SPARTAN DELTA CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS

AS AT AND FOR THE THREE MONTHS ENDED

MARCH 31, 2022 AND 2021

FINANCIAL AND OPERATING HIGHLIGHTS

(CA$ thousands, unless otherwise indicated)	**Q1 2022**	Q4 2021	%	**Q1 2022**	Q1 2021	%
FINANCIAL HIGHLIGHTS						
Oil and gas sales	**322,424**	296,425	9	**322,424**	69,283	365
Net income and comprehensive income	**61,177**	128,455	(52)	**61,177**	59,164	3
$ per share, basic	**0.40**	0.84	(52)	**0.40**	0.87	(54)
$ per share, diluted	**0.36**	0.76	(53)	**0.36**	0.73	(51)
Cash provided by operating activities	**137,840**	147,975	(7)	**137,840**	32,107	329
Adjusted Funds Flow (2)	**159,721**	137,026	17	**159,721**	34,617	361
$ per share, basic	**1.04**	0.89	17	**1.04**	0.51	104
$ per share, diluted	**0.92**	0.80	15	**0.92**	0.42	119
Free Funds Flow (2)	**51,737**	21,344	142	**51,737**	15,335	237
Cash used in investing activities	**104,362**	98,225	6	**104,362**	42,938	143
Capital Expenditures before A&D (2)	**107,984**	115,682	(7)	**107,984**	19,282	460
Adjusted Net Capital Acquisitions (2)	**(567)**	(1,437)	(61)	**(567)**	147,121	nm
Total assets	**1,811,765**	1,742,414	4	**1,811,765**	679,613	167
Long-term debt	**356,570**	387,564	(8)	**356,570**	-	-
Net Debt (2)	**405,691**	458,259	(11)	**405,691**	(98,303)	(513)
Net Debt to Annualized AFF Ratio (2)	**0.6x**	0.8x	(25)	**0.6x**	n/a	-
Shareholders' equity	**950,734**	886,649	7	**950,734**	414,230	130
Common shares outstanding, end of period (000s) (3)	**153,469**	153,214	0	**153,469**	113,932	35
OPERATING HIGHLIGHTS						
Average daily production						
Crude oil (bbls/d)	**11,270**	11,450	(2)	**11,270**	603	1,769
Condensate (bbls/d) (1)	**2,414**	2,373	2	**2,414**	1,338	80
NGLs (bbls/d) (1)	**12,971**	13,576	(4)	**12,971**	7,115	82
Natural gas (mcf/d)	**275,596**	270,176	2	**275,596**	137,146	101
BOE/d	**72,588**	72,428	0	**72,588**	31,914	127
Average realized prices, before financial instruments						
Crude oil ($/bbl)	**116.35**	91.38	27	**116.35**	66.56	75
Condensate ($/bbl) (1)	**120.17**	96.63	24	**120.17**	72.01	67
NGLs ($/bbl) (1)	**49.59**	44.39	12	**49.59**	28.37	75
Natural gas ($/mcf)	**4.85**	4.97	(2)	**4.85**	3.15	54
Combined average ($/BOE)	**49.35**	44.48	11	**49.35**	24.12	105
Operating Netbacks ($/BOE) (2)						
Oil and gas sales	**49.35**	44.48	11	**49.35**	24.12	105
Processing and other revenue	**0.36**	0.36	-	**0.36**	0.62	(42)
Royalties	**(4.86)**	(4.91)	(1)	**(4.86)**	(3.03)	60
Operating expenses	**(8.36)**	(7.52)	11	**(8.36)**	(5.06)	65
Transportation expenses	**(2.76)**	(2.41)	15	**(2.76)**	(1.34)	106
Operating Netback, before hedging ($/BOE) (2)	**33.73**	30.00	12	**33.73**	15.31	120
Operating Netback, after hedging ($/BOE) (2)	**26.94**	23.36	15	**26.94**	14.28	89
Adjusted Funds Flow Netback ($/BOE) (2)	**24.45**	20.56	19	**24.45**	12.05	103

(1) Condensate is a natural gas liquid as defined by NI 51-101. See "Other Measurements".

(2) "Operating Netback", "Adjusted Funds Flow", "Free Funds Flow", "Capital Expenditures before A&D", "Adjusted Net Capital Acquisitions", "Net Debt" and "Net Debt to Annualized AFF Ratio" do not have standardized meanings under IFRS, 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 1500, 308 – 4th Avenue S.W., Calgary, Alberta T2P 0H7. The registered office is located at 4300 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 May 10, 2022, 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 unaudited condensed consolidated interim financial statements as at March 31, 2022 (the "**Interim Financial Statements**") and the audited consolidated annual financial statements and related notes for the years ended December 31, 2021 and 2020 (the "**2021 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, 2021 (the "**AIF**"), can be found on SEDAR at www.sedar.com and the Company's website at www.spartandeltacorp.com.

Background on 2021 Acquisitions

During the previous year ended December 31, 2021, Spartan had an acquisitive growth strategy and closed a series of acquisitions which established a second core development area targeting the Montney in northwest Alberta. On March 18, 2021, the Company acquired Inception Exploration Ltd. ("**Inception**") with core assets located at Gold Creek for total consideration of $121.0 million including net debt (the "**Inception Acquisition**") and acquired assets located primarily in the Simonette area for $20.5 million (the "**Simonette Acquisition**"). On August 31, 2021, Spartan closed the acquisition of Velvet Energy Ltd. ("**Velvet**"), a privately held light-oil Montney producer with operations primarily in the Gold Creek, Karr and Pouce Coupe areas of northwest Alberta, for total consideration of approximately $754.7 million including net debt (the "**Velvet Acquisition**"). Spartan also completed several smaller tuck-in acquisitions throughout 2021 to build upon the Company's core land holdings in the Alberta Montney and Deep Basin, including an acquisition of producing assets at Ferrier for $35.8 million, net of working capital, which closed on September 3, 2021 (the "**Ferrier Acquisition**"). Throughout this MD&A, the acquisitions completed during the previous year are collectively referred to as the "**2021 Acquisitions**".

The acquisition of Velvet completed the strategic platform that Spartan had been building and marked the beginning of the next phase of the Company's development. The Company's focus has shifted to organic growth through development of its core assets in the Montney and Deep Basin, targeting a mix of crude oil and liquids-rich natural gas prospects. Spartan will continue to take advantage of select acquisition opportunities as they may arise.

Unless otherwise noted, the financial information in this MD&A has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") also known as International Financial Reporting Standards ("IFRS"). 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 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.

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:

(CA$ thousands, unless otherwise indicated)	**Q1 2022**	Q4 2021	%	**Q1 2022**	Q1 2021	%
Oil and gas sales, net of royalties	**290,644**	263,687	10	**290,644**	60,566	380
Processing and other revenue	**2,378**	2,405	(1)	**2,378**	1,790	33
Operating expenses	**(54,659)**	(50,125)	9	**(54,659)**	(14,534)	276
Transportation expenses	**(18,010)**	(16,081)	12	**(18,010)**	(3,855)	367
Operating Income, before hedging	**220,353**	199,886	10	**220,353**	43,967	401
Settlements on Commodity Derivative Contracts	**(44,026)**	(42,551)	3	**(44,026)**	(2,963)	1,386
Net Pipeline Transportation Margin	**(354)**	(1,685)	(79)	**(354)**	-	-
Operating Income, after hedging	**175,973**	155,650	13	**175,973**	41,004	329
Production (BOE)	**6,532,869**	6,663,389	(2)	**6,532,869**	2,872,270	127
Operating Netback, before hedging ($/BOE)	**33.73**	30.00	12	**33.73**	15.31	120
Operating Netback, after hedging ($/BOE)	**26.94**	23.36	15	**26.94**	14.28	89

A reconciliation of Settlements on Commodity Derivative Contracts to the realized loss and settlements of acquired liabilities is provided under the heading "Results of Operations – Commodity Price Risk Management" in this MD&A. The components of the Net Pipeline Transportation Margin are also detailed therein.

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 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, 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 (non-GAAP measure 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, which is also a non-GAAP financial measure (defined herein). 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, to Funds from Operations, Adjusted Funds Flow and Free Funds Flow:

(CA$ thousands)	**Q1 2022**	Q4 2021	%	**Q1 2022**	Q1 2021	%
Cash provided by operating activities	**137,840**	147,975	(7)	**137,840**	32,107	329
Change in non-cash operating working capital	**24,202**	(8,509)	(384)	**24,202**	4,222	473
Funds from Operations	**162,042**	139,466	16	**162,042**	36,329	346
Add back: transaction costs	**24**	(71)	(134)	**24**	688	(97)
Deduct: lease payments	**(2,345)**	(2,369)	(1)	**(2,345)**	(2,400)	(2)
Adjusted Funds Flow	**159,721**	137,026	17	**159,721**	34,617	361
Deduct: Capital Expenditures before A&D (1)	**(107,984)**	(115,682)	(7)	**(107,984)**	(19,282)	460
Free Funds Flow	**51,737**	21,344	142	**51,737**	15,335	237

(1) Includes capital expenditures on exploration and evaluation assets and property, plant and equipment, see page 7.

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

AFF per share is a non-GAAP financial ratio used by the 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 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. For periods in which the convertible promissory note was outstanding, it was always dilutive to AFF per share but could be antidilutive to EPS because of the non-cash change in fair value recognized through net income (see also, "Share Capital"). The table below outlines the calculation of AFF per share:

(CA$ thousands, except for share amounts)	**Q1 2022**	Q4 2021	%	**Q1 2022**	Q1 2021	%
Adjusted Funds Flow	**159,721**	137,026	17	**159,721**	34,617	361
WA Shares outstanding (000s) – basic	**153,292**	153,128	0	**153,292**	68,293	124
WA Shares outstanding (000s) – diluted AFF	**172,745**	170,220	1	**172,745**	81,591	112
AFF per share						
Basic ($ per common share)	**1.04**	0.89	17	**1.04**	0.51	104
Diluted ($ per common share)	**0.92**	0.80	15	**0.92**	0.42	119

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, lease liabilities and the deferred premium on flow through shares (if applicable). As at March 31, 2022 and December 31, 2021, the Adjusted Working Capital deficit includes cash and cash equivalents, accounts receivable, prepaid expenses and deposits, other current assets, accounts payable and accrued liabilities and the current portion of decommissioning obligations.

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 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 – refer to "Capital Resources and Liquidity".

(Assets) Liabilities – *CA$ thousands*	**March 31, 2022**	December 31, 2021
Cash	**(1,552)**	(1,245)
Accounts receivable	**(139,329)**	(96,741)
Prepaid expenses and deposits	**(6,030)**	(5,104)
Other current assets	**(11,504)**	(6,800)
Accounts payable and accrued liabilities	**203,922**	176,971
Current portion of decommissioning obligations	**3,614**	3,614
Adjusted Working Capital deficit	**49,121**	70,695
Long-term debt	**356,570**	387,564
Net Debt	**405,691**	458,259

In addition, Spartan has various lease contracts in place for compression equipment, facilities, office buildings and vehicles. The Company's total lease liability is $52.5 million as at March 31, 2022 (December 31, 2021 – $54.8 million), of which $10.3 million of the principal amount is expected to be settled within the next twelve months.

References to "**Cash Financing Expenses**" includes interest and fees on long-term debt, net of interest income, and excludes financing costs related to lease liabilities and accretion of decommissioning obligations. Cash Financing Expenses 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 expenses presented in accordance with IFRS.

Net Debt to Annualized AFF Ratio (1)

(1) In the 2021 Annual Financial Statements, Spartan referred to this capital management measure as the "Net Debt to Trailing AFF Ratio" based on "Trailing Adjusted Funds Flow". The name of this measure has been changed to "Net Debt to Annualized AFF Ratio" based on "Annualized Adjusted Funds Flow", however there is no change to the calculation methodology and the resulting ratio is unchanged.

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 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 metric to compare relative to its 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)	**March 31, 2022**	December 31, 2021
Adjusted Funds Flow for the quarter	**159,721**	137,026
Factor to Annualize	**4**	4
Annualized Adjusted Funds Flow	**638,884**	548,104
Net Debt	**405,691**	458,259
Annualized Adjusted Funds Flow	**638,884**	548,104
Net Debt to Annualized AFF Ratio	**0.6x**	0.8x

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**" 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:

(CA$ thousands)	**Q1 2022**	Q4 2021	**Q1 2022**	Q1 2021
Exploration and evaluation assets	**1,884**	10,434	**1,884**	380
Property, plant and equipment	**106,100**	105,248	**106,100**	18,902
Capital Expenditures before A&D	**107,984**	115,682	**107,984**	19,282
Acquisitions	**(102)**	253	**(102)**	20,066
Dispositions	**(465)**	-	**(465)**	(62)
Capital Expenditures	**107,417**	115,935	**107,417**	39,286
Corporate acquisitions, cash acquired	**-**	(1,570)	**-**	(1,570)
Change in non-cash investing working capital	**(3,055)**	(16,140)	**(3,055)**	5,222
Cash used in investing activities	**104,362**	98,225	**104,362**	42,938

Adjusted Net Capital Acquisitions and Total Consideration including Net Debt

The acquisitions completed by Spartan during 2021 were financed by a combination of cash, the issuance of common shares and a convertible promissory note, as well as indebtedness assumed or repaid in respect of corporate acquisitions. The Company discloses "**Total Consideration including Net Debt**" in respect of acquisitions and because it is more representative of the total transaction value. Similarly, "**Adjusted Net Capital Acquisitions**" is useful as it 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. Adjusted Net Capital Acquisitions is also used in the determination of "Finding, Development and Acquisition" costs, which is a non-GAAP financial ratio disclosed in the Company's press release dated February 15, 2022.

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 “Total Consideration including Net Debt” in respect of acquisitions and “Adjusted Net Capital Acquisitions”, using acquisition costs as the starting point:

(CA$ thousands)	**Q1 2022**	Q4 2021	**Q1 2022**	Q1 2021
Acquisitions [(1)]	**(102)**	253	**(102)**	20,066
Add non-cash consideration:				
Common share consideration	**-**	-	**-**	105,793
Convertible promissory note	**-**	-	**-**	25,293
Net Debt assumed on corporate acquisitions	**-**	(1,690)	**-**	(3,969)
Total Consideration including Net Debt	**(102)**	(1,437)	**(102)**	147,183
Less: Dispositions	**(465)**	-	**(465)**	(62)
Adjusted Net Capital Acquisitions	**(567)**	(1,437)	**(567)**	147,121

1) The first quarter of 2022 includes $0.1 million of acquisition costs, net of $0.2 million of proceeds from favourable closing adjustments on property acquisitions completed in the previous year.

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. References to “gas” relates to natural gas.

RESULTS OF OPERATIONS

FIRST QUARTER 2022 FINANCIAL AND OPERATING HIGHLIGHTS

Spartan is pleased to report its financial and operating results for the first quarter of 2022. Building on the positive momentum from the previous quarter, Spartan delivered record Adjusted Funds Flow of $159.7 million ($0.92 per share, diluted) and Free Funds Flow of $51.7 million for the three months ended March 31, 2022. By comparison, Adjusted Funds Flow and Free Funds Flow were $34.6 million ($0.42 per share, diluted) and $15.3 million, respectively, in the same three-month period of 2021. Spartan achieved tremendous growth from 31,914 BOE per day (28% oil and NGLs) in the first quarter of 2021 to 72,588 BOE per day (37% oil and NGLs) during the first quarter of 2022. This was the result of successful execution of its Deep Basin and Montney drilling programs together with effective integration of several accretive acquisitions completed during 2021. Oil and gas sales revenue increased by 365% to $322.4 million compared to $69.3 million in the same quarter of 2021, driven by the Company’s oil-weighted production growth together with higher commodity prices.

The Company diversified its product mix through the acquisitions and continued development of its Montney oil assets. The crude oil weighting of Spartan’s production increased from 2% in the first quarter of 2021 to 16% in the first quarter of 2022. To date in 2022, global crude oil prices have risen to the highest levels since 2014 due to tight supply and a resurgence in demand, furthered by the war in Ukraine. The WTI benchmark oil price peaked at a high monthly average of US$108.26 in March and averaged US$94.29 per barrel during the first quarter of 2022, up 63% from the average of US$57.84 per barrel in the first quarter of 2021. The fundamentals for natural gas prices also continue to be strong. The AECO 5A gas reference price averaged $4.49 per GJ during the quarter ended March 31, 2022, 50% higher than the average price of $2.99 per GJ in the comparative quarter ended March 31, 2021.

The highlights summarized below focus on the Company's results for the first quarter ended March 31, 2022 relative to the most recent quarter ended December 31, 2021. The fourth quarter of 2021 was Spartan's first full quarter of operations following the significant acquisitions completed during the first nine months of the previous year.

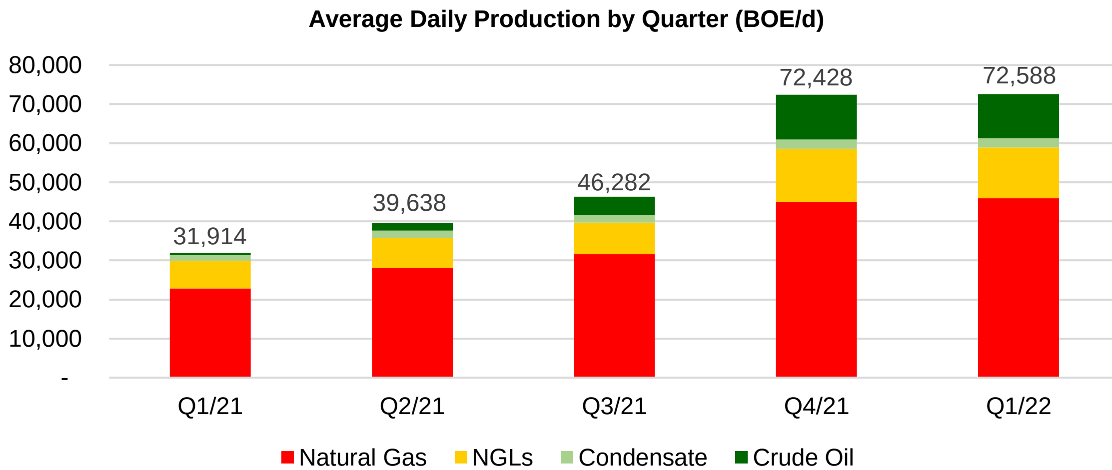
- Average production volumes were relatively consistent at 72,588 BOE per day during the first quarter of 2022 and 72,428 per day in the fourth quarter of 2021. Incremental production from Spartan's drilling program offset the impact of natural declines and significant flush production in the fourth quarter of 2021.
- Oil and gas sales revenue increased by 9% to $322.4 million for the three months ended March 31, 2022, up from $296.4 million in the previous quarter ended December 31, 2021. Spartan's combined average selling price of $49.35 per BOE ($42.61 per BOE after financial instruments) increased by 11% from the average price of $44.48 per BOE ($38.09 per BOE after financial instruments) in the previous quarter.
- The Company benefited from strong realized crude oil and NGLs prices during the first quarter of 2022 as the Canadian dollar equivalent WTI reference price averaged $119.48 per barrel, up 23% from $97.19 per barrel in the previous quarter. Natural gas prices were softer on average with the AECO 7A month ahead index down 7% and the AECO 5A same day index up 2% quarter-over-quarter. Spartan's realized natural gas price of $4.85 per MCF is 2% lower than the average of $4.97 per MCF realized in the fourth quarter of 2021.
- During the three months ended March 31, 2022, the Company generated $220.4 million of Operating Income resulting in an average Operating Netback of $33.73 per BOE before hedging ($26.94 per BOE after hedging). Spartan's Operating Netback increased by 12% from $30.00 per BOE before hedging ($23.36 per BOE after hedging) in the previous quarter. Higher realized oil and NGLs prices together with lower average royalties in the first quarter of 2022 more than offset higher operating and transportation expenses.
- Adjusted Funds Flow of $159.7 million increased by 17% compared to $137.0 million in the previous quarter. The increase is driven by $20.3 million of incremental Operating Income after hedging, together with lower G&A and interest expenses which decreased by $1.6 million and $0.4 million, respectively. In addition, Spartan received other income during the first quarter of $0.6 million on the disposition of certain non-core pipeline commitments. Cash provided by operating activities decreased to $137.8 million in the first quarter 2022 from $148.0 million in the fourth quarter of 2021 due to the impact of changes in non-cash working capital.
- On a diluted per share basis, Adjusted Funds Flow increased by 15% to $0.92 per share from $0.80 per share in the previous quarter, highlighting the torque of Spartan's cash flow to higher oil prices.
- Net income of $61.2 million ($0.36 per share, diluted) for the quarter ended March 31, 2022, decreased by 52% compared to $128.5 million ($0.76 per share, diluted) in the quarter ended December 31, 2021. Changes in the fair value of the Company's commodity price risk management contracts had a significant impact on net income during the periods. The increase in forecast commodity prices resulted in an unrealized loss on derivative financial instruments of $48.3 million during the first quarter of 2022 compared to an unrealized gain of $34.9 million in the fourth quarter of 2021. Spartan's income before derivatives, other items and taxes was $158.2 million in the first quarter of 2022, up 21% from the previous quarter.
- Spartan continued to execute on its Montney and Deep Basin drilling programs during the first quarter of 2022. The Company spent $82.1 million on drilling and completion operations, $20.1 million of facilities and equipment, $3.2 million on production optimization, $1.9 million on land and seismic and capitalized $0.7 million of G&A. Net proceeds from minor acquisitions and dispositions were $0.6 million during the quarter. Capital Expenditures were fully funded by cash provided by operating activities.
- Spartan reduced its Net Debt by $52.6 million from $458.3 million at December 31, 2021 to $405.7 million at March 31, 2022. At the end of the first quarter, Spartan had $356.6 million of long-term debt outstanding under the Company's revolving and term credit facilities with aggregate borrowing capacity of $600.0 million. Spartan's Net Debt outstanding at March 31, 2022 is approximately 0.6 times its Annualized Adjusted Funds Flow for the first quarter.

PRODUCTION

Average daily production	Q1 2022	Q4 2021	%	Q1 2022	Q1 2021	%
Crude oil (bbls/d)	**11,270**	11,450	(2)	**11,270**	603	1,769
Condensate (bbls/d)	**2,414**	2,373	2	**2,414**	1,338	80
NGLs (bbls/d)	**12,971**	13,576	(4)	**12,971**	7,115	82
Natural gas (mcf/d)	**275,596**	270,176	2	**275,596**	137,146	101
Combined average (BOE/d)	**72,588**	72,428	0	**72,588**	31,914	127
% Oil and NGLs	**37%**	38%	(3)	**37%**	28%	32

Production averaged 72,588 BOE per day during the first quarter of 2022, up 127% from the average production of 31,914 BOE per day in the same quarter of 2021. The significant growth in production was achieved through the acquisitions completed during the first nine months of 2021, combined with the Company's drilling program in its Deep Basin and Montney core areas.

Spartan completed 14.5 net wells during the three months ended March 31, 2022, of which 6.5 net Deep Basin wells and 3.0 net Montney wells were brought on production during the first quarter and the remaining 5.0 net wells were subsequently tied-in and brought on-stream in April 2022. New production added in the first quarter of 2022 replaced production declines relative to the fourth quarter of 2021 which included significant flush production from a successful drilling program in the second half of 2021 and resulted in earlier than forecasted on-stream dates for several wells. In addition, Spartan's fourth quarter average production benefited from flush volumes from 7.0 Montney wells which were previously drilled by Velvet shortly before closing the acquisition.



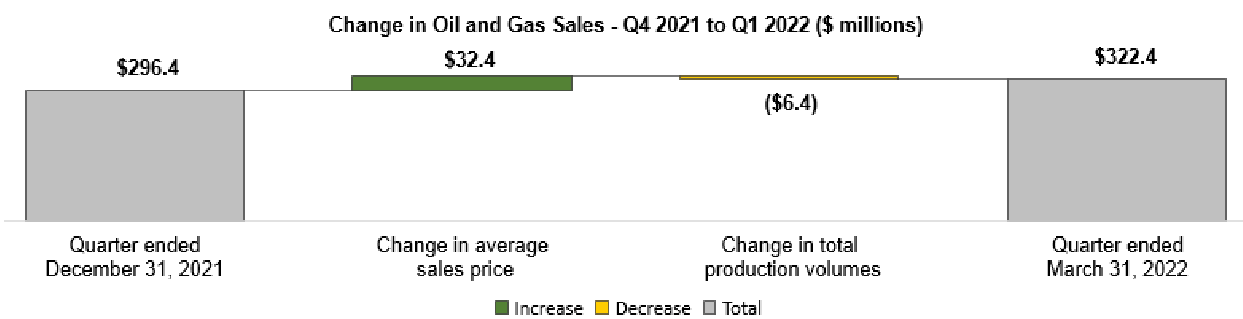
Prior to completing the Inception Acquisition and Simonette Acquisition on March 18, 2021, the Company's operations were concentrated in the central Alberta Deep Basin. Together, the Inception Acquisition and Simonette Acquisition added approximately 8,125 BOE per day of production at the time of closing contributing to the increase in average production for the second quarter of 2021. The Company's average production of 46,282 BOE per day for the third quarter of 2021 included operations from the Velvet Acquisition following closing on August 31, 2021 as well as the tuck-in acquisition of assets in the Ferrier area on September 3, 2021. Average production increased by 56% to 72,428 BOE per day in the fourth quarter of 2021 reflecting a full quarter of operations from the Velvet and Ferrier acquisitions in conjunction with the Company's drilling program.

OIL AND GAS SALES

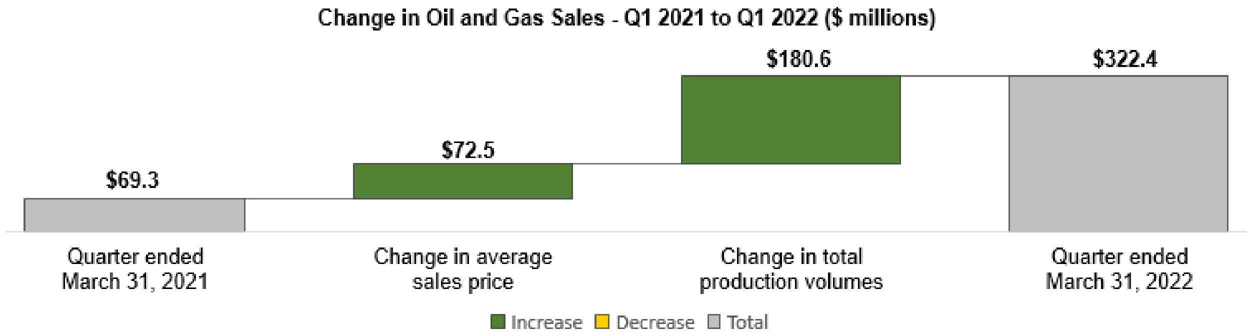
(CA$ thousands, unless otherwise indicated)	**Q1 2022**	Q4 2021	%	**Q1 2022**	Q1 2021	%
Oil and gas sales, before royalties						
Crude oil	**118,017**	96,257	23	**118,017**	3,612	3,167
Condensate	**26,109**	21,092	24	**26,109**	8,675	201
NGLs	**57,886**	55,440	4	**57,886**	18,163	219
Natural gas	**120,412**	123,636	(3)	**120,412**	38,833	210
Oil and gas sales, before royalties	**322,424**	296,425	9	**322,424**	69,283	365
Average realized prices, before financial instruments						
Crude oil ($/bbl)	**116.35**	91.38	27	**116.35**	66.56	75
Condensate ($/bbl)	**120.17**	96.63	24	**120.17**	72.01	67
NGLs ($/bbl)	**49.59**	44.39	12	**49.59**	28.37	75
Natural gas ($/mcf)	**4.85**	4.97	(2)	**4.85**	3.15	54
Combined average ($/BOE)	**49.35**	44.48	11	**49.35**	24.12	105
Average realized prices, after financial instruments(1)						
Crude oil ($/bbl)	**92.21**	74.44	24	**92.21**	66.56	39
Condensate ($/bbl)	**120.17**	94.25	28	**120.17**	72.01	67
NGLs ($/bbl)	**49.59**	44.39	12	**49.59**	28.37	75
Natural gas ($/mcf)	**4.06**	4.00	2	**4.06**	2.91	40
Combined average ($/BOE)	**42.61**	38.09	12	**42.61**	23.09	85

(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".

Spartan generated $322.4 million of oil and gas sales revenue during the first quarter of 2022, an increase of $26.0 million from $296.4 million in the fourth quarter of 2021, driven by higher oil and NGLs prices. Realized natural gas prices remained strong but were 2% lower on average compared to the previous quarter. The Company's average daily production was consistent, however total production volumes decreased slightly due to there being two fewer calendar days in the first quarter.



Oil and gas sales revenue increased by $253.1 million or 365% compared to the first quarter of 2021, driven by significant production growth in conjunction with higher commodity prices. Spartan's combined average realized price of $49.35 per BOE ($42.61 per BOE after financial instruments) more than doubled compared to the average price of $24.12 per BOE ($23.09 per BOE after financial instruments) in the first quarter of 2021. The significant increase in crude oil weighting of Spartan's production relative to the comparative quarter further contributed to the increase in the Company's average realized prices.



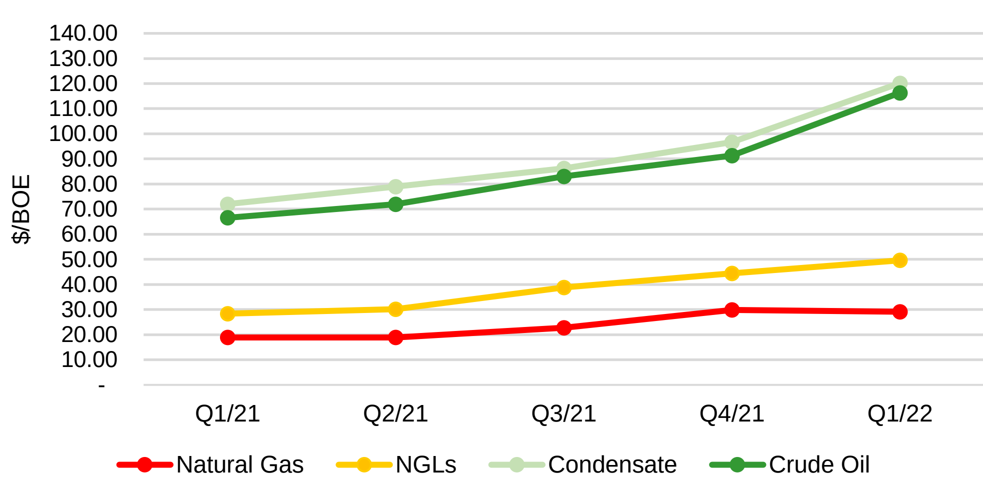
The table below summarizes benchmark average commodity prices and exchange rates during the periods:

Benchmark commodity prices	**Q1 2022**	Q4 2021	%	**Q1 2022**	Q1 2021	%
WTI Cushing Oklahoma (US$/bbl) (1)	**94.29**	77.19	22	**94.29**	57.84	63
WTI Cushing Oklahoma (CA$/bbl) (2)	**119.48**	97.19	23	**119.48**	73.07	64
Mixed Sweet Blend ("MSW") (CA$/bbl) (3)	**115.74**	93.29	24	**115.74**	66.44	74
Conway propane (US$/gallon) (4)	**1.28**	1.25	2	**1.28**	0.92	39
NYMEX Henry Hub (US$/MMBtu) (5)	**4.95**	5.83	(15)	**4.95**	2.73	81
NYMEX - AECO 7A Basis (US$/MMBtu)	**(1.34)**	(1.90)	(29)	**(1.34)**	(0.40)	235
AECO 7A (CA$/GJ) (6)	**4.35**	4.68	(7)	**4.35**	2.77	57
AECO 5A (CA$/GJ) (7)	**4.49**	4.41	2	**4.49**	2.99	50
Exchange rate (CA$/US$) (1)	**1.27**	1.26	1	**1.27**	1.26	1

(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).

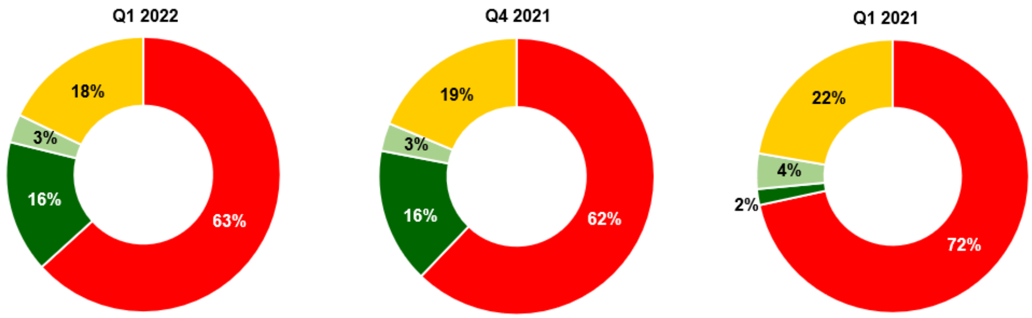
The table below summarizes Spartan's average realized prices before financial instruments, by commodity type over the past five quarters:

Average Realized Prices, before Financial Instruments

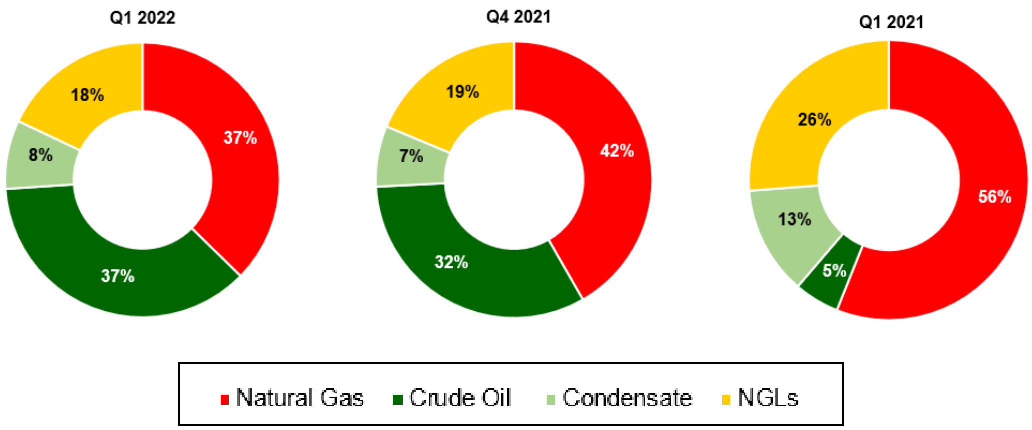


The charts below highlight Spartan's production mix and the relative contribution to total oil and gas sales revenue in the first quarter of 2022, relative to the fourth quarter of 2021 and the first quarter of 2021.

Production Mix (BOE)



Oil and Gas Sales, before Royalties



Natural gas represented 63% of total production volumes and contributed $120.4 million (37%) of Spartan's total sales revenue in the first quarter of 2022. The Company's natural gas is delivered and sold under AECO based contracts, with approximately 60% priced at AECO 5A and 40% at AECO 7A on average during the first quarter of 2022. Spartan's realized gas price for the first quarter of 2022 of $4.85 per MCF increased by 54% from $3.15 per MCF the first quarter of 2021, over which period AECO 5A and 7A increased by 50% and 57%, respectively. The Company's realized gas price decreased by 2% from $4.97 per MCF in the fourth quarter of 2021 in line with the average change in AECO reference prices during the first quarter of 2022.

Together, crude oil and condensate represented 19% of production volumes and contributed to $144.1 million (45%) of Spartan's total sales revenue during the three months ended March 31, 2022. Spartan realized an average price for its crude oil and condensate sales of $117.03 per barrel during the first quarter of 2022, up 27% from $92.28 per barrel in the fourth quarter of 2021 and up 66% compared to the average price of $70.32 per barrel realized for crude oil and condensate in the first quarter of 2021. The Canadian dollar equivalent WTI benchmark price increased by 23% and 64%, respectively, over the corresponding periods.

NGLs (excluding condensate) were 18% of Spartan's total production volumes in the first quarter of 2022 and contributed proportionately to 18% of total sales revenue. The Company reported an average NGLs sales price of $49.59 per barrel in the first quarter of 2022, up 12% from $44.39 per barrel in the fourth quarter of 2021 and up 75% from $28.37 per barrel in the first quarter of 2021. In addition to the strength of underlying benchmark WTI and Conway propane prices, the increase in Spartan's average realized price also reflects a change in the NGLs product mix through integration of the Montney assets during 2021 which have a shallower liquids cut resulting in less ethane production compared to the Deep Basin assets.

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 March 31, 2022:

	Natural Gas (1)						Crude Oil (1)	
	NYMEX Henry Hub Swaps (2)		NYMEX Henry Hub Collars (3)(4)		NYMEX – AECO 7A Basis Swaps – Short (2)		US$ WTI Swaps (5)	
Period	Volume mmbtu/d	US$/ mmbtu	Volume mmbtu/d	Floor – Ceiling US$/mmbtu	Volume mmbtu/d	US$/ mmbtu	Volume bbl/d	US$/bbl
Q2 2022	55,000	3.70	30,000	$2.70 - $2.90	85,000	($1.13)	4,000	$49.30
Q3 2022	55,000	3.70	30,000	$2.70 - $2.90	85,000	($1.13)	-	-
Q4 2022	35,109	3.34	30,000	$3.40 - $6.47	85,000	($1.15)	-	-
Q1 2023	26,389	2.83	30,000	$3.75 - $8.25	85,000	($1.13)	-	-
Q2 2023	10,000	2.65	-	-	85,000	($1.09)	-	-
Q3 2023	10,000	2.65	-	-	85,000	($1.08)	-	-
Q4 2023	10,000	2.65	-	-	85,000	($1.08)	-	-

(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) Represent collar positions with a floor price (long put) and a price ceiling (short call) for Spartan.
(4) Floor and ceiling represent the average strike price of the long put and short call positions.
(5) WTI swaps are settled based on the WTI calendar month average.

In February 2022, Spartan entered into financial contracts to fix the NYMEX Henry Hub natural gas price at US$4.54/mmbtu on notional volumes of 30,000 mmbtu/d from April 1 to October 31, 2022. The Company also contracted to fix the U.S. dollar exchange rate at $1.27 on a notional US$3.0 million per month. Together, these contracts effectively converted the Company's unmatched AECO basis positions outstanding as of December 31, 2021, into AECO fixed price swaps at a Canadian dollar equivalent price of approximately $4.10 per gigajoule on 30,000 mmbtu/d (approximately 31,650 GJ/d) through summer 2022. The Company also entered into financial collars on NYMEX Henry Hub natural gas, with a floor price of US$3.75/mmbtu and a ceiling of US$8.25/mmbtu, on notional volumes of 30,000 mmbtu/d from November 1, 2022 to March 31, 2023.

The fair value of outstanding risk management contracts resulted in a net derivative financial instrument liability of $91.0 million at March 31, 2022, compared to a liability of $64.3 million at December 31, 2021. The fair values and gains or losses by contract type are summarized below for the three months ended March 31, 2022:

Derivative Financial Instruments (1)	**Nature of Contract**					
(CA$ thousands)	WTI Cushing	AECO 7A	NYMEX Henry Hub	AECO Basis	Foreign exchange	Total
Fair value asset (liability) at March 31, 2022	**(21,771)**	**-**	**(71,570)**	**1,918**	**419**	**(91,004)**
Fair value asset (liability) at December 31, 2021	(24,443)	(4,649)	(24,650)	(10,442)	(137)	(64,321)
Net change	2,672	4,649	(46,920)	12,360	556	(26,683)
Settlements of acquired derivative liabilities	(9,027)	-	(10,578)	(1,995)	-	(21,600)
Unrealized gain (loss)	(6,355)	4,649	(57,498)	10,365	556	(48,283)
Realized gain (loss)	(15,456)	(6,607)	(4,027)	3,664	-	(22,426)
(Loss) gain on derivative financial instruments	**(21,811)**	**(1,958)**	**(61,525)**	**14,029**	**556**	**(70,709)**

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

Spartan recognized a total loss on derivative financial instruments of $70.7 million during the first quarter of 2022, of which $48.3 million is an unrealized loss on the change in fair value of outstanding contracts during the quarter. The unrealized loss is driven primarily by the significant increase in forecast NYMEX Henry Hub natural gas prices which moved a further 25% higher in March subsequent to entering the new contracts in February 2022. The impact is partly mitigated by gains on the Company's AECO basis contracts due to widening of the differential relative to NYMEX over the remaining contract terms which extend to the fourth quarter of 2023. Stronger WTI crude oil prices also contributed to the loss on derivative financial instruments during the quarter however the impact was less significant with only three months remaining on the contracts. Spartan's oil production will be unhedged starting in July 2022.

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:

(CA$ thousands)	**Q1 2022**	Q4 2021	%	**Q1 2022**	Q1 2021	%
Realized loss	**(22,426)**	(17,397)	29	**(22,426)**	(2,963)	657
Unrealized gain (loss)	**(48,283)**	34,927	(238)	**(48,283)**	(1,739)	2,676
(Loss) gain on derivative financial instruments	**(70,709)**	17,530	(503)	**(70,709)**	(4,702)	1,404

The realized loss on derivative financial instruments presented in accordance with IFRS excludes the portion of settlements related to derivative contracts acquired through the Velvet Acquisition based on the acquisition date fair value of the contracts as of August 31, 2021. The following table reconciles total cash Settlements on Commodity Derivative Contracts, which is a non-GAAP financial measure, to the realized loss reported:

(CA$ thousands)	**Q1 2022**	Q4 2021	%	**Q1 2022**	Q1 2021	%
Crude oil	**24,483**	17,850	37	**24,483**	-	-
Condensate	**-**	519	-	**-**	-	-
NGLs	**-**	-	-	**-**	-	-
Natural gas	**19,543**	24,182	(19)	**19,543**	2,963	560
Settlements on Commodity Derivative Contracts	**44,026**	42,551	3	**44,026**	2,963	1,386
Less: Settlements of acquired derivative liabilities	**(21,600)**	(25,154)	(14)	**(21,600)**	-	-
Realized loss	**22,426**	17,397	29	**22,426**	2,963	657

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

Physical hedging

Spartan assumed certain marketing and pipeline transportation contracts through the Velvet Acquisition related to commitments on the Spearhead and Flanagan South pipelines. During the first quarter of 2022, Spartan entered into an agreement with a third party to assign its firm transportation capacity and related obligations under these contracts effective April 1, 2022. Pursuant to the assignment agreement, Spartan received cash proceeds of US$0.5 million and has reduced the Company's aggregate contractual commitments by approximately $72.3 million (see "Commitments and Contingencies"). The contracts were not integral to Spartan's core business operations.

During the first quarter of 2022 and fourth quarter of 2021, the net revenue realized under the associated contracts was less than the pipeline tolls resulting in losses of $0.4 million and $1.7 million, respectively.

(CA$ thousands)	**Q1 2022**	Q4 2021	%	**Q1 2022**	Q1 2021	%
Pipeline transportation revenue	**1,364**	913	49	**1,364**	-	-
Pipeline transportation expense	**(1,718)**	(2,598)	(34)	**(1,718)**	-	-
Net Pipeline Transportation Margin	**(354)**	(1,685)	(79)	**(354)**	-	-

ROYALTIES

(CA$ thousands, unless otherwise indicated)	**Q1 2022**	Q4 2021	%	**Q1 2022**	Q1 2021	%
Gross royalties, before GCA	**38,725**	38,053	2	**38,725**	12,076	221
Gas cost allowance	**(6,945)**	(5,315)	31	**(6,945)**	(3,359)	107
Royalties	**31,780**	32,738	(3)	**31,780**	8,717	265
$ per BOE	**4.86**	4.91	(1)	**4.86**	3.03	60
Average royalty rate (% of sales)	**9.9%**	11.0%	(10)	**9.9%**	12.6%	(21)

Spartan's royalty rate averaged 9.9% of oil and gas sales revenue for the first quarter of 2022, compared to 11.0% in the fourth quarter of 2021 and 12.6% in the first quarter of 2021. The decrease in average royalty rate is primarily due to an increase in estimated gas cost allowance ("**GCA**") credits. Total royalties of $31.8 million for the first quarter of 2022 have increased significantly relative to the first quarter of 2021 in line with the significant increase in revenue and average commodity prices.

PROCESSING AND OTHER REVENUE

(CA$ thousands, unless otherwise indicated)	**Q1 2022**	Q4 2021	%	**Q1 2022**	Q1 2021	%
Processing and other	**2,378**	2,405	(1)	**2,378**	1,790	33
$ per BOE	**0.36**	0.36	-	**0.36**	0.62	(42)

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 decreased relative to the first quarter of 2021 relative to the increase in corporate total production following the 2021 Acquisitions.

OPERATING EXPENSES

(CA$ thousands, unless otherwise indicated)	**Q1 2022**	Q4 2021	%	**Q1 2022**	Q1 2021	%
Operating expenses	**54,659**	50,125	9	**54,659**	14,534	276
$ per BOE	**8.36**	7.52	11	**8.36**	5.06	65

Operating expenses were $54.7 million ($8.36 per BOE) for the three months ended March 31, 2022, up 9% compared to $50.1 million ($7.52 per BOE) in the previous quarter. Widespread cost inflation as well as supply shortages due to increased oil and gas industry activity resulted in upward pressure on the cost of labour and materials during the first quarter of 2022. Spartan also incurred additional repair and maintenance expenses and higher methanol costs due to severe cold weather in northwest Alberta. During the first quarter of 2022, the Company completed facility turnaround and workover operations at Gold Creek which resulted in production downtime and contributed to the increase in operating expenses during the period.

Operating expenses have increased compared to $14.5 million ($5.06 per BOE) in first quarter of 2021 which primarily included the Company's Deep Basin operations prior to the Inception Acquisition and Simonette Acquisition which closed on March 18, 2021. The increase in total and per unit operating expenses reflects integration of the relatively more oil-weighted Montney acquisitions during 2021, including the Velvet Acquisition on August 31, 2021. The Company's Montney assets have higher average operating costs relative to its liquids-rich natural gas assets in the Deep Basin.

TRANSPORTATION EXPENSES

(CA$ thousands, unless otherwise indicated)	**Q1 2022**	Q4 2021	%	**Q1 2022**	Q1 2021	%
Transportation expenses	**18,010**	16,081	12	**18,010**	3,855	367
$ per BOE	**2.76**	2.41	15	**2.76**	1.34	106

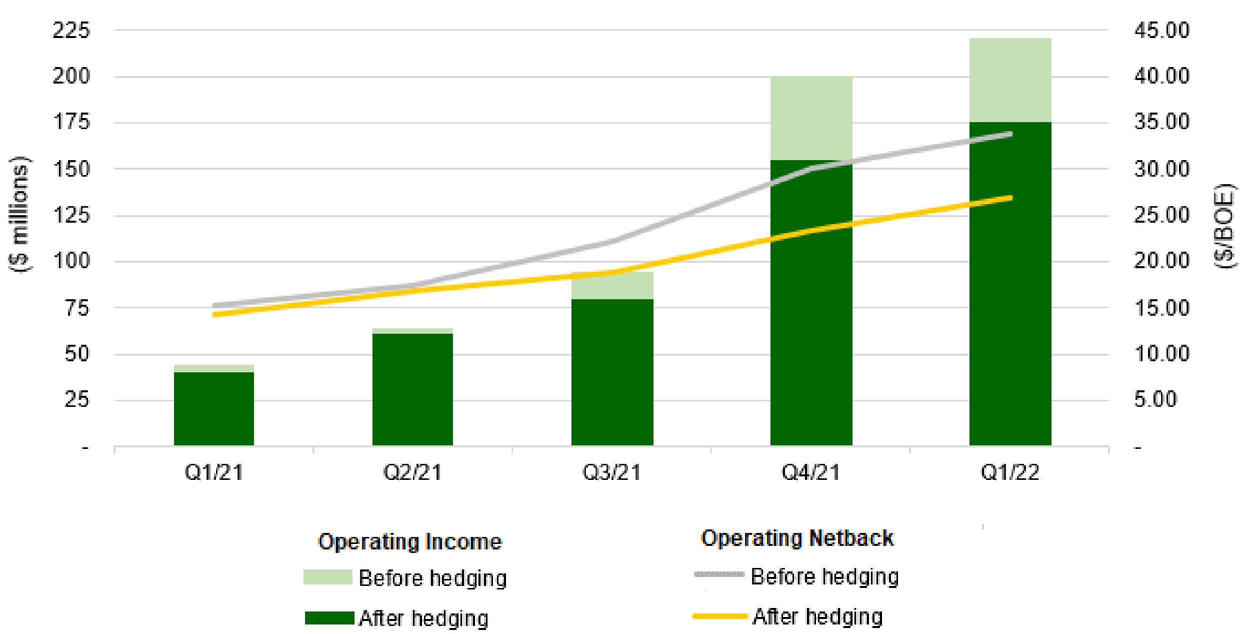
Transportation expenses were $18.0 million ($2.76 per BOE) for the first quarter of 2022, up compared to $16.1 million ($2.41 per BOE) in the previous quarter. Total and per unit transportation costs are higher in the current quarter primarily due to (i) take-or-pay volumes committed under certain contracts assumed through the Velvet Acquisition which increased effective January 1, 2022 and were not fully utilized during the quarter; and (ii) an increase to posted tolls for natural gas transported on the NGTL system. In addition, in the previous quarter approximately $0.5 million of oil transportation costs were netted from revenue prior to transitioning crude oil marketing in-house marketing effective November 1, 2021. The classification change resulted in higher transportation expenses but is offset by higher crude oil revenue.

Transportation expenses have increased relative to the first quarter in 2021 in conjunction with the Company's significant production growth. The increase in per unit transportation costs reflects higher costs of transporting crude oil relative to natural gas, the location differential of the northwest Alberta Montney relative to the Deep Basin, and the assumption of firm transportation commitments through the Velvet Acquisition.

OPERATING INCOME AND OPERATING NETBACKS

The Company's field operations generated $220.4 million of Operating Income before hedging during the three months ended March 31, 2022, up 401% from $44.0 million in the same period of 2021 and up 10% from $199.9 in the three months ended December 31, 2021. Losses on commodity price risk management contracts softened the impact of higher commodity prices resulting in $176.0 million of Operating Income after hedging during the first quarter of 2022.

Operating Income and Operating Netback ($/BOE) by Quarter



Operating Income is a non-GAAP financial measure used by Spartan an indication of the Company's ability to generate cash from field operations, prior to administrative overhead, financing and other business expenses. The Company refers to Operating Income expressed per unit of production as an "Operating Netback" and reports the Operating Netback before and after hedging. 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 Netbacks are summarized below. All amounts expressed on a BOE equivalent basis are non-GAAP financial ratios.

($ per BOE)	**Q1 2022**	Q4 2021	%	**Q1 2022**	Q1 2021	%
Oil and gas sales	**49.35**	44.48	11	**49.35**	24.12	105
Processing and other revenue	**0.36**	0.36	-	**0.36**	0.62	(42)
Royalties	**(4.86)**	(4.91)	(1)	**(4.86)**	(3.03)	60
Operating expenses	**(8.36)**	(7.52)	11	**(8.36)**	(5.06)	65
Transportation expenses	**(2.76)**	(2.41)	15	**(2.76)**	(1.34)	106
Operating Netback, before hedging	**33.73**	30.00	12	**33.73**	15.31	120
Settlements on Commodity Derivative Contracts	**(6.74)**	(6.39)	5	**(6.74)**	(1.03)	554
Net Pipeline Transportation Margin	**(0.05)**	(0.25)	(80)	**(0.05)**	-	-
Operating Netback, after hedging	**26.94**	23.36	15	**26.94**	14.28	89

Spartan's Operating Netback before hedging averaged $33.73 per BOE during the first quarter of 2022, up 120% from $15.31 per BOE in the same quarter of the previous year. The acquisitions of Inception and Velvet materially increased the oil weighting of Spartan's production driving higher corporate average operating netbacks, in conjunction with the significant increase in benchmark oil and gas prices over the past year.

Natural gas prices remained strong and oil prices continued to rally in the first quarter of 2022 driving Spartan's average selling price up by $4.87 per BOE compared to the fourth quarter of 2021. Higher operating and transportation expenses partly offset the increase in revenue, however the Company's average Operating Netback before hedging is up 12% quarter-over-quarter (up 15% after hedging).

GENERAL AND ADMINISTRATIVE EXPENSES

(CA$ thousands, unless otherwise indicated)	**Q1 2022**	Q4 2021	%	**Q1 2022**	Q1 2021	%
Salaries and benefits	**5,542**	7,522	(26)	**5,542**	3,055	81
Other G&A expenses	**3,772**	4,092	(8)	**3,772**	1,627	132
Change in expected credit loss provision	**235**	38	518	**235**	133	77
Subtotal, before recoveries ("Gross G&A") (1)	**9,549**	11,652	(18)	**9,549**	4,815	98
Overhead recoveries	**(3,019)**	(2,525)	20	**(3,019)**	(1,322)	128
Capitalized G&A	**(750)**	(1,701)	(56)	**(750)**	-	-
G&A expenses ("Net G&A")	**5,780**	7,426	(22)	**5,780**	3,493	65
Gross G&A ($ per BOE)	**1.46**	1.75	(17)	**1.46**	1.68	(13)
Net G&A ($ per BOE)	**0.88**	1.12	(21)	**0.88**	1.22	(28)

(1) The subtotal of "Gross G&A" before recoveries is provided in this table to supplement the discussion below. It does not have a standardized meaning under IFRS and may not be directly comparable to other issuers.

G&A expenses were $5.8 million and averaged $0.88 per BOE during the first three months of 2022. Total G&A expenses fell by 22% compared to the previous quarter ended December 31, 2021 which included significant integration and restructuring costs related to the Velvet Acquisition.

Total G&A expenses have increased relative to the first quarter of 2021 due to additional staff, office space, and information technology to support the Company's significant growth, as well as higher regulatory and reporting costs following Spartan's uplisting to the TSX in September 2021. Efficiencies realized with the increase in scale of the Company's operations resulted in a significant decrease in per unit G&A expenses over the past year. Gross G&A before recoveries decreased by 13% and Net G&A is 28% lower on a BOE basis relative to the same quarter of 2021.

G&A expenses are reported net of operating and capital overhead recoveries and capitalized G&A. Concurrent with the shift in focus from acquisitions to an organic drilling program during the fourth quarter of 2021, Spartan began capitalizing a portion of direct salaries and benefits attributed to the Company's capital program. Together, total overhead recoveries and capitalized G&A are $3.8 million for the quarter ended March 31, 2022, compared to $4.2 million in the previous quarter and up from $1.3 million of recoveries in the first quarter of 2021. The increase relative to the same period of 2021 reflects the significant increase in development capital expenditures as well as higher operating overhead recoveries with growth of the Company's asset base.

SHARE BASED COMPENSATION

(CA$ thousands, unless otherwise indicated)	**Q1 2022**	Q4 2021	%	**Q1 2022**	Q1 2021	%
Stock options	**788**	623	26	**788**	750	5
Share awards	**1,879**	1,173	60	**1,879**	240	683
Capitalized share based compensation	**(144)**	(255)	(44)	**(144)**	-	-
Share based compensation expense	**2,523**	1,541	64	**2,523**	990	155
$ per BOE	**0.39**	0.23	70	**0.39**	0.34	15

As part of the Company's long-term incentive plans, stock options and share awards may be granted to officers, directors, employees and consultants. During the first quarter of 2022, Spartan granted 1.3 million restricted share awards and 0.8 million stock options with an average exercise price of $8.14 per share. During the previous year ended December 31, 2021, the Company granted an aggregate of 2.0 million restricted share awards and 1.2 million stock options with an average exercise price of $4.29 per share, the majority of which were granted at the end of the first quarter. As at March 31, 2022, the aggregate of outstanding stock options and share awards represents 5.3% of Spartan's total common shares issued and outstanding.

Share based compensation ("**SBC**") expense is recognized over the three-year vesting period using graded amortization. SBC expense was $2.5 million for the first quarter of 2022, up from $1.5 million in the previous quarter and $1.0 million in the same quarter in 2021. Spartan began capitalizing a portion of SBC expense during the fourth quarter of 2021 on the same basis as its policy for capitalized G&A. The increase in SBC expense reflects higher staffing levels, the timing of new grants, the increase in fair value of awards granted due to significant appreciation of Spartan's share price, as well as the higher weighting of new grants to share awards relative to stock options. The fair value of a share award is typically 2 to 3 times more than a stock option on the grant date.

FINANCING

(CA$ thousands, unless otherwise indicated)	**Q1 2022**	Q4 2021	%	**Q1 2022**	Q1 2021	%
Interest and fees on long-term debt	**6,767**	7,226	(6)	**6,767**	357	1,796
Interest income	**(3)**	-	-	**(3)**	(1)	200
Interest expense, net of interest income (1)	**6,764**	7,226	(6)	**6,764**	356	1,800
Financing cost of lease liabilities	**765**	799	(4)	**765**	716	7
Accretion of decommissioning obligations	**697**	748	(7)	**697**	324	115
Financing	**8,226**	8,773	(6)	**8,226**	1,396	489
Interest expense, net of interest income ($/BOE)	**1.04**	1.08	(4)	**1.04**	0.12	767
Financing ($/BOE)	**1.27**	1.31	(3)	**1.27**	0.48	165
Average long-term debt outstanding in period (2)	**403,480**	445,641	(9)	**403,480**	1,687	nm

(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 bank debt drawn during the respective quarters, plus $150.0 million of outstanding term debt.

Spartan used Free Funds Flow generated during the quarter to reduce its outstanding bank debt by 13% or $32.2 million since year-end. As at March 31, 2022, Spartan had $213.4 million drawn on its revolving credit facility and $150.0 million drawn on its second lien term facility. Cash Financing Expenses decreased by 6% to $6.8 million ($1.04 per BOE) for the first three months of 2022, down from $7.2 million ($1.08 per BOE) in the previous quarter. The impact of lower average debt levels is partly offset by an increase in the cost of borrowing following a 25 basis point increase in Canadian benchmark interest rates in March 2022. Subsequent to the quarter, the Bank of Canada announced an additional 50 basis point rate increase effective in April 2022 (see also, "Risks and Uncertainties – Interest Rate Risk").

In the comparative quarter of 2021, Cash Financing Expenses of $0.4 million ($0.12 per BOE) primarily related to fees to maintain the credit facility. Borrowings were insignificant until the third quarter of 2021, at which time new credit facilities were established to finance the Velvet Acquisition. Additional information regarding the Company's long-term 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 $52.5 million as at March 31, 2022 ($54.8 million as at December 31, 2021).

Financing expenses also include non-cash accretion of decommissioning obligations. Accretion has increased since the first quarter of 2021 due to the 2021 Acquisitions as well as higher interest rates with the economic recovery. The yield on long-term Canadian benchmark bonds increased from 1.7% at December 31, 2021 to 2.4% at March 31, 2022 resulting in a material decrease to the present value of the Company's decommissioning obligations during the first quarter (see also, "Decommissioning Obligations"). The decrease in carrying amount resulted in lower accretion of decommissioning obligations compared to the fourth quarter of 2021.

DEPLETION, DEPRECIATION AND IMPAIRMENT ("DD&I")

(CA$ thousands, unless otherwise indicated)	**Q1 2022**	Q4 2021	%	**Q1 2022**	Q1 2021	%
Depletion and depreciation of PP&E	**42,358**	47,230	(10)	**42,358**	7,419	471
Depreciation of ROU Assets	**2,471**	2,495	(1)	**2,471**	1,805	37
Depletion and depreciation	**44,829**	49,725	(10)	**44,829**	9,224	386
Expired mineral leases	**476**	-	-	**476**	-	-
Total DD&I expense	**45,305**	49,725	(9)	**45,305**	9,224	391
Depletion and depreciation ($ per BOE)	**6.86**	7.46	(8)	**6.86**	3.21	114
Total DD&I expense ($ per BOE)	**6.93**	7.46	(7)	**6.93**	3.21	116

The Company reported depletion and depreciation ("**D&D**") expense of $44.8 million ($6.86 per BOE) for the first quarter of 2022, down 10% from $49.7 million ($7.46 per BOE) in the fourth quarter of 2021. As production volumes were relatively flat quarter-over-quarter, the decrease in total and average depletion per BOE is primarily due to changes in estimated decommissioning costs for inactive properties that are fully depleted. Rising interest rates resulted in a material decrease to the carrying amount of decommissioning obligations during the current quarter, of which $3.0 million related to inactive properties and resulted in a recovery of prior depletion during the first quarter of 2022. By comparison, D&D expense for the fourth quarter of 2021 included $1.6 million of incremental depletion related to an upward revision to decommissioning cost estimates for certain inactive properties. Excluding the impact of inactive asset retirement estimates, per unit D&D expenses were consistent at $7.33 per BOE and $7.22 per BOE during the respective quarters ended March 31, 2022 and December 31, 2021.

The increase in total D&D expenses compared to the first quarter of 2021 is primarily due to the material increase in the Company's property, plant and equipment ("**PP&E**") and production growth over the past year. On a per unit basis, the increase in D&D reflects the acquisition of proved plus probable reserves at a higher than historical average cost per barrel for the oil-weighted Montney assets relative to the Deep Basin assets acquired in June 2020 at a discounted valuation.

Spartan assessed each of its cash generating units ("**CGUs**") for indicators of potential impairment as at March 31, 2022 and at December 31, 2021, and concluded there are no indicators of impairment.

OTHER INCOME (EXPENSES)

(CA$ thousands)	**Q1 2022**	Q4 2021	Q1 2021
Gain on sale of assets	**717**	-	32
Gain on acquisition	**-**	729	35,134
Write down of other non-current assets	**(7,500)**	-	-
Transaction costs	**(24)**	71	(688)
Other income	**1,332**	816	634
Premium on flow through shares	**-**	3,069	-
Change in fair value of convertible note	**-**	-	(456)
Foreign exchange gain	**41**	304	-
Other income, net of other expenses	**(5,434)**	4,989	34,656

During the three months ended March 31, 2022, the Company received $0.5 million of cash proceeds on minor property dispositions which resulted in a gain on sale of assets of $0.7 million during the first quarter as a result of disposing of associated decommissioning liabilities.

Spartan recognized a gain of $35.1 million on the Inception Acquisition in the first quarter of 2021 as the consideration paid was less than the estimated fair value of the net assets acquired as of the March 18, 2021 closing date.

In March 2022, Spartan recorded a write down of other non-current assets of $7.5 million related to indemnification assets recognized in the purchase price allocation for the Inception Acquisition. Additional information regarding the write down is provided under the heading “Related Party Disclosures” in this MD&A.

The Company expensed $0.7 million of transaction costs in respect of the business combinations completed during the first quarter of 2021.

During the first quarter of 2022, Spartan entered into an agreement with a third party to dispose of its firm transportation capacity and related obligations on the Spearhead and Flanagan South pipelines. These contracts were assumed through the Velvet Acquisition and not were not integral to Spartan’s core business operations. Pursuant to the assignment agreement, Spartan significantly reduced its future contractual commitments related to these agreements (see also, “Commitments and Contingencies”) and received cash proceeds of $0.6 million which is included in other income for the quarter.

Other income also includes $0.7 million of funding earned through the Alberta provincial government Site Rehabilitation Program (“**SRP**”), compared to $0.1 million and $0.8 million of SRP earned in the first and fourth quarters of 2021, respectively (see also, “Decommissioning Obligations”).

In the previous year, Spartan received a premium of $10.1 million related to a private placement of flow-through shares. The total premium was recognized in net income in proportion to qualifying expenditures incurred each quarter, which resulted in $3.1 million of income related to the premium on flow-through shares during the fourth quarter of 2021.

In the first quarter of 2021, the fair value of the convertible promissory note issued as part of consideration for the Inception Acquisition increased by $0.5 million resulting in an unrealized loss in the comparative quarter. The convertible note was subsequently settled through conversion into common shares in September 2021.

INCOME TAXES

(CA$ thousands)	Q1 2022	Q4 2021	%	Q1 2022	Q1 2021	%
Current income tax	**-**	-	-	**-**	-	-
Deferred income tax expense (recovery)	**20,845**	24,800	(16)	**20,845**	(346)	nm

The Company reported deferred income tax expense of $20.8 million for the three months ended March 31, 2022, resulting in an effective tax rate of approximately 25% for the quarter. The effective tax rate is higher than Spartan's combined federal and Alberta provincial statutory rate of 23% primarily due to the write down of other non-current assets and share based compensation expense.

Spartan's deferred income tax rate increased in 2022 compared to the effective rate of 6% on average for the year ended December 31, 2021. The Company had a lower effective tax rate in the previous year primarily due to gains on acquisitions which are not taxable as well as the recognition of a deferred tax asset of $41.8 million that was not initially recognized at the time of closing the January 2021 Acquisition (as defined and described in the 2021 Annual Financial Statements). This unrecognized tax asset was subsequently recognized by Spartan in proportion to the estimated amount of taxable income generated in each quarter of 2021, which reduced deferred income tax expenses reported in the comparative first and fourth quarters of 2021 by $6.2 million and $12.9 million, respectively. A detailed reconciliation of the deferred income tax expense or recovery reported is provided in note 14 of the Interim Financial Statements.

Spartan was not required to pay income taxes in the current or prior year as the Company had sufficient income tax deductions available to shelter taxable income. As at March 31, 2022, Spartan recognized a deferred tax asset of $122.0 million, down from $142.9 million at December 31, 2021 in proportion to deferred tax expense for the quarter. Total available tax pools are estimated to be approximately $1.8 billion at March 31, 2022, as summarized below:

(CA$ millions, unless otherwise indicated)	Rate (1)	March 31, 2022	December 31, 2021
Canadian oil and gas property expenses (COGPE)	10%	**164.8**	169.0
Canadian development expenses (CDE)	30%	**436.0**	391.0
Canadian exploration expenses (CEE)	100%	**83.0**	90.3
Undepreciated capital cost (UCC) (2)	25%	**192.2**	185.3
Share issue costs (SIC)	5 years	**12.5**	13.5
Scientific research & experimental development (SR&ED)	100%	**28.0**	28.0
Non-capital losses (NCL) (3)(4)	100%	**841.3**	929.1
Total available tax pools (estimate) (4)		**1,757.8**	1,806.2

(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 2033 to 2040.

(4) The estimate of "available" tax pools 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

(CA$ thousands, unless otherwise indicated)	**Q1 2022**	Q4 2021	%	**Q1 2022**	Q1 2021	%
Revenue	**294,386**	267,005	10	**294,386**	62,356	372
Expenses	**(136,221)**	(136,269)	0	**(136,221)**	(33,492)	307
Income before derivatives, other items and taxes [(1)]	**158,165**	130,736	21	**158,165**	28,864	448
(Loss) gain on derivative financial instruments	**(70,709)**	17,530	(503)	**(70,709)**	(4,702)	1,404
Other income, net of other expenses [(2)]	**(5,434)**	4,989	(209)	**(5,434)**	34,656	(116)
Income before income taxes	**82,022**	153,255	(46)	**82,022**	58,818	39
Deferred income tax expense (recovery)	**20,845**	24,800	(16)	**20,845**	(346)	nm
Net income and comprehensive income	**61,177**	128,455	(52)	**61,177**	59,164	3
WA Shares outstanding – basic (000s)	**153,292**	153,128	0	**153,292**	68,293	124
WA Shares outstanding – diluted (000s)	**170,962**	169,091	1	**170,962**	81,591	110
Net income $ per share – basic	**0.40**	0.84	(52)	**0.40**	0.87	(54)
Net income $ per share – diluted	**0.36**	0.76	(53)	**0.36**	0.73	(51)

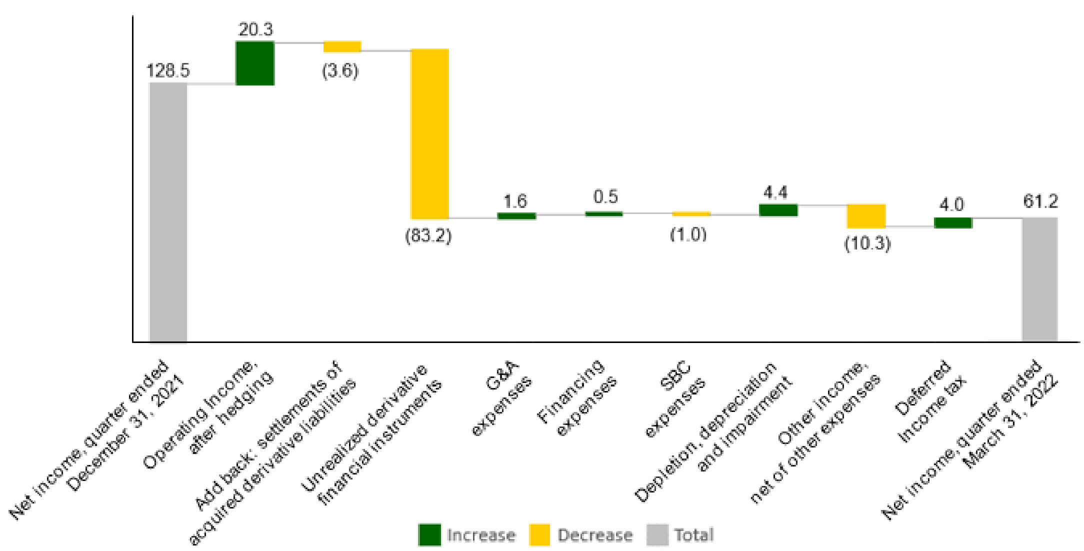
(1) The subtotal "income before derivative, other items and taxes" is provided to supplement the discussion below. It does not have a standardized meaning under IFRS and may not be directly comparable to other issuers.

(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.

Spartan reported net income of $61.2 million ($0.36 per share, diluted) for the first three months of 2022. Stronger oil prices drove revenue 10% higher and contributed to the 21% increase in Spartan's income before derivatives, other items and taxes compared to the fourth quarter of 2021, however net income fell by 52% from $128.5 million in the previous quarter. The increase in actual and forecasted commodity prices during the quarter ended March 31, 2022, had an inverse impact on net income as Spartan recognized a loss on derivative financial instruments of $70.7 million compared to a gain of $17.5 million in the fourth quarter of 2021. The unrealized change in fair value of financial instruments contributed the majority of the decrease in the Company's reported profitability quarter-over-quarter. In addition, Spartan recorded a write down of other non-current assets of $7.5 million during the first quarter of 2022.

The chart below summarizes the components of the change in net income from the fourth quarter of 2021 to the first quarter of 2022, using the change in Operating Income after hedging as the starting point.

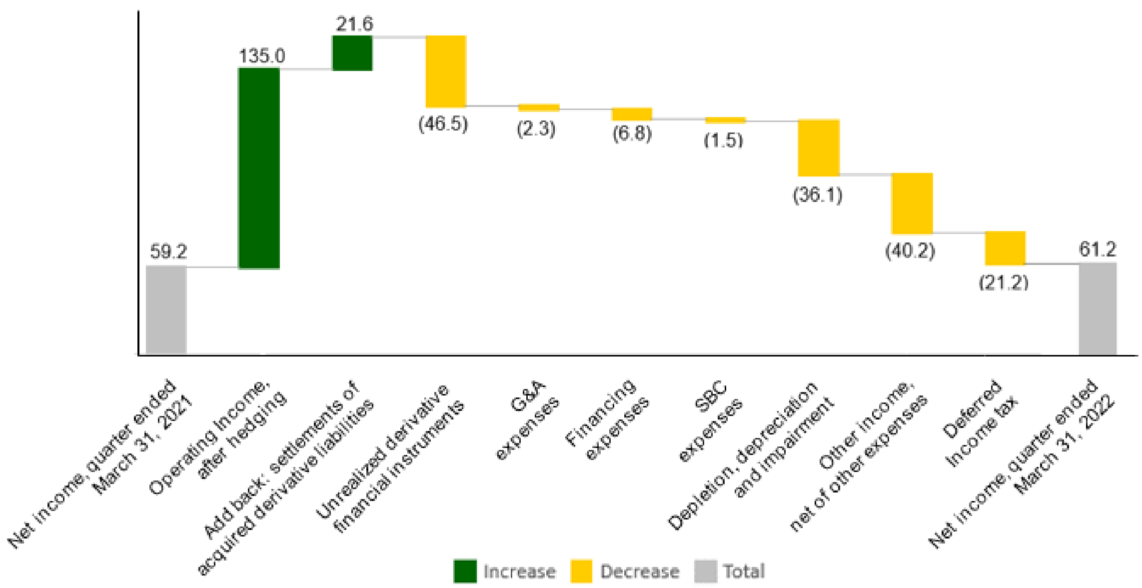
Change in Net Income – Q4 2021 to Q1 2022 ($ millions)



Net income of $59.2 million in the first quarter of 2021 included a gain of $35.1 million on the Inception Acquisition. The Company's core business operations have grown exponentially over the past twelve months through the acquisitions and drilling program. The impact of higher production coupled with strong commodity prices is highlighted by the 372% increase in revenue relative to the first quarter of 2021. Spartan's income before derivatives, other items and taxes was $158.2 million for the three months ended March 31, 2022, compared to $28.9 million in the same three-month period of 2021.

The chart below summarizes the components of the change in net income from the first quarter of 2021 to the first quarter of 2022, using the change in Operating Income, after hedging as the starting point.

Change in Net Income – Q1 2021 to Q1 2022 ($ millions)



(1) Settlements of acquired derivative liabilities do not affect the Company's net income because the acquisition date fair value of the derivative liabilities assumed through the Velvet Acquisition was included in the purchase price. The settlements are a cash outflow to Spartan and reduce the Company's reported Operating Income after hedging losses, however they are added back for purposes of determining the change in net income in the chart above. In the chart on the previous page, the add back is presented as decrease of $3.6 million because settlements of acquired derivative liabilities were less in the first quarter of 2022 compared to the fourth quarter of 2021.

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 to cash provided by operating activities, net income or other measures of financial performance calculated in accordance with IFRS. Refer to advisories under "Non-GAAP Measures and Ratios".

First Quarter of 2022 compared to Fourth Quarter of 2021 *(1)*

Amounts are CA$ millions ($MM), except as noted	**Q1/22**	Q4/21	Change (1)		**Q1/22**	Q4/21	
	$MM	$MM	$MM	%	**$/BOE**	$/BOE	%
Oil and gas sales, net of royalties	**290.6**	263.7	26.9	10	**44.49**	39.57	12
Processing and other revenue	**2.4**	2.4	-	(1)	**0.36**	0.36	-
Operating expenses	**(54.7)**	(50.1)	(4.6)	9	**(8.36)**	(7.52)	11
Transportation expenses	**(18.0)**	(16.1)	(1.9)	12	**(2.76)**	(2.41)	15
Operating Income / Netback, before hedging (2)	**220.4**	199.9	20.5	10	**33.73**	30.00	12
Settlements on Commodity Derivative Contracts (2)(3)	**(44.0)**	(42.6)	(1.4)	3	**(6.74)**	(6.39)	5
Net Pipeline Transportation Margin (2)	**(0.4)**	(1.7)	1.3	(79)	**(0.05)**	(0.25)	(80)
Operating Income / Netback, after hedging (2)	**176.0**	155.7	20.3	13	**26.94**	23.36	15
G&A expenses	**(5.8)**	(7.4)	1.6	(22)	**(0.88)**	(1.12)	(21)
Interest expense, net of interest income	**(6.8)**	(7.2)	0.4	(6)	**(1.04)**	(1.08)	(4)
Financing cost of lease liabilities	**(0.8)**	(0.8)	-	(4)	**(0.12)**	(0.12)	-
Realized foreign exchange gain	**0.0**	0.3	(0.3)	(103)	**-**	0.04	-
Other income	**0.6**	-	0.6	-	**0.10**	-	-
Settlement of decommissioning obligations	**(1.2)**	(1.1)	(0.1)	16	**(0.19)**	(0.16)	19
Transaction costs	**0.0**	0.1	(0.1)	(134)	**-**	0.01	-
Funds from Operations (2)	**162.0**	139.5	22.5	16	**24.81**	20.93	19
Change in non-cash working capital	**(24.2)**	8.5	(32.7)	(384)	**(3.70)**	1.28	(389)
Cash provided by operating activities	**137.8**	148.0	(10.2)	(7)	**21.11**	22.21	(5)
Funds from Operations (2)	**162.0**	139.5	22.5	16	**24.81**	20.93	19
Add back: transaction costs	**0.0**	(0.1)	0.1	(134)	**-**	(0.01)	-
Deduct: lease payments	**(2.3)**	(2.4)	0.1	(1)	**(0.36)**	(0.36)	-
Adjusted Funds Flow (2)	**159.7**	137.0	22.7	17	**24.45**	20.56	19
Adjusted Funds Flow per share (2)							
Basic ($ per common share)	**1.04**	0.89	0.15	17			
Diluted ($ per common share)	**0.92**	0.80	0.12	15			

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

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

(3) Includes the realized loss on derivative financial instruments for the three months ended March 31, 2022 and December 31, 2021, plus settlements of $21.6 million and $25.2 million, respectively, of derivative liabilities acquired in connection with the Velvet Acquisition.

Spartan generated $162.0 million of Funds from Operations for the three months ended March 31, 2022, up $22.5 million or 16% compared to the fourth quarter of 2021. The increase in Funds from Operations is driven by higher Operating Income which increased by $20.3 million after hedging, together with lower G&A and interest expenses. In addition, Spartan received other income during the first quarter of $0.6 million in consideration for the disposition of certain non-core pipeline commitments. Cash expenditures to settle decommissioning obligations of $1.2 million in the first three months of 2022 were relatively in line with $1.1 million incurred in the previous quarter. Spartan settled an additional $0.7 million of decommissioning obligations with government funding through the Alberta SRP program during the first quarter which does not impact the Company's cash flow ($0.8 million in the comparative quarter).

Adjusted Funds Flow was $159.7 million for the first quarter of 2022, excluding minor transaction costs and after deducting $2.3 million of lease payments from Funds from Operations. On a diluted basis, Adjusted Funds Flow of $0.92 per share increased by 15% from $0.80 per share in the previous quarter highlighting the torque of Spartan's cash flow to higher oil prices, partly offset by industry-wide cost escalation due to higher activity and inflation.

Spartan's cash provided by operating activities of $137.8 million for the three months ended March 31, 2022 is lower than its reported Funds from Operations due to the decrease in non-cash working capital deficit related to operating activities. The change in non-cash working capital can vary significantly 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 first quarter of 2022, the net decrease in non-cash operating working capital of $24.2 million is primarily due to the increase in accrued revenue at March 31, 2022 compared to December 31, 2021. By comparison, the non-cash working capital deficit related to operating activities increased by $8.5 million in the fourth quarter of 2021 primarily due to the significant increase in accounts payable and accrued liabilities with integration of the Velvet Acquisition which resulted in longer payment processing times.

First Quarter of 2022 compared to First Quarter of 2021 [(1)]

Amounts are CA$ millions ($MM), except as noted	**Q1/22**	Q1/21	Change (1)		**Q1/22**	Q1/21	
	$MM	$MM	$MM	%	**$/BOE**	$/BOE	%
Oil and gas sales, net of royalties	**290.6**	60.6	230.0	380	**44.49**	21.09	111
Processing and other revenue	**2.4**	1.8	0.6	33	**0.36**	0.62	(42)
Operating expenses	**(54.7)**	(14.5)	(40.2)	276	**(8.36)**	(5.06)	65
Transportation expenses	**(18.0)**	(3.9)	(14.1)	367	**(2.76)**	(1.34)	106
Operating Income / Netback, before hedging (2)	**220.4**	44.0	176.4	401	**33.73**	15.31	120
Settlements on Commodity Derivative Contracts (2)(3)	**(44.0)**	(3.0)	(41.0)	1,386	**(6.74)**	(1.03)	554
Net Pipeline Transportation Margin (2)	**(0.4)**	-	(0.4)	-	**(0.05)**	-	-
Operating Income / Netback, after hedging (2)	**176.0**	41.0	135.0	329	**26.94**	14.28	89
G&A expenses	**(5.8)**	(3.5)	(2.3)	65	**(0.88)**	(1.22)	(28)
Interest expense, net of interest income	**(6.8)**	(0.4)	(6.4)	1,800	**(1.04)**	(0.12)	767
Financing cost of lease liabilities (4)	**(0.8)**	-	(0.8)	-	**(0.12)**	-	-
Realized foreign exchange gain	**0.0**	-	-	-	**-**	-	-
Other income	**0.6**	0.5	0.1	19	**0.10**	0.19	(47)
Settlement of decommissioning obligations	**(1.2)**	(0.7)	(0.5)	83	**(0.19)**	(0.23)	(17)
Transaction costs	**0.0**	(0.7)	0.7	(97)	**-**	(0.24)	(100)
Funds from Operations (2)	**162.0**	36.3	125.7	346	**24.81**	12.66	96
Change in non-cash working capital	**(24.2)**	(4.2)	(20.0)	473	**(3.70)**	(1.47)	152
Cash provided by operating activities	**137.8**	32.1	105.7	329	**21.11**	11.19	89
Funds from Operations (2)	**162.0**	36.3	125.7	346	**24.81**	12.66	96
Add back: transaction costs	**0.0**	0.7	(0.7)	(97)	**-**	0.24	-
Deduct: lease payments (4)	**(2.3)**	(2.4)	0.1	(2)	**(0.36)**	(0.85)	(57)
Adjusted Funds Flow (2)	**159.7**	34.6	125.1	361	**24.45**	12.05	103
Adjusted Funds Flow per share (2)							
Basic ($ per common share)	**1.04**	0.51	0.53	104			
Diluted ($ per common share)	**0.92**	0.42	0.50	119			

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

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

(3) Includes the realized loss on derivative financial instruments for the three months ended March 31, 2022, plus settlement of $21.6 million of derivative liabilities acquired with the Velvet Acquisition.

(4) In the comparative quarter, Spartan presented the total cash lease payment of $2.4 million within financing activities in the Consolidated Statements of Cash Flow which included $0.7 million of financing costs and $1.7 million reduction of principal during the three months ended March 31, 2021. The cash flow statement presentation was subsequently revised in the year-end 2021 Annual Financial

Statements to present the financing cost portion of the lease payment within cash provided by operating activities to be consistent with the Company's presentation of other financing expenses. The total cash lease payment in the first quarter of 2022 is $3.1 million, of which $0.8 million is the deemed financing cost and $2.3 million reduced the principal amount of the Company's lease liabilities.

Spartan's Funds from Operations of $162.0 million for the first three months of 2022 increased by 346% from $36.3 million in the same quarter of 2021. The increase in cash provided by operating activities and Funds from Operations is driven by higher Operating Income, partly offset by hedging losses, incremental G&A, interest, and decommissioning costs in conjunction with the acquisitions in 2021.

CASH USED IN INVESTING ACTIVITIES AND CAPITAL EXPENDITURES

Spartan completed several acquisitions during the first nine months of 2021 which added a second core development area in the Montney and built on the Deep Basin assets through smaller tuck-in acquisitions. The Company's near-term focus has since shifted to organic growth by investing in the development of its asset base.

The following table summarizes Spartan's Capital Expenditures during the first quarters ended March 31, 2022 and 2021, as well as the fourth quarter ended December 31, 2021. The term Capital Expenditures does not have a standardized meaning under IFRS and may not be directly comparable to measures used by other companies. The most directly comparable GAAP measure is cash used in investing activities which was $104.4 million for the first quarter of 2022 (refer to reconciliation provided under the heading "Non-GAAP Measures and Ratios").

CAPITAL EXPENDITURES

(CA$ thousands)	**Q1 2022**	Q4 2021	%	**Q1 2022**	Q1 2021	%
Land and seismic	**1,884**	10,434	(82)	**1,884**	380	396
Drilling and completion	**82,061**	86,780	(5)	**82,061**	16,534	396
Facilities, pipeline and well equipment	**20,081**	13,683	47	**20,081**	1,574	1,176
Production optimization and other assets	**3,208**	3,084	4	**3,208**	794	304
Capitalized G&A	**750**	1,701	(56)	**750**	-	-
Capital Expenditures before A&D (1)	**107,984**	115,682	(7)	**107,984**	19,282	460
Acquisitions (2)(3)	**(102)**	253	(140)	**(102)**	20,066	(101)
Dispositions	**(465)**	-	-	**(465)**	(62)	650
Capital Expenditures (1)(2)	**107,417**	115,935	(7)	**107,417**	39,286	173

(1) Refer to "Non-GAAP Measures and Ratios" for the reconciliation to cash used in investing activities.
(2) Excludes non-cash consideration for acquisitions, refer to additional information in the "2021 Acquisitions" table below.
(3) In the first quarter of 2022, Spartan received $0.2 million of proceeds from favorable closing adjustments on prior acquisitions.

The Company executed on its winter drilling program during the fourth quarter of 2021 and first quarter of 2022. Capital Expenditures before A&D were $115.7 million and $108.0 million in the respective quarters. While the majority of capital expenditures over the past six months were incurred to drill, complete and equip new wells in the Montney and Deep Basin, the Company also completed numerous production optimization projects and expanded its opportunity set by acquiring Crown land and 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 quarters.

DRILLING ACTIVITY

Number of Net Wells	**Q1 2022**	Q4 2021	Q1 2021
Drilled	**12.0**	16.4	4.0
Completed	**14.5**	19.4	6.0
On production	**9.5**	15.9	6.0
Service	**1.0**	1.0	-

The Company continuously seeks to optimize its asset base through strategic tuck-in acquisitions and non-core property dispositions. During the three months ended March 31, 2022, the Company completed an undeveloped land acquisition for cash consideration of $0.1 million and received $0.5 million of cash proceeds on minor property dispositions which resulted in a gain on sale of assets of $0.7 million during the first quarter as a result of disposing of associated decommissioning liabilities.

Total consideration for the acquisitions completed during 2021 was $569.8 million, comprised of: $424.0 million of cash consideration after closing adjustments; the issuance of 30.5 million common shares valued at $120.5 million; and the issuance of a convertible promissory note with an acquisition date fair value of $25.3 million. In addition, Spartan assumed Net Debt of $387.5 million in connection with the corporate acquisitions.

The following table summarizes the aggregate consideration paid for acquisitions during the year ended December 31, 2021, and the estimated fair value of the net identifiable assets acquired on the respective acquisition dates.

(CA$ thousands)

2021 ACQUISITIONS	**Inception**	**Simonette**	**Velvet**	**Ferrier**	**Other**	**Total**
Cash consideration, after adjustments	-	14,659	355,879	37,500	15,934	423,972
Common share consideration	92,089	5,794	13,231	-	9,380	120,494
Convertible promissory note	25,293	-	-	-	-	25,293
Total consideration	**117,382**	**20,453**	**369,110**	**37,500**	**25,314**	**569,759**
Net working capital [3]	(3,620)	-	(33,137)	1,659	129	(34,969)
Indebtedness repaid at closing	-	-	(352,488)	-	-	(352,488)
Net Debt assumed or repaid [3]	**(3,620)**	**-**	**(385,625)**	**1,659**	**129**	**(387,457)**
Derivative financial instrument liability, net	-	-	(94,203)	-	-	(94,203)
Other non-current assets	7,500	-	-	-	-	7,500
Exploration and evaluation assets	7,163	3,053	60,757	460	10,844	82,277
Property, plant and equipment	109,976	35,577	753,167	43,972	8,998	951,690
Right-of-use assets	1,048	-	4,364	-	-	5,412
Lease liabilities	(1,048)	-	(4,435)	-	-	(5,483)
Decommissioning obligations [2]	(1,800)	(18,177)	(10,370)	(341)	(3,104)	(33,792)
Deferred income tax asset	33,899	-	134,459	(5,136)	8,447	171,669
Fair value of net assets acquired [1]	**153,118**	**20,453**	**458,114**	**40,614**	**25,314**	**697,613**
Gain on acquisition [1]	**(35,736)**	**-**	**(89,004)**	**(3,114)**	**-**	**(127,854)**
Total Consideration including Net Debt [4]	**121,002**	**20,453**	**754,735**	**35,841**	**25,185**	**957,216**
Acquisition closing date	March 18	March 18	August 31	September 3	Various	
Average production acquired (BOE/d) [5]	3,700	4,425	21,300	1,850	500	
% Oil and NGLs [5]	54%	18%	51%	30%	45%	

(1) The fair values of identifiable assets and liabilities acquired and resulting gains on acquisition are based on management's best estimates based on information available at the time of preparing the 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.

(2) The aggregate fair value of decommissioning obligations acquired of $33.8 million was estimated by discounting the inflated cost estimates using "credit-adjusted risk-free rates" ranging from 6.1% to 7.0% 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 by $36.9 million to $70.7 million in aggregate.

(3) (i) Net working capital includes cash acquired on corporate acquisitions of $24.6 million in aggregate. (ii) For purposes of this table only, Net Debt (and the components thereof) are presented as negative numbers and the Net Surplus (and the components thereof) is presented as a positive number. This differs from the presentation of Net Debt (Surplus) throughout this MD&A.

(4) "Total Consideration including Net Debt" does not have a standardized meaning under IFRS. Refer to "Non-GAAP Measures and Ratios – Adjusted Net Capital Acquisitions".

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

DECOMMISSIONING OBLIGATIONS

As at March 31, 2022, the Company's total decommissioning obligations are estimated to be $150.2 million, of which $3.6 million are expected to be settled over the next twelve months. During the first quarter of 2022, the total carrying amount of decommissioning obligations decreased by $21.6 million from $171.8 million at December 31, 2021. The majority of the change is attributed to rising interest rates which reduced the present value of Spartan's decommissioning obligations by $21.8 million during the quarter. New obligations incurred by drilling in the first quarter of 2022 were more than offset by settlements and minor property dispositions.

Spartan is committed to environmental stewardship and has a proactive program to address its decommissioning obligations. The Company seeks to maintain an industry leading Liability Management Rating ("**LMR**") and to obtain a leading Licensee Capability Assessment ("**LCA**") rating when the industry transitions to the LCA system. The Company spent $1.2 million on decommissioning during the first quarter of 2022 and settled an additional $0.7 million of liabilities through abandonment and reclamation projects funded through the Alberta Site Rehabilitation Program. Recoveries under the SRP are recognized in the financial statements in the period in which the work is completed.

CAPITAL RESOURCES AND LIQUIDITY

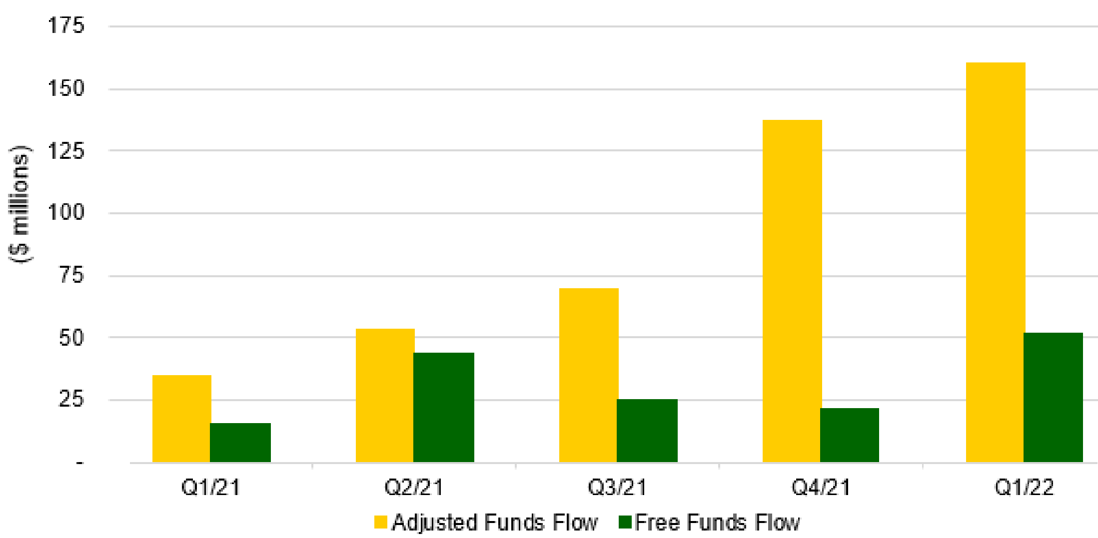
Spartan's capital management objectives are to maintain a flexible capital structure in order to respond to changes in economic conditions, execute on strategic opportunities throughout the business cycle, meet its financial obligations, and fund future settlements of decommissioning obligations. The 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 the first quarter of 2022, the Company's primary sources of funds were $159.7 million of Adjusted Funds Flow, supplemented by working capital and short-term advances of bank debt under the revolving credit facility. Spartan also received $0.2 million of cash proceeds on the exercise of stock options and warrants during the quarter.

Cash provided by operating activities of $137.8 million for the quarter ended March 31, 2022 was used to fund the Company's exploration and development capital expenditures of $108.0 million, lease principal payments of $2.3 million and to reduce its bank debt by $32.2 million.

The following chart summarizes Spartan's Adjusted Funds Flow and Free Funds Flow over the past five quarters.

Adjusted Funds Flow and Free Funds Flow by Quarter



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 long-term debt, reinvest in the business or return capital to shareholders.

Spartan’s Free Funds Flow was $51.7 million for the quarter ended March 31, 2022, compared to $15.3 million and $21.3 million in the first and fourth quarters of 2021, respectively. The amount of Free Funds Flow reported each quarter reflects the seasonality of the Company’s oil and gas operations and the use of Adjusted Funds Flow to finance higher capital expenditures during the winter drilling seasons.

The Company’s capital structure is comprised of working capital, long-term debt and shareholders’ equity. 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” (definitions and details of the underlying calculation are provided under the heading “Non-GAAP Measures and Ratios”).

(CA$ thousands, except as noted)	**March 31, 2022**	December 31, 2021
Working capital deficit	**142,346**	133,416
Adjusted for current portion of:		
Derivative financial instrument assets	**6,889**	268
Derivative financial instrument liabilities	**(89,833)**	(52,783)
Lease liabilities	**(10,281)**	(10,206)
Adjusted Working Capital deficit	**49,121**	70,695
Long-term debt	**356,570**	387,564
Net Debt	**405,691**	458,259
Annualized Adjusted Funds Flow (1)	**638,884**	548,104
Net Debt to Annualized AFF Ratio (1)	**0.6x**	0.8x

(1) In the 2021 Annual Financial Statements, Spartan previously referred to this measure as the “Net Debt to Trailing AFF Ratio” based on “Trailing Adjusted Funds Flow”. The name has been changed to “Net Debt to Annualized AFF Ratio” based on “Annualized Adjusted Funds Flow”, however there is no change to the calculation methodology and the resulting ratio is unchanged.

As at March 31, 2022, Spartan had Net Debt of $405.7 million, which is approximately 0.6 times the Company’s Annualized Adjusted Funds Flow for the first quarter of 2022, down compared to 0.8 times at December 31, 2021.

The capital-intensive nature of Spartan’s operations may create a working capital deficiency during periods with high levels of capital investment. The Company had a working capital deficit of $142.3 million at March 31, 2022, up from $133.4 million at December 31, 2021. The increase in working capital deficit is due to the fair value of derivative financial instrument liabilities which increased with higher forecast commodity prices. Spartan’s Adjusted Working Capital deficit of $49.1 million at March 31, 2022, decreased by $21.6 million since year-end primarily due to higher revenue and slightly lower capital expenditures during the first quarter of 2022 relative to the previous quarter.

The Company maintains sufficient unused bank credit lines to satisfy such working capital deficiencies. As at March 31, 2022, the Company’s outstanding bank debt of $213.4 million together with $20.2 million (approximate Canadian dollar equivalent) of issued but undrawn letters of credit represented 52% of the $450.0 million borrowing base under Spartan’s Credit Facility (hereinafter defined).

Spartan is well positioned to execute on its short and longer term growth strategy. The Company’s exploration and development capital expenditure budget for 2022 will be funded primarily by cash provided by operating activities and supplemented by short-term advances of bank debt during periods of high capital investment.

The following table outlines a contractual maturity analysis for the Company's financial liabilities and undiscounted lease liabilities as at March 31, 2022:

(CA$ thousands)	1 year	2 to 3 years	4 to 5 years	> 5 years	Total
Accounts payable and accrued liabilities	203,922	-	-	-	203,922
Derivative financial instrument liabilities	89,833	8,060	-	-	97,893
Credit Facility (1)	10,561	215,115	-	-	225,676
Term Facility (2)	12,675	31,739	159,335	-	203,749
Undiscounted lease liabilities (3)	12,035	34,352	11,989	2,688	61,064
Total	**329,026**	**289,266**	**171,324**	**2,688**	**792,304**

(1) Includes principal and estimated interest and standby fee payments based on the balance of bank debt outstanding as at March 31, 2022. For purposes of the above table, principal repayment is assumed on the term maturity date of May 31, 2023. The Company expects the Credit Facility to be extended at the end of the current revolving period, however the extension is not guaranteed and terms of the renewal are subject to approval of the lenders (see advisories under "Forward-Looking Statements").

(2) Includes principal and estimated interest and fee payments on the Term Facility. Mandatory principal repayments of approximately $0.9 million per month commence on September 1, 2024 and the remaining balance of $127.5 million is repayable on the maturity date of August 31, 2026.

(3) As at March 31, 2022, the present value of the Company's total lease liability is $52.5 million, of which $10.3 million is expected to be settled in the next twelve months.

LONG-TERM DEBT

As at March 31, 2022, total long-term debt is comprised of bank debt drawn under the revolving credit facility and indebtedness under the second lien term facility. The balance of long-term debt is presented net of unamortized issue costs and prepaid interest on bankers' acceptances.

(CA$ thousands)	**March 31, 2022**	December 31, 2021	Change
Bank debt	**213,350**	245,550	(32,200)
Second lien term facility	**150,000**	150,000	-
Unamortized issue costs and prepaid interest	**(6,780)**	(7,986)	1,206
Long-term debt	**356,570**	387,564	(30,994)

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 $450.0 million, comprised of a $50.0 million operating facility and a $400.0 million syndicated facility. The Credit Facility has a revolving period of 364 days, maturing May 31, 2022, and may be extended annually at Spartan's option subject to approval of the lenders, with a term-out to May 31, 2023 if not renewed.

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 LMR of the Company falling below 2.0 or disposing of material properties. Repayments of principal are not required until the maturity date, provided that the borrowings do not exceed the authorized borrowing base and the Company is in compliance with all covenants, representations and warranties.

The Company is subject to certain financial covenants under the Credit Facility which include: (i) for the period from August 31, 2021 and ending May 31, 2022, the Company's net debt to cash flow ratio (as defined in the credit agreement) shall not exceed 2.0 to 1.0; and (ii) for so long as the following covenants applies to the Term Facility: (A) the maximum funded debt to EBITDA (Earnings Before Taxes, Interest, Depreciation and Amortization, as defined in the credit agreement and in note 11 of the Interim Financial Statements), 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 the proved developed producing reserves of the Company (before income tax, discounted at 10%), as evaluated by an independent third party engineering report and evaluated on then strip commodity pricing, divided by the then outstanding funded debt balance of the Company. The Credit Facility also includes other standard business operating covenants, including but not limited to limitations on acquisitions and dispositions, distributions, dividends and hedging arrangements. As at March 31, 2022, Spartan is in compliance with all covenants (refer to note 11 of the Interim 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.

As of the date of date hereof, the Company's lending syndicate is completing their annual review under the Credit Facility in advance of the May 31, 2022 renewal. Spartan anticipates that the current revolving period will be extended for an additional 364 days, and for the borrowing base to remain unchanged at $450 million. The financial covenant which required Spartan to maintain a net debt to cash flow ratio of less than 2.0 to 1.0 will expire on May 31, 2022 upon renewal. The foregoing reflects Spartan's reasonable expectations however extension of the facilities and terms of the renewal are not guaranteed and are subject to final approval by the lenders (refer to advisories for "Forward-Looking Statements").

LC Facility

In January 2022, the Company entered into a new demand letter of credit facility (the "**LC Facility**") which provides Spartan with $25.0 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.

Term Facility

On August 31, 2021, the Company established a $150.0 million non-revolving term facility (the "**Term Facility**"). The Term Facility is a single drawdown facility made available solely to finance the Velvet Acquisition and has a sixty-month term maturing on August 31, 2026. The Term Facility is secured on a second-priority basis to the Credit Facility and is subject to annual reviews. The principal amount is repayable in scheduled monthly instalments starting on September 1, 2024, being the 37th month, at an amortization rate of 7.5% per annum. The Company has the option to prepay the outstanding balance under the Term Facility at any time after February 26, 2022, provided that if repayment occurs before August 31, 2024, being three years after the issue date, the Company shall pay all interest and fees that would have otherwise been payable up to the 36th month. The Term Facility bears interest at a floating annual interest rate of bank prime plus 5.25%, payable monthly, and is subject to an annual review fee of 0.5%, payable annually. Covenants include the same asset coverage ratio and funded debt to EBITDA financial covenants as the Credit Facility, as described above, and Spartan is in compliance with all covenants as at March 31, 2022.

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. During the three months ended March 31, 2022, 0.2 million common shares were issued on vesting of share awards and 0.1 million common shares were issued on exercise of stock options and warrants providing $0.2 million of cash proceeds during the period. As of March 31, 2022, there were 153.5 million common shares outstanding and 155.0 million are outstanding as of the date of this MD&A (153.2 million as at December 31, 2021). There are no preferred shares or special shares outstanding.

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

Number of securities outstanding (000s)	December 31, 2021	**March 31, 2022**	**May 10, 2022**
Common shares	153,214	**153,469**	**155,021**
Warrants (1)	15,814	**15,784**	**15,464**
Stock options (2)	4,358	**5,031**	**4,186**
Share awards	1,959	**3,073**	**2,614**
Total securities outstanding (3)	175,345	**177,357**	**177,282**

(1) The common share purchase warrants have an exercise price of $1.00 per share and are fully vested.

(2) The stock options outstanding as at March 31, 2022 have an average exercise price of $4.09 per common share with an average remaining term of 3.6 years.

(3) 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. 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 for purposes of EPS, as presented in the table above.

Effective September 1, 2021, Spartan's common shares were listed on the TSX and delisted from the TSX Venture Exchange in connection with the graduation. The trading symbol on the TSX remains unchanged as "SDE". The volume weighted average trading price of Spartan's common shares on the TSX was $8.20 common share for the first quarter of 2022. Spartan's closing share price was $9.80 on March 31, 2022 compared to $5.97 on December 31, 2021 and $3.95 on March 31, 2021.

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:

(000s)	**Q1 2022**	Q4 2021	%	**Q1 2022**	Q1 2021	%
WA Shares outstanding, basic	**153,292**	153,128	0	**153,292**	68,293	124
Dilutive effect of outstanding securities	**17,670**	15,962	11	**17,670**	13,298	33
WA Shares, diluted – for EPS	**170,962**	169,090	1	**170,962**	81,591	110
Incremental dilution for AFF (1)	**1,783**	1,130	58	**1,783**	-	-
WA Shares, diluted – for AFF (1)	**172,745**	170,220	1	**172,745**	81,591	112

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

COMMITMENTS AND CONTINGENCIES

The following table summarizes the Company's contractual commitments as of March 31, 2022:

(CA$ thousands)	2022	2023	2024	2025	2026	Thereafter
Gas transportation (1)	18,682	23,158	20,340	20,172	16,695	21,517
Liquids transportation (2)	15,764	20,743	1,942	1,937	1,937	6,294
NGLs fractionation (3)	792	1,338	1,425	1,421	1,421	4,618
Processing fees (4)	11,151	9,440	4,295	4,219	4,138	30,314
Capital commitments (5)	-	41,563	41,563	-	-	-
Total commitments	**46,389**	**96,242**	**69,565**	**27,749**	**24,191**	**62,743**

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

(2) Relates to upstream oil and NGLs transportation contracts in place until December 2023 and March 2030.

(3) Includes: (i) an agreement for fractionation fees on the committed volume of C3+ mix purchased until March 2023; and (ii) an agreement for the delivery of firm volume of C3+ to a fractionation facility until March 2030.

(4) Processing fee commitments relate to the following agreements: (i) a gas handling agreement at the Wapiti plant for transportation, compression and processing of natural gas until June 2023; (ii) firm capacity for natural gas gathering and processing at the Fourth Creek gas plant until October 2025; (iii) firm capacity for natural gas gathering and processing at the Kanata Simonette gas plant until September 2040.

(5) Pursuant to an agreement with an industry partner, Spartan has committed to drill and tie-in a minimum of 16 wells over a three-year period, with a minimum of 6 wells required to be drilled by the end of 2022, and an additional 5 wells drilled by the end of 2023 and 2024, respectively. As of March 31, 2022, Spartan had drilled six qualifying wells and expects to fully satisfy its commitment for the remaining 10 wells (estimate $83.1 million) with its routine capital expenditure budget for 2022. In the event Spartan does not satisfy its minimum drilling commitments, the Company would be subject to a penalty of $2.1 million per well.

Disposition of Spearhead and Flanagan South pipeline commitments

During the first quarter of 2022, Spartan entered into an agreement with a third party to assign its firm transportation capacity and release Spartan from its related obligations on the Spearhead and Flanagan South pipelines effective April 1, 2022. Pursuant to the assignment agreement, Spartan received cash proceeds of US$0.5 million and has reduced the Company's aggregate contractual commitments by approximately $72.3 million. The contracts were assumed through the Velvet Acquisition and were not integral to Spartan's core business operations.

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 Interim Financial Statements as at March 31, 2022.

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

On January 1, 2022, two subsidiaries were vertically amalgamated with Spartan. As at March 31, 2022, Spartan has one wholly owned subsidiary, Inception General Partner Inc.

b) Related party transactions

ARETI Energy S.A. ("**ARETI**") became a significant shareholder of Spartan pursuant to the Inception Acquisition on March 18, 2021. According to ARETI's public reporting, ARETI owned and controlled (through direct ownership or its affiliates) approximately 19.6% of the Company's total common shares outstanding as of December 31, 2021.

On March 28, 2022, ARETI announced the sale of 15 million common shares of Spartan, reducing its ownership to less than 10% of the issued and outstanding common shares of the Company. In April 2022, the agreement entered into by Spartan and ARETI in March 2021 which gave ARETI the right to nominate two directors to Spartan's board was terminated and Elliot Weissbluth and Steve Lowden resigned as directors of the Company.

In addition, the Company agreed to amend and terminate certain agreements which obligated ARETI to indemnify Spartan in certain circumstances. As a result, Spartan recorded a write down of other non-current assets of $7.5 million during the first quarter of 2022 related to the indemnification assets recognized in the purchase price allocation for the Inception Acquisition.

Spartan has no further contractual relationship with ARETI as a result of the foregoing.

2022 OUTLOOK

During the first three months of 2022, WTI averaged US$94.29 per barrel and AECO 5A averaged $4.49 per GJ. Strong fundamentals pushed commodity prices higher subsequent to the quarter, with average WTI and AECO 5A prices of $101.64 per barrel and $6.61 per GJ, respectively, in April 2022.

Oil and gas industry activity levels have increased significantly with the rise in commodity prices. Supply shortages and increased competition for labour, equipment and services has resulted in industry-wide cost escalation and longer lead times. While the Company anticipates this to remain persistent through the remainder of 2022, Spartan is encouraged by its operational success achieved to date and is confident in its ability to effectively manage cost pressures and supply chain challenges. In addition, any cost inflation has been more than offset by materially higher realized commodity prices.

Spartan is currently evaluating the impact of these cost pressures as well as its opportunities to further capitalize in the current business environment of strong commodity prices, which has significantly increased the Company's forecasted Free Funds Flow and accelerated the pace of debt repayment. Spartan is evaluating strategies to maximize shareholder returns through potential expansion of its capital expenditure budget as well as the potential to implement a return of capital framework after the Company's Net Debt to Annualized AFF Ratio reaches 0.5 times.

Refer to advisories under the heading "Forward-Looking Statements".

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)	**Q1 2022**	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Revenue	**294.4**	267.0	134.1	88.8	62.4	42.0	37.0	11.4
Net income (loss) and comprehensive income (loss)	**61.2**	128.5	126.9	19.7	59.2	12.4	(7.3)	47.4
$ per share, basic	**0.40**	0.84	1.01	0.17	0.87	0.21	(0.13)	1.29
$ per share, diluted	**0.36**	0.76	0.87	0.15	0.73	0.18	(0.13)	1.01
Funds from Operations (1)	**162.0**	139.5	68.8	55.4	36.3	18.2	15.8	1.1
Capital Expenditures (1)(2)	**107.4**	115.9	437.6	19.7	39.3	14.3	1.2	110.0
Total assets	**1,811.8**	1,742.4	1,684.3	730.0	679.6	331.4	331.7	339.1
Working capital deficit (surplus)	**142.3**	133.4	152.6	(101.1)	(75.8)	21.2	19.6	2.2
Long-term liabilities	**553.4**	612.2	655.1	210.8	194.4	148.0	166.5	189.2
Shareholders' equity	**950.7**	886.6	756.2	437.7	414.2	137.5	124.4	131.0
Average daily production (BOE/d)	**72,588**	72,428	46,282	39,638	31,914	26,010	26,282	8,906
% Oil and NGLs	**37%**	38%	32%	29%	28%	31%	31%	30%
Average realized price ($ per BOE)	**49.35**	44.48	34.31	26.71	24.12	18.89	16.19	14.31
Operating Netbacks (1)								
Before hedging ($ per BOE) (1)	**33.73**	30.00	22.16	17.43	15.31	10.49	7.88	5.73
After hedging ($ per BOE) (1)	**26.94**	23.36	18.79	16.89	14.28	9.59	8.32	5.90

(1) "Funds from Operations", "Capital Expenditures" and "Operating Netback" do not have standardized meanings under IFRS, 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.

Over the past two years, the Company had an acquisitive growth strategy that materially advanced Spartan's operations, financial position and results. The Company established its position in the Deep Basin through the acquisition of substantially all of the assets of Bellatrix Exploration Ltd. in June 2020 (the "**BXE Asset Acquisition**"). Spartan completed several acquisitions in 2021 which added a second core area in the Montney, the most significant being the corporate acquisitions of Inception on March 18, 2021 and Velvet on August 31, 2021.

The 2021 Acquisitions drove the majority of the increase in production volumes and revenues in combination with the recovery of commodity prices, compared to the historical low average prices during the height of the COVID-19 pandemic in 2020. Commodity prices subsequently exceeded pre-pandemic levels during 2021. To date in 2022, global crude oil prices have risen to the highest levels since 2014. The increase in Spartan's average realized prices also reflects the higher crude oil weighting of its production through integration and continued development of the Montney oil assets. The Company's focus shifted to organic growth through drilling in the fourth quarter of 2021, further contributing to the increase in production. Average production in the first quarter of 2022 was relatively flat as new drilling offset production declines compared to the previous quarter.

The increase in Operating Netbacks 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 as well as inflationary pressures due to higher industry activity levels. Spartan's net income includes a gain of $53.0 million on the BXE Asset Acquisition in the second quarter of 2020, $35.7 million on the Inception Acquisition in the first quarter of 2021 and $89.0 million on the Velvet Acquisition in the third quarter of 2021.

Unrealized changes in the fair value of derivative financial instruments resulted in significant fluctuations in net income each quarter. In particular, Spartan's net income for the first quarter of 2022 includes an unrealized loss of $48.3 million compared to an unrealized gain of $34.9 million in the fourth quarter of 2021.

The acquisitions were financed through of combination of cash provided by operating activities, equity offerings and long-term debt. In the second quarter of 2020, the Company completed a $64.0 million private placement at a subscription price of $2.00 per share. In March 2021, Spartan raised $124.0 million of gross proceeds through a $79.0 million non-brokered offering and a $45.0 million prospectus offering at an average issue price of $4.35 per common share. In August 2021, the Company raised $150.0 million of gross proceeds through a prospectus offering at $5.05 per common share. Additionally, the Company secured a $150.0 million five-year Term Facility and increased the borrowing base available under the Credit Facility to $450.0 million in August 2021.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Company are described in note 3 of the Interim Financial Statements as at March 31, 2022.

The International Accounting Standards Board has issued a number of new accounting standards, amendments to accounting standards and interpretations that are effective for periods beginning on or after January 1, 2022. None of the accounting pronouncements are expected to have a material impact upon initial adoption. Spartan will continue to evaluate the impact of the pronouncements which will be adopted on their respective effective dates.

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 Interim Financial Statements.

CONTROL ENVIRONMENT

Spartan is required to comply with National Instrument 52-109 ("**NI 52-109**") Certification of Disclosure in Issuers' Annual and Interim Filings. NI 52-109 for the interim period ended March 31, 2022 requires that Spartan disclose its interim MD&A any material weaknesses or changes in Spartan's Internal Controls over Financial Reporting ("**ICFR**") that occurred during the period that have materially affected, or are reasonably likely to materially affect, Spartan's ICFR. Spartan confirms that no material weaknesses were identified or such changes were made to its ICFR during the three months ended March 31, 2022.

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 2021 AIF which can be found at www.sedar.com. 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.

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 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.

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, NGL and natural gas and the various market prices received for such products. However, if commodity prices or differentials increase 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 Interim Financial Statements. The fair values of these contracts are highly sensitive to changes in forecast crude oil and natural gas prices. The table below 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 March 31, 2022:

(CA$ thousands)	Change in price / differential	Positive movement	Negative movement
WTI crude oil	+/- US$ 5.00 per bbl	(2,235)	2,235
NYMEX Henry Hub ("HH")	+/- US$ 0.25 per mmbtu	(7,505)	7,498
NYMEX HH-AECO 7A Basis (1)	+/- US$ 0.10 per mmbtu	(6,249)	6,249
CA$/US$ exchange rate	+/- $ 0.05	(887)	887

(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 its 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 currently varies based on the Company's net debt to cash flow ratio each quarter. Under the Term Facility interest fluctuates based on the bank prime rate, however the spread is fixed at 5.25%.

The global economic recovery and inflationary environment has resulted in rising interest rates. The ongoing invasion of Ukraine is another factor that could influence inflation or other parts of the Canadian and global economy. For the first time since 2018, the Bank of Canada raised its benchmark interest rate by 25 basis points on March 2, 2022. On April 13, 2022, the benchmark rate was increased by an additional 50 basis points. Further interest rate increases are anticipated over the next twelve months. Based on the balance of long-term debt outstanding at March 31, 2022, an increase in the market rate of interest by 50 basis points would increase annualized interest expense by approximately $1.8 million.

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 March 31, 2022.

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 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 represent less than 10% of Spartan's monthly sales. 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, a significant portion of the Company's commodity price risk management contracts settle in U.S. dollars.

The CA$/US$ exchange rate is typically negatively correlated to the movement in WTI crude oil prices. Global oil markets recovered dramatically in 2021 resulting in a stronger Canadian dollar and decrease in the CA$/US$ exchange rate which averaged 1.253 CA$/US$ during 2021 compared to 1.341 CA$/US$ on average during 2020. The CA$/US$ exchange rate closed at 1.248 on March 31, 2022, down from 1.266 on December 31, 2021. Although a stronger Canadian dollar has a negative impact on the Canadian dollar equivalent price Spartan receives, the impact on the Company's revenue is more than offset by the benefit of higher 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. As at March 31, 2022, Spartan had contracted to fix the U.S. dollar exchange rate at $1.27 on a notional US$3 million per month from April 1 to October 31, 2022. The fair value of the foreign exchange contract resulted in a current derivative financial instrument asset of $0.4 million at March 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 March 31, 2022, Spartan's financial liabilities include accounts payable, derivative financial instrument liabilities, long-term debt and lease liabilities. A contractual maturity analysis is provided in the "Capital Resources and Liquidity" section of this MD&A. Spartan's existing capital resources are sufficient to satisfy its financial obligations for the next twelve months.

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 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, accounts receivable, deposits and derivative financial instrument assets. Cash and cash equivalents 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 revenues 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 March 31, 2022, Spartan's expected credit loss provision is $1.3 million ($1.1 million at December 31, 2021), of which $0.7 million relates to certain past-due accounts receivable balances inherited through corporate acquisitions during 2021.

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 Annual Information Form dated March 8, 2022
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
COVID-19	refers to the outbreak of the novel coronavirus, a public health crisis
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 International Financial Reporting Standards ("**IFRS**") 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
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
NCL	non-capital losses
NGLs	natural gas liquids
NYMEX	New York Mercantile Exchange
Q1 2022	first quarter of 2022
Q1 2021	first quarter of 2021
Q2 2021	second quarter of 2021
Q3 2021	third quarter of 2021
Q4 2021	fourth quarter of 2021
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 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;
- anticipated benefits of the acquisitions and future growth opportunities; the expectation that the acquisitions will provide multiple years of development drilling inventory; and estimated tax pools associated with the acquisitions;
- Spartan's "2022 Outlook" including uncertainties around forecast commodity prices, cost inflation and supply shortages on the Company's 2022 financial and operating guidance; the expectation that the current business environment of strong commodity prices has increased forecasted Free Funds Flow and accelerated the pace of debt repayment; Spartan's objective to maximize shareholder returns though potential expansion of its capital expenditure budget and potential to implement a return of capital framework after the Company's Net Debt to Annualized AFF Ratio reaches 0.5 times;
- 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 and acquisitions;
- the expectation that the Company's lending syndicate will extend the Credit Facility at the end of the current revolving period, and for the borrowing base to remain unchanged at $450 million;
- 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;
- expectations that the Company's oil production will be unhedged after existing risk management contracts expire after June 2022;
- the expectation that interest rates and borrowing costs will continue to increase over the next twelve months;
- the estimated amount of decommissioning costs expected to be recovered through funding under the Alberta government's Site Rehabilitation Program;
- commitments and contingencies; and
- expectations for forecast commodity prices in 2022 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 impact of COVID-19;
- 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:
- failure to realize the anticipated benefits of the 2021 Acquisitions and/or unforeseen difficulties integrating the assets acquired into Spartan's operations;
- adverse effects on general economic conditions in Canada, the United States and globally, including due to the COVID-19 pandemic;
- the material uncertainties and risks described under the heading "Risks and Uncertainties" in this MD&A and in the Company's 2021 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. 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. 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.sedar.com or on the Company's website at www.spartandeltacorp.com.

The forward-looking statements and forward looking 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.