SPARTAN DELTA CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS

AS AT AND FOR THE THREE AND NINE MONTHS ENDED

SEPTEMBER 30, 2022 AND 2021

FINANCIAL AND OPERATING HIGHLIGHTS

(CA$ thousands, unless otherwise indicated)	Three months ended September 30 2022	2021	%	Nine months ended September 30 2022	2021	%
FINANCIAL HIGHLIGHTS						
Oil and gas sales	**347,218**	146,078	138	**1,107,341**	311,717	255
Net income and comprehensive income	**285,250**	126,937	125	**528,167**	205,765	157
$ per share, basic [(3)]	**1.84**	1.01	82	**3.42**	2.00	71
$ per share, diluted [(3)]	**1.64**	0.87	89	**3.06**	1.70	80
Cash provided by operating activities	**221,161**	53,771	311	**595,008**	133,906	344
Adjusted Funds Flow [(2)]	**200,733**	69,386	189	**592,828**	156,960	278
$ per share, basic [(3)]	**1.29**	0.55	135	**3.84**	1.53	151
$ per share, diluted [(3)]	**1.15**	0.43	167	**3.41**	1.28	166
Free Funds Flow [(2)]	**124,346**	24,777	402	**317,821**	83,667	280
Cash used in investing activities	**100,708**	757,806	(87)	**308,255**	827,488	(63)
Capital Expenditures before A&D [(2)]	**76,387**	44,609	71	**275,007**	73,293	275
Adjusted Net Capital Acquisitions [(2)]	**5,893**	791,313	(99)	**4,952**	958,200	(99)
Total assets	**1,964,638**	1,684,301	17	**1,964,638**	1,684,301	17
Long-term debt	**144,608**	441,593	(67)	**144,608**	441,593	(67)
Net Debt [(2)]	**142,820**	481,087	(70)	**142,820**	481,087	(70)
Net Debt to Annualized AFF Ratio [(2)]	**0.2**	1.7	(88)	**0.2**	1.7	(88)
Shareholders' equity	**1,428,733**	756,211	89	**1,428,733**	756,211	89
Common shares outstanding, end of period (000s) [(3)]	**155,482**	153,074	2	**155,482**	153,074	2
OPERATING HIGHLIGHTS						
Average daily production						
Crude oil (bbls/d)	**13,874**	4,647	199	**12,728**	2,421	426
Condensate (bbls/d) [(1)]	**1,986**	1,982	0	**2,253**	1,772	27
NGLs (bbls/d) [(1)]	**12,354**	8,102	52	**12,564**	7,618	65
Natural gas (mcf/d)	**263,519**	189,306	39	**270,098**	165,115	64
BOE/d	**72,134**	46,282	56	**72,561**	39,330	84
Average realized prices, before financial instruments						
Crude oil ($/bbl)	**116.15**	83.01	40	**123.64**	78.67	57
Condensate ($/bbl) [(1)]	**111.27**	86.20	29	**122.94**	79.97	54
NGLs ($/bbl) [(1)]	**49.67**	38.87	28	**52.34**	32.75	60
Natural gas ($/mcf)	**5.04**	3.78	33	**5.73**	3.39	69
Combined average ($/BOE)	**52.32**	34.31	52	**55.90**	29.03	93
Operating Netbacks ($/BOE) [(2)]						
Oil and gas sales	**52.32**	34.31	52	**55.90**	29.03	93
Processing and other revenue	**0.34**	0.53	(36)	**0.33**	0.64	(48)
Royalties	**(4.89)**	(3.46)	41	**(6.15)**	(3.16)	95
Operating expenses	**(8.79)**	(7.11)	24	**(8.78)**	(6.03)	46
Transportation expenses	**(2.88)**	(2.11)	36	**(2.81)**	(1.74)	61
Operating Netback, before hedging ($/BOE) [(2)]	**36.10**	22.16	63	**38.49**	18.74	105
Operating Netback, after hedging ($/BOE) [(2)]	**32.74**	18.79	74	**32.41**	16.95	91
Adjusted Funds Flow Netback ($/BOE) [(2)]	**30.25**	16.30	86	**29.93**	14.62	105

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

(2) "Adjusted Funds Flow", "Free Funds Flow", "Capital Expenditures before A&D", "Adjusted Net Capital Acquisitions", "Net Debt", "Net Debt to Annualized AFF Ratio" and "Operating Netback" 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 November 8, 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 and related notes as at and for the three and nine months ended September 30, 2022 (the "**Interim Financial Statements**") and the audited consolidated annual financial statements and related notes for the year ended December 31, 2021 (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 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.

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:

	Three months ended September 30			Nine months ended September 30		
(CA$ thousands, unless otherwise indicated)	**2022**	2021	%	**2022**	2021	%
Oil and gas sales	**347,218**	146,078	138	**1,107,341**	311,717	255
Processing and other revenue	**2,273**	2,244	1	**6,611**	6,912	(4)
Royalties	**(32,484)**	(14,733)	120	**(121,940)**	(33,901)	260
Operating expenses	**(58,313)**	(30,277)	93	**(173,915)**	(64,886)	168
Transportation expenses	**(19,104)**	(8,973)	113	**(55,644)**	(18,657)	198
Operating Income, before hedging	**239,590**	94,339	154	**762,453**	201,185	279
Settlements on Commodity Derivative Contracts	**(22,323)**	(13,915)	60	**(120,063)**	(18,825)	538
Net Pipeline Transportation Margin	**-**	(398)	(100)	**(354)**	(398)	(11)
Operating Income, after hedging	**217,267**	80,026	171	**642,036**	181,962	253
Production (BOE)	**6,636,309**	4,257,897	56	**19,809,118**	10,737,278	84
Operating Netback, before hedging ($/BOE)	**36.10**	22.16	63	**38.49**	18.74	105
Operating Netback, after hedging ($/BOE)	**32.74**	18.79	74	**32.41**	16.95	91

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:

	Three months ended September 30			Nine months ended September 30		
(CA$ thousands)	**2022**	2021	%	**2022**	2021	%
Cash provided by operating activities	**221,161**	53,771	311	**595,008**	133,906	344
Change in non-cash operating working capital	**(18,365)**	15,042	(222)	**4,475**	26,587	(83)
Funds from Operations	**202,796**	68,813	195	**599,483**	160,493	274
Add back: transaction costs	**162**	3,224	(95)	**186**	4,073	(95)
Deduct: lease payments	**(2,225)**	(2,651)	(16)	**(6,841)**	(7,606)	(10)
Adjusted Funds Flow	**200,733**	69,386	189	**592,828**	156,960	278
Deduct: Capital Expenditures before A&D (1)	**(76,387)**	(44,609)	71	**(275,007)**	(73,293)	275
Free Funds Flow	**124,346**	24,777	402	**317,821**	83,667	280

(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:

	Three months ended September 30			Nine months ended September 30		
(CA$ thousands, except for share amounts)	**2022**	2021	%	**2022**	2021	%
Adjusted Funds Flow	**200,733**	69,386	189	**592,828**	156,960	278
WA Shares outstanding (000s) – basic	**155,412**	125,626	24	**154,562**	102,892	50
WA Shares outstanding (000s) – diluted AFF	**175,012**	147,129	19	**174,059**	122,496	42
AFF per share						
Basic ($ per common share)	**1.29**	0.55	135	**3.84**	1.53	151
Diluted ($ per common share)	**1.15**	0.47	145	**3.41**	1.28	166

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 September 30, 2022 and December 31, 2021, the Adjusted Working Capital (surplus) 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*	**September 30, 2022**	December 31, 2021
Cash	**(42,602)**	(1,245)
Accounts receivable	**(105,736)**	(96,741)
Prepaid expenses and deposits	**(10,857)**	(5,104)
Other current assets	**(14,758)**	(6,800)
Accounts payable and accrued liabilities	**166,965**	176,971
Current portion of decommissioning obligations	**5,200**	3,614
Adjusted Working Capital (surplus) deficit	**(1,788)**	70,695
Long-term debt	**144,608**	387,564
Net Debt	**142,820**	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 $47.7 million as at September 30, 2022 (December 31, 2021 – $54.8 million), of which $9.3 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, unless otherwise indicated)	**September 30, 2022**	December 31, 2021
Adjusted Funds Flow for the quarter	**200,733**	137,026
Factor to Annualize	**4**	4
Annualized Adjusted Funds Flow	**802,932**	548,104
Net Debt	**142,820**	458,259
Annualized Adjusted Funds Flow	**802,932**	548,104
Net Debt to Annualized AFF Ratio	**0.2x**	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:

	Three months ended September 30		Nine months ended September 30	
(CA$ thousands)	**2022**	2021	**2022**	2021
Exploration and evaluation assets	**2,884**	6,318	**5,328**	7,706
Property, plant and equipment	**73,503**	38,291	**269,679**	65,587
Capital Expenditures before A&D	**76,387**	44,609	**275,007**	73,293
Acquisitions	**6,000**	393,260	**5,903**	423,719
Dispositions	**(107)**	(304)	**(951)**	(453)
Capital Expenditures	**82,280**	437,565	**279,959**	496,559
Corporate acquisitions, cash acquired	**-**	(23,064)	**-**	(24,634)
Corporate acquisitions, repayment of debt	**-**	352,488	**-**	352,488
Change in non-cash investing working capital	**18,428**	(9,183)	**28,296**	3,075
Cash used in investing activities	**100,708**	757,806	**308,255**	827,488

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:

	Three months ended September 30		Nine months ended September 30	
(CA$ thousands)	**2022**	2021	**2022**	2021
Acquisitions [1]	**6,000**	393,260	**5,903**	423,719
Add non-cash consideration:				
Common share consideration	**-**	13,231	**-**	120,494
Convertible promissory note	**-**	-	**-**	25,293
Net Debt assumed on corporate acquisitions	**-**	385,126	**-**	389,147
Total Consideration including Net Debt	**6,000**	791,617	**5,903**	958,653
Less: Dispositions	**(107)**	(304)	**(951)**	(453)
Adjusted Net Capital Acquisitions	**5,893**	791,313	**4,952**	958,200

1) The nine month period ended September 30, 2022 includes $6.0 million related to the Bellatrix Corporate Acquisition (defined herein) and $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 by Spartan due to the significant difference in value per barrel. References to "liquids" includes crude oil, condensate and NGLs. References to "gas" relates to natural gas.

RESULTS OF OPERATIONS

THIRD QUARTER 2022 FINANCIAL AND OPERATING HIGHLIGHTS

Spartan is pleased to report its financial and operating results for the third quarter of 2022. Continuing the positive momentum from the first half of 2022, Spartan delivered Adjusted Funds Flow of $200.7 million ($1.15 per share, diluted) and Free Funds Flow of $124.3 million for the three months ended September 30, 2022. By comparison, Adjusted Funds Flow and Free Funds Flow were $69.4 million ($0.47 per share, diluted) and $24.8 million, respectively, in the same three-month period of 2021. Spartan achieved tremendous growth from 46,282 BOE per day (32% oil and NGLs) in the third quarter of 2021 to 72,134 BOE per day (39% oil and NGLs) during the third quarter of 2022. This was the result of the successful execution of its Deep Basin and Montney drilling programs together with effective integration of the Velvet and Ferrier acquisitions completed during the third quarter of 2021. Oil and gas sales revenue increased by 138% to $347.2 million compared to $146.1 million in the third quarter of 2021, driven by the Company's oil-weighted production growth together with materially higher benchmark oil and gas prices.

Global crude oil and gas prices remained strong in the third quarter, although pricing has softened after reaching decade highs in the second quarter of 2022. The WTI benchmark oil price averaged US$91.56 per barrel during the third quarter of 2022, down 16% from the average of US$108.41 per barrel in the second quarter of 2022 and up 30% from US$70.56 per barrel in the third quarter of 2021. During the three months ended September 30, 2022, the AECO 5A gas reference price averaged $3.95 per GJ, down 42% from $6.86 per GJ during the prior quarter ended June 30, 2022 and up 16% from $3.41 per GJ in the comparative quarter of 2021.

The highlights summarized below focus on the Company's results for the third quarter ended September 30, 2022, relative to the most recent quarter ended June 30, 2022:

- Average production of 72,134 BOE per day during the third quarter of 2022 reflects strong results from the Company's drilling program. Spartan brought 7.9 net wells on production during the third quarter, including a 4.9 net well pad in West Gold Creek which contributed to the 7% increase in crude oil production compared to the previous quarter. In the Deep Basin, Spartan brought its first Viking well on production in August and brought two Spirit River Falher B wells on production in September.
- Oil and gas sales revenue was $347.2 million for the three months ended September 30, 2022, as compared to $437.7 million in the previous quarter ended June 30, 2022, reflecting the peak of crude oil and gas pricing seen in the second quarter. Spartan's combined average selling price of $52.32 per BOE ($48.96 per BOE after financial instruments) decreased by 21% from the average price of $65.92 per BOE ($57.83 per BOE after financial instruments) in the previous quarter.
- The Company generated $239.6 million of Operating Income during the third quarter of 2022 resulting in an average Operating Netback of $36.10 per BOE before hedging ($32.74 per BOE after hedging) compared to the average Operating Netback of $45.56 per BOE before hedging ($37.47 per BOE after hedging) in the previous quarter. Although Spartan's average realized price decreased by $13.60 per BOE relative to the second quarter, the impact on Operating Netbacks and cash flow is partly mitigated by lower royalties and operating expenses, as well as a significant decrease in settlements on commodity derivative contracts in the third quarter following maturity of the Company's oil hedges as of June 30, 2022. After hedging, Spartan's Operating Netback is only down $4.73 per BOE quarter-over-quarter.
- Adjusted Funds Flow of $200.7 million decreased by 14% compared to $232.4 million in the previous quarter reflecting the impact of realized prices softening partly offset by lower royalty and operating expenses. Cash provided by operating activities decreased to $221.2 million in the third quarter 2022 from $236.0 million in the second quarter of 2022 due to the impact of changes in non-cash working capital.
- On a diluted per share basis, Adjusted Funds Flow was $1.15 per share as compared to $1.33 per share in the previous quarter.
- Net income of $285.3 million ($1.64 per share, diluted) for the quarter ended September 30, 2022, increased by 57% compared to $181.7 million ($1.05 per share, diluted) in the quarter ended June 30, 2022. The increase in net income compared to the second quarter is primarily driven by a deferred income tax recovery recognized in connection with the corporate acquisition of Bellatrix Exploration Ltd. ("**Bellatrix**").

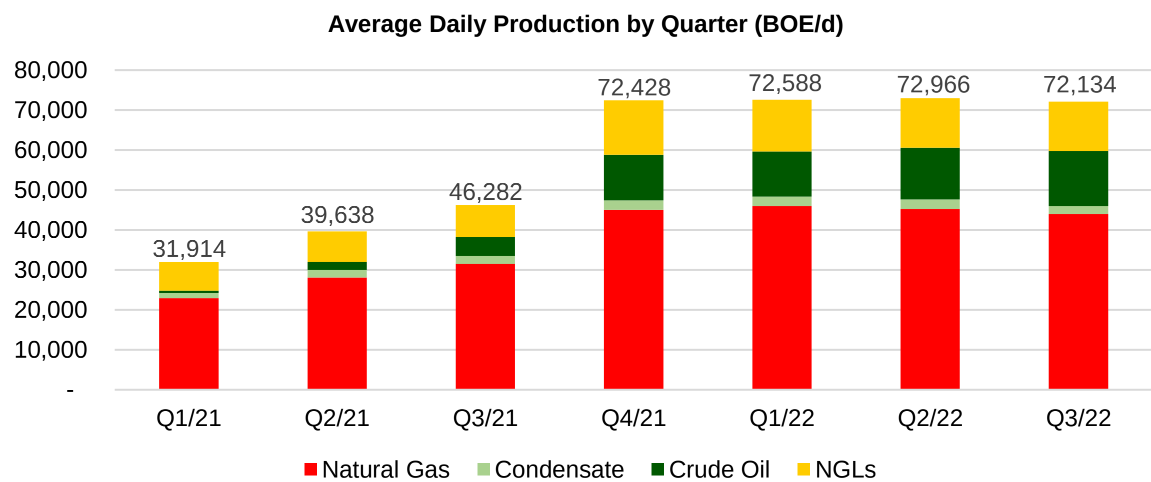
- On August 9, 2022, Spartan closed the acquisition of Bellatrix for a cash purchase price of $6.0 million (the "**Bellatrix Corporate Acquisition**"). The acquisition materially enhanced the Company's future tax position and Spartan's available tax pools are estimated to be in excess of $2.1 billion (~60% non-capital losses) as of September 30, 2022. A deferred income tax asset of $143.9 million was recognized in connection with the acquisition (refer to additional information under the heading "Bellatrix Corporate Acquisition" of this MD&A).
- Capital Expenditures before A&D were $76.4 million for the three months ended September 30, 2022. In the Montney, Spartan tied-in a 5.0 (4.9 net) well pad in West Gold Creek and drilled 6.0 (6.0 net) wells at East Gold Creek of which a five well pad was subsequently completed in October. Spartan also drilled 6.0 (5.9 net) wells in the Deep Basin, of which 3.9 net wells were completed during the third quarter.
- Spartan fully repaid its bank debt during the third quarter and the Company's $450.0 million revolving credit facility is currently undrawn. As at September 30, 2022, the Company has $42.6 million of cash on hand and $150.0 million of long-term debt outstanding on its second lien term facility. Spartan's Net Debt of $142.8 million as at September 30, 2022 is approximately 0.2 times its Annualized Adjusted Funds Flow for the third quarter.
- With bank debt fully repaid and a growing cash position, the Company has achieved the target Net Debt to Annualized AFF Ratio of less than 0.5 times it set for the commencement of a return of capital strategy. Subsequent to September 30, 2022, Spartan declared a special cash dividend to shareholders of $0.50 per common share (see "Subsequent Events").

PRODUCTION

Average daily production	Three months ended September 30 2022	2021	%	Nine months ended September 30 2022	2021	%
Crude oil (bbls/d)	**13,874**	4,647	199	**12,728**	2,421	426
Condensate (bbls/d)	**1,986**	1,982	-	**2,253**	1,772	27
NGLs (bbls/d)	**12,354**	8,102	52	**12,564**	7,618	65
Natural gas (mcf/d)	**263,519**	189,306	39	**270,098**	165,115	64
Combined average (BOE/d)	**72,134**	46,282	56	**72,561**	39,330	84
% Liquids	**39%**	32%	22	**38%**	30%	27

Production averaged 72,134 BOE per day during the third quarter of 2022, in line with production of 72,966 BOE per day in the second quarter of 2022 and up 56% from the average production of 46,282 BOE per day in the third quarter of 2021. For the nine months ended September 30, 2022, production increased by 84% to 72,561 BOE per day from 39,330 BOE per day in the same period of 2021. The significant growth in production was achieved through the acquisitions completed during 2021, combined with the Company's successful Montney and Deep Basin drilling programs.

Spartan brought 7.9 net wells on production during the third quarter of 2022, including a 5.0 (4.9 net) well pad in West Gold Creek which contributed to the 7% increase in crude oil volumes compared to the second quarter 2022. In the Deep Basin, Spartan brought its first Viking well on production in August and brought two Falher B wells on production in September.



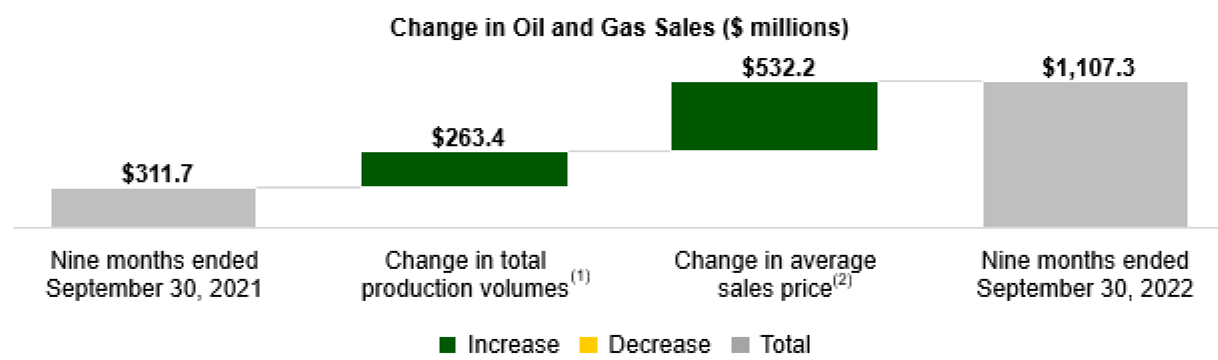
Prior to completing the Inception Acquisition and Simonette Acquisition on March 18, 2021, the Company's operations were concentrated in the central Alberta Deep Basin. Together, the Inception Acquisition and Simonette Acquisition added approximately 8,125 BOE per day of production at the time of closing 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. The fourth quarter of 2021 included significant flush production from a successful drilling program in the second half of 2021 as well as production from 7.0 net Montney wells which were previously drilled by Velvet shortly before closing the acquisition. Production in 2022 has remained consistent as production from new wells has offset natural declines and replaced production downtime from major facility turnarounds completed in the Deep Basin, West Gold Creek and Pouce Coupe areas during the second quarter.

OIL AND GAS SALES

(CA$ thousands, unless otherwise indicated)	Three months ended September 30 **2022**	2021	%	Nine months ended September 30 **2022**	2021	%
Oil and gas sales, before royalties						
Crude oil	**148,262**	35,489	318	**429,588**	52,000	726
Condensate	**20,329**	15,718	29	**75,624**	38,691	95
NGLs	**56,457**	28,971	95	**179,513**	68,103	164
Natural gas	**122,170**	65,900	85	**422,616**	152,923	176
Oil and gas sales, before royalties	**347,218**	146,078	138	**1,107,341**	311,717	255
Average realized prices, before financial instruments						
Crude oil ($/bbl)	**116.15**	83.01	40	**123.64**	78.67	57
Condensate ($/bbl)	**111.27**	86.20	29	**122.94**	79.97	54
NGLs ($/bbl)	**49.67**	38.87	28	**52.34**	32.75	60
Natural gas ($/mcf)	**5.04**	3.78	33	**5.73**	3.39	69
Combined average ($/BOE)	**52.32**	34.31	52	**55.90**	29.03	93
Average realized prices, after financial instruments(1)						
Crude oil ($/bbl)	**116.15**	70.70	64	**108.68**	70.71	54
Condensate ($/bbl)	**111.27**	85.61	30	**122.94**	79.75	54
NGLs ($/bbl)	**49.67**	38.87	28	**52.34**	32.75	60
Natural gas ($/mcf)	**4.12**	3.29	25	**4.81**	3.09	56
Combined average ($/BOE)	**48.96**	31.04	58	**49.84**	27.28	83

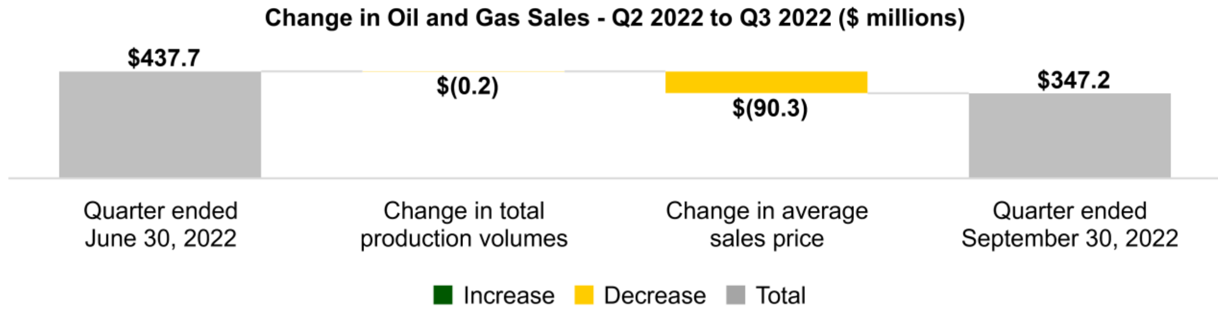
(1) "Average realized prices, after financial instruments" are calculated as oil and gas sales, before royalties, after Settlements on Commodity Derivative Contracts, divided by total production by product type. Additional information is provided under the heading "Commodity Price Risk Management".

Oil and gas sales were $347.2 million in the third quarter and surpassed $1.1 billion during the first nine months of 2022. By comparison, oil and gas sales were $146.1 million and $311.7 million during the corresponding three and nine month periods of 2021. The increase in oil and gas sales was driven by materially higher commodity prices together with the increase in production. The significant increase in the crude oil weighting of Spartan's production relative to the comparative periods further contributed to the increase in the Company's average realized prices. Spartan's combined average realized price of $55.90 per BOE ($49.84 per BOE after financial instruments) for the nine months ended September 30, 2022 is nearly double the average price of $29.03 per BOE ($27.28 per BOE after financial instruments) in the same period of 2021.



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

Benchmark commodity prices softened in the third quarter from the decade highs seen in the second quarter of 2022. As a result, Spartan's oil and gas sales revenue decreased by 21% compared to the previous quarter ended June 30, 2022, with the change driven by a 21% decrease in the combined average realized price from $65.92 per BOE ($57.83 per BOE after financial instruments) to $52.32 per BOE ($48.96 per BOE after financial instruments) in the quarter ended September 30, 2022. The impact is partly mitigated by a significant decrease in cash settlements on commodity derivative contracts from $53.7 million ($8.09 per BOE) in the second quarter to $22.3 million ($3.36 per BOE) in the third quarter, primarily due to maturity of the Company's oil hedges as of June 30, 2022 (see also, "Commodity Price Risk Management").

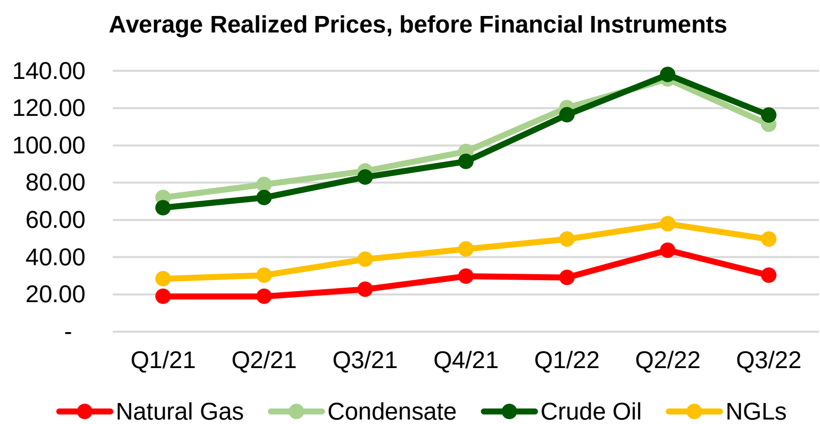


The table below summarizes benchmark average commodity prices and exchange rates during the periods:

	Three months ended September 30			Nine months ended September 30		
Benchmark commodity prices	**2022**	2021	%	**2022**	2021	%
WTI Cushing Oklahoma (US$/bbl) (1)	**91.56**	70.56	30	**98.09**	64.81	51
WTI Cushing Oklahoma (CA$/bbl) (2)	**119.48**	88.88	34	**125.79**	80.99	55
Mixed Sweet Blend ("MSW") (CA$/bbl) (3)	**116.80**	83.75	39	**123.43**	75.80	63
Conway propane (US$/gallon) (4)	**1.08**	1.17	(8)	**1.20**	0.97	24
NYMEX Henry Hub (US$/mmbtu) (5)	**8.20**	4.01	104	**6.77**	3.18	113
NYMEX - AECO 7A Basis (US$/mmbtu)	**(3.74)**	(1.18)	217	**(2.44)**	(0.70)	249
AECO 7A (CA$/GJ) (6)	**5.50**	3.36	64	**5.27**	2.94	79
AECO 5A (CA$/GJ) (7)	**3.95**	3.41	16	**5.10**	3.11	64
Exchange rate (CA$/US$) (1)	**1.31**	1.26	4	**1.28**	1.25	2

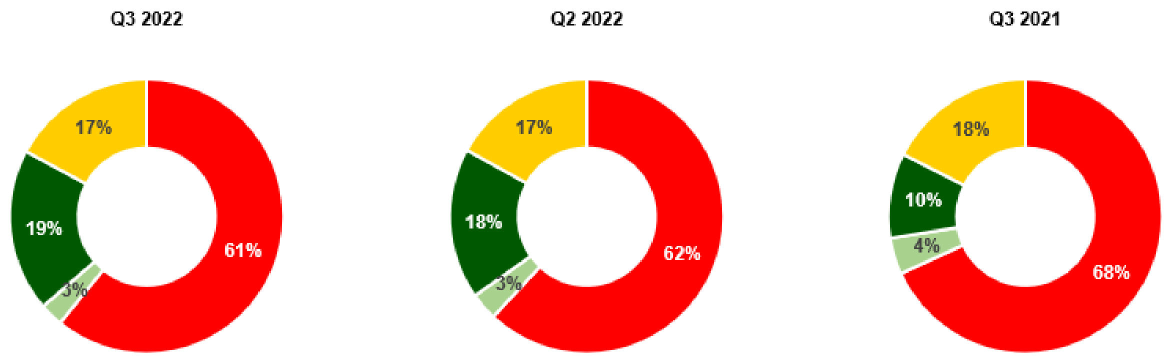
(1) Source: Sproule Associates Limited.
(2) Calculated based the US$ WTI price multiplied by the average CA$/US$ exchange rate for the month.
(3) Source: Weighted average trade volume and price per Net Energy and NGX.
(4) Source: Service Conway C3 in-well simple average.
(5) Source: Canadian Gas Price 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 seven quarters:

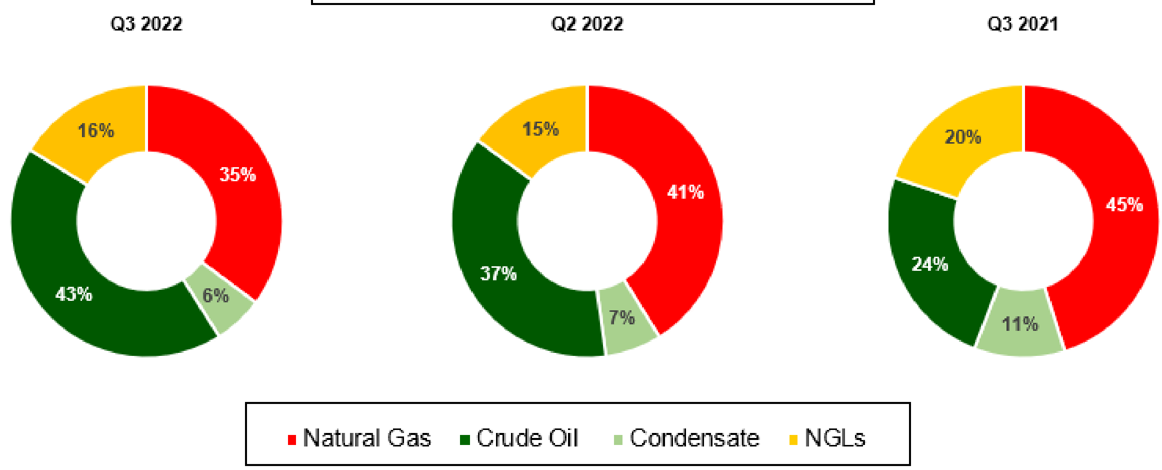


The charts below highlight Spartan's production mix and the relative contribution to total oil and gas sales revenue in the third quarter of 2022, relative to the second quarter of 2022 and the third quarter of 2021.

Production Mix (BOE)



Oil and Gas Sales, before Royalties



Natural gas represented 61% of total production volumes and contributed $122.2 million (35%) of Spartan's total sales revenue during the three months ended September 30, 2022. Spartan's realized gas price for the third quarter of 2022 of $5.04/mcf decreased by 31% from $7.29/mcf in the second quarter and is 33% higher than the average price of $3.78/mcf in the third quarter of 2021. 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 third quarter of 2022. The increase in the Company's realized natural gas price over the same period in 2021 is in line with the weighted average change in AECO 5A and 7A reference prices.

Together, crude oil and condensate represented 22% of production volumes and contributed to $168.6 million (49%) of Spartan's total sales revenue during the three months ended September 30, 2022. Spartan realized an average price for its crude oil and condensate sales of $115.54 per barrel during the third quarter of 2022, down 16% from $137.59 per barrel in the second quarter of 2022 and up 38% compared to the average price of $83.97 per barrel in the third quarter of 2021. The Canadian dollar equivalent WTI benchmark price decreased by 14% and increased by 34%, respectively, over the corresponding periods.

NGLs (excluding condensate) were 17% of Spartan's total production volumes in the third quarter of 2022 and contributed proportionately to $56.5 million (16%) of total sales revenue. The Company reported an average NGLs sales price of $49.67 per barrel in the third quarter of 2022, down 14% from $57.88 per barrel in the second quarter of

2022 and up 28% from $38.87 per barrel in the third quarter of 2021. In addition to the strength of the underlying benchmark WTI price as compared to 2021, the increase in Spartan's average realized price over the third quarter of 2021 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 September 30, 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
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) All crude oil contracts matured as of June 30, 2022. The Company's oil production remains unhedged as at September 30, 2022.

The fair value of outstanding risk management contracts resulted in a net derivative financial instrument asset of $3.7 million at September 30, 2022, compared to a net liability of $64.3 million at December 31, 2021. The fair values and gains or losses by contract type are summarized below for the nine months ended September 30, 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 September 30, 2022	**-**	**-**	**(46,419)**	**50,347**	**(240)**	**3,688**
Fair value asset (liability) at December 31, 2021	(24,443)	(4,649)	(24,650)	(10,442)	(137)	(64,321)
Net change	24,443	4,649	(21,769)	60,789	(103)	68,009
Settlements of acquired derivative liabilities	(16,127)	-	(18,611)	(5,270)	-	(40,008)
Unrealized gain (loss)	8,316	4,649	(40,380)	55,519	(103)	28,001
Realized gain (loss)	(35,847)	(6,607)	(81,905)	44,515	(211)	(80,055)
(Loss) gain on derivative financial instruments	**(27,531)**	**(1,958)**	**(122,285)**	**100,034**	**(314)**	**(52,054)**

(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 $52.1 million during the nine months ended September 30, 2022, of which $28.0 million is an offsetting unrealized gain on the change in fair value of outstanding contracts during the period. The overall unrealized gain for the nine months ended September 30, 2022 is comprised of unrealized gains of $38.1 million and $38.2 million in the second and third quarters of 2022, respectively, offset by an unrealized loss of $48.3 million in the first quarter of 2022. The AECO basis differential began widening in the second quarter of 2022 and reached a record differential in the third quarter of 2022, driving the overall gain from the Company's AECO basis contracts which mitigated the first quarter unrealized loss. Spartan's remaining crude oil hedges matured in June and the Company's oil production is unhedged starting in the second half of 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:

	Three months ended September 30			Nine months ended September 30		
(CA$ thousands)	**2022**	2021	%	**2022**	2021	%
Realized loss	**(17,021)**	(5,659)	201	**(80,055)**	(10,569)	657
Unrealized gain (loss)	**38,172**	(24,577)	(255)	**28,001**	(35,318)	(179)
Gain (loss) on derivative financial instruments	**21,151**	(30,236)	(170)	**(52,054)**	(45,887)	13

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:

	Three months ended September 30			Nine months ended September 30		
(CA$ thousands)	**2022**	2021	%	**2022**	2021	%
Crude oil	**-**	(5,261)	(100)	**(51,975)**	(5,261)	888
Condensate	**-**	(108)	(100)	**-**	(108)	(100)
NGLs	**-**	-	-	**-**	-	-
Natural gas	**(22,323)**	(8,546)	161	**(68,088)**	(13,456)	406
Settlements on Commodity Derivative Contracts	**(22,323)**	(13,915)	60	**(120,063)**	(18,825)	538
Less: Settlements of acquired liabilities	**5,302**	8,256	(36)	**40,008**	8,256	385
Realized loss	**(17,021)**	(5,659)	201	**(80,055)**	(10,569)	657

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

Physical hedging

	Three months ended September 30			Nine months ended September 30		
(CA$ thousands)	**2022**	2021	%	**2022**	2021	%
Pipeline transportation revenue	**-**	467	(100)	**1,364**	467	192
Pipeline transportation expense	**-**	(865)	(100)	**(1,718)**	(865)	99
Net Pipeline Transportation Margin	**-**	(398)	(100)	**(354)**	(398)	(11)

Pipeline transportation revenue and expenses relate to certain marketing and transportation contracts assumed 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, prior to the assignment, the net revenue realized under the associated contracts was less than the pipeline tolls resulting in a net loss of $0.4 million.

ROYALTIES

	Three months ended September 30			Nine months ended September 30		
(CA$ thousands, unless otherwise indicated)	**2022**	2021	%	**2022**	2021	%
Gross royalties, before GCA	**39,382**	19,985	97	**142,627**	46,069	210
Gas cost allowance	**(6,898)**	(5,252)	31	**(20,687)**	(12,168)	70
Royalties	**32,484**	14,733	120	**121,940**	33,901	260
$ per BOE	**4.89**	3.46	41	**6.15**	3.16	95
Average royalty rate (% of sales)	**9.4%**	10.1%	(7)	**11.0%**	10.9%	1

Total royalties of $32.5 million and $121.9 million for the three and nine months ended September 30, 2022, respectively, have increased significantly relative to the same periods in 2021 in line with the increase in revenue. The Company's average royalty rate of 11.0% for the nine months ended September 30, 2022 reflects a decrease in royalties from 13.2% in the second quarter to 9.4% in the third quarter primarily due to lower realized prices quarter over quarter.

Spartan's average royalty rate was 10.9% during the comparative nine months ended September 30, 2021. Integration of the Velvet Acquisition subsequently contributed to lower average royalties in the second half of 2021 as the core assets located at East Gold Creek qualify for a flat 5% royalty under the Alberta Emerging Resources Program. This enhanced benefit along with other incentives under the Alberta Modern Royalty Framework softened the impact of higher commodity prices in 2022 on the Company's corporate average royalty rate compared to the same period of 2021.

PROCESSING AND OTHER REVENUE

	Three months ended September 30			Nine months ended September 30		
(CA$ thousands, unless otherwise indicated)	**2022**	2021	%	**2022**	2021	%
Processing and other	**2,273**	2,244	1	**6,611**	6,912	(4)
$ per BOE	**0.34**	0.53	(36)	**0.33**	0.64	(48)

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 2021 primarily due to the increase in corporate total production following the 2021 Acquisitions. Processing revenue of $2.3 million for the three months ended September 30, 2022 increased from the three months ended June 30, 2022 of $2.0 million, as the second quarter included the impact of equalizations at Spartan's 10-09 gas plant in the Deep Basin.

OPERATING EXPENSES

	Three months ended September 30			Nine months ended September 30		
(CA$ thousands, unless otherwise indicated)	**2022**	2021	%	**2022**	2021	%
Operating expenses	**58,313**	30,277	93	**173,915**	64,886	168
$ per BOE	**8.79**	7.11	24	**8.78**	6.03	46

Operating expenses were $58.3 million ($8.79 per BOE) for the three months ended September 30, 2022, down from $60.9 million ($9.18 per BOE) in the previous quarter ended June 30, 2022. Spartan completed major facility turnarounds during the second quarter and also incurred incremental operating costs for workovers and maintenance operations completed during the third quarter.

Total operating expenses were $173.9 million and averaged $8.78 per BOE for the nine months ended September 30, 2022, up from $64.9 million or $6.03 per BOE in the comparative period of 2021. The increase in total and per unit operating expenses reflects integration of the oil-weighted Montney assets through the Velvet Acquisition on August 31, 2021 which have higher average operating costs relative to the liquids-rich natural gas assets in the Deep Basin. Additionally, widespread cost inflation as well as supply shortages due to increased oil and gas industry activity continued to put upward pressure on the cost of labour and materials, fuel, electricity and trucking costs during the nine months ended September 30, 2022.

TRANSPORTATION EXPENSES

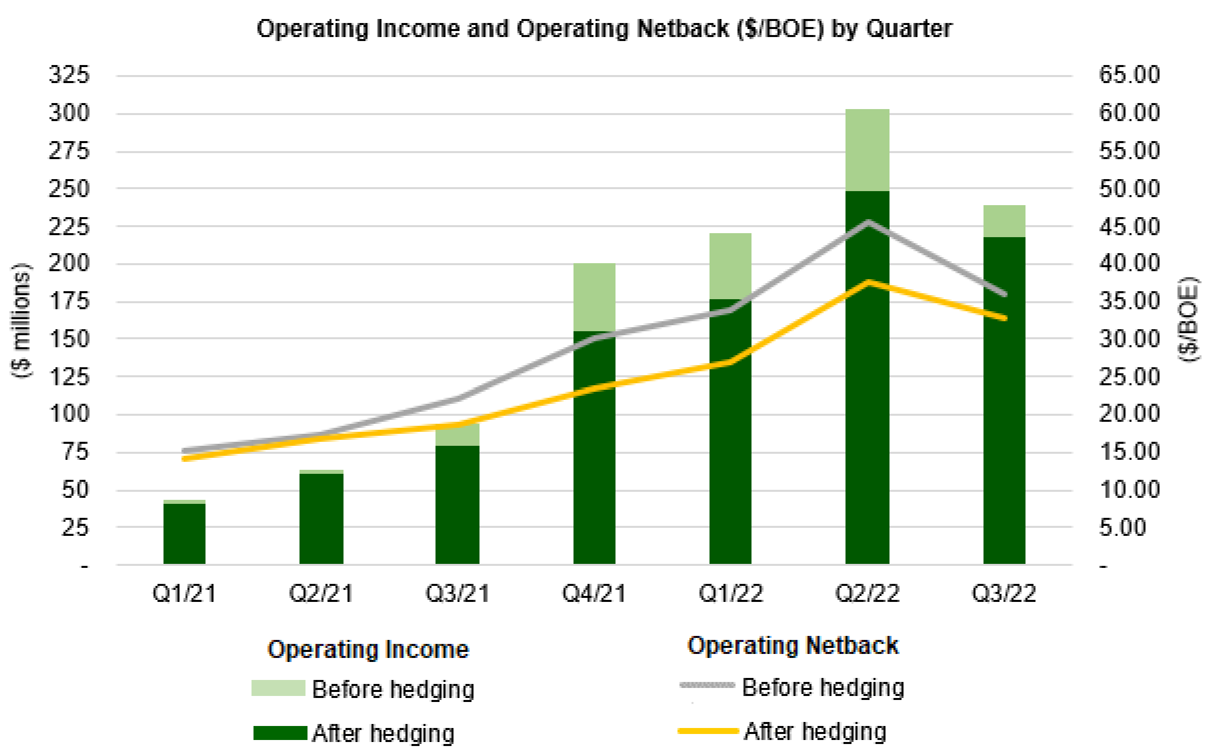
	Three months ended September 30			Nine months ended September 30		
(CA$ thousands, unless otherwise indicated)	**2022**	2021	%	**2022**	2021	%
Transportation expenses	**19,104**	8,973	113	**55,644**	18,657	198
$ per BOE	**2.88**	2.11	36	**2.81**	1.74	61

Transportation expenses of $19.1 million ($2.88 per BOE) for the three months ended September 30, 2022 have increased from $18.5 million ($2.79 per BOE) during the previous quarter ended June 30, 2022, reflecting the 7% increase in crude oil production which carries a higher transportation cost.

Total transportation expenses have increased in 2022 relative to the comparative periods of 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 $239.6 million of Operating Income before hedging during the three months ended September 30, 2022, up 154% from $94.3 million in the same period of 2021 and down 21% from $302.5 in the three months ended June 30, 2022. Losses on commodity price risk management contracts softened the impact of higher commodity prices as compared to 2021, however hedging losses decreased significantly in the current quarter upon maturity of the Company's oil hedges as of June 30, 2022; Operating Income after hedging was $217.3 million for the third quarter of 2022. The chart below highlights the changes in Spartan's quarterly Operating Income and Operating Netbacks, before and after hedging, during 2021 and first nine months of 2022:



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

	Three months ended September 30			Nine months ended September 30		
($ per BOE)	**2022**	2021	%	**2022**	2021	%
Oil and gas sales	**52.32**	34.31	52	**55.90**	29.03	93
Processing and other revenue	**0.34**	0.53	(36)	**0.33**	0.64	(48)
Royalties	**(4.89)**	(3.46)	41	**(6.15)**	(3.16)	95
Operating expenses	**(8.79)**	(7.11)	24	**(8.78)**	(6.03)	46
Transportation expenses	**(2.88)**	(2.11)	36	**(2.81)**	(1.74)	61
Operating Netback, before hedging	**36.10**	22.16	63	**38.49**	18.74	105
Settlements on Commodity Derivative Contracts	**(3.36)**	(3.27)	3	**(6.06)**	(1.75)	246
Net Pipeline Transportation Margin	**-**	(0.10)	(100)	**(0.02)**	(0.04)	(50)
Operating Netback, after hedging	**32.74**	18.79	74	**32.41**	16.95	91

Spartan's Operating Netback before hedging averaged $36.10 per BOE during the third quarter and $38.49 per BOE year-to-date in 2022, up 105% from $18.74 per BOE in the comparative nine month period of 2021. The acquisitions of Inception at the end of the first quarter of 2021 and Velvet in the third quarter of 2021 materially increased the oil weighting of Spartan's production driving higher corporate average operating netbacks, in conjunction with the significant increase in commodity prices over the past year. Spartan's average realized price almost doubled from $29.03 per BOE in the nine months ended September 30, 2021 to $55.90 per BOE in the nine months ended September 30, 2022.

Spartan's average selling price in the third quarter of 2022 of $52.32 per BOE, decreased by 21% from $65.92 per BOE in the second quarter of 2022 during which crude oil and natural gas prices reached decade highs. Lower royalties and operating expenses partly offset the decrease in revenue, in conjunction with lower hedging losses, mitigating the decrease in Operating Netback after hedging to 13% quarter-over-quarter.

GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended September 30			Nine months ended September 30		
(CA$ thousands, unless otherwise indicated)	**2022**	2021	%	**2022**	2021	%
Salaries and benefits	**7,663**	4,160	84	**19,430**	10,549	84
Other G&A expenses	**3,646**	2,900	26	**11,672**	6,657	75
Change in expected credit loss provision	**-**	84	(100)	**590**	211	180
Subtotal, before recoveries ("Gross G&A") (1)	**11,309**	7,144	58	**31,692**	17,417	82
Overhead recoveries	**(4,066)**	(1,518)	168	**(10,610)**	(3,498)	203
Capitalized G&A	**(750)**	-	nm	**(2,250)**	-	nm
G&A expenses ("Net G&A") (1)	**6,493**	5,626	15	**18,832**	13,919	35
Gross G&A ($ per BOE)	**1.70**	1.68	1	**1.60**	1.62	(1)
Net G&A ($ per BOE)	**0.98**	1.32	(26)	**0.95**	1.30	(27)

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

G&A expenses were $6.5 million ($0.98 per BOE) for the third quarter of 2022, in-line with G&A of $6.6 million ($0.99 per BOE) in the second quarter of 2022. Costs to attract and retain top talent in a competitive labour market continue to be reflected in the increase in salaries and benefits expenses in the current period.

Total G&A expenses have increased relative to 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.

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 $4.8 million and $12.9 million for the three and nine months ended September 30, 2022, compared to $1.5 million and $3.5 million in the respective periods of 2021. The increase is attributed to 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

	Three months ended September 30			Nine months ended September 30		
(CA$ thousands, unless otherwise indicated)	**2022**	2021	%	**2022**	2021	%
Stock options	**662**	660	-	**2,297**	2,294	-
Share awards	**2,758**	1,117	147	**7,169**	2,422	196
Capitalized share based compensation (1)	**(278)**	-	nm	**(666)**	-	nm
Share based compensation expense	**3,142**	1,777	77	**8,800**	4,716	87
$ per BOE	**0.47**	0.42	12	**0.44**	0.44	-

(1) In the fourth quarter of 2021 Spartan began capitalizing a portion of SBC expense on the same basis as its policy for capitalized G&A.

As part of the Company's long-term incentive ("**LTI**") plans, stock options and share awards may be granted to officers, directors, employees and consultants. During the first nine months of 2022, Spartan granted 1.9 million restricted share awards and 0.8 million stock options with an average exercise price of $8.27 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 of 2021. As at September 30, 2022, the aggregate of outstanding stock options and share awards represents 4.4% 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 consistent at $3.1 million in both the second and third quarters of 2022 reflecting no significant new grants in the third quarter of 2022. The increase in total SBC expense relative to the comparative periods of 2021 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

	Three months ended September 30			Nine months ended September 30		
(CA$ thousands, unless otherwise indicated)	**2022**	2021	%	**2022**	2021	%
Interest and fees on long-term debt	**6,281**	2,809	124	**20,006**	3,447	480
Interest income	**(26)**	(172)	(85)	**(29)**	(405)	(93)
Interest expense, net of interest income (1)	**6,255**	2,637	137	**19,977**	3,042	557
Financing cost of lease liabilities	**698**	692	1	**2,195**	2,115	4
Accretion of decommissioning obligations	**981**	628	56	**2,544**	1,569	62
Financing	**7,934**	3,957	101	**24,716**	6,726	267
Interest expense, net of interest income ($/BOE)	**0.94**	0.62	52	**1.01**	0.28	261
Financing ($/BOE)	**1.20**	0.93	29	**1.25**	0.63	98
Average long-term debt outstanding in period (2)	**185,319**	152,065	22	**307,895**	51,802	494

(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 periods, plus $150.0 million of outstanding term debt.

Spartan used Free Funds Flow generated during the period to fully repay its bank debt at September 30, 2022, down from $245.6 million of bank debt outstanding at December 31, 2021. The Company also has $150.0 million of long-term debt outstanding on its second lien term facility.

Cash Financing Expenses were $6.3 million ($0.94 per BOE) for the quarter ended September 30, 2022, down 10% from $7.0 million ($1.05 per BOE) in the previous quarter. The impact of lower average debt levels was partly offset by higher borrowing costs. The Company's credit facility and term facility bear floating interest rates and Canadian benchmark interest rates have risen sharply throughout the nine months ended September 30, 2022 in response to high inflation. During the third quarter of 2022, the Bank of Canada announced an additional 100 basis point and 75 basis point rate increases effective in July and September 2022, respectively (see also, "Risks and Uncertainties – Interest Rate Risk").

In the comparative nine months ended September 30, 2021, Cash Financing Expenses of $3.0 million ($0.28 per BOE) primarily reflect interest expense subsequent to the Velvet Acquisition on August 31, 2021. 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 $47.7 million as at September 30, 2022 ($54.8 million as at December 31, 2021). The financing cost of lease liabilities is relatively consistent at approximately $0.7 million quarterly.

Financing expenses also include non-cash accretion of decommissioning obligations. Accretion has increased relative to the comparatives periods due to the 2021 Acquisitions as well as higher interest rates. Over the past twelve months, the yield on long-term Canadian benchmark bonds increased from 2.0% to 3.1% from September 30, 2021 to September 30, 2022 (see also, "Decommissioning Obligations").

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

	Three months ended September 30			Nine months ended September 30		
(CA$ thousands, unless otherwise indicated)	**2022**	2021	%	**2022**	2021	%
Depletion and depreciation of PP&E	**51,370**	23,602	118	**138,821**	47,266	194
Depreciation of ROU Assets	**2,304**	2,038	13	**7,152**	5,798	23
Depletion and depreciation	**53,674**	25,640	109	**145,973**	53,064	175
Expired mineral leases	**733**	77	852	**1,592**	97	1,541
Total DD&I expense	**54,407**	25,717	112	**147,565**	53,161	178
Depletion and depreciation ($ per BOE)	**8.09**	6.02	34	**7.37**	4.94	49
Total DD&I expense ($ per BOE)	**8.20**	6.04	36	**7.45**	4.95	51

The Company reported depletion and depreciation ("**D&D**") expense of $53.7 million ($8.09 per BOE) for the third quarter of 2022, up 13% from $47.5 million ($7.15 per BOE) in the second quarter of 2022. The increase in D&D expense reflects 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 previous quarter, of which $2.8 million related to inactive properties and resulted in a recovery of prior depletion during the second quarter of 2022. Excluding the impact of inactive asset retirement estimates, per unit D&D expenses increased from $7.57 per BOE in the second quarter of 2022 to $8.07 per BOE in the third quarter of 2022, reflecting the increased Montney oil production which carries a higher depletion rate.

The increase in total D&D expenses relative to the comparative periods 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.

Spartan assessed each of its cash generating units ("**CGUs**") for indicators of potential impairment as at September 30, 2022 and at December 31, 2021, and concluded there are no indicators of impairment.

OTHER INCOME (EXPENSES)

	Three months ended September 30		Nine months ended September 30	
(CA$ thousands)	**2022**	2021	**2022**	2021
Gain on sale of assets	**35**	315	**1,688**	468
Gain on acquisition	**-**	91,991	**-**	127,125
Write down of other non-current assets	**-**	-	**(7,500)**	-
Transaction costs	**(162)**	(3,224)	**(186)**	(4,073)
Other income	**3,201**	458	**4,837**	1,985
Premium on flow-through shares	**-**	6,191	**-**	7,029
Change in fair value of convertible note	**-**	8,368	**-**	(5,648)
Foreign exchange gain	**460**	8	**885**	8
Other income, net of other expenses	**3,534**	104,107	**(276)**	126,894

The Company continuously seeks to optimize its asset base and may dispose of non-core properties from time to time. To date in 2022, Spartan received $1.0 million of aggregate cash proceeds on minor property dispositions which resulted in a gain on sale of $1.7 million primarily as a result of disposing of $0.9 million of associated decommissioning liabilities.

Spartan recognized total gains of $127.1 million on the 2021 Acquisitions in the first nine months of 2021 as the consideration paid was less than the estimated fair value of the net assets acquired as of the respective closing dates (see also, "2021 Acquisitions"). The Company incurred $4.1 million in transaction costs related to the 2021 Acquisitions, primarily the Velvet Acquisition, for the nine months ended September 30, 2021. Additionally, the Company incurred approximately $0.2 million of transaction costs related to the Bellatrix Corporate Acquisition year-to-date in 2022.

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.

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 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 nine months ended September 30, 2022.

Other income also includes $4.1 million of funding earned through the Alberta provincial government Site Rehabilitation Program ("**SRP**"), which increased from $1.5 million of SRP earned in the nine months ended September 30, 2021 due to higher abandonment activity under the SRP in 2022 (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 $7.0 million of income related to the premium on flow-through shares during the nine months ended September 30, 2021.

The convertible promissory note issued as part of consideration for the Inception Acquisition was settled through conversion into common shares on September 29, 2021. The fair value of the convertible promissory note increased by $5.6 million from issuance on March 18, 2021 to conversion on September 29, 2021, resulting in a $5.6 million loss in the comparative period.

INCOME TAXES

	Three months ended September 30		Nine months ended September 30	
(CA$ thousands, unless otherwise indicated)	**2022**	2021	**2022**	2021
Current income tax	**-**	-	**-**	-
Deferred income tax expense (recovery)	**(92,951)**	3,798	**(18,311)**	(2,493)
Effective tax rate	**(48.3%)**	2.9%	**(3.6%)**	(1.2%)

The Company reported a deferred income tax recovery of $93.0 million during the third quarter of 2022 which offset deferred tax expense of $74.6 million recognized in the first half of the year, resulting in a recovery of $18.3 million year-to-date in 2022. Spartan's effective tax rate differs from the combined federal and Alberta provincial statutory rate of 23% primarily due to the tax benefit of the Bellatrix Corporate Acquisition which closed on August 9, 2022, through which Spartan assumed approximately $625 million of non-capital loss tax pools. Acquisition of the tax pools resulted in recognition of a deferred tax asset of $143.9 million during the third quarter of 2022, of which $137.9 million was recognized as a deferred tax recovery in net income based on the difference in total tax benefit net of the $6.0 million cash purchase price for the acquisition.

In the comparative periods of 2021, the effective tax rate is less than the statutory tax rate primarily due to gains on acquisitions which are not taxable as well as the recognition of a deferred tax asset 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 three and nine months ended September 30, 2021 by $12.5 million and $28.9 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 September 30, 2022, Spartan recognized a deferred tax asset of $167.2 million, up from $142.9 million at December 31, 2021, reflecting the $143.9 million deferred tax asset recognized through the Bellatrix Corporate Acquisition offset by the 2022 estimated taxable income generated in the period.

As at September 30, 2022, total available tax pools are estimated to be approximately $2.1 billion as summarized in the table below.

(CA$ millions, unless otherwise indicated)	Rate (1)	**September 30, 2022**	December 31, 2021
Canadian oil and gas property expenses (COGPE)	10%	**158.0**	169.0
Canadian development expenses (CDE)	30%	**443.2**	391.0
Canadian exploration expenses (CEE)	100%	**32.2**	90.3
Undepreciated capital cost (UCC) (2)	25%	**187.4**	185.3
Share issue costs (SIC)	5 years	**11.2**	13.5
Scientific research & experimental development (SR&ED)	100%	**28.0**	28.0
Non-capital losses (NCL) (3)	100%	**1,272.5**	929.1
Total available tax pools (estimate) (4)		**2,132.5**	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 2035 to 2041.

(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

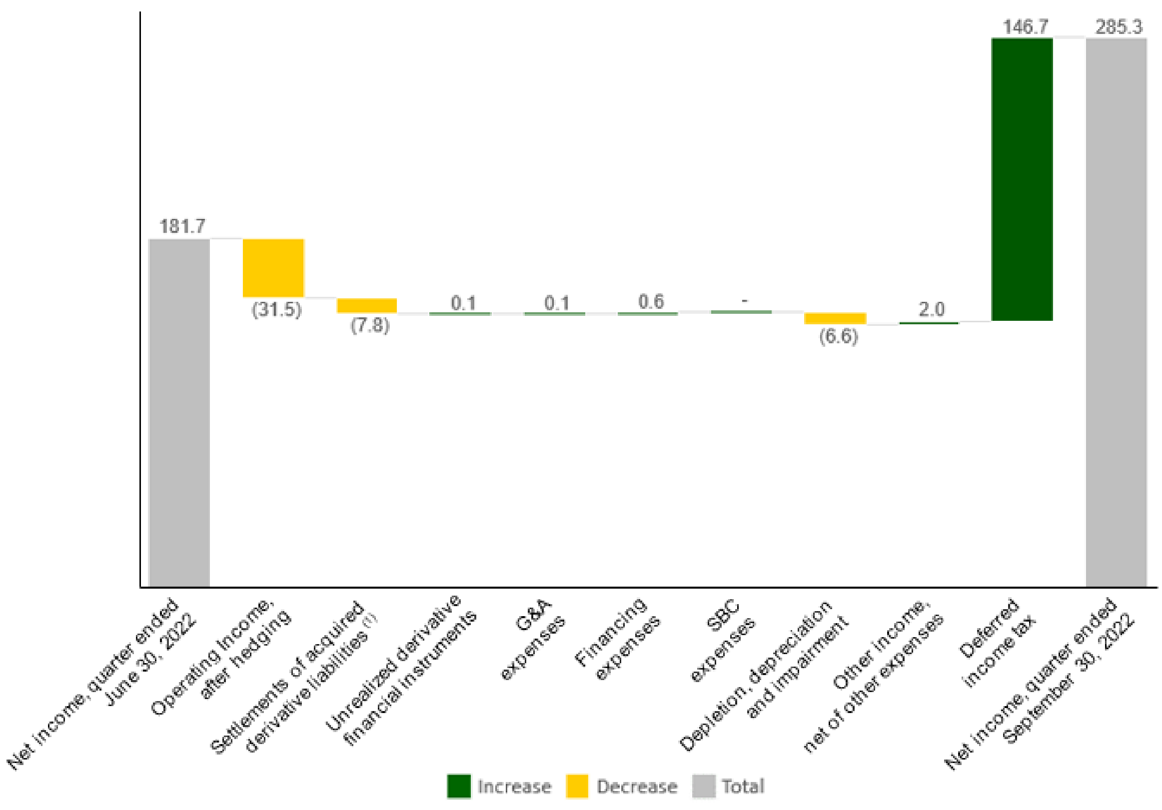
	Three months ended September 30			Nine months ended September 30		
(CA$ thousands, unless otherwise indicated)	**2022**	2021	%	**2022**	2021	%
Revenue	**317,007**	134,056	136	**993,376**	285,195	248
Expenses	**(149,393)**	(77,192)	94	**(431,190)**	(162,930)	165
Income before derivatives, other items and taxes (1)	**167,614**	56,864	195	**562,186**	122,265	360
Gain (loss) on derivative financial instruments	**21,151**	(30,236)	(170)	**(52,054)**	(45,887)	13
Other income, net of other expenses (2)	**3,534**	104,107	(97)	**(276)**	126,894	(100)
Income before income taxes	**192,299**	130,735	47	**509,856**	203,272	151
Deferred income tax expense (recovery)	**(92,951)**	3,798	(2,547)	**(18,311)**	(2,493)	634
Net income and comprehensive income	**285,250**	126,937	125	**528,167**	205,765	157
WA Shares outstanding – basic (000s)	**155,412**	125,626	24	**154,562**	102,892	50
WA Shares outstanding – diluted (000s)	**173,725**	145,686	19	**172,722**	121,033	43
Net income $ per share – basic	**1.84**	1.01	82	**3.42**	2.00	71
Net income $ per share – diluted	**1.64**	0.87	89	**3.06**	1.70	80

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

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

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

Change in Net Income – Q2 to Q3 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 above, the add back is presented as a decrease of $7.8 million because settlements of acquired derivative liabilities were less in the third quarter of 2022 compared to the second quarter of 2022.

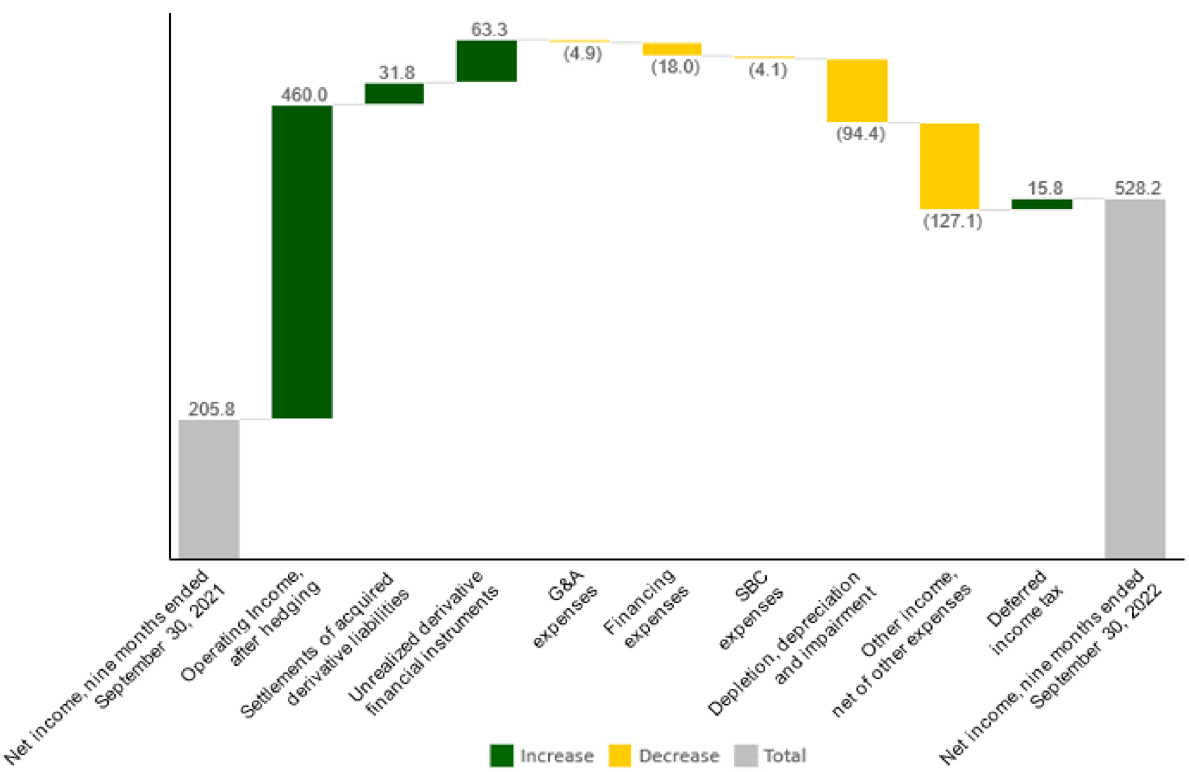
Spartan reported net income of $285.3 million ($1.64 per share, diluted) for the third quarter of 2022. Stronger oil prices drove revenue 136% higher and contributed to the 195% increase in Spartan's income before derivatives, other items and taxes compared to the third quarter of 2021.

Net income grew by 57% from $181.7 million in the previous quarter ended June 30, 2022. The increase in net income was primarily driven by the deferred income tax recovery recognized in connection with the Bellatrix Corporate Acquisition, partly offset by higher depletion expenses and lower commodity prices which reduced Operating Income in the third quarter.

For the nine months ended September 30, 2022, the Company generated net income of $528.2 million ($3.06 per share, diluted), up 157% from $205.8 million ($1.70 per share, diluted) in the comparative period of 2021. 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 248% increase in revenue relative to the nine months ended September 30, 2021. Spartan's income before derivatives, other items and taxes was $562.2 million for the nine months ended September 30, 2022, compared to $122.3 million in the same nine-month period of 2021. Losses on derivative financial instruments were $52.1 million and $45.9 million, respectively, during the current and prior period (see also, "Commodity Price Risk Management"). The comparative period also included an aggregate of $127.9 million of gains recognized on the 2021 Acquisitions.

The chart below summarizes the components of the change in net income from the nine months ended September 30, 2021 to the nine months ended September 30, 2022, using the change in Operating Income, after hedging as the starting point.

Change in Net Income ($ millions)



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

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

Note: The Velvet Acquisition completed on August 31, 2021 materially increased Spartan's corporate production levels and oil weighting. The below discussion focuses on the third quarter relative to the second quarter of 2022 as these periods both fully reflect the integration of the Velvet assets.

Third Quarter of 2022 compared to Second Quarter of 2022 (1)

Amounts are CA$ millions ($MM), except as noted	**Q3/22**	Q2/22	Change (1)		**Q3/22**	Q2/22	
	$MM	$MM	$MM	%	**$/BOE**	$/BOE	%
Oil and gas sales, net of royalties	**314.7**	380.0	(65.3)	(17)	**47.43**	57.23	(17)
Processing and other revenue	**2.3**	2.0	0.3	15	**0.34**	0.30	13
Operating expenses	**(58.3)**	(60.9)	2.6	(4)	**(8.79)**	(9.18)	(4)
Transportation expenses	**(19.1)**	(18.5)	(0.6)	3	**(2.88)**	(2.79)	3
Operating Income / Netback, before hedging (2)	**239.6**	302.5	(62.9)	(21)	**36.10**	45.56	(21)
Settlements on Commodity Derivative Contracts (2)(3)	**(22.3)**	(53.7)	31.4	(58)	**(3.36)**	(8.09)	(58)
Net Pipeline Transportation Margin (2)	**-**	-	-	-	**-**	-	-
Operating Income / Netback, after hedging (2)	**217.3**	248.8	(31.5)	(13)	**32.74**	37.47	(13)
G&A expenses	**(6.5)**	(6.6)	0.1	(2)	**(0.98)**	(0.99)	(1)
Interest expense, net of interest income	**(6.3)**	(7.0)	0.7	(10)	**(0.94)**	(1.05)	(10)
Financing cost of lease liabilities	**(0.7)**	(0.7)	-	-	**(0.11)**	(0.11)	-
Realized foreign exchange gain	**0.2**	0.8	(0.6)	(75)	**0.02**	0.12	(83)
Other income	**0.1**	(0.0)	0.1	nm	**0.02**	-	nm
Settlement of decommissioning obligations	**(1.2)**	(0.7)	(0.5)	71	**(0.17)**	(0.10)	70
Transaction costs	**(0.2)**	-	(0.2)	nm	**(0.02)**	-	nm
Funds from Operations (2)	**202.8**	234.6	(31.8)	(14)	**30.56**	35.34	(14)
Change in non-cash working capital	**18.4**	1.4	17.0	1,214	**2.77**	0.21	1,219
Cash provided by operating activities	**221.2**	236.0	(14.8)	(6)	**33.33**	35.55	(6)
Funds from Operations (2)	**202.8**	234.6	(31.8)	(14)	**30.56**	35.34	(14)
Add back: transaction costs	**0.2**	-	0.2	nm	**0.02**	-	nm
Deduct: lease payments	**(2.2)**	(2.3)	0.1	(4)	**(0.33)**	(0.34)	(3)
Adjusted Funds Flow (2)	**200.7**	232.4	(31.7)	(14)	**30.25**	35.00	(14)
Adjusted Funds Flow per share (2)							
Basic ($ per common share)	**1.29**	1.50	(0.21)	(14)			
Diluted ($ per common share)	**1.15**	1.33	(0.18)	(14)			

(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 September 30, 2022 and June 30, 2022, plus settlements of $5.3 million and $13.1 million, respectively, of derivative liabilities acquired in connection with the Velvet Acquisition.

Spartan generated $202.8 million of Funds from Operations for the three months ended September 30, 2022, down $31.8 million or 14% compared to the second quarter of 2022. The decrease in Funds from Operations is driven by lower Operating Income which reflects the softening of commodity prices from the peak in the second quarter, partly offset by lower royalty expenses, operating expenses, and hedging losses. Cash expenditures to settle decommissioning obligations of $1.2 million in the third quarter of 2022 increased slightly compared to $0.7 million incurred in the previous quarter. Spartan settled an additional $3.1 million of decommissioning obligations with government funding through the Alberta SRP during the third quarter which does not impact the Company's cash flow ($0.3 million settled in the second quarter of 2022).

Adjusted Funds Flow was $200.7 million for the third quarter of 2022 after deducting $2.2 million of lease payments from Funds from Operations, resulting in Adjusted Funds Flow of $1.15 per share on a diluted basis.

Spartan's cash provided by operating activities was $221.2 million for the three months ended September 30, 2022, which exceeded Funds from Operations due to the net change in non-cash working capital during the quarter. The change in non-cash working capital varies each period based on seasonal changes in corporate activity levels, the impact of production levels and commodity prices on accrued revenue receivable, and timing of processing payments, among other factors. In the third quarter of 2022, the net increase in non-cash operating working capital of $18.4 million is primarily due to the decrease in accrued revenue at September 30, 2022 compared to June 30, 2022. By comparison, the non-cash working capital deficit related to operating activities increased by $1.4 million in the second quarter of 2022 primarily due the increase in accrued revenue at June 30, 2022 compared to March 31, 2022, offset by higher operating payables primarily due to turnarounds completed in the second quarter.

Nine Months Ended September 30, 2022 compared to Nine Months Ended September 30, 2021 [(1)]

Amounts are CA$ millions ($MM), except as noted	**2022**	2021	Change [(1)]		**2022**	2021	
	$MM	$MM	$MM	%	**$/BOE**	$/BOE	%
Oil and gas sales, net of royalties	**985.4**	277.8	707.6	255	**49.75**	25.87	92
Processing and other revenue	**6.6**	6.9	(0.3)	(4)	**0.33**	0.64	(48)
Operating expenses	**(173.9)**	(64.9)	(109.0)	168	**(8.78)**	(6.03)	46
Transportation expenses	**(55.6)**	(18.7)	(36.9)	198	**(2.81)**	(1.74)	61
Operating Income / Netback, before hedging [(2)]	**762.5**	201.2	561.3	279	**38.49**	18.74	105
Settlements on Commodity Derivative Contracts [(2)(3)]	**(120.1)**	(18.8)	(101.3)	538	**(6.06)**	(1.75)	246
Net pipeline transportation margin [(2)]	**(0.4)**	(0.4)	-	-	**(0.02)**	(0.04)	(50)
Operating Income / Netback, after hedging [(2)]	**642.0**	182.0	460.0	253	**32.41**	16.95	91
G&A expenses	**(18.8)**	(13.9)	(4.9)	35	**(0.95)**	(1.30)	(27)
Interest expense, net of interest income	**(20.0)**	(3.0)	(17.0)	557	**(1.01)**	(0.28)	261
Financing cost of lease liabilities [(4)]	**(2.2)**	-	(2.2)	nm	**(0.11)**	-	nm
Realized foreign exchange gain	**1.0**	-	1.0	nm	**0.05**	-	nm
Other income	**0.7**	0.5	0.2	38	**0.04**	0.05	(20)
Settlement of decommissioning obligations	**(3.1)**	(1.0)	(2.1)	206	**(0.16)**	(0.09)	78
Transaction costs	**(0.2)**	(4.1)	3.9	(95)	**(0.01)**	(0.38)	(97)
Funds from Operations [(2)]	**599.5**	160.5	439.0	274	**30.26**	14.95	102
Change in non-cash working capital	**(4.5)**	(26.6)	22.1	(83)	**(0.23)**	(2.48)	(91)
Cash provided by operating activities	**595.0**	133.9	461.1	344	**30.03**	12.47	141
Funds from Operations [(2)]	**599.5**	160.5	439.0	274	**30.26**	14.95	102
Add back: transaction costs	**0.2**	4.1	(3.9)	(95)	**0.01**	0.38	(97)
Deduct: lease payments [(4)]	**(6.8)**	(7.6)	0.8	(10)	**(0.34)**	(0.71)	(52)
Adjusted Funds Flow [(2)]	**592.8**	157.0	435.8	278	**29.93**	14.62	105
Adjusted Funds Flow per share [(2)]							
Basic ($ per common share)	**3.84**	1.53	2.31	151			
Diluted ($ per common share)	**3.41**	1.28	2.13	166			

(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 nine months ended September 30, 2022, plus settlement of $40.0 million of derivative liabilities acquired with the Velvet Acquisition.

(4) In the comparative period, Spartan presented the total cash lease payment of $7.6 million within financing activities in the Consolidated Statements of Cash Flow which included $2.1 million of financing costs and $5.5 million reduction of principal during the nine months ended September 30, 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 nine months ended September 30, 2022 is $9.0 million, of which $2.2 million is the deemed financing cost and $6.8 million reduced the principal amount of the Company's lease liabilities.

Spartan's Adjusted Funds Flow of $592.8 million for the nine months ended September 30, 2022 increased by 278% from $157.0 million in the same period of 2021. The increase in cash provided by operating activities and Funds from Operations is driven by higher Operating Income, partly offset by realized hedging losses, incremental G&A, and interest in conjunction with the acquisitions in 2021.

CASH USED IN INVESTING ACTIVITIES AND CAPITAL EXPENDITURES

Spartan completed several acquisitions during 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 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 three and nine months ended September 30, 2022 and 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 $100.7 million and $308.3 million for the three and nine months ended September 30, 2022, respectively (refer to reconciliation provided under the heading "Non-GAAP Measures and Ratios").

CAPITAL EXPENDITURES	Three months ended September 30			Nine months ended September 30		
(CA$ thousands)	**2022**	2021	%	**2022**	2021	%
Land and seismic	**2,884**	6,318	(54)	**5,328**	7,706	(31)
Drilling and completion	**62,387**	33,405	87	**208,724**	55,592	275
Facilities, pipeline and well equipment	**8,947**	3,797	136	**52,996**	7,007	656
Production optimization and other assets	**1,419**	1,089	30	**5,709**	2,988	91
Capitalized G&A	**750**	-	nm	**2,250**	-	nm
Capital Expenditures before A&D (1)	**76,387**	44,609	71	**275,007**	73,293	275
Acquisitions (2)	**6,000**	393,260	(98)	**5,903**	423,719	(99)
Dispositions	**(107)**	(304)	(65)	**(951)**	(453)	110
Capital Expenditures (1)(2)	**82,280**	437,565	(81)	**279,959**	496,559	(44)

(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.

Spartan's Capital Expenditures before A&D were $275.0 million during the first nine months of 2022, up from $73.3 million in the same period of 2021. While the majority of capital expenditures were incurred to drill, complete and equip new wells in the Montney and Deep Basin, due to long lead times the Company also spent $6.5 million to procure casing, tubing and pipeline inventory in advance of the 22/23 winter drilling season. Spartan 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.

Capital Expenditures before A&D were $76.4 million for the three months ended September 30, 2022. During the third quarter, Spartan tied-in and brought on production a 5.0 (4.9 net) well pad in West Gold Creek, drilled a disposal well in West Gold Creek, and drilled 6.0 (6.0 net) wells at East Gold Creek of which a five well pad was subsequently completed in October. Spartan also drilled 6.0 (5.9 net) wells in the Deep Basin, of which 3.9 net wells were completed and 3.0 net wells were brought on production during the third quarter, including the Company's first well in the Viking formation.

DRILLING ACTIVITY	Three months ended September 30		Nine months ended September 30	
Number of Net Wells	**2022**	2021	**2022**	2021
Drilled (1)	**11.9**	10.0	**28.8**	16.0
Completed	**3.9**	6.0	**27.3**	12.0
On production	**7.9**	7.0	**26.4**	13.0
Service/disposal (1)	**1.0**	-	**2.0**	-

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

Bellatrix Corporate Acquisition

On August 9, 2022, Spartan closed the corporate acquisition of Bellatrix through a court supervised process under the *Companies' Creditors Arrangement Act* (the "**CCAA**") for a cash purchase price of $6.0 million. Pursuant to the acquisition, Spartan acquired 1,000 new common shares issued by Bellatrix and all other existing equity securities of Bellatrix were cancelled for no consideration, resulting in Spartan holding 100% of the aggregate issued and outstanding equity securities of Bellatrix. Spartan previously acquired substantially all of Bellatrix's assets for total consideration of $108.8 million in June 2020, which established the Company's core operating area in the Deep Basin. Following the Bellatrix Corporate Acquisition and reorganization under the CCAA, Bellatrix did not have any significant assets or liabilities remaining except for approximately $625 million of non-capital loss tax pools which were determined to be available for use by Spartan.

The Bellatrix Corporate Acquisition does not meet the definition of a business combination and has been accounted for under IFRS 3 as an asset acquisition. Spartan recorded a deferred tax asset of $143.9 million in recognition of the tax pools acquired, with a corresponding deferred income tax recovery of $137.9 million in excess of the $6.0 million consideration paid (see also, "Income Taxes").

Other acquisitions and dispositions

The Company continuously seeks to optimize its asset base through strategic tuck-in acquisitions and non-core property dispositions. During the nine months ended September 30, 2022, the Company completed minor acquisitions for cash consideration of $0.1 million and received $1.0 million of cash proceeds from non-core property dispositions.

2021 Acquisitions

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 table on the following page 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 (2)	(3,620)	-	(33,137)	1,659	129	(34,969)
Indebtedness repaid at closing	-	-	(352,488)	-	-	(352,488)
Net Debt assumed or repaid (2)	**(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 (1)	(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	**153,118**	**20,453**	**458,114**	**40,614**	**25,314**	**697,613**
Gain on acquisition	**(35,736)**	**-**	**(89,004)**	**(3,114)**	**-**	**(127,854)**
Total Consideration including Net Debt (3)	**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) (4)	3,700	4,425	21,300	1,850	500	
% Oil and NGLs (4)	54%	18%	51%	30%	45%	

(1) 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.

(2) (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) is presented as a 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.

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

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

DECOMMISSIONING OBLIGATIONS

As at September 30, 2022, the Company's total decommissioning obligations are estimated to be $129.9 million, of which $5.2 million are expected to be settled over the next twelve months. During the nine months ended September 30, 2022, the total carrying amount of decommissioning obligations decreased by $41.9 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 $40.5 million during the period. New obligations incurred by drilling in the nine months ended September 30, 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 $3.1 million on decommissioning during the nine months ended September 30, 2022 and settled an additional $4.1 million of liabilities through abandonment and reclamation projects funded through the Alberta SRP. Recoveries under the SRP are recognized in the financial statements in the period in which the work is completed.

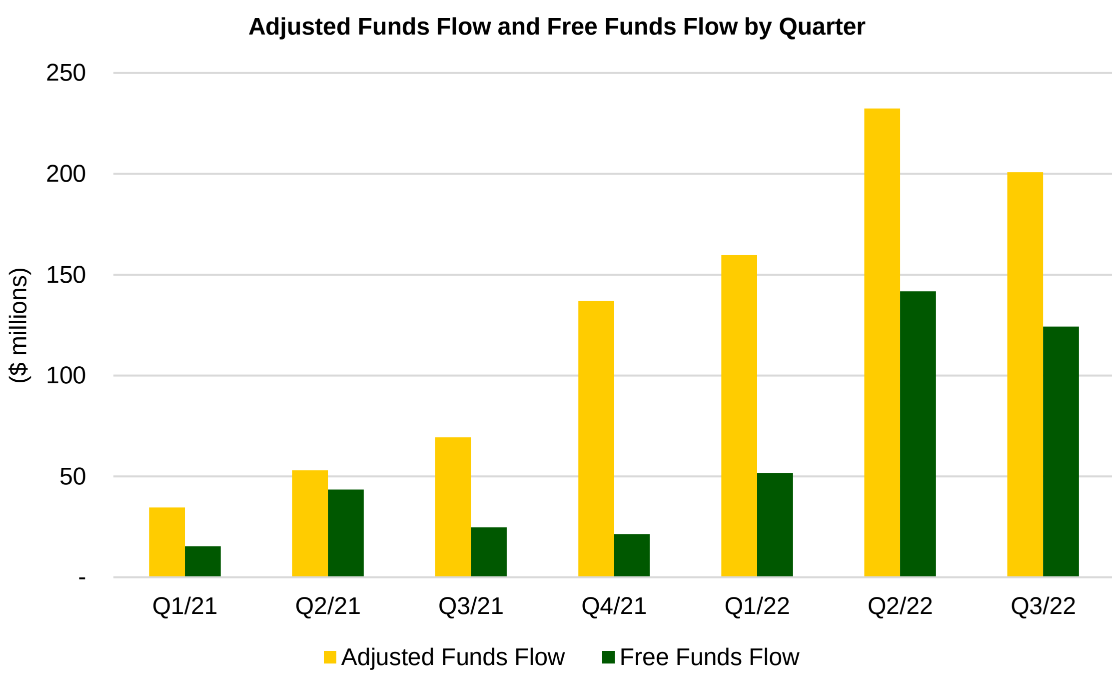
CAPITAL RESOURCES AND LIQUIDITY

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 nine months ended September 30, 2022, the Company's primary sources of funds were $592.8 million of Adjusted Funds Flow, supplemented by working capital and short-term advances of bank debt under the revolving credit facility. Spartan also received $4.5 million of cash proceeds on the exercise of stock options and warrants during the nine month period.

Cash provided by operating activities of $595.0 million for the nine months ended September 30, 2022 was used to fund the Company's exploration and development capital expenditures of $275.0 million, the Bellatrix Corporate Acquisition of $6.0 million, lease principal payments of $6.8 million and to fully repay its bank debt down from $245.6 million outstanding at the beginning of the year.

The following chart summarizes Spartan's quarterly Adjusted Funds Flow and Free Funds Flow during 2021 and first nine months of 2022:



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 $124.3 million for the quarter ended September 30, 2022, compared to $141.7 million in the previous quarter and $24.8 million in the same quarter of 2021. The amount of Free Funds Flow reported each quarter reflects the seasonality of the Company's oil and gas operations, market fluctuations including volatility of commodity prices, 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)	**September 30, 2022**	December 31, 2021
Working capital deficit	**7,156**	133,416
Adjusted for current portion of:		
Derivative financial instrument assets	**43,970**	268
Derivative financial instrument liabilities	**(43,647)**	(52,783)
Lease liabilities	**(9,267)**	(10,206)
Adjusted Working Capital (surplus) deficit	**(1,788)**	70,695
Long-term debt	**144,608**	387,564
Net Debt	**142,820**	458,259
Annualized Adjusted Funds Flow (1)	**802,932**	548,104
Net Debt to Annualized AFF Ratio (1)	**0.2x**	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 September 30, 2022, Spartan had Net Debt of $142.8 million, which is approximately 0.2 times the Company's Annualized Adjusted Funds Flow for the third 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 $7.2 million at September 30, 2022, down from $133.4 million at December 31, 2021. Excluding derivative financial instruments and lease liabilities, Spartan's Adjusted Working Capital surplus is $1.8 million at September 30, 2022, compared to an Adjusted Working Capital deficit of $70.7 million at December 31, 2021. The decrease in working capital deficit reflects $42.6 million of cash on hand at September 30, 2022 as bank debt was fully repaid during the period, lower capital expenditures in the third quarter of 2022 compared to the fourth quarter of 2021, higher revenue and a change in the fair value of outstanding derivative financial instruments to a net asset from a net liability.

The Company maintains sufficient unused bank credit lines to satisfy such working capital deficiencies. As at September 30, 2022, the Company's $450.0 million revolving credit facility is undrawn.

Spartan is well positioned to execute on its business strategy. The Company's exploration and development capital expenditure program for the remainder of 2022 and 2023 is expected to be fully funded by a combination of cash on hand and cash provided by operating activities. With the Company's bank debt fully repaid and cash balance building, Spartan declared a special dividend of $0.50 per common share subsequent to September 30, 2022 (see also, "Subsequent Events"). The Company is currently evaluating its future return of capital strategy which may include a combination of share repurchases, base dividend payments and/or special dividend payments.

The following table outlines a contractual maturity analysis for the Company's financial liabilities and undiscounted lease liabilities as at September 30, 2022:

(CA$ thousands)	1 year	2 to 3 years	4 to 5 years	> 5 years	Total
Accounts payable and accrued liabilities	166,965	-	-	-	166,965
Derivative financial instrument liabilities	43,647	3,052	-	-	46,699
Credit Facility (1)	2,051	-	-	-	2,051
Term Facility (2)	16,800	44,970	150,756	-	212,526
Undiscounted lease liabilities (3)	11,830	23,350	16,113	3,629	54,922
Total	**241,293**	**71,372**	**166,869**	**3,629**	**483,163**

(1) The Credit Facility is undrawn as at September 30, 2022. The table above includes estimated standby charges to be incurred on the authorized borrowing amount of $450.0 million to the revolving maturity date of May 30, 2023.

(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. Anytime after August 31, 2024, Spartan may repay the Term Facility without penalty. Early repayment of the Term Facility on September 1, 2024 would result in a reduction of future interest and fee payments by approximately $30 million.

(3) As at September 30, 2022, the present value of the Company's total lease liability is $47.7 million, of which $9.3 million is expected to be settled in the next twelve months.

LONG-TERM DEBT

As at September 30, 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)	**September 30, 2022**	December 31, 2021	Change
Bank debt	**-**	245,550	(245,550)
Second lien term facility	**150,000**	150,000	-
Unamortized issue costs and prepaid interest	**(5,392)**	(7,986)	2,594
Long-term debt	**144,608**	387,564	(242,956)

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 30, 2023, and may be extended annually at Spartan's option subject to approval of the lenders, with a term-out to May 30, 2024 if not renewed. As at September 30, 2022, the Credit Facility is undrawn.

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.

During the second quarter of 2022, the Company's lending syndicate completed their annual review and the Credit Facility was renewed on substantially the same terms. Notably, the financial covenant which required Spartan to maintain a net debt to cash flow ratio of less than 2.0 to 1.0 was terminated upon renewal effective May 26, 2022. The November borrowing base review was completed early during the third quarter of 2022 and the next borrowing base review is now scheduled to be completed in May 2023.

The Company is subject to certain financial covenants under the Credit Facility which include: for so long as the following covenants apply to the Term Facility: (A) the maximum funded debt to EBITDA (Earnings Before Interest, Taxes, 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 and hedging arrangements. As at September 30, 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.

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. As at September 30, 2022, there is $2.0 million of issued but undrawn letters of credit under the LC 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. 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. Anytime after August 31, 2024, Spartan may repay the Term Facility without penalty. The Term Facility bears a floating interest rate of Canadian 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 September 30, 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 nine months ended September 30, 2022, 0.6 million common shares were issued on vesting of share awards as well as 1.7 million common shares were issued on exercise of stock options and warrants providing $4.5 million of cash proceeds during the period. As of September 30, 2022, there were 155.5 million common shares outstanding and 155.8 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	**September 30, 2022**	**November 8, 2022**
Common shares	153,214	**155,482**	**155,772**
Warrants [1]	15,814	**15,369**	**15,344**
Stock options [2]	4,358	**3,835**	**3,573**
Share awards	1,959	**3,068**	**3,071**
Total securities outstanding [3]	175,345	**177,754**	**177,760**

(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 September 30, 2022 have an average exercise price of $4.36 per common share with an average remaining term of 3.2 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 $12.00 and $11.55 per common share for the three and nine months ended September 30, 2022, respectively. Spartan's closing share price was $10.26 on September 30, 2022 compared to $5.97 on December 31, 2021 and $5.39 on September 30, 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:

	Three months ended September 30			Nine months ended September 30		
(000s)	**2022**	2021	%	**2022**	2021	%
WA Shares outstanding, basic	**155,412**	125,626	24	**154,562**	102,892	50
Dilutive effect of outstanding securities	**18,313**	20,060	(9)	**18,160**	18,141	-
WA Shares, diluted – for EPS	**173,725**	145,686	19	**172,722**	121,033	43
Incremental dilution for AFF [1]	**1,287**	1,443	(11)	**1,337**	1,463	(9)
WA Shares, diluted – for AFF [1]	**175,012**	147,129	19	**174,059**	122,496	42

(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 September 30, 2022:

(CA$ thousands)	2022	2023	2024	2025	2026	Thereafter
Gas transportation [1]	5,009	20,183	18,386	18,008	15,370	20,404
Liquids transportation [2]	5,274	20,743	1,942	1,937	1,937	6,294
NGLs fractionation [3]	272	1,343	1,425	1,421	1,421	4,618
Processing fees [4]	3,694	9,440	4,295	4,219	4,138	30,314
Capital commitments [5]	763	57,324	74,923	28,500	-	-
Total commitments	**15,012**	**109,033**	**100,971**	**54,085**	**22,866**	**61,630**

(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) As at September 30, 2022, capital commitments include: (i) the remaining commitment to drill and tie-in 16 wells (estimate $146.8 million) over a three-year period or be subject to a penalty of $2.1 million to $2.8 million per well, pursuant to infrastructure construction contracts as described in note 5 of the Interim Financial Statements; (ii) the remaining commitment of $1.4 million on a drilling rig contract which requires a minimum number of drilling days over the period of June 2022 to May 2023; and (iii) an agreement committing Spartan to purchase $13.4 million of casing and tubing for future capital projects over 2023 to 2024.

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 September 30, 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. On August 9, 2022, Bellatrix was wound up into Spartan concurrent with closing the Bellatrix Corporate Acquisition. As at September 30, 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.

SUBSEQUENT EVENTS

Subsequent to September 30, 2022, the Company's Board of Directors declared a special cash dividend of $0.50 per common share payable on January 16, 2023, to shareholders of record at the close of business on December 15, 2022. The special dividend is designated as an eligible dividend for Canadian income tax purposes.

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)	**Q3 2022**	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Revenue	**317.0**	382.0	294.4	267.0	134.1	88.8	62.4	42.0
Net income and comprehensive income	**285.3**	181.7	61.2	128.5	126.9	19.7	59.2	12.4
$ per share, basic	**1.84**	1.17	0.40	0.84	1.01	0.17	0.87	0.21
$ per share, diluted	**1.64**	1.05	0.36	0.76	0.87	0.15	0.73	0.18
Funds from Operations (1)	**202.8**	234.6	162.0	139.5	68.8	55.4	36.3	18.2
Capital Expenditures (1)(2)	**82.3**	90.6	107.4	115.9	437.6	19.7	39.3	14.3
Total assets	**1,964.6**	1,811.7	1,811.8	1,742.4	1,684.3	730.0	679.6	331.4
Working capital deficit (surplus)	**7.2**	79.8	142.3	133.4	152.6	(101.1)	(75.8)	21.2
Long-term liabilities	**310.8**	397.1	553.4	612.2	655.1	210.8	194.4	148.0
Shareholders' equity	**1,428.7**	1,139.8	950.7	886.6	756.2	437.7	414.2	137.5
Average daily production (BOE/d)	**72,134**	72,966	72,588	72,428	46,282	39,638	31,914	26,010
% Oil and NGLs	**39%**	38%	37%	38%	32%	29%	28%	31%
Average realized price ($ per BOE)	**52.32**	65.92	49.35	44.48	34.31	26.71	24.12	18.89
Operating Netbacks (1)								
Before hedging ($ per BOE) (1)	**36.10**	45.56	33.73	30.00	22.16	17.43	15.31	10.49
After hedging ($ per BOE) (1)	**32.74**	37.47	26.94	23.36	18.79	16.89	14.28	9.59

(1) "Funds from Operations", "Capital Expenditures" and "Operating Netbacks" 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 in June 2020 for total consideration of $108.8 million (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. Spartan completed the Bellatrix Corporate Acquisition in the third quarter of 2022, adding a deferred income tax asset of $143.9 million in exchange for cash consideration of $6.0 million.

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. During the second quarter of 2022, global crude oil prices rose to the highest levels since 2014 and continue to be strong in the third quarter of 2022. 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 three quarters of 2022 was relatively flat as new drilling offset downtime due to turnarounds as well as production declines compared to the fourth quarter of 2021.

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, turnarounds performed in 2022, as well as inflationary pressures due to higher industry activity levels. Operating Netbacks softened in the third quarter as benchmark pricing has decreased from the peak seen in the second quarter of 2022, partly offset by lower royalties and operating expenses. Spartan's net income includes a gain of $35.7 million on the Inception Acquisition in the first quarter of 2021, $89.0 million on the Velvet Acquisition in the third quarter of 2021 and $3.1 million on the Ferrier Acquisition in the third quarter of 2021. Additionally, net income for the third quarter of 2022 includes a deferred tax recovery of $137.9 million recognized in connection with the Bellatrix Corporate Acquisition.

Unrealized changes in the fair value of derivative financial instruments also contributed to significant fluctuations in net income each quarter. In particular, Spartan's net income includes an unrealized gain of $38.2 million and $38.1 million for the third and second quarters of 2022, respectively, as compared to an unrealized loss of $48.3 million in the first quarter of 2022.

The 2021 Acquisitions were financed through of combination of cash provided by operating activities, equity offerings and long-term debt. 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 and newly adopted accounting policies applied by the Company are described in note 3 of the Interim Financial Statements as at September 30, 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.

Asset Acquisitions

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

The impact of accounting for the Bellatrix Corporate Acquisition as an asset acquisition as opposed to a business combination under IFRS 3 resulted in recognition of a deferred tax asset of $143.9 million, with a corresponding deferred income tax recovery of $137.9 million in excess of the $6.0 million consideration paid.

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 September 30, 2022 requires that Spartan disclose in its interim MD&A any material weaknesses or changes in Spartan's Internal Controls over Financial Reporting ("**ICFR**") and Disclosure Controls and Procedures ("**DC&P**") that occurred during the period that have materially affected, or are reasonably likely to materially affect, Spartan's ICFR and DC&P. Spartan confirms that no material weaknesses were identified or such changes were made to its ICFR and DC&P during the three months ended September 30, 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 solely speculative purposes; the aggregate quantity hedged, at the time of entering into the contract, does not exceed 75% of future forecasted average daily production; and the contracted term does not exceed 36 months.

a) Commodity Price Risk

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

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

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

The following table illustrates the stand-alone impact of changes in specified benchmark prices and differentials on net income before income taxes, holding all other variables constant, of risk management contracts in place as at September 30, 2022:

(CA$ thousands)	Change in price / differential	Positive movement	Negative movement
NYMEX Henry Hub ("HH")	+/- US$ 0.25 per mmbtu	(4,731)	4,731
NYMEX HH-AECO 7A Basis [1]	+/- US$ 0.10 per mmbtu	(5,322)	5,322
CA$/US$ exchange rate	+/- $ 0.05	(205)	205

(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. For the first time since 2018, the Bank of Canada raised its benchmark interest rate by 25 basis points on March 2, 2022. Over the second and third quarters of 2022 the benchmark rate was increased by an additional 275 basis points. Further interest rate increases are anticipated over the next twelve months. The Company may use derivative financial instruments to manage interest rate risk, however there were no such contracts in place as at or during the period ended September 30, 2022.

Based on $150.0 million of long-term debt outstanding on the Term Facility at September 30, 2022, an increase in the market rate of interest by 50 basis points would increase annualized interest expense by approximately $0.8 million. The Company utilized Free Funds Flow to repay its bank debt, partially mitigating the risk of further interest rate increases.

c) Currency Risk

Currency risk is the risk that future cash flows will fluctuate as a result of changes in foreign exchange rates. All of the Company's crude oil and natural gas sales are conducted in Canada and the majority of Spartan's revenue is received in Canadian dollars. A portion of the Company's crude oil is marketed in U.S. dollars, however U.S. dollar revenues 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, the Company's commodity price risk management contracts settle in U.S. dollars.

The CA$/US$ exchange rate closed at 1.370 on September 30, 2022, up from 1.287 on June 30, 2022 and 1.266 on December 31, 2021. Although the CA$/US$ exchange rate is typically negatively correlated to the movement in WTI crude oil prices, during the nine months ended September 30, 2022 the Canadian dollar weakened relative to the U.S.

dollar despite WTI increasing by more than 15% since year-end. A weaker Canadian dollar has a positive impact on the Canadian dollar equivalent price Spartan receives, which compounds the impact on the Company's revenue due to higher benchmark oil prices. Should the Canadian dollar strengthen against the U.S. dollar, the impact of higher benchmark oil prices could be diminished, or alternatively a stronger Canadian dollar could heighten the impact of weakening benchmark oil prices.

Spartan may enter into foreign exchange risk management contracts from time-to-time to manage currency risk on the Company's U.S. dollar denominated cash flows. As at September 30, 2022, Spartan had contracted to fix the U.S. dollar exchange rate at $1.27 on a notional US$3.0 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 liability of $0.2 million at September 30, 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 September 30, 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 September 30, 2022, Spartan's expected credit loss provision is $1.7 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
MM	millions of dollars
mmbtu	one million British thermal units
mmcf	one million cubic feet
mmcf/d	one million cubic feet per day
nm	"not meaningful", generally with reference to a percentage change
NCL	non-capital losses
NGLs	natural gas liquids
NYMEX	New York Mercantile Exchange
Q1 2022	first quarter of 2022
Q2 2022	second quarter of 2022
Q3 2022	third quarter of 2022
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 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;
- Spartan's intentions to pay a special dividend and intentions with respect to the future return of capital, including the potential combination of share repurchases, base dividend payments and/or special dividend payments;
- estimates used to calculate the fair value of net assets acquired through business combinations, decommissioning obligations, and depletion and impairment of PP&E;
- expectations regarding the Bellatrix Corporate Acquisition, including the amount of available tax pools and the anticipated impact to Spartan's tax horizon;
- expectations of generating future taxable profits in order to realize deferred tax assets by utilizing available tax pools in the future, as well as the estimated amount of available tax pools;
- expectations regarding Spartan's position to withstand future commodity price volatility;
- the expectation that interest rates and borrowing costs will continue to increase over the next twelve months;
- 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 Bellatrix Corporate Acquisition and 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. Further, the ability of Spartan to pay the proposed special dividend and any future dividend payments and share buybacks, if any, will be subject to applicable laws (including the satisfaction of the solvency test contained in applicable corporate legislation) and contractual restrictions contained in the instruments governing its indebtedness, including its credit facility. Additional information on these and other factors that could affect the business, operations or financial results of Spartan are included in reports on file with applicable securities regulatory authorities, including (but not limited to) the AIF, which may be accessed on Spartan's SEDAR profile at www.sedar.com or on the Company's website at www.spartandeltacorp.com.

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