SPARTAN DELTA CORP.
MANAGEMENT'S DISCUSSION & ANALYSIS
AS AT AND FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022

FINANCIAL AND OPERATING HIGHLIGHTS

	Three months ended December 31			Year ended December 31		
(CA$ thousands, unless otherwise indicated)	**2023**	2022	%	**2023**	2022	%
FINANCIAL HIGHLIGHTS						
Oil and gas sales	**85,832**	357,126	(76)	**652,769**	1,464,467	(55)
Net income and comprehensive income	**110,584**	152,919	(28)	**663,107**	681,086	(3)
$ per share, basic (3)	**0.64**	0.95	(33)	**3.84**	4.36	(12)
$ per share, diluted (3)	**0.64**	0.87	(26)	**3.82**	3.88	(2)
Cash provided by operating activities	**51,289**	200,363	(74)	**475,669**	795,371	(40)
Adjusted Funds Flow (2)	**55,722**	232,839	(76)	**425,173**	825,667	(49)
$ per share, basic (2)(3)	**0.32**	1.45	(78)	**2.46**	5.29	(53)
$ per share, diluted (2)(3)	**0.32**	1.31	(76)	**2.45**	4.66	(47)
Free Funds Flow (2)	**23,798**	73,689	(68)	**130,128**	391,510	(67)
Cash (provided by) used in investing activities	**68,457**	134,048	(49)	**(1,324,930)**	442,303	(400)
Capital Expenditures before A&D (2)	**31,924**	159,150	(80)	**295,045**	434,157	(32)
Adjusted Net Capital A&D (2)	**32,661**	231	nm	**(1,670,197)**	5,183	nm
Total assets	**819,524**	2,099,475	(61)	**819,524**	2,099,475	(61)
Long Term Debt	**44,476**	145,180	(69)	**44,476**	145,180	(69)
Net Debt (2)	**75,296**	138,376	(46)	**75,296**	138,376	(46)
Net Debt to Annualized AFF Ratio (2)	**0.3X**	0.2X	50	**0.3X**	0.2X	50
Shareholders' equity	**429,717**	1,516,821	(72)	**429,717**	1,516,821	(72)
Common shares outstanding, end of period (000s) (3)	**173,201**	171,410	1	**173,201**	171,410	1
OPERATING HIGHLIGHTS						
Average daily production						
Crude oil (bbls/d)	**570**	13,714	(96)	**5,838**	12,976	(55)
Condensate (bbls/d) (1)	**1,870**	2,549	(27)	**2,192**	2,328	(6)
NGLs (bbls/d) (1)	**9,196**	12,757	(28)	**10,541**	12,612	(16)
Natural gas (mcf/d)	**156,170**	273,716	(43)	**207,645**	271,010	(23)
BOE/d	**37,664**	74,639	(50)	**53,179**	73,084	(27)
Average realized prices, before financial instruments						
Crude oil ($/bbl)	**95.93**	109.76	(13)	**100.07**	119.94	(17)
Condensate ($/bbl) (1)	**100.76**	111.19	(9)	**100.81**	119.70	(16)
NGLs ($/bbl) (1)	**31.22**	44.94	(31)	**34.00**	50.45	(33)
Natural gas ($/mcf)	**2.58**	5.55	(54)	**3.01**	5.69	(47)
Combined average ($/BOE)	**24.77**	52.01	(52)	**33.63**	54.90	(39)
Operating Netbacks ($/BOE) (2)						
Oil and gas sales	**24.77**	52.01	(52)	**33.63**	54.90	(39)
Processing and other revenue	**0.59**	0.39	51	**0.49**	0.35	40
Royalties	**(3.05)**	(5.53)	(45)	**(3.58)**	(5.99)	(40)
Operating expenses	**(5.32)**	(8.64)	(38)	**(7.08)**	(8.75)	(19)
Transportation expenses	**(1.70)**	(2.76)	(38)	**(2.36)**	(2.80)	(16)
Operating Netback, before hedging ($/BOE) (2)	**15.29**	35.47	(57)	**21.10**	37.71	(44)
Operating Netback, after hedging ($/BOE) (2)	**20.70**	34.28	(40)	**24.62**	32.89	(25)
Adjusted Funds Flow Netback ($/BOE) (2)	**16.08**	33.91	(53)	**21.90**	30.95	(29)

(1) Condensate is a natural gas liquid as defined by NI 51-101. See "Other Measurements".
(2) "Adjusted Funds Flow", "Free Funds Flow", "Capital Expenditures before A&D", "Adjusted Net Capital A&D", "Net Debt", "Net Debt to Annualized AFF Ratio" and "Operating Netbacks" do not have standardized meanings under IFRS Accounting Standards, refer to "Non-GAAP Measures and Ratios" section of this MD&A.
(3) Refer to "Share Capital" section of this MD&A.

INTRODUCTION

Spartan Delta Corp. ("Spartan" or the "Company") was incorporated under the *Business Corporations Act* (Alberta) on March 20, 2006. The Company is engaged in exploration, development and production of crude oil and natural gas properties in western Canada. Common shares of Spartan are listed on the Toronto Stock Exchange ("TSX") and trade under the symbol "SDE". The Company's head office is located at 1600, 308 – 4th Avenue S.W., Calgary, Alberta T2P 0H7. The registered office is located at 4200 Bankers Hall West, 888 – 3rd Street S.W., Calgary, Alberta T2P 5C5.

The following Management's Discussion and Analysis ("**MD&A**") has been prepared by management as of February 26, 2024, in accordance with the requirements of National Instrument 51-102 - *Continuous Disclosure Requirements* ("**NI 51-102**"). This MD&A should be read in conjunction with the Company's audited consolidated annual financial statements and related notes for the years ended December 31, 2023 and 2022 (the "**Annual Financial Statements**"). The information provided in this MD&A is not intended to be a comprehensive review of all matters and developments concerning the Company and is not a substitute for detailed investigation or analysis on any particular issue. Additional information relevant to the Company's activities, including Spartan's Annual Information Form for the year ended December 31, 2022 (the "**AIF**"), can be found on SEDAR+ at www.sedarplus.ca and the Company's website at www.spartandeltacorp.com. The Company's AIF for the year ended December 31, 2023, will be filed on or before March 31, 2024.

Background on 2023 Corporate Transactions

On November 30, 2022, Spartan announced a formal process to evaluate strategic repositioning alternatives to enhance shareholder value (the "**Repositioning Process**"). The scope of the Repositioning Process was extensive, including the evaluation of a broad range of alternatives including but not limited to, a corporate sale, merger, corporate restructuring, sale of select assets, sale of a royalty, purchase of assets, the spin-out of select assets into a newly formed company whose securities would be distributed to Spartan shareholders or any combination of these potential alternatives in conjunction with a return of capital strategy.

On March 28, 2023, Spartan announced the conclusion of the strategic Repositioning Process having reached a definitive purchase and sale agreement (the "**Agreement**") with Crescent Point Energy Corp. ("**Crescent Point**"), providing for the sale of the Company's Gold Creek and Karr Montney assets and associated liabilities for cash consideration of $1.7 billion, subject to customary adjustments as provided for in the Agreement (the "**Asset Sale**"). The Asset Sale closed on May 10, 2023, with an effective date of May 1, 2023.

Concurrent with the Asset Sale, Spartan also announced a spin-out transaction (the "**Spin-Out**") of certain assets and associated liabilities (the "**Logan Assets**") predominantly in the Pouce Coupe, Simonette and Flatrock areas to a wholly owned subsidiary, Logan Energy Corp. ("**Logan**"). The Logan Assets were transferred and conveyed to Logan from Spartan in consideration for one (1) common share of Logan (each, a "**Logan Share**") and (1) purchase warrant of Logan per common share of Spartan ("**Spartan Share**"), and were distributed to eligible Spartan shareholders on July 6, 2023. On this date, Logan ceased to be a wholly-owned subsidiary. The purchase warrants distributed to Spartan shareholders entitled the holder to purchase one (1) Logan Share at an exercise price of $0.35 at any time on or before the close of business on August 14, 2023 (the "**Transaction Warrants**").

In aggregate with the Asset Sale and the Spin-Out (together, the "**Transactions**"), the Company distributed $9.50 per Spartan Share, one Logan Share per Spartan Share, and one Transaction Warrant per Spartan Share (the "**Distribution**") to eligible Spartan shareholders.

On July 6, 2023, the Company reduced the stated capital account maintained in respect of the Spartan Shares by $540.4 million. Pursuant to the Distribution, Spartan distributed $479.8 million in cash and $60.6 million in Logan Shares and Logan Transaction Warrants as a return of capital to eligible Spartan shareholders. The balance of the Distribution was distributed to eligible Spartan shareholders as a special dividend which, for Canadian income tax purposes, was designated as an eligible dividend.

Additionally, in connection with the closing of the Asset Sale, the Company amended its Credit Facility (defined herein) pursuant to which the authorized borrowing amount was reduced to $250.0 million, comprised of a $50.0 million operating facility and a $200.0 million syndicated facility. The Company also amended its $150.0 million non-revolving second lien term facility ("**Term Facility**") and agreed with the lender to an early repayment on December 29, 2023 of the outstanding Term Facility.

Unless otherwise noted, the financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") up to February 26, 2024. This MD&A contains forward-looking statements, non-GAAP measures and other non-financial measures. Readers are cautioned that the MD&A should be read in conjunction with the Company's disclosures under the headings "Non-GAAP Measures and Ratios", "Other Measurements", "Risk and Uncertainties" and "Forward-Looking Statements" included in this MD&A. All dollar amounts are quoted in thousands of Canadian dollars (CA$), the reporting and functional currency of the Company, unless otherwise indicated.

NON-GAAP MEASURES AND RATIOS

This MD&A contains certain financial measures and ratios, as described below, which do not have standardized meanings prescribed by IFRS Accounting Standards or GAAP. As these non-GAAP financial measures and ratios are commonly used in the oil and gas industry, the Company believes that their inclusion is useful to investors. The reader is cautioned that these amounts may not be directly comparable to measures for other companies where similar terminology is used.

The non-GAAP financial measures and ratios used in this MD&A, represented by the bolded, capitalized and defined terms outlined below, are used by Spartan as key measures of financial performance and are not intended to represent operating profits nor should they be viewed as an alternative to cash provided by operating activities, net income or other measures of financial performance calculated in accordance with IFRS Accounting Standards.

Operating Income and Operating Netback

Operating Income, a non-GAAP financial measure, is a useful supplemental measure that provides an indication of the Company's ability to generate cash from field operations, prior to administrative overhead, financing and other business expenses. "**Operating Income, before hedging**" is calculated by Spartan as oil and gas sales, net of royalties, plus processing and other revenue, less operating and transportation expenses. "**Operating Income, after hedging**" is calculated by adjusting Operating Income for: (i) realized gains or losses on derivative financial instruments including settlements on acquired derivative financial instrument liabilities (together a non-GAAP financial measure "**Settlements on Commodity Derivative Contracts**"), and (ii) pipeline transportation revenue, net of pipeline transportation expense (the "**Net Pipeline Transportation Margin**"). The Company refers to Operating Income expressed per unit of production as an "**Operating Netback**" and reports the Operating Netback before and after hedging, both of which are non-GAAP financial ratios. Spartan considers Operating Netback an important measure to evaluate its operational performance as it demonstrates its field level profitability relative to current commodity prices.

The components of Spartan's Operating Income and Operating Netbacks are outlined below:

	Three months ended December 31			Year ended December 31		
(CA$ thousands, unless otherwise indicated)	**2023**	2022	%	**2023**	2022	%
Oil and gas sales	**85,832**	357,126	(76)	**652,769**	1,464,467	(55)
Processing and other revenue	**2,055**	2,695	(24)	**9,586**	9,306	3
Royalties	**(10,563)**	(37,937)	(72)	**(69,560)**	(159,877)	(56)
Operating expenses	**(18,425)**	(59,335)	(69)	**(137,440)**	(233,250)	(41)
Transportation expenses	**(5,901)**	(18,976)	(69)	**(45,741)**	(74,620)	(39)
Operating Income, before hedging	**52,998**	243,573	(78)	**409,614**	1,006,026	(59)
Settlements on Commodity Derivative Contracts	**18,732**	(8,202)	(328)	**68,313**	(128,265)	(153)
Net Pipeline Transportation Margin	**-**	-	-	**-**	(354)	(100)
Operating Income, after hedging	**71,730**	235,371	(70)	**477,927**	877,407	(46)
Production (BOE)	**3,465,083**	6,866,863	(50)	**19,410,067**	26,675,981	(27)
Operating Netback, before hedging ($/BOE)	**15.29**	35.47	(57)	**21.10**	37.71	(44)
Operating Netback, after hedging ($/BOE)	**20.70**	34.28	(40)	**24.62**	32.89	(25)

A reconciliation of Settlements on Commodity Derivative Contracts to the realized gain (loss) and settlements of acquired liabilities is provided under the heading "Results of Operations – Commodity Price Risk Management" in this MD&A.

Quarter over Quarter Change in Operating Income

(CA$ thousands, unless otherwise indicated)	Three months ended **December 31, 2023**	Three months ended September 30, 2023	%
Oil and gas sales	**85,832**	81,878	5
Processing and other revenue	**2,055**	1,647	25
Royalties	**(10,563)**	(10,425)	1
Operating expenses	**(18,425)**	(18,601)	(1)
Transportation expenses	**(5,901)**	(5,886)	-
Operating Income, before hedging	**52,998**	48,613	9
Settlements on Commodity Derivative Contracts	**18,732**	31,111	(40)
Operating Income, after hedging	**71,730**	79,724	(10)

Operating Income, after hedging for the three months ended December 31, 2023 was $71.7 million, a decrease of 10% from the three months ended September 30, 2023. This decrease was primarily the result of a decrease in Settlements on Commodity Derivative Contracts, partially offset by an increase in oil and gas sales. The decrease in Settlements on Commodity Derivative Contracts was primarily the result of 20,000 GJ/d of AECO 7A swaps that matured in October 2023, and due to a one-time gain in the previous quarter of $5.7 million due to the acceleration of AECO 7A swaps. The increase in oil and gas sales was primarily driven by an 8% increase in liquids production which resulted in a slightly higher average realized price.

Funds from Operations, Adjusted Funds Flow and Free Funds Flow

"**Funds from Operations**" is calculated by Spartan as cash provided by operating activities before changes in non-cash working capital. Spartan believes Funds from Operations provides useful information to understand the cash flows generated by the Company's operations during the current production period excluding the impact of timing of payments and cash receipts.

"**Adjusted Funds Flow**" is calculated by Spartan by adding back transaction costs on acquisitions and dispositions and deducting lease payments from Funds from Operations. Spartan utilizes Adjusted Funds Flow as a key performance measure in the Company's annual financial forecasts and public guidance. Transaction costs, which primarily include legal and financial advisory fees, regulatory and other expenses directly attributable to execution of acquisitions or dispositions, are added back because the Company's definition of Free Funds Flow excludes capital expenditures related to acquisitions and dispositions ("**A&D**"). For greater clarity, incremental overhead expenses related to ongoing integration and restructuring post-acquisition are not adjusted and are included in Spartan's general and administrative expenses. Spartan does not include lease liabilities in its definition of Net Debt (defined herein) therefore lease payments are deducted in the period incurred to determine Adjusted Funds Flow. The Company refers to Adjusted Funds Flow expressed per unit of production as an "**Adjusted Funds Flow Netback**".

"**Free Funds Flow**" is calculated by Spartan as Adjusted Funds Flow less Capital Expenditures before A&D (defined herein), which is also a non-GAAP financial measure. Spartan believes Free Funds Flow provides an indication of the amount of funds the Company has available for future capital allocation decisions such as to repay long-term debt, reinvest in the business or return capital to shareholders.

The following table reconciles cash provided by operating activities, as determined in accordance with IFRS Accounting Standards, to Funds from Operations, Adjusted Funds Flow and Free Funds Flow:

	Three months ended December 31			Year ended December 31		
(CA$ thousands)	**2023**	2022	%	**2023**	2022	%
Cash provided by operating activities	**51,289**	200,363	(74)	**475,669**	795,371	(40)
Change in non-cash operating working capital	**7,238**	34,765	(79)	**(59,195)**	39,240	(251)
Funds from Operations	**58,527**	235,128	(75)	**416,474**	834,611	(50)
Add back: transaction costs	**(500)**	(43)	nm	**18,304**	143	nm
Deduct: lease payments	**(2,305)**	(2,246)	3	**(9,605)**	(9,087)	6
Adjusted Funds Flow	**55,722**	232,839	(76)	**425,173**	825,667	(49)
Deduct: Capital Expenditures before A&D [(1)]	**(31,924)**	(159,150)	(80)	**(295,045)**	(434,157)	(32)
Free Funds Flow	**23,798**	73,689	(68)	**130,128**	391,510	(67)

(1) Includes capital expenditures on exploration and evaluation assets and property, plant and equipment, see also "Capital Expenditures".

Adjusted Funds Flow per share ("**AFF per share**")

AFF per share is a non-GAAP financial ratio used by Spartan as a key performance indicator. AFF per share is calculated using the same methodology as net income per share ("**EPS**"), however the diluted weighted average common shares ("**WA Shares**") outstanding for AFF may differ from the diluted weighted average determined in accordance with IFRS Accounting Standards for purposes of calculating EPS, due to non-cash items that impact net income only. The dilutive impact of stock options and share awards is more dilutive to AFF than EPS because the number of shares deemed to be repurchased under the treasury stock method is not adjusted for unrecognized share-based compensation expense as it is non-cash (see also, "Share Capital").

The table below outlines the calculation of AFF per share:

	Three months ended December 31			Year ended December 31		
(CA$ thousands, except for share amounts)	**2023**	2022	%	**2023**	2022	%
Adjusted Funds Flow	**55,722**	232,839	(76)	**425,173**	825,667	(49)
WA Shares outstanding (000s) – basic	**173,201**	160,807	8	**172,529**	156,136	10
WA Shares outstanding (000s) – diluted AFF	**174,475**	177,193	(2)	**173,725**	177,020	(2)
AFF per share						
Basic ($ per common share)	**0.32**	1.45	(78)	**2.46**	5.29	(53)
Diluted ($ per common share)	**0.32**	1.31	(76)	**2.45**	4.66	(47)

Net Debt (Surplus) and Adjusted Working Capital

Throughout this MD&A, references to "**Net Debt**" or "**Net Surplus**" includes long-term debt, net of Adjusted Working Capital. Net Debt (Surplus) and Adjusted Working Capital are both non-GAAP financial measures. "**Adjusted Working Capital**" is calculated as current assets less current liabilities, excluding derivative financial instrument assets and liabilities and lease liabilities. As at December 31, 2023 and December 31, 2022, the Adjusted Working Capital deficit (surplus) includes cash and cash equivalents, restricted cash, accounts receivable, prepaid expenses and deposits, other current assets, accounts payable and accrued liabilities, dividends payable, and the current portion of decommissioning obligations (see also, "Capital Resources and Liquidity").

The Company believes its presentation of Adjusted Working Capital and Net Debt are useful as supplemental measures because lease liabilities and derivative financial instrument assets and liabilities relate to contractual obligations for future production periods. Lease payments and cash receipts or settlements on derivative financial instruments are included in Spartan's reported Adjusted Funds Flow in the production month to which the asset or obligation relates.

Spartan uses Net Debt (Surplus) as a key performance measure in its "Outlook and Guidance" to manage the Company's targeted debt levels. Net Debt (Surplus) is used by the Company as a measure of its financial position and liquidity, however it is not intended to be viewed as an alternative to other measures calculated in accordance with IFRS Accounting Standards – refer to "Capital Resources and Liquidity".

(CA$ thousands)	**December 31, 2023**	December 31, 2022
Current assets	**(221,848)**	(309,008)
Current liabilities	**250,248**	278,627
Working capital deficit (surplus)	**28,400**	(30,381)
Adjusted for current portion of:		
Derivative financial instrument assets	**11,889**	33,845
Derivative financial instrument liabilities	**-**	(818)
Lease liabilities	**(9,469)**	(9,450)
Adjusted Working Capital deficit (surplus)	**30,820**	(6,804)
Long-term debt	**44,476**	145,180
Net Debt	**75,296**	138,376

In addition, Spartan has various lease contracts in place for compression equipment, facilities, office buildings and vehicles. The Company's total lease liability is $35.2 million as at December 31, 2023 (December 31, 2022 – $45.5 million), of which $9.5 million of the principal amount is expected to be settled within the next twelve months.

References to "**Cash Financing Expense (Income)**" includes interest and fees on current and long-term debt, net of interest income, and excludes financing costs related to lease liabilities and accretion of decommissioning obligations.

Cash Financing Expense (Income) is a non-GAAP financial measure used by Spartan in its budget and public guidance as it corresponds to the Company's definition of Net Debt, however it should not be viewed as an alternative to total financing expense presented in accordance with IFRS Accounting Standards.

Net Debt to Annualized AFF Ratio

The Company monitors its capital structure and short-term financing requirements using a "**Net Debt to Annualized AFF Ratio"**, which is a non-GAAP financial ratio calculated as the Company's Net Debt relative to its Annualized Adjusted Funds Flow. "**Annualized Adjusted Funds Flow**" is calculated by multiplying Adjusted Funds Flow for the most recently completed quarter, normalized for significant non-recurring items, by a factor of 4. The Company's definition of Adjusted Funds Flow is reported net of cash lease payments in the period, therefore, Spartan believes Adjusted Funds Flow is an appropriate comparative metric to Net Debt which does not include lease liabilities.

Management believes that this ratio provides investors with information to understand the Company's liquidity risk and its ability to repay long-term debt and fund future capital expenditures (see also, "Capital Resources and Liquidity").

(CA$ thousands, unless otherwise indicated)	**December 31, 2023**	December 31, 2022
Adjusted Funds Flow for the quarter	**55,722**	232,839
Less: Other income – gain on construction project (1)	**-**	(14,315)
Adjusted Funds Flow for the quarter, normalized (1)	**55,722**	218,524
Factor to Annualize	**4**	4
Annualized Adjusted Funds Flow (2)	**222,888**	874,096
Net Debt	**75,296**	138,376
Annualized Adjusted Funds Flow	**222,888**	874,096
Net Debt to Annualized AFF Ratio	**0.3X**	0.2X

(1) The calculation of Adjusted Funds Flow has been normalized for the gain of $14.3 million recognized on completion of an infrastructure construction project during the fourth quarter of 2022.

(2) The Annualized Adjusted Funds Flow reflects ongoing operations for the three months ended December 31, 2023 multiplied by a factor of four (4).

Capital Expenditures

Spartan uses "**Capital Expenditures before A&D**" to measure its capital investment level compared to the Company's annual budgeted capital expenditures for its organic drilling program, excluding acquisitions or dispositions. "**Capital Expenditures (Dispositions)**" is calculated by adding cash acquisition costs, net of proceeds from dispositions to Capital Expenditures before A&D. The directly comparable GAAP measure is cash used in investing activities. The following table details the composition of capital expenditures and its reconciliation to cash used in investing activities:

	Three months ended December 31		Year ended December 31	
(CA$ thousands)	**2023**	2022	**2023**	2022
Exploration and evaluation assets	**2,868**	11,927	**13,904**	17,255
Property, plant and equipment	**29,056**	147,223	**281,141**	416,902
Capital Expenditures before A&D	**31,924**	159,150	**295,045**	434,157
Acquisitions	**32,477**	560	**34,353**	6,463
Dispositions	**184**	(329)	**(1,704,550)**	(1,280)
Capital Expenditures (Dispositions)	**64,585**	159,381	**(1,375,152)**	439,340
Change in non-cash investing working capital	**3,872**	(25,333)	**50,222**	2,963
Cash used in (provided by) investing activities	**68,457**	134,048	**(1,324,930)**	442,303

Adjusted Net Capital A&D

"**Adjusted Net Capital A&D**" provides a measure of cash, debt and share consideration used to acquire crude oil and natural gas assets during the period, net of cash proceeds received on dispositions.

The most directly comparable GAAP measures are acquisition costs and disposition proceeds included as components of cash used in investing activities, as outlined above.

The following table details the calculations of Adjusted Net Capital A&D, using acquisition costs as the starting point:

	Three months ended December 31		Year ended December 31	
(CA$ thousands)	**2023**	2022	**2023**	2022
Acquisitions [(1)]	**32,477**	560	**34,353**	6,463
Less: Dispositions [(2)]	**184**	(329)	**(1,704,550)**	(1,280)
Adjusted Net Capital A&D	**32,661**	231	**(1,670,197)**	5,183

(1) The year ended December 31, 2023 includes asset acquisitions of $34.4 million related to the purchase of exploration and evaluation assets, property, plant and equipment, and decommissioning obligations. Refer to "2023 Acquisitions" for further details on the acquisitions completed. The year ended December 31, 2022 includes $6.0 million related to the Bellatrix Corporate Acquisition (defined herein) and $0.7 million of acquisition costs, net of $0.2 million of proceeds from favourable closing adjustments on property acquisitions completed in the previous year.

(2) Dispositions for 2023 primarily relate to the Asset Sale which resulted in $1.7 billion of cash proceeds. In the three months ended December 31, 2023, $0.2 million related to post-close purchase price adjustments on the Transactions.

OTHER MEASUREMENTS

All dollar amounts are referenced in Canadian dollars, except when noted otherwise. This MD&A contains various references to the abbreviation "**BOE**" which means barrels of oil equivalent. Where amounts are expressed on a BOE basis, natural gas volumes have been converted to oil equivalence at six thousand cubic feet per barrel. A BOE conversion ratio of six thousand cubic feet per barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead and is significantly different than the value ratio based on the current price of crude oil and natural gas. This conversion factor is an industry accepted norm and is not based on either energy content or current prices. Such abbreviation may be misleading, particularly if used in isolation.

Throughout this MD&A, "crude oil" or "oil" refers to light and medium crude oil product types as defined by National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**"). Condensate is a natural gas liquid as defined by NI 51-101. References to "natural gas liquids" or "NGLs" throughout this MD&A comprise pentane, butane, propane and ethane, being all NGLs as defined by NI 51-101 other than condensate, which is disclosed separately by Spartan due to the significant difference in value per barrel. References to "liquids" includes crude oil, condensate and NGLs. References to "gas" relate to natural gas.

REPOSITIONING PROCESS

On March 28, 2023, Spartan announced the conclusion to its Repositioning Process. This process resulted in two transactions which together divested the Company's Montney oil assets (the "**Transactions**"). The Transactions include the:

- Asset Sale: a definitive purchase and sale agreement with Crescent Point which provided for the sale of the Company's Gold Creek and Karr Montney properties for cash consideration of $1.7 billion, before customary closing adjustments which resulted in a $543.1 million gain on sale of assets. As a result of the Asset Sale, the Company paid a $9.50 cash dividend per common share of Spartan from the cash proceeds of the Asset Sale.
- Spin-Out: concurrent with the Asset Sale, Spartan also announced the Spin-Out transaction of the Logan Assets predominantly in the Pouce Coupe, Simonette and Flatrock areas to a wholly owned subsidiary, Logan. The Logan Assets were transferred and conveyed to Logan from Spartan in consideration for one (1) Logan Share per Spartan Share and one (1) Transaction Warrant and was distributed to eligible Spartan shareholders on July 6, 2023. After conveyance, Logan ceased to be a wholly owned subsidiary.

In connection with the closing of the Asset Sale, the Company amended its Credit Facility (defined herein) pursuant to which the authorized borrowing amount was reduced to $250.0 million. The Company also amended its Term Facility and agreed with the lender to an early repayment on December 29, 2023 of the outstanding Term Facility. Spartan paid $163.5 million to the lender including the principal amount owing, all accrued and unpaid interest and fees, plus the applicable make-whole premium and all other obligations owing to such lender under the Term Facility. The make-whole premium was equal to (i) all future interest payments and (ii) all payments of annual review fees, that would otherwise have been paid had the Term Facility matured on August 31, 2024.

Contemporaneous with the Asset Sale and Spin-Out, the Spartan Board approved the accelerated vesting of all outstanding restricted share awards ("**RSAs**") and outstanding options, conditional upon the closing of the Asset Sale. The Board also announced its intention to cash settle all RSAs granted under the share award incentive plan. As a result, all RSAs as at May 10, 2023 became cash-settled awards and were fully repaid as of December 31, 2023. All subsequent RSA issuances are intended to be equity-settled.

2023 HIGHLIGHTS AND 2024 OUTLOOK

Spartan is pleased to report its financial and operating results for 2023.

- Spartan successfully closed the sale of its Gold Creek and Karr Montney assets on May 10, 2023, to Crescent Point for cash consideration of $1.7 billion.
- The Company declared $1.7 billion, or $9.60 per share, in dividends and distributions to its shareholders during the year ended December 31, 2023.
- On June 20, 2023, Spartan successfully completed the Spin-Out of its early stage Montney assets to Logan at a net asset value of $0.35 per share by distributing 1.0 Logan Share and 1.0 Transaction Warrant per Spartan Share, with each warrant entitling the holder to acquire 1.0 Logan Share at an exercise price of $0.35.
- The Company reported production of 53,179 BOE/d in 2023, a decrease from 73,084 BOE/d in 2022. The decrease in production volumes year over year is primarily a result of the Asset Sale and Spin-Out.
- Fourth quarter 2023 production averaged 37,664 BOE/d (31% liquids), reflecting a slight increase in production and an 8% increase in liquids production from the third quarter of 2023.
- As a result of the Asset Sale, Spin-Out, and reduced commodity prices, Spartan reported oil and gas sales of $652.8 million in 2023 compared to $1.5 billion in 2022.
- Fourth quarter 2023 oil and gas sales increased to $85.8 million, up 5% from the third quarter 2023.
- The Company's operations generated Adjusted Funds Flow of $425.2 million ($2.45 per share, diluted) in 2023, 7% higher than 2023 guidance as published in the Company's press release dated May 17, 2023 ("**2023 Guidance**").
- Spartan successfully executed a $295.0 million capital program in 2023, with specific focus placed on continued development across multiple horizons in the Deep Basin and completing a pre-disposition development program of its Gold Creek and Karr assets located in the Montney. Spartan's 2023 capital program was $15.0 million higher than guidance, which consisted of higher than anticipated activity related to the divested Montney assets, 3D seismic, land sales, and modifications to the Deep Basin drilling program to ensure continuous and efficient rig operations:
    - In the Deep Basin, Spartan drilled 20.2 net wells, completed 22.9 net wells, and brought 23.9 net wells on production.
    - In the Montney, Spartan drilled 14.6 net wells, completed 9.0 net wells and 1.0 disposal wells, and brought 7.3 net wells on production.
- Spartan generated Free Funds Flow of $130.1 million in 2023, 10% higher than 2023 Guidance.
- In the fourth quarter of 2023, Spartan closed acquisitions in the West Shale Basin Duvernay (the "**Duvernay**") for aggregate cash consideration of approximately $32.5 million. The acquisitions included undeveloped acreage, 3D seismic, and approximately 400 BOE/d of Duvernay production.
- Spartan reported net income of $663.1 million ($3.82 per share, diluted) in 2023, down 3% from $681.1 million ($3.88 per share, diluted) in 2022. The decrease in net income over the comparative period was primarily driven by reduced volumes following the Transactions in combination with lower commodity prices and an acceleration of stock-based compensation following the Asset Sale. This was offset by a $543.2 million gain on sale of assets and $53.3 million in gains on derivative financial instruments. The Company recorded a loss of $30.9 million on derivative financial instruments in 2022.
- On December 29, 2023, the Company fully repaid its Term Facility of $150 million and exited 2023 with Net Debt of $75.3 million resulting in a 0.3X Net Debt to Annualized AFF ratio.
- As at December 31, 2023 Spartan had $641.3 million tax pools, of which $398.0 million are non-capital losses.
- Subsequent to December 31, 2023, Spartan increased its 2024 AECO 7A hedge position to 41% of natural gas production (net, after royalties) at an average price $2.79/GJ and has hedged 21% of its oil production (net, after royalties) at an average price of C$101.06/bbl.

The table below summarizes Spartan's actual results for the year ended December 31, 2023, compared to the financial and operating guidance published in the Company's press release dated May 17, 2023 ("**2023 Guidance**"):

Year ended December 31, 2023	**2023 Results**	2023 Guidance	Variance [1] Amount	%
Average Production (BOE/d) [1]	**53,179**	52,000 – 54,000	179	-
% Liquids	**35%**	35%	-	-
Benchmark Average Commodity Prices [3]				
WTI crude oil price (US$/bbl)	**77.63**	73.96	3.67	5
NYMEX Henry Hub natural gas price (US$/mmbtu)	**2.74**	2.89	(0.15)	(5)
AECO natural gas price ($/GJ)	**2.78**	2.75	0.03	1
Average exchange rate (US$/CA$)	**1.35**	1.34	0.01	1
Operating Netback, before hedging ($/BOE) [2]	**21.10**	20.14	0.96	5
Operating Netback, after hedging ($/BOE) [2]	**24.62**	23.83	0.79	3
Settlements on Commodity Derivative Contracts ($MM) [2]	**68**	71	(3)	(4)
Adjusted Funds Flow ($MM) [2]	**425**	398	27	7
Capital Expenditures before A&D ($MM) [2]	**295**	280	15	5
Free Funds Flow ($MM) [2]	**130**	118	12	10
Adjusted Net Capital A&D ($MM) [2][4]	**(1,670)**	(1,698)	28	(2)
Net Debt, end of year ($MM) [2][5]	**75**	62	13	21
Common shares outstanding, end of year (MM)	**173**	173	-	-

(1) The financial performance measures included in the Company's 2023 Guidance were based on the midpoint of the average production forecast of 53,000 BOE/d.

(2) "Operating Netback", "Settlements on Commodity Derivative Contracts", "Adjusted Funds Flow", "Capital Expenditures before A&D", "Free Funds Flow", "Adjusted Net Capital A&D" and "Net Debt" do not have standardized meanings under IFRS Accounting Standards, see "Non-GAAP Measures and Ratios".

(3) The forecast of benchmark average prices for the 2023 calendar year was based on actual prices for the period ended April 30, 2023, and the following forecast prices for the remainder of 2023: WTI US$72/bbl; NYMEX US$2.81/mmbtu; AECO 7A $2.25/GJ; and a US$/CA$ exchange rate of 1.34.

(4) The $28 million variance in Adjusted Net Capital A&D is primarily due to $34 million of asset acquisitions, partially offset by disposition proceeds which were $7 million higher than 2023 Guidance.

(5) The $13 million variance in Net Debt as compared to 2023 Guidance is primarily due to $34 million of asset acquisitions and $4 million of minor variances in share-based payments, dividends declared and transaction costs, partially offset by disposition proceeds which were $7 million higher than budget, a $6 million favourable variance in working capital disposed, and Free Funds Flow that was $12 million higher than budget.

The Company slightly outperformed the midpoint of 2023 annual production guidance and earned Adjusted Funds Flow of $425 million which was 7% higher than 2023 guidance of $398 million. Pricing was relatively consistent with budget with a combined average realized price of $33.63 per BOE as compared to a budgeted $33.73 per BOE. Spartan's Operating Netback, before hedging exceeded 2023 Guidance primarily due to royalties which averaged 10.7% of revenue in 2023 or $3.58 per BOE for the year as compared to budgeted royalties of $4.43 per BOE. Per unit average operating and transportation expenses of $7.08 per BOE and $2.36 per BOE, respectively, were generally in line with budget.

Capital Expenditures before A&D were $295 million in 2023 which exceeded the original capital budget of $280 million primarily due to Spartan accelerating the scope of drilling operations in the Deep Basin with the addition of two wells initially forecast for 2024 that came online in mid-December. The Company also incurred additional capital expenditures in relation to equipment and facilities to optimize production and incremental crown land purchases and seismic acquisitions which were not included in the Company's original capital budget.

2024 OUTLOOK AND GUIDANCE

On November 28, 2023, the Company issued a press release to announce the approval of its financial and operating guidance for 2024. This guidance is summarized below along with updated 2024 guidance reflecting revised commodity prices, reduced operating expenses, reduced capital expenditures and a rebalancing of Spartan's hedging programs:

Year ending December 31, 2024	**Updated 2024 Guidance**	Previous 2024 Guidance	Variance [1] Amount	Variance [1] %
Average Production (BOE/d) [1]	**38,500 – 40,500**	38,500 – 40,500	-	-
% Liquids	**31%**	31%	-	-
Benchmark Average Commodity Prices				
WTI oil price (US$/bbl)	**75.00**	75.00	-	-
AECO natural gas price ($/GJ)	**2.00**	2.75	(0.75)	(27)
Average exchange rate (US$/CA$)	**1.35**	1.37	(0.02)	(1)
Operating Netback, before hedging ($/BOE) [2][4]	**13.05**	14.78	(1.73)	(12)
Operating Netback, after hedging ($/BOE) [2][4]	**14.20**	14.97	(0.77)	(5)
Adjusted Funds Flow ($MM) [2][4]	**170**	177	(7)	(4)
Capital Expenditures, before A&D ($MM) [2]	**125**	130	(5)	(4)
Free Funds Flow ($MM) [2]	**45**	47	(2)	(4)
Net Debt, end of year ($MM) [2][3]	**30**	19	11	58
Common shares outstanding, end of year (MM) [5]	**174**	174	-	-

(1) The financial performance measures included in the Company's previous and updated guidance for 2024 is based on the midpoint of the average production forecast of 39,500 BOE/d.

(2) "Operating Netback", "Settlements on Commodity Derivative Contracts", "Adjusted Funds Flow", "Capital Expenditures, before A&D", "Free Funds Flow", and "Net Debt" do not have standardized meanings under IFRS Accounting Standards, see "Non-GAAP Measures and Ratios".

(3) The change in forecast Net Debt at December 31, 2024 reflects the $7 million decrease in forecasted Adjusted Funds Flow for 2024 plus a $9 million increase in forecast opening Net Debt as at December 31, 2023 compared to previous guidance, offset by a $5 million decrease in forecast capital expenditures.

(4) Refer to "Assumptions in 2024 Guidance" for additional information regarding the assumptions used in the forecasted Operating Netbacks, Settlements on Commodity Derivative Contracts, and Adjusted Funds Flow for 2024.

(5) The forecast of common shares outstanding at the end of 2024 includes RSAs expected to be released upon vesting but does not include common shares potentially issuable in respect of stock options for which the exercise is discretionary on behalf of the holder (refer to "Share Capital" for additional information regarding dilutive securities).

Assumptions for 2024 Guidance

2024 PRODUCTION GUIDANCE	**Updated 2024 Guidance**	Previous 2024 Guidance	% Change
Crude oil (bbls/d)	**1,000**	1,000	-
Condensate (bbls/d)	**1,700**	1,700	-
Crude oil and condensate (bbls/d)	**2,700**	2,700	-
NGLs (bbls/d)	**9,700**	9,700	-
Natural gas (mcf/d)	**162,500**	162,500	-
Combined average (BOE/d)	**39,500**	39,500	-
% Liquids	**31%**	31%	-

Forecast production is unchanged from previous 2024 guidance.

2024 FINANCIAL GUIDANCE *($/BOE)*	**Updated 2024 Guidance**	Previous 2024 Guidance	% Change
Oil and gas sales	**23.59**	26.59	(11)
Processing and other revenue	**0.35**	0.33	6
Royalties	**(3.13)**	(3.70)	(15)
Operating expenses	**(6.07)**	(6.68)	(9)
Transportation expenses	**(1.69)**	(1.76)	(4)
Operating Netback, before hedging	**13.05**	14.78	(12)
Settlements on Commodity Derivative Contracts	**1.15**	0.19	505
Operating Netback, after hedging	**14.20**	14.97	(5)
General and administrative expenses	**(1.33)**	(1.39)	(4)
Cash financing expenses	**(0.27)**	(0.31)	(13)
Other income	**0.21**	-	nm
Settlements of decommissioning obligations	**(0.25)**	(0.24)	4
Lease payments	**(0.78)**	(0.78)	-
Adjusted Funds Flow	**11.78**	12.25	(4)

Spartan's Deep Basin asset optimization campaign and drilling improvements are reflected in the 2024 forecast. Operating costs are anticipated to decrease 9% from $6.68/BOE to $6.07/BOE and Capital Expenditures, before A&D were revised by $5 million to $125 million, exclusive of Duvernay activity. Production guidance remains unchanged at 38,500 – 40,500 BOE/d.

The natural gas price forecast has weakened due to high North American supply growth and challenging weather conditions impacting demand. In response, Spartan has increased its 2024 AECO 7A hedge position to 41% of natural gas production (net, after royalties) at an average price of $2.79/GJ and has hedged 21% of its oil production (net, after royalties) at an average price of C$101.06/bbl. Despite the decrease in the natural gas price forecast, Spartan expects to generate Adjusted Funds Flow of $170 million and Free Funds Flow of $45 million in 2024.

Holding all other assumptions constant, a US$5/bbl increase (decrease) in the forecasted average WTI crude oil price for 2024 would increase Adjusted Funds Flow by approximately $6.5 million (decrease by $6.5 million). An increase (decrease) of CA$0.25/GJ in the forecasted average AECO natural gas price for 2024, holding the NYMEX-AECO basis differential and all other assumptions constant, would increase Adjusted Funds Flow by approximately $8.0 million (decrease by $8.0 million). Holding U.S. dollar benchmark commodity prices and all other assumptions constant, an increase (decrease) of $0.05 in the US$/CA$ exchange rate would increase Adjusted Funds Flow by approximately $5.5 million (decrease by $5.5 million). Assuming capital expenditures are unchanged, the impact on Free Funds Flow would be equivalent to the increase or decrease in Adjusted Funds Flow. An increase (decrease) in Free Funds Flow will result in an equivalent decrease (increase) in the forecasted Net Debt (Surplus).

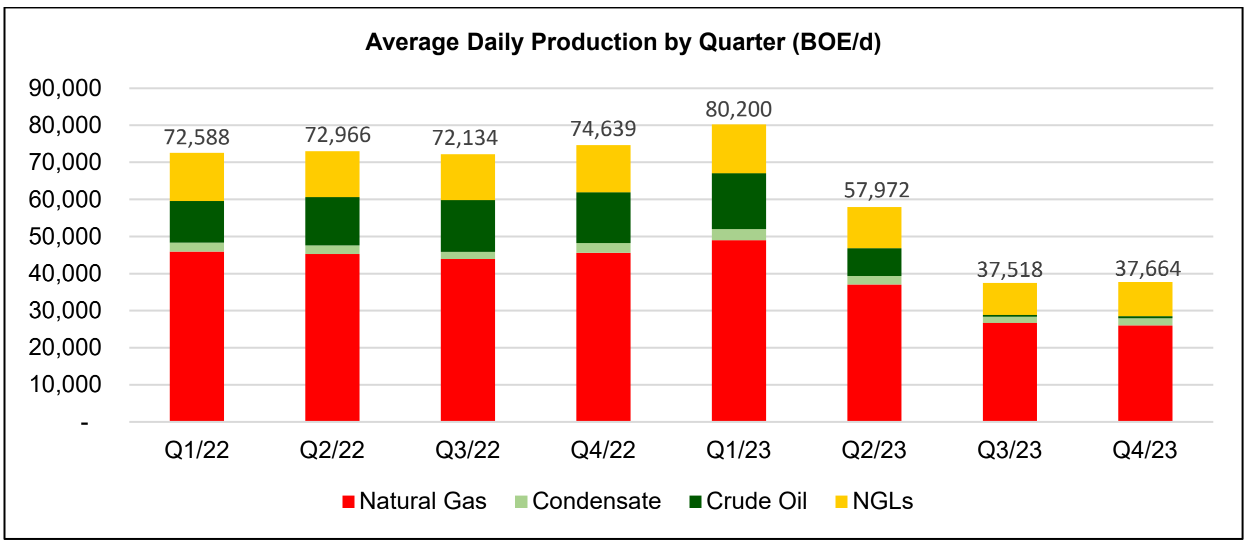
RESULTS OF OPERATIONS

PRODUCTION

	Three months ended December 31			Year ended December 31		
Average daily production	**2023**	2022	%	**2023**	2022	%
Crude oil (bbls/d)	**570**	13,714	(96)	**5,838**	12,976	(55)
Condensate (bbls/d)	**1,870**	2,549	(27)	**2,192**	2,328	(6)
NGLs (bbls/d)	**9,196**	12,757	(28)	**10,541**	12,612	(16)
Natural gas (mcf/d)	**156,170**	273,716	(43)	**207,645**	271,010	(23)
Combined average (BOE/d)	**37,664**	74,639	(50)	**53,179**	73,084	(27)
% Liquids	**31%**	39%	(21)	**35%**	38%	(8)

Production averaged 37,664 BOE per day during the fourth quarter of 2023, down 50% from the average production of 74,639 BOE per day in the fourth quarter of 2022. For the year ended December 31, 2023, production decreased by 27% from 73,084 BOE per day in 2022 to 53,179 BOE per day in 2023. Organic growth through the Company's Deep Basin and Montney drilling programs were more than offset by reduced volumes resulting from the Transactions leading to an overall volume reduction in the three months and year ended December 31, 2023.

Spartan brought on production 7 (6.5 net) wells in the Deep Basin during the three months ended December 31, 2023 targeting both light oil and liquids-rich gas in the Spirit River and Cardium horizons. The Company's development capital expenditure program resulted in a total of 23.9 net wells being brought on during 2023, compared to 43.9 net wells in the previous year.



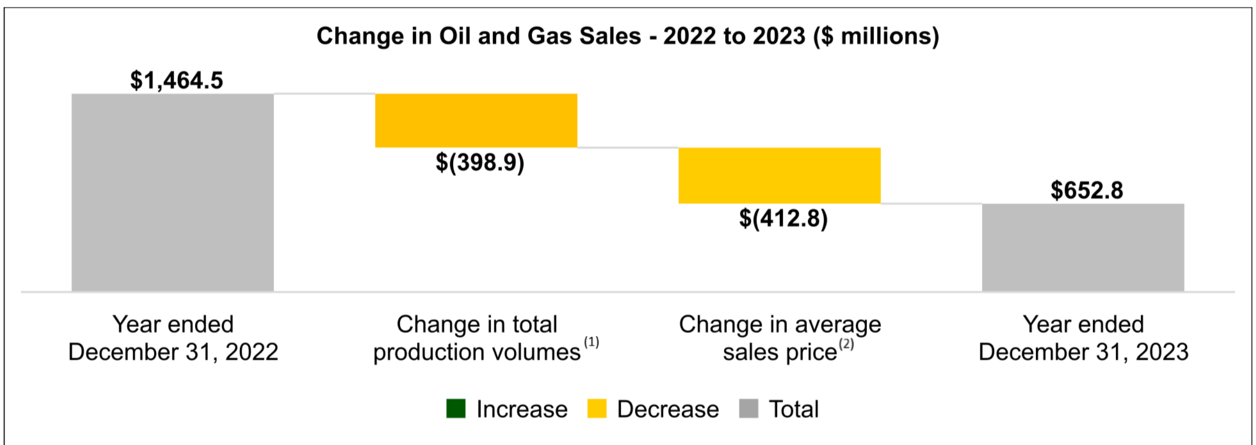
Organic growth through the Company's Deep Basin drilling program and acquired production from the Duvernay assets achieved a moderate increase in production in the fourth quarter of 2023 as compared to the third quarter of 2023.

OIL AND GAS SALES

(CA$ thousands, unless otherwise indicated)	Three months ended December 31			Year ended December 31		
	2023	2022	%	**2023**	2022	%
Oil and gas sales, before royalties						
Crude oil	**5,034**	138,487	(96)	**213,259**	568,076	(62)
Condensate	**17,331**	26,077	(34)	**80,641**	101,702	(21)
NGLs	**26,415**	52,748	(50)	**130,811**	232,260	(44)
Natural gas	**37,052**	139,814	(73)	**228,058**	562,429	(59)
Oil and gas sales, before royalties	**85,832**	357,126	(76)	**652,769**	1,464,467	(55)
Average realized prices, before financial instruments						
Crude oil ($/bbl)	**95.93**	109.76	(13)	**100.07**	119.94	(17)
Condensate ($/bbl)	**100.76**	111.19	(9)	**100.81**	119.70	(16)
NGLs ($/bbl)	**31.22**	44.94	(31)	**34.00**	50.45	(33)
Natural gas ($/mcf)	**2.58**	5.55	(54)	**3.01**	5.69	(47)
Combined average ($/BOE)	**24.77**	52.01	(52)	**33.63**	54.90	(39)
Average realized prices, after financial instruments(1)						
Crude oil ($/bbl)	**95.93**	109.76	(13)	**100.07**	108.97	(8)
Condensate ($/bbl)	**100.76**	111.19	(9)	**100.81**	119.70	(16)
NGLs ($/bbl)	**31.22**	44.94	(31)	**34.00**	50.45	(33)
Natural gas ($/mcf)	**3.88**	5.22	(26)	**3.91**	4.92	(21)
Combined average ($/BOE)	**30.18**	50.82	(41)	**37.15**	50.09	(26)

(1) "Average realized prices, after financial instruments" are calculated as oil and gas sales, before royalties, after Settlements on Commodity Derivative Contracts, divided by total production by product type. Additional information is provided under the heading "Commodity Price Risk Management".

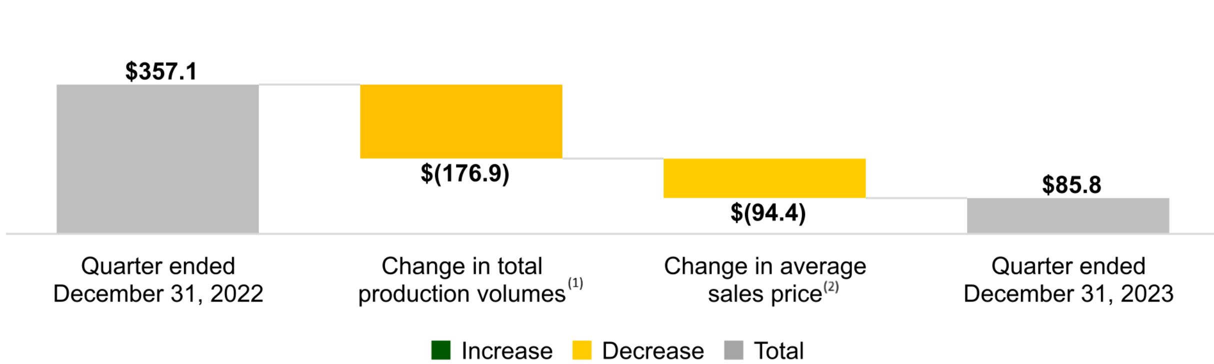
Oil and gas sales for the year ended December 31, 2023 were $652.8 million, down 55% from $1.5 billion in the comparative period. The decrease in oil and gas sales were driven by reduced volumes resulting from the Asset Sale and Spin-Out and softening commodity prices. Spartan's combined average realized price of $33.63 per BOE ($37.15 per BOE after financial instruments) for 2023 was 39% lower than the average price of $54.90 per BOE ($50.09 per BOE after financial instruments) in 2022.



(1) Calculated as the change in volumes from the prior period to the current period multiplied by the prior period average selling price.
(2) Calculated as the change in average selling price from the prior period to the current period multiplied by the current period volumes.

Oil and gas sales for the three months ended December 31, 2023 were $85.8 million, down 76% from $357.1 million in the comparative period. The decrease in oil and gas sales were driven by reduced volumes resulting from the Transactions, and softening commodity prices. Spartan's combined average realized price of $24.77 per BOE ($30.18

per BOE after financial instruments) for the three months ended December 31, 2023 is 52% lower than the average price of $52.01 per BOE ($50.82 per BOE after financial instruments) for the three months ended December 31, 2022. This drop in price was driven by a decrease in benchmark prices and due to 2023 production being more heavily weighted to natural gas.



(1) Calculated as the change in volumes from the prior period to the current period multiplied by the prior period average selling price.
(2) Calculated as the change in average selling price from the prior period to the current period multiplied by the current period volumes.

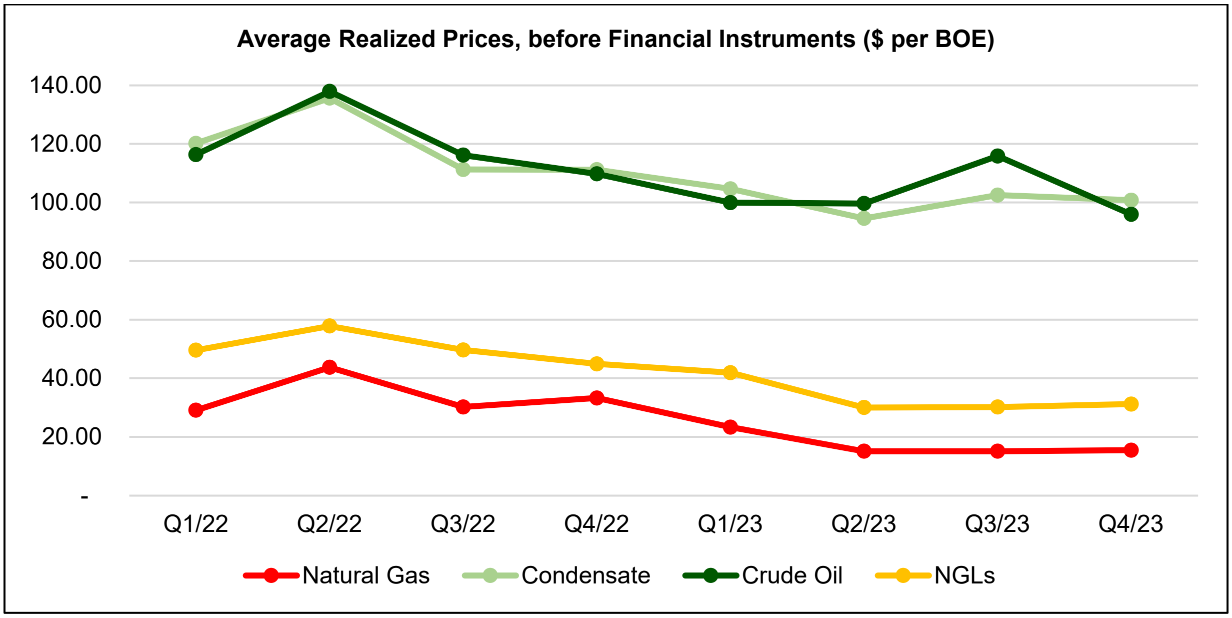
Additionally, cash settlements on commodity derivative contracts changed from a loss of $8.2 million ($1.19 per BOE) and a loss of $128.3 million ($4.81 per BOE) in the fourth quarter and year ended December 31, 2022, respectively, to a gain of $18.7 million ($5.41 per BOE) and a gain of $68.3 million ($3.52 per BOE), respectively, in the fourth quarter and year ended December 31, 2023, primarily driven by the softening of natural gas prices during 2023 (see also, "Commodity Price Risk Management").

The table below summarizes benchmark average commodity prices and exchange rates during the periods:

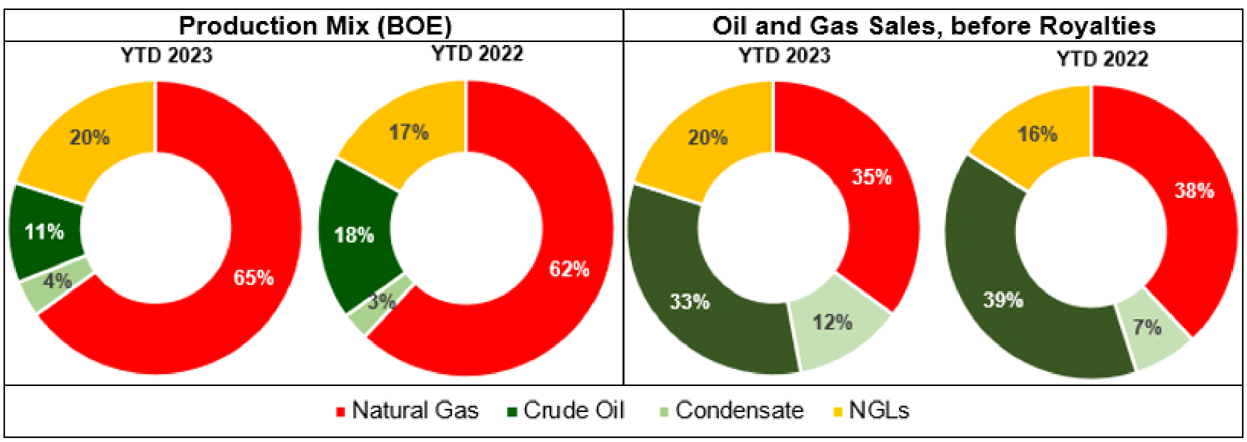
	Three months ended December 31			Year ended December 31		
Benchmark commodity prices	**2023**	2022	%	**2023**	2022	%
WTI Cushing Oklahoma (US$/bbl) (1)	**78.32**	82.64	(5)	**77.63**	94.23	(18)
WTI Cushing Oklahoma (CA$/bbl) (2)	**106.66**	112.19	(5)	**104.77**	122.39	(14)
Mixed Sweet Blend ("MSW") (CA$/bbl) (3)	**99.63**	110.01	(9)	**100.42**	120.08	(16)
Conway propane (US$/gallon) (4)	**0.65**	0.85	(24)	**0.70**	1.11	(37)
NYMEX Henry Hub (US$/mmbtu) (5)	**2.88**	6.26	(54)	**2.74**	6.64	(59)
NYMEX - AECO 7A Basis (US$/mmbtu)	**(0.94)**	(2.14)	(56)	**(0.57)**	(2.36)	(76)
AECO 7A (CA$/GJ) (6)	**2.52**	5.29	(52)	**2.78**	5.27	(47)
AECO 5A (CA$/GJ) (7)	**2.18**	4.85	(55)	**2.50**	5.04	(50)
Exchange rate (US$/CA$) (1)	**1.36**	1.36	-	**1.35**	1.30	4

(1) Source: Sproule Associates Limited.
(2) Calculated based the US$ WTI price multiplied by the average US$/CA$ exchange rate for the month.
(3) Source: Weighted average trade volume and price per Net Energy and NGX.
(4) Source: Service Conway C3 in-well simple average.
(5) Source: Canadian Gas Price Reporter (NYMEX Settle).
(6) Source: Canadian Gas Price Reporter (NGX AB-NIT Month Ahead Index 7A).
(7) Source: Canadian Gas Price Reporter (NGX AB-NIT Same Day Index 5A).

The table below summarizes Spartan's average realized prices before financial instruments, by commodity type over the past eight quarters:



The charts below highlight Spartan's production mix and the relative contribution to total oil and gas sales revenue in the year ended December 31, 2023 relative to the year ended December 31, 2022.

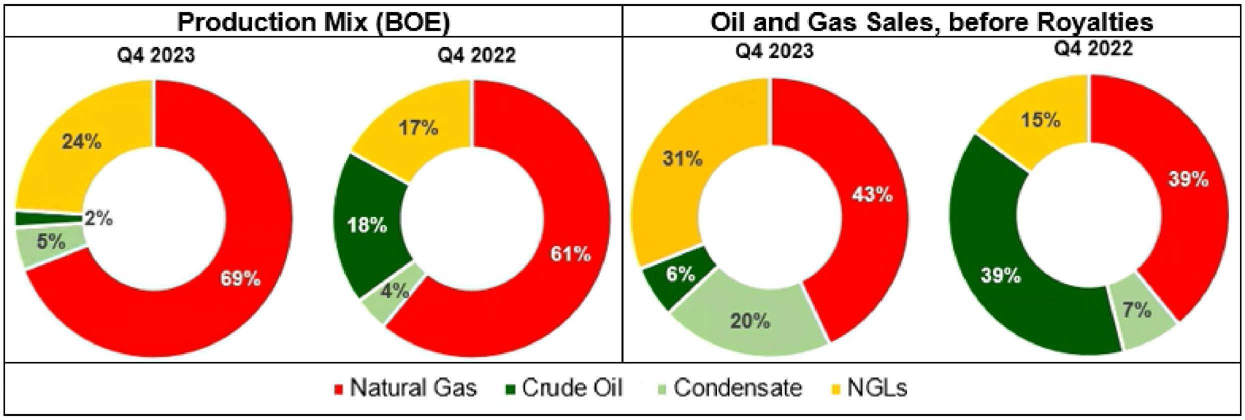


For 2023, natural gas represented 65% of total production volumes and contributed to $228.1 million (35%) of total sales revenue. Spartan's realized natural gas price for the year ended December 31, 2023 of $3.01 per mcf decreased by 47% from $5.69 per mcf for the year ended December 31, 2022. The decrease in the Company's realized natural gas price is in line with the weighted average change in AECO 5A and 7A reference prices (sales were approximately 52%/48% weighted to AECO 5A/7A pricing in 2023 and approximately 60%/40% weighted to 5A/7A pricing in 2022).

Together, crude oil and condensate represented 15% of production and contributed to $293.9 million (45%) of Spartan's total sales revenue during the year ended December 31, 2023. Spartan realized an average price for crude oil and condensate sales of $100.28 per barrel during 2023, down 16% compared to the average price of $119.90 per barrel in 2022. The decrease is consistent with the 16% decrease in MSW benchmark pricing over the comparative period.

NGLs (excluding condensate) were 20% of Spartan's total production volumes in the year ended December 31, 2023 and contributed $130.8 million (20%) of Spartan's total sales revenue. The Company reported an average NGL sales price of $34.00 per barrel in 2023, down 33% from $50.45 per barrel in 2022. The Conway propane benchmark price decreased by 37% from US$1.11/gallon in 2022 to US$0.70/gallon in 2023. Actual NGL prices declined less than benchmark pricing primarily due to changes in foreign exchange which fluctuated 5% period over period from $1.28 US$/CA$ in 2022 to $1.35 US$/CA$ in 2023.

The charts below highlight Spartan's production mix and the relative contribution to total oil and gas sales revenue in the fourth quarter of 2023 relative to the fourth quarter of 2022.



For the fourth quarter of 2023, natural gas represented 69% of total production volumes and contributed to $37.1 million (43%) of total sales revenue. Spartan's realized natural gas price for the fourth quarter of 2023 of $2.58/mcf decreased by 54% from $5.55/mcf in the fourth quarter of 2022. The decrease in the Company's realized natural gas price over the comparative period in 2022 is in line with the weighted average change in AECO 5A and 7A reference prices (sales were approximately 43%/57% weighted to AECO 5A/7A pricing in the fourth quarter of 2023 and approximately 50%/50% weighted to 5A/7A pricing in the fourth quarter of 2022).

Together, crude oil and condensate represented 7% of production and contributed to $22.4 million (26%) of Spartan's total sales revenue during fourth quarter of 2023. Spartan realized an average price for crude oil and condensate sales of $99.63 per barrel during the fourth quarter of 2023, down 9% compared to the average price of $109.99 per barrel in the fourth quarter of 2022 and consistent with the 9% decrease in MSW benchmark pricing over the comparative period.

NGLs (excluding condensate) were 24% of Spartan's total production volumes in the fourth quarter of 2023 and contributed $26.4 million (31%) of Spartan's total sales revenue. The Company reported an average NGL sales price of $31.22 per barrel in the fourth quarter of 2023, down 31% from $44.94 per barrel in the fourth quarter of 2022. The Conway propane benchmark price decreased by 24% from US$0.85/gallon in the fourth quarter of 2022 to US$0.65/gallon in the fourth quarter of 2023. Realized NGL prices decreased more than benchmark pricing over the comparative periods due to a new NGL marketing contract in Q2 2023 that resulted in a greater differential to benchmark pricing.

COMMODITY PRICE RISK MANAGEMENT

The Company has various commodity price risk management contracts in place to reduce volatility of cash flows in order to fund capital expenditures and protect project economics. The table below summarizes average prices and notional volumes contracted under the Company's outstanding financial derivative contracts as at December 31, 2023:

	Natural Gas [1]			
	NYMEX – AECO 7A Basis Swaps – Short [2]		AECO 7A Swaps [3]	
Period	Volume mmbtu/d	US$/ mmbtu	Volume GJ/d	CA$/ GJ
Q1 2024	20,000	($1.00)	25,000	$3.01
Q2 2024	25,000	($1.00)	25,000	$3.01
Q3 2024	10,000	($1.04)	25,000	$3.01
Q4 2024	10,000	($1.04)	44,891	$3.35
Q1 2025	-	-	30,000	$3.78
Q2 2025	-	-	30,000	$3.51
Q3 2025	-	-	30,000	$3.51
Q4 2025	-	-	10,109	$3.51

(1) The prices and volumes in this table represent averages for contracts represented in the respective quarters.
(2) NYMEX swaps are settled based on the last day of settlement of monthly futures contracts.
(3) AECO 7A swaps are settled the first day of the month based on a weighted average of the previous month's fixed price trades.

Subsequent to December 31, 2023, Spartan rebalanced its AECO 7A positions and entered into C$WTI Swaps (see "Subsequent Events"' for further details.)

The fair value of outstanding risk management contracts resulted in a net derivative financial instrument asset of $18.1 million at December 31, 2023, compared to a net asset of $33.0 million at December 31, 2022. The fair values and gains or losses by contract type are summarized below for the year ended December 31, 2023:

Derivative Financial Instruments [1]

	Nature of contract				
(CA$ thousands)	AECO 7A	NYMEX Henry Hub	AECO Basis	Foreign exchange	Total
Fair value asset (liability) at December 31, 2023	**17,393**	**-**	**667**	**-**	**18,060**
Fair value asset (liability) at December 31, 2022	10,659	11,473	11,713	(818)	33,027
Net change	6,734	(11,473)	(11,046)	818	(14,967)
Settlements of acquired derivative liabilities	-	(3,253)	(11,758)	-	(15,011)
Unrealized gain (loss)	6,734	(14,726)	(22,804)	818	(29,978)
Realized gain (loss)	21,171	73,184	(10,003)	(1,028)	83,324
Gain (loss) on derivative financial instruments	**27,905**	**58,458**	**(32,807)**	**(210)**	**53,346**

(1) The fair value of the Company's risk management contracts is highly sensitive to forecast oil and gas prices and the US$/CA$ exchange rate. Refer to sensitivities under the heading "Risks and Uncertainties – Commodity Price Risk".

Spartan recognized a total gain on derivative financial instruments of $53.3 million during the year ended December 31, 2023, comprised of $83.3 million of realized gains and $30.0 million of unrealized losses on the change in fair value of outstanding contracts during the period. The forward price curves for 2023 for both AECO 7A and NYMEX Henry Hub softened over 2023, contributing to the gains during the period and the resulting derivative financial instrument asset at period-end.

The following table summarizes the realized and unrealized component of the gain or loss on derivative financial instruments recognized in the Consolidated Statements of Net Income and Comprehensive Income during the periods:

	Three months ended December 31			Year ended December 31		
(CA$ thousands)	**2023**	2022	%	**2023**	2022	%
Realized gain (loss)	**22,599**	(2,429)	nm	**83,324**	(82,484)	(201)
Unrealized gain (loss)	**(3,560)**	23,566	(115)	**(29,978)**	51,567	(158)
Gain (loss) on derivative financial instruments	**19,039**	21,137	(10)	**53,346**	(30,917)	(273)

The realized gain on derivative financial instruments presented in accordance with IFRS Accounting Standards excludes the portion of settlements related to derivative contracts acquired through the August 31, 2021 acquisition of Velvet Energy Ltd. (the "**Velvet Acquisition**") based on the acquisition date fair value of the contracts.

The following table reconciles total cash Settlements on Commodity Derivative Contracts, which is a non-GAAP financial measure, to the realized gain (loss) reported:

	Three months ended December 31			Year ended December 31		
(CA$ thousands)	**2023**	2022	%	**2023**	2022	%
Crude oil	**-**	-	-	**-**	(51,975)	(100)
Natural gas	**18,732**	(8,202)	(328)	**68,313**	(76,290)	(190)
Settlement of Commodity Derivative Contracts	**18,732**	(8,202)	(328)	**68,313**	(128,265)	(153)
Less: Settlement of acquired liabilities (1)	**3,867**	5,773	(33)	**15,011**	45,781	(67)
Realized gain (loss)	**22,599**	(2,429)	(1,030)	**83,324**	(82,484)	(201)
Settlement of Commodity Derivative Contracts ($ per BOE)	**5.41**	(1.19)	(555)	**3.52**	(4.81)	(173)
Realized gain (loss) ($ per BOE)	**6.52**	(0.35)	nm	**4.29**	(3.09)	(239)

(1) The Company acquired a derivative financial instrument liability with a fair value of $94.2 million on August 31, 2021, of which $79.2 million was subsequently settled up to and including the year ended December 31, 2022 and $15.0 million was settled during the year ended December 31, 2023. As at December 31, 2023, the acquired derivative liabilities have been fully settled.

The "average realized prices, after financial instruments" disclosed in this MD&A are reported net of Settlements on Commodity Derivative Contracts.

ROYALTIES

	Three months ended December 31			Year ended December 31		
(CA$ thousands, unless otherwise indicated)	**2023**	2022	%	**2023**	2022	%
Gross royalties, before GCA	**13,935**	43,594	(68)	**90,401**	186,221	(51)
Gas cost allowance ("GCA")	**(3,372)**	(5,657)	(40)	**(20,841)**	(26,344)	(21)
Royalties	**10,563**	37,937	(72)	**69,560**	159,877	(56)
$ per BOE	**3.05**	5.53	(45)	**3.58**	5.99	(40)
Average royalty rate (% of sales)	**12.3%**	10.6%	16	**10.7%**	10.9%	(2)

Total royalties net of GCA for the three months and year ended December 31, 2023 of $10.6 million and $69.6 million, respectively, have decreased relative to the same periods in 2022 primarily as a result of reduced volumes resulting from the Transactions.

The Company's GCA for the three months ended December 31, 2023 decreased from the same period in 2022 due to lower gas prices and lower production. The Company's GCA for the year ended December 31, 2023 decreased over the prior periods due to lower gas prices, lower production, and due to an application to extend the useful life of multiple gas processing facilities, partially offset by favourable adjustments from a 2022 reassessment.

Spartan's average royalty rate of 12.3% for the three months ended December 31, 2023 increased from the average royalty rate of 10.6% in the comparative period primarily as a result of wells coming off of incentive rates for new wells under the Alberta Modern Royalty Framework ("AMRF"). Incentive rates for new wells under the AMRF are a reduced flat rate of 5% applicable to new wells which is in effect for a finite period after a well comes on production. As a result of the Transactions, the Company's primary oil, condensate and NGL wells producing under incentive rates were disposed of leading to increased average oil and condensate royalty rates on the Company's remaining legacy production.

Spartan's average royalty rate of 10.7% for the year ended December 31, 2023 was marginally lower than the average royalty rate of 10.9% in the comparative period due to decreased commodity prices and a favourable GCA recovery of $2.1 million from prior periods. This more than offset the effect of higher royalty rates for new wells coming off incentive rates and higher royalty rates on oil, condensate and NGLs after the Transactions.

PROCESSING AND OTHER REVENUE

	Three months ended December 31			Year ended December 31		
(CA$ thousands, unless otherwise indicated)	**2023**	2022	%	**2023**	2022	%
Processing and other	**2,055**	2,695	(24)	**9,586**	9,306	3
$ per BOE	**0.59**	0.39	51	**0.49**	0.35	40

Processing and other revenue primarily relates to gas processing and other fees earned on third party volumes processed through the Company's facilities. Processing and other revenue per BOE for the three months and year ended December 31, 2023 increased relative to the three months and year ended December 31, 2022 primarily due to decreased volumes following the Transactions.

OPERATING EXPENSES

	Three months ended December 31			Year ended December 31		
(CA$ thousands, unless otherwise indicated)	**2023**	2022	%	**2023**	2022	%
Operating expenses	**18,425**	59,335	(69)	**137,440**	233,250	(41)
$ per BOE	**5.32**	8.64	(38)	**7.08**	8.75	(19)

Operating expenses were $18.4 million ($5.32 per BOE) for the three months ended December 31, 2023, down from $59.3 million ($8.64 per BOE) in the comparative period due to decreased production levels resulting from the Transactions and lower operating expenses per BOE associated with Spartan's remaining asset. Operating expenses per BOE decreased primarily due to the change in Spartan's product mix after closing the Asset Sale as the remaining Deep Basin assets have lower operating costs. The Company also recognized $0.4 million ($0.12 per BOE) of recoveries relating to prior year equalization payments.

Operating expenses were $137.4 million ($7.08 per BOE) for the year ended December 31, 2023, down from $233.3 million ($8.75 per BOE) in the comparative period due to decreased production levels resulting from the Transactions and lower operating expenses per BOE associated with Spartan's remaining assets. Operating expenses per BOE decreased primarily due to the change in Spartan's product mix after closing the Asset Sale as the remaining Deep Basin assets have lower operating costs. Operating costs in the fourth quarter of 2022 were also comparatively high on a unit of production basis due to operated and non-operated workovers, maintenance and major facility turnarounds that added one-time costs to the period.

TRANSPORTATION EXPENSES

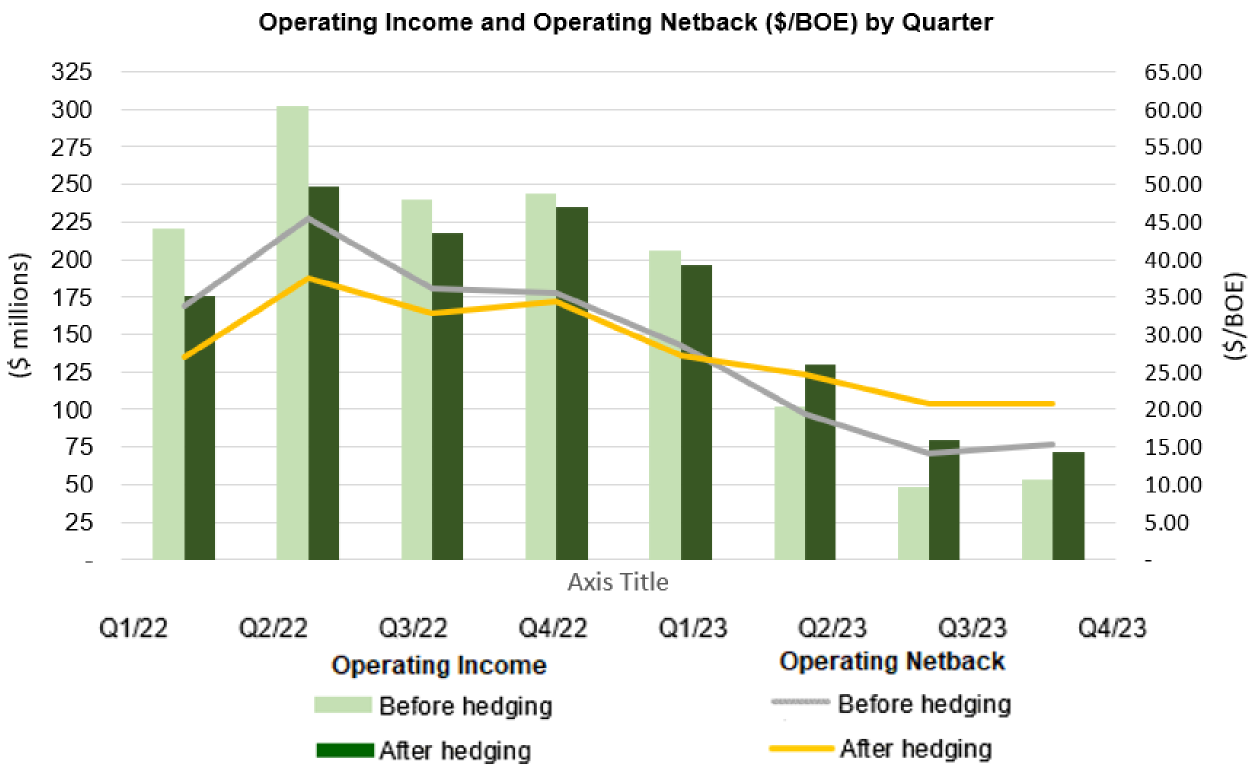
	Three months ended December 31			Year ended December 31		
(CA$ thousands, unless otherwise indicated)	**2023**	2022	%	**2023**	2022	%
Transportation expenses	**5,901**	18,976	(69)	**45,741**	74,620	(39)
$ per BOE	**1.70**	2.76	(38)	**2.36**	2.80	(16)

Transportation expenses of $5.9 million ($1.70 per BOE) and $45.7 million ($2.36 per BOE), respectively, for the three months and year ended December 31, 2023 have decreased from $19.0 million ($2.76 per BOE) and $74.6 million ($2.80 per BOE), respectively, over the comparative periods, reflecting the decreases in production over the comparative periods of 50% and 27%, respectively, and due to a reduced transportation expense per BOE. Transportation expense per BOE decreased over the comparative periods due to the Company's production mix being more heavily gas weighted after closing the Transactions.

OPERATING INCOME AND OPERATING NETBACKS

The Company's field operations generated $53.0 million of Operating Income before hedging during the three months ended December 31, 2023, down 78% from $243.6 million in the fourth quarter of 2022. Softening commodity prices and reduced production resulting from the Transactions were the primary drivers of the reduction in Operating Income over the comparative quarter. Reduced commodity prices had an inverse impact on operating income after hedging with a significant hedging gain in the current quarter compared to a loss in the comparative quarter.

The chart below highlights the changes in Spartan's quarterly Operating Income and Operating Netbacks, before and after hedging, during 2022 and 2023:



The components of Spartan's Operating Netbacks are summarized below. All amounts expressed on a BOE equivalent basis are non-GAAP financial ratios.

	Three months ended December 31			Year ended December 31		
($ per BOE)	**2023**	2022	%	**2023**	2022	%
Oil and gas sales	**24.77**	52.01	(52)	**33.63**	54.90	(39)
Processing and other revenue	**0.59**	0.39	51	**0.49**	0.35	40
Royalties	**(3.05)**	(5.53)	(45)	**(3.58)**	(5.99)	(40)
Operating expenses	**(5.32)**	(8.64)	(38)	**(7.08)**	(8.75)	(19)
Transportation expenses	**(1.70)**	(2.76)	(38)	**(2.36)**	(2.80)	(16)
Operating Netback, before hedging	**15.29**	35.47	(57)	**21.10**	37.71	(44)
Settlements on Commodity Derivative Contracts	**5.41**	(1.19)	(555)	**3.52**	(4.81)	(173)
Net Pipeline Transportation Margin	**-**	-	-	**-**	(0.01)	(100)
Operating Netback, after hedging	**20.70**	34.28	(40)	**24.62**	32.89	(25)

Spartan's Operating Netback before hedging averaged $15.29 per BOE ($20.70 per BOE after hedging) and $21.10 ($24.62 per BOE after hedging), respectively, for the three months and year ended December 31, 2023, down 57% and 44%, respectively, from the comparative periods. The reduction of Operating Netback, before hedging was primarily driven by softening commodity prices and a revision to the product mix which was partially offset by lower royalty rates and reduced operating and transportation expenses per BOE.

Refer to "Non-GAAP Measures" section of this MD&A for definition and disclosures related to operating income and operating netbacks before hedging and after hedging.

GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended December 31			Year ended December 31		
(CA$ thousands, unless otherwise indicated)	**2023**	2022	%	**2023**	2022	%
Salaries and benefits	**4,755**	8,410	(43)	**22,995**	27,840	(17)
Other G&A expenses	**2,413**	3,595	(33)	**11,069**	15,267	(27)
Change in expected credit loss provision	**(220)**	-	-	**(315)**	590	(153)
Subtotal, before recoveries ("**Gross G&A**") (1)	**6,948**	12,005	(42)	**33,749**	43,697	(23)
Overhead recoveries	**(1,830)**	(4,552)	(60)	**(11,323)**	(15,162)	(25)
Capitalized G&A	**(375)**	(750)	(50)	**(2,247)**	(3,000)	(25)
G&A expenses ("**Net G&A**") (1)	**4,743**	6,703	(29)	**20,179**	25,535	(21)
Gross G&A ($ per BOE)	**2.01**	1.75	15	**1.74**	1.64	6
Net G&A ($ per BOE)	**1.37**	0.98	40	**1.04**	0.95	9

(1) The subtotal of "Gross G&A" before recoveries and the term "Net G&A" are provided in this table to supplement the discussion below. The terms do not have a standardized meaning under IFRS Accounting Standards and may not be directly comparable to other issuers.

Net G&A expenses were $4.7 million ($1.37 per BOE) and $20.2 million ($1.04 per BOE), respectively, during the three months and year ended December 31, 2023, decreasing from $6.7 million ($0.98 per BOE) and $25.5 million ($0.95 per BOE), respectively, in the corresponding periods of 2022. G&A decreased primarily due to lower activity levels following the Transactions.

G&A expenses are reported net of operating and capital overhead recoveries and capitalized G&A. Together, total overhead recoveries and capitalized G&A are $2.2 million and $13.6 million, respectively, for the three months and year ended December 31, 2023, compared to $5.3 million and $18.2 million in the comparative periods of 2022. The decrease in overhead recoveries is relatively in line with the decrease in capital expenditures over the comparative periods.

SHARE-BASED COMPENSATION

	Three months ended December 31			Year ended December 31		
(CA$ thousands, unless otherwise indicated)	**2023**	2022	%	**2023**	2022	%
Stock options	**22**	678	(97)	**2,150**	2,975	(28)
Share awards	**2,265**	3,222	(30)	**27,998**	10,391	169
Capitalized share-based compensation (1)	**-**	(371)	(100)	**(480)**	(1,037)	(54)
Share-based compensation expense	**2,287**	3,529	(35)	**29,668**	12,329	141
$ per BOE	**0.66**	0.51	29	**1.53**	0.46	233

(1) A portion of SBC expense is capitalized on the same basis as the Company's policy for capitalized G&A.

On March 28, 2023, Spartan announced that the Board approved the accelerated vesting of all outstanding RSAs and outstanding options, conditional upon the closing of the Asset Sale which occurred on May 10, 2023. The Board also announced its intention to cash settle all RSAs currently granted under the share award incentive plan and, as such, the outstanding RSAs as at May 10, 2023 ("**Cash Settled RSAs**") were accounted for as a liability in the Consolidated Statement of Financial Position. All RSAs granted subsequent to the Transaction are intended to be equity settled ("**Equity Settled RSAs**").

As part of the Company's long-term incentive ("**LTI**") plans, stock options and share awards may be granted to officers, directors, employees and consultants. During 2023, Spartan granted 1.3 million Equity Settled RSAs and 0.1 million stock options with an average exercise price of $4.32. During 2022, the Company granted 2.4 million RSAs and 0.8 million stock options with an average exercise price of $8.29 per share. As at December 31, 2023, there are 0.1 million stock options outstanding,1.3 million Equity Settled RSAs outstanding. All Cash Settled RSAs were settled in December of 2023.

Share-based compensation ("**SBC**") expense is recognized over the three-year vesting period using graded amortization. SBC expense was $2.3 million and $29.7 million, respectively, for the three months and year ended December 31, 2023, down $1.2 million and up $17.3 million, respectively, over the corresponding periods of 2022. The decrease in share-based compensation over the three month period is primarily due to a lower corporate head count after the Transactions. The increase in SBC for the year ended December 31, 2023 is primarily due to a revaluation of the SBC liability resulting from accelerated vesting which occurred contemporaneous with the Asset Sale ($nil and $5.2 million, respectively), mark-to-market adjustments of the share-based compensation liability from the modification date until the final exercise price was set on May 19, 2023 ($nil and $7.2 million, respectively), and recognition of the vested liability over accelerated period ($1.5 million and $16.0 million, respectively). Mark-to-market adjustments were required as the Company settled all of its Cash Settled RSAs outstanding on the acceleration date which resulted in period specific revaluations based on changes in Spartan's volume weighted average trading price. All subsequent rewards are to be equity settled. New Equity Settled RSAs were issued in the third quarter of 2023 and a total of $0.8 million and $1.3 million, respectively, of share-based compensation for the three months and year ended December 31, 2023 were related to these new awards.

FINANCING

	Three months ended December 31			Year ended December 31		
(CA$ thousands, unless otherwise indicated)	**2023**	2022	%	**2023**	2022	%
Interest and fees on debt	**10,134**	5,961	70	**37,616**	25,967	45
Interest income	**(3,828)**	(712)	438	**(23,715)**	(741)	nm
Cash Financing Expense (1)	**6,306**	5,249	20	**13,901**	25,226	(45)
Financing cost of lease liabilities	**530**	667	(21)	**2,380**	2,862	(17)
Accretion of decommissioning obligations	**505**	971	(48)	**2,759**	3,515	(22)
Financing expense	**7,341**	6,887	7	**19,040**	31,603	(40)
Cash Financing Expenses ($ per BOE) (1)	**1.82**	0.76	139	**0.72**	0.94	(23)
Financing expense ($ per BOE)	**2.12**	1.00	112	**0.98**	1.18	(17)
Average debt outstanding in period (2)	**146,578**	150,000	(2)	**149,171**	273,417	(45)

(1) References to “Cash Financing Expenses” in this MD&A refer to "interest expense, net of interest income”. See “Non-GAAP Measures and Ratios”.

(2) Average of the actual daily balances of Credit Facility (defined herein) and Term Facility borrowed during the respective periods.

Spartan generated Free Funds Flow to significantly reduce its Net Debt to $75.3 million at December 31, 2023, down from $138.4 million at December 31, 2022. The Company’s Net Debt includes $44.5 million of debt outstanding on its Credit Facility (defined herein) and a working capital deficit. On December 29, 2023, Spartan fully repaid the $150 million outstanding balance of its Term Facility.

Cash Financing Expense was $6.3 million ($1.82 per BOE) and $13.9 million ($0.72 per BOE), respectively, for the three months and year ended December 31, 2023, compared to expenses of $5.2 million ($0.76 per BOE) and $25.2 million ($0.94 per BOE), respectively in the same periods of 2022. These changes reflect increased interest income, partially offset by higher borrowing costs driven by rising interest rates and the amortization of a make-whole premium applied to the Company’s Term Facility. Spartan earned interest income on cash deposits of $3.8 million and $23.7 million, respectively, during the three months and year ended December 31, 2023 due to a higher cash balance than prior year and due to proceeds of the Asset Sale being held in an interest bearing GIC and a high interest savings account until distributed. The early repayment of the Term Facility included a make-whole premium which was recorded as interest and fees on debt in the amount of $4.0 million and $12.0 million, respectively, for the three months and year ended December 31, 2023.

The Company’s cash deposits, GIC, and Credit Facility (defined herein) bear floating interest rates and Canadian benchmark interest rates have risen sharply in response to high inflation in 2022 and 2023. Over the course of 2023, the Bank of Canada increased its benchmark interest rate by a total of 75 basis points. Over the course of 2022, the Bank of Canada increased its benchmark interest rate by a total of 400 basis points. (see also, “Risks and Uncertainties – Interest Rate Risk”). Additional information regarding the Company’s debt and credit facilities is provided under the heading “Capital Resources and Liquidity”.

Spartan has various lease contracts in place for compression equipment, facilities, office buildings and vehicles. The Company’s total lease liability is $35.2 million as at December 31, 2023 (December 31, 2022 - $45.5 million). The financing cost of lease liabilities for the three months and year ended December 31, 2023 is slightly lower than the comparative periods at approximately $0.5 million and $2.4 million, respectively (December 31, 2022 - $0.7 million and $2.9 million, respectively), reflecting the pay down of the Company’s total lease liability over the comparative period and leases disposed in the Transactions.

Financing expense also includes non-cash accretion of decommissioning obligations. Accretion has decreased relative to the comparative period for the three months and year ended December 31, 2023, reflecting dispositions due to the Transactions.

EXPLORATION AND EVALUATION (“E&E expense”)

	Three months ended December 31			Year ended December 31		
(CA$ thousands, unless otherwise indicated)	**2023**	2022	%	**2023**	2022	%
Expired mineral leases	**180**	5,369	(97)	**193**	6,961	(97)
Impairment of E&E	**-**	-	nm	**21,017**	-	nm
Total E&E expense	**180**	5,369	(97)	**21,210**	6,961	205
Total E&E expense ($ per BOE)	**0.05**	0.78	(94)	**1.09**	0.26	319

E&E expense includes impairment losses of $nil and $21.0 million, respectively, for the three months and year ended December 31, 2023. Impairment expense of $21.0 million for the year related to E&E assets associated with the Spin-Out. These assets have not been a recent development focus of Spartan and were written down to fair value based on an independent third-party land valuation for the Flatrock property, combined with recent land purchases.

DEPLETION, DEPRECIATION AND IMPAIRMENT (“DD&I”)

	Three months ended December 31			Year ended December 31		
(CA$ thousands, unless otherwise indicated)	**2023**	2022	%	**2023**	2022	%
Depletion and depreciation of PP&E	**22,275**	55,891	(60)	**128,106**	194,712	(34)
Depreciation of ROU Assets	**2,203**	2,304	(4)	**9,316**	9,456	(1)
Depletion and depreciation	**24,478**	58,195	(58)	**137,422**	204,168	(33)
Impairment of PP&E	**499**	-	nm	**11,245**	-	nm
Total DD&I expense	**24,977**	58,195	(57)	**148,667**	204,168	(27)
Depletion and depreciation ($ per BOE)	**7.06**	8.47	(17)	**7.08**	7.65	(7)
Total DD&I expense ($ per BOE)	**7.21**	8.47	(15)	**7.66**	7.65	-

The Company reported depletion and depreciation (“**D&D**”) expense of $24.5 million ($7.06 per BOE) and $137.4 million ($7.08 per BOE), respectively, for the three months and year ended December 31, 2023, down 58% and 33%, respectively, from the comparative periods of 2022.

The decrease in D&D expense per BOE for the three months ended December 31, 2023 is a result of the Transactions as the Company’s Montney assets disposed carried a higher capital cost per BOE than the Company’s continuing Deep Basin assets.

Impairment

For the three months and year ended December 31, 2023, DD&I expense includes an impairment expense of $0.5 million and $11.2 million, respectively, on the Logan Assets. Impairments for the year ended December 31, 2023 were the result of assets held for distribution in relation to the Spin-Out, which are required to be carried at fair value. The recoverable amounts were based on the assets fair value less costs of disposal (“**FVLCD**”) calculated using the present value of the expected future cash flows discounted at 13% after tax. Further impairments in the quarter related to post-close adjustments. No indication of impairment was identified for the PP&E assets related to the Asset Sale. No further indication of impairment was identified for the PP&E assets at December 31, 2023.

See Note 2, Note 7 and Note 8 of the Annual Financial Statements for the three months and year ended December 31, 2023 for further information regarding the estimation of recoverability of asset carrying values at December 31, 2023.

As at December 31, 2022, there were no indicators of impairment and no impairment charges recorded at the cash generating unit level.

OTHER INCOME (EXPENSES)

(CA$ thousands)	Three months ended December 31 **2023**	2022	Year ended December 31 **2023**	2022
Gain (loss) on sale of assets	**(1,272)**	413	**543,205**	2,101
Write down of other non-current assets	**-**	-	**-**	(7,500)
Transaction costs	**500**	43	**(18,304)**	(143)
Other income (expense)	**(415)**	15,473	**2,778**	20,310
Foreign exchange gain (loss)	**(348)**	213	**(576)**	1,098
Other income, net of other expenses	**(1,535)**	16,142	**527,103**	15,866

Gain on sale of assets for the year ended December 31, 2023 primarily relates to a gain resulting from the Asset Sale.

Gain (loss) on sale of assets for the three months and year ended December 31, 2023 primarily relates to the gain on sale and post-close purchase price adjustments related to the Asset Sale.

Write down of other non-current assets in the comparative year includes a write down of other non-current assets of $7.5 million related to indemnification assets recognized in the purchase price allocation for the acquisition of Inception Exploration Ltd.

Transaction costs for the three months and year ended December 31, 2023 of $0.5 million recovery and $18.3 million expense, respectively, mainly related to advisory and legal fees resulting from the Asset Sale and the Spin-Out.

Other income (expense) for the year ended December 31, 2023 primarily includes funding of $3.1 million earned through the Alberta provincial government Site Rehabilitation Program ("**SRP**") for certain abandonment and reclamation projects completed during 2023, net of lease modification amounts expensed, as compared to the prior period's other income which included $5.3 million of SRP funding (see also, "Decommissioning Obligations), a gain of $14.3 million recognized on completion and transfer of title of an infrastructure construction project during the fourth quarter of 2022, and $0.6 million of other gains.

INCOME TAXES

(CA$ thousands, unless otherwise indicated)	Three months ended December 31 **2023**	2022	Year ended December 31 **2023**	2022
Current income tax	**-**	-	**-**	-
Deferred income tax expense (recovery)	**(79,610)**	47,250	**88,192**	28,939
Effective tax rate	**(257.0%)**	23.6%	**11.7%**	4.1%

The Company reported a deferred income tax recovery of $79.6 million and expense of $88.2 million, respectively, during the three months and year ended December 31, 2023 compared to an expense of $47.3 million and $28.9 million in the comparative periods of 2022. For the three months ended December 31, 2023, a section 66.7 election was confirmed as processed with the CRA, resulting in the recognition of $348.1 million in previously unrecognized tax pools, resulting in a deferred tax recovery of $80.0 million.

Spartan's effective tax rate was (257.0%) and 11.7%, respectively, for the three months and year ended December 31, 2023. Spartan's tax rate for the three months and year ended December 31, 2023 differs from the combined federal and Alberta provincial statutory rate of 23% primarily due to the recognition of previously unrecognized pools from a section 66.7 election and non-deductible expenses relating to share-based compensation expense and released share awards.

Spartan was not required to pay income taxes in the current or prior period as the Company had sufficient income tax deductions available to shelter taxable income. As at December 31, 2023, Spartan has a deferred income tax asset of $40.6 million, down from a $120.0 million asset at December 31, 2022. This change is relatively in proportion to the

$88.2 million deferred tax expense for the year ended, offset by an $8.8 million deferred tax asset recognized upon modification of Spartan's share awards.

As at December 31, 2023, total available tax pools are estimated to be approximately $641.3 million as summarized in the table below.

(CA$ millions, unless otherwise indicated)	Rate [(1)]	**December 31, 2023**	December 31, 2022
Canadian oil and gas property expenses (COGPE)	10%	**19.1**	158.9
Canadian development expenses (CDE)	30%	**216.2**	457.0
Undepreciated capital cost (UCC) [(2)]	25%	**1.4**	185.9
Share issue costs (SIC)	5 years	**6.6**	10.3
Non-capital losses (NCL) and other [(3)]	100%	**398.0**	1,246.0
Total available tax pools (estimate) [(4)]		**641.3**	2,058.1

(1) The deduction rates shown represent the maximum annual deduction permitted on a declining balance basis, except for share issue costs which are deductible on a straight-line basis over 5 years.

(2) The majority of the UCC balance relates to Class 41 assets which are deductible at 25% per year.

(3) NCLs expire in years 2039 to 2041.

(4) The estimate of "available" tax pools is net of valuation allowances and excludes certain successored resource deductions inherited through acquisitions which are not expected to be available for use by Spartan at this time.

NET INCOME AND COMPREHENSIVE INCOME

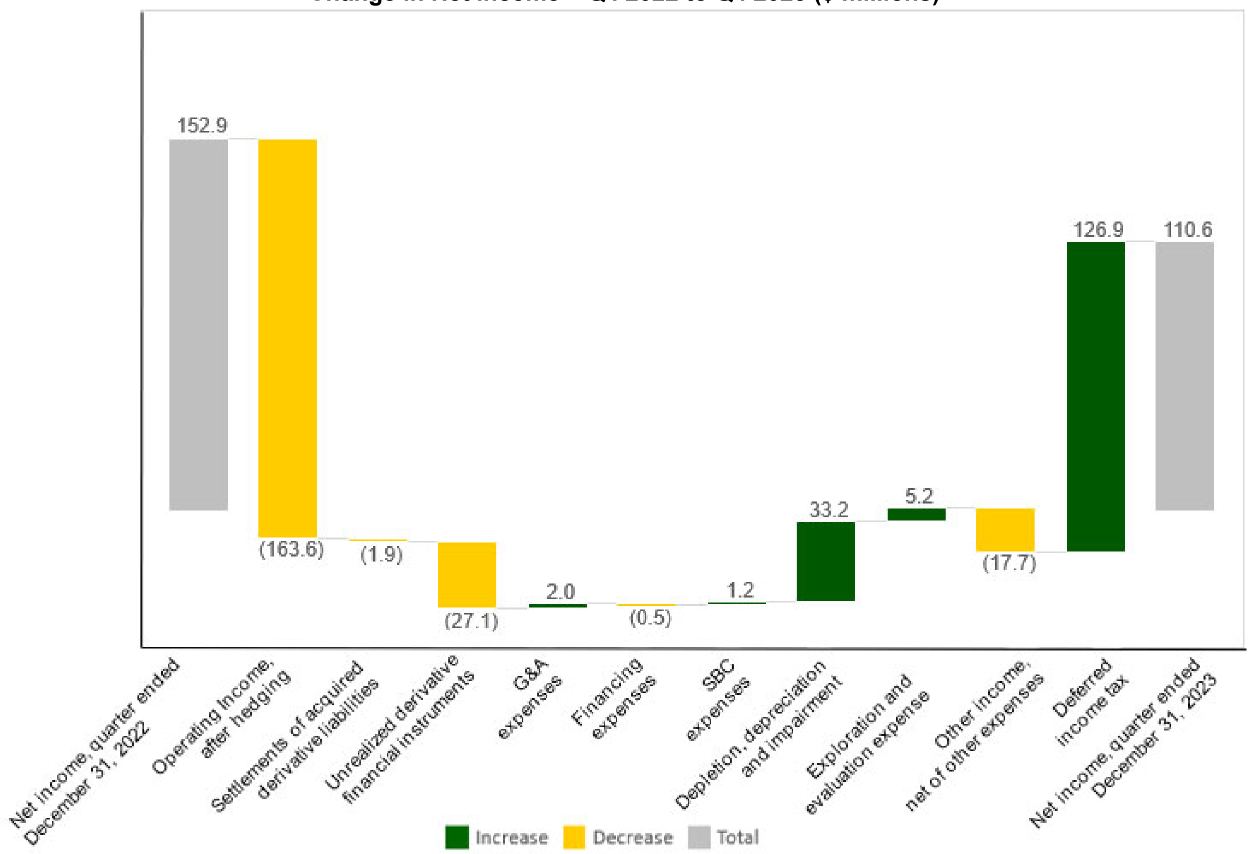
	Three months ended December 31			Year ended December 31		
(CA$ thousands, unless otherwise indicated)	**2023**	2022	%	**2023**	2022	%
Revenue	**77,324**	321,884	(76)	**592,795**	1,315,260	(55)
Expenses	**(63,854)**	(158,994)	(60)	**(421,945)**	(590,184)	(29)
Income before derivatives, other items and taxes [(1)]	**13,470**	162,890	(92)	**170,850**	725,076	(76)
Gain (loss) on derivative financial instruments	**19,039**	21,137	(10)	**53,346**	(30,917)	273
Other income, net of other expenses [(2)]	**(1,535)**	16,142	(110)	**527,103**	15,866	nm
Income before income taxes	**30,974**	200,169	(85)	**751,299**	710,025	6
Deferred income tax expense (recovery)	**(79,610)**	47,250	(268)	**88,192**	28,939	205
Net income and comprehensive income	**110,584**	152,919	(28)	**663,107**	681,086	(3)
WA Shares outstanding – basic (000s)	**173,201**	160,807	8	**172,529**	156,136	10
WA Shares outstanding – diluted (000s)	**173,403**	175,853	(1)	**173,494**	175,483	(1)
Net income $ per share – basic	**0.64**	0.95	(33)	**3.84**	4.36	(12)
Net income $ per share – diluted	**0.64**	0.87	(26)	**3.82**	3.88	(2)

(1) The subtotal "income before derivatives, other items and taxes" is provided to supplement the discussion below. It does not have a standardized meaning under IFRS Accounting Standards and may not be directly comparable to other issuers.

(2) Net income reported each period is impacted by other items in addition to the profit or loss generated by the Company's routine development and production operations. These other items primarily relate to A&D activities and are described under the heading "Other Income (Expenses)" in this MD&A.

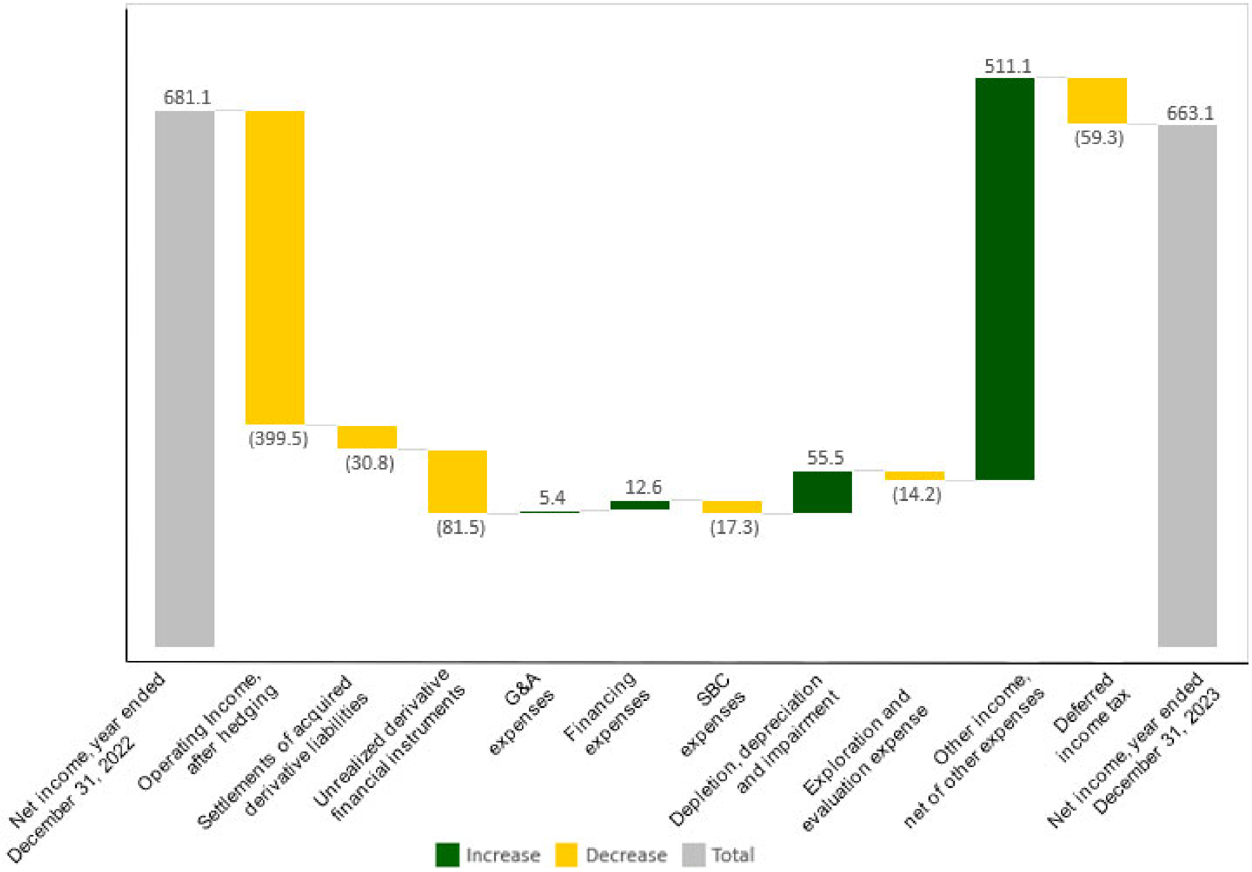
The chart below summarizes the components of the change in net income from the three months ended December 31, 2022 to the three months ended December 31, 2023, using the change in Operating Income after hedging as the starting point.

Change in Net Income – Q4 2022 to Q4 2023 ($ millions)



Spartan reported net income of $110.6 million ($0.64 per share, diluted) for the fourth quarter of 2023, down 28% from $152.9 million ($0.87 per share, diluted) in the same quarter of 2022. The decrease in net income is primarily the result of reduced operating income resulting from the Transactions, unfavourable changes in derivative financial instruments as a result of quarter over quarter fluctuations in commodity prices, and a decrease of other income resulting from a capital gain on an infrastructure project recorded in the comparative period, partially offset by changes in deferred income taxes which were in a recovery position in the current period and reductions in DD&A resulting from the Transactions.

The chart below summarizes the components of the change in net income for the years ended December 31, 2022 to December 31, 2023, using the change in Operating Income, after hedging as the starting point:



CASH PROVIDED BY OPERATING ACTIVITIES AND ANALYSIS OF OTHER NON-GAAP MEASURES

The tables in this section outline the components of the Company's cash provided by operating activities as well as the average Netback ($ per BOE) for each component. The subtotals provided in the table for Operating Income, Funds from Operations and Adjusted Funds Flow are used by Spartan as key performance measures but are not intended to replace cash provided by operating activities, net income or other measures of financial performance calculated in accordance with IFRS Accounting Standards. Refer to advisories under "Non-GAAP Measures and Ratios".

Fourth quarter of 2023 compared to Fourth quarter of 2022 (1)

Amounts are CA$ millions ($MM), except as noted	**Q4/23**	Q4/22	Change (1)		**Q4/23**	Q4/22	
	$MM	$MM	$MM	%	**$/BOE**	$/BOE	%
Oil and gas sales, net of royalties	**75.3**	319.2	(243.9)	(76)	**21.72**	46.48	(53)
Processing and other revenue	**2.1**	2.7	(0.6)	(24)	**0.59**	0.39	51
Operating expenses	**(18.4)**	(59.3)	40.9	(69)	**(5.32)**	(8.64)	(38)
Transportation expenses	**(5.9)**	(19.0)	13.1	(69)	**(1.70)**	(2.76)	(38)
Operating Income / Netback, before hedging (2)	**53.0**	243.6	(190.6)	(78)	**15.29**	35.47	(57)
Settlements on Commodity Derivative Contracts (2)(3)	**18.7**	(8.2)	26.9	(328)	**5.41**	(1.19)	(555)
Operating Income / Netback, after hedging (2)	**71.7**	235.4	(163.6)	(70)	**20.70**	34.28	(40)
G&A expenses	**(4.7)**	(6.7)	2.0	(29)	**(1.37)**	(0.98)	40
Interest expense	**(6.3)**	(5.2)	(1.1)	20	**(1.82)**	(0.76)	139
Financing cost of lease liabilities	**(0.5)**	(0.7)	0.1	(21)	**(0.15)**	(0.10)	50
Realized foreign exchange gain (loss)	**0.2**	(0.1)	0.2	(382)	**0.05**	(0.01)	(600)
Other income	**-**	14.3	(14.3)	(100)	**-**	2.08	(100)
Settlement of decommissioning obligations	**(2.3)**	(1.9)	(0.4)	20	**(0.66)**	(0.28)	136
Transaction costs	**0.5**	-	0.5	nm	**0.14**	0.01	nm
Funds from Operations (2)	**58.5**	235.1	(176.6)	(75)	**16.89**	34.24	(51)
Change in non-cash working capital	**(7.2)**	(34.8)	27.5	(79)	**(2.09)**	(5.06)	(59)
Cash provided by operating activities	**51.3**	200.4	(149.1)	(74)	**14.80**	29.18	(49)
Funds from Operations (2)	**58.5**	235.1	(176.6)	(75)	**16.89**	34.24	(51)
Add back: transaction costs	**(0.5)**	-	(0.5)	nm	**(0.14)**	(0.01)	nm
Deduct: lease payments	**(2.3)**	(2.2)	(0.1)	3	**(0.67)**	(0.32)	109
Adjusted Funds Flow (2)	**55.7**	232.8	(177.1)	(76)	**16.08**	33.91	(53)
Adjusted Funds Flow per share (2)							
Basic ($ per common share)	**0.32**	1.45					
Diluted ($ per common share)	**0.32**	1.31					

(1) Table may not add due to rounding into millions of dollars. Changes are calculated based on unrounded amounts.

(2) Refer to "Non-GAAP Measures" section of this MD&A.

(3) Includes the realized gain (loss) on derivative financial instruments for the three months ended December 31, 2023 and 2022, adjusted for the loss on settlements of $3.9 million and $5.8 million, respectively, of derivative liabilities acquired in connection with the Velvet Acquisition.

Spartan generated $71.7 million of operating income, after hedging for the three months ended December 31, 2023, down $163.6 million, or 70% compared to the fourth quarter of 2022. The decrease in operating income reflects reduced volumes resulting from the Transactions and declining commodity prices, partially offset by reduced operating and transportation expenses and gains on settlements of commodity derivative contracts which were in a loss position in the comparative period.

Spartan generated $58.5 million of Funds from Operations for the three months ended December 31, 2023, down $176.6 million or 75% compared to the fourth quarter of 2022. The decrease in Funds from Operations is driven by lower Operating Income resulting from the Transactions and reduced other income due to a prior period capital gain on an infrastructure project, partially offset by lower G&A expense in the current quarter. Cash expenditures to settle decommissioning obligations of $2.3 million in the fourth quarter of 2023 were slightly higher than $1.9 million incurred in the prior year quarter.

Adjusted Funds Flow was $55.7 million for the fourth quarter of 2023 after deducting $2.3 million of lease payments and $0.5 million of transaction cost recoveries from Funds from Operations, resulting in Adjusted Funds Flow of $0.32 per share on a diluted basis.

Spartan's cash provided by operating activities was $51.3 million for the three months ended December 31, 2023, which was less than Funds from Operations due to the net change in non-cash working capital during the quarter. The change in non-cash working capital varies each period based on seasonal changes in corporate activity levels, the impact of production levels and commodity prices on accrued revenue receivable, and timing of processing payments, among other factors. In the fourth quarter of 2023, the net increase in non-cash operating working capital of $27.5 million is primarily due to decreases in accounts receivable net of decreases in accounts payable primarily due to reduced operating income following the Transactions.

Year Ended December 31, 2023 compared to Year Ended December 31, 2022 [(1)]

Amounts are CA$ millions ($MM), except as noted	**2023**	2022	Change (1)		**2023**	2022	
	$MM	$MM	$MM	%	**$/BOE**	$/BOE	%
Oil and gas sales, net of royalties	**583.2**	1,304.6	(721.4)	(55)	**30.05**	48.91	(39)
Processing and other revenue	**9.6**	9.3	0.3	3	**0.49**	0.35	40
Operating expenses	**(137.4)**	(233.3)	95.8	(41)	**(7.08)**	(8.75)	(19)
Transportation expenses	**(45.7)**	(74.6)	28.9	(39)	**(2.36)**	(2.80)	(16)
Operating Income / Netback, before hedging (2)	**409.6**	1,006.0	(596.4)	(59)	**21.10**	37.71	(44)
Settlements on Commodity Derivative Contracts (2)(3)	**68.3**	(128.3)	196.6	(153)	**3.52**	(4.81)	(173)
Net Pipeline Transportation Margin (2)	**-**	(0.4)	0.4	(100)	**-**	(0.01)	(100)
Operating Income / Netback, after hedging (2)	**477.9**	877.4	(399.5)	(46)	**24.62**	32.89	(25)
G&A expenses	**(20.2)**	(25.5)	5.4	(21)	**(1.04)**	(0.95)	9
Interest expense	**(13.9)**	(25.2)	11.3	(45)	**(0.72)**	(0.94)	(23)
Financing cost of lease liabilities	**(2.4)**	(2.9)	0.5	(17)	**(0.12)**	(0.11)	9
Realized foreign exchange gain (loss)	**(0.4)**	0.9	(1.3)	(144)	**(0.02)**	0.03	(167)
Other income	**0.1**	15.1	(15.0)	(99)	**-**	0.56	(100)
Settlement of decommissioning obligations	**(6.4)**	(5.0)	(1.4)	27	**(0.33)**	(0.19)	74
Transaction costs	**(18.3)**	(0.1)	(18.2)	nm	**(0.94)**	-	nm
Funds from Operations (2)	**416.5**	834.6	(418.1)	(50)	**21.45**	31.29	(31)
Change in non-cash working capital	**59.2**	(39.2)	98.4	251	**3.05**	(1.47)	(307)
Cash provided by operating activities	**475.7**	795.4	(319.7)	(40)	**24.50**	29.82	(18)
Funds from Operations (2)	**416.5**	834.6	(418.1)	(50)	**21.45**	31.29	(31)
Add back: transaction costs	**18.3**	0.1	18.2	nm	**0.94**	-	nm
Deduct: lease payments	**(9.6)**	(9.1)	(0.5)	6	**(0.49)**	(0.34)	44
Adjusted Funds Flow (2)	**425.2**	825.7	(400.5)	(49)	**21.90**	30.95	(29)
Adjusted Funds Flow per share (2)							
Basic ($ per common share)	**2.46**	5.29					
Diluted ($ per common share)	**2.45**	4.66					

(1) Table may not add due to rounding into millions of dollars. Changes are calculated based on unrounded amounts.

(2) Refer to "Non-GAAP Measures" section of this MD&A.

(3) Includes the realized gain (loss) on derivative financial instruments for the year ended December 31, 2023 and 2022, adjusted for the loss on settlements of derivative liabilities of $11.1 million and $40.0 million, respectively, acquired in connection with the Velvet Acquisition.

Spartan's Adjusted Funds Flow of $425.2 million for the year ended December 31, 2023 decreased by 49% from $825.7 million in the same period of 2022. The decrease in cash provided by operating activities and Funds from Operations is driven by lower Operating Income and increased transaction costs, partly offset by hedging gains, interest income, and the favourable change in non-cash working capital. The change in cash provided by operating activities was higher than funds from operations due to an increase in the change in non-cash working capital.

CASH USED IN (PROVIDED BY) INVESTING ACTIVITIES AND CAPITAL EXPENDITURES (DISPOSITIONS)

The Company's operational focus is on organic growth by investing in the development of its asset base.

The following table summarizes Spartan's Capital Expenditures (Dispositions) during the three months and year ended December 31, 2023 and 2022. The term Capital Expenditures (Dispositions) does not have a standardized meaning under IFRS Accounting Standards and may not be directly comparable to measures used by other companies. The most directly comparable GAAP measure is cash used in (provided by) investing activities which was $51.3 million and $475.7 million provided by for the three months and year ended December 31, 2023, respectively (refer to reconciliation provided under the heading "Non-GAAP Measures and Ratios").

CAPITAL EXPENDITURES (DISPOSITIONS)	Three months ended December 31			Year ended December 31		
(CA$ thousands)	**2023**	2022	%	**2023**	2022	%
Land and seismic	**2,868**	11,927	(76)	**13,904**	17,255	(19)
Drilling and completion	**23,872**	121,831	(80)	**209,180**	330,555	(37)
Facilities, pipeline and well equipment	**4,078**	23,003	(82)	**65,374**	75,999	(14)
Production optimization and other assets	**731**	1,639	(55)	**4,340**	7,348	(41)
Capitalized G&A	**375**	750	(50)	**2,247**	3,000	(25)
Capital Expenditures before A&D (1)	**31,924**	159,150	(80)	**295,045**	434,157	(32)
Acquisitions	**32,477**	560	nm	**34,353**	6,463	432
Dispositions	**184**	(329)	(156)	**(1,704,550)**	(1,280)	nm
Capital Expenditures (Dispositions) (1)	**64,585**	159,381	(59)	**(1,375,152)**	439,340	(413)

(1) Refer to "Non-GAAP Measures and Ratios" for the reconciliation to cash used in (provided by) investing activities.

Capital Expenditures before A&D were $295.0 million for the year ended December 31, 2023. The majority of capital expenditures over 2023 were incurred to drill, complete and equip new wells in the Montney and Deep Basin. The Company also completed production optimization projects and expanded its opportunity set by shooting seismic in its core areas. The Company's exploration and development capital expenditures were fully funded by cash provided by operating activities during the current and prior periods.

Capital Expenditures before A&D were $31.9 million for the three months ended December 31, 2023. In the Deep Basin, Spartan's fourth quarter drilling program included drilling 6 (5.3 net) wells which were drilled in the Falher B, Falher D, Wilrich and Notikewin Formations. A total of 7 (6.5 net) Deep Basin wells were completed in the fourth quarter (including 2.0 net well drilled in the third quarter of 2023) and 7 (6.5 net) wells were brought on production (including 2.0 net wells drilled in the second quarter of 2023).

The capital dispositions of $1.7 billion related to oil weighted Montney assets that were sold to Crescent Point in the Asset Sale. Assets conveyed to Logan in the Spin-Out was a non-cash disposition, and therefore did not effect cash used in (provided by) investing activities. The Crescent Point disposition resulted in a net gain of $543.1 million.

DRILLING ACTIVITY	Three months ended December 31		Year ended December 31	
Number of Net Wells	**2023**	2022	**2023**	2022
Drilled (1)	**5.3**	16.4	**34.8**	45.2
Completed	**6.5**	19.9	**31.9**	47.2
On production	**6.5**	17.5	**31.3**	43.9
Service/disposal (1)	**-**	-	**1.0**	2.0

(1) Wells are counted as drilled based on the rig release date.

Other acquisitions and dispositions

The Company continuously seeks to optimize its asset base through strategic tuck-in acquisitions and non-core property dispositions. During the fourth quarter of 2023, Spartan completed a series of asset acquisitions (collectively, the “Acquisitions”) in the Duvernay. The Acquisitions include undeveloped land, 3D seismic, and approximately 400 BOE/d of Duvernay production. Total consideration for the Acquisitions were $32.5 million, and total acquisitions completed in 2023 was $34.4 million, comprised of cash consideration after closing adjustments.

- On November 1, 2023, Spartan closed an acquisition of producing crude oil and natural gas properties, undeveloped land and seismic for cash consideration of $17.7 million after closing adjustments (the “Gilby Acquisition”).
- On November 28, 2023, Spartan closed an acquisition of producing crude oil and natural gas assets and undeveloped land for cash consideration of $7.6 million after closing adjustments (the “Pembina Acquisition”).
- On December 15, 2023, Spartan closed an acquisition of undeveloped land located at Willesden Green, Alberta, for cash consideration of $7.1 million after closing adjustments (included in “Other”). This acquisition does not meet the definition of a business combination and has been accounted for under IFRS 3 as an asset acquisition.
- The Company completed other minor acquisitions during the year ended December 31, 2023 for total cash consideration of $2.0 million.

The following table summarizes the aggregate consideration paid for acquisitions during the year ended December 31, 2023, and the estimated fair value of the net identifiable assets acquired on the respective acquisition dates:

2023 ACQUISITIONS

(CA$ thousands)	**Gilby**	**Pembina**	**Other**	**Total**
Consideration, after adjustments	**17,702**	**7,595**	**9,056**	**34,353**
Exploration and evaluation assets	10,765	1,922	8,683	**21,370**
Property, plant and equipment	8,218	7,126	373	**15,717**
Decommissioning obligations (1)	(1,281)	(1,453)	-	**(2,734)**
Fair value of net assets acquired (2)	**17,702**	**7,595**	**9,056**	**34,353**
Acquisition closing date	November 1	November 28	Various	
Average production acquired (BOE/d) (3)	257	143	-	
% liquids (3)	63%	63%	-	

(1) The aggregate fair value of decommissioning obligations acquired of $2.7 million was estimated by discounting the inflated cost estimates using “credit-adjusted risk-free rates” ranging from 8.35% to 8.71% on the respective closing dates of the acquisitions. Subsequent remeasurement of the decommissioning obligations acquired at a risk-free rate under Spartan’s accounting policy resulted in an increase in the present value of decommissioning obligations acquired from $2.7 million to $5.0 million in aggregate.

(2) The fair values of identifiable assets and liabilities acquired on acquisition are based on management’s best estimates based on information available at the time of preparing the Annual Financial Statements. The reader is cautioned that future revisions to these estimates over the measurement period (one year from the respective closing dates) could result in a material change from the amounts reported herein.

(3) Based on average production volumes at the time of closing of the respective acquisitions.

The Gilby and Pembina Acquisitions were determined to constitute business combinations in accordance with IFRS 3 and the PP&E acquired was valued using FVLCD methodology (Level 3 fair value measurement) using the present value of the expected future cash flows after-tax. The expected future cash flows used in the FVLCD calculations were derived from reserve reports on the acquired oil and gas reserves and were prepared by an independent qualified reserve evaluator. The cash flow estimates derived from the independent reserve reports were internally updated to be more representative of Spartan’s anticipated development plan for the acquired assets.

During the year ended December 31, 2022, the Company completed minor property acquisitions, primarily for undeveloped land, for cash consideration of $0.7 million net of $0.2 million of proceeds from favourable closing adjustments on property acquisitions completed in the previous year. The Company also received $1.3 million of aggregate cash proceeds on minor property dispositions which resulted in a gain on sale of assets of $2.1 million primarily as a result of disposing of associated decommissioning liabilities.

DECOMMISSIONING OBLIGATIONS

As at December 31, 2023, the Company's total decommissioning obligations are estimated to be $73.0 million, of which $3.7 million are expected to be settled over the next twelve months. During 2023, the total carrying amount of decommissioning obligations decreased by $55.6 million from $128.6 million at December 31, 2022. This change is primarily attributed to obligations disposed in the Transactions and obligations settled in Spartan's 2023 abandonment and reclamation program, partially offset by obligation acquired and changes in estimates. New obligations incurred by drilling in the year ended December 31, 2023 were more than offset by settlements.

Spartan is committed to environmental stewardship and has a proactive program to address its decommissioning obligations. The Company seeks to maintain a strong Liability Management Rating ("**LMR**") and to obtain a strong Licensee Capability Assessment ("**LCA**") rating as the industry transitions to the LCA system. The Company spent $6.4 million on decommissioning during the year ended December 31, 2023 and settled an additional $3.1 million of liabilities through abandonment and reclamation projects funded through the Alberta SRP. Recoveries under the SRP are recognized in the Annual Financial Statements in the period in which the work is completed.

CAPITAL RESOURCES AND LIQUIDITY

Spartan's capital management objectives are to maintain a flexible capital structure in order to respond to changes in economic conditions, execute on strategic opportunities throughout the business cycle, meet its financial obligations, and to fund current and future settlements of decommissioning obligations. The Company seeks to create long-term shareholder value by prioritizing profitability over production growth, as well as investing in projects that are expected to strengthen its overall asset portfolio and suite of internally generated prospects.

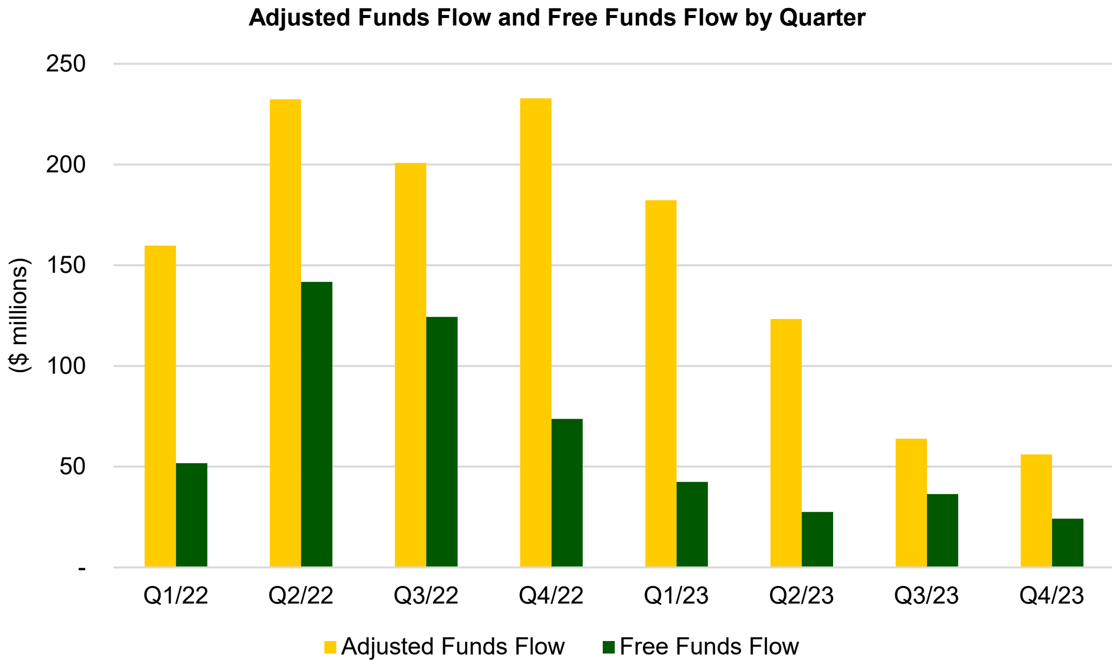
During 2023, the Company's primary sources of funds were $1.7 billion in proceeds from the Asset Sale, $425.2 million of Adjusted Funds Flow, and $49.3 million of advances on bank debt, net of costs, supplemented by working capital.

Cash provided by operating activities of $475.7 million, $49.3 million advances on bank debt and the $1.7 billion in proceeds from the Asset Sale during the year ended December 31, 2023 were used to fund the Company's exploration and development capital expenditures of $295.0 million, acquisitions of $34.4 million, repayment of the Term Facility of $150.0 million, RSA settlements of $65.9 million, lease principal payments of $9.6 million and cash dividends of $1.6 billion.

During the third quarter of 2023, the Company paid a $9.50 cash dividend per common share from the cash proceeds of the Asset Sale. A total $479.8 million of the distribution was paid as a reduction of stated capital in respect of the Spartan Shares. This reduction in stated capital was approved by shareholders on May 16, 2023. On May 10, 2023, Spartan declared an additional special cash dividend of $0.10 per Spartan Share to shareholders of record on July 14, 2023 and payable July 31, 2023. Spartan intends to maintain a strong financial position targeting a leverage ratio of approximately 0.5x debt to cash flow.

Free Funds Flow is a non-GAAP financial measure calculated by Spartan as Adjusted Funds Flow less Capital Expenditures before A&D (refer to calculation under the heading "Non-GAAP Measures and Ratios"). Spartan uses Free Funds Flow as an indication of the amount of funds the Company has available for future capital allocation decisions such as to repay debt, reinvest in the business or return capital to shareholders.

The following chart summarizes Spartan's quarterly Adjusted Funds Flow and Free Funds Flow during 2022 and 2023:



Spartan's Free Funds Flow was $23.8 million for the three months ended December 31, 2023, compared to $73.7 million for the three months ended December 31, 2022. The amount of Free Funds Flow reported each quarter reflects the seasonality of the Company's oil and gas operations, market fluctuations including volatility of commodity prices, the use of Adjusted Funds Flow to finance higher capital expenditures during the winter drilling seasons and reduced operating cash flows following the Transactions.

As at December 31, 2023 and December 31, 2022, the Company's capital structure is comprised of working capital, debt and shareholders' equity. The following table summarizes the Company's total capitalization based on the market value of Spartan's common shares on the TSX. Spartan's total capitalization decreased by $2.1 billion (71%) quarter-over-quarter to $686.9 million as of December 31, 2023, primarily driven by $1.7 billion of dividends/distributions declared, as well as commodity and capital market volatilities. As at December 31, 2023, the market value of common shares represented 75% of the Company's total capitalization.

CAPITALIZATION	**December 31, 2023**	December 31, 2022	Change %
Common shares outstanding (000s)	**173,201**	171,410	1
Share price (last price traded in the quarter)	**$2.98**	$14.95	(80)
Market capitalization of common shares [(1)(2)]	**516,139**	2,562,580	(80)
Current assets	**(221,848)**	(309,008)	(28)
Current liabilities	**250,248**	278,627	(10)
Working capital deficit (surplus)	**28,400**	(30,381)	(193)
Long-term debt	**44,476**	145,180	(69)
Long-term portion of:			
Lease liabilities	**25,763**	36,045	(29)
Decommissioning obligations	**69,320**	122,802	(44)
Total capitalization [(2)]	**684,098**	2,836,226	(76)

(1) The carrying value of Spartan's shareholders' equity was $429.7 million at December 31, 2023 and $1.5 billion at December 31, 2022.

(2) "Market capitalization" and "total capitalization" are supplementary financial measures which do not have standardized meanings under IFRS Accounting Standards. The reader is cautioned that these measures may not be directly comparable to other issuers where similar terminology is used.

Excluding derivative financial instruments and lease liabilities, Spartan's Adjusted Working Capital deficit is $30.8 million at December 31, 2023, which decreased compared to the Adjusted Working Capital surplus of $6.8 million at December 31, 2022 primarily due to a decrease in cash which was utilized in the repayment of the $150 million second lien term facility in December 2023, an increase in dividends payable resulting from unattested distributions on three additional payments declared in the year, and a decrease in accounts receivable resulting from the Transactions, partially offset by a decrease in accounts payable resulting from the Transactions, and an increase in restricted cash. The Company had a working capital deficit of $28.4 million at December 31, 2023, compared to a surplus of $30.4 million at December 31, 2022. The change is primarily due to a decrease in adjusted working capital and due to the comparative year having a higher current derivative financial instruments asset value which was resulting from the settlement of derivative contracts exceeding favourable changes in pricing.

Depending on commodity prices, the capital-intensive nature of Spartan's operations may create a working capital deficiency during periods with high levels of capital investment. The Company maintains sufficient bank credit lines to satisfy such working capital deficiencies. As at December 31, 2023, the Company's $250.0 million Credit Facility (defined herein) has $204.9 million of the facility undrawn and $45.1 million drawn.

The Company monitors its capital structure and short-term financing requirements using a "Net Debt to Annualized AFF Ratio", which is a non-GAAP financial ratio calculated as the ratio of the Company's "Net Debt" to "Annualized Adjusted Funds Flow". As at December 31, 2023, Spartan had a Net Debt of $75.3 million, which is approximately 0.3 times the Company's Annualized Adjusted Funds Flow for the fourth quarter of 2023, greater than the 0.2 times at December 31, 2022 due to the reduced Adjusted Funds Flow as a result of the Transactions.

The components of the Company's Adjusted Working Capital (surplus) deficit, Net Debt, and the calculation of the Net Debt to Annualized AFF Ratio are provided in the following table:

(Assets) Liabilities *(CA$ thousands, except as noted)*	**December 31, 2023**	December 31, 2022
Cash	**(406)**	(124,399)
Restricted cash	**(150,864)**	-
Accounts receivable	**(50,675)**	(140,413)
Prepaid expenses and deposits	**(8,014)**	(8,011)
Other current assets	**-**	(2,340)
Accounts payable and accrued liabilities	**86,265**	176,855
Dividends payable	**150,864**	85,704
Current portion of decommissioning obligations	**3,650**	5,800
Adjusted Working Capital deficit (surplus)	**30,820**	(6,804)
Long-term debt	**44,476**	145,180
Net Debt	**75,296**	138,376
Annualized Adjusted Funds Flow (1)(2)	**222,888**	874,096
Net Debt to Annualized AFF Ratio (1)(2)	**0.3X**	0.2X

(1) The calculation of Annualized Adjusted Funds Flow has been normalized for the gain of $14.3 million recognized on completion of an infrastructure construction project during the fourth quarter of 2022.

(2) The Annualized Adjusted Funds Flow reflects ongoing operations for the three months ended December 31, 2023 multiplied by a factor of four (4).

Spartan is well positioned to fund its financial liabilities and to execute on its business strategy. The Company's exploration and development capital expenditure program for 2024 is expected to be fully funded by a combination of cash provided by operating activities and utilization of the Company's remaining undrawn revolving credit facility, when required. On November 8, 2022, Spartan declared a special dividend of $0.50 per common share payable on January 16, 2023, to eligible shareholders of record as of December 15, 2022. Spartan has paid $76.7 million of the dividend to shareholders for which the Company has received the required attestations to confirm eligibility; the remaining balance of $9.0 million continues to be accrued as a financial liability. In addition, dividends payable includes $140.4 million of a $1.6 billion dividend declared at $9.50 per share to distribute the proceeds of the Asset Sale to shareholders declared on May 10, 2023 and payable on July 6, 2023, and $1.5 million that continues to be payable for an additional $0.10 per common share distribution declared on May 10, 2023 and payable on July 31, 2023 in the amount of $17.3 million. A distribution was also recorded in the third quarter of $60.6 million for a $0.35 per common share non-cash distribution related to the Spin-Out which occurred on July 6, 2023. The cash related to dividends that have not yet been paid has been reclassified as restricted cash in the amount of $150.9 million as at December 31, 2023.

In the second quarter of 2023, Spartan amended its Credit Facility (defined herein) and Term Facility, pursuant to which, the authorized borrowing base of the Credit Facility (defined herein) was reduced from $450.0 million to $250.0 million and the maturity date of the Term Facility was accelerated to December 29, 2023. As a condition precedent to the amended Credit Facility (defined herein), the Intercreditor Agreement was concurrently amended to limit the aggregate principal amount outstanding between the two facilities to $250.0 million until such time as the Term Facility is extinguished on December 29, 2023 (see "Long-Term Debt – Credit Facility" and "Long-Term Debt – Term Facility"). The Company has sufficient liquidity for the next 12 months as Spartan's $204.9 million of unutilized capacity on its credit facility and future cash flow from operations is expected to be sufficient to fund the Company's financial obligations. The Company's restricted cash balance of $150.9 million is sufficient to meet the $150.9 million dividends payable should they be attested to in the next twelve months.

The following table outlines a contractual maturity analysis for the Company's financial liabilities and undiscounted lease liabilities as at December 31, 2023:

(CA$ thousands)	1 year	2 to 3 years	4 to 5 years	> 5 years	Total
Accounts payable and accrued liabilities	86,265	-	-	-	86,265
Dividends payable	150,864	-	-	-	150,864
Credit Facility (1)	4,615	42,686	-	-	47,301
Undiscounted lease liabilities (2)	11,256	21,042	5,497	1,607	39,402
Total	253,000	63,728	5,497	1,607	323,832

(1) The Credit Facility has $45.1 million drawn as at December 31, 2023. The table above includes estimated interest and standby charges to be incurred on the $45.1 million drawn balance to May 30, 2024, being the end of the current revolving period.

(2) As at December 31, 2023, the present value of the Company's total lease liability is $35.2 million, of which $9.5 million is expected to be settled in the next twelve months.

LONG-TERM DEBT

As at December 31, 2023, total debt is comprised of bank debt drawn under the revolving credit facility and indebtedness under the Term Facility. The balance of debt is presented net of unamortized issue costs.

(CA$ thousands)	**December 31, 2023**	December 31, 2022	Change
Revolving credit facility	**45,050**	-	nm
Second lien term facility	**-**	150,000	(100)
Unamortized issue costs	**(574)**	(4,820)	(88)
Debt	**44,476**	145,180	(69)

Credit Facility

The Company has a senior secured revolving credit facility with a syndicate of financial institutions (the "**Credit Facility**"). The authorized borrowing base available under the Credit Facility is $250.0 million, comprised of a $50.0 million operating facility and a $200.0 million syndicated facility. As at December 31, 2023, the Credit Facility has $45.1 million drawn.

The Credit Facility has a revolving period of 364 days from May 10, 2023 extendible annually at the request of the Company, subject to approval of the Lenders. If not extended, the facilities will automatically convert to a term loan and all outstanding obligations will be repayable one year after the expiry of the revolving period. The borrowing base is subject to semi-annual reviews occurring approximately in May and November of each year and may also be subject to redetermination upon, among other things, the liability management rating of the Company falling below 2.0 or disposing of material properties. The Company completed its November borrowing base redetermination with no changes to the Credit Facility. The next borrowing base redetermination is scheduled for May 2024.

The Company is subject to certain financial covenants under the Credit Facility which include the following:

(A) the maximum funded debt to EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization, as defined in the credit agreement and below), calculated quarterly, shall not exceed 2.5 to 1.0; and

(B) the asset coverage ratio of the Company shall not be less than 1.5 to 1.0, calculated annually.

As at December 31, 2023, Spartan is in compliance with all covenants (refer to note 11 of the Annual Financial Statements).

The Credit Facility provides for borrowings through direct advances, bankers' acceptances and letters of credit. Interest is payable monthly for borrowings through direct advances at the bank's prime rate plus the applicable margin. Borrowings through bankers' acceptances are typically advanced for maturity periods of one to three months and are funded net of interest at the Canadian Dollar Offered Rate ("**CDOR**") plus bank stamping fees at the applicable margin. The Company incurs standby fees on the undrawn facility which also fluctuate based on the applicable margin.

LC Facility

The Company has a demand letter of credit facility (the "**LC Facility**") which provides Spartan with $10.0 million of additional credit capacity to issue letters of credit. The letters of credit may be issued for general corporate purposes and are limited to a term of one year from the date of issuance. Letter of credit obligations, when incurred, are repayable on demand. The LC Facility provides Spartan with additional access to capital as letters of credit issued under the LC Facility will not reduce the borrowing capacity under the operating facility. During 2023, the demand letter of credit facility was reduced from $25.0 million to $10.0 million. As at December 31, 2023, there was $1.5 million of issued but undrawn letters of credit under the LC Facility.

Second Lien Term Facility

On August 31, 2021, the Company established a $150.0 million non-revolving term facility. The Term Facility was a single drawdown facility and had a sixty-month term maturing on August 31, 2026. The Term Facility was secured by a $300 million demand debenture on a second-priority basis to the Credit Facility with the option to repay before August 31, 2024 with penalties. The Term Facility bore a floating interest rate of Canadian bank prime plus 5.25%, payable monthly, and was subject to an annual review fee of 0.5%, payable annually. Covenants included the same asset coverage ratio and funded debt to EBITDA financial covenants as the Credit Facility, as described above.

In the second quarter of 2023, the Company agreed with the lender to an early repayment on December 29, 2023 of the outstanding Term Facility. After renegotiation, the Term Facility bore interest at a fixed rate of 11.95% payable monthly and was subject to the same asset coverage and total debt to EBITDA financial covenants as the amended Credit Facility, as described above. As a result of the repayment of the Term Facility, the intercreditor agreement is now nullified. On the December repayment date, the Term Facility was paid in full including the principal amount, all accrued and unpaid interest and fees, plus the applicable make-whole premium. The make-whole premium was equal to (i) all future interest payments and (ii) all payments of annual review fees, that would otherwise be payable up to August 31, 2024.

SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares, an unlimited number of preferred shares and an unlimited number of special shares, each without par value. As of December 31, 2023 and as of the date of this

MD&A, there were 173.2 million common shares outstanding (171.4 million as at December 31, 2022). There are no preferred shares or special shares outstanding.

Spartan's common shares are listed on the TSX under the trading symbol "SDE". The volume weighted average trading price of Spartan's common shares on the TSX was $3.55 per common share for the three month period ended December 31, 2023 ($13.93 for the three months ended December 31, 2022). Spartan's closing share price was $2.98 on December 31, 2023 compared to $14.95 on December 31, 2022 primarily due to the $1.7 billion of dividends and distributions being declared in the current period and commodity and capital market volatilities.

The table below summarizes the weighted average number of common shares outstanding (000s) used in the calculation of diluted EPS and diluted AFF per share:

	Three months ended December 31			Year ended December 31		
(000s)	**2023**	2022	%	**2023**	2022	%
WA Shares outstanding, basic	**173,201**	160,807	8	**172,529**	156,136	10
Dilutive effect of outstanding securities	**202**	15,046	(99)	**965**	19,347	(95)
WA Shares, diluted – for EPS	**173,403**	175,853	(1)	**173,494**	175,483	(1)
Incremental dilution for AFF (1)	**1,072**	1,340	(20)	**231**	1,537	(85)
WA Shares, diluted – for AFF (1)	**174,475**	177,193	(2)	**173,725**	177,020	(2)

(1) AFF per share does not have a standardized meaning under IFRS Accounting Standards, refer to "Non-GAAP Measures".

The total number of outstanding securities of the Company is provided below:

Number of securities outstanding (000s)	December 31, 2022	December 31, 2023	**February 26, 2024**
Common shares	171,410	173,201	**173,201**
Stock options (1)	3,323	98	**98**
Share awards (2)	3,546	1,274	**1,279**
Total securities outstanding	178,279	174,573	**174,578**

(1) The stock options outstanding as at December 31, 2023 have an average exercise price of $4.32 per common share with an average remaining term of 4.6 years.

(2) The total number of securities outstanding is provided for information purposes only. This calculation does not factor in whether the securities are in-the-money or the number of shares deemed to be repurchased under the treasury stock method in accordance with IFRS Accounting Standards. As such it should not be viewed as an alternative to the diluted weighted average number of common shares outstanding determined in accordance with IFRS Accounting Standards for purposes of EPS, as presented in the table above.

COMMITMENTS AND CONTINGENCIES

The following table summarizes the Company's contractual commitments as of December 31, 2023:

(CA$ thousands)	2024	2025	2026	2027	2028	Thereafter
Gas transportation (1)	8,569	8,502	8,027	3,961	3,313	885
Liquids transportation (2)	576	4,032	1,296	-	-	-
Total commitments (3)	**9,145**	**12,534**	**9,323**	**3,961**	**3,313**	**885**

(1) Spartan has firm transportation commitments on natural gas pipelines in Alberta until October 2029.

(2) Liquids transportation commitment relate to a take-or-pay on NGL volumes at the Keyera Fort Saskatchewan Fractionation Facility until March 2026.

(3) The commitments table does not include lease liabilities. A contractual maturity of the Company's financial liabilities and undiscounted lease payments is provided in "Capital Resources and Liquidity".

Following the completion of the Transactions, $232.2 million of previously disclosed commitments were transferred to Crescent Point and $62.4 million of previously disclosed commitments were transferred to Logan, respectively.

Litigation

In the normal course of the Company's operations, it may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, related to personal injuries, property damage, property tax, land rights, the environment and contract disputes with partners or other stakeholders. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined to have an adverse affect on the Company's future operations or financial condition. As of the date of this MD&A, the Company has no material litigation or claims outstanding that have not already been reflected in the Annual Financial Statements as at December 31, 2023.

OFF-BALANCE SHEET ARRANGEMENTS

Except for the commitments and contingencies disclosed herein, the Company does not believe it has any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future impact of the Company's financial condition, results of operations, liquidity or capital expenditures.

RELATED PARTY DISCLOSURES

a) Inter-corporate relationships

As at December 31, 2023, Spartan has no subsidiaries. On June 20, 2023, the Logan Assets were transferred and conveyed to Logan from Spartan in consideration for one (1) common share of Logan and one (1) purchase warrant of Logan per common share of Spartan. The common shares and warrants of Logan were subsequently distributed through the Spin-Out on July 6, 2023 and Logan is no longer a subsidiary of Spartan. Spartan previously had a second subsidiary, Inception General Partner Inc., however, it was disposed of through the Asset Sale on May 10, 2023.

b) Related party transactions

During the year ended December 31, 2023, the Company incurred $3.9 million of legal fees to a law firm where the corporate secretary of the Company is a partner (year ended December 31, 2022 – $1.2 million), with the fees primarily relating to legal support through the Transaction. Approximately $0.1 million of legal fees are included in the balance of accounts payable and accrued liabilities as at December 31, 2023 (December 31, 2022 – $0.1 million).

On July 6, 2023, the Distribution of Logan Shares and Transaction Warrants to eligible holders of common shares of Spartan was completed and Logan ceased to be a subsidiary of Spartan. Additionally, Spartan and Logan entered into an agreement to support the transition of resources through the Spin-Out (the "Transition Services Agreement"). Pursuant to the Transition Services Agreement, Spartan will provide certain administrative services to Logan and Logan will provide certain administrative services to Spartan. These services will be billed based on time incurred and will be included as part of G&A expenses.

Logan was classified as a related party up to July 6, 2023, in which the Company had an accounts receivable of $2.5 million due from Logan (December 31, 2022 – nil), primarily related to net operating income of the transferred assets for the period of June 20, 2023 to July 6, 2023, offset by capital expenditures, prepaid operating expenses and G&A incurred on behalf of Logan.

c) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of a company. The Company defines its key management personnel as its officers, board of directors and corporate secretary.

The following table summarizes compensation paid or payable to key management personnel during the years ended December 31, 2023 and 2022:

	Year ended December 31	
(CA$ thousands)	**2023**	2022
Salaries and benefits	**7,390**	8,229
Directors fees	**258**	238
Share based compensation (1)(2)	**9,335**	7,171
Total key management compensation	**16,983**	15,638

(1) During 2023, key management personnel were granted 150,500 share awards and 97,800 stock options with an exercise price of $4.32 per share.

(2) During 2022, key management personnel were granted 756,300 share awards and 630,300 stock options with an exercise price of $8.14 per share.

SUBSEQUENT EVENTS

Derivative Financial Instruments

Subsequent to December 31, 2023, Spartan rebalanced its AECO 7A positions and entered into C$WTI Swaps. The table below summarizes average prices and notional volumes contracted under the Company's outstanding financial derivative contracts as at February 26, 2024:

	Crude Oil (1)		**Natural Gas (1)**			
	C$ WTI Swaps – Short (4)		**NYMEX – AECO 7A Basis Swaps – Short (2)**		**AECO 7A Swaps (3)**	
Period	**Volume Bbl/d**	**CA$/ Bbl**	**Volume mmbtu/d**	**US$/ mmbtu**	**Volume GJ/d**	**CA$/ GJ**
Q1 2024	204	$101.06	20,000	($1.00)	25,000	$3.01
Q2 2024	600	$101.06	25,000	($1.00)	75,000	$2.66
Q3 2024	600	$101.06	10,000	($1.04)	75,000	$2.66
Q4 2024	600	$101.06	10,000	($1.04)	78,315	$2.98
Q1 2025	-	-	-	-	45,000	$2.49

(1) The prices and volumes in this table represent averages for contracts represented in the respective periods.
(2) NYMEX swaps are settled based on the last day of settlement of monthly futures contracts.
(3) AECO 7A swaps are settled the first day of the month based on a weighted average of the previous month's fixed price trades.
(4) C$ WTI swaps are translated at the average daily noon rate for the settlement month.

Long-term Incentive ("LTI") Grants

On February 13, 2024, the Board approved an annual LTI grant valued at $10.0 million for directors, officers, employees and consultants of the Company. The grant date will be effective when the current trading blackout ends and the 5-day VWAP will be determined at that time. RSAs and stock options will vest in thirds over 3 years.

SUMMARY OF QUARTERLY INFORMATION

The table below summarizes selected financial and operational information over the past eight quarters. Refer to "Results of Operations" section of this MD&A and the Company's previously issued MD&A for detailed discussions of quarter-to-quarter variances in these key performance measures.

(CA$ millions, except as noted)	**Q4 2023**	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Revenue	**77.3**	73.1	156.4	286.0	321.9	317.0	382.0	294.4
Net income and comprehensive income	**110.6**	9.0	457.1	86.4	152.9	285.3	181.7	61.2
$ per share, basic	**0.64**	0.05	2.65	0.50	0.95	1.84	1.17	0.40
$ per share, diluted	**0.64**	0.05	2.64	0.49	0.87	1.64	1.05	0.36
Funds from Operations (1)	**58.5**	66.3	109.2	182.5	235.1	202.8	234.6	162.0
Capital Expenditures (Dispositions) (1)(2)	**64.6**	28.3	(1,608.7)	140.6	159.4	82.3	90.6	107.4
Total assets	**819.5**	862.2	2,500.4	2,155.1	2,099.5	1,964.6	1,811.7	1,811.8
Working capital deficit (surplus)	**28.4**	56.6	60.2	(1,082.2)	(30.4)	7.2	79.8	142.3
Long-term liabilities	**139.6**	117.0	126.3	91.1	304.0	310.8	397.1	553.4
Shareholders' equity	**429.7**	318.3	308.8	1,583.0	1,516.8	1,428.7	1,139.8	950.7
Average daily production (BOE/d)	**37,664**	37,518	57,972	80,200	74,639	72,134	72,966	72,588
% Liquids	**31%**	29%	36%	39%	39%	39%	38%	37%
Average realized price ($ per BOE)	**24.77**	23.72	32.01	43.81	52.01	52.32	65.92	49.35
Operating Netbacks (1)								
Before hedging ($ per BOE) (1)	**15.29**	14.08	19.36	28.53	35.47	36.10	45.56	33.73
After hedging ($ per BOE) (1)	**20.70**	23.10	24.72	27.17	34.28	32.74	37.47	26.94

(1) "Funds from Operations", "Capital Expenditures (Dispositions)" and "Operating Netbacks" do not have standardized meanings under IFRS Accounting Standards, refer to "Non-GAAP Measures and Ratios".
(2) Excludes non-cash consideration for acquisitions. Refer to "Cash Used in Investing Activities and Capital Expenditures (Dispositions)" section of this MD&A for additional information.

Spartan's focus since Q1 2022 was on organic growth, investing a total of $729.2 million into exploration and development capital expenditures across its core asset base over the past eight quarters.

Organic growth drove the majority of the increase in production volumes and revenues over 2022, in addition to strengthening commodity prices over the year. During the fourth quarter of 2022, global crude oil prices rose to the highest levels since 2014. Commodity prices softened in Q2 2023, reflecting a reduction in revenue over the quarter. In the second and third quarter of 2023, the Company completed the Transactions, leading to a reduction in revenues and production over these periods.

Changes in net income over the last eight quarters primarily fluctuated with changes in revenue and one-time gains and losses. Increases in net income over 2022 were primarily driven by organic growth and strong commodity prices with one-time gains in Q3 2022 and Q4 2022. 2023 primarily saw decreases resulting from the Transactions with a one-time loss in Q1 2023 and one-time gains in the Q2 2023 and Q4 2023. Spartan's net income for the third quarter of 2022 includes a deferred tax recovery of $137.9 million recognized in connection with the corporate acquisition of Bellatrix Exploration Ltd. The fourth quarter of 2022 includes other income of $14.3 million related to an infrastructure construction project. The first quarter of 2023 includes impairments to E&E and PP&E of $21.0 million and $7.6 million, respectively. The second quarter of 2023 includes a gain on sale of $549.2 million related to the Asset Sale. The final resulting gain was $543.1 million after purchase price adjustments in the third and fourth quarter of 2023. In the fourth quarter of 2023, Spartan recorded a deferred tax recovery of $80.0 million resulting from a section 66.7 election. In addition, unrealized changes in the fair value of derivative financial instruments also contributed to significant fluctuations in net income each quarter. Spartan's net income includes an unrealized loss of $48.3 million in the first quarter of 2022, an unrealized gain of $38.1 million, $38.2 million and $23.6 million for the second, third and fourth quarters of 2022, respectively, a $32.5 million gain for the first quarter of 2023, a $27.8 million loss in the second quarter of 2023, a $31.1 million loss in the third quarter of 2023 and a $19.0 million gain in the fourth quarter of 2023.

The increase in Operating Netbacks from Q1 2022 to Q2 2022 reflects the stronger realized prices, partly offset by higher per unit operating and transportation expenses driven by the increased oil weighting of the Company's asset base, turnarounds performed in 2022, and inflationary pressures due to higher industry activity levels. Operating Netbacks softened in the last six months of 2022 and over 2023 as benchmark pricing has decreased from the peak seen in the third quarter of 2022, partly offset by lower royalties and operating expenses. Netbacks for the second, third and fourth quarters of 2023 also reflect a change in product sales mix with the majority of the Company's oil producing assets being sold in the Transactions and the Company's gas producing assets remaining. Gas prices declined starting in Q1 2023 and have resulted in reduced netbacks for the second, third and fourth quarters of 2023.

In the fourth quarter of 2022, the Company declared a special cash dividend of $0.50 per common share payable on January 16, 2023, to eligible shareholders of record at the close of business on December 15, 2022. In the second quarter of 2023, Spartan declared dividends and distributions payable totalling $1.7 billion to distribute the proceeds of the Asset Sale, shares in Logan, and an additional $0.10 per share special distribution.

SELECTED ANNUAL INFORMATION

The following table summarizes key annual financial and operating information over the three most recently completed financial years.

(CA$ thousands, except as noted)	**2023**	2022	2021
Revenue	**592,795**	1,315,260	552,200
Net income and comprehensive income	**663,107**	681,086	334,220
$ per share, basic	**3.84**	4.36	2.89
$ per share, diluted	**3.82**	3.88	2.50
Funds from Operations (1)	**416,474**	834,611	297,844
Capital Expenditures (Dispositions) (1)(2)	**(1,375,152)**	439,340	612,494
Total assets	**819,524**	2,099,475	1,742,414
Working capital deficit (surplus)	**28,400**	(30,381)	133,416
Long-term liabilities	**139,559**	304,027	612,191
Shareholders' equity	**429,717**	1,516,821	886,649
Average daily production (BOE/d)	**53,179**	73,084	47,674
% Liquids	**35%**	38%	33%
Average realized price ($ per BOE)	**33.63**	54.90	34.95
Operating Netback, before hedging ($ per BOE) (1)	**21.10**	37.71	23.05
Operating Netback, after hedging ($ per BOE) (1)	**24.62**	32.89	19.40

(1) "Funds from Operations", "Capital Expenditures" and "Operating Netback" do not have standardized meanings under IFRS Accounting Standards, refer to "Non-GAAP Measures and Ratios".
(2) Excludes non-cash consideration for acquisitions. Refer to "Cash Used in Investing Activities and Capital Expenditures" section of this MD&A for additional information.

MATERIAL ACCOUNTING POLICIES

The material accounting policies and newly adopted accounting policies applied by the Company are described in note 3 of the Annual Financial Statements as at December 31, 2023.

Future accounting changes

Spartan plans to adopt the following amendment to the IFRS Accounting Standards that are effective for annual periods beginning on or after January 1, 2024. The below accounting pronouncement will be adopted on its effective date however Spartan does not expect to have a material impact upon initial adoption.

IAS 1, Presentation of Financial Statements

In October 2022, the IASB amended IAS 1 *Presentation of Financial Statements* to address the classification of liabilities with covenants as current or non-current in the Statements of Financial Position. The amendment is applicable to periods beginning on or after January 1, 2024.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

The timely preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ materially from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are reviewed and for any future years affected. The significant judgements, estimates and assumptions made by management are consistent with those outlined in note 2 of the Annual Financial Statements.

Business Combinations

The application of the Company's accounting policy for business combinations requires management to make certain judgments under IFRS 3 *Business Combinations* ("**IFRS 3**"), to determine whether the acquired assets meet the definition of a business combination or an asset acquisition. Where an acquisition involves a group of assets and liabilities, and does not constitute a business, the acquirer must identify and recognize the individual assets acquired and liabilities assumed. The cost of the transaction is allocated to the assets acquired and liabilities assumed on their relative fair values at the date of purchase.

Business combinations are accounted for using the acquisition method of accounting. The determination of fair value is estimated based on information available at the date of acquisition and requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of E&E assets PP&E acquired generally require the most judgement and include estimates of reserves acquired, production costs, forecast benchmark commodity prices, foreign exchange rates, and discount rates. Assumptions are also required to determine the fair value of decommissioning obligations associated with the properties. Initial recognition of the fair value of deferred tax liabilities or assessment of probability to recognize deferred tax assets requires judgment. Changes in any of these assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill (or gain on acquisition resulting from a bargain purchase) in the acquisition equation. Future net income (loss) will be affected as the fair value on initial recognition impacts future depletion and depreciation expenses, as well as the risk of potential impairment in future periods.

Crude oil and natural gas reserves

The process of determining reserves is complex. Significant judgements are based on available geological, geophysical, engineering and economic data. These judgements are based on estimates and assumptions that may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates are based on production forecasts, future prices and the timing and amount of future expenditures. As circumstances change and additional data becomes available, reserve estimates also change. Estimates made are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and governmental restrictions.

Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation can be impacted by subjective decisions, new geological or production information and a changing environment. In addition, revisions to reserve estimates can arise from changes in forecast oil and gas prices and reservoir performance. Such revisions can be either positive or negative.

Changes in reserve estimates impact the financial results of the Company as reserves and estimated future development costs (FDCs) are used to calculate depletion. Reserves are used in measuring the FVLCD of PP&E for impairment calculations. Reserves also impact the Company's assessment of the commercial viability and technical feasibility of an exploration project and the decision to transfer exploration and evaluation assets to PP&E.

Spartan's reserves have been evaluated by independent qualified reserves evaluators as at December 31, 2023 and December 31, 2022 in accordance with the Canadian Oil and Gas Evaluation Handbook.

Depletion of oil and gas assets

The Company calculates a depletion factor based on total production as a percentage of proved plus probable reserves. The depletion factor is applied to the total depletable base determined as the net book value of the assets and the total estimated FDC expenditures for each depletion unit. Estimates for reserves and FDCs can have a significant impact on net earnings, as they are key components in the depletion calculation.

Exploration and evaluation assets

The accounting for E&E assets requires management to make judgements as to whether E&E activities have discovered a sufficient amount of economically recoverable reserves, which requires the quantity and realizable value of such crude oil and natural gas products to be estimated.

E&E assets remain capitalized as long as sufficient progress is being made in assessing whether the recovery of the crude oil and natural gas products is technically feasible and commercially viable. E&E assets are subject to ongoing management review to confirm the continued intent to establish the technical feasibility and commercial viability of the discovery. In making this assessment, management considers changes to project economics, expected capital expenditures and production costs, results of other operators in the region and access to infrastructure and potential infrastructure expansions.

The carrying value of Spartan's E&E assets is assessed for overall impairment at the operating segment level and on a specific identification basis prior to transferring E&E assets to PP&E.

Determination of cash generating units

The determination of CGUs requires judgement in defining a group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGUs are determined by similar geological structure, shared infrastructure, geographical proximity, commodity type, similar exposure to market risks and materiality.

As at December 31, 2023, Spartan has one CGU, namely: "Deep Basin". As at December 31, 2022, Spartan had two CGUs, namely: "Deep Basin", comprised primarily of the Company's assets located in west central Alberta; and "Montney", comprised primarily of the Company's assets in northwest Alberta as well as minor properties located in northeastern British Columbia.

Recoverability of asset carrying values

Management applies judgement in assessing indicators of impairment and reversal of impairment based on various internal and external factors. The recoverable amount of a cash generating unit or of an individual asset is determined as its fair value less costs of disposal ("FVLCD") or value in use ("VIU"). The key estimates in management's determination of recoverable amounts includes future commodity prices, expected production volumes, quantity of reserves and resources, future development and operating costs, discount rates, and income taxes. The evolving global demand to transition from carbon-based sources to alternative energy sources may also impact the assumptions used in determination of recoverable amounts, however, the timing of this impact is highly uncertain. Details of the specific estimates and assumptions applied in the impairment analysis are provided in note 7 and note 8 of the Annual Financial Statements, respectively.

Decommissioning obligations

Spartan estimates abandonment and reclamation costs based on a combination of publicly available industry information and internal site-specific information. Actual costs and cash outflows can differ from estimates because of changes in laws and regulations, market conditions, discovery and analysis of site conditions and emergence of new restoration techniques. The expected timing of abandonment and reclamation is also subject to change and impacts inflated future cost estimates and the estimated carrying amount (present value) of decommissioning obligations.

Fair value of financial instruments

The estimated fair value of derivative financial instruments is reliant upon several variables and may include forward curves for commodity prices, foreign exchange rates, or other variables depending on the nature of the underlying contract. A change in any one of these variables could materially impact the valuation of the instrument on the balance sheet date. Furthermore, as these instruments are "marked-to-market" at the end of each reporting period, unrealized gains or losses can result in volatility of net income or loss. A sensitivity of the potential change in fair value of Spartan's outstanding derivative financial instruments as at December 31, 2023 is provided in note 4 of the Annual Financial Statements.

Deferred income taxes

Tax interpretations, regulations and legislation in the jurisdictions in which the Company operates are subject to change. Consequently, deferred income taxes are subject to measurement uncertainty. Deferred tax liabilities are recognized when it is considered probable that temporary differences will be payable to tax authorities in future periods. Deferred tax assets may only be recognized to the extent that it is probable that future taxable profits will be available against which unused tax losses and deductible temporary differences can be utilized.

Judgement is required to determine an accounting policy to recognize deferred income tax assets that were not previously recognized. Under IFRS Accounting Standards, deferred income tax assets may only be recognized to the extent that it is probable that future taxable profits will be available against which unused tax losses and deductible temporary differences can be utilized.

A detailed analysis of the provision for deferred income taxes in provided in note 13 of the Annual Financial Statements.

CONTROL ENVIRONMENT

Disclosure Controls and Procedures

As of December 31, 2023, the Company's Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**") conducted an internal evaluation of the effectiveness of Spartan's disclosure controls and procedures ("**DC&P**"), as defined by National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings ("**NI 52-109**"). Based on that evaluation, the Company's CEO and CFO concluded that the DC&P are effective to provide reasonable assurance that: (i) material information relating to the Company is made known to the Company's CEO and CFO by others, particularly during the periods in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings (as those terms are defined in NI 52-109) or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

Internal Controls over Financial Reporting

Internal controls over financial reporting ("ICFR"), as defined by NI 52-109, are designed to provide reasonable assurance that the Company’s assets are safeguarded, transactions are appropriately authorized, and facilitate the preparation of relevant, reliable and timely information for the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards. The Company’s CEO and CFO have assessed the effectiveness of Spartan’s ICFR based on the framework set forth in the Committee of Sponsoring Organizations of the Treadway Commission 2013 Internal Control-Integrated Framework. Based on that evaluation, the CEO and CFO concluded that Spartan’s ICFR was effective as of December 31, 2023.

There were no changes in the Company's DC&P or ICFR during the year ended December 31, 2023, that have materially affected, or are reasonably likely to materially affect, the Company's DC&P or ICFR. It should be noted that a control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be met, and it should not be expected that the control system will prevent all errors or fraud.

RISKS AND UNCERTAINTIES

The business of exploring for, developing and producing crude oil and natural gas reserves is inherently risky. The Company is subject to both risks that directly affect Spartan's business and operations, as well as indirect risks that impact third parties or industry generally. The following information is a summary only of certain risk factors relating to the Company and should be read in conjunction with the Company’s AIF which can be found at www.sedarplus.ca. Prospective investors should carefully consider the risk factors set out below and consider all other information contained in this MD&A and in the Company’s other public filings before making an investment decision. The risks set out below are not an exhaustive list, nor should be taken as a complete summary or description of all the risks associated with the Company’s business and the oil and natural gas business generally.

General Industry Risks

Spartan’s Deep Basin core operations are concentrated in the Western Canadian Sedimentary Basin where activity is highly competitive. The Company is subject to a number of risks that are also common to other organizations involved in the oil and gas industry. Such risks include, but are not limited to, finding and developing oil and gas reserves at economic costs, estimating amounts of recoverable reserves, production of oil and gas in commercial quantities, marketability of oil and gas produced, fluctuations in commodity prices, stock market volatility, financial and liquidity risks and environmental and safety risks.

In order to reduce exploration risk, Spartan employs or contracts highly qualified and motivated professionals who have demonstrated the ability to generate quality proprietary geological and geophysical prospects. Spartan has retained an independent engineering consulting firm that assists the Company in evaluating recoverable amounts of oil and gas reserves. Values of recoverable reserves are based on a number of variable factors and assumptions such as commodity prices, projected production, future production costs and government regulations. Such estimates may vary from actual results.

The Company mitigates its risk related to producing hydrocarbons through the utilization of current technology and information systems. In addition, Spartan strives to operate the majority of its prospects, thereby maintaining operational control. When the Company does not operate, it relies on its partners in jointly owned properties to maintain operational control.

Volatility in the Petroleum and Natural Gas Industry

Market events and conditions, including global excess crude oil and natural gas supply, actions taken by OPEC+, sanctions, Russia's military actions in Ukraine, the Israeli-Hamas conflict in Gaza, other hostilities in the middle east and Taiwan, slowing growth in China and emerging economies, market volatility and disruptions in Asia, weakening global relationships, conflict between the United States and Iran, isolationist and punitive trade policies, increased United States shale production, sovereign debt levels, world health emergencies (including pandemics) and political upheavals in various countries including growing anti-fossil fuel sentiment, have caused significant volatility in commodity prices. Following extreme supply/demand imbalances in 2020, the crude oil and natural gas industry rebounded strongly throughout 2021, with oil prices reaching their highest levels in six years. However, the ongoing war in the Ukraine and price caps and sanctions on oil from Russia have impacted demand and oil prices since the second half of 2022, and the Israeli-Hamas conflict in Gaza in 2023 has caused supply disruptions and market volatility in pricing, in addition to other hostilities in the middle east and Taiwan. It is anticipated that the oil and natural gas industry will experience more pressure from investors to take meaningful strides towards combating climate change in the upcoming years, including diversifying their energy portfolios. These events and conditions have caused a significant decrease in the valuation of crude oil and natural gas companies and a decrease in confidence in the petroleum and natural gas industry. These difficulties have been exacerbated in Canada by political and other actions resulting in uncertainty surrounding regulatory, tax, royalty changes and environmental regulation. In addition, difficulties encountered by midstream proponents to obtain the necessary approvals on a timely basis to build pipelines, liquefied natural gas plants and other facilities to provide better access to markets for the petroleum and natural gas industry in Western Canada and cross-border with the United States has led to additional downward price pressure on crude oil and natural gas produced in Western Canada. The resulting price differential between Western Canadian Select crude oil, Brent and West Texas Intermediate crude oil has created uncertainty and reduced confidence in the petroleum and natural gas industry in Western Canada.

Lower commodity prices may also affect the volume and value of the Company's reserves, especially as certain reserves become uneconomic. In addition, lower commodity prices have reduced, and are anticipated to continue to reduce, the Company's cash flow which could result in a reduced capital expenditure budget. As a result, the Company may not be able to replace its production with additional reserves and both the Company's production and reserves could be reduced on a year-over-year basis. A prolonged period of adverse market conditions may impede the Company's ability to refinance its Credit Facility or arrange alternative financing when the Credit Facility becomes due or if the lending limits under the Credit Facility are reduced upon periodic review. Given the current market conditions and the lack of confidence in the Canadian oil and natural gas industry, the Company may have difficulty raising additional funds in the future or if it is able to do so, it may be on unfavourable and highly dilutive terms. If these conditions persist, Spartan's cash flow may not be sufficient to continue to fund operations and to satisfy obligations when due and will require additional equity or debt financing and/or proceeds from asset sales. There can be no assurance that such equity or debt financing will be available on terms that are satisfactory or at all. Similarly, there can be no assurance that the Company will be able to realize any or sufficient proceeds from asset sales to discharge its obligations.

Exploration, Development and Production Risks

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of Spartan depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, any existing reserves Spartan may have at any particular time and the production therefrom will decline over time as such existing reserves are exploited. A future increase in Spartan's reserves will depend not only on its ability to explore and develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. No assurance can be given that Spartan will be able to continue to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, Spartan may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. There is no assurance that further commercial quantities of oil and natural gas will be discovered or acquired by Spartan.

Future oil and natural gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

Drilling hazards, environmental damage and various field operating conditions could greatly increase the cost of operations and adversely affect the production from successful wells. Field operating conditions include, but are not limited to, delays in obtaining governmental approvals or consents and the shutting-in of wells resulting from extreme weather conditions, insufficient storage or transportation capacity or geological and mechanical conditions. While diligent well supervision, effective maintenance operations and the development of enhanced oil recovery technologies can contribute to maximizing production rates over time, it is not possible to eliminate production delays and declines from normal field operating conditions, which can negatively affect production, which may reduce the Company's revenue.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including but not limited to hazards such as fire, explosion, blowouts, cratering, sour gas releases and spills and other environmental hazards, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment or in personal injury.

Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including geological and seismic risks, encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks could have a negative effect on future results of operations, liquidity and financial condition, which could prove to be material over time.

As is standard industry practice, Spartan is not fully insured against all risks, nor are all risks insurable. Although the Company maintains liability insurance in an amount considered consistent with industry practice, liabilities associated with certain risks could exceed policy limits or not be covered. In either event, Spartan could incur significant costs.

Market Risks

Market risk is the risk that changes in market conditions, such as commodity prices, interest rates and foreign exchange rates, will affect the Company’s cash flows, net income or fair value of financial instruments. Spartan’s risk management objective is to manage and control market risk exposures within acceptable limits, while maximizing long-term returns.

The Company utilizes both derivative financial instruments and physical delivery sales contracts to manage market risks. All such transactions are conducted in accordance with the Company’s established risk management policies that permit management to enter into derivative financial contracts, provided that: the contracts are not entered into for solely speculative purposes; the aggregate quantity hedged, at the time of entering into the contract, does not exceed 75% of future forecasted average daily production; and the contracted term does not exceed 36 months.

a) Commodity Price Risk

Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices. Inherent to the business of producing oil and gas, the Company’s revenue and cash provided by operating activities is subject to commodity price risk. Commodity prices are impacted by world economic events that dictate the levels of supply and demand as well as the currency exchange rate relationship between the Canadian and U.S. dollar. A strengthening in the Canadian dollar against the U.S. dollar could negatively impact the commodity prices realized by Spartan, even with no change in the underlying commodity U.S. benchmark.

From time to time, Spartan may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline. Similarly, the Company may enter into agreements to fix the differential or discount pricing gap which exists, and may fluctuate between different grades of crude oil, NGLs and natural gas and the various market prices received for such products. However, if commodity prices increase or differentials narrow beyond the levels set in such agreements, Spartan may be prevented from realizing the full benefits of price increases above the levels of the derivative instruments used to manage price risk and the Company may nevertheless be obligated to pay royalties on such higher prices, even though not received by it, after giving effect to such agreements. In addition, if the Company enters into hedging arrangements it may be exposed to the risk of financial loss in certain circumstances, including instances in which: production falls short of the hedged volumes or prices fall significantly lower than projected; there is a widening of price-basis differentials between delivery points for production and the delivery point assumed in the hedge arrangement; the counterparties to the hedging arrangements or other price risk management contracts fail to perform under those arrangements; and/or a sudden unexpected material event impacts crude oil and natural gas prices.

Details of outstanding commodity risk management contracts are provided under the heading “Commodity Price Risk Management” in this MD&A and in note 4 to the Annual Financial Statements. The fair values of these contracts are highly sensitive to changes in forecast crude oil and natural gas prices.

The following table illustrates the stand-alone impact of changes in specified benchmark prices and differentials on net income before income taxes, holding all other variables constant, of risk management contracts in place as at December 31, 2023:

(CA$ thousands)	Change in price / differential	Positive movement	Negative movement
NYMEX HH-AECO 7A Basis (1)	+/- US$ 0.10 per mmbtu	(784)	784
AECO 7A	+/- CA$ 0.25 per GJ	(5,025)	5,025

(1) A positive or negative movement means that the differential is narrowing or widening, respectively.

b) *Interest Rate Risk*

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk on long-term debt which bears floating rates of interest. Under the Credit Facility, interest rates fluctuate based on the bank prime rate plus an applicable margin, which varies based on the Company’s net debt to cash flow ratio each quarter. Based on the balance of long-term debt outstanding at December 31, 2023, an increase (decrease) in the market rate of interest by 50 basis points would increase (decrease) annualized interest expense by approximately $0.2 million.

The global economic recovery and inflationary environment has resulted in rising interest rates. For the first time since 2018, the Bank of Canada raised its benchmark interest rate by 25 basis points on March 2, 2022. Over the course of 2022 the benchmark interest rate was increased by an additional 375 basis points, for a total increase of 400 basis points during the year ended December 31, 2022. In January 2023, the benchmark interest rate was increased by 25 basis points, in June 2023 the rate was increased by a further 25 basis points, and in July 2023 the rate was increased by a further 25 basis points, for a total increase of 75 basis points for the year ended December 31, 2023, with the potential for further interest rate increases over the next twelve months. The Company may use derivative financial instruments to manage interest rate risk, however there were no such contracts in place as at or during the period ended December 31, 2023.

c) *Currency Risk*

Currency risk is the risk that future cash flows will fluctuate as a result of changes in foreign exchange rates. All of the Company’s crude oil and natural gas sales are conducted in Canada and the majority of Spartan’s revenue is received in Canadian dollars. A portion of the Company’s crude oil is marketed in U.S. dollars, however U.S. dollar revenues represented less than 5% of Spartan’s oil and gas sales during the fourth quarter of 2023. Spartan is exposed to fluctuations of the Canadian to U.S. dollar exchange rate given the Company’s realized pricing in Canadian dollars is directly influenced by U.S. dollar denominated benchmark pricing. In addition, the Company's commodity price risk management contracts settle in U.S. dollars.

The US$/CA$ exchange rate closed at $1.32 on December 31, 2023, as compared to $1.35 on December 31, 2022. Though the US$/CA$ exchange rate is typically negatively correlated to the movement in WTI crude oil prices, during the quarter ended December 31, 2023 the Canadian dollar decreased 5% in value relative to the U.S. dollar while WTI decreased by 21% since year-end. A weaker Canadian dollar has a positive impact on the Canadian dollar equivalent price Spartan receives, which mitigated impact on the Company's revenue due to decreasing benchmark oil prices. Should the Canadian dollar strengthen against the U.S. dollar, the impact of higher benchmark oil prices could be diminished, or alternatively a stronger Canadian dollar could heighten the impact of weakening benchmark oil prices.

Spartan may enter into foreign exchange risk management contracts from time-to-time to manage currency risk on the Company's U.S. dollar denominated cash flows. The Company had contracts which fixed the U.S. dollar exchange rate at $1.34 on a notional US$9.0 million per month from October 1, 2023 to December 31, 2023. The foreign exchange contract was completed in December 31, 2023 (December 31, 2022 – liability of $0.8 million).

Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's financial assets include cash and cash equivalents, restricted cash, accounts receivable, deposits and derivative financial instrument assets. Cash and cash equivalents and restricted cash are held on deposit with a Canadian chartered bank. The Company's credit risk exposure arises primarily from receivables from oil and gas marketers and joint venture partners. The oil and gas industry has a pre-arranged monthly clearing day for payment of revenues from all buyers of oil and natural gas; this occurs on the 25th day following the month of sale. As a result, the Company's production receivables are current. All other accounts receivable are generally contractually due within 30 days, however the collection period is typically between 60 to 90 days. Amounts outstanding for more than 90 days are generally considered "past due" and relate primarily to receivables from the Company's joint venture partners. When determining whether amounts that are past due are collectible, management assesses the creditworthiness and past payment history of the counterparty, as well as the nature of the past due amount. As at December 31, 2023, Spartan's expected credit loss provision is $1.3 million ($1.6 million at December 31, 2022).

Liquidity Risk

Liquidity risk is the risk that a company will not be able to meet its financial obligations as they become due. The Company prepares and regularly updates its capital and operating budget to forecast future cash flows to ensure, to the extent possible, that it will have sufficient liquidity to meet its obligations. As at December 31, 2023, Spartan's financial liabilities include accounts payable, dividends payable, long-term debt and lease liabilities. A contractual maturity analysis is provided in the "Capital Resources and Liquidity" section of this MD&A. The Company has sufficient liquidity for the next 12 months as current cash balances, future cash flow from operations and access to the remaining undrawn amended Credit Facility is expected to be sufficient to meet the Company's financial obligations.

The Company is early in its life cycle and its development program is capital intensive. From time to time, Spartan's cash flow from operating activities may not be sufficient to fund its growth objectives. As such, Spartan may be dependent on obtaining regular financings in order to continue its exploration, development and acquisition plans. Although the Company has been successful in establishing its credit facilities and accessing equity capital markets to date, there is no guarantee of obtaining future financings.

Credit Facility Arrangements

The amount authorized under the Credit Facility is dependent on the borrowing base determined by the lenders to Spartan under the Credit Facility. The Company is required to comply with covenants under the Credit Facility, which from time to time, either affect the availability, or price, of additional funding and in the event that the Company does not complete therewith, the Company's access to capital could be restricted or repayment could be required. The failure of the Company to comply with such covenants, which may be affected by events beyond the Company's control, could result in an event of default under the Credit Facility which could result in the Company being required to repay amounts owing thereunder. Even if the Company is able to obtain new financing, it may not be on commercially reasonable terms or terms that are acceptable to the Company. If the Company is unable to repay amounts owing, the lenders to Spartan under the Credit Facility could proceed to foreclose or otherwise realize upon the collateral granted to them to secure the indebtedness. The acceleration of the Company's indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross default and cross-acceleration provisions. In addition, the Credit Facility may, from time to time, impose operating and financial restrictions on the Company that could include restrictions on, the payment of dividends, repurchase or making of other distributions with respect to the Company's securities, incurring of additional indebtedness, provision of guarantees, the assumption of loans, making of capital expenditures, entering into of amalgamations, mergers, take-over bids or disposition of assets, among others.

The Company's borrowing base is determined and re-determined by the lenders to Spartan under the Credit Facility based on the Company's reserves, commodity prices, applicable discount rate and other factors as determined by the Company's lenders. A material decline in commodity prices could reduce the Company's borrowing base, therefore reducing the funds available to the Company under the Credit Facility which could result in a portion, or all, of the Company's bank indebtedness needing to be repaid.

Refer to additional information under the heading “Capital Resources and Liquidity” of this MD&A.

Income Taxes

Spartan files all required income tax returns and believes that it is in full compliance with the provisions of the Tax Act and all other applicable provincial tax legislation. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of the Company, whether by re-characterization of expenditures, continuity of non-capital losses or otherwise, such reassessment may have an impact on current and future taxes payable. Income tax laws relating to the oil and natural gas industry, such as the treatment of resource taxation or dividends, may in the future be changed or interpreted in a manner that affects the Company. Furthermore, tax authorities having jurisdiction over Spartan may disagree with how the Company calculates its income for tax purposes or could change administrative practices to the Company’s detriment.

Inflation and Cost Management

The Company's operating costs could escalate and become uncompetitive due to supply chain disruptions, inflationary cost pressures, equipment limitations, escalating supply costs, commodity prices and additional government intervention through stimulus spending or additional regulations. Spartan's inability to manage costs may impact project returns and future development decisions, which could have a material adverse effect on the Company's financial performance and funds from operations.

The cost or availability of oil and gas field equipment may adversely affect the Company's ability to undertake exploration, development and construction projects. The oil and gas industry is cyclical in nature and is prone to shortages of supply of equipment and services including drilling rigs, geological and geophysical services, engineering and construction services, major equipment items for infrastructure projects and construction materials generally. These materials and services may not be available when required at reasonable prices. A failure to secure the services and equipment necessary to the Company's operations for the expected price, on the expected timeline, or at all, may have an adverse effect on its financial performance and funds from operations.

In addition, many central banks including the Bank of Canada and U.S. Federal Reserve have taken steps to raise interest rates in an attempt to combat recent inflation. The increase in borrowing costs may impact project returns and future development decisions, which could have a material adverse effect on Spartan’s financial performance and cash flows. Rising interest rates could also result in a recession in Canada, the United States or other countries. A recession may have a negative impact on demand for crude oil and natural gas, causing a decrease in commodity prices.

Reliance on Operators, Management and Key Personnel

The operations and management of the Company require the recruitment and retention of a skilled workforce, including engineers, technical personnel and other professionals. The loss of key members of such workforce, or a substantial portion of the workforce as a whole, could result in the failure to implement the Company's business plans which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Spartan’s success will be, in part, dependent on the performance of its key managers and consultants. Failure to retain the managers and consultants, or to attract or retain additional key personnel, with the necessary skills and experience could have a materially adverse impact upon Spartan’s growth and profitability. Spartan does not carry key person insurance. The contributions of the existing management team to the immediate and near-term operations of the Company are likely to be of central importance. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Company. In addition, Spartan may not be the operator of certain oil and natural gas properties in which it acquires an interest. To the extent Spartan is not the operator of its oil and natural gas properties, Spartan will be dependent on such operators for the timing of activities related to such properties and will largely be unable to direct or control the activities of the operators.

Reputational Risk

The Company's business, financial condition, operations or prospects may be negatively impacted as a result of any negative public opinion toward Spartan or its affiliates as a result of any negative sentiment toward or in respect of the reputation with stakeholders, special interest groups, political leadership, the media or other entities. Public opinion may be influenced by certain media and special interest groups' negative portrayal of the industry in which the Company operates as well as their opposition to certain crude oil and natural gas projects. Potential impacts of negative public opinion or reputational issues may include delays or interruptions in operations, legal or regulatory actions or challenges, blockades, increased regulatory oversight, reduced support for, delays in, challenges to, or the revocation of regulatory approvals, permits and/or licences and increased costs and/or cost overruns.

Any environmental damage, loss of life, injury or damage to property caused by Spartan's operations could damage the reputation of the Company in active operational areas. The Company's reputation could be affected by actions and activities of other corporations operating in the crude oil and natural gas industry, over which the Company has no control. If the Company, either directly or indirectly, develops a reputation of having an unsafe work site it may impact the ability of the Company to attract and retain the necessary skilled employees and consultants to operate its business. Opposition from special interest groups opposed to oil and natural gas development and the possibility of climate related litigation against fossil fuel companies may indirectly harm the Company's reputation. In addition, environmental damage, loss of life, injury or damage to property caused indirectly by the Company's operations could result in negative investor sentiment towards the Company, which may result in limiting the Company's access to capital, increasing the cost of capital, and decreasing the price and liquidity of the common shares.

Reputational risk cannot be managed in isolation from other forms of risk. Credit, market, operational, insurance, regulatory and legal risks, among others, must all be managed effectively to safeguard Company's reputation. Damage to the Company's reputation could result in negative investor sentiment towards the Company, which may result in limiting the Company's access to capital, increasing the cost of capital, and decreasing the price and liquidity of the Company's securities.

Competition

There is strong competition relating to all aspects of the oil and natural gas industry. Spartan will actively compete for capital, skilled personnel, access to rigs and other equipment, access to processing facilities and pipeline and refining capacity and in all other aspects of its operations with a substantial number of other organizations. The A&D market has also become increasingly competitive in recent years as more energy companies, including Spartan, seek to consolidate operations to increase in scale and relevance to investors.

The Company competes with other exploration and production companies, any of whom may have more financial resources, staff or political influence than the Company. Spartan’s ability to increase its production in the future will depend not only on its ability to develop the Company’s properties, but also on its ability to select other suitable assets for further exploration and development.

Political Uncertainty

The Company's results can be adversely impacted by political, legal, or regulatory developments in Canada and elsewhere that affect local operations and local and international markets. Changes in government, government policy or regulations, changes in law or interpretation of settled law, third-party opposition to industrial activity generally or projects specifically and duration of regulatory reviews could impact Spartan's existing operations and planned projects. This includes actions by regulators or other political factors to delay or deny necessary licenses and permits for the Company's activities or restrict the operation of third-party infrastructure that the Company relies on. Additionally, changes in environmental regulations, assessment processes or other laws, while increasing and expanding stakeholder consultation (including Indigenous stakeholders), may increase the cost of compliance or reduce or delay available business opportunities and adversely impact Spartan's results.

Other government and political factors that could adversely affect the Company's financial results include increases in taxes or government royalty rates (including retroactive claims) and changes in trade policies and agreements. Further, the adoption of regulations mandating efficiency standards, and the use of alternative fuels or uncompetitive fuel components could affect the Company's operations. Many governments are providing tax advantages and other subsidies to support alternative energy sources or are mandating the use of specific fuels or technologies. Governments and others are also promoting research into new technologies to reduce the cost and increase the scalability of alternative energy sources, and the success of these initiatives may decrease demand for Spartan's products.

The federal government was re-elected in 2019, but in a minority position. Another federal election was held on September 20, 2021 and the federal government was re-elected again in a minority position. The ability of the minority federal government to pass legislation will be subject to whether it is able to come to agreement with, and garner the support of, the other elected parties, most of whom are opposed to the development of the petroleum and natural gas industry. The minority federal government will also be required to rely on the support of the other elected parties to remain in power, which provides less stability and may lead to an earlier subsequent federal election. A change in federal, provincial or municipal governments in Canada may have an impact on the directions taken by such governments on matters that may impact the petroleum and natural gas industry including the balance between economic development and environmental policy. Lack of political consensus, at both the federal and provincial government level, continues to create regulatory uncertainty, the effects of which become apparent on an ongoing basis, particularly with respect to carbon pricing regimes, curtailment of crude oil production and transportation and export capacity, and may affect the business of participants in the petroleum and natural gas industry, which effect could prove to be material over time.

Following former Alberta Premier Jason Kenney's resignation on May 18, 2022, Danielle Smith was elected as Premier on October 11, 2022. Shortly after her appointment, Premier Smith introduced Bill 1: The Alberta Sovereignty Within a United Canada Act (the “Sovereignty Act”). The Sovereignty Act was passed on December 8, 2022, and received Royal Assent on December 15, 2022. The Sovereignty Act, amongst other things, enables the Alberta Government to choose which federal legislation, policies or programs it will enforce in Alberta, providing an overriding right to not enforce those which the Alberta Government deems to be " harmful" to Alberta's interests or infringe on the Federal Constitution and its division of powers. The Sovereignty Act has been opposed by many, including the National Democratic Party and various Indigenous groups who have expressed concern as to how the Sovereignty Act will affect Indigenous rights and consultation obligations in Alberta. It is unclear what the effect the Sovereignty Act will have on Alberta, including the petroleum and natural gas industry, Alberta businesses and its federal and interprovincial relationships, including the application of certain federal legislation in Alberta, such as the Greenhouse Gas Pollution Pricing Act and the Impact Assessment Act and the way in which the Alberta Government may address any legislative and policy gaps created. Although the Sovereignty Act has not yet been challenged in court, it is possible the Sovereignty Act's constitutionality will be challenged.

Geopolitical Risks

The marketability and price of oil and natural gas that may be acquired or discovered by Spartan is and will continue to be affected by political events throughout the world that cause disruptions in the supply of oil. Conflicts, or conversely peaceful developments, arising outside of Canada, including changes in political regimes or parties in power, may have a significant impact on the price of crude oil and natural gas. Any particular event could result in a material change in prices and therefore result in a change of Spartan's revenue.

The level of geo-political risk escalates at certain points in time. While the specific impact on the global economy would depend on the nature of the event, in general, any major event could result in instability and volatility. Current areas of concern include: global uncertainty following a recent period of high inflation; Russia's military invasion of Ukraine;

Israeli-Hamas conflicts in Gaza; other hostilities in the middle east and Taiwan; and rising civil unrest and activism globally.

Climate Change

Global climate issues continue to attract public and scientific attention. Numerous reports, including reports from the Intergovernmental Panel on Climate Change, have engendered concern about the impacts of human activity, especially hydrocarbon combustion, on global climate issues. In turn, increasing public, government, and investor attention is being paid to global climate issues and to emissions of greenhouse gas (“GHG”), including emissions of carbon dioxide and methane from the production and use of oil, liquids and natural gas. The majority of countries across the globe, including Canada and the United States, have agreed to reduce their carbon emissions in accordance with the Paris Agreement. In addition, during the course of the 2021 United Nations Climate Change Conference in Glasgow, Scotland, Canada's Prime Minister Justin Trudeau made several pledges aimed at reducing Canada's GHG emissions and environmental impact.

Transition Risks

The Company's exploration and production facilities and other operations and activities emit GHGs and require the Company to comply with federal and/or provincial GHG emissions legislation. Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place to prevent climate change or mitigate its effects. The direct or indirect costs of these regulations may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. There is no guarantee the current provincial regimes in place will continue to meet federal stringency requirements and their continued application is subject to achieving the stringency standards as required by the federal government.

Climate change has been linked to long-term shifts in climate patterns, including sustained higher temperatures. As the level of activity in the Canadian petroleum and natural gas industry is influenced by seasonal weather patterns, long-term shifts in climate patterns pose the risk of exacerbating operational delays and other risks posed by seasonal weather patterns. In addition, long-term shifts in weather patterns such as water scarcity, increased frequency of storm and fire and prolonged heat waves may, among other things, require the Company to incur greater expenditures (time and capital) to deal with the challenges posed by such changes to its premises, operations, supply chains, transport needs and employee safety, which may in turn have a material adverse effect on the Company. Specifically, in the event of water shortages or sourcing issues, the Company may not be able to, or will incur greater costs to, carry out hydraulic fracturing.

Foreign and domestic governments continue to evaluate and implement policy, legislation and regulations focused on restricting emissions commonly referred to as GHG emissions and promoting adaptation to climate change and the transition to a low-carbon economy. Given the evolving nature of climate change policy and the control of GHG and resulting requirements, it is expected that current and future climate change regulations will have the effect of increasing operating expenses on the royalty properties, and, in the long-term, potentially reducing the demand for crude oil and natural gas and related products, resulting in a decrease in the Company's profitability and a reduction in the value of its assets.

Concerns about climate change have resulted in a number of environmental activists and members of the public opposing the continued exploitation and development of fossil fuels which influenced investors' willingness to invest in the petroleum and natural gas industry. Historically, political and legal opposition to the fossil fuel industry focused on public opinion and the regulatory process. More recently, however, there has been a movement to more directly hold governments and oil and natural gas companies responsible for climate change through climate litigation. In November 2018, ENVironment JEUnesse, a Quebec advocacy group, applied to the Quebec Superior Court to certify all Quebecois under 35 as a class in a proposed class action lawsuit against the Government of Canada for climate related matters. The application was denied and ENVironment JEUnesse appealed to the Appeal Court of Quebec on February 23, 2021. The appeal was dismissed on December 31, 2021. In January 2019, the City of Victoria became the first municipality in Canada to endorse a class action lawsuit against oil and natural gas producers for alleged climate-related harms. The Union of British Columbia Municipalities defeated the City of Victoria's motion to initiate a class action lawsuit to recover costs it claims are related to climate change.

Given the perceived elevated long-term risks associated with regulatory changes or other market developments related to climate change, there have also been efforts in recent years affecting the investment community, including investment advisors, sovereign wealth funds, public pension funds, universities and other institutional investors, promoting direct engagement and dialogue with companies in their portfolios on climate change action (including exercising their voting rights on matters relating to climate change) and increased capital allocation to investments in low-carbon assets and businesses while decreasing the carbon intensity of their portfolios through, among other measures, divestments of companies with high exposure to GHG intensive operations and products. Certain stakeholders have also pressured insurance providers and commercial and investment banks to reduce or stop financing and providing insurance coverage to crude oil and natural gas and related infrastructure businesses and projects. The impact of such efforts may require the Company's management to dedicate significant time and resources to these climate change related concerns, may adversely affect the Company's operations, the demand for and price of the Company's securities and may negatively impact the Company's cost of capital and access to the capital markets, which negative impact could prove to be material over time.

Claims have been made against certain energy companies alleging that GHG emissions from crude oil and natural gas operations constitute a public nuisance under certain laws or that such energy companies provided misleading disclosure to the public and investors of current or future risks associated with climate change. As a result, individuals, government authorities or other organizations may make claims against crude oil and natural gas companies, for alleged personal injury, property damage or other potential liabilities. While the Company is not a party to any such litigation or proceedings, it could be named in actions making similar allegations. An unfavorable ruling in any such case could adversely affect the demand for and price of securities issued by the Company, impact its operations and have an adverse effect on its financial condition, which could prove to be material.

Given the evolving nature of climate change policy and the control of GHG and resulting requirements, it is expected that current and future climate change regulations will have the effect of increasing the Company's operating expenses and in the long-term, potentially reducing the demand for crude oil and natural gas production resulting in a decrease in the Company's profitability and a reduction in the value of its assets or requiring impairments for financial statement purposes.

Public support for climate change action and receptivity to new technologies has grown in recent years. Governments in Canada and around the world have responded to these shifting societal attitudes by adopting ambitious emissions reduction targets and supporting legislation, including measures relating to carbon pricing, clean energy and fuel standards and alternative energy incentives and mandates. There has also been increased activism, including threats of culpability, legal action against oil and gas producers, and public opposition to fossil fuels and the oil and gas industry in which the Company operates. Given the evolving nature of the debate related to climate change and the control of GHGs and resulting requirements, it is not possible to predict the impact on its operations and financial condition.

Physical Risks

Climate change has been linked to extreme weather conditions. Extreme hot and cold weather, heavy snowfall, heavy rainfall and wildfires may restrict or could interfere with the Company's operations, increasing its costs and otherwise negatively impacting its operations. Over the last several years, certain areas of British Columbia, Alberta and Saskatchewan have been negatively impacted by wildfires, and extreme flooding in British Columbia, causing temporary interruption to both pipeline systems and railway lines. Extreme weather conditions may lead to disruptions in the Company's ability to transport produced oil and natural gas as well as goods and services in its supply chains. The Company's assets are located in locations that are proximate to forests and rivers and a wildfire or flood, respectively, may lead to significant downtime and/or damage to such assets which may affect production. At this time, the Company is unable to determine the extent to which climate change may lead to increased storm or weather hazards affecting the Company's operations.

Royalty Regimes

There can be no assurance that the provincial governments of the western provinces will not adopt new royalty regimes or modify the existing royalty regimes which may have an impact on the economics of the Company's projects. An increase in royalties would reduce the Company's earnings and could make future capital investments, or Spartan's operations, less economic. On January 29, 2016, the Government of Alberta adopted a new royalty regime which took effect on January 1, 2017. British Columbia introduced a new royalty framework in May 2022 that comes into effect on September 1, 2024, with a number of incentives ending for any wells spudded after September 1, 2022.

Indigenous Claims

Indigenous peoples have claimed Indigenous rights and title in portions of Western Canada. Claims and protests of indigenous peoples may disrupt or delay third-party operations, new development or new project approvals on the Company's properties. Spartan is not aware that any material claims have been made in respect of Spartan's assets; however, if a claim arose and was successful this could have an adverse effect on Spartan and its operations. In addition, the process of addressing such claims, regardless of the outcome, is expensive and time consuming and could result in delays which could have a negative effect on the Company's business, financial condition, results of operations and prospects, which negative effect could prove to be material over time.

Moreover, in recent years there has been increasing litigation regarding historical treaties with Indigenous peoples in Canada. Judicial interpretation of such historical treaties, and in particular the rights granted thereunder to Indigenous nations to manage and use the lands in a manner consistent with their ancestral practices, may impact future resource and industrial development in and around these lands. While the potential impact of current and future judicial decisions is uncertain at this time, it is possible that such decisions may have a negative effect on the Company's business, financial condition, results of operations and prospects, which negative effect could prove to be material over time.

Carbon Pricing Risk

The majority of countries across the globe have agreed to reduce their carbon emissions in accordance with the Paris Agreement. See "Industry Conditions – Climate Change Regulation". In Canada, the federal and certain provincial governments have implemented legislation aimed at incentivizing the use of alternative fuels and in turn reducing carbon emissions. The federal system, which was upheld by the Supreme Court of Canada, currently applies in provinces and territories without their own system that meets federal stringency standards. Provinces with their own system are subject to continued compliance with the federal system. There is no guarantee that a province with a system that currently applies will meet, or continue to meet, federal stringency standards. The taxes placed on carbon emissions may have the effect of decreasing the demand for crude oil and natural gas products and at the same time, increasing the operating expenses of crude oil and natural gas companies, each of which may have a material adverse effect on the Company's revenue. Further, the imposition of carbon taxes puts the Company at a disadvantage with its counterparts who operate in jurisdictions where there are less costly carbon regulations.

Environmental Risks

Oil and gas exploration and production can involve environmental risks such as litigation, physical and regulatory risks. Physical risks include the pollution of the environment, climate change and destruction of natural habitat, as well as safety risks such as personal injury. Spartan works hard to identify the potential environmental impacts of its new projects in the planning stage and during operations. The Company conducts its operations with high standards in order to protect the environment, its employees and consultants and the general public. Spartan maintains current insurance coverage for comprehensive and general liability as well as limited pollution liability. The amount and terms of this insurance are reviewed on an ongoing basis and adjusted as necessary to reflect current corporate requirements, as well as industry standards and government regulations. Without such insurance, and if the Company becomes subject to environmental liabilities, the payment of such liabilities could reduce or eliminate its available funds or could exceed the funds the Company has available and result in financial distress.

The oil and gas industry is subject to environmental regulation under a variety of Canadian federal, provincial, territorial and municipal laws and regulations, all of which are subject to governmental review and revision from time to time. The regulations in Canada are some of the most stringent and progressive in the world. Such regulations provide for, among other things, restrictions and prohibitions on the spill, release or emission of various substances produced in association with certain crude oil and natural gas industry operations, including the abandonment and reclamation of well, facility and pipeline sites. Compliance with such regulations can require significant expenditures by the businesses operating and a breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability and the imposition of material fines and penalties. Further to these specific, known requirements, future changes to environmental legislation, including legislation for air pollution and greenhouse gas emissions, may impose further requirements on operators and other companies in the crude oil and natural gas industry. The Company works with applicable federal, provincial and municipal regulators to ensure compliance.

Evolving Corporate Governance, Sustainability and Reporting Framework

The Company's business is subject to evolving corporate governance and public disclosure regulations that have increased both compliance costs and the risk of noncompliance, which could have an adverse effect on the price of the Company's securities. Spartan is subject to changing rules and regulations promulgated by a number of governmental and self-regulated organizations, including the Canadian Securities Administrators, the TSX and the Financial Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity making compliance more difficult and uncertain. Further, the Company's efforts to comply with these and other new and existing rules and regulations have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Emissions, carbon and other regulations impacting climate and climate-related matters are constantly evolving. With respect to environmental, social, governance and climate reporting, the International Sustainability Standards Board has issued an IFRS Sustainability Disclosure Standard with the aim to develop sustainability disclosure standards that are globally consistent, comparable and reliable. In addition, the Canadian Securities Administrators published for comment Proposed National Instrument 51-107 - Disclosure of Climate-Related Matters, intended to introduce climate-related disclosure requirements for reporting issuers in Canada with limited exceptions. If the Company is not able to meet future sustainability reporting requirements of regulators or current and future expectations of investors, insurance providers, or other stakeholders, its business and ability to attract and retain skilled employees, obtain regulatory permits, licences, registrations, approvals, and authorizations from various governmental authorities, and raise capital may be adversely affected.

Information Technology Systems and Cyber-Security

Spartan has become increasingly dependent upon the availability, capacity, reliability and security of its information technology infrastructure, and its ability to expand and continually update this infrastructure, to conduct daily operations. Various information technology systems are relied upon to estimate reserve quantities, process and record financial data, manage the land base, manage financial resources, analyze seismic information, administer contracts and communicate with employees and third-party partners.

The Company is subject to a variety of information technology and system risks as a part of its normal course operations, including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of Spartan's information technology systems by third parties or insiders. Unauthorized access to these systems by employees or third parties could lead to corruption or exposure of confidential, fiduciary or proprietary information, interruption to communications or operations or disruption to its business activities or competitive position. In addition, cyber-phishing attempts, in which a malicious party attempts to obtain sensitive information such as usernames, passwords, and credit card details (and money) by disguising as a trustworthy entity in an electronic communication, have become more widespread and sophisticated in recent years. If the Company becomes a victim to a cyber-phishing attack it could result in a loss or theft of the Company's financial resources or critical data and information or could result in a loss of control of the Company's technological infrastructure or financial resources. The Company's employees are often the targets of such cyber-phishing attacks, as they are and will continue to be targeted by parties using fraudulent "spoof" emails to misappropriate information or to introduce viruses or other malware through "Trojan horse" programs to the Company's computers. These emails appear to be legitimate emails, but direct recipients to fake websites operated by the sender of the email or request recipients to send a password or other confidential information through email or to download malware.

The Company maintains policies and procedures that address and implement employee protocols with respect to electronic communications and electronic devices and conducts annual cyber security risk assessments. The Company also employs encryption protection of its confidential information, all computers and other electronic devices. Despite the Company's efforts to mitigate such phishing attacks through education and training, phishing activities remain a serious problem that may damage Spartan's information technology infrastructure. The Company applies technical and process controls in line with industry-accepted standards to protect its information assets and systems, including written incident response plan for responding to a cyber security incident. However, these controls may not adequately prevent cyber-security breaches.

Disruption of critical information technology services, or breaches of information security, could have a negative effect on the Company's performance and earnings, as well as reputation. Spartan applies technical and process controls in line with industry-accepted standards to protect information assets and systems; however, these controls may not adequately prevent cyber-security breaches. The significance of any such event is difficult to quantify, but may in certain circumstances be material and could have a material adverse effect on the Company's business, financial condition and results of operations.

Forward-Looking Information May Prove Inaccurate

Current and prospective investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

Additional information on the risks, assumptions and uncertainties in this MD&A under the heading "Forward-Looking Statements".

ABBREVIATIONS

A&D	acquisitions and dispositions
AECO	Alberta Energy Company “C” Meter Station of the NOVA Pipeline System, the Canadian benchmark price for natural gas
AIF	refers to the Company’s 2022 Annual Information Form dated March 31, 2023
API	American Petroleum Institute gravity
bbl	barrel
bbls/d	barrels per day
BOE	barrels of oil equivalent
BOE/d	barrels of oil equivalent per day
CA$	Canadian dollar
C$WTI	Canadian Dollar WTI
DCET	capital expenditures incurred to drill, complete, equip and tie-in a well
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
G&A	general and administrative expenses
G&G	geological and geophysical expenses
GAAP	refers to Canadian Generally Accepted Accounting Principles, which incorporate IFRS Accounting Standards for public companies
GJ	gigajoule
ICFR	internal controls over financial reporting
LCA	Licensee Capability Assessment
LMR	Liability Management Rating of the Alberta Energy Regulator
mbbls	one thousand barrels
mBOE	one thousand barrels of oil equivalent
mcf or MCF	one thousand cubic feet
mcf/d	one thousand cubic feet per day
MM	millions of dollars
mmbtu	one million British thermal units
mmcf	one million cubic feet
mmcf/d	one million cubic feet per day
nm	“not meaningful”, generally with reference to a percentage change
NCLs	non-capital losses
NGLs	natural gas liquids
NYMEX	New York Mercantile Exchange
Q1 2022	first quarter of 2022
Q2 2022	second quarter of 2022
Q3 2022	third quarter of 2022
Q4 2022	fourth quarter of 2022
Q1 2023	first quarter of 2023
Q2 2023	second quarter of 2023
Q3 2023	third quarter of 2023
Q4 2023	fourth quarter of 2023
SRP	Site Rehabilitation Program of the Alberta government
TSX	Toronto Stock Exchange
US$	United States dollar
WTI	West Texas Intermediate, price paid in US$ at Cushing, Oklahoma, for crude oil of standard grade

FORWARD-LOOKING STATEMENTS

Certain statements contained within this MD&A constitute forward-looking statements within the meaning of applicable Canadian securities legislation. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "budget", "plan", "endeavour", "continue", "estimate", "evaluate", "expect", "forecast", "monitor", "may", "will", "can", "able", "potential", "target", "intend", "consider", "focus", "identify", "use", "utilize", "manage", "maintain", "remain", "result", "cultivate", "could", "should", "believe" and similar expressions. The Company believes that the expectations reflected in such forward-looking statements are reasonable, but no assurance can be given that such expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

Without limitation, this MD&A contains forward-looking statements pertaining to:

- the intentions of management and the Company with respect to its growth strategy and business plan;
- Spartan’s 2024 outlook, including anticipated production levels and capital expenditure budget for 2024;
- Spartan’s intentions with respect to the future return of capital, including the potential combination of share repurchases, base dividend payments and/or special dividend payments;
- Spartan's intention to maintain a flexible capital structure;
- Spartan's intentions to maintain a strong balance sheet to allow the Company to take advantage of opportunities;
- Spartan’s objective to maintain an industry leading Liability Management Rating;
- capital resources and liquidity, including Spartan’s expectations regarding sources of funding for future development capital expenditures;
- estimates used to calculate the fair value of net assets acquired through business combinations, decommissioning obligations, and depletion and impairment of PP&E;
- expectations of generating future taxable profits in order to realize deferred tax assets by utilizing available tax pools in the future, as well as the estimated amount of available tax pools;
- expectations regarding Spartan's position to withstand future commodity price volatility;
- the expectation that interest rates and borrowing costs will continue to increase over the next twelve months;
- commitments and contingencies; and
- expectations for forecast commodity prices in 2024 and beyond.

With respect to the forward-looking statements contained in this MD&A, Spartan has made assumptions regarding, among other things:

- future commodity prices, price differentials and the actual prices received for the Company's products;
- delays in the optimization of operations at the Company's properties;
- operating costs and expenditures;
- future production and recovery;
- anticipated fluctuations in foreign exchange and interest rates;
- general economic conditions, including from the actions of oil and gas producing countries and the continuing pressure of interest rate hikes following recent inflation;
- expected net production transportation expenses and operating costs;
- estimated reserves of oil and natural gas, including estimated future development capital expenditures required to develop total proved plus probable reserves;
- the ability to obtain equipment and services in the field in a timely and efficient manner;
- the ability to add production and reserves through acquisition and/or drilling at competitive prices;
- the ability to explore diversified gas markets;
- the timing of anticipated future production additions from the Company's properties and acquisitions;
- the continued availability of capital and skilled personnel and the impact of increasing competition;
- the ability to obtain financing on acceptable terms;
- the ability of the Company to secure adequate product transportation; and
- the continuation of the current tax, royalty and regulatory regime.

Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated or implied by such forward-looking statements due to a number of factors and risks. These include but are not limited to:

- adverse effects on general economic conditions in Canada, the United States and globally;
- the material uncertainties and risks described under the heading "Risks and Uncertainties" in this MD&A and in the Company's AIF;
- the risks associated with the oil and gas industry in general, such as operational risks in development, exploration and production;
- delays or changes in plans with respect to exploration or development projects or capital expenditures;
- incorrect assessments of the value of benefits to be obtained from the Company's exploration and development programs;
- volatility in market prices for oil and natural gas;
- uncertainties associated with estimating crude oil and natural gas reserves and the ability of the Company to realize value from its properties;
- geological, technical, drilling and processing problems;
- facility and pipeline capacity constraints and access to processing facilities and to markets for production;
- fluctuations in foreign exchange or interest rates and stock market volatility;
- fluctuations in the costs of borrowing;
- marketing and transportation;
- prevailing weather and break-up conditions;
- environmental risks;
- competition for, among other things, capital, acquisition of reserves, undeveloped lands and skilled personnel;
- net production and transportation costs and future development costs;
- the ability to access sufficient capital from internal and external sources;
- ability to obtain regulatory approvals;
- changes in tax, royalty and environmental legislation; and
- litigation or regulatory proceedings that may be brought against the Company.

Readers are cautioned that the foregoing list of risk factors is not exhaustive. The risk factors above should be considered in the context of current economic conditions, the attitude of lenders and investors towards corporations in the energy industry, potential changes to royalty and taxation regimes and to environmental and other government regulations, the condition of financial markets generally, as well as the stability of joint venture and other business partners, all of which are outside the control of the Company. Also to be considered are increased levels of political uncertainty both domestically and abroad, possible changes to existing international trading agreements and relationships, as well as geopolitical risks including Russia's military actions in Ukraine and Israeli-Hamas conflict in Gaza. Legal challenges to asset ownership, limitations to rights of access and adequacy of pipelines or alternative methods of getting production to market may also have a significant effect on the Company's business. Further, the ability of Spartan to pay dividends or execute share buybacks in the future, if any, will be subject to applicable laws (including the satisfaction of the solvency test contained in applicable corporate legislation) and contractual restrictions contained in the instruments governing its indebtedness, including its credit facility. Additional information on these and other factors that could affect the business, operations or financial results of Spartan are included in reports on file with applicable securities regulatory authorities, including (but not limited to) the AIF, which may be accessed on Spartan's SEDAR+ profile at www.sedarplus.ca or on the Company's website at www.spartandeltacorp.com.

The forward-looking statements and future orientated financial information ("**FOFI**") contained in this MD&A are made as of the date hereof and Spartan undertakes no obligation to update publicly or revise any forward-looking statements, forward-looking information or FOFI whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. The forward-looking statements and FOFI contained herein are expressly qualified by this cautionary statement.