SPARTAN DELTA CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS

AS AT AND FOR THE THREE AND NINE MONTHS ENDED

SEPTEMBER 30, 2023 AND 2022

FINANCIAL AND OPERATING HIGHLIGHTS

(CA$ thousands, unless otherwise indicated)	Three months ended September 30 2023	2022	%	Nine months ended September 30 2023	2022	%
FINANCIAL HIGHLIGHTS						
Oil and gas sales	**81,878**	347,218	(76)	**566,937**	1,107,341	(49)
Net income and comprehensive income	**9,005**	285,250	(97)	**552,523**	528,167	5
$ per share, basic [3]	**0.05**	1.84	(97)	**3.21**	3.42	(6)
$ per share, diluted [3]	**0.05**	1.64	(97)	**3.19**	3.06	4
Cash provided by operating activities	**63,180**	221,161	(71)	**424,380**	595,008	(29)
Adjusted Funds Flow [2]	**63,875**	200,733	(68)	**369,451**	592,828	(38)
$ per share, basic [2][3]	**0.37**	1.29	(71)	**2.14**	3.84	(44)
$ per share, diluted [2][3]	**0.37**	1.15	(68)	**2.12**	3.41	(38)
Free Funds Flow [2]	**36,380**	124,346	(71)	**106,330**	317,821	(67)
Cash (provided by) used in investing activities	**42,501**	100,708	(58)	**(1,393,387)**	308,255	(552)
Capital Expenditures before A&D [2]	**27,495**	76,387	(64)	**263,121**	275,007	(4)
Adjusted Net Capital A&D [2]	**837**	5,893	(86)	**(1,702,858)**	4,952	nm
Total assets	**862,245**	1,964,638	(56)	**862,245**	1,964,638	(56)
Debt	**148,197**	144,608	2	**148,197**	144,608	2
Net Debt [2]	**64,513**	142,820	(55)	**64,513**	142,820	(55)
Net Debt to Annualized AFF Ratio [2]	**0.3X**	0.2X	50	**0.3X**	0.2X	50
Shareholders' equity	**318,328**	1,428,733	(78)	**318,328**	1,428,733	(78)
Common shares outstanding, end of period (000s) [3]	**173,201**	155,482	11	**173,201**	155,482	11
OPERATING HIGHLIGHTS						
Average daily production						
Crude oil (bbls/d)	**478**	13,874	(97)	**7,614**	12,728	(40)
Condensate (bbls/d) [1]	**1,653**	1,986	(17)	**2,300**	2,253	2
NGLs (bbls/d) [1]	**8,670**	12,354	(30)	**10,994**	12,564	(12)
Natural gas (mcf/d)	**160,301**	263,519	(39)	**224,992**	270,098	(17)
BOE/d	**37,518**	72,134	(48)	**58,407**	72,561	(20)
Average realized prices, before financial instruments						
Crude oil ($/bbl)	**115.85**	116.15	-	**100.18**	123.64	(19)
Condensate ($/bbl) [1]	**102.52**	111.27	(8)	**100.82**	122.94	(18)
NGLs ($/bbl) [1]	**30.21**	49.67	(39)	**34.78**	52.34	(34)
Natural gas ($/mcf)	**2.52**	5.04	(50)	**3.11**	5.73	(46)
Combined average ($/BOE)	**23.72**	52.32	(55)	**35.56**	55.90	(36)
Operating Netbacks ($/BOE) [2]						
Oil and gas sales	**23.72**	52.32	(55)	**35.56**	55.90	(36)
Processing and other revenue	**0.48**	0.34	41	**0.47**	0.33	42
Royalties	**(3.02)**	(4.89)	(38)	**(3.70)**	(6.15)	(40)
Operating expenses	**(5.39)**	(8.79)	(39)	**(7.46)**	(8.78)	(15)
Transportation expenses	**(1.71)**	(2.88)	(41)	**(2.50)**	(2.81)	(11)
Operating Netback, before hedging ($/BOE) [2]	**14.08**	36.10	(61)	**22.37**	38.49	(42)
Operating Netback, after hedging ($/BOE) [2]	**23.10**	32.74	(29)	**25.47**	32.41	(21)
Adjusted Funds Flow Netback ($/BOE) [2]	**18.51**	30.25	(39)	**23.17**	29.93	(23)

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

INTRODUCTION

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

The following Management’s Discussion and Analysis (“**MD&A**”) has been prepared by management as of November 7, 2023, in accordance with the requirements of National Instrument 51-102 - *Continuous Disclosure Requirements* ("**NI 51-102**"). This MD&A should be read in conjunction with the Company’s unaudited condensed consolidated interim financial statements as at and for the three and nine months ended September 30, 2023 (the “**Interim Financial Statements**”) and the audited consolidated annual financial statements and related notes for the years ended December 31, 2022 and 2021 (the “**2022 Annual Financial Statements**”). The information provided in this MD&A is not intended to be a comprehensive review of all matters and developments concerning the Company and is not a substitute for detailed investigation or analysis on any particular issue. Additional information relevant to the Company’s activities, including Spartan's Annual Information Form for the year ended December 31, 2022 (the "**AIF**"), can be found on SEDAR+ at www.sedarplus.ca and the Company’s website at www.spartandeltacorp.com.

Background on Current Corporate Transactions

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

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

Concurrent with the Asset Sale, Spartan also announced a spin-out transaction (the “**Spin-Out**”) of certain assets and associated liabilities (the “**Logan Assets**”) predominantly in the Pouce Coupe, Simonette and Flatrock areas to a wholly owned subsidiary, Logan Energy Corp. (“**Logan**”). The Logan Assets were transferred and conveyed to Logan from Spartan in consideration for one (1) common share of Logan (each, a “**Logan Share**”) and (1) purchase warrant of Logan per common share of Spartan (“**Spartan Share**”), and were distributed to eligible Spartan shareholders on July 6, 2023. On this date, Logan ceased to be a wholly-owned subsidiary. The purchase warrants distributed to Spartan shareholders entitled the holder to purchase one (1) Logan Share at an exercise price of $0.35 at any time on or before the close of business on July 31, 2023 (the “**Transaction Warrants**”). The expiry date was subsequently extended to August 14, 2023 to give financial intermediaries additional time to process and submit required documentation with respect to the exercise.

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

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

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

Unless otherwise noted, the financial information in this MD&A has been prepared in accordance with 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)	**2023**	2022	%	**2023**	2022	%
Oil and gas sales	**81,878**	347,218	(76)	**566,937**	1,107,341	(49)
Processing and other revenue	**1,647**	2,273	(28)	**7,531**	6,611	14
Royalties	**(10,425)**	(32,484)	(68)	**(58,997)**	(121,940)	(52)
Operating expenses	**(18,601)**	(58,313)	(68)	**(119,015)**	(173,915)	(32)
Transportation expenses	**(5,886)**	(19,104)	(69)	**(39,840)**	(55,644)	(28)
Operating Income, before hedging	**48,613**	239,590	(80)	**356,616**	762,453	(53)
Settlements on Commodity Derivative Contracts	**31,111**	(22,323)	(239)	**49,581**	(120,063)	(141)
Net Pipeline Transportation Margin	**-**	-	-	**-**	(354)	(100)
Operating Income, after hedging	**79,724**	217,267	(63)	**406,197**	642,036	(37)
Production (BOE)	**3,451,539**	6,636,309	(48)	**15,944,984**	19,809,118	(20)
Operating Netback, before hedging ($/BOE)	**14.08**	36.10	(61)	**22.37**	38.49	(42)
Operating Netback, after hedging ($/BOE)	**23.10**	32.74	(29)	**25.47**	32.41	(21)

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

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/dispositions and deducting lease payments from Funds from Operations. Spartan utilizes Adjusted Funds Flow as a key performance measure in the Company's annual financial forecasts and public guidance. Transaction costs, which primarily include legal and financial advisory fees, regulatory and other expenses directly attributable to execution of acquisitions or dispositions, are added back because the Company's definition of Free Funds Flow excludes capital expenditures related to acquisitions and dispositions ("**A&D**"). For greater clarity, incremental overhead expenses related to ongoing integration and restructuring post-acquisition are not adjusted and are included in Spartan's general and administrative expenses. Spartan does not include lease liabilities in its definition of Net Debt (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 current and 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)	**2023**	2022	%	**2023**	2022	%
Cash provided by operating activities	**63,180**	221,161	(71)	**424,380**	595,008	(29)
Change in non-cash operating working capital	**3,097**	(18,365)	(117)	**(66,433)**	4,475	nm
Funds from Operations	**66,277**	202,796	(67)	**357,947**	599,483	(40)
Add back: transaction costs	**-**	162	(100)	**18,804**	186	nm
Deduct: lease payments	**(2,402)**	(2,225)	8	**(7,300)**	(6,841)	7
Adjusted Funds Flow	**63,875**	200,733	(68)	**369,451**	592,828	(38)
Deduct: Capital Expenditures before A&D (1)	**(27,495)**	(76,387)	(64)	**(263,121)**	(275,007)	(4)
Free Funds Flow	**36,380**	124,346	(71)	**106,330**	317,821	(67)

(1) Includes capital expenditures on exploration and evaluation assets and property, plant and equipment, see page 8.

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

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

The table below outlines the calculation of AFF per share:

	Three months ended September 30			Nine months ended September 30		
(CA$ thousands, except for share amounts)	**2023**	2022	%	**2023**	2022	%
Adjusted Funds Flow	**63,875**	200,733	(68)	**369,451**	592,828	(38)
WA Shares outstanding (000s) – basic	**173,201**	155,412	11	**172,302**	154,562	11
WA Shares outstanding (000s) – diluted AFF	**174,301**	175,012	-	**174,423**	174,059	-
AFF per share						
Basic ($ per common share)	**0.37**	1.29	(71)	**2.14**	3.84	(44)
Diluted ($ per common share)	**0.37**	1.15	(68)	**2.12**	3.41	(38)

Net Debt (Surplus) and Adjusted Working Capital

Throughout this MD&A, references to "**Net Debt**" or "**Net Surplus**" includes current and 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 current debt. As at September 30, 2023 and December 31, 2022, the Adjusted Working Capital (surplus) deficit includes cash and cash equivalents, Restricted Cash (defined herein), accounts receivable, prepaid expenses and deposits, other current assets, accounts payable and accrued liabilities, dividends payable, share-based compensation liability, and the current portion of decommissioning obligations (see also, "Capital Resources and Liquidity").

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

(CA$ thousands)	**September 30, 2023**	December 31, 2022
Current assets	**(370,295)**	(309,008)
Current liabilities	**426,935**	278,627
Working capital deficit (surplus)	**56,640**	(30,381)
Adjusted for current portion of:		
Derivative financial instrument assets	**19,005**	33,845
Derivative financial instrument liabilities	**(1,252)**	(818)
Lease liabilities	**(9,880)**	(9,450)
Current debt	**(148,197)**	-
Adjusted Working Capital surplus	**(83,684)**	(6,804)
Current debt	**148,197**	-
Long-term debt	**-**	145,180
Net Debt	**64,513**	138,376

In addition, Spartan has various lease contracts in place for compression equipment, facilities, office buildings and vehicles. The Company's total lease liability is $38.6 million as at September 30, 2023 (December 31, 2022 – $45.5 million), of which $9.9 million of the principal amount is expected to be settled within the next twelve months.

References to "**Cash Financing Expense (Income)**" includes interest and fees on current and long-term debt, net of interest income, and excludes financing costs related to lease liabilities and accretion of decommissioning obligations. Cash Financing Expense (Income) is a non-GAAP financial measure used by Spartan in its budget and public guidance as it corresponds to the Company's definition of Net Debt, however it should not be viewed as an alternative to total financing expense presented in accordance with IFRS.

Net Debt to Annualized AFF Ratio

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

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

(CA$ thousands, unless otherwise indicated)	**September 30, 2023**	December 31, 2022
Adjusted Funds Flow for the quarter	**63,875**	232,839
Less: Cashflow adjustment for dispositions (1)	**(219)**	-
Less: Other income – gain on construction project (1)	**-**	(14,315)
Adjusted Funds Flow for the quarter, normalized	**63,656**	218,524
Factor to Annualize	**4**	4
Annualized Adjusted Funds Flow (2)	**254,624**	874,096
Net Debt	**64,513**	138,376
Annualized Adjusted Funds Flow (2)	**254,624**	874,096
Net Debt to Annualized AFF Ratio	**0.3X**	0.2X

(1) The calculation of Adjusted Funds Flow has been normalized for the gain of $14.3 million recognized on completion of an infrastructure construction project during the fourth quarter of 2022 as well as the cashflow associated with the assets sold in the third quarter of 2023.

(2) The Annualized Adjusted Funds Flow reflects ongoing operations for the three months ended September 30, 2023 multiplied by a factor of 4.

Capital Expenditures

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

	Three months ended September 30		Nine months ended September 30	
(CA$ thousands)	**2023**	2022	**2023**	2022
Exploration and evaluation assets	**349**	2,884	**11,036**	5,328
Property, plant and equipment	**27,146**	73,503	**252,085**	269,679
Capital Expenditures before A&D	**27,495**	76,387	**263,121**	275,007
Acquisitions	**951**	6,000	**1,876**	5,903
Dispositions	**(114)**	(107)	**(1,704,734)**	(951)
Capital Expenditures (Dispositions)	**28,332**	82,280	**(1,439,737)**	279,959
Change in non-cash investing working capital	**14,169**	18,428	**46,350**	28,296
Cash used in (provided by) investing activities	**42,501**	100,708	**(1,393,387)**	308,255

Adjusted Net Capital A&D

"**Adjusted Net Capital A&D**" 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.

The most directly comparable GAAP measures are acquisition costs and disposition proceeds included as components of cash used in investing activities, as outlined above. The following table details the calculations of "Adjusted Net Capital Acquisitions (Dispositions)", using acquisition costs as the starting point:

	Three months ended September 30		Nine months ended September 30	
(CA$ thousands)	**2023**	2022	**2023**	2022
Acquisitions (1)	**951**	6,000	**1,876**	5,903
Less: Dispositions (2)	**(114)**	(107)	**(1,704,734)**	(951)
Adjusted Net Capital A&D	**837**	5,893	**(1,702,858)**	4,952

(1) The nine months 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.

(2) Dispositions for 2023 primarily relate to the Asset Sale which resulted in $1.7 billion of cash proceeds.

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.

REPOSITIONING PROCESS

On March 28, 2023, Spartan announced the conclusion to its Repositioning Process. This process resulted in two transactions which together divests the Company's Montney oil assets. These two transactions include the:

- Asset Sale: a definitive purchase and sale agreement with Crescent Point which provided for the sale of the Company's Gold Creek and Karr Montney properties for cash consideration of $1.7 billion, before customary closing adjustments which resulted in a $544.3 million gain on sale of assets. As a result of the Asset Sale, the Company paid a $9.50 cash dividend per common share of Spartan from the cash proceeds of the Asset Sale.
- Spin-Out: concurrent with the Asset Sale, Spartan also announced a spin-out transaction of the Logan Assets predominantly in the Pouce Coupe, Simonette and Flatrock areas to a wholly owned subsidiary, Logan. The Logan Assets were transferred and conveyed to Logan from Spartan in consideration for one (1) Logan Share per Spartan Share and one (1) Transaction Warrant and was distributed to eligible Spartan shareholders on July 6, 2023. After conveyance, Logan ceased to be a wholly owned subsidiary.

In connection with the closing of the Asset Sale, the Company amended its Credit Facility (defined herein) pursuant to which the authorized borrowing amount was reduced to $250.0 million. The Company also amended its Term Facility (defined herein) and agreed with the lender to an early repayment on December 29, 2023 of the outstanding Term Facility. Contemporaneous with the Asset Sale and Spin-Out, the Spartan Board approved the accelerated vesting of all outstanding RSAs and outstanding options, conditional upon the closing of the Asset Sale. The Board also announced its intention to cash settle all RSAs granted under the plan. As a result, all RSAs as at May 10, 2023 became cash-settled awards. All subsequent RSA issuances are intended to be equity-settled.

THIRD QUARTER 2023 HIGHLIGHTS

Spartan is pleased to report its financial and operating results for the third quarter of 2023.

- Spartan successfully closed the Spin-Out of its remaining Montney assets to Logan.
- The Company's production decreased from 72,134 BOE/d in the third quarter of 2022 to 37,518 BOE/d in the third quarter of 2023. This decrease was primarily due to volumes associated with the assets disposed to Crescent Point and Logan in the Transactions.
- Spartan successfully executed a $27.5 million capital program in the third quarter of 2023, with specific focus placed on continued development across multiple horizons in the Deep Basin.
    - Spartan drilled 5.0 net wells, completed 4.0 net wells and brought 6.0 net wells on production.
- As a result of reduced volumes associated with the Asset Sale and Spin-Out and reduced commodity prices, oil and gas sales revenue decreased by 76% to $81.9 million in the third quarter of 2023 compared to $347.2 million in the third quarter of 2022.
- Spartan reported net income of $9.0 million ($0.05 per share, diluted) in the third quarter of 2023, down 97% from $285.3 million ($1.64 per share, diluted) in the third quarter of 2022. The decrease in net income over the comparative period was primarily driven by reduced volumes resulting from the Transactions in combination with lower commodity prices and an acceleration of stock-based compensation following the Asset Sale.
- The Company's operations generated Adjusted Funds Flow of $63.9 million ($0.37 per share, diluted) in the third quarter of 2023, down 68% from $200.7 million ($1.15 per share, diluted) in the third quarter of 2022. Cash provided by operating activities decreased to $63.2 million in the third quarter of 2023 from $221.2 million in the third quarter of 2022. These decreases over the comparative period are primarily the result of reduced production due to the Transactions and reduced commodity prices.
- Spartan generated Free Funds Flow of $36.4 million in the third quarter of 2023, down 71% from $124.3 million in the third quarter of 2022. This decrease over the comparative period is primarily the result of reduced production due to the Transactions in combination with reduced commodity prices.

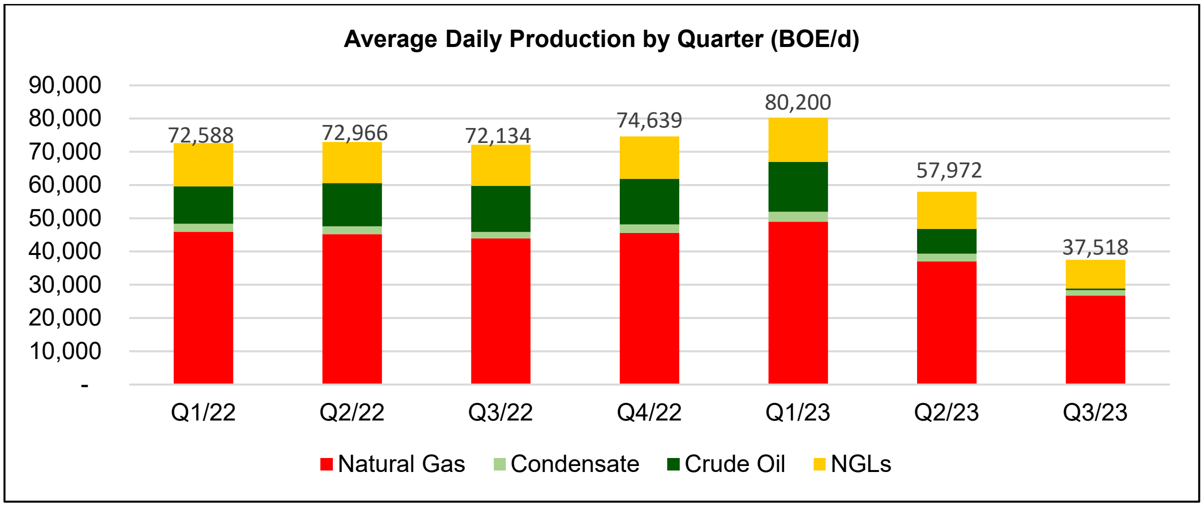
RESULTS OF OPERATIONS

PRODUCTION

	Three months ended September 30			Nine months ended September 30		
Average daily production	**2023**	2022	%	**2023**	2022	%
Crude oil (bbls/d)	**478**	13,874	(97)	**7,614**	12,728	(40)
Condensate (bbls/d)	**1,653**	1,986	(17)	**2,300**	2,253	2
NGLs (bbls/d)	**8,670**	12,354	(30)	**10,994**	12,564	(12)
Natural gas (mcf/d)	**160,301**	263,519	(39)	**224,992**	270,098	(17)
Combined average (BOE/d)	**37,518**	72,134	(48)	**58,407**	72,561	(20)
% Liquids	**29%**	39%	(26)	**36%**	38%	(5)

Production averaged 37,518 BOE per day during the third quarter of 2023, down 48% from the average production of 72,134 BOE per day in the third quarter of 2022. For the nine months ended September 30, 2023, production decreased by 20% from 72,561 BOE per day in 2022 to 58,407 BOE per day in 2023. Organic growth through the Company's Deep Basin and Montney drilling programs were more than offset by reduced volumes resulting from the Transactions leading to an overall volume reduction in the three and nine months ended September 30, 2023.

Spartan brought on production 6 (6.0 net) wells in the Deep Basin during the three months ended September 30, 2023.

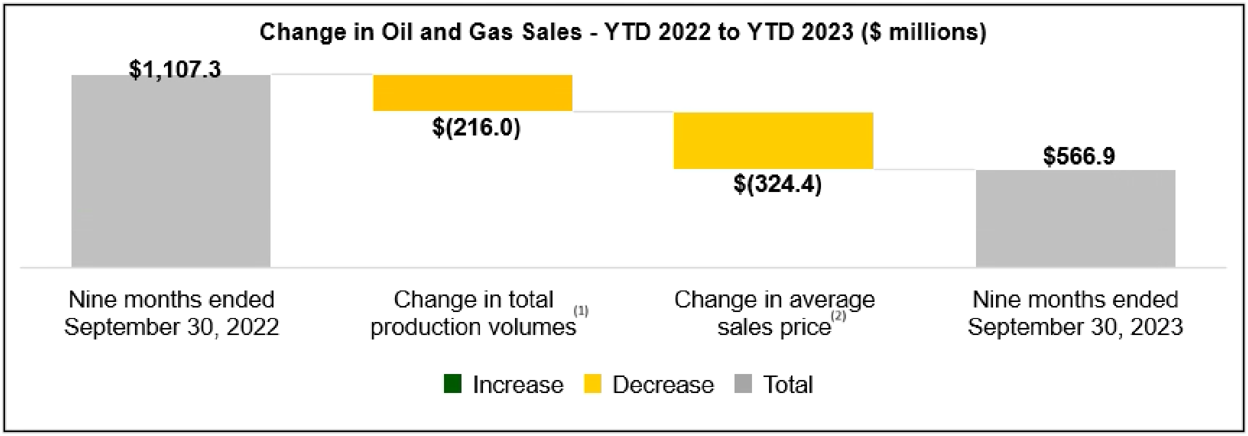


OIL AND GAS SALES

	Three months ended September 30			Nine months ended September 30		
(CA$ thousands, unless otherwise indicated)	**2023**	2022	%	**2023**	2022	%
Oil and gas sales, before royalties						
Crude oil	**5,092**	148,262	(97)	**208,225**	429,588	(52)
Condensate	**15,586**	20,329	(23)	**63,310**	75,624	(16)
NGLs	**24,093**	56,457	(57)	**104,397**	179,513	(42)
Natural gas	**37,107**	122,170	(70)	**191,005**	422,616	(55)
Oil and gas sales, before royalties	**81,878**	347,218	(76)	**566,937**	1,107,341	(49)
Average realized prices, before financial instruments						
Crude oil ($/bbl)	**115.85**	116.15	-	**100.18**	123.64	(19)
Condensate ($/bbl)	**102.52**	111.27	(8)	**100.82**	122.94	(18)
NGLs ($/bbl)	**30.21**	49.67	(39)	**34.78**	52.34	(34)
Natural gas ($/mcf)	**2.52**	5.04	(50)	**3.11**	5.73	(46)
Combined average ($/BOE)	**23.72**	52.32	(55)	**35.56**	55.90	(36)
Average realized prices, after financial instruments(1)						
Crude oil ($/bbl)	**115.85**	116.15	-	**100.18**	108.68	(8)
Condensate ($/bbl)	**102.52**	111.27	(8)	**100.82**	122.94	(18)
NGLs ($/bbl)	**30.21**	49.67	(39)	**34.78**	52.34	(34)
Natural gas ($/mcf)	**4.63**	4.12	12	**3.92**	4.81	(19)
Combined average ($/BOE)	**32.73**	48.96	(33)	**38.67**	49.84	(22)

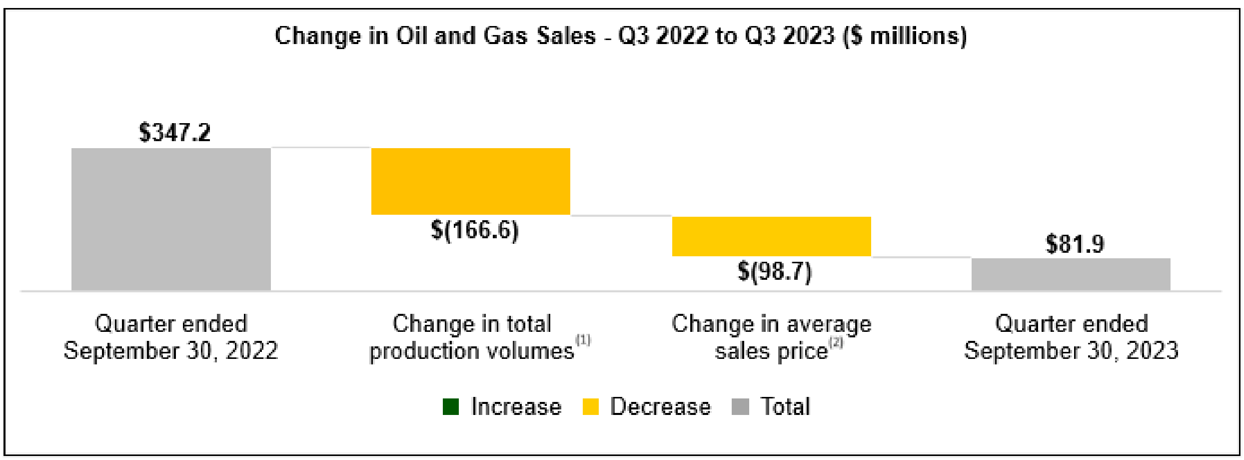
(1) "Average realized prices, after financial instruments" are calculated as oil and gas sales, before royalties, after Settlements on Commodity Derivative Contracts, divided by total production by product type. Additional information is provided under the heading "Commodity Price Risk Management".

Oil and gas sales for the nine months ended September 30, 2023 was $566.9 million, down 49% from $1.1 billion in the comparative period. The decrease in oil and gas sales were driven by reduced volumes resulting from the Asset Sale and Spin-Out, and softening commodity prices. Spartan's combined average realized price of $35.56 per BOE ($38.67 per BOE after financial instruments) for the first nine months of 2023 is 36% lower than the average price of $55.90 per BOE ($49.84 per BOE after financial instruments) in the first nine months of 2022.



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

Oil and gas sales for the three months ended September 30, 2023 were $81.9 million down 76% from $347.2 million in the comparative period. The decrease in oil and gas sales were driven by reduced volumes resulting from the Asset Sale and Spin-Out, and softening commodity prices. Spartan's combined average realized price of $23.72 per BOE ($32.73 per BOE after financial instruments) for the three months ended September 30, 2023 is 55% lower than the average price of $52.32 per BOE ($48.96 per BOE after financial instruments) for the three months ended September 30, 2022. This drop in price was driven by a decrease in benchmark prices and due to 2023 production being more heavily weighted to natural gas.



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

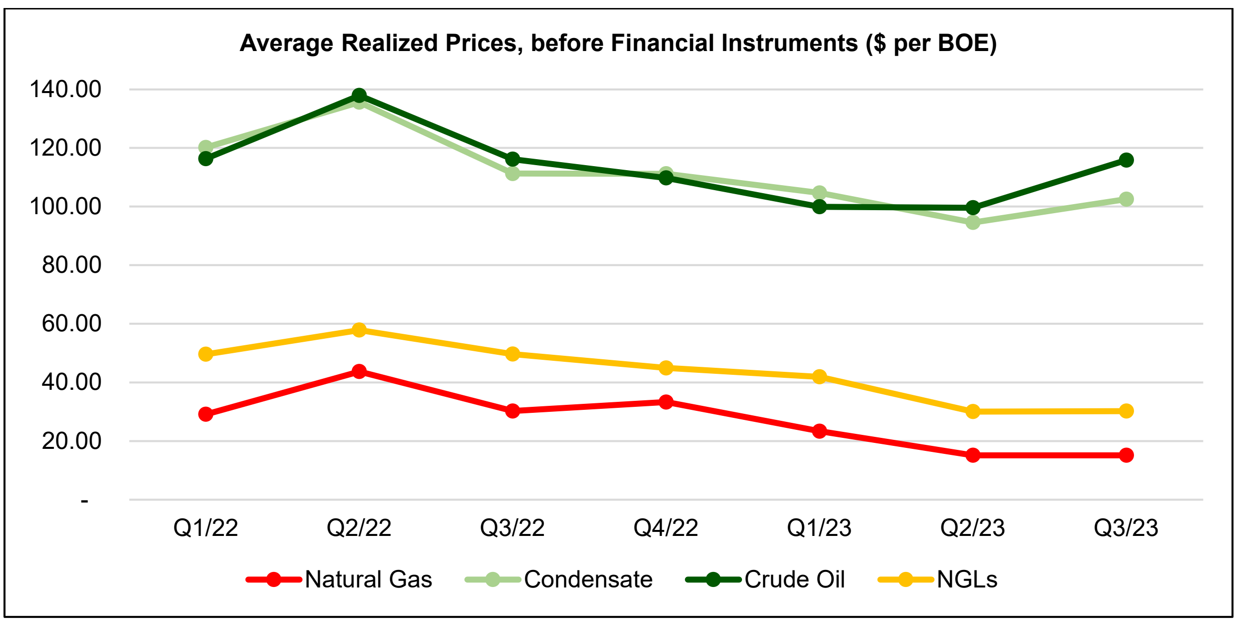
Additionally, cash settlements on commodity derivative contracts changed from a $22.3 million ($3.36 per BOE) loss in the third quarter of 2022 to a $31.1 million ($9.02 per BOE) gain in the third quarter of 2023, primarily driven by the softening of natural gas prices during 2023 (see also, "Commodity Price Risk Management").

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

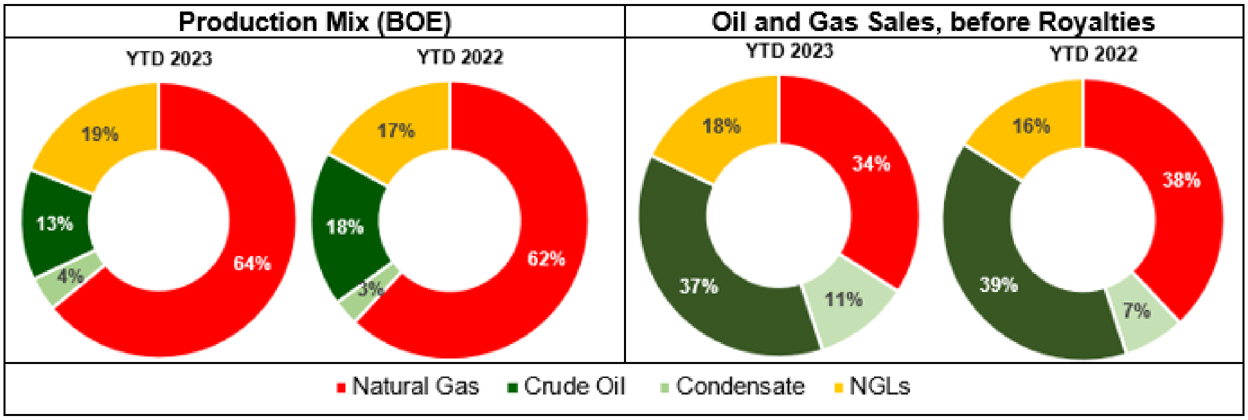
	Three months ended September 30			Nine months ended September 30		
Benchmark commodity prices	**2023**	2022	%	**2023**	2022	%
WTI Cushing Oklahoma (US$/bbl) (1)	**82.26**	91.56	(10)	**77.40**	98.09	(21)
WTI Cushing Oklahoma (CA$/bbl) (2)	**110.41**	119.48	(8)	**104.14**	125.79	(17)
Mixed Sweet Blend ("MSW") (CA$/bbl) (3)	**107.92**	116.80	(8)	**100.68**	123.43	(18)
Conway propane (US$/gallon) (4)	**0.68**	1.08	(37)	**0.72**	1.20	(40)
NYMEX Henry Hub (US$/mmbtu) (5)	**2.55**	8.20	(69)	**2.69**	6.77	(60)
NYMEX - AECO 7A Basis (US$/mmbtu)	**(0.77)**	(3.74)	(79)	**(0.45)**	(2.44)	(82)
AECO 7A (CA$/GJ) (6)	**2.26**	5.50	(59)	**2.87**	5.27	(46)
AECO 5A (CA$/GJ) (7)	**2.46**	3.95	(38)	**2.61**	5.10	(49)
Exchange rate (US$/CA$) (1)	**1.34**	1.31	2	**1.35**	1.28	5

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

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



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

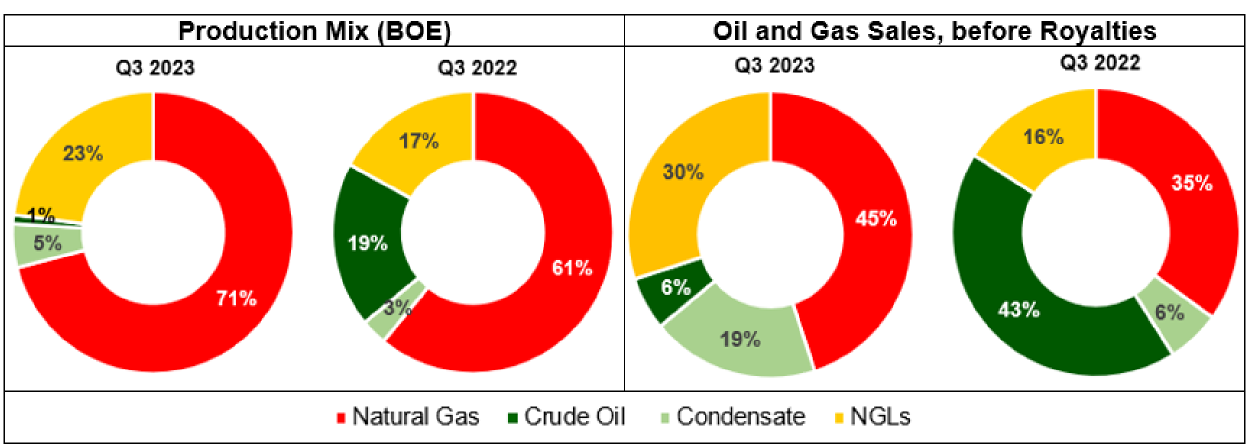


For the first nine months of 2023, natural gas represented 64% of total production volumes and contributed to $191.0 million (34%) of total sales revenue. Spartan's realized natural gas price for the first nine months of 2023 of $3.11/mcf decreased by 46% from $5.73/mcf in the first nine months of 2022. The decrease in the Company's realized natural gas price is in line with the weighted average change in AECO 5A and 7A reference prices (sales were approximately 45/55 weighted to AECO 5A/7A pricing in the first nine months of 2023 and approximately 60/40 weighted to 5A/7A pricing in the first nine months of 2022).

Together, crude oil and condensate represented 17% of production and contributed to $271.5 million (48%) of Spartan's total sales revenue during the first nine months of 2023. Spartan realized an average price for its crude oil and condensate sales of $100.33 per barrel during the first nine months of 2023, down 19% compared to the average price of $123.53 per barrel in the first nine months of 2022, in line with the 18% decrease in MSW benchmark pricing over the comparative period.

NGLs (excluding condensate) were 19% of Spartan's total production volumes in the first nine months of 2023 and contributed $104.4 million (18%) of Spartan's total sales revenue. The Company reported an average NGL sales price of $34.78 per barrel in the first nine months of 2023, down 34% from $52.34 per barrel in the first nine months of 2022. The Conway propane benchmark price decreased by 40% from US$1.20/gallon in the first nine months of 2022 to US$0.72/gallon in the first nine months of 2023. Actual NGL prices declined consistently with decreases in benchmark pricing.

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



For the third quarter of 2023, natural gas represented 71% of total production volumes and contributed to $37.1 million (45%) of total sales revenue. Spartan's realized natural gas price for the third quarter of 2023 of $2.52/mcf decreased by 50% from $5.04/mcf in the third quarter of 2022. The decrease in the Company's realized natural gas price over the comparative period in 2022 is in line with the weighted average change in AECO 5A and 7A reference prices (sales were approximately 40/60 weighted to AECO 5A/7A pricing in the third quarter of 2023 and approximately 60/40 weighted to 5A/7A pricing in the third quarter of 2022).

Together, crude oil and condensate represented 6% of production and contributed to $20.7 million (25%) of Spartan's total sales revenue during third quarter of 2023. Spartan realized an average price for its crude oil and condensate sales of $105.51 per barrel during the third quarter of 2023, down 9% compared to the average price of $115.54 per barrel in the third quarter of 2022, in-line with the 8% decrease in MSW benchmark pricing over the comparative period.

NGLs (excluding condensate) were 23% of Spartan's total production volumes in the third quarter of 2023 and contributed $24.1 million (30%) of Spartan's total sales revenue. The Company reported an average NGL sales price of $30.21 per barrel in the third quarter of 2023, down 39% from $49.67 per barrel in the third quarter of 2022. The Conway propane benchmark price decreased by 37% from US$1.08/gallon in the third quarter of 2022 to US$0.68/gallon in the third quarter of 2023, in addition to an 8% decrease in CDN$ WTI benchmark pricing over the same period.

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, 2023:

	Natural Gas (1)					
	NYMEX Henry Hub Swaps (2)		NYMEX – AECO 7A Basis Swaps – Short (2)		AECO 7A Swaps (3)	
Period	Volume mmbtu/d	US$/ mmbtu	Volume mmbtu/d	US$/ mmbtu	Volume GJ/d	CA$/ GJ
Q4 2023	85,000	$4.74	85,000	($1.08)	6,739	$4.00
Q2 2024	-	-	30,000	($0.99)	-	-

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

During the third quarter of 2023, Spartan rebalanced its AECO 7A swaps by entering into new agreements with existing counterparties to settle 35,000 GJ/d at a range of fixed prices between $2.203/GJ - $2.235/GJ over the August, September & October timeframe. This rebalancing resulted in cash settlements of $5.7 million, with the realized gain of $5.7 million recorded in Q3 2023. As at September 30, 2023, $1.9 million is included in accounts receivable.

Subsequent to September 30, 2023, Spartan entered into new agreements to hedge 25,000 GJ/d of AECO 7A swaps for the full year of 2024 at a strike price of CA$3.01/GJ and restructured 25,000 mmbtu/d of the Q2 2024 NYMEX – AECO 7A Basis Swaps – Short position.

The table below summarizes average prices and notional volumes contracted under the Company's outstanding financial derivative contracts as of the date of this MD&A, November 7, 2023:

	Natural Gas (1)					
	NYMEX Henry Hub Swaps (2)		NYMEX – AECO 7A Basis Swaps – Short (2)		AECO 7A Swaps (3)	
Period	Volume mmbtu/d	US$/ mmbtu	Volume mmbtu/d	US$/ mmbtu	Volume GJ/d	CA$/ GJ
Q4 2023	85,000	$4.74	85,000	($1.08)	6,739	$4.00
Q1 2024	-	-	-	-	25,000	$3.01
Q2 2024	-	-	5,000	($1.00)	25,000	$3.01
Q3 2024	-	-	-	-	25,000	$3.01
Q4 2024	-	-	-	-	25,000	$3.01

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

The fair value of outstanding risk management contracts resulted in a net derivative financial instrument asset of $17.8 million at September 30, 2023, compared to a net asset of $33.0 million at December 31, 2022. The fair values and gains or losses by contract type are summarized below for the nine months ended September 30, 2023:

Derivative Financial Instruments (1)

(CA$ thousands)	AECO 7A	NYMEX Henry Hub	AECO Basis	Foreign exchange	Total
Fair value asset (liability) at September 30, 2023	**1,012**	**17,993**	**(859)**	**(393)**	**17,753**
Fair value asset (liability) at December 31, 2022	10,659	11,473	11,713	(818)	33,027
Net change	(9,647)	6,520	(12,572)	425	(15,274)
Settlements of acquired derivative liabilities	-	(2,846)	(8,298)	-	(11,144)
Unrealized gain (loss)	(9,647)	3,674	(20,870)	425	(26,418)
Realized gain (loss)	20,133	52,877	(11,916)	(369)	60,725
Gain (loss) on derivative financial instruments	**10,486**	**56,551**	**(32,786)**	**56**	**34,307**

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

Spartan recognized a total gain on derivative financial instruments of $34.3 million during the nine months ended September 30, 2023, comprised of $60.7 million of realized gains and $26.4 million of unrealized losses on the change in fair value of outstanding contracts during the period. The forward price curves for 2023 for both AECO 7A and NYMEX Henry Hub softened as at September 30, 2023, contributing to the gains during the first nine months of 2023 and the resulting derivative financial instrument asset at period-end.

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

	Three months ended September 30			Nine months ended September 30		
(CA$ thousands)	**2023**	2022	%	**2023**	2022	%
Realized gain (loss)	**33,903**	(17,021)	(299)	**60,725**	(80,055)	(176)
Unrealized gain (loss)	**(31,132)**	38,172	(182)	**(26,418)**	28,001	(194)
Gain (loss) on derivative financial instruments	**2,771**	21,151	(87)	**34,307**	(52,054)	(166)

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

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

	Three months ended September 30			Nine months ended September 30		
(CA$ thousands)	**2023**	2022	%	**2023**	2022	%
Crude oil	**-**	-	-	**-**	(51,975)	(100)
Natural gas	**31,111**	(22,323)	(239)	**49,581**	(68,088)	(173)
Settlement of Commodity Derivative Contracts	**31,111**	(22,323)	(239)	**49,581**	(120,063)	(141)
Less: Settlement of acquired liabilities	**2,792**	5,302	(47)	**11,144**	40,008	(72)
Realized gain (loss)	**33,903**	(17,021)	(299)	**60,725**	(80,055)	(176)
Settlement of Commodity Derivative Contracts ($ per BOE)	**9.02**	(3.36)	(368)	**3.10**	(6.06)	(151)
Realized gain (loss) ($ per BOE)	**9.82**	(2.56)	(484)	**3.81**	(4.04)	(194)

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

ROYALTIES

	Three months ended September 30			Nine months ended September 30		
(CA$ thousands, unless otherwise indicated)	**2023**	2022	%	**2023**	2022	%
Gross royalties, before GCA	**14,209**	39,382	(64)	**76,466**	142,627	(46)
Gas cost allowance (“GCA”)	**(3,784)**	(6,898)	(45)	**(17,469)**	(20,687)	(16)
Royalties	**10,425**	32,484	(68)	**58,997**	121,940	(52)
$ per BOE	**3.02**	4.89	(38)	**3.70**	6.15	(40)
Average royalty rate (% of sales)	**12.7%**	9.4%	35	**10.4%**	11.0%	(5)

Total royalties for the three and nine months ended September 30, 2023 of $10.4 million and $59.0 million, respectively, have decreased relative to the same periods in 2022 primarily as a result of reduced volumes resulting from the Asset Sale and Spin-Out.

The Company’s GCA for the three months ended September 30, 2023 decreased from the prior period due to lower gas prices and lower production. The Company’s GCA for the nine months ended September 30, 2023 decreased over the prior periods due to lower gas prices, lower production, and due to an application to extend the useful life of mulitiple gas processing facilities, partially offset by favourable adjustments to GCA resulting from a 2022 reassessment.

Spartan’s average royalty rate of 12.7% for the three months ended September 30, 2023 increased from the average royalty rate of 9.4% in the comparative period primarily as a result of wells coming off of incentive rates for new wells under the Alberta Modern Royalty Framework (“AMRF”). Incentive rates for new wells under the AMRF are a reduced flat rate of 5% applicable to new wells which is in effect for a finite period after a well comes on production. In addition, as a result of the Transactions, the Company’s primary oil, condensate and NGL wells producing under incentive rates were disposed of leading to increased average oil and condensate royalty rates on the Company’s remaining legacy production.

Spartan’s average royalty rate of 10.4% for the nine months ended September 30, 2023, decreased from the average royalty rate of 11.0% in the comparative period due to decreased commodity prices and a favourable GCA recovery which led to an aggregate of $2.1 million in favourable adjustments from prior period royalties. This more than offset the effect of wells coming off of incentive rates for new wells and higher royalty rates on oil, condensate and NGLs after the Transactions.

PROCESSING AND OTHER REVENUE

	Three months ended September 30			Nine months ended September 30		
(CA$ thousands, unless otherwise indicated)	**2023**	2022	%	**2023**	2022	%
Processing and other	**1,647**	2,273	(28)	**7,531**	6,611	14
$ per BOE	**0.48**	0.34	41	**0.47**	0.33	42

Processing and other revenue primarily relates to gas processing and other fees earned on third party volumes processed through the Company's facilities. Processing and other revenue per BOE increased relative to the three and nine months ended September 30, 2022 primarily due to decreased volumes following the Transactions.

OPERATING EXPENSES

	Three months ended September 30			Nine months ended September 30		
(CA$ thousands, unless otherwise indicated)	**2023**	2022	%	**2023**	2022	%
Operating expenses	**18,601**	58,313	(68)	**119,015**	173,915	(32)
$ per BOE	**5.39**	8.79	(39)	**7.46**	8.78	(15)

Operating expenses were $18.6 million ($5.39 per BOE) and $119.0 million ($7.46 per BOE), respectively, for the three and nine months ended September 30, 2023, down from $58.3 million ($8.79 per BOE) and $173.9 million ($8.78 per BOE), respectively, in the comparative periods due to decreased production levels resulting from the Transactions and lower operating expenses per BOE associated with Spartan's remaining assets. Operating expenses per BOE decreased primarily as a result of the change in Spartan's product mix after closing the Asset Sale as the remaining Deep Basin assets have lower operating costs, and due to the comparative periods being affected by both operated and non-operated workovers, maintenance and major facility turnarounds that added one-time costs to those periods.

Operating expenses for the three months ended September 30, 2023, includes $1.8 million of recoveries relating to prior year equalization payments and one-time accrual reversal adjustments related to the Asset Sale. These resulted in an overall reduction of $0.47/BOE for the quarter.

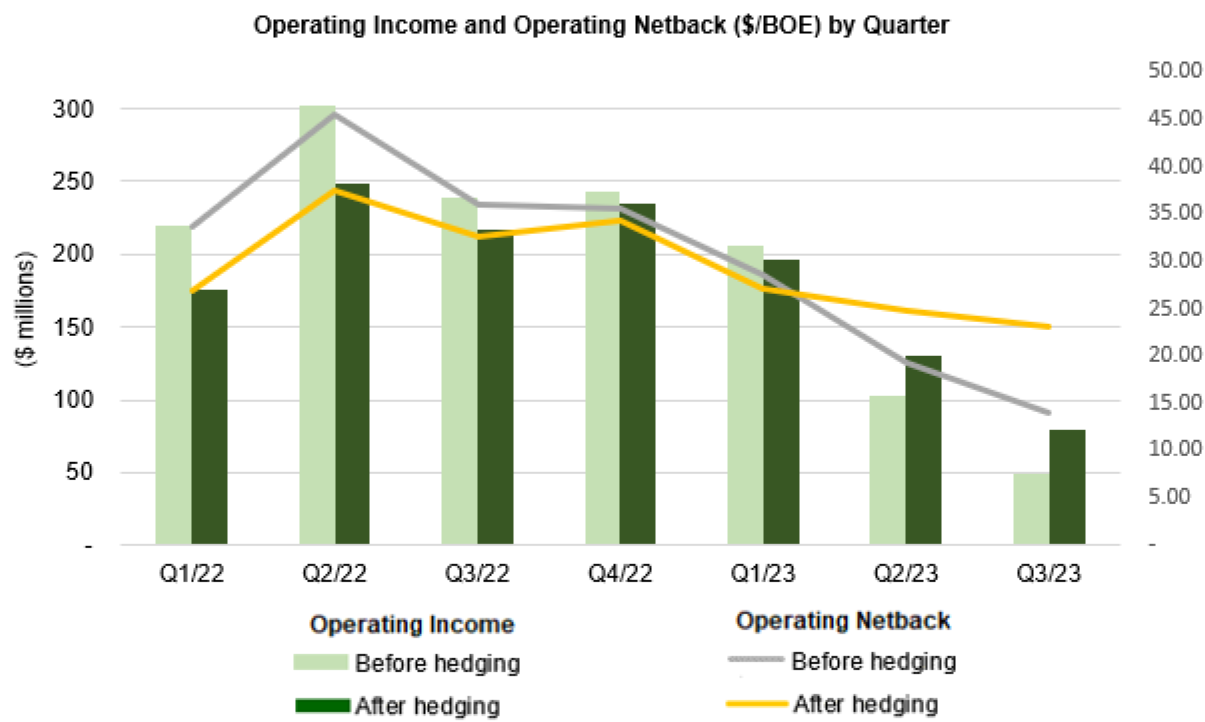
TRANSPORTATION EXPENSES

	Three months ended September 30			Nine months ended September 30		
(CA$ thousands, unless otherwise indicated)	**2023**	2022	%	**2023**	2022	%
Transportation expenses	**5,886**	19,104	(69)	**39,840**	55,644	(28)
$ per BOE	**1.71**	2.88	(41)	**2.50**	2.81	(11)

Transportation expenses of $5.9 million ($1.71 per BOE) and $39.8 million ($2.50 per BOE), respectively, for the three and nine months ended September 30, 2023 have decreased from $19.1 million ($2.88 per BOE) and $55.6 million ($2.81 per BOE), respectively, over the comparative periods, reflecting the decreases in production over the comparative periods of 48% and 20%, respectively. Transportation expense per BOE decreased over the comparative periods due to the Company's production mix being more heavily gas weighted after closing the Transactions as gas carries a lower cost of transportation as compared to oil.

OPERATING INCOME AND OPERATING NETBACKS

The Company's field operations generated $48.6 million of Operating Income before hedging during the three months ended September 30, 2023, down 80% from $239.6 million in the third quarter of 2022. Softening commodity prices and reduced production resulting from the Transactions were the primary drivers of the reduction in Operating Income over the comparative quarter. Reduced commodity prices had an inverse impact on operating income after hedging with a significant hedging gain in the current quarter compared to a loss in the comparative quarter. The chart below highlights the changes in Spartan's quarterly Operating Income and Operating Netbacks, before and after hedging, during 2022 and 2023:



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

	Three months ended September 30			Nine months ended September 30		
($ per BOE)	**2023**	2022	%	**2023**	2022	%
Oil and gas sales	**23.72**	52.32	(55)	**35.56**	55.90	(36)
Processing and other revenue	**0.48**	0.34	41	**0.47**	0.33	42
Royalties	**(3.02)**	(4.89)	(38)	**(3.70)**	(6.15)	(40)
Operating expenses	**(5.39)**	(8.79)	(39)	**(7.46)**	(8.78)	(15)
Transportation expenses	**(1.71)**	(2.88)	(41)	**(2.50)**	(2.81)	(11)
Operating Netback, before hedging	**14.08**	36.10	(61)	**22.37**	38.49	(42)
Settlements on Commodity Derivative Contracts	**9.02**	(3.36)	(368)	**3.10**	(6.06)	(151)
Net Pipeline Transportation Margin	**-**	-	-	**-**	(0.02)	(100)
Operating Netback, after hedging	**23.10**	32.74	(29)	**25.47**	32.41	(21)

Spartan's Operating Netback before hedging averaged $14.08 per BOE ($23.10 per BOE after hedging) and $22.37 ($25.47 per BOE after hedging), respectively, for the three and nine months ended September 30, 2023, down 61% and 42%, respectively, from the comparative periods. The reduction of Operating Netback, before hedging was primarily driven by softening commodity prices and a revision to the product mix which was partially offset by lower royalty rates and reduced operating and transportation expenses per BOE.

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

GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended September 30			Nine months ended September 30		
(CA$ thousands, unless otherwise indicated)	**2023**	2022	%	**2023**	2022	%
Salaries and benefits	**4,607**	7,663	(40)	**18,240**	19,430	(6)
Other G&A expenses	**2,560**	3,646	(30)	**8,656**	11,672	(26)
Change in expected credit loss provision	**7**	-	nm	**(95)**	590	(116)
Subtotal, before recoveries ("**Gross G&A**") (1)	**7,174**	11,309	(37)	**26,801**	31,692	(15)
Overhead recoveries	**(1,586)**	(4,066)	(61)	**(9,493)**	(10,610)	(11)
Capitalized G&A	**(400)**	(750)	(47)	**(1,872)**	(2,250)	(17)
G&A expenses ("**Net G&A**") (1)	**5,188**	6,493	(20)	**15,436**	18,832	(18)
Gross G&A ($ per BOE)	**2.08**	1.70	22	**1.68**	1.60	5
Net G&A ($ per BOE)	**1.50**	0.98	53	**0.97**	0.95	2

(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 $5.2 million ($1.50 per BOE) and $15.4 million ($0.97 per BOE), respectively, during the three and nine months ended September 30, 2023, decreasing from $6.5 million ($0.98 per BOE) and $18.8 million ($0.95 per BOE), respectively, in the corresponding periods of 2022. G&A decreased primarily due to lower activity levels following the Transactions.

G&A expenses are reported net of operating and capital overhead recoveries and capitalized G&A. Together, total overhead recoveries and capitalized G&A are $2.0 million and $11.4 million, respectively, for the three and nine months ended September 30, 2023, compared to $4.8 million and $12.9 million in the comparative periods of 2022. The decrease in overhead recoveries is relatively in line with the decrease in capital expenditures over the comparative periods.

SHARE-BASED COMPENSATION

	Three months ended September 30			Nine months ended September 30		
(CA$ thousands, unless otherwise indicated)	**2023**	2022	%	**2023**	2022	%
Stock options	**15**	662	(98)	**2,128**	2,297	(7)
Share awards	**4,364**	2,758	58	**25,733**	7,169	259
Capitalized share-based compensation (1)	**-**	(278)	(100)	**(480)**	(666)	(28)
Share-based compensation expense	**4,379**	3,142	39	**27,381**	8,800	211
$ per BOE	**1.27**	0.47	170	**1.72**	0.44	291

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

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

As part of the Company's long-term incentive ("**LTI**") plans, stock options and share awards may be granted to officers, directors, employees and consultants. During the first nine months of 2023, Spartan granted 1.2 million Equity Settled RSAs and 0.1 million stock options with an average exercise price of $4.32. During the first nine months of 2022, the Company granted 1.9 million RSAs and 0.8 million stock options with an average exercise price of $8.27 per share. As at September 30, 2023, there are 0.1 million stock options outstanding,1.2 million Equity Settled RSAs outstanding and 1.1 million Cash Settled RSAs that are expected to settle in December of 2023.

Share-based compensation ("**SBC**") expense is recognized over the three-year vesting period using graded amortization. SBC expense was $4.4 million and $27.4 million, respectively, for the three and nine months ended September 30, 2023, up $1.2 million and $18.6 million, respectively, over the corresponding periods of 2022. The increase in SBC for the three and nine months ended September 30, 2023 is primarily due to a revaluation of the SBC liability resulting from accelerated vesting which occurred contemporaneous with the Asset Sale ($nil and $5.2 million, respectively), mark-to-market adjustments of the share-based compensation liability from the modification date until the final exercise price was set on May 19, 2023 ($nil and $7.2 million, respectively), and recognition of the vested liability over accelerated period ($3.9 million and $14.5 million, respectively). Mark-to-market adjustments were required as the Company is settling all of its Cash Settled RSAs outstanding as of the acceleration date in cash which resulted in period specific revaluations based on changes in Spartan's volume weighted average trading price. All subsequent rewards are to be equity settled. New Equity Settled RSAs were issued in the current quarter and a total of $0.5 million of share-based compensation for the three and nine months ended September 30, 2023 were related to these new awards.

FINANCING

	Three months ended September 30			Nine months ended September 30		
(CA$ thousands, unless otherwise indicated)	**2023**	2022	%	**2023**	2022	%
Interest and fees on current and long-term debt	**10,318**	6,281	64	**27,482**	20,006	37
Interest income	**(5,202)**	(26)	nm	**(19,887)**	(29)	nm
Cash Financing Expense [(1)]	**5,116**	6,255	(18)	**7,595**	19,977	(62)
Financing cost of lease liabilities	**573**	698	(18)	**1,850**	2,195	(16)
Accretion of decommissioning obligations	**474**	981	(52)	**2,254**	2,544	(11)
Financing expense	**6,163**	7,934	(22)	**11,699**	24,716	(53)
Cash Financing Expenses ($ per BOE) [(1)]	**1.48**	0.94	57	**0.48**	1.01	(52)
Financing expense ($ per BOE)	**1.79**	1.20	49	**0.73**	1.25	(42)
Average debt outstanding in period [(2)]	**150,000**	185,319	(19)	**150,082**	307,895	(51)

(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 generated Free Funds Flow to significantly reduce its Net Debt to $64.5 million at September 30, 2023, down from $142.8 million at September 30, 2022. The Company's quarter-end Net Debt includes the $150.0 million principal amount of current debt outstanding on its Term Facility, offset by positive working capital.

Cash Financing Expense was $5.1 million ($1.48 per BOE) and $7.6 million ($0.48 per BOE), respectively, for the three and nine months ended September 30, 2023, compared to expenses of $6.3 million ($0.94 per BOE) and $20.0 million ($1.01 per BOE), respectively in the same periods of 2022. These changes reflect increased interest income and materially lower average debt levels resulting from the Q3 2022 repayment of the Company's bank debt, partially offset by higher borrowing costs driven by rising interest rates and amortization of the make-whole premium applied to the Company's Term Facility. Spartan earned $5.2 million and $19.9 million, respectively, of interest income on cash deposits during the three and nine months ended September 30, 2023 due to a higher cash balance than prior year, and due to proceeds of the Asset Sale being held in an interest bearing GIC and a high interest savings account until distributed. The Company renegotiated an early repayment of the Company's Term Facility which, for the three and nine months ended September 30, 2023, resulted in the accrual of a make-whole premium of $4.0 million and $8.0 million, respectively, leading to a higher effective interest rate.

The Company's cash deposits, GIC, and Credit Facility (defined herein) bear floating interest rates and Canadian benchmark interest rates have risen sharply in response to high inflation in 2022 and 2023. Over the first nine months of 2023 the Bank of Canada increased its benchmark interest rate by a total of 75 basis points. Over the course of

2022, the Bank of Canada increased its benchmark interest rate by a total of 400 basis points. (see also, "Risks and Uncertainties – Interest Rate Risk"). Additional information regarding the Company's debt and credit facilities is provided under the heading "Capital Resources and Liquidity".

Spartan has various lease contracts in place for compression equipment, facilities, office buildings and vehicles. The Company's total lease liability is $38.6 million as at September 30, 2023 (December 31, 2022 - $45.5 million). The financing cost of lease liabilities for the three and nine months ended September 30, 2023 is slightly lower than the comparative periods at approximately $0.6 million and $1.9 million, respectively (September 30, 2022 - $0.7 million and $2.2 million, respectively), reflecting the pay down of the Company's total lease liability over the comparative period and leases disposed in the Transactions.

Financing expense also includes non-cash accretion of decommissioning obligations. Accretion has decreased relative to the comparative period for the three and nine months ended September 30, 2023, reflecting dispositions due to the Transactions.

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

	Three months ended September 30			Nine months ended September 30		
(CA$ thousands, unless otherwise indicated)	**2023**	2022	%	**2023**	2022	%
Depletion and depreciation of PP&E	**19,128**	51,370	(63)	**105,831**	138,821	(24)
Depreciation of ROU Assets	**2,336**	2,304	1	**7,113**	7,152	(1)
Depletion and depreciation	**21,464**	53,674	(60)	**112,944**	145,973	(23)
(Recovery) impairment of PP&E	**(2,176)**	-	nm	**10,746**	-	nm
Total DD&I expense	**19,288**	53,674	(64)	**123,690**	145,973	(15)
Depletion and depreciation ($ per BOE)	**6.22**	8.09	(23)	**7.08**	7.37	(4)
Total DD&I expense ($ per BOE)	**5.59**	8.09	(31)	**7.76**	7.37	5

The Company reported depletion and depreciation ("**D&D**") expense of $21.5 million ($6.22 per BOE) and $112.9 million ($7.08 per BOE), respectively, for the three and nine months ended September 30, 2023, down 60% and 23%, respectively, from the comparative periods of 2022.

The decrease in D&D expense per BOE for the three months ended September 30, 2023 is a result of the Transactions as the Company's Montney assets disposed carried a higher capital cost per BOE than the Company's continuing Deep Basin assets.

The decrease in D&D expense per BOE for the nine months ended September 30, 2023, reflects IFRS requirements that held for sale assets are not subject to depletion which reduced the Company's average cost per barrel on production related to these assets and due to the effect of the Transactions as the Company's Montney assets disposed carried a higher capital cost per BOE than the Company's continuing Deep Basin assets, partially offset by higher costs to add reserves through organic growth in the current business environment relative to the Company's historical acquisition costs in both the Deep Basin and Montney.

Impairment

For the three and nine months ended September 30, 2023, DD&I expense includes an impairment recovery of $2.2 million and an impairment expense of $10.7 million, respectively, on the Logan Assets. Impairments for the nine months ended September 30, 2023 were the result of assets held for distribution in relation to the Spin-Out, which are required to be carried at fair value, and the impairment reversal of $2.2 million for the three months ended September 30, 2023 was due to adjustments on the fair value of net assets disposed under the Spin-Out as a result of post closing adjustments. The recoverable amounts were based on the assets fair value less costs of disposal ("**FVLCD**") calculated using the present value of the expected future cash flows discounted at 13% after tax. No indication of impairment was identified for the PP&E assets related to the Asset Sale.

See Note 2, Note 7 and Note 8 of the Interim Financial Statements for the three and nine months ended September 30, 2023 for further information regarding the estimation of recoverability of asset carrying values at September 30, 2023.

As at September 30, 2022, there were no indicators of impairment and no impairment charges recorded at the cash generating unit level.

EXPLORATION AND EVALUATION EXPENSE ("E&E expense")

	Three months ended September 30			Nine months ended September 30		
(CA$ thousands, unless otherwise indicated)	**2023**	2022	%	**2023**	2022	%
Expired mineral leases	**-**	733	(100)	**13**	1,592	(99)
Impairment of E&E	**-**	-	-	**21,017**	-	nm
Total E&E expense	**-**	733	(100)	**21,030**	1,592	nm
Total E&E expense ($ per BOE)	**-**	0.11	(100)	**1.32**	0.08	nm

E&E expense includes impairment losses of $nil and $21.0 million, respectively, for the three and nine months ended September 30, 2023. Impairment expense of $21.0 million for the nine-month period related to E&E assets associated with the Spin-Out. These assets have not been a recent development focus of Spartan, and were written down to fair value based on an independent third-party land valuation for the Flatrock property, combined with recent land purchases.

OTHER INCOME (EXPENSES)

	Three months ended September 30		Nine months ended September 30	
(CA$ thousands)	**2023**	2022	**2023**	2022
Gain (loss) on sale of assets	**(4,864)**	35	**544,477**	1,688
Write down of other non-current assets	**-**	-	**-**	(7,500)
Transaction costs	**-**	(162)	**(18,804)**	(186)
Other income	**95**	3,201	**3,193**	4,837
Foreign exchange gain (loss)	**253**	460	**(228)**	885
Other income, net of other expenses	**(4,516)**	3,534	**528,638**	(276)

Gain (loss) on sale of assets for the three and nine months ended September 30, 2023 primarily relates to the gain on sale and post-close purchase price adjustments related to the Asset Sale. Other income for the nine months ended September 30, 2023 primarily includes funding of $3.1 million earned through the Alberta provincial government Site Rehabilitation Program ("**SRP**") for certain abandonment and reclamation projects completed during 2023, as compared to the prior period's other income which included $4.1 million of SRP funding (see also, "Decommissioning Obligations). Transaction costs for the three and nine months ended September 30, 2023 of $nil million and $18.8 million, respectively, mainly related to advisory and legal fees resulting from the Asset Sale and the Spin-Out.

In the comparative nine-month period, 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 acquisition of Inception Exploration Ltd.

INCOME TAXES

(CA$ thousands, unless otherwise indicated)	Three months ended September 30 2023	2022	Nine months ended September 30 2023	2022
Current income tax	**-**	-	**-**	-
Deferred income tax expense (recovery)	**2,845**	(92,951)	**167,802**	(18,311)
Effective tax rate	**24.0%**	(48.3%)	**23.3%**	(3.6%)

The Company reported a deferred income tax expense of $2.8 million and $167.8 million, respectively, during the three and nine months ended September 30, 2023 compared to a recovery of $93.0 million and $18.3 million in the comparative periods of 2022. In the comparative periods, the Company recognized a $93.0 million recovery related to a tax benefit resulting from tax pools acquired in a corporate acquisition.

Spartan's effective tax rate was 24.0% and 23.3%, respectively, for the three and nine months ended September 30, 2023. Spartan's tax rate for the three and nine months ended September 30, 2023 differs from the combined federal and Alberta provincial statutory rate of 23% primarily due to non-deductible expenses relating to share-based compensation expense and released share awards.

Spartan was not required to pay income taxes in the current or prior period as the Company had sufficient income tax deductions available to shelter taxable income. As at September 30, 2023, Spartan has a deferred income tax liability of $39.0 million, down from a $120.0 million asset at December 31, 2022. This change is relatively in proportion to the $167.8 million deferred tax expense for the nine months ended, offset by an $8.8 million deferred tax asset recognized upon modification of Spartan's share awards.

As at September 30, 2023, total available tax pools are estimated to be approximately $237.6 million as summarized in the table below.

(CA$ millions, unless otherwise indicated)	Rate (1)	**September 30, 2023**	December 31, 2022
Canadian oil and gas property expenses (COGPE)	10%	**-**	158.9
Canadian development expenses (CDE)	30%	**-**	457.0
Undepreciated capital cost (UCC) (2)	25%	**5.5**	185.9
Share issue costs (SIC)	5 years	**7.5**	10.3
Non-capital losses (NCL) and other (3)	100%	**224.6**	1,246.0
Total available tax pools (estimate) (4)		**237.6**	2,058.1

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

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

(3) NCLs expire in years 2040 to 2041.

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

NET INCOME AND COMPREHENSIVE INCOME

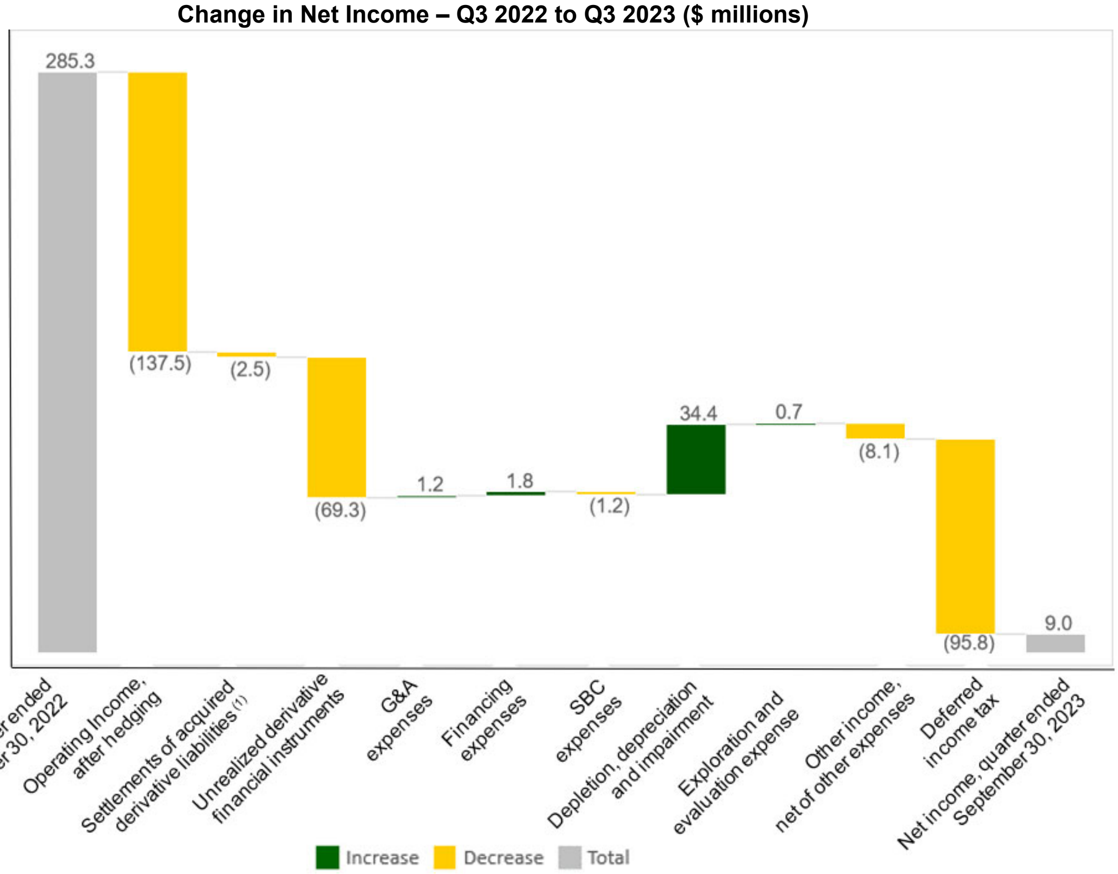
(CA$ thousands, unless otherwise indicated)	Three months ended September 30 2023	2022	%	Nine months ended September 30 2023	2022	%
Revenue	**73,100**	317,007	(77)	**515,471**	993,376	(48)
Expenses	**(59,505)**	(149,393)	(60)	**(358,091)**	(431,190)	(17)
Income before derivatives, other items and taxes (1)	**13,595**	167,614	(92)	**157,380**	562,186	(72)
Gain (loss) on derivative financial instruments	**2,771**	21,151	(87)	**34,307**	(52,054)	(166)
Other income, net of other expenses (2)	**(4,516)**	3,534	(228)	**528,638**	(276)	nm
Income before income taxes	**11,850**	192,299	(94)	**720,325**	509,856	41
Deferred income tax expense (recovery)	**2,845**	(92,951)	(103)	**167,802**	(18,311)	nm
Net income and comprehensive income	**9,005**	285,250	(97)	**552,523**	528,167	5
WA Shares outstanding – basic (000s)	**173,201**	155,412	11	**172,302**	154,562	11
WA Shares outstanding – diluted (000s)	**174,301**	173,725	-	**173,409**	172,722	-
Net income $ per share – basic	**0.05**	1.84	(97)	**3.21**	3.42	(6)
Net income $ per share – diluted	**0.05**	1.64	(97)	**3.19**	3.06	4

(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 three months ended September 30, 2022 to the three months ended September 30, 2023, using the change in Operating Income after hedging as the starting point.

Change in Net Income – Q3 2022 to Q3 2023 ($ millions)



Spartan reported net income of $9.0 million ($0.05 per share, diluted) for the third quarter of 2023, down 97% from $285.3 million ($1.64 per share, diluted) in the same quarter of 2022. The decrease in net income is primarily the result of reduced operating income resulting from the Transactions, changes in deferred income taxes which were in a recovery position in the comparative period, and unfavourable changes in derivative financial instruments as a result of quarter over quarter fluctuations in commodity prices, partially offset by reductions in DD&A resulting from the Transactions.

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".

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

Amounts are CA$ millions ($MM), except as noted	**Q3/23**	Q3/22	Change (1)		**Q3/23**	Q3/22	
	$MM	$MM	$MM	%	**$/BOE**	$/BOE	%
Oil and gas sales, net of royalties	**71.5**	314.7	(243.3)	(77)	**20.70**	47.43	(56)
Processing and other revenue	**1.6**	2.3	(0.6)	(28)	**0.48**	0.34	41
Operating expenses	**(18.6)**	(58.3)	39.7	(68)	**(5.39)**	(8.79)	(39)
Transportation expenses	**(5.9)**	(19.1)	13.2	(69)	**(1.71)**	(2.88)	(41)
Operating Income / Netback, before hedging (2)	**48.6**	239.6	(191.0)	(80)	**14.08**	36.10	(61)
Settlements on Commodity Derivative Contracts (2)(3)	**31.1**	(22.3)	53.4	(239)	**9.02**	(3.36)	(368)
Operating Income / Netback, after hedging (2)	**79.7**	217.3	(137.5)	(63)	**23.10**	32.74	(29)
G&A expenses	**(5.2)**	(6.5)	1.3	(20)	**(1.50)**	(0.98)	53
Interest expense	**(5.1)**	(6.3)	1.1	(18)	**(1.48)**	(0.94)	57
Financing cost of lease liabilities	**(0.6)**	(0.7)	0.1	(18)	**(0.17)**	(0.11)	55
Realized foreign exchange gain (loss)	**(0.5)**	0.2	(0.7)	(354)	**(0.14)**	0.02	(800)
Other income	**0.1**	0.1	-	(13)	**0.03**	0.02	50
Settlement of decommissioning obligations	**(2.2)**	(1.2)	(1.0)	90	**(0.64)**	(0.17)	276
Transaction costs	**-**	(0.2)	0.2	(100)	**-**	(0.02)	(100)
Funds from Operations (2)	**66.3**	202.8	(136.5)	(67)	**19.20**	30.56	(37)
Change in non-cash working capital	**(3.1)**	18.4	(21.5)	(117)	**(0.90)**	2.77	(132)
Cash provided by operating activities	**63.2**	221.2	(158.0)	(71)	**18.30**	33.33	(45)
Funds from Operations (2)	**66.3**	202.8	(136.5)	(67)	**19.20**	30.56	(37)
Add back: transaction costs	**-**	0.2	(0.2)	(100)	**-**	0.02	(100)
Deduct: lease payments	**(2.4)**	(2.2)	(0.2)	8	**(0.69)**	(0.33)	109
Adjusted Funds Flow (2)	**63.9**	200.7	(136.9)	(68)	**18.51**	30.25	(39)
Adjusted Funds Flow per share (2)							
Basic ($ per common share)	**0.37**	1.29					
Diluted ($ per common share)	**0.37**	1.15					

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

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

(3) Includes the realized gain (loss) on derivative financial instruments for the three months ended September 30, 2023 and 2022, adjusted for the loss on settlements of $2.8 million and $5.3 million, respectively, of derivative liabilities acquired in connection with the Velvet Acquisition.

Spartan generated $79.7 million of operating income, after hedging for the three months ended September 30, 2023, down $137.5 million, or 63% compared to the third quarter of 2022. The decrease in operating income reflects reduced volumes resulting from the Transactions and declining commodity prices, partially offset by reduced operating and transportation expenses and gains on settlements of commodity derivative contracts which were in a loss position in the comparative period.

Spartan generated $66.3 million of Funds from Operations for the three months ended September 30, 2023, down $136.5 million or 67% compared to the third quarter of 2022. The decrease in Funds from Operations is driven by lower Operating Income resulting from the Transactions, partially offset by lower G&A expense and interest expense in the current quarter. Cash expenditures to settle decommissioning obligations of $2.2 million in the third quarter of 2023 were higher than $1.2 million incurred in the prior year quarter.

Adjusted Funds Flow was $63.9 million for the third quarter of 2023 after deducting $2.4 million of lease payments from Funds from Operations, resulting in Adjusted Funds Flow of $0.37 per share on a diluted basis.

Spartan's cash provided by operating activities was $63.2 million for the three months ended September 30, 2023, which was less than Funds from Operations due to the net change in non-cash working capital during the quarter. The change in non-cash working capital varies each period based on seasonal changes in corporate activity levels, the impact of production levels and commodity prices on accrued revenue receivable, and timing of processing payments, among other factors. In the third quarter of 2023, the net decrease in non-cash operating working capital of $21.5 million is primarily due to decreases in accounts receivable net of decreases in accounts payable primarily due to reduced operating income following the Transactions.

Nine Months Ended September 30, 2023 compared to Nine Months Ended September 30, 2022 (1)

Amounts are CA$ millions ($MM), except as noted	**2023**	2022	Change (1)		**2023**	2022	
	$MM	$MM	$MM	%	**$/BOE**	$/BOE	%
Oil and gas sales, net of royalties	**507.9**	985.4	(477.5)	(48)	**31.86**	49.75	(36)
Processing and other revenue	**7.5**	6.6	0.9	14	**0.47**	0.33	42
Operating expenses	**(119.0)**	(173.9)	54.9	(32)	**(7.46)**	(8.78)	(15)
Transportation expenses	**(39.8)**	(55.6)	15.8	(28)	**(2.50)**	(2.81)	(11)
Operating Income / Netback, before hedging (2)	**356.6**	762.5	(405.8)	(53)	**22.37**	38.49	(42)
Settlements on Commodity Derivative Contracts (2)(3)	**49.6**	(120.1)	169.6	(141)	**3.10**	(6.06)	(151)
Net Pipeline Transportation Margin (2)	**-**	(0.4)	0.4	(100)	**-**	(0.02)	(100)
Operating Income / Netback, after hedging (2)	**406.2**	642.0	(235.8)	(37)	**25.47**	32.41	(21)
G&A expenses	**(15.4)**	(18.8)	3.4	(18)	**(0.97)**	(0.95)	2
Interest expense	**(7.6)**	(20.0)	12.4	(62)	**(0.48)**	(1.01)	(52)
Financing cost of lease liabilities	**(1.9)**	(2.2)	0.3	(16)	**(0.12)**	(0.11)	9
Realized foreign exchange gain (loss)	**(0.6)**	1.0	(1.6)	(159)	**(0.04)**	0.05	(180)
Other income	**0.1**	0.7	(0.6)	(87)	**0.02**	0.04	(50)
Settlement of decommissioning obligations	**(4.1)**	(3.1)	(1.0)	32	**(0.25)**	(0.16)	56
Transaction costs	**(18.8)**	(0.2)	(18.6)	nm	**(1.18)**	(0.01)	nm
Funds from Operations (2)	**357.9**	599.5	(241.5)	(40)	**22.45**	30.26	(26)
Change in non-cash working capital	**66.4**	(4.5)	70.9	nm	**4.17**	(0.23)	nm
Cash provided by operating activities	**424.4**	595.0	(170.6)	(29)	**26.62**	30.03	(11)
Funds from Operations (2)	**357.9**	599.5	(241.5)	(40)	**22.45**	30.26	(26)
Add back: transaction costs	**18.8**	0.2	18.6	nm	**1.18**	0.01	nm
Deduct: lease payments	**(7.3)**	(6.8)	(0.5)	7	**(0.46)**	(0.34)	35
Adjusted Funds Flow (2)	**369.5**	592.8	(223.4)	(38)	**23.17**	29.93	(23)
Adjusted Funds Flow per share (2)							
Basic ($ per common share)	**2.14**	3.84					
Diluted ($ per common share)	**2.12**	3.41					

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

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

(3) Includes the realized gain (loss) on derivative financial instruments for the nine months ended September 30, 2023 and 2022, adjusted for the loss on settlements of derivative liabilities of $11.1 million and $40.0 million, respectively, acquired in connection with the Velvet Acquisition.

Spartan's Adjusted Funds Flow of $369.5 million for the first nine months of 2023 decreased by 38% from $592.8 million in the same period of 2022. The decrease in cash provided by operating activities and Funds from Operations is driven by lower Operating Income and increased transaction costs, partly offset by hedging gains, interest income, and the favourable change in non-cash working capital.

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

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

The following table summarizes Spartan's Capital Expenditures (Dispositions) during the three and nine months ended September 30, 2023 and 2022. The term Capital Expenditures (Dispositions) 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 (provided by) investing activities which was $42.5 million used in and $1.4 billion provided by for the three and nine months ended September 30, 2023, respectively (refer to reconciliation provided under the heading "Non-GAAP Measures and Ratios").

CAPITAL EXPENDITURES (DISPOSITIONS)	Three months ended September 30			Nine months ended September 30		
(CA$ thousands)	**2023**	2022	%	**2023**	2022	%
Land and seismic	**349**	2,884	(88)	**11,036**	5,328	107
Drilling and completion	**21,666**	62,387	(65)	**185,308**	208,724	(11)
Facilities, pipeline and well equipment	**5,011**	8,947	(44)	**61,296**	52,996	16
Production optimization and other assets	**69**	1,419	(95)	**3,609**	5,709	(37)
Capitalized G&A	**400**	750	(47)	**1,872**	2,250	(17)
Capital Expenditures before A&D (1)	**27,495**	76,387	(64)	**263,121**	275,007	(4)
Acquisitions	**951**	6,000	(84)	**1,876**	5,903	(68)
Dispositions	**(114)**	(107)	7	**(1,704,734)**	(951)	nm
Capital Expenditures (Dispositions) (1)	**28,332**	82,280	(66)	**(1,439,737)**	279,959	(614)

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

Capital Expenditures before A&D were $263.1 million for the nine months ended September 30, 2023. The majority of capital expenditures over 2023 were incurred to drill, complete and equip new wells in the Montney and Deep Basin. The Company also completed production optimization projects and expanded its opportunity set by shooting seismic in its core areas. The Company's exploration and development capital expenditures were fully funded by cash provided by operating activities during the current and prior periods.

Capital Expenditures before A&D were $27.5 million for the three months ended September 30, 2023. In the Deep Basin, Spartan's third quarter drilling program included drilling 5 (5.0 net) wells which were drilled in the Falher A, Falher B and Cardium Formations. A total of 4 (4.0 net) Deep Basin wells were completed in the third quarter (including 1.0 net well drilled in the second quarter of 2023) and 6 (6.0 net) wells were brought on production (including 3.0 net wells drilled in the second quarter of 2023).

The capital dispositions of $1.7 billion related to oil weighted Montney assets that were sold to Crescent Point in the Asset Sale. Assets disposed of to Logan in the Spin-Out was a non-cash disposition, and therefore did not effect cash used in (provided by) investing activities. The Crescent Point disposition resulted in a net gain of $544.3 million.

DRILLING ACTIVITY	Three months ended September 30		Nine months ended September 30	
Number of Net Wells	**2023**	2022	**2023**	2022
Drilled (1)	**5.0**	11.9	**29.5**	28.8
Completed	**4.0**	3.9	**25.4**	27.3
On production	**6.0**	7.9	**24.8**	26.4
Service/disposal (1)	**-**	1.0	**1.0**	2.0

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

Other acquisitions and dispositions

The Company continuously seeks to optimize its asset base through strategic tuck-in acquisitions and non-core property dispositions. For the nine months ended September 30, 2023 Spartan invested in land and seismic totalling $11.0 million.

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

DECOMMISSIONING OBLIGATIONS

As at September 30, 2023, the Company's total decommissioning obligations are estimated to be $53.2 million, of which $3.9 million are expected to be settled over the next twelve months. During the first nine months of 2023, the total carrying amount of decommissioning obligations decreased by $75.4 million from $128.6 million at December 31, 2022. The majority of the change is attributed to liabilities relating to obligations disposed in the Transactions, and the Company had a favourable liability reduction resulting from an increase to the risk-free rate. New obligations incurred by drilling in the nine months ended September 30, 2023 were more than offset by settlements.

Spartan is committed to environmental stewardship and has a proactive program to address its decommissioning obligations. The Company seeks to maintain an industry leading Liability Management Rating ("**LMR**") and to obtain a leading Licensee Capability Assessment ("**LCA**") rating as the industry transitions to the LCA system. The Company spent $4.1 million on decommissioning during the nine months ended September 30, 2023 and settled an additional $3.1 million of liabilities through abandonment and reclamation projects funded through the Alberta SRP. Recoveries under the SRP are recognized in the Financial Statements in the period in which the work is completed.

CAPITAL RESOURCES AND LIQUIDITY

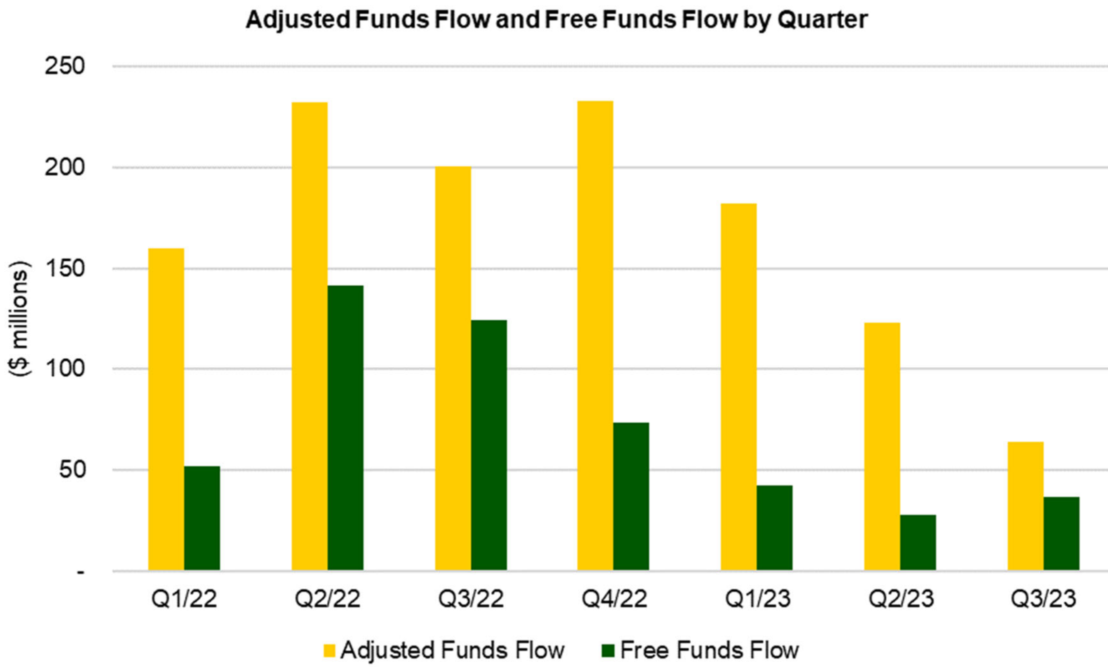
Spartan's capital management objectives are to maintain a flexible capital structure in order to respond to changes in economic conditions, execute on strategic opportunities throughout the business cycle, meet its financial obligations, return capital to shareholders through payment of dividends, and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

During the first nine months of 2023, the Company's primary sources of funds were $1.7 billion in proceeds from the Asset Sale and $369.5 million of Adjusted Funds Flow, supplemented by working capital and short-term advances of bank debt under the revolving credit facility.

Cash provided by operating activities of $424.4 million and the $1.7 billion in proceeds from the Asset Sale for the nine months ended September 30, 2023 was used to fund the Company's exploration and development capital expenditures of $263.1 million, lease principal payments of $7.3 million and cash dividends paid in 2023 of $1.6 billion.

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

Free Funds Flow is a non-GAAP financial measure calculated by Spartan as Adjusted Funds Flow less Capital Expenditures before A&D (refer to calculation under the heading "Non-GAAP Measures and Ratios"). Spartan uses Free Funds Flow as an indication of the amount of funds the Company has available for future capital allocation decisions such as to repay current and long-term debt, reinvest in the business or return capital to shareholders. The following chart summarizes Spartan's quarterly Adjusted Funds Flow and Free Funds Flow during 2022 and 2023:



Spartan's Free Funds Flow was $36.4 million for the three months ended September 30, 2023, compared to $124.3 million for the three months ended September 30, 2022. The amount of Free Funds Flow reported each quarter reflects the seasonality of the Company's oil and gas operations, market fluctuations including volatility of commodity prices, the use of Adjusted Funds Flow to finance higher capital expenditures during the winter drilling seasons and reduced operating cash flows following the Transactions.

As at September 30, 2023 and December 31, 2022, the Company's capital structure is comprised of working capital, debt and shareholders' equity. The following table summarizes the Company's total capitalization based on the market value of Spartan's common shares on the TSX. Spartan's total capitalization decreased by $2.0 billion (71%) quarter-over-quarter to $836.1 million as of September 30, 2023, primarily driven by $1.7 billion of dividends/distributions declared. As at September 30, 2023, the market value of common shares represented 84% of the Company's total capitalization.

CAPITALIZATION	**September 30, 2023**	December 31, 2022	Change %
Common shares outstanding (000s)	**173,201**	171,410	1
Share price (last price traded in the quarter)	**$4.05**	$14.95	(73)
Market capitalization of common shares (1)(2)	**701,464**	2,562,580	(73)
Current assets	**(370,295)**	(309,008)	20
Current liabilities	**426,935**	278,627	53
Working capital deficit (surplus)	**56,640**	(30,381)	(286)
Long-term debt	**-**	145,180	(100)
Long-term portion of:			
Lease liabilities	**28,694**	36,045	(20)
Decommissioning obligations	**49,265**	122,802	(60)
Total capitalization (2)	**836,063**	2,836,226	(71)

(1) The carrying value of Spartan's shareholders' equity was $318 million at September 30, 2023 and $1.5 billion at December 31, 2022.

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

The Company had a working capital deficit of $56.6 million at September 30, 2023, compared to a surplus of $30.4

million at December 31, 2022. The decrease is primarily related to the Company's long-term debt balance becoming current after terms were renegotiated with the lender following the Asset Sale, an increase in dividends payable resulting from unattested distributions, an increase in current provision for share-based payments due to the acceleration of share-based compensation which occurred contemporaneous with the Asset Sale, and favourable changes in derivative financial instruments resulting from decreasing commodity prices and a decrease in accounts receivable resulting from the Transactions, partially offset by a decrease in accounts payable resulting from the Transactions, and an increase in cash and Restricted Cash (defined herein). Excluding derivative financial instruments, lease liabilities, and current debt, Spartan's Adjusted Working Capital surplus is $83.7 million at September 30, 2023, which was higher than the Adjusted Working Capital surplus of $6.8 million at December 31, 2022 primarily due to an increase in dividends payable resulting from unattested distributions, an increase in current provision for share-based payments due to the acceleration of share-based compensation and a decrease in accounts receivable resulting from the transactions, partially offset by a decrease in accounts payable resulting from the transactions, and an increase in cash and Restricted Cash (defined herein).

Depending on commodity prices, the capital-intensive nature of Spartan's operations may create a working capital deficiency during periods with high levels of capital investment. The Company maintains sufficient unused bank credit lines to satisfy such working capital deficiencies. As at September 30, 2023, the Company's $250.0 million revolving credit facility is undrawn.

The Company monitors its capital structure and short-term financing requirements using a "Net Debt to Annualized AFF Ratio", which is a non-GAAP financial ratio calculated as the ratio of the Company's "Net Debt" to "Annualized Adjusted Funds Flow". As at September 30, 2023, Spartan had a Net Debt of $64.5 million, which is approximately 0.3 times the Company's Annualized Adjusted Funds Flow for the third quarter of 2023, greater than the 0.2 times at December 31, 2022 due to the reduced EBITDA as a result of the Transactions. The components of the Company's Adjusted Working Capital (surplus) deficit, Net Debt, and the calculation of the Net Debt to Annualized AFF Ratio are provided in the following table:

(Assets) Liabilities *(CA$ thousands, except as noted)*	**September 30, 2023**	December 31, 2022
Cash	**(141,186)**	(124,399)
Restricted cash	**(151,394)**	-
Accounts receivable	**(47,582)**	(140,413)
Prepaid expenses and deposits	**(11,128)**	(8,011)
Other current assets	**-**	(2,340)
Accounts payable and accrued liabilities	**96,201**	176,855
Dividends payable	**151,394**	85,704
Share-based compensation liability	**16,093**	-
Current portion of decommissioning obligations	**3,918**	5,800
Adjusted Working Capital surplus	**(83,684)**	(6,804)
Current debt	**148,197**	-
Long-term debt	**-**	145,180
Net Debt	**64,513**	138,376
Annualized Adjusted Funds Flow (1)(2)	**254,624**	874,096
Net Debt to Annualized AFF Ratio (1)(2)	**0.3x**	0.2x

(1) The calculation of Annualized Adjusted Funds Flow has been normalized for the gain of $14.3 million recognized on completion of an infrastructure construction project during the fourth quarter of 2022 as well as the cashflow associated with the assets sold in the third quarter of 2023.

(2) The Annualized Adjusted Funds Flow reflects ongoing operations for the three months ended September 30, 2023 multiplied by a factor of 4.

Spartan is well positioned to fund its financial liabilities and to execute on its business strategy. The Company's exploration and development capital expenditure program for 2023 is expected to be fully funded by a combination of cash on hand and cash provided by operating activities. On November 8, 2022, Spartan declared a special dividend of

$0.50 per common share payable on January 16, 2023, to eligible shareholders of record as of December 15, 2022. Spartan has paid $76.7 million of the dividend to shareholders for which the Company has received the required attestations to confirm eligibility; the remaining balance of $9.0 million continues to be accrued as a financial liability. In addition, dividends payable includes $140.9 million of a $1.6 billion dividend declared at $9.50 per share to distribute the proceeds of the Asset Sale to shareholders declared on May 10, 2023 and payable on July 6, 2023, and $1.5 million that continues to be payable for an additional $0.10 per common share distribution declared on May 10, 2023 and payable on July 31, 2023 in the amount of $17.3 million. A distribution was also recorded in the quarter of $60.6 million for a $0.35 per common share non-cash distribution related to the Spin-Out which occurred on July 6, 2023. The cash related to dividends that have not yet been paid has been reclassified as restricted cash in the amount of $151.4 million as at September 30, 2023 ("**Restricted Cash**").

In the second quarter of 2023, Spartan amended its Credit Facility and Term Facility, pursuant to which, the authorized borrowing base of the Credit Facility was reduced from $450.0 million to $250.0 million and the maturity date of the Term Facility was accelerated to December 29, 2023. As a condition precedent to the amended Credit Facility, the Intercreditor Agreement was concurrently amended to limit the aggregate principal amount outstanding between the two facilities to $250.0 million until such time as the Term Facility is extinguished on December 29, 2023 (see "Current and Long-Term Debt – Credit Facility" and "Current and Long-Term Debt – Term Facility"). The Company has sufficient liquidity for the next 12 months as current unrestricted cash balance of $141.2 million, future cash flow from operations and access to the undrawn amended Credit Facility is expected to be sufficient to fund the Term Facility repayment and meet the Company's financial obligations. The Company's Restricted Cash balance of $151.4 million is sufficient to meet the $151.4 million dividends payable should they be attested to in the next twelve months.

The following table outlines a contractual maturity analysis for the Company's financial liabilities and undiscounted lease liabilities as at September 30, 2023:

(CA$ thousands)	1 year	2 to 3 years	4 to 5 years	> 5 years	Total
Accounts payable and accrued liabilities	96,201	-	-	-	96,201
Dividends payable	151,394	-	-	-	151,394
Derivative financial instrument liabilities	1,252	-	-	-	1,252
Credit Facility (1)	1,144	-	-	-	1,144
Term Facility (2)	158,436	-	-	-	158,436
Undiscounted lease liabilities (3)	11,829	21,855	7,865	1,759	43,308
Share-based compensation liability	17,599	-	-	-	17,599
Total	437,855	21,855	7,865	1,759	469,334

(1) The Credit Facility is undrawn as at September 30, 2023. The table above includes estimated standby charges to be incurred on the $250.0 million authorized borrowing base to May 9, 2024, being the end of the current revolving period.

(2) The table above reflects the legal maturity for the Term Facility as at September 30, 2023. The above includes the principal, interest, fee payments and a portion of the make-whole premium over the period of October 1 to December 29, 2023. $8.0 million of the make-whole premium due on December 29, 2023 has been included in accounts payable and accrued liabilities with the remaining $4.0 million included in the Term Facility. The Company anticipates the Term Facility payment, including December interest to be $163.5 million on December 29, 2023.

(3) As at September 30, 2023, the present value of the Company's total lease liability is $38.6 million, of which $9.9 million is expected to be settled in the next twelve months.

CURRENT AND LONG-TERM DEBT

As at September 30, 2023, total debt is comprised of bank debt drawn under the revolving credit facility and indebtedness under the second lien term facility. The balance of debt is presented net of unamortized issue costs.

(CA$ thousands)	**September 30, 2023**	December 31, 2022	Change
Second lien term facility	**150,000**	150,000	-
Unamortized issue costs	**(1,803)**	(4,820)	3,017
Debt	**148,197**	145,180	3,017

Bank Debt

The Company has a senior secured revolving credit facility with a syndicate of financial institutions (the "**Credit Facility**"). The authorized borrowing base available under the Credit Facility is $250.0 million, comprised of a $50.0 million operating facility and a $200.0 million syndicated facility. As at September 30, 2023, the Credit Facility is undrawn.

The Credit Facility has a revolving period of 364 days from May 10, 2023 extendible annually at the request of the Company, subject to approval of the Lenders. If not extended, the facilities will automatically convert to a term loan and all outstanding obligations will be repayable one year after the expiry of the revolving period. The borrowing base is subject to semi-annual reviews occurring approximately in May and November of each year and may also be subject to redetermination upon, among other things, the liability management rating of the Company falling below 2.0 or disposing of material properties. Concurrent with the closing of the Asset Sale, the Company completed its May borrowing base redetermination, with the next borrowing base redetermination scheduled for mid-November 2023.

The Company is subject to certain financial covenants under the Credit Facility which include the following 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 below), calculated quarterly, shall not exceed 2.5 to 1.0; and
(B) the asset coverage ratio of the Company shall not be less than 1.5 to 1.0, calculated annually.

As at September 30, 2023, 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

The Company has a demand letter of credit facility (the "**LC Facility**") which provides Spartan with $10.0 million of additional credit capacity to issue letters of credit. The letters of credit may be issued for general corporate purposes and are limited to a term of one year from the date of issuance. Letter of credit obligations, when incurred, are repayable on demand. The LC Facility provides Spartan with additional access to capital as letters of credit issued under the LC Facility will not reduce the borrowing capacity under the operating facility. As at September 30, 2023, there was $2.0 million of issued but undrawn letters of credit under the LC Facility. During the third quarter of 2023, the demand letter of credit facility was reduced from $25.0 million to $10.0 million.

Second Lien 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 and has a sixty-month term maturing on August 31, 2026. The Term Facility is secured by a $300 million demand debenture on a second-priority basis to the Credit Facility with the option to repay before August 31, 2024 with penalties. The Term Facility 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.

In the second quarter of 2023, the Company agreed with the lender to an early repayment on December 29, 2023 of the outstanding Term Facility. As a result of the December repayment date, the Term Facility has been presented as current. Spartan shall pay all accrued and unpaid interest and fees, plus the applicable make-whole premium and all other obligations owing to such Lender under the Term Facility. The make-whole premium is equal to (i) all future interest payments and (ii) all payments of annual review fees, that would otherwise be payable up to August 31, 2024.

The Term Facility will now bear interest at a fixed rate of 11.95% payable monthly and be subject to the same asset coverage and total debt to EBITDA financial covenants as the amended Credit Facility, as described above. Further, as a condition precedent to the Credit Facility amendment, the Intercreditor Agreement between the lender of the Term Facility and the syndicate of lenders for the Credit Facility has been concurrently amended (see "Current and Long-Term Debt – Credit Facility").

SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares, an unlimited number of preferred shares and an unlimited number of special shares, each without par value. As of September 30, 2023 and as of the date of this MD&A, there were 173.2 million common shares outstanding (171.4 million as at December 31, 2022). There are no preferred shares or special shares outstanding.

Spartan's common shares are listed on the TSX under the trading symbol "SDE". The volume weighted average trading price of Spartan's common shares on the TSX was $4.29 per common share for the three-month period ended September 30, 2023. Spartan's closing share price was $4.05 on September 30, 2023 compared to $14.95 on December 31, 2022 due to the $1.7 billion of dividends and distributions being declared in the current period.

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)	**2023**	2022	%	**2023**	2022	%
WA Shares outstanding, basic	**173,201**	155,412	11	**172,302**	154,562	11
Dilutive effect of outstanding securities	**1,100**	18,313	(94)	**1,107**	18,160	(94)
WA Shares, diluted – for EPS	**174,301**	173,725	-	**173,409**	172,722	-
Incremental dilution for AFF (1)	**-**	1,287	(100)	**1,014**	1,337	(24)
WA Shares, diluted – for AFF (1)	**174,301**	175,012	-	**174,423**	174,059	-

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

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

Number of securities outstanding (000s)	December 31, 2022	September 30, 2023	**November 7, 2023**
Common shares	171,410	173,201	**173,201**
Stock options (1)	3,323	98	**98**
Share awards (2)	3,546	2,345	**2,387**
Total securities outstanding (3)	178,279	175,644	**175,686**

(1) The stock options outstanding as at September 30, 2023 have an average exercise price of $4.32 per common share with an average remaining term of 4.8 years.

(2) 1.1 million of share awards outstanding at September 30, 2023 are under the cash-settled method and shares will not be issued upon exercise (see "Significant Estimates and Judgements – Share-Based Compensation"). 1.2 million of share awards outstanding at September 30, 2023 are under the equity-settled method.

(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.

COMMITMENTS AND CONTINGENCIES

The following table summarizes the Company's contractual commitments as of September 30, 2023:

(CA$ thousands)	2023	2024	2025	2026	2027	Thereafter
Gas transportation (1)	2,116	8,463	8,463	8,024	3,966	4,202
Liquids transportation (2)	146	576	4,032	1,296	-	-
Total commitments (3)	**2,262**	**9,039**	**12,495**	**9,320**	**3,966**	**4,202**

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

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

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

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

Litigation

In the normal course of the Company's operations, it may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, related to personal injuries, property damage, property tax, land rights, the environment and contract disputes with partners or other stakeholders. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined to have an adverse affect on the Company's future operations or financial condition. As of the date of this MD&A, the Company has no material litigation or claims outstanding that have not already been reflected in the Interim Financial Statements as at September 30, 2023.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY DISCLOSURES

a) Inter-corporate relationships

As at September 30, 2023, Spartan has no subsidiaries. On June 20, 2023, the Logan Assets were transferred and conveyed to Logan from Spartan in consideration for one (1) common share of Logan and one (1) purchase warrant of Logan per common share of Spartan. The common shares and warrants of Logan were subsequently distributed through the Spin-Out on July 6, 2023 and Logan is no longer a subsidiary of Spartan. Spartan previously had a second subsidiary, Inception General Partner Inc., however, it was disposed of through the Asset Sale on May 10, 2023.

b) Related party transactions

During the nine months ended September 30, 2023, the Company incurred $3.8 million of legal fees to a law firm where the corporate secretary of the Company is a partner (nine months ended September 30, 2022 – $1.0 million), with the fees primarily relating to legal support through the Transaction. Approximately $0.3 million of legal fees are included in the balance of accounts payable and accrued liabilities as at September 30, 2023 (December 31, 2022 – $0.1 million).

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

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

SUBSEQUENT EVENTS

Derivative Financial Instruments

Subsequent to September 30, 2023, Spartan entered into new agreements to hedge 25,000 GJ/d of AECO 7A swaps for the full year of 2024 at a strike price of CA$3.01/GJ by restructuring 25,000 mmbtu/d of the Q2 2024 NYMEX – AECO 7A Basis Swaps – Short position.

Property Acquisitions

On November 1, 2023, Spartan closed an acquisition to purchase petroleum and natural gas rights and properties located in the Gilby area, for cash consideration of approximately $17.8 million before closing adjustments.

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 2023**	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Revenue	**73.1**	156.4	286.0	321.9	317.0	382.0	294.4	267.0
Net income and comprehensive income	**9.0**	457.1	86.4	152.9	285.3	181.7	61.2	128.5
$ per share, basic	**0.05**	2.65	0.50	0.95	1.84	1.17	0.40	0.84
$ per share, diluted	**0.05**	2.64	0.49	0.87	1.64	1.05	0.36	0.76
Funds from Operations (1)	**66.3**	109.2	182.5	235.1	202.8	234.6	162.0	139.5
Capital Expenditures (Dispositions) (1)(2)	**28.3**	(1,608.7)	140.6	159.4	82.3	90.6	107.4	115.9
Total assets	**862.2**	2,500.4	2,155.1	2,099.5	1,964.6	1,811.7	1,811.8	1,742.4
Working capital deficit (surplus)	**56.6**	60.2	(1,082.2)	(30.4)	7.2	79.8	142.3	133.4
Long-term liabilities	**117.0**	126.3	91.1	304.0	310.8	397.1	553.4	612.2
Shareholders' equity	**318.3**	308.8	1,583.0	1,516.8	1,428.7	1,139.8	950.7	886.6
Average daily production (BOE/d)	**37,518**	57,972	80,200	74,639	72,134	72,966	72,588	72,428
% Liquids	**29%**	36%	39%	39%	39%	38%	37%	38%
Average realized price ($ per BOE)	**23.72**	32.01	43.81	52.01	52.32	65.92	49.35	44.48
Operating Netbacks (1)								
Before hedging ($ per BOE) (1)	**14.08**	19.36	28.53	35.47	36.10	45.56	33.73	30.00
After hedging ($ per BOE) (1)	**23.10**	24.72	27.17	34.28	32.74	37.47	26.94	23.36

(1) "Funds from Operations", "Capital Expenditures (Dispositions)" 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 (Dispositions)" section of this MD&A for additional information.

The Company had an acquisitive growth strategy in 2021 that materially advanced Spartan's operations, financial position and results. Spartan's focus since Q4 2021 was on organic growth, investing a total of $813.0 million into exploration and development capital expenditures across its core asset base over the past eight quarters. Spartan completed the corporate acquisition of Bellatrix for a cash purchase price of $6.0 million (the "**Bellatrix Corporate Acquisition**") in August of 2022, adding a deferred income tax asset of $143.9 million in exchange for cash consideration of $6.0 million, which also contributed to significant net income reported in the third quarter of 2022.

Organic growth drove the majority of the increase in production volumes and revenues over the comparative periods. During the third quarter of 2022, global crude oil prices rose to the highest levels since 2014. Commodity prices softened in Q2 2023, reflecting a reduction in revenue over the quarter. Average production in the first three quarters of 2022 was relatively flat as new drilling offset natural declines and downtime due to turnarounds, with production in the fourth quarter of 2022 and first quarter of 2023 reflecting growth from the Company's successful drilling program.

In the second quarter of 2023, the Company completed the Asset Sale with Crescent point leading to a $1.7 billion disposition resulting in a gain of $544.3 million after purchase price adjustments in the third quarter of 2023. This disposition and the Spin-Out were the primary drivers in the reduction of revenue over the second and third quarters of 2023.

The increase in Operating Netbacks from Q4 2021 to Q2 2022 reflects the stronger realized prices, partly offset by higher per unit operating and transportation expenses driven by the increased oil weighting of the Company's asset base, turnarounds performed in 2022, as well as inflationary pressures due to higher industry activity levels. Operating Netbacks softened in the last nine months of 2022 and first three months of 2023 as benchmark pricing has decreased from the peak seen in the third quarter of 2022, partly offset by lower royalties and operating expenses. Netbacks for the second and third quarters of 2023 reflect a change in product sales mix with the majority of the Company's oil producing assets being sold in the Transactions and the Company's gas producing assets remaining. Gas prices declined starting in Q1 2023 and have resulted in reduced netbacks for the second and third quarters of 2023. Spartan's net income includes a gain of $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. The fourth quarter of 2022 includes other income of $14.3 million related to an infrastructure construction project. The first quarter of 2023 includes impairments to E&E and PP&E of $21.0 million and $7.6 million, respectively. The second quarter of 2023 includes a gain on sale of $549.2 million related to the Asset Sale. The third quarter of 2023 includes a loss on disposition of $4.9 million on adjustments to the gain on the Asset Sale.

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 loss of $48.3 million in the first quarter of 2022, an unrealized gain of $38.1 million, $38.2 million and $23.6 million for the second, third and fourth quarters of 2022, respectively, a $32.5 million gain for the first quarter of 2023, a $27.8 million loss in the second quarter of 2023 and a $31.1 million loss in the third quarter of 2023.

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

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, 2023.

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, 2023. 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.

Cash, cash equivalents and restricted cash

Cash and cash equivalents include cash held on deposit and/or short-term investments with original maturities of three months or less at the time of purchase. Restricted Cash represents unpaid dividend amounts that have yet to meet eligibility requirements.

Assets held for sale or distribution

Non-current assets (and disposal groups) classified as held for sale or distribution are measured at the lower of carrying value and FVLCD.

Non-current assets and disposal groups are classified as held for sale or distribution if it is highly probable that their carrying value will be recovered through a sale transaction or asset distribution rather than through continuing use. The sale or asset distribution is highly probable when the asset (or disposal group) is available for immediate sale or distribution in its present condition, with Management committed to the sale and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets held for sale or distribution are measured at the lower of carrying value or FVLCD, with impairment recognized for any write down to FVLCD.

Distribution of assets

Spartan's Board may, in its sole discretion, determine whether to distribute assets to shareholders. A liability for distribution of assets to shareholders is recognized on authorization of the Spartan Board. The distribution will be measured at the fair value of the assets to be distributed. Upon settlement of the distribution payable, the difference between the carrying amount of the assets distributed and the carrying value of the distribution will be recognised as a gain or loss.

The Board authorized the Spin-Out based on the Logan non-brokered private placement for aggregate proceeds of $48.5 million (the “Logan Financing”) being approved on May 16, 2023. The distribution of Logan was recorded as at June 30, 2023 and subsequently settled on July 6, 2023.

Exploration and evaluation expenditures

Disposals may occur when the Company enters into an agreement with another party to sell an entire or partial E&E property. In the event of a partial disposal, the net book value is determined at the area-level and a corresponding gain or loss is recognized in the Consolidated Statement of Net Income and Comprehensive Income.

Share-based compensation

The Company’s share-based compensation plan allows for the granting of equity-settled awards in connection with the Company’s stock option plan, RSAs and performance share awards (“**PSA**”) to directors, officers, employees and consultants of the Company in connection with the Company’s share award incentive plan. Details regarding the share award incentive plan are provided in note 13(e) and note 3(n) of the 2022 Annual Financial Statements. The share award incentive plan allows the holder of an RSA or PSA to receive a cash payment or its equivalent in common shares, at the Company’s discretion, equal to the fair market value of the Company’s common shares calculated at the date of such payment. As of September 30, 2023, Spartan had only granted RSAs under the share award incentive plan and had historically settled all vested RSAs through the issuance of common shares.

On March 28, 2023, Spartan announced that the Board approved the accelerated vesting of all outstanding RSAs and outstanding options, conditional upon the closing of the Asset Sale. Additionally, the issued and outstanding share awards will be settled on a cash basis. The intention of the Board to settle all outstanding RSAs in cash requires the Cash Settled RSAs to be accounted for as a liability as of the date of modification. On initial recognition of the liability as of the modification date, the fair value of the equity-settled award based on the elapsed portion of the accelerated vesting period is recorded as a liability with the offset recorded against equity. This liability is then remeasured at each subsequent reporting date. Any fluctuations in the fair value are recognized within share-based compensation expense with a corresponding charge to the liability.

Future accounting changes

The IASB has issued a number of new accounting standards, amendments to accounting standards, and interpretations that are effective for annual periods beginning on or after January 1, 2024. 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.

Disposal of non-current assets

Once a disposal group is identified as held for sale, all associated assets are reclassified as current and presented separately in the statement of financial position. In addition, any liabilities directly associated with assets held for sale are also reclassified and presented as a separate financial statement line item. An asset or disposal group identified as held for sale may also be considered a discontinued operation if a component of an entity is disposed. A component must comprise operations and cash flows that can be clearly distinguished operationally and for financial reporting purposes. A component must also represent a separate major line of business or a geographical segment as defined under IFRS 8 *Operating segments*. Judgement is required in determining whether 'discontinued operations' accounting is required. As at September 30, 2023, assets and liabilities associated with the Asset Sale and Spin-Out that were previously disclosed as assets and liabilities held for sale/ distribution have been disposed.

The Company has not presented discontinued operations as the associated assets and liabilities in the Asset Sale and the Spin-Out are not a separate line of business or a separate geographical area of operation. In accordance with the Company's accounting policy on reporting segments, Spartan sees its assets as being oil and gas assets in the geographic region of Alberta and does not view these as separate regions for operational purposes.

Recoverability of asset carrying values

Management applies judgement in assessing indicators of impairment and reversal of impairment based on various internal and external factors. The recoverable amount of a cash generating unit or of an individual asset is determined as its FVLCD. The key estimates in management's determination of recoverable amounts includes future commodity prices, expected production volumes, quantity of reserves and resources, future development and operating costs, discount rates, and income taxes. For the nine months ended September 30, 2023, the Company recognized a $21.0 million impairment of E&E and $10.7 million in impairment of PP&E due to the assets being reviewed under the Spin-Out. Details of the specific estimates and assumptions applied in the impairment analysis are provided in the Interim Financial Statements, note 7 and note 8, respectively.

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, 2023 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 nine months ended September 30, 2023.

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 2022 AIF which can be found at www.sedarplus.ca. Prospective investors should carefully consider the risk factors set out below and consider all other information contained in this MD&A and in the Company's other public filings before making an investment decision. The risks set out below are not an exhaustive list, nor should be taken as a complete summary or description of all the risks associated with the Company's business and the oil and natural gas business generally.

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, 2023:

(CA$ thousands)	Change in price / differential	Positive movement	Negative movement
NYMEX Henry Hub ("**HH**")	+/- US$ 0.25 per mmbtu	(2,646)	2,646
NYMEX HH-AECO 7A Basis [1]	+/- US$ 0.10 per mmbtu	(1,428)	1,428
AECO 7A	+/- CA$ 0.25 per GJ	(155)	155
US$/CA$ exchange rate	+/- $ 0.05	(1,350)	1,350

(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. As at September 30, 2023, the Credit Facility is undrawn therefore an increase (decrease) in the market rate of interest would not have an impact on annualized interest expense. 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. During the second quarter of 2023, the Term Facility interest rate was fixed at the May 2023 bank prime rate of 6.7% plus the fixed spread of 5.25%, for a fixed interest rate of 11.95% until the Term Facility matures in December 2023.

The global economic recovery and inflationary environment has resulted in rising interest rates. For the first time since 2018, the Bank of Canada raised its benchmark interest rate by 25 basis points on March 2, 2022. Over the course of 2022 the benchmark interest rate was increased by an additional 375 basis points, for a total increase of 400 basis points during the year ended December 31, 2022. In January 2023, the benchmark interest rate was increased by 25 basis points, in June 2023 the rate was increased by a further 25 basis points, and in July 2023 the rate was increased by a further 25 basis points, with the potential for further interest rate increases over the next twelve months. The Company may use derivative financial instruments to manage interest rate risk, however there were no such contracts in place as at or during the period ended September 30, 2023.

At September 30, 2023, the Credit Facility is undrawn therefore an increase (decrease) in the market rate of interest by 50 basis points would not have an impact on annualized interest expense. 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 represented less than 10% of Spartan's oil and gas sales during the third quarter of 2023. Spartan is exposed to fluctuations of the Canadian to U.S. dollar exchange rate given the Company's realized pricing in Canadian dollars is directly influenced by U.S. dollar denominated benchmark pricing. In addition, the Company's commodity price risk management contracts settle in U.S. dollars.

The US$/CA$ exchange rate closed at 1.354 on September 30, 2023, relatively consistent with 1.353 on December 31, 2022 and down from 1.370 on September 30, 2022. Although the US$/CA$ exchange rate is typically negatively correlated to the movement in WTI crude oil prices, during the quarter ended September 30, 2023 the Canadian dollar remained consistent in value relative to the U.S. dollar while WTI increased by 17% 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, 2023, Spartan had contracted to fix the U.S. dollar exchange rate at $1.34 on a notional US$9.0 million per month from October 1 to December 31, 2023. The fair value of the foreign exchange contract resulted in a current derivative financial instrument liability of $0.4 million at September 30, 2023 (December 31, 2022 - $0.8 million).

Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's financial assets include cash and cash equivalents, Restricted Cash, accounts receivable, deposits and derivative financial instrument assets. Cash and cash equivalents and Restricted Cash are held on deposit with a Canadian chartered bank. The Company's credit risk exposure arises primarily from receivables from oil and gas marketers and joint venture partners. The oil and gas industry has a pre-arranged monthly clearing day for payment of revenues from all buyers of oil and natural gas; this occurs on the 25th day following the month of sale. As a result, the Company's production receivables are current. All other accounts receivable are generally contractually due within 30 days, however the collection period is typically between 60 to 90 days. Amounts outstanding for more than 90 days are generally considered "past due" and relate primarily to receivables from the Company's joint venture partners. When determining whether amounts that are past due are collectible, management assesses the creditworthiness and past payment history of the counterparty, as well as the nature of the past due amount. As at September 30, 2023, Spartan's expected credit loss provision is $1.5 million ($1.6 million at December 31, 2022).

Liquidity Risk

Liquidity risk is the risk that a company will not be able to meet its financial obligations as they become due. The Company prepares and regularly updates its capital and operating budget to forecast future cash flows to ensure, to the extent possible, that it will have sufficient liquidity to meet its obligations. As at September 30, 2023, Spartan's financial liabilities include accounts payable, derivative financial instrument liabilities, dividends payable, distribution payable, share-based compensation liability, current and long-term debt and lease liabilities. A contractual maturity analysis is provided in the "Capital Resources and Liquidity" section of this MD&A. The Company has sufficient liquidity for the next 12 months as current cash balances, future cash flow from operations and access to the undrawn amended Credit Facility is expected to be sufficient to fund the Term Facility repayment and meet the Company's financial obligations.

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

Forward-Looking Information May Prove Inaccurate

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

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

ABBREVIATIONS

A&D	acquisitions and dispositions
AECO	Alberta Energy Company "C" Meter Station of the NOVA Pipeline System, the Canadian benchmark price for natural gas
AIF	refers to the Company's 2022 Annual Information Form dated March 31, 2023
API	American Petroleum Institute gravity
bbl	barrel
bbls/d	barrels per day
BOE	barrels of oil equivalent
BOE/d	barrels of oil equivalent per day
CA$	Canadian dollar
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
NCLs	non-capital losses
NGLs	natural gas liquids
NYMEX	New York Mercantile Exchange
Q1 2022	first quarter of 2022
Q2 2022	second quarter of 2022
Q3 2022	third quarter of 2022
Q4 2022	fourth quarter of 2022
Q1 2023	first quarter of 2023
Q2 2023	second quarter of 2023
Q3 2023	third quarter of 2023
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 2023 outlook, including anticipated production levels and capital expenditure budget for 2023;
- Spartan's intentions with respect to the future return of capital, including the potential combination of share repurchases, base dividend payments and/or special dividend payments;
- Spartan's intention to maintain a flexible capital structure;
- Spartan's intentions to maintain a strong balance sheet to allow the Company to take advantage of opportunities;
- Spartan's objective to maintain an industry leading Liability Management Rating;
- capital resources and liquidity, including Spartan's expectations regarding sources of funding for future development capital expenditures;
- estimates used to calculate the fair value of net assets acquired through business combinations, decommissioning obligations, and depletion and impairment of PP&E;
- expectations of generating future taxable profits in order to realize deferred tax assets by utilizing available tax pools in the future, as well as the estimated amount of available tax pools;
- expectations regarding Spartan's position to withstand future commodity price volatility;
- the expectation that interest rates and borrowing costs will continue to increase over the next twelve months;
- commitments and contingencies; and
- expectations for forecast commodity prices in 2023 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:

- the failure to achieve requisite shareholder consent to execute on planned reduction of stated capital resulting from the Asset Sale and Spin-Out;
- 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 AIF;
- the risks associated with the oil and gas industry in general, such as operational risks in development, exploration and production;
- delays or changes in plans with respect to exploration or development projects or capital expenditures;
- incorrect assessments of the value of benefits to be obtained from the Company's exploration and development programs;
- volatility in market prices for oil and natural gas;
- uncertainties associated with estimating crude oil and natural gas reserves and the ability of the Company to realize value from its properties;
- geological, technical, drilling and processing problems;
- facility and pipeline capacity constraints and access to processing facilities and to markets for production;
- fluctuations in foreign exchange or interest rates and stock market volatility;
- fluctuations in the costs of borrowing;
- marketing and transportation;
- prevailing weather and break-up conditions;
- environmental risks;
- competition for, among other things, capital, acquisition of reserves, undeveloped lands and skilled personnel;
- net production and transportation costs and future development costs;
- the ability to access sufficient capital from internal and external sources;
- ability to obtain regulatory approvals;
- changes in tax, royalty and environmental legislation; and
- litigation or regulatory proceedings that may be brought against the Company.

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

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