	1,432	2,661	7,150
Software licenses	17,659	16,289	14,982	17,220	17,722	17,398	17,992	23,221
Professional services	1,620	1,827	2,202	2,007	2,254	2,154	1,739	1,985
Total revenue	19,279	18,116	17,184	19,227	19,976	19,552	19,731	25,206
Operating profit	9,877	9,350	8,296	9,575	9,561	9,121	9,560	14,315
Operating profit (%)	51	52	48	50	48	47	48	57
EBITDA ⁽⁴⁾	10,294	9,725	8,675	9,972	10,001	9,488	9,949	14,717
Profit before income and other taxes	10,314	9,999	8,133	10,249	10,761	8,733	10,411	15,144
Income and other taxes	3,061	2,918	2,525	3,044	3,025	2,489	2,938	4,162
Net income for the period	7,253	7,081	5,608	7,205	7,736	6,244	7,473	10,982
Cash dividends declared and paid	6,099	8,841	6,994	7,020	7,449	7,872	7,880	7,862
Per share amounts - (\$/share)								
Earnings per share - basic	0.10	0.09	0.07	0.09	0.10	0.08	0.09	0.14
Earnings per share - diluted	0.09	0.09	0.07	0.09	0.10	0.08	0.09	0.14
Cash dividends declared and paid	0.08	0.115	0.09	0.09	0.095	0.10	0.10	0.10

(1) Q4 of fiscal 2013 includes \$2.6 million in revenue that pertains to usage of CMG's products in prior quarters.

(2) Q1, Q2, Q3 and Q4 of fiscal 2014 include \$1.2 million, \$0.2 million, \$0.9 million and \$1.8 million, respectively, in revenue that pertains to usage of CMG's products in prior quarters.

(3) Q1, Q2 and Q3 of fiscal 2015 include \$1.5 million, \$0.2 million and \$0.2 million, respectively, in revenue that pertains to usage of CMG's products in prior quarters.

(4) EBITDA is defined as net income before adjusting for depreciation expense, finance income, finance costs, and income and other taxes. See "Non-IFRS Financial Measures".

Highlights

During the nine months ended December 31, 2014, as compared to the same period of the prior fiscal year, CMG:

- Increased annuity/maintenance revenue by 14%
- Increased total revenue by 18%
- Increased spending on research and development by 18%
- Increased regular dividends per share declared and paid by 11%
- Realized basic earnings per share of \$0.31, representing a 19% increase
- Purchased 808,000 Common Shares for cancellation under the Normal Course Issuer Bid ("NCIB")

Revenue

Three months ended December 31, (\$ thousands)	2014	2013	\$ change	% change
Software licenses	23,221	17,220	6,001	35%
Professional services	1,985	2,007	(22)	-1%
Total revenue	25,206	19,227	5,979	31%
Software license revenue - % of total revenue	92%	90%		
Professional services - % of total revenue	8%	10%		
Nine months ended December 31, (\$ thousands)	2014	2013	\$ change	% change
Software licenses	58,611	48,491	10,120	21%
Professional services	5,878	6,036	(158)	-3%
Total revenue	64,489	54,527	9,962	18%
Software license revenue - % of total revenue	91%	89%		
Professional services - % of total revenue	9%	11%		

CMG's revenue is comprised of software license sales, which provide the majority of the Company's revenue, and fees for professional services.

Total revenue increased by 31% and 18% for the three and nine months ended December 31, 2014, respectively, compared to the same periods of the previous fiscal year, mainly due to an increase in software license revenue.

SOFTWARE LICENSE REVENUE

Software license revenue is made up of annuity/maintenance license fees charged for the use of the Company's software products which is generally for a term of one year or less and perpetual software license sales, whereby the customer purchases the then-current version of the software and has the right to use that version in perpetuity. Annuity/maintenance license fees have historically had a high renewal rate and, accordingly, provide a reliable revenue stream while perpetual license sales are more variable and unpredictable in nature as the purchase decision and its timing fluctuate with the customers' needs and budgets. The majority of CMG's customers who have acquired perpetual software licenses subsequently purchase our maintenance package to ensure ongoing product support and access to current versions of CMG's software.

Three months ended December 31, (\$ thousands)	2014	2013	\$ change	% change
Annuity/maintenance licenses	16,071	14,278	1,793	13%
Perpetual licenses	7,150	2,942	4,208	143%
Total software license revenue	23,221	17,220	6,001	35%
Annuity/maintenance as a % of total software license revenue	69%	83%		
Perpetual as a % of total software license revenue	31%	17%		
Nine months ended December 31, (\$ thousands)	2014	2013	\$ change	% change
Annuity/maintenance licenses	47,368	41,389	5,979	14%
Perpetual licenses	11,243	7,102	4,141	58%
Total software license revenue	58,611	48,491	10,120	21%
Annuity/maintenance as a % of total software license revenue	81%	85%		
Perpetual as a % of total software license revenue	19%	15%		

Total software license revenue grew by 35% and 21% in the three and nine months ended December 31, 2014, respectively, compared to the same periods of the previous fiscal year, due to increases in both annuity/maintenance revenue and perpetual license sales.

CMG's annuity/maintenance license revenue increased by 13% and 14%, respectively, during the three and nine months ended December 31, 2014, compared to the same periods of the previous fiscal year. This increase was driven by sales to existing and new customers as well as an increase in maintenance revenue tied to perpetual sales. In addition, annuity/maintenance license revenue for the three and nine months ended December 31, 2014, compared to the same periods of the previous fiscal year, was positively affected by the weakening of the Canadian dollar.

All of our regions experienced growth in annuity/maintenance revenue during the three and nine months ended December 31, 2014, compared to the same periods of the previous fiscal year, with the most significant dollar growth being generated from our Canadian and US markets.

Our annuity/maintenance revenue is impacted by the revenue recognition from a long-standing customer for which revenue recognition criteria are fulfilled only at the time of the receipt of funds (see the discussion about revenue earned in the current period that pertains to usage of products in prior quarters above the "Quarterly Software License Revenue" graph). The variability of the amounts of the payments received and the timing of such payments may skew the comparison of the recorded annuity/maintenance revenue amounts between periods. The amounts received from this particular customer and recognized during the three and nine months ended December 31, 2014 were comparable to the amounts received and recognized in the same periods of the previous fiscal year. Historically we have received payments from this particular customer, however, there is increasing uncertainty associated with the receipt of payments due to the economic conditions in the country where this customer is located. Payments from this customer will continue to be recorded on a cash basis which may introduce some variability in our reported quarterly annuity/maintenance revenue results.

Perpetual license sales increased by \$4.2 million for the three months ended December 31, 2014, compared to the same period of the previous fiscal year, mainly due to a large perpetual sale to an existing customer in South America during the current quarter. We also had an increase in the Eastern Hemisphere partially offset by decreases in the Canadian and US markets, compared to the same period of the previous fiscal year.

Perpetual license sales increased by 58% for the nine months ended December 31, 2014, compared to the same period of the previous fiscal year, mainly due to growth in perpetual sales in South America partially offset by fewer perpetual sales being realized in the Eastern Hemisphere and US.

Software licensing under perpetual sales may fluctuate significantly between periods due to the uncertainty associated with the timing and the location where sales are generated. For this reason, even though we expect to achieve a certain level of aggregate perpetual sales on an annual basis, we expect to observe fluctuations in the quarterly perpetual revenue amounts throughout the fiscal year.

We can observe from the tables below that the exchange rates between the US and Canadian dollars during the three and nine months ended December 31, 2014, compared to the same periods of the previous fiscal year, had a positive impact on our reported license revenue.

The following table summarizes the US dollar denominated revenue and the weighted average exchange rate at which it was converted to Canadian dollars:

Three months ended December 31, (\$ thousands)		2014	2013	\$ change	% change
US dollar annuity/maintenance license sales	US\$	10,447	9,460	987	10%
Weighted average conversion rate		1.086	1.022		
Canadian dollar equivalent	CDN\$	11,350	9,671	1,679	17%
US dollar perpetual license sales	US\$	6,306	2,665	3,641	137%
Weighted average conversion rate		1.134	1.045		
Canadian dollar equivalent	CDN\$	7,150	2,786	4,364	157%
Nine months ended December 31, (\$ thousands)		2014	2013	\$ change	% change
US dollar annuity/maintenance license sales	US\$	31,550	27,568	3,982	14%
Weighted average conversion rate		1.078	1.014		
Canadian dollar equivalent	CDN\$	34,009	27,966	6,043	22%
US dollar perpetual license sales	US\$	9,620	6,426	3,194	50%
Weighted average conversion rate		1.117	1.036		
Canadian dollar equivalent	CDN\$	10,746	6,655	4,091	61%

The following table quantifies the foreign exchange impact on our software license revenue:

Three months ended December 31, (\$ thousands)	Q3 2014 Balance	Incremental License Growth	Foreign Exchange Impact	Q3 2015 Balance
Annuity/maintenance license sales	14,278	1,123	670	16,071
Perpetual license sales	2,942	3,651	557	7,150
Total software license revenue	17,220	4,774	1,227	23,221
Nine months ended December 31, (\$ thousands)	Q3 2014 Balance	Incremental License Growth	Foreign Exchange Impact	Q3 2015 Balance
Annuity/maintenance license sales	41,389	3,971	2,008	47,368
Perpetual license sales	7,102	3,422	719	11,243
Total software license revenue	48,491	7,393	2,727	58,611

REVENUE BY GEOGRAPHIC SEGMENT

Three months ended December 31, (\$ thousands)	2014	2013	\$ change	% change
Annuity/maintenance revenue				
Canada	6,457	6,013	444	7%
United States	4,178	3,421	757	22%
South America	1,783	1,513	270	18%
Eastern Hemisphere ⁽¹⁾	3,653	3,331	322	10%
	16,071	14,278	1,793	13%
Perpetual revenue				
Canada	-	156	(156)	-100%
United States	-	427	(427)	-100%
South America	4,310	862	3,448	400%
Eastern Hemisphere	2,840	1,497	1,343	90%
	7,150	2,942	4,208	143%
Total software license revenue				
Canada	6,457	6,169	288	5%
United States	4,178	3,848	330	9%
South America	6,093	2,375	3,718	157%
Eastern Hemisphere	6,493	4,828	1,665	34%
	23,221	17,220	6,001	35%
Nine months ended December 31, (\$ thousands)	2014	2013	\$ change	% change
Annuity/maintenance revenue				
Canada	19,063	16,895	2,168	13%
United States	11,679	9,542	2,137	22%
South America	6,240	5,411	829	15%
Eastern Hemisphere ⁽¹⁾	10,386	9,541	845	9%
	47,368	41,389	5,979	14%
Perpetual revenue				
Canada	497	447	50	11%
United States	174	854	(680)	-80%
South America	6,579	1,352	5,227	387%
Eastern Hemisphere	3,993	4,449	(456)	-10%
	11,243	7,102	4,141	58%
Total software license revenue				
Canada	19,560	17,342	2,218	13%
United States	11,853	10,396	1,457	14%
South America	12,819	6,763	6,056	90%
Eastern Hemisphere	14,379	13,990	389	3%
	58,611	48,491	10,120	21%

(1) Includes Europe, Africa, Asia and Australia.

During the three and nine months ended December 31, 2014, on a geographic basis, total software license sales increased across all regions.

The Canadian market (representing 33% of year-to-date total software revenue) experienced growth in annuity/maintenance license sales during the three and nine months ended December 31, 2014, compared to the same periods of the previous fiscal year. This increase was mainly supported by sales to existing customers, but we also added new customers during the periods. While perpetual revenue for the nine months ended December 31, 2014 was comparable with the same period of the previous fiscal year, it decreased during the three months ended December 31, 2014, compared to the same period of the previous fiscal year.

The US market (representing 20% of year-to-date total software revenue) also grew annuity/maintenance license sales during the three and nine months ended December 31, 2014, compared to the same periods of the previous fiscal year, driven by sales to existing and new customers. Perpetual revenue decreased during the three and nine months ended December 31, 2014, compared to the same periods of the previous fiscal year. We continue to experience successive increases in annuity/maintenance license sales in the US as evidenced by the quarterly year-over-year increases of 21%, 16%, 16%, and 30% recorded during Q3 2014, Q4 2014, Q1 2015, and Q2 2015, respectively. This double-digit growth trend has continued into the third quarter of the current fiscal year with the recorded increase of 22%.

South America (representing 22% of year-to-date total software revenue) experienced growth of 18% and 15%, respectively, in annuity/maintenance license sales during the three and nine months ended December 31, 2014, compared to the same periods of the previous fiscal year, mainly due to sales to existing customers. The revenue in our South American region can be impacted by the variability of the amounts recorded from a customer for which revenue is recognized only when cash is received (see the discussion about revenue earned in the current period that pertains to usage of products in prior quarters above the "Quarterly Software License Revenue" graph). The amounts received from this particular customer and recognized during the three and nine months ended December 31, 2014 were comparable to the amounts received and recognized in the same periods of the previous fiscal year. The South American region experienced an increase in perpetual license sales during the three and nine months ended December 31, 2014, compared to the same periods of the previous fiscal year, mainly as a result of a large perpetual sale during the current quarter.

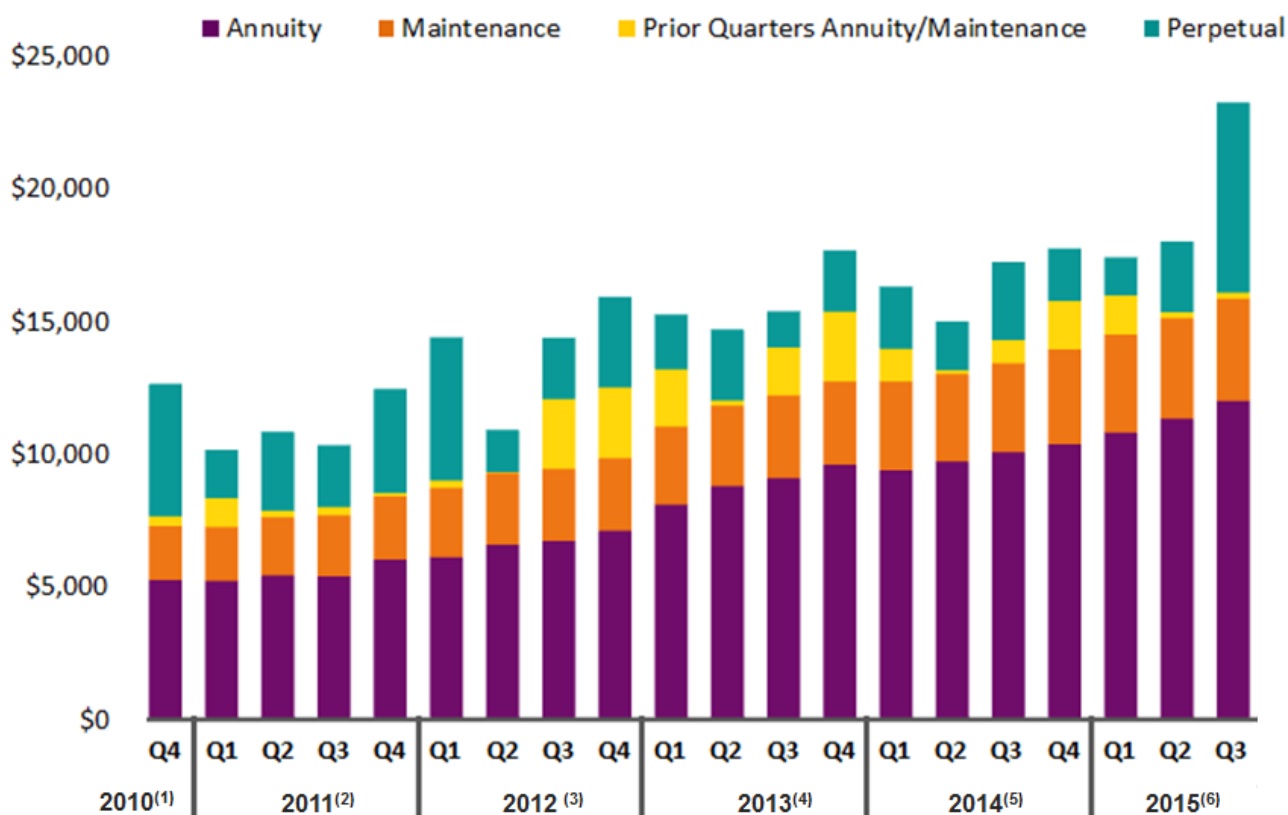
The Eastern Hemisphere (representing 25% of the year-to-date total software revenue) grew annuity/maintenance license sales by 10% and 9%, respectively, during the three and nine months ended December 31, 2014, compared to the same periods of the previous fiscal year, driven by sales to existing and new customers. While perpetual revenue grew during the three months ended December 31, 2014, it decreased during the nine months ended December 31, 2014, compared to the same periods of the previous fiscal year.

In addition to organic growth, software license revenue in the US, South America and the Eastern Hemisphere was positively affected by the strengthening of the US dollar during the three and nine months ended December 31, 2014, compared to the same periods of the previous fiscal year.

Movements in perpetual sales across regions are indicative of the unpredictable nature of the timing and location of perpetual license sales. Overall, our recurring annuity/maintenance revenue base continues to grow across all regions. We will continue to focus our efforts on increasing our license sales to both existing and new customers and, supported by our product suite offering and our customer-oriented approach, we will endeavor to continue expanding our market share globally.

As footnoted in the Quarterly Performance table, in the normal course of business, CMG may complete the negotiation of certain annuity/maintenance contracts and/or fulfill revenue recognition requirements within a current quarter that includes usage of CMG's products in prior quarters. This situation particularly affects contracts negotiated with countries that face increased economic and political risks leading to the revenue recognition criteria being satisfied only at the time of the receipt of cash. The dollar magnitude of such contracts may be significant to the quarterly comparatives of our annuity/maintenance revenue stream and, to provide a normalized comparison, we specifically identify the revenue component where revenue recognition is satisfied in the current period for products provided in previous quarters.

QUARTERLY SOFTWARE LICENSE REVENUE (\$THOUSANDS)



(1) Q4 of fiscal 2010 includes \$0.4 million in revenue that pertains to usage of CMG's products in prior quarters.

(2) Q1, Q2, Q3 and Q4 of fiscal 2011 include \$1.1 million, \$0.2 million, \$0.3 million and \$0.1 million, respectively, in revenue that pertains to usage of CMG's products in prior quarters.

(3) Q1, Q2, Q3 and Q4 of fiscal 2012 include \$0.3 million, \$0.04 million, \$2.6 million, and \$2.7 million, respectively, in revenue that pertains to usage of CMG's products in prior quarters.

(4) Q1, Q2, Q3 and Q4 of fiscal 2013 include \$2.1 million, \$0.2 million, \$1.8 million, and \$2.6 million, respectively, in revenue that pertains to usage of CMG's products in prior quarters.

(5) Q1, Q2, Q3 and Q4 of fiscal 2014 include \$1.2 million, \$0.2 million, \$0.9 million, and \$1.8 million, respectively, in revenue that pertains to usage of CMG's products in prior quarters.

(6) Q1, Q2 and Q3 of fiscal 2015 include \$1.5 million, \$0.2 million and \$0.2 million, respectively, in revenue that pertains to usage of CMG's products in prior quarters.

DEFERRED REVENUE

	Fiscal 2015	Fiscal 2014	Fiscal 2013	\$ change	% change
(\$ thousands)					
Deferred revenue at:					
Q1 (June 30)	26,628	22,014		4,614	21%
Q2 (September 30)	22,928	19,346		3,582	19%
Q3 (December 31)	19,180	18,069		1,111	6%
Q4 (March 31)		29,531	25,289	4,242	17%

CMG's deferred revenue consists primarily of amounts for pre-sold licenses. Our annuity/maintenance revenue is deferred and recognized on a straight-line basis over the life of the related license period, which is generally one year or less. Amounts are deferred for licenses that have been provided and revenue recognition reflects the passage of time.

Deferred revenue as at Q3 of fiscal 2015 increased by 6%, compared to Q3 of fiscal 2014, due to both the renewal of existing and signing of new annuity and maintenance contracts in the quarter. This increase appears lower than in previous quarters due to the timing of the renewal of three large contracts. Two contracts that were included in deferred revenue in Q3 of fiscal 2014 were not finalized in Q3 of fiscal 2015 and, therefore, were not included in deferred revenue at December 31, 2014. Of these two contracts, one was finalized and invoiced in January 2015 while the other, larger contract is still in negotiation and has not yet been finalized. In addition, another large contract that was not negotiated in time for inclusion in Q3 of fiscal 2014 deferred revenue balance was finalized and included in deferred revenue as at Q3 of fiscal 2015. If we were to adjust for the offsetting impact of these contracts, our deferred revenue balance would have grown by 14% at December 31, 2014, compared to December 31, 2013.

As expected, the balance has decreased from Q4 of fiscal 2014 and Q1 and Q2 of fiscal 2015 to Q3 of fiscal 2015 due to the timing of renewals of annuity and maintenance contracts that are skewed to the beginning of the calendar year (which corresponds with Q4 of our fiscal year). The above table illustrates the normal trend in the deferred revenue balance from the beginning of the calendar year (which corresponds with Q4 of our fiscal year), when most renewals occur, to the end of the calendar year (which corresponds with Q3 of our fiscal year).

PROFESSIONAL SERVICES REVENUE

CMG recorded professional services revenue of \$2.0 million for the three months ended December 31, 2014, which was consistent with the same period of the previous fiscal year. Professional services for the nine months ended December 31, 2014 amounted to \$5.9 million, representing a slight decrease of \$0.1 million, compared to the same period of the previous fiscal year.

Professional services revenue consists of specialized consulting, training, and contract research activities. CMG performs consulting and contract research activities on an ongoing basis, but such activities are not considered to be a core part of our business and are primarily undertaken to increase our knowledge base and hence expand the technological abilities of our simulators in a funded manner, combined with servicing our customers' needs. In addition, these activities are undertaken to market the capabilities of our suite of software products with the ultimate objective to increase software license sales. Our experience is that consulting activities are variable in nature as both the timing and dollar magnitude of work are dependent on activities and budgets within customer companies.

Expenses

Three months ended December 31, (\$ thousands)	2014	2013	\$ change	% change
Sales, marketing and professional services	4,885	4,119	766	19%
Research and development	4,261	3,816	445	12%
General and administrative	1,745	1,717	28	2%
Total operating expenses	10,891	9,652	1,239	13%
Direct employee costs ⁽¹⁾	8,576	7,599	977	13%
Other corporate costs	2,315	2,053	262	13%
	10,891	9,652	1,239	13%

Nine months ended December 31, (\$ thousands)	2014	2013	\$ change	% change
Sales, marketing and professional services	13,749	11,605	2,144	18%
Research and development	12,588	10,706	1,882	18%
General and administrative	5,156	4,995	161	3%
Total operating expenses	31,493	27,306	4,187	15%
Direct employee costs ⁽¹⁾	24,891	21,907	2,984	14%
Other corporate costs	6,602	5,399	1,203	22%
	31,493	27,306	4,187	15%

(1) Includes salaries, bonuses, stock-based compensation, benefits, commissions, and professional development.

CMG's total operating expenses increased by 13% and 15% for the three and nine months ended December 31, 2014, respectively, compared to the same periods of the previous fiscal year, due to increases in both direct employee costs and other corporate costs.

DIRECT EMPLOYEE COSTS

As a technology company, CMG's largest area of expenditure is its people. Approximately 79% of the total operating expenses in the nine months ended December 31, 2014 related to direct employee costs, compared to 80% recorded in the comparative period of the previous fiscal year. Staffing levels for the current fiscal year grew in comparison to the previous fiscal year to support our continued growth. At December 31, 2014, CMG's staff complement was 205 employees and consultants, up from 189 employees as at December 31, 2013. Direct employee costs increased during the three and nine months ended December 31, 2014, compared to the same periods of the previous fiscal year, due to staff additions, increased levels of compensation, and related benefits.

OTHER CORPORATE COSTS

Other corporate costs increased by 13% for the three months ended December 31, 2014, compared to the same period of the previous fiscal year, mainly attributable to increases in promotion and other office costs.

Other corporate costs increased by 22% for the nine months ended December 31, 2014, compared to the same period of the previous fiscal year, mainly attributable to the inclusion of the costs associated with CMG's biennial technical symposium which took place during the first quarter of the current fiscal year, a decrease in SR&ED credits and increases in third party software and other office costs.

RESEARCH AND DEVELOPMENT

Three months ended December 31, (\$ thousands)	2014	2013	\$ change	% change
Research and development (gross)	4,586	4,125	461	11%
SR&ED credits	(325)	(309)	(16)	5%
Research and development	4,261	3,816	445	12%
Research and development as a % of total revenue	17%	20%		

Nine months ended December 31, (\$ thousands)	2014	2013	\$ change	% change
Research and development (gross)	13,556	12,080	1,476	12%
SR&ED credits	(968)	(1,374)	406	-30%
Research and development	12,588	10,706	1,882	18%
Research and development as a % of total revenue	20%	20%		

CMG maintains its belief that its strategy of growing long-term value for shareholders can only be achieved through continued investment in research and development. CMG works closely with its customers to provide solutions to complex problems related to proven and new advanced recovery processes.

The above research and development costs include CMG's share of joint research and development costs associated with the CoFlow project (formally known as the DRMS project) of \$1.1 million and \$3.4 million for the three and nine months ended December 31, 2014, respectively (2013 - \$0.9 million and \$3.0 million). See discussion under "Commitments, Off Balance Sheet Items and Transactions with Related Parties."

The increases of 11% and 12% in our gross spending on research and development for the three and nine months ended December 31, 2014, respectively, compared to the same periods of the previous fiscal year, demonstrate our continued commitment to the advancement of our technology which is the focal point of our business strategy.

Research and development costs, net of SR&ED credits, increased by 12% during the three months ended December 31, 2014, compared to the same period of the previous fiscal year, mainly due to increases in employee compensation costs.

Research and development costs, net of SR&ED credits, increased by 18% during the nine months ended December 31, 2014, compared to the same period of the previous fiscal year, due to increases in employee compensation costs and costs associated with computing resources and a decrease in SR&ED credits.

SR&ED credits decreased for the nine months ended December 31, 2014, compared to the same period of the previous fiscal year, due to both a decrease in the Federal SR&ED input tax credit rate (from 20% to 15% effective January 1, 2014) and a decrease in SR&ED eligible expenditures associated with the CoFlow project (formally known as the DRMS project).

DEPRECIATION

Three months ended December 31, (\$ thousands)	2014	2013	\$ change	% change
Depreciation of property and equipment, allocated to:				
Sales, marketing and professional services	128	102	26	25%
Research and development	225	240	(15)	-6%
General and administrative	49	55	(6)	-11%
Total depreciation	402	397	5	1%

Nine months ended December 31, (\$ thousands)	2014	2013	\$ change	% change
Depreciation of property and equipment, allocated to:				
Sales, marketing and professional services	358	305	53	17%
Research and development	647	692	(45)	-7%
General and administrative	153	154	(1)	-1%
Total depreciation	1,158	1,151	7	1%

Depreciation in the three and nine months ended December 31, 2014 was relatively flat as compared to the same periods in the previous fiscal year.

Finance Income

Three months ended December 31, (\$ thousands)	2014	2013	\$ change	% change
Interest income	169	160	9	6%
Net foreign exchange gain	660	514	146	28%
Total finance income	829	674	155	23%

Nine months ended December 31, (\$ thousands)	2014	2013	\$ change	% change
Interest income	546	479	67	14%
Net foreign exchange gain	746	681	65	10%
Total finance income	1,292	1,160	132	11%

Interest income increased in the three and nine months ended December 31, 2014, compared to the same periods of the previous fiscal year, mainly due to investing larger cash balances.

CMG is impacted by the movement of the US dollar against the Canadian dollar as approximately 74% (2013 – 71%) of CMG's revenue for the nine months ended December 31, 2014 is denominated in US dollars, whereas only approximately 24% (2013 – 25%) of CMG's total costs are denominated in US dollars.

The following chart shows the exchange rates used to translate CMG's US dollar denominated working capital at June 30, September 30 and December 31, 2014, 2013 and 2012 and the average exchange rates used to translate income statement items during the nine months ended December 31, 2014, 2013 and 2012:

CDN\$ to US\$	At March 31	At June 30	At September 30	At December 31	Nine month trailing average
2012	1.0009	0.9813	1.0166	1.0051	0.9998
2013	0.9846	0.9513	0.9723	0.9402	0.9604
2014	0.9047	0.9367	0.8922	0.8620	0.9022

CMG recorded a net foreign exchange gain of \$0.7 million for the three months ended December 31, 2014, compared to a net foreign exchange gain of \$0.5 million recorded in the same period of the previous fiscal year, due to a weakening in the Canadian dollar during the quarter which contributed positively to the valuation of our US-denominated working capital.

CMG recorded a net foreign exchange gain of \$0.7 million for the nine months ended December 31, 2014, which was consistent with the net foreign exchange gain of \$0.7 million recorded in the same period of the previous fiscal year, as the net foreign exchange gains recorded in Q2 and Q3 of fiscal 2015 were partially offset by the foreign exchange loss recorded in Q1 of fiscal 2015.

Income and Other Taxes

CMG's effective tax rate for the nine months ended December 31, 2014 is reflected as 28.0% (2013 – 29.9%), whereas the prevailing Canadian statutory tax rate is now 25.0%. This difference is primarily due to the non-tax deductibility of stock-based compensation expense.

The benefit recorded in CMG's books on the SR&ED investment tax credit program impacts deferred income taxes. The investment tax credit earned in the current fiscal year is utilized by CMG to reduce income taxes otherwise payable for the

current fiscal year and the federal portion of this benefit bears an inherent tax liability as the amount of the credit is included in the subsequent year's taxable income for both federal and provincial purposes. The inherent tax liability on these investment tax credits is reflected in the year the credit is earned as a non-current deferred tax liability and then, in the following fiscal year, is transferred to income taxes payable.

Operating Profit and Net Income

Three months ended December 31, (\$ thousands, except per share amounts)	2014	2013	\$ change	% change
Total revenue	25,206	19,227	5,979	31%
Operating expenses	(10,891)	(9,652)	(1,239)	13%
Operating profit	14,315	9,575	4,740	50%
Operating profit as a % of total revenue	57%	50%		
Net income for the period	10,982	7,205	3,777	52%
Net income for the period as a % of total revenue	44%	37%		
Basic earnings per share (\$/share)	0.14	0.09	0.05	56%
Nine months ended December 31, (\$ thousands, except per share amounts)	2014	2013	\$ change	% change
Total revenue	64,489	54,527	9,962	18%
Operating expenses	(31,493)	(27,306)	(4,187)	15%
Operating profit	32,996	27,221	5,775	21%
Operating profit as a % of total revenue	51%	50%		
Net income for the period	24,699	19,894	4,805	24%
Net income for the period as a % of total revenue	38%	36%		
Basic earnings per share (\$/share)	0.31	0.26	0.05	19%

Operating profit as a percentage of total revenue for the three months ended December 31, 2014 increased to 57%, compared to 50% in the same period of the previous fiscal year, mainly due to the increase in total revenue which resulted mainly from one large perpetual sale in the current quarter.

Operating profit as a percentage of total revenue for the nine months ended December 31, 2014 increased to 51%, compared to 50% recorded in the same period of the previous fiscal year.

Net income for the period as a percentage of revenue increased to 44% for the three months ended December 31, 2014, compared to 37% for the same period of the previous fiscal year, mainly as a result of the improvement in our operating profit margin.

Net income for the period as a percentage of revenue increased to 38% for the nine months ended December 31, 2014, compared to 36% for the same period of the previous fiscal year.

We have continued to maintain our profitability by focusing our efforts on increasing license sales while, at the same time, effectively controlling our operating costs. Managing these variables will continue to be imperative to our future success.

EBITDA

Three months ended December 31, (\$ thousands)	2014	2013	\$ change	% change
Net income for the period	10,982	7,205	3,777	52%
Add (deduct):				
Depreciation	402	397	5	1%
Finance income	(829)	(674)	(155)	23%
Income and other taxes	4,162	3,044	1,118	37%
EBITDA	14,717	9,972	4,745	48%
EBITDA as a % of total revenue	58%	52%		

Nine months ended December 31, (\$ thousands)	2014	2013	\$ change	% change
Net income for the period	24,699	19,894	4,805	24%
Add (deduct):				
Depreciation	1,158	1,151	7	1%
Finance income	(1,292)	(1,160)	(132)	11%
Income and other taxes	9,589	8,487	1,102	13%
EBITDA	34,154	28,372	5,782	20%
EBITDA as a % of total revenue	53%	52%		

EBITDA increased by 48% and 20% for the three and nine months ended December 31, 2014, respectively, compared to the same periods of the previous fiscal year, demonstrating that we keep growing our license sales while effectively managing our costs. In addition, our quarterly net income was positively affected by one large perpetual sale which contributed to the increase in EBITDA during the current quarter.

EBITDA as a percentage of total revenue increased to 58% for the three months ended December 31, 2014, compared to 52% recorded in the same period of the previous fiscal year, while in the nine months ended December 31, 2014, it was at 53% which was comparable to 52% recorded in the same period of the previous fiscal year.

Liquidity and Capital Resources

Three months ended December 31, (\$ thousands)	2014	2013	\$ change	% change
Cash, beginning of period	65,402	63,745	1,657	3%
Cash flow from (used in):				
Operating activities	11,764	6,724	5,040	75%
Financing activities	(10,911)	(5,545)	(5,366)	97%
Investing activities	(335)	(216)	(119)	55%
Cash, end of period	65,920	64,708	1,212	2%

Nine months ended December 31, (\$ thousands)	2014	2013	\$ change	% change
Cash, beginning of period	72,410	59,419	12,991	22%
Cash flow from (used in):				
Operating activities	23,588	19,464	4,124	21%
Financing activities	(28,863)	(13,706)	(15,157)	111%
Investing activities	(1,215)	(469)	(746)	159%
Cash, end of period	65,920	64,708	1,212	2%

OPERATING ACTIVITIES

Cash flow generated from operating activities increased by \$5.0 million in the three months ended December 31, 2014, compared to the same period of the previous fiscal year, mainly due to an increase in net income and the timing difference of when sales are made and when the resulting receivables are collected partially offset by the change in the deferred revenue balance.

Cash flow generated from operating activities increased by \$4.1 million in the nine months ended December 31, 2014, compared to the same period of the previous fiscal year, mainly due to an increase in net income, the timing difference of when trade payables and accrued liabilities are recorded and paid and the timing difference of when sales are made and when the resulting receivables are collected partially offset by the change in the deferred revenue balance.

FINANCING ACTIVITIES

Cash used in financing activities during the three and nine months ended December 31, 2014 increased by \$5.4 million and \$15.2 million, respectively, compared to the same periods of the previous fiscal year, due to buying back Common Shares, receiving lower proceeds from the issuance of Common Shares and paying larger dividends.

During the nine months ended December 31, 2014, CMG employees and directors exercised options to purchase 757,000 Common Shares, which resulted in cash proceeds of \$4.6 million (2013 – 1,768,000 options exercised to purchase Common Shares which resulted in cash proceeds of \$9.1 million).

In the nine months ended December 31, 2014, CMG paid \$23.6 million in dividends, representing the following quarterly dividends:

(\$ per share)	Q1	Q2	Q3
Total dividends declared and paid	0.10	0.10	0.10

In the nine months ended December 31, 2013, CMG paid \$22.9 million in dividends, representing the following quarterly dividends:

(\$ per share)	Q1	Q2	Q3
Dividends declared and paid	0.090	0.090	0.090
Special dividend declared and paid	0.025	-	-
Total dividends declared and paid	0.115	0.090	0.090

On February 10, 2015, CMG announced the payment of a quarterly dividend of \$0.10 per share on CMG's Common Shares. The dividend will be paid on March 13, 2015 to shareholders of record at the close of business on March 5, 2015.

In the fiscal 2012 Management's Discussion and Analysis, we reported that, beginning in fiscal 2013, we would increase the relative proportion of dividends paid quarterly and lower and/or eliminate the amount paid as a special dividend at the end of

the fiscal year, in order to provide a more regular income stream to our shareholders throughout the year. The Company's focus will remain on a sustainable quarterly dividend; however, we may consider a special dividend as appropriate. Based on our expectation of solid profitability and cash-generating ability driven by the predictability of our software revenue base and effective management of costs, we are cautiously optimistic that the company is well positioned for future growth which will enable us to continue to pay quarterly dividends.

On April 29, 2013, the Company announced a NCIB commencing on May 1, 2013 to purchase for cancellation up to 7,076,000 of its Common Shares. This NCIB finished on April 30, 2014 and no Common Shares were purchased.

On May 5, 2014, the Company announced a NCIB commencing on May 5, 2014 to purchase for cancellation up to 7,440,000 of its Common Shares. During the nine months ended December 31, 2014, 808,000 Common Shares were purchased at market price for a total cost of \$9.8 million.

INVESTING ACTIVITIES

CMG's current needs for capital asset investment relate to computer equipment and office infrastructure costs, all of which will be funded internally. During the nine months ended December 31, 2014, CMG expended \$1.2 million on property and equipment additions, primarily composed of computing equipment, furniture and leasehold improvements. CMG has a capital budget of \$2.3 million for fiscal 2015.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2014, CMG has \$65.9 million in cash, no debt, and has access to just over \$0.8 million under a line of credit with its principal banker.

During the nine months ended December 31, 2014, 20,359,000 shares of CMG's public float were traded on the TSX. As at December 31, 2014, CMG's market capitalization based upon its December 31, 2014 closing price of \$11.94 was \$935.7 million.

Commitments, Off Balance Sheet Items and Transactions with Related Parties

The Company is the operator of the CoFlow project (formally known as the DRMS project), a collaborative effort with its partners Shell International Exploration and Production BV ("Shell") and Petroleo Brasileiro S.A. ("Petrobras"), to jointly develop the newest generation of reservoir and production system simulation software. The project has been underway since 2006 and, with the ongoing support of the participants, it is expected to continue until ultimate delivery of the software. The Company's share of costs associated with the project is estimated to be \$6.1 million (\$3.4 million net of overhead recoveries) for fiscal 2015. CMG plans to continue funding its share of the project costs associated with the development of the newest generation reservoir simulation software system from internally generated cash flows.

CMG has very little in the way of other ongoing material contractual obligations other than for pre-sold licenses, which are reflected as deferred revenue on its statement of financial position, and contractual obligations for office leases which are estimated for our fiscal years as follows: 2015 - \$0.6 million; 2016 - \$2.4 million; 2017 - \$1.3 million; 2018 - \$3.2 million; 2019 - \$4.7 million; thereafter - \$91.1 million. During the third quarter of the current fiscal year, CMG finalized a twenty year operating lease for our new Calgary offices which will commence in fiscal 2018.

Business Risks and Critical Accounting Estimates

These remain unchanged from the factors detailed in CMG's 2014 Annual Report.

Changes in Accounting Policies

Except as disclosed below, the accounting policies, presentation and methods of computation remain unchanged from those detailed in CMG's 2014 Annual Report. The following amendments to standards have been adopted with an initial application date of April 1, 2014:

- **Amendments to IAS 32 *Offsetting Financial Assets and Liabilities***
Clarify when an entity has a legally enforceable right to set-off and net versus gross settlement mechanisms. The adoption of the amendments did not have a material impact on the condensed consolidated financial statements.
- **Amendments to IAS 36 *Impairment of Assets***
Clarify IASB's original intention to require the disclosure of the recoverable amount of impaired assets as well as additional disclosures about the measurement of the recoverable amount of impaired assets. The adoption of the amendments did not have a material impact on the condensed consolidated financial statements.

Accounting Standards and Interpretations Issued But Not Yet Effective

The following standards and interpretations have not been adopted by the Company as they apply to future periods:

Standard/Interpretation	Nature of impending change in accounting policy	Impact on CMG's financial statements
IFRS 9, <i>Financial Instruments</i> On July 24, 2014 the IASB issued the complete IFRS 9 (IFRS 9 (2014)). The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.	IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment. IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. Special transitional requirements have been set for the application of the new general hedging model.	The Company intends to early adopt IFRS 9 (2014) in its financial statements for the annual period beginning on April 1, 2015. The Company does not expect IFRS 9 (2014) to have a material impact on the consolidated financial statements because of the nature of the Company's operations and the types of financial assets that it holds.

IFRS 15, Revenue from Contracts with Customers

In May 2014 the IASB issued IFRS 15 *Revenue from Contracts with Customers*. The new standard is effective for fiscal years beginning on or after January 1, 2017 and is available for early adoption.

IFRS 15 will replace IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers*, and SIC 31 *Revenue – Barter Transactions Involving Advertising Services*.

IFRS 15 contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs.

The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning April 1, 2017. The extent of the impact of adoption of the standard has not yet been determined.

Amendments to IAS 1, Presentation of Financial Statements

On December 18, 2014, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* as part of its major initiative to improve presentation and disclosure in financial reports. The amendments are effective for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

These amendments will not require any significant change to current practice, but should facilitate improved financial statement disclosures.

The Company intends to adopt these amendments to IAS 1 in its financial statements for the annual period beginning on April 1, 2016. The extent of the impact of adoption of the amendments has not yet been determined.

Outstanding Share Data

The following table represents the number of Common Shares and options outstanding:

As at February 10, 2015

(thousands)

Common Shares	78,405
Options	7,076

On July 13, 2005, CMG adopted a rolling stock option plan which allows the Company to grant options to its employees and directors to acquire Common Shares of up to 10% of the outstanding Common Shares at the date of grant. Based upon this calculation, at February 10, 2015, CMG could grant up to 7,840,000 stock options.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

Management is responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") as defined under National Instrument 52-109. These controls and procedures were reviewed and the effectiveness of their design and operation was evaluated in fiscal 2014 in accordance with the COSO control framework (1992). The evaluation confirmed the effectiveness of DC&P and ICFR at March 31, 2014. During our fiscal year 2015, we continue to monitor and review our controls and procedures. The Company is in the process of implementing the updated COSO control framework (2013) which will supersede the 1992 framework.

During the nine months ended December 31, 2014, there have been no significant changes to the Company's ICFR that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Outlook

We demonstrated another solid financial performance during the third quarter. Our annuity and maintenance revenue increased by 13% and 14% during the quarter and year-to-date, respectively, as compared to the same periods of the previous fiscal year. We continued to grow our revenue as a result of increased usage of our products within our existing customers, but we also added new accounts to our customer base throughout the fiscal year. Continued weakening of the Canadian dollar has also had a positive effect on our revenue balance given that over 74% of our revenue is denominated in US dollars. While growth in annuities and maintenance was experienced across all our regions, the North American market continued to be the main contributor to our growth profile. During the quarter, we generated strong perpetual sales, particularly in the South American region, contributing positively to our quarterly financial performance. Our deferred revenue balance increased by 6% in the current quarter (14% after adjusting for timing differences on three contracts, as described under the "Deferred Revenue" heading), compared to the same period of the previous fiscal year, which is indicative of the continued growth in our recurring revenue.

Even in the low oil price environment, our third quarter financial results remained solid. Historically, our growth profile remained relatively intact in times of low oil prices; however, we are cautiously monitoring the effects that a prolonged low oil price environment might have on our clients as they continue to curtail their spending. Our highly renewable annuities and maintenance revenue base, geographical diversification, cost control discipline, and strong balance sheet, have all positioned us well to face any potential economic slowdown.

In October 2014, during the Annual Technical Conference and Exhibition held by the Society of Petroleum Engineers in Amsterdam, Netherlands, we announced the naming of our newest generation of dynamic reservoir modelling system, previously referred to as the "DRMS project," as CoFlow, which is an on-going development project with our partners, Shell and Petrobras. CoFlow will provide a collaborative, integrated modelling framework to allow asset teams, including reservoir, production and geomechanical engineers, to work together on multiple, integrated reservoirs and production networks, which will result in superior engineering decisions for high-stakes offshore developments and reduce the cycle time from asset discovery to field implementation. We previously announced that the most recent version of the software, referred to as R9, was released to our partners during the first quarter of calendar 2014, for the purposes of testing it on selected assets. This release achieved its target of successfully simulating a complex integrated asset model. The next version, referred to as R10, is scheduled for release in the second half of calendar 2015, for the application on additional target assets selected by our partners. The CoFlow team continued to make progress during the quarter toward R10 development. CMG and its partners remain committed to funding the ongoing development and to the future success of the project, which continues to be led by Rob Eastick, Vice President, CoFlow.

During the nine months ended December 31, 2014, we purchased 808,000 Common Shares for \$9.8 million under our NCIB given our strong liquidity and our belief that CMG's Common Shares were not trading in price ranges that reflected their underlying values. Using CMG's available capital for the purchase of Common Shares demonstrates our commitment to return value to our shareholders by reducing the number of Common Shares outstanding.

Supported by our strong working capital position, we will continue to invest in all aspects of our business in order to continue to grow and to ultimately return value to our shareholders in the form of regular quarterly dividend payments and growth in share value.



Kenneth M. Dedeluk
President and Chief Executive Officer
February 10, 2015