SPARTAN DELTA CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS

AS AT AND FOR THE THREE AND SIX MONTHS ENDED

JUNE 30, 2022 AND 2021

FINANCIAL AND OPERATING HIGHLIGHTS

(CA$ thousands, unless otherwise indicated)	Three months ended June 30 **2022**	2021	%	Six months ended June 30 **2022**	2021	%
FINANCIAL HIGHLIGHTS						
Oil and gas sales	**437,699**	96,356	354	**760,123**	165,639	359
Net income and comprehensive income	**181,740**	19,664	824	**242,917**	78,828	208
$ per share, basic (3)	**1.17**	0.17	588	**1.58**	0.86	84
$ per share, diluted (3)	**1.05**	0.15	600	**1.41**	0.75	88
Cash provided by operating activities	**236,007**	48,028	391	**373,847**	80,135	367
Adjusted Funds Flow (2)	**232,374**	52,957	339	**392,095**	87,574	348
$ per share, basic (3)	**1.50**	0.46	226	**2.54**	0.96	165
$ per share, diluted (3)	**1.33**	0.39	241	**2.26**	0.79	186
Free Funds Flow (2)	**141,738**	43,555	225	**193,475**	58,890	229
Cash used in investing activities	**103,185**	26,744	286	**207,547**	69,682	198
Capital Expenditures before A&D (2)	**90,636**	9,402	864	**198,620**	28,684	592
Adjusted Net Capital Acquisitions (2)	**(374)**	11,828	(103)	**(941)**	166,887	(101)
Total assets	**1,811,725**	729,966	148	**1,811,725**	729,966	148
Long-term debt	**226,762**	-	-	**226,762**	-	-
Net Debt (Surplus) (2)	**261,655**	(131,696)	(299)	**261,655**	(131,696)	(299)
Net Debt to Annualized AFF Ratio (2)	**0.3x**	n/a		**0.3x**	n/a	
Shareholders' equity	**1,139,794**	437,730	160	**1,139,794**	437,730	160
Common shares outstanding, end of period (000s) (3)	**155,390**	114,476	36	**155,390**	114,476	36
OPERATING HIGHLIGHTS						
Average daily production						
Crude oil (bbls/d)	**13,009**	1,969	561	**12,145**	1,290	841
Condensate (bbls/d) (1)	**2,365**	1,989	19	**2,389**	1,666	43
NGLs (bbls/d) (1)	**12,373**	7,627	62	**12,670**	7,372	72
Natural gas (mcf/d)	**271,313**	168,319	61	**273,443**	152,819	79
BOE/d	**72,966**	39,638	84	**72,778**	35,798	103
Average realized prices, before financial instruments						
Crude oil ($/bbl)	**137.94**	71.98	92	**127.98**	70.72	81
Condensate ($/bbl) (1)	**135.63**	79.00	72	**127.87**	76.21	68
NGLs ($/bbl) (1)	**57.88**	30.21	92	**53.66**	29.33	83
Natural gas ($/mcf)	**7.29**	3.15	131	**6.07**	3.15	93
Combined average ($/BOE)	**65.92**	26.71	147	**57.70**	25.56	126
Operating Netbacks ($/BOE) (2)						
Oil and gas sales	**65.92**	26.71	147	**57.70**	25.56	126
Processing and other revenue	**0.30**	0.80	(63)	**0.33**	0.72	(54)
Royalties	**(8.69)**	(2.90)	200	**(6.79)**	(2.96)	129
Operating expenses	**(9.18)**	(5.56)	65	**(8.78)**	(5.34)	64
Transportation expenses	**(2.79)**	(1.62)	72	**(2.77)**	(1.49)	86
Operating Netback, before hedging ($/BOE) (2)	**45.56**	17.43	161	**39.69**	16.49	141
Operating Netback, after hedging ($/BOE) (2)	**37.47**	16.89	122	**32.25**	15.73	105
Adjusted Funds Flow Netback ($/BOE) (2)	**35.00**	14.68	138	**29.77**	13.52	120

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

INTRODUCTION

Spartan Delta Corp. ("Spartan" or the "Company") was incorporated under the *Business Corporations Act* (Alberta) on March 20, 2006. The Company is engaged in exploration, development and production of crude oil and natural gas properties in western Canada. Common shares of Spartan are listed on the Toronto Stock Exchange ("TSX") and trade under the symbol "SDE". The Company's head office is located at 1500, 308 – 4th Avenue S.W., Calgary, Alberta T2P 0H7. The registered office is located at 4300 Bankers Hall West, 888 – 3rd Street S.W., Calgary, Alberta T2P 5C5.

The following Management's Discussion and Analysis ("**MD&A**") has been prepared by management as of August 9, 2022, in accordance with the requirements of National Instrument 51-102 – *Continuous Disclosure Requirements* ("**NI 51-102**"). This MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and related notes as at and for the three and six months ended June 30, 2022 (the "**Interim Financial Statements**") and the audited consolidated annual financial statements and related notes for the year ended December 31, 2021 (the "**2021 Annual Financial Statements**"). The information provided in this MD&A is not intended to be a comprehensive review of all matters and developments concerning the Company and is not a substitute for detailed investigation or analysis on any particular issue. Additional information relevant to the Company's activities, including Spartan's Annual Information Form for the year ended December 31, 2021 (the "**AIF**"), can be found on SEDAR at www.sedar.com and the Company's website at www.spartandeltacorp.com.

Background on 2021 Acquisitions

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

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

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

NON-GAAP MEASURES AND RATIOS

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

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

Operating Income and Operating Netback

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

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

	Three months ended June 30			Six months ended June 30		
(CA$ thousands, unless otherwise indicated)	**2022**	2021	%	**2022**	2021	%
Oil and gas sales	**437,699**	96,356	354	**760,123**	165,639	359
Processing and other revenue	**1,960**	2,878	(32)	**4,338**	4,668	(7)
Royalties	**(57,676)**	(10,451)	452	**(89,456)**	(19,168)	367
Operating expenses	**(60,943)**	(20,075)	204	**(115,602)**	(34,609)	234
Transportation expenses	**(18,530)**	(5,829)	218	**(36,540)**	(9,684)	277
Operating Income, before hedging	**302,510**	62,879	381	**522,863**	106,846	389
Settlements on Commodity Derivative Contracts	**(53,714)**	(1,947)	2,659	**(97,740)**	(4,910)	1,891
Net Pipeline Transportation Margin	**-**	-	-	**(354)**	-	-
Operating Income, after hedging	**248,796**	60,932	308	**424,769**	101,936	317
Production (BOE)	**6,639,941**	3,607,112	84	**13,172,810**	6,479,382	103
Operating Netback, before hedging ($/BOE)	**45.56**	17.43	161	**39.69**	16.49	141
Operating Netback, after hedging ($/BOE)	**37.47**	16.89	122	**32.25**	15.73	105

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

Funds from Operations, Adjusted Funds Flow and Free Funds Flow

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

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

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

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

	Three months ended June 30			Six months ended June 30		
(CA$ thousands)	**2022**	2021	%	**2022**	2021	%
Cash provided by operating activities	**236,007**	48,028	391	**373,847**	80,135	367
Change in non-cash operating working capital	**(1,362)**	7,323	(119)	**22,840**	11,545	98
Funds from Operations	**234,645**	55,351	324	**396,687**	91,680	333
Add back: transaction costs	**-**	161	(100)	**24**	849	(97)
Deduct: lease payments	**(2,271)**	(2,555)	(11)	**(4,616)**	(4,955)	(7)
Adjusted Funds Flow	**232,374**	52,957	339	**392,095**	87,574	348
Deduct: Capital Expenditures before A&D (1)	**(90,636)**	(9,402)	864	**(198,620)**	(28,684)	592
Free Funds Flow	**141,738**	43,555	225	**193,475**	58,890	229

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

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

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

The table below outlines the calculation of AFF per share:

	Three months ended June 30			Six months ended June 30		
(CA$ thousands, except for share amounts)	**2022**	2021	%	**2022**	2021	%
Adjusted Funds Flow	**232,374**	52,957	339	**392,095**	87,574	348
WA Shares outstanding (000s) – basic	**154,960**	114,129	36	**154,131**	91,337	69
WA Shares outstanding (000s) – diluted AFF	**174,860**	136,240	28	**173,710**	110,216	58
AFF per share						
Basic ($ per common share)	**1.50**	0.46	226	**2.54**	0.96	165
Diluted ($ per common share)	**1.33**	0.39	241	**2.26**	0.79	186

Net Debt (Surplus) and Adjusted Working Capital

Throughout this MD&A, references to "**Net Debt**" or "**Net Surplus**" includes long-term debt, net of Adjusted Working Capital. Net Debt (Surplus) and Adjusted Working Capital are both non-GAAP financial measures. "**Adjusted Working Capital**" is calculated as current assets less current liabilities, excluding derivative financial instrument assets and liabilities, lease liabilities and the deferred premium on flow through shares (if applicable). As at June 30, 2022 and December 31, 2021, the Adjusted Working Capital deficit includes cash and cash equivalents, accounts receivable, prepaid expenses and deposits, other current assets, accounts payable and accrued liabilities and the current portion of decommissioning obligations.

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

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

(Assets) Liabilities – *CA$ thousands*	**June 30, 2022**	December 31, 2021
Cash	**(6,033)**	(1,245)
Accounts receivable	**(150,859)**	(96,741)
Prepaid expenses and deposits	**(12,798)**	(5,104)
Other current assets	**(14,717)**	(6,800)
Accounts payable and accrued liabilities	**214,100**	176,971
Current portion of decommissioning obligations	**5,200**	3,614
Adjusted Working Capital deficit	**34,893**	70,695
Long-term debt	**226,762**	387,564
Net Debt	**261,655**	458,259

In addition, Spartan has various lease contracts in place for compression equipment, facilities, office buildings and vehicles. The Company's total lease liability is $50.0 million as at June 30, 2022 (December 31, 2021 – $54.8 million), of which $9.1 million of the principal amount is expected to be settled within the next twelve months.

References to "**Cash Financing Expenses**" includes interest and fees on long-term debt, net of interest income, and excludes financing costs related to lease liabilities and accretion of decommissioning obligations. Cash Financing Expenses is a non-GAAP financial measure used by Spartan in its budget and public guidance as it corresponds to the

Company's definition of Net Debt, however it should not be viewed as an alternative to total financing expenses presented in accordance with IFRS.

Net Debt to Annualized AFF Ratio (1)

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

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

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

(CA$ thousands, unless otherwise indicated)	**June 30, 2022**	December 31, 2021
Adjusted Funds Flow for the quarter	**232,374**	137,026
Factor to Annualize	**4**	4
Annualized Adjusted Funds Flow	**929,496**	548,104
Net Debt	**261,655**	458,259
Annualized Adjusted Funds Flow	**929,496**	548,104
Net Debt to Annualized AFF Ratio	**0.3x**	0.8x

Capital Expenditures

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

	Three months ended June 30		Six months ended June 30	
(CA$ thousands)	**2022**	2021	**2022**	2021
Exploration and evaluation assets	**560**	1,008	**2,444**	1,388
Property, plant and equipment	**90,076**	8,394	**196,176**	27,296
Capital Expenditures before A&D	**90,636**	9,402	**198,620**	28,684
Acquisitions	**5**	10,393	**(97)**	30,459
Dispositions	**(379)**	(87)	**(844)**	(149)
Capital Expenditures	**90,262**	19,708	**197,679**	58,994
Corporate acquisitions, cash acquired	**-**	-	**-**	(1,570)
Change in non-cash investing working capital	**12,923**	7,036	**9,868**	12,258
Cash used in investing activities	**103,185**	26,744	**207,547**	69,682

Adjusted Net Capital Acquisitions and Total Consideration including Net Debt

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

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

	Three months ended June 30		Six months ended June 30	
(CA$ thousands)	**2022**	2021	**2022**	2021
Acquisitions [(1)]	**5**	10,393	**(97)**	30,459
Add non-cash consideration:				
Common share consideration	**-**	1,470	**-**	107,263
Convertible promissory note	**-**	-	**-**	25,293
Net Debt assumed on corporate acquisitions	**-**	52	**-**	4,021
Total Consideration including Net Debt	**5**	11,915	**(97)**	167,036
Less: Dispositions	**(379)**	(87)	**(844)**	(149)
Adjusted Net Capital Acquisitions	**(374)**	11,828	**(941)**	166,887

1) The six month period ended June 30, 2022 include $0.1 million of acquisition costs, net of $0.2 million of proceeds from favourable closing adjustments on property acquisitions completed in the previous year.

OTHER MEASUREMENTS

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

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

RESULTS OF OPERATIONS

SECOND QUARTER 2022 FINANCIAL AND OPERATING HIGHLIGHTS

Spartan is pleased to report its financial and operating results for the second quarter of 2022. Building on the positive momentum from the previous quarter, Spartan delivered record Adjusted Funds Flow of $232.4 million ($1.33 per share, diluted) and Free Funds Flow of $141.7 million for the three months ended June 30, 2022. By comparison, Adjusted Funds Flow and Free Funds Flow were $53.0 million ($0.39 per share, diluted) and $43.6 million, respectively, in the same three-month period of 2021. Spartan achieved tremendous growth from 39,638 BOE per day (29% oil and NGLs) in the second quarter of 2021 to 72,966 BOE per day (38% oil and NGLs) during the second quarter of 2022. This was the result of the successful execution of its Deep Basin and Montney drilling programs together with effective integration of the Velvet and Ferrier acquisitions completed during the third quarter of 2021. Oil and gas sales revenue increased by 354% to $437.7 million compared to $96.4 million in the second quarter of 2021, driven by the Company's oil-weighted production growth together with materially higher oil and gas prices.

To date in 2022, global crude oil prices have risen to the highest levels since 2014 due to tight supply and a resurgence in demand, furthered by the war in Ukraine. The WTI benchmark oil price peaked at a high monthly average of US$114.34 in June and averaged US$108.41 per barrel during the second quarter of 2022, up 15% from the average of US$94.29 per barrel in the first quarter of 2022 and up 64% from US$66.03 per barrel in the second quarter of 2021. The fundamentals for natural gas prices also continue to be strong and reached a fourteen-year high in June. During the three months ended June 30, 2022, the AECO 5A gas reference price averaged $6.86 per GJ, up 53% from $4.49 per GJ during the prior quarter ended March 31, 2022 and up 134% from $2.93 per GJ in the comparative quarter of 2021.

The highlights summarized below focus on the Company's results for the second quarter ended June 30, 2022, relative to the most recent quarter ended March 31, 2022:

- Average production of 72,966 BOE per day during the second quarter of 2022 reflects strong results from the Company's drilling program. Spartan brought 9.0 new wells on production during the second quarter, of which 7.0 net wells were in the Montney driving the 15% increase in crude oil production compared to the first quarter of 2022. Production from new wells offset the impact of unplanned downtime from third party facilities and planned downtime from major facility turnaround operations completed by Spartan during the second quarter of 2022.
- Oil and gas sales revenue increased by 36% to $437.7 million for the three months ended June 30, 2022, up from $322.4 million in the previous quarter ended March 31, 2022. Spartan's combined average selling price of $65.92 per BOE ($57.83 per BOE after financial instruments) increased by 34% from the average price of $49.35 per BOE ($42.61 per BOE after financial instruments) in the previous quarter.
- The Company benefited from strong realized crude oil and NGLs prices during the second quarter of 2022 as the Canadian dollar equivalent WTI reference price averaged $138.41 per barrel, up 16% from $119.48 per barrel in the previous quarter. Additionally, natural gas prices increased substantially in the quarter with the AECO 7A month ahead index up 37% and the AECO 5A same day index up 53% quarter-over-quarter. Spartan's realized natural gas price of $7.29 per MCF is 50% higher than the average of $4.85 per MCF realized in the first quarter of 2022.
- During the three months ended June 30, 2022, the Company generated $302.5 million of Operating Income resulting in an average Operating Netback of $45.56 per BOE before hedging ($37.47 per BOE after hedging). Spartan's Operating Netback increased by 35% from $33.73 per BOE before hedging ($26.94 per BOE after hedging) in the previous quarter.
- Adjusted Funds Flow of $232.4 million increased by 46% compared to $159.7 million in the previous quarter. Cash provided by operating activities increased to $236.0 million in the second quarter 2022 from $137.8 million in the first quarter of 2022 due to the impact of changes in non-cash working capital.
- On a diluted per share basis, Adjusted Funds Flow increased by 45% to $1.33 per share from $0.92 per share in the previous quarter, highlighting the torque of Spartan's cash flow to higher prices.
- Net income of $181.7 million ($1.05 per share, diluted) for the quarter ended June 30, 2022, increased by 197% compared to $61.2 million ($0.36 per share, diluted) in the quarter ended March 31, 2022. Changes in the fair

value of the Company's commodity price risk management contracts had a significant impact on net income during the periods. The softening in forecast commodity prices resulted in an unrealized gain on derivative financial instruments of $38.1 million during the second quarter of 2022 compared to an unrealized loss of $48.3 million in the first quarter of 2022. Spartan's income before derivatives, other items and taxes was $236.4 million in the second quarter of 2022, up 49% from the previous quarter.

- Capital Expenditures before A&D were $90.6 million for the three months ended June 30, 2022, of which approximately 90% was spent in the Montney as activity slowed in the Deep Basin through spring break-up. During the second quarter, Spartan completed and brought on production a 4.0 well pad at Karr, drilled and completed a 5.0 (4.9 net) well pad in West Gold Creek which was subsequently brought on production in late July, and a 3.0 well pad in East Gold Creek that was completed in the first quarter was tied-in and brought on production in April. The Company also brought 2.0 Cardium wells in the Deep Basin on production in April that were completed in the first quarter and commenced drilling its first well into the Viking formation in June.
- Spartan reduced its Net Debt by $144.0 million during the quarter to $261.7 million at June 30, 2022, down from $405.7 million at March 31, 2022. At the end of the second quarter, Spartan had $226.8 million of long-term debt outstanding under the Company's revolving and term credit facilities with aggregate borrowing capacity of $600.0 million. Spartan's Net Debt outstanding at June 30, 2022 is approximately 0.3 times its Annualized Adjusted Funds Flow for the second quarter.
- On June 22, 2022, Spartan entered into a subscription agreement to acquire Bellatrix Exploration Ltd. for a cash purchase price of $6.0 million. The acquisition closed subsequent to the quarter on August 9, 2022 and is expected to materially enhance the Company's future tax position. Together with Spartan's existing tax pools of $1.6 billion as of June 30, 2022, the Company's total tax pools are estimated to be in excess of $2.2 billion (~60% non-capital losses) pro forma the acquisition. Refer to "Subsequent Events".

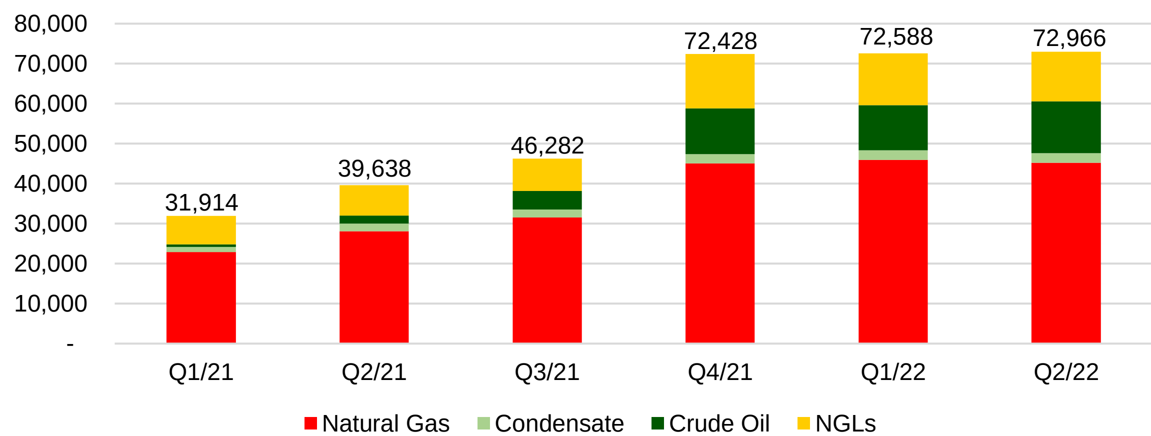
Average production volumes of 72,778 BOE/d in the first half of 2022 reflect the strong Montney drilling results achieved to date in 2022 and, in tandem with higher commodity prices, have led to outperformance of the Company's budget for the first half of the year. As a result, Spartan has revised corporate guidance for 2022, including increases to forecasted production and funds flow estimates, as well as an expanded capital expenditure budget to take advantage of the current business environment of strong commodity prices. Refer to additional information under the heading "Outlook and Guidance" of this MD&A.

PRODUCTION

	Three months ended June 30			Six months ended June 30		
Average daily production	**2022**	2021	%	**2022**	2021	%
Crude oil (bbls/d)	**13,009**	1,969	561	**12,145**	1,290	841
Condensate (bbls/d)	**2,365**	1,989	19	**2,389**	1,666	43
NGLs (bbls/d)	**12,373**	7,627	62	**12,670**	7,372	72
Natural gas (mcf/d)	**271,313**	168,319	61	**273,443**	152,819	79
Combined average (BOE/d)	**72,966**	39,638	84	**72,778**	35,798	103
% Liquids	**38%**	29%	31	**37%**	29%	28

Production averaged 72,966 BOE per day during the second quarter of 2022, up 84% from the average production of 39,638 BOE per day in the same quarter of 2021. For the six months ended June 30, 2022, production increased by 103% from 35,798 BOE per day to 72,778 BOE per day. The significant growth in production over both the three and six month periods was achieved through the acquisitions completed during the second half of 2021, combined with the Company's successful Montney and Deep Basin drilling programs.

Spartan brought 9.0 net wells on production during the second quarter of 2022, of which 7.0 wells were in the Montney driving the 15% increase in crude oil volumes compared to the first quarter 2022. In April, 2.0 net Deep Basin wells and 3.0 net Montney wells drilled in the first quarter were brought on-stream. Spartan completed 8.9 net Montney wells during the three months ended June 30, 2022, of which 4.0 net wells were brought on production in June and the remaining 4.9 net wells were subsequently tied-in and brought on-stream in July 2022. New production added in the second quarter of 2022 offset natural declines and replaced production downtime from major facility turnarounds completed in the Deep Basin, West Gold Creek and Pouce Coupe areas during the period.



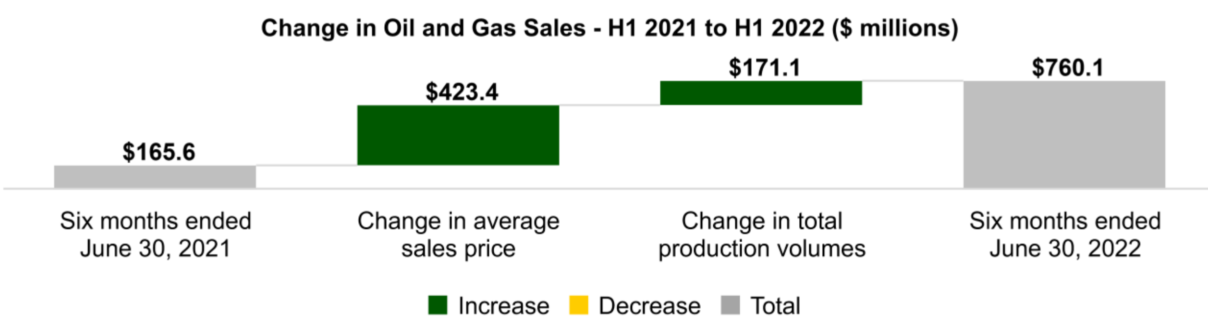
Prior to completing the Inception Acquisition and Simonette Acquisition on March 18, 2021, the Company's operations were concentrated in the central Alberta Deep Basin. Together, the Inception Acquisition and Simonette Acquisition added approximately 8,125 BOE per day of production at the time of closing contributing to the increase in average production for the second quarter of 2021. The Company's average production of 46,282 BOE per day for the third quarter of 2021 included operations from the Velvet Acquisition following closing on August 31, 2021 as well as the tuck-in acquisition of assets in the Ferrier area on September 3, 2021. Average production increased by 56% to 72,428 BOE per day in the fourth quarter of 2021 reflecting a full quarter of operations from the Velvet and Ferrier acquisitions in conjunction with the Company's drilling program. The fourth quarter of 2021 included significant flush production from a successful drilling program in the second half of 2021 as well as production from 7.0 net Montney wells which were previously drilled by Velvet shortly before closing the acquisition.

OIL AND GAS SALES

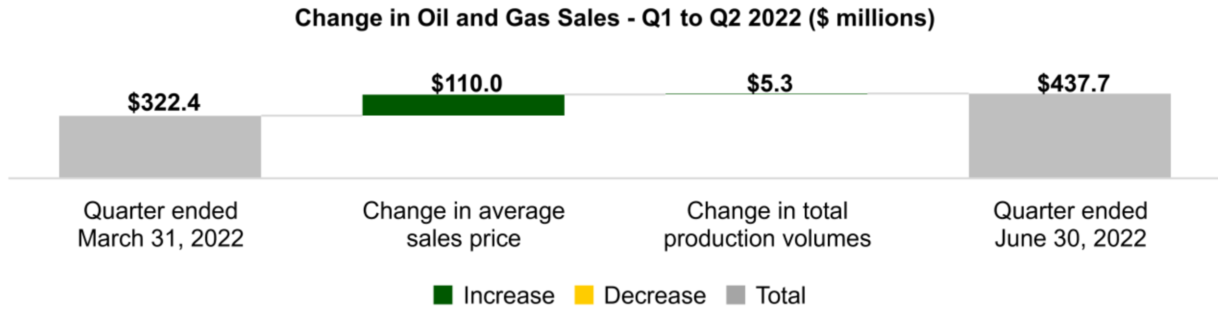
(CA$ thousands, unless otherwise indicated)	Three months ended June 30 **2022**	2021	%	Six months ended June 30 **2022**	2021	%
Oil and gas sales, before royalties						
Crude oil	**163,309**	12,899	1,166	**281,326**	16,511	1,604
Condensate	**29,187**	14,298	104	**55,296**	22,974	141
NGLs	**65,169**	20,969	211	**123,055**	39,132	214
Natural gas	**180,034**	48,190	274	**300,446**	87,022	245
Oil and gas sales, before royalties	**437,699**	96,356	354	**760,123**	165,639	359
Average realized prices, before financial instruments						
Crude oil ($/bbl)	**137.94**	71.98	92	**127.98**	70.72	81
Condensate ($/bbl)	**135.63**	79.00	72	**127.87**	76.21	68
NGLs ($/bbl)	**57.88**	30.21	92	**53.66**	29.33	83
Natural gas ($/mcf)	**7.29**	3.15	131	**6.07**	3.15	93
Combined average ($/BOE)	**65.92**	26.71	147	**57.70**	25.56	126
Average realized prices, after financial instruments(1)						
Crude oil ($/bbl)	**114.72**	71.98	59	**104.34**	70.72	48
Condensate ($/bbl)	**135.63**	79.00	72	**127.87**	76.21	68
NGLs ($/bbl)	**57.88**	30.21	92	**53.66**	29.33	83
Natural gas ($/mcf)	**6.23**	3.02	106	**5.15**	2.97	73
Combined average ($/BOE)	**57.83**	26.17	121	**50.28**	24.80	103

(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 three and six month periods ended June 30, 2022 were $437.7 million and $760.1 million, respectively, up over 350% compared to $96.4 million and $165.6 million in the corresponding periods of 2021. The increase in oil and gas sales was driven by materially higher commodity prices together with the increase in production. The significant increase in the crude oil weighting of Spartan's production relative to the comparative periods further contributed to the increase in the Company's average realized prices. Spartan's combined average realized price of $57.70 per BOE ($50.28 per BOE after financial instruments) for the first half of 2022 more than doubled compared to the average price of $25.56 per BOE ($24.80 per BOE after financial instruments) in the same period of 2021.



Spartan's oil and gas sales revenue increased by 36% compared to the previous quarter ended March 31, 2022, with the change driven by a 34% increase in the combined average realized price from $49.35 per BOE ($42.61 per BOE after financial instruments) to $65.92 per BOE ($57.83 per BOE after financial instruments) in the quarter ended June 30, 2022.

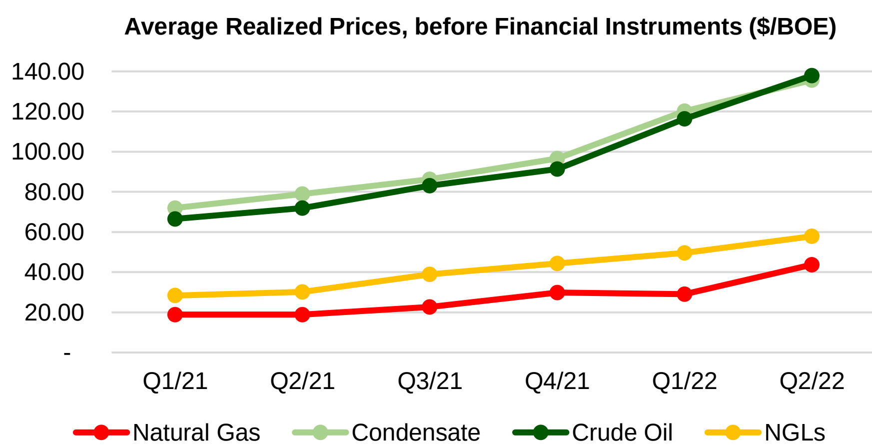


The table below summarizes benchmark average commodity prices and exchange rates during the periods:

	Three months ended June 30			Six months ended June 30		
Benchmark commodity prices	**2022**	2021	%	**2022**	2021	%
WTI Cushing Oklahoma (US$/bbl) (1)	**108.41**	66.03	64	**101.35**	61.94	64
WTI Cushing Oklahoma (CA$/bbl) (2)	**138.41**	81.04	71	**128.95**	77.05	67
Mixed Sweet Blend ("MSW") (CA$/bbl) (3)	**137.76**	77.22	78	**126.75**	71.83	76
Conway propane (US$/gallon) (4)	**1.23**	0.83	48	**1.25**	0.88	42
NYMEX Henry Hub (US$/mmbtu) (5)	**7.17**	2.83	153	**6.06**	2.76	120
NYMEX - AECO 7A Basis (US$/mmbtu)	**(2.23)**	(0.51)	337	**(1.78)**	(0.45)	296
AECO 7A (CA$/GJ) (6)	**5.95**	2.70	120	**5.15**	2.74	88
AECO 5A (CA$/GJ) (7)	**6.86**	2.93	134	**5.68**	2.96	92
Exchange rate (CA$/US$) (1)	**1.28**	1.23	4	**1.27**	1.25	2

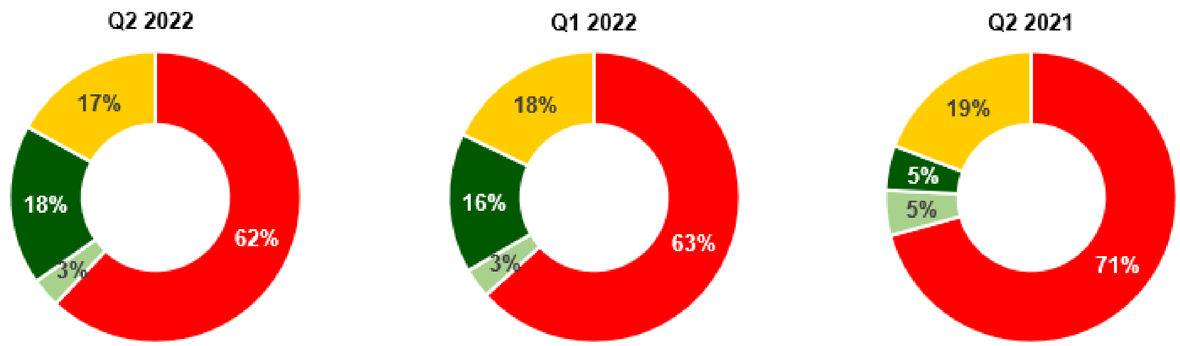
(1) Source: Sproule Associates Limited.
(2) Calculated based the US$ WTI price multiplied by the average CA$/US$ exchange rate for the month.
(3) Source: Weighted average trade volume and price per Net Energy and NGX.
(4) Source: Service Conway C3 in-well simple average.
(5) Source: Canadian Gas Price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

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

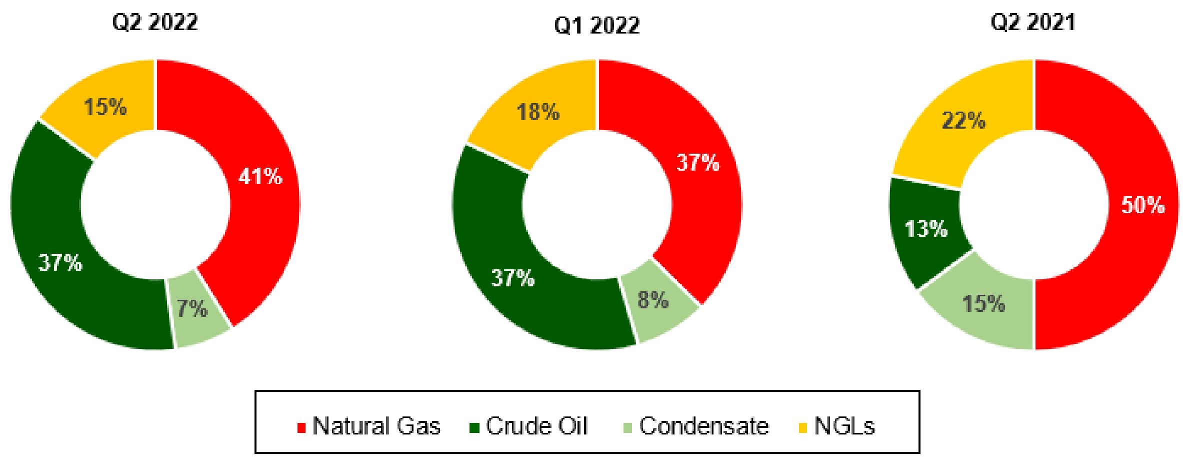


The charts below highlight Spartan's production mix and the relative contribution to total oil and gas sales revenue in the second quarter of 2022, relative to the first quarter of 2022 and the second quarter of 2021.

Production Mix (BOE)



Oil and Gas Sales, before Royalties



Natural gas represented 62% of total production volumes and contributed $180.0 million (41%) of Spartan's total sales revenue during the three months ended June 30, 2022. Spartan's realized gas price for the second quarter of 2022 of $7.29/mcf increased by 50% from $4.85/mcf in the first quarter and by 131% from $3.15/mcf in the second quarter of 2021. The Company's natural gas is delivered and sold under AECO based contracts, with approximately 60% priced at AECO 5A and 40% at AECO 7A on average during the second quarter of 2022. The increase in the Company's realized natural gas price is in line with the weighted average change in AECO 5A and 7A reference prices.

Together, crude oil and condensate represented 21% of production volumes and contributed to $192.5 million (44%) of Spartan's total sales revenue during the three months ended June 30, 2022. Spartan realized an average price for its crude oil and condensate sales of $137.59 per barrel during the second quarter of 2022, up 18% from $117.03 per barrel in the first quarter of 2022 and up 82% compared to the average price of $75.51 per barrel realized for crude oil and condensate in the second quarter of 2021. The Canadian dollar equivalent WTI benchmark price increased by 16% and 71%, respectively, over the corresponding periods.

NGLs (excluding condensate) were 17% of Spartan's total production volumes in the second quarter of 2022 and contributed proportionately to 15% of total sales revenue. The Company reported an average NGLs sales price of $57.88 per barrel in the second quarter of 2022, up 17% from $49.59 per barrel in the first quarter of 2022 and up 92% from $30.21 per barrel in the second quarter of 2021. In addition to the strength of underlying benchmark WTI and

Conway propane prices, the increase in Spartan's average realized price also reflects a change in the NGLs product mix through integration of the Montney assets during 2021 which have a shallower liquids cut resulting in less ethane production compared to the Deep Basin assets.

COMMODITY PRICE RISK MANAGEMENT

The Company has various commodity price risk management contracts in place to reduce volatility of cash flows in order to fund capital expenditures and protect project economics. The table below summarizes average prices and notional volumes contracted under the Company's outstanding financial derivative contracts as at June 30, 2022:

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

(1) The prices and volumes in this table represent averages for contracts represented in the respective periods.
(2) NYMEX swaps are settled based on the last day of settlement of monthly futures contracts.
(3) Represent collar positions with a floor price (long put) and a price ceiling (short call) for Spartan.
(4) Floor and ceiling represent the average strike price of the long put and short call positions.
(5) As of June 30, 2022, the Company's oil production is unhedged.

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

The fair value of outstanding risk management contracts resulted in a net derivative financial instrument liability of $39.8 million at June 30, 2022, compared to a liability of $64.3 million at December 31, 2021. The fair values and gains or losses by contract type are summarized below for the six months ended June 30, 2022:

Derivative Financial Instruments (1)	**Nature of Contract**					
(CA$ thousands)	WTI Cushing	AECO 7A	NYMEX Henry Hub	AECO Basis	Foreign exchange	Total
Fair value asset (liability) at June 30, 2022	**-**	**-**	**(50,649)**	**11,066**	**(203)**	**(39,786)**
Fair value asset (liability) at December 31, 2021	(24,443)	(4,649)	(24,650)	(10,442)	(137)	(64,321)
Net change	24,443	4,649	(25,999)	21,508	(66)	24,535
Settlements of acquired derivative liabilities	(16,127)	-	(14,522)	(4,057)	-	(34,706)
Unrealized gain (loss)	8,316	4,649	(40,521)	17,451	(66)	(10,171)
Realized gain (loss)	(35,847)	(6,607)	(37,228)	16,658	(10)	(63,034)
(Loss) gain on derivative financial instruments	**(27,531)**	**(1,958)**	**(77,749)**	**34,109**	**(76)**	**(73,205)**

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

Spartan recognized a total loss on derivative financial instruments of $73.2 million during the first half of 2022, of which $10.2 million is an unrealized loss on the change in fair value of outstanding contracts during the period. The unrealized loss for the six months ended June 30, 2022 is comprised of an unrealized loss of $48.3 million in the first quarter of 2022, largely offset by a $38.1 million unrealized gain in the second quarter of 2022. The increase in forecast NYMEX Henry Hub natural gas prices in the first quarter of 2022 drove the overall unrealized loss, partly mitigated by gains on the Company's AECO basis contracts due to widening of the differential relative to NYMEX in the second quarter of 2022 and actual settlements in the period. Spartan's remaining crude oil hedges matured in June and the Company's oil production is unhedged starting in the second half of 2022.

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

	Three months ended June 30			Six months ended June 30		
(CA$ thousands)	**2022**	2021	%	**2022**	2021	%
Realized loss	**(40,608)**	(1,947)	1,986	**(63,034)**	(4,910)	1,184
Unrealized gain (loss)	**38,112**	(9,002)	(523)	**(10,171)**	(10,741)	(5)
Loss on derivative financial instruments	**(2,496)**	(10,949)	(77)	**(73,205)**	(15,651)	368

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

	Three months ended June 30			Six months ended June 30		
(CA$ thousands)	**2022**	2021	%	**2022**	2021	%
Crude oil	**(27,492)**	-	-	**(51,975)**	-	-
Condensate	**-**	-	-	**-**	-	-
NGLs	**-**	-	-	**-**	-	-
Natural gas	**(26,222)**	(1,947)	1,247	**(45,765)**	(4,910)	832
Settlements on Commodity Derivative Contracts	**(53,714)**	(1,947)	2,659	**(97,740)**	(4,910)	1,891
Less: Settlements of acquired derivative liabilities	**13,106**	-	-	**34,706**	-	-
Realized loss	**(40,608)**	(1,947)	1,986	**(63,034)**	(4,910)	1,184

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

Physical hedging

	Three months ended June 30			Six months ended June 30		
(CA$ thousands)	**2022**	2021	%	**2022**	2021	%
Pipeline transportation revenue	**-**	-	-	**1,364**	-	-
Pipeline transportation expense	**-**	-	-	**(1,718)**	-	-
Net Pipeline Transportation Margin	**-**	-	-	**(354)**	-	-

Pipeline transportation revenue and expenses relate to certain marketing and transportation contracts assumed through the Velvet Acquisition related to commitments on the Spearhead and Flanagan South pipelines. During the first quarter of 2022, Spartan entered into an agreement with a third party to assign its firm transportation capacity and related obligations under these contracts effective April 1, 2022. Pursuant to the assignment agreement, Spartan received cash proceeds of US$0.5 million and has reduced the Company's aggregate contractual commitments by approximately $72.3 million (see "Commitments and Contingencies"). The contracts were not integral to Spartan's core business operations. During the first quarter of 2022, prior to the assignment, the net revenue realized under the associated contracts was less than the pipeline tolls resulting in a net loss of $0.4 million.

ROYALTIES

	Three months ended June 30			Six months ended June 30		
(CA$ thousands, unless otherwise indicated)	**2022**	2021	%	**2022**	2021	%
Gross royalties, before GCA	**64,520**	14,008	361	**103,245**	26,084	296
Gas cost allowance	**(6,844)**	(3,557)	92	**(13,789)**	(6,916)	99
Royalties	**57,676**	10,451	452	**89,456**	19,168	367
$ per BOE	**8.69**	2.90	200	**6.79**	2.96	129
Average royalty rate (% of sales)	**13.2%**	10.8%	22	**11.8%**	11.6%	2

Total royalties of $57.7 million and $89.5 million for the three and six months ended June 30, 2022, respectively, have increased significantly relative to the same periods in 2021 in line with the increase in revenue. The Company's average royalty rate of 11.8% for the first half of 2022 reflects an increase in royalties from 9.9% in the first quarter to 13.2% in the second quarter in conjunction with higher realized prices which are up 34% on average quarter over quarter.

Spartan's average royalty rate was 11.6% during the comparative six months ended June 30, 2021. Integration of the Velvet Acquisition subsequently contributed to lower average royalties in the second half of 2021 as the core assets located at East Gold Creek qualify for a flat 5% royalty under the Alberta Emerging Resources Program. This enhanced benefit along with other incentives under the Alberta Modern Royalty Framework softened the impact of higher commodity prices in 2022 on the Company's corporate average royalty rate compared to the same period of 2021.

PROCESSING AND OTHER REVENUE

	Three months ended June 30			Six months ended June 30		
(CA$ thousands, unless otherwise indicated)	**2022**	2021	%	**2022**	2021	%
Processing and other	**1,960**	2,878	(32)	**4,338**	4,668	(7)
$ per BOE	**0.30**	0.80	(63)	**0.33**	0.72	(54)

Processing and other revenue primarily relates to gas processing and other fees earned on third party volumes processed through the Company's facilities. Processing and other revenue per BOE decreased relative to 2021 primarily due to the increase in corporate total production following the 2021 Acquisitions. Additionally, processing revenue for the three months ended June 30, 2022 includes the impact of equalizations at Spartan's 10-09 gas plant in the Deep Basin.

OPERATING EXPENSES

	Three months ended June 30			Six months ended June 30		
(CA$ thousands, unless otherwise indicated)	**2022**	2021	%	**2022**	2021	%
Operating expenses	**60,943**	20,075	204	**115,602**	34,609	234
$ per BOE	**9.18**	5.56	65	**8.78**	5.34	64

Operating expenses were $60.9 million ($9.18 per BOE) for the three months ended June 30, 2022, up from $54.7 million ($8.36 per BOE) in the previous quarter ended March 31, 2022. Spartan completed major facility turnarounds during the period which added incremental operating costs of $5.9 million ($0.88 per BOE) during the second quarter or $7.3 million ($0.56 per BOE) year-to-date in 2022. The impact to operating expenses per BOE in the second quarter is compounded due to the production downtime from both operated and third party turnarounds in the period.

Total operating expenses were $115.6 million and averaged $8.78 per BOE for the six months ended June 30, 2022, up from $34.6 million or $5.34 per BOE in comparative period of 2021. The increase in total and per unit operating expenses reflects integration of the oil-weighted Montney assets through the Velvet Acquisition on August 31, 2021 which have higher average operating costs relative to its liquids-rich natural gas assets in the Deep Basin. Additionally, widespread cost inflation as well as supply shortages due to increased oil and gas industry activity continued to put upward pressure on the cost of labour and materials during the first half of 2022.

TRANSPORTATION EXPENSES

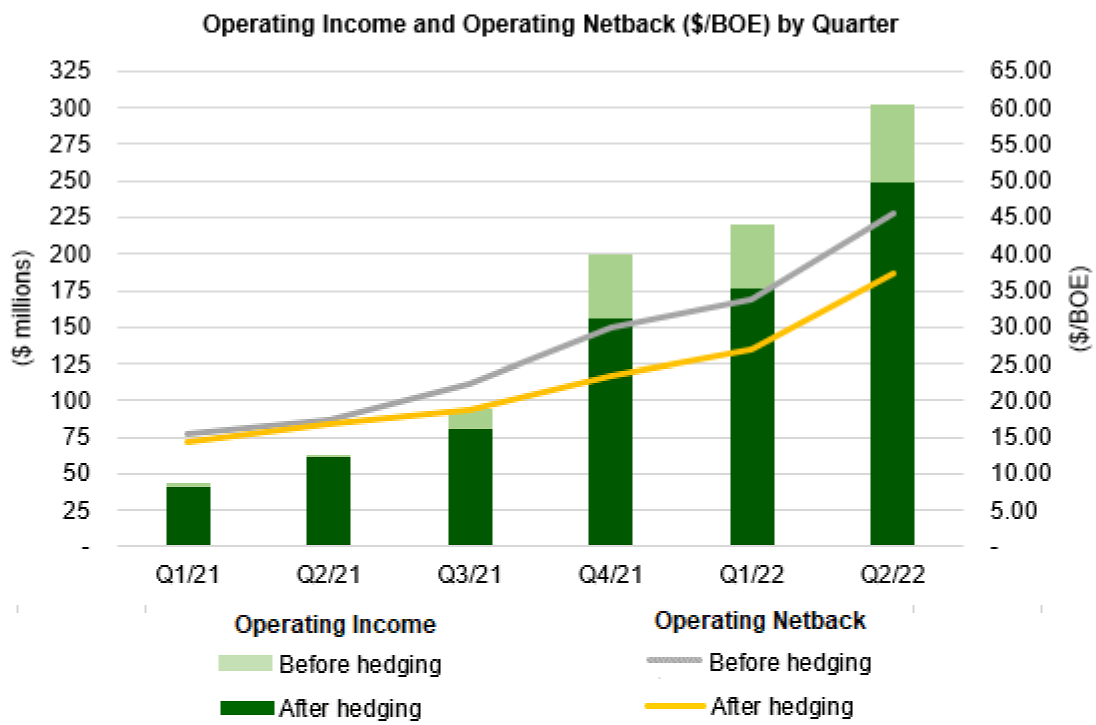
	Three months ended June 30			Six months ended June 30		
(CA$ thousands, unless otherwise indicated)	**2022**	2021	%	**2022**	2021	%
Transportation expenses	**18,530**	5,829	218	**36,540**	9,684	277
$ per BOE	**2.79**	1.62	72	**2.77**	1.49	86

Transportation expenses of $18.5 million ($2.79 per BOE) for the three months ended June 30, 2022 are in line with $18.0 million ($2.76 per BOE) during the previous quarter ended March 31, 2022.

Total transportation expenses have increased in 2022 relative to the comparative periods of 2021 in conjunction with the Company's significant production growth. The increase in per unit transportation costs reflects higher costs of transporting crude oil relative to natural gas, the location differential of the northwest Alberta Montney relative to the Deep Basin and the assumption of firm transportation commitments through the Velvet Acquisition.

OPERATING INCOME AND OPERATING NETBACKS

The Company's field operations generated $302.5 million of Operating Income before hedging during the three months ended June 30, 2022, up 381% from $62.9 million in the same period of 2021 and up 37% from $220.4 in the three months ended March 31, 2022. Losses on commodity price risk management contracts softened the impact of higher commodity prices; Operating Income after hedging was $248.8 million for the second quarter of 2022. The chart below highlights the increase in Spartan's quarterly Operating Income and Operating Netbacks, before and after hedging, during 2021 and first six months of 2022:



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

	Three months ended June 30			Six months ended June 30		
($ per BOE)	**2022**	2021	%	**2022**	2021	%
Oil and gas sales	**65.92**	26.71	147	**57.70**	25.56	126
Processing and other revenue	**0.30**	0.80	(63)	**0.33**	0.72	(54)
Royalties	**(8.69)**	(2.90)	200	**(6.79)**	(2.96)	129
Operating expenses	**(9.18)**	(5.56)	65	**(8.78)**	(5.34)	64
Transportation expenses	**(2.79)**	(1.62)	72	**(2.77)**	(1.49)	86
Operating Netback, before hedging	**45.56**	17.43	161	**39.69**	16.49	141
Settlements on Commodity Derivative Contracts	**(8.09)**	(0.54)	nm	**(7.42)**	(0.76)	876
Net Pipeline Transportation Margin	**-**	-	-	**(0.02)**	-	-
Operating Netback, after hedging	**37.47**	16.89	122	**32.25**	15.73	105

Spartan's Operating Netback before hedging averaged $45.56 per BOE during the second quarter and $39.69 per BOE year-to-date in 2022, up 141% from $16.49 per BOE in the comparative six month period of 2021. The acquisitions of Inception at the end of the first quarter of 2021 and Velvet in the third quarter of 2021 materially increased the oil weighting of Spartan's production driving higher corporate average operating netbacks, in conjunction with the significant increase in commodity prices over the past year. Spartan's average realized price more than doubled from $25.56 per BOE in the first half of 2021 to $57.70 per BOE in the first half of 2022.

Crude oil and natural gas prices reached decade highs during the second quarter of 2022 driving Spartan's average selling price to $65.92 per BOE, an increase of 34% or $16.57 per BOE compared to the first quarter of 2022. Higher royalties and operating expenses partly offset the increase in revenue, however the Company's average Operating Netback before hedging is up 35% quarter-over-quarter (up 39% after hedging).

GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended June 30			Six months ended June 30		
(CA$ thousands, unless otherwise indicated)	**2022**	2021	%	**2022**	2021	%
Salaries and benefits	**6,225**	3,334	87	**11,767**	6,389	84
Other G&A expenses	**4,254**	2,130	100	**8,026**	3,757	114
Change in expected credit loss provision	**355**	(6)	nm	**590**	127	365
Subtotal, before recoveries ("Gross G&A") (1)	**10,834**	5,458	98	**20,383**	10,273	98
Overhead recoveries	**(3,525)**	(658)	436	**(6,544)**	(1,980)	231
Capitalized G&A	**(750)**	-	-	**(1,500)**	-	-
G&A expenses ("Net G&A") (1)	**6,559**	4,800	37	**12,339**	8,293	49
Gross G&A ($ per BOE)	**1.63**	1.51	8	**1.55**	1.59	(3)
Net G&A ($ per BOE)	**0.99**	1.33	(26)	**0.94**	1.28	(27)

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

G&A expenses were $6.6 million ($0.99 per BOE) for the second quarter of 2022 as compared to $5.8 million ($0.88 per BOE) in the first quarter of 2022. Costs to attract and retain top talent in a competitive labour market are reflected in the increase in salaries and benefits expenses in the current period.

Total G&A expenses have increased relative to 2021 due to additional staff, office space and information technology to support the Company's significant growth, as well as higher regulatory and reporting costs following Spartan's uplisting to the TSX in September 2021.

G&A expenses are reported net of operating and capital overhead recoveries and capitalized G&A. Concurrent with the shift in focus from acquisitions to an organic drilling program during the fourth quarter of 2021, Spartan began capitalizing a portion of direct salaries and benefits attributed to the Company's capital program. Together, total overhead recoveries and capitalized G&A are $4.3 million and $8.0 million for the three and six months ended June 30, 2022, compared to $0.7 million and $2.0 million in the respective periods of 2021. The increase is attributed to the significant increase in development capital expenditures as well as higher operating overhead recoveries with growth of the Company's asset base.

SHARE BASED COMPENSATION

	Three months ended June 30			Six months ended June 30		
(CA$ thousands, unless otherwise indicated)	**2022**	2021	%	**2022**	2021	%
Stock options	**847**	884	(4)	**1,635**	1,634	0
Share awards	**2,532**	1,065	138	**4,411**	1,305	238
Capitalized share based compensation [(1)]	**(244)**	-	-	**(388)**	-	-
Share based compensation expense	**3,135**	1,949	61	**5,658**	2,939	93
$ per BOE	**0.47**	0.54	(13)	**0.43**	0.45	(4)

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

As part of the Company's long-term incentive ("**LTI**") plans, stock options and share awards may be granted to officers, directors, employees and consultants. During the first six months of 2022, Spartan granted 1.8 million restricted share awards and 0.8 million stock options with an average exercise price of $8.21 per share. During the previous year ended December 31, 2021, the Company granted an aggregate of 2.0 million restricted share awards and 1.2 million stock options with an average exercise price of $4.29 per share, the majority of which were granted at the end of the first quarter of 2021. As at June 30, 2022, the aggregate of outstanding stock options and share awards represents 4.5% of Spartan's total common shares issued and outstanding.

Share based compensation ("**SBC**") expense is recognized over the three-year vesting period using graded amortization. The increase in SBC expense from $2.5 million in the first quarter to $3.1 million in the second quarter of 2022 reflects a bonus LTI grant of share awards to non-officer employees in recognition of corporate achievements. The increase in total SBC expense relative to the comparative periods of 2021 reflects higher staffing levels, the timing of new grants, the increase in fair value of awards granted due to significant appreciation of Spartan's share price, as well as the higher weighting of new grants to share awards relative to stock options. The fair value of a share award is typically 2 to 3 times more than a stock option on the grant date.

FINANCING

	Three months ended June 30			Six months ended June 30		
(CA$ thousands, unless otherwise indicated)	**2022**	2021	%	**2022**	2021	%
Interest and fees on long-term debt	**6,958**	281	2,376	**13,725**	638	2,051
Interest income	**-**	(232)	(100)	**(3)**	(233)	(99)
Interest expense, net of interest income [(1)]	**6,958**	49	nm	**13,722**	405	nm
Financing cost of lease liabilities	**732**	707	4	**1,497**	1,423	5
Accretion of decommissioning obligations	**866**	617	40	**1,563**	941	66
Financing	**8,556**	1,373	523	**16,782**	2,769	506
Interest expense, net of interest income ($/BOE)	**1.05**	0.01	nm	**1.04**	0.06	nm
Financing ($/BOE)	**1.29**	0.38	239	**1.27**	0.43	195
Average long-term debt outstanding in period [(2)]	**337,283**	-	-	**370,198**	839	nm

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

(2) Average of the actual daily balances of bank debt drawn during the respective periods, plus $150.0 million of outstanding term debt.

Spartan used Free Funds Flow generated during the period to reduce its outstanding bank debt by 66% from $245.6 million at December 31, 2021 down to $83.0 million at June 30, 2022. The Company also has $150.0 million of long-term debt outstanding on its second lien term facility.

Cash Financing Expenses were $7.0 million ($1.05 per BOE) for the quarter ended June 30, 2022, up 3% from $6.8 million ($1.04 per BOE) in the previous quarter. The impact of lower average debt levels was more than offset by higher borrowing costs. The Company's credit facility and term facility bear floating interest rates and Canadian benchmark interest rates have risen sharply throughout the first half of 2022 in response to high inflation. Subsequent to the quarter, the Bank of Canada announced an additional 100 basis point rate increase effective in July 2022 (see also, "Risks and Uncertainties – Interest Rate Risk").

In the first half of 2021, Cash Financing Expenses of $0.4 million ($0.06 per BOE) primarily related to fees to maintain the credit facility. Borrowings were insignificant until the third quarter of 2021, at which time new credit facilities were established to finance the Velvet Acquisition. Additional information regarding the Company's long-term debt and credit facilities is provided under the heading "Capital Resources and Liquidity".

Spartan has various lease contracts in place for compression equipment, facilities, office buildings and vehicles. The Company's total lease liability is $50.0 million as at June 30, 2022 ($54.8 million as at December 31, 2021). The financing cost of lease liabilities is relatively consistent at approximately $0.7 million quarterly.

Financing expenses also include non-cash accretion of decommissioning obligations. Accretion has increased relative to the comparatives periods due to the 2021 Acquisitions as well as higher interest rates. Over the past twelve months, the yield on long-term Canadian benchmark bonds increased from 1.8% to 3.1% from June 30, 2021 to June 30, 2022 (see also, "Decommissioning Obligations").

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

	Three months ended June 30			Six months ended June 30		
(CA$ thousands, unless otherwise indicated)	**2022**	2021	%	**2022**	2021	%
Depletion and depreciation of PP&E	**45,093**	16,245	178	**87,451**	23,664	270
Depreciation of ROU Assets	**2,377**	1,955	22	**4,848**	3,760	29
Depletion and depreciation	**47,470**	18,200	161	**92,299**	27,424	237
Expired mineral leases	**383**	20	1,815	**859**	20	4,195
Total DD&I expense	**47,853**	18,220	163	**93,158**	27,444	239
Depletion and depreciation ($ per BOE)	**7.15**	5.05	42	**7.01**	4.24	66
Total DD&I expense ($ per BOE)	**7.21**	5.05	43	**7.07**	4.24	67

The Company reported depletion and depreciation ("**D&D**") expense of $47.5 million ($7.15 per BOE) for the second quarter of 2022, up 6% from $44.8 million ($6.86 per BOE) in the first quarter of 2022. Spartan's Montney oil production contributed to a higher proportion of total production during the second quarter driving the increase in total and average depletion per BOE compared to the first quarter of 2022.

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

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

OTHER INCOME (EXPENSES)

	Three months ended June 30		Six months ended June 30	
(CA$ thousands)	**2022**	2021	**2022**	2021
Gain on sale of assets	**936**	121	**1,653**	153
Gain on acquisition	**-**	-	**-**	35,134
Write down of other non-current assets	**-**	-	**(7,500)**	-
Transaction costs	**-**	(161)	**(24)**	(849)
Other income	**304**	893	**1,636**	1,527
Premium on flow-through shares	**-**	838	**-**	838
Change in fair value of convertible note	**-**	(13,560)	**-**	(14,016)
Foreign exchange gain	**384**	-	**425**	-
Other income, net of other expenses	**1,624**	(11,869)	**(3,810)**	22,787

The Company continuously seeks to optimize its asset base and may dispose of non-core properties from time to time. To date in 2022, Spartan received $0.8 million of cash proceeds on minor property dispositions which resulted in a gain on sale of $1.7 million primarily as a result of disposing of $0.9 million of associated decommissioning liabilities.

Spartan recognized a gain of $35.1 million on the Inception Acquisition in the first half of 2021 as the consideration paid was less than the estimated fair value of the net assets acquired as of the March 18, 2021 closing date. In March 2022, Spartan subsequently recorded a write down of other non-current assets of $7.5 million related to indemnification assets recognized in the purchase price allocation for the Inception Acquisition. Additional information regarding the write down is provided under the heading "Related Party Disclosures" in this MD&A.

During the first quarter of 2022, Spartan entered into an agreement with a third party to dispose of its firm transportation capacity and related obligations on the Spearhead and Flanagan South pipelines. These contracts were assumed through the Velvet Acquisition and were not integral to Spartan's core business operations. Pursuant to the assignment agreement, Spartan significantly reduced its future contractual commitments related to these agreements (see also, "Commitments and Contingencies") and received cash proceeds of $0.6 million which is included in other income for the six months ended June 30, 2022.

Other income also includes $1.0 million of funding earned through the Alberta provincial government Site Rehabilitation Program ("**SRP**"), consistent with $1.0 million of SRP earned in the first half of 2021 (see also, "Decommissioning Obligations").

In the previous year, Spartan received a premium of $10.1 million related to a private placement of flow-through shares. The total premium was recognized in net income in proportion to qualifying expenditures incurred each quarter, which resulted in $0.8 million of income related to the premium on flow-through shares during the second quarter of 2021.

The fair value of the convertible promissory note issued as part of consideration for the Inception Acquisition increased by $14.0 million from March 18, 2021 to June 30, 2021 resulting in an unrealized loss in the comparative period. The convertible note was subsequently settled through conversion into common shares in September 2021.

INCOME TAXES

	Three months ended June 30		Six months ended June 30	
(CA$ thousands)	**2022**	2021	**2022**	2021
Current income tax	**-**	-	**-**	-
Deferred income tax expense (recovery)	**53,795**	(5,945)	**74,640**	(6,291)
Effective tax rate	**22.8%**	nm	**23.5%**	nm

The Company reported deferred income tax expense of $53.8 million and $74.6 million for the three and six months ended June 30, 2022, respectively. The effective tax rate is relatively consistent with Spartan's combined federal and Alberta provincial statutory rate of 23%. The effective tax rate is slightly higher in the six month period due to the write down of other non-current assets in the first quarter of 2022.

Spartan's deferred income tax rate increased in 2022 compared to the effective rate of 6% on average for the year ended December 31, 2021. The Company had a lower effective tax rate in the previous year primarily due to gains on acquisitions which are not taxable as well as the recognition of a deferred tax asset of $41.8 million that was not initially recognized at the time of closing the January 2021 Acquisition (as defined and described in the 2021 Annual Financial Statements). This unrecognized tax asset was subsequently recognized by Spartan in proportion to the estimated amount of taxable income generated in each quarter of 2021, which reduced deferred income tax expenses reported in the comparative three and six months ended June 30, 2021 by $10.2 million and $16.4 million, respectively. A detailed reconciliation of the deferred income tax expense or recovery reported is provided in note 14 of the Interim Financial Statements.

Spartan was not required to pay income taxes in the current or prior year as the Company had sufficient income tax deductions available to shelter taxable income. As at June 30, 2022, Spartan recognized a deferred tax asset of $68.3 million, down from $142.9 million at December 31, 2021 in proportion to deferred tax expense for the six month period.

As at June 30, 2022, total available tax pools are estimated to be approximately $1.6 billion as summarized in the table below. Subsequent to the quarter, on August 9, 2022, Spartan completed a corporate acquisition which is expected to materially enhance the Company's future tax position (see "Subsequent Events").

(CA$ millions, unless otherwise indicated)	Rate (1)	**June 30, 2022**	December 31, 2021
Canadian oil and gas property expenses (COGPE)	10%	**160.4**	169.0
Canadian development expenses (CDE)	30%	**448.5**	391.0
Canadian exploration expenses (CEE)	100%	**52.3**	90.3
Undepreciated capital cost (UCC) (2)	25%	**196.2**	185.3
Share issue costs (SIC)	5 years	**12.1**	13.5
Scientific research & experimental development (SR&ED)	100%	**28.0**	28.0
Non-capital losses (NCL) (3)	100%	**724.9**	929.1
Total available tax pools (estimate) (4)		**1,622.4**	1,806.2

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

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

(3) NCLs expire in years 2034 to 2041.

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

NET INCOME AND COMPREHENSIVE INCOME

(CA$ thousands, unless otherwise indicated)	Three months ended June 30 **2022**	2021	%	Six months ended June 30 **2022**	2021	%
Revenue	**381,983**	88,783	330	**676,369**	151,139	348
Expenses	**(145,576)**	(52,246)	179	**(281,797)**	(85,738)	229
Income before derivatives, other items and taxes [(1)]	**236,407**	36,537	547	**394,572**	65,401	503
Loss on derivative financial instruments	**(2,496)**	(10,949)	(77)	**(73,205)**	(15,651)	368
Other income, net of other expenses [(2)]	**1,624**	(11,869)	(114)	**(3,810)**	22,787	(117)
Income before income taxes	**235,535**	13,719	1,617	**317,557**	72,537	338
Deferred income tax expense (recovery)	**53,795**	(5,945)	(1,005)	**74,640**	(6,291)	(1,286)
Net income and comprehensive income	**181,740**	19,664	824	**242,917**	78,828	208
WA Shares outstanding – basic (000s)	**154,960**	114,129	36	**154,131**	91,337	69
WA Shares outstanding – diluted (000s)	**173,392**	127,965	35	**172,054**	104,627	64
Net income $ per share – basic	**1.17**	0.17	588	**1.58**	0.86	84
Net income $ per share – diluted	**1.05**	0.15	600	**1.41**	0.75	88

(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.

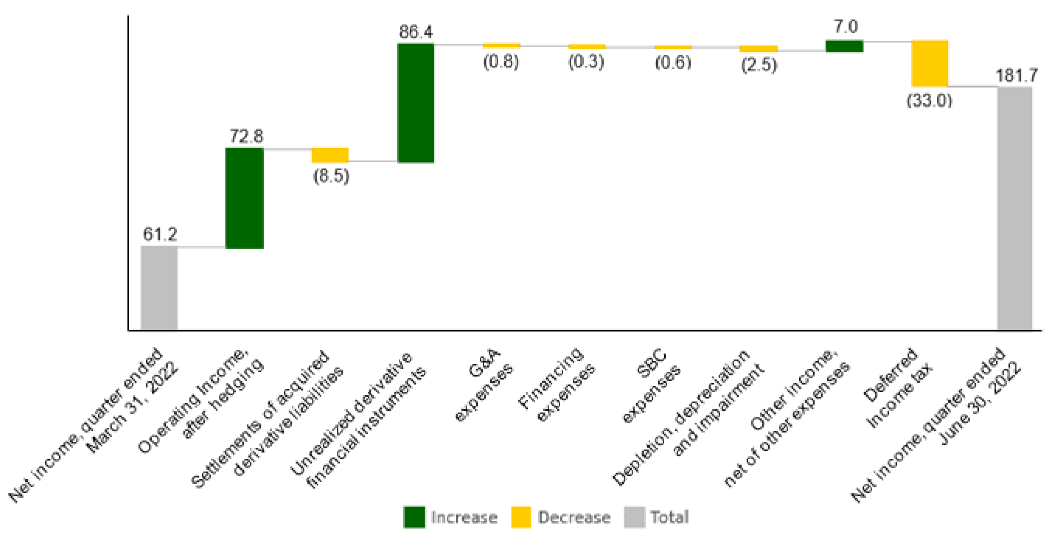
(2) Net income reported each period is impacted by other items in addition to the profit or loss generated by the Company's routine development and production operations. These other items primarily relate to A&D activities and are described under the heading "Other Income (Expenses)" in this MD&A.

Spartan reported net income of $181.7 million ($1.05 per share, diluted) for the second quarter of 2022. Stronger oil prices drove revenue 330% higher and contributed to the 547% increase in Spartan's income before derivatives, other items and taxes compared to the second quarter of 2021.

Net income grew by 197% from $61.2 million in the previous quarter ended March 31, 2022. The increase in net income was driven by a 49% increase in income before derivatives other items and taxes primarily due to higher commodity prices, in addition to a $68.2 million reduction in the loss on derivative financial instruments. The loss on derivative financial instruments in the first quarter of 2022 was driven by the significant increase in forecast NYMEX Henry Hub prices, which remained relatively consistent over the second quarter of 2022. In addition, Spartan recorded a write down of other non-current assets of $7.5 million during the first quarter of 2022.

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

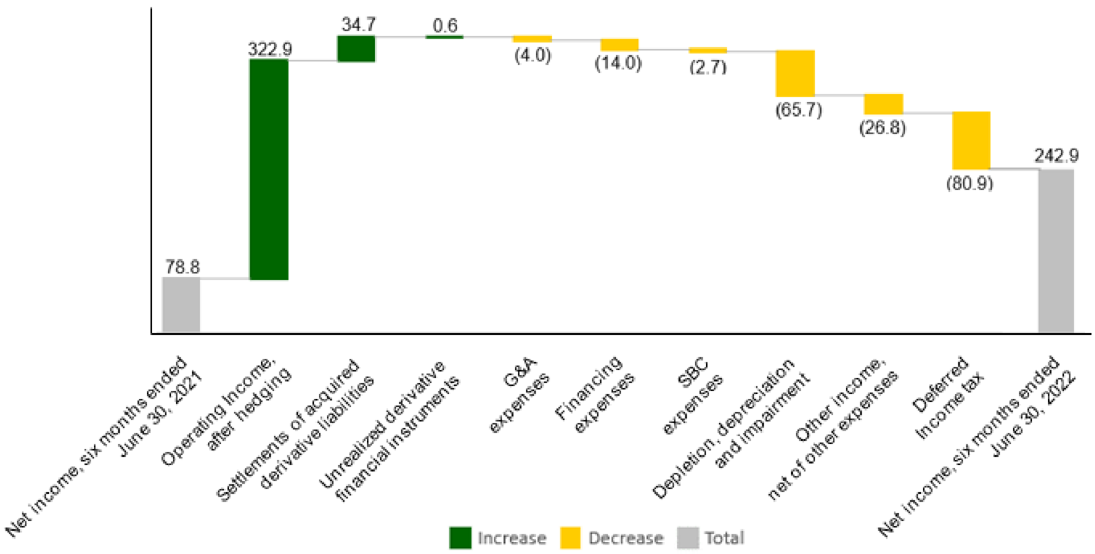
Change in Net Income – Q1 to Q2 2022 ($ millions)



For the six months ended June 30, 2022, the Company generated net income of $242.9 million ($1.41 per share, diluted), up 208% from $78.8 million ($0.75 per share, diluted) in the comparative period of 2021. The Company's core business operations have grown exponentially over the past twelve months through the acquisitions and drilling program. The impact of higher production coupled with strong commodity prices is highlighted by the 348% increase in revenue relative to the first half of 2021. Spartan's income before derivatives, other items and taxes was $394.6 million for the six months ended June 30, 2022, compared to $65.4 million in the same six-month period of 2021. The increase in actual and forecasted commodity prices during the six months ended June 30, 2022 had an inverse impact on net income as Spartan recognized a loss on derivative financial instruments of $73.2 million compared to a loss of $15.7 million in 2021. Additionally, the comparative period net income included a $35.1 million gain on the Inception Acquisition offset by an unrealized loss of $14.0 million on the change in fair value of the convertible promissory note.

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

Change in Net Income – H1 2021 to H1 2022 ($ millions)



(1) Settlements of acquired derivative liabilities do not affect the Company's net income because the acquisition date fair value of the derivative liabilities assumed through the Velvet Acquisition was included in the purchase price. The settlements are a cash outflow to Spartan and reduce the Company's reported Operating Income after hedging losses, however they are added back for purposes of determining the change in net income in the chart above. In the chart on the previous page, the add back is presented as a decrease of $8.5 million because settlements of acquired derivative liabilities were less in the second quarter of 2022 compared to the first quarter of 2022.

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

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

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

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

Amounts are CA$ millions ($MM), except as noted	**Q2/22**	Q1/22	Change (1)		**Q2/22**	Q1/22	
	$MM	$MM	$MM	%	**$/BOE**	$/BOE	%
Oil and gas sales, net of royalties	**380.0**	290.6	89.4	31	**57.23**	44.49	29
Processing and other revenue	**2.0**	2.4	(0.4)	(17)	**0.30**	0.36	(17)
Operating expenses	**(60.9)**	(54.7)	(6.2)	11	**(9.18)**	(8.36)	10
Transportation expenses	**(18.5)**	(18.0)	(0.5)	3	**(2.79)**	(2.76)	1
Operating Income / Netback, before hedging (2)	**302.5**	220.4	82.1	37	**45.56**	33.73	35
Settlements on Commodity Derivative Contracts (2)(3)	**(53.7)**	(44.0)	(9.7)	22	**(8.09)**	(6.74)	20
Net Pipeline Transportation Margin (2)	**-**	(0.4)	0.4	(100)	**-**	(0.05)	(100)
Operating Income / Netback, after hedging (2)	**248.8**	176.0	72.8	41	**37.47**	26.94	39
G&A expenses	**(6.6)**	(5.8)	(0.8)	14	**(0.99)**	(0.88)	13
Interest expense, net of interest income	**(7.0)**	(6.8)	(0.2)	3	**(1.05)**	(1.04)	1
Financing cost of lease liabilities	**(0.7)**	(0.8)	0.1	(13)	**(0.11)**	(0.12)	(8)
Realized foreign exchange gain	**0.8**	0.0	0.8	-	**0.12**	-	-
Other income	**(0.0)**	0.6	(0.6)	(100)	**-**	0.10	(100)
Settlement of decommissioning obligations	**(0.7)**	(1.2)	0.5	(42)	**(0.10)**	(0.19)	(47)
Transaction costs	**-**	0.0	-	-	**-**	-	-
Funds from Operations (2)	**234.6**	162.0	72.6	45	**35.34**	24.81	42
Change in non-cash working capital	**1.4**	(24.2)	25.6	(106)	**0.21**	(3.70)	106
Cash provided by operating activities	**236.0**	137.8	98.2	71	**35.55**	21.11	68
Funds from Operations (2)	**234.6**	162.0	72.6	45	**35.34**	24.81	42
Add back: transaction costs	**-**	0.0	-	-	**-**	-	-
Deduct: lease payments	**(2.3)**	(2.3)	-	-	**(0.34)**	(0.36)	(6)
Adjusted Funds Flow (2)	**232.4**	159.7	72.7	46	**35.00**	24.45	43
Adjusted Funds Flow per share (2)							
Basic ($ per common share)	**1.50**	1.04	0.46	44			
Diluted ($ per common share)	**1.33**	0.92	0.41	45			

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

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

(3) Includes the realized loss on derivative financial instruments for the three months ended June 30, 2022 and March 31, 2022, plus settlements of $13.1 million and $21.6 million, respectively, of derivative liabilities acquired in connection with the Velvet Acquisition.

Spartan generated $234.6 million of Funds from Operations for the three months ended June 30, 2022, up $72.6 million or 45% compared to the first quarter of 2022. The increase in Funds from Operations is driven by higher Operating Income which increased by $72.8 million after hedging. Cash expenditures to settle decommissioning obligations of $0.7 million in the second quarter of 2022 decreased slightly compared to $1.2 million incurred in the previous quarter.

Spartan settled an additional $0.3 million of decommissioning obligations with government funding through the Alberta SRP during the second quarter which does not impact the Company's cash flow ($0.7 million settled in the first quarter of 2022).

Adjusted Funds Flow was $232.4 million for the second quarter of 2022 after deducting $2.3 million of lease payments from Funds from Operations. On a diluted basis, Adjusted Funds Flow of $1.33 per share increased by 45% from $0.92 per share in the previous quarter highlighting the torque of Spartan's cash flow to higher commodity prices, partly offset by industry-wide cost escalation due to inflation and higher industry activity levels.

Spartan's cash provided by operating activities was $236.0 million for the three months ended June 30, 2022, relatively in line with its reported Funds from Operations as the net change in non-cash working capital related to operating activities was not significant 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 second quarter of 2022, the net increase in non-cash operating working capital of $1.4 million is primarily due to the increase in accrued revenue at June 30, 2022 compared to March 31, 2022 offset by higher operating payables primarily due to turnarounds completed in the current quarter. By comparison, the non-cash working capital deficit related to operating activities decreased by $24.2 million in the first quarter of 2022 primarily due the increase in accrued revenue at March 31, 2022 compared to December 31, 2021.

Six Months Ended June 30, 2022 compared to Six Months Ended June 30, 2021 (1)

Amounts are CA$ millions ($MM), except as noted	**H1/22**	H1/21	Change (1)		**H1/22**	H1/21	
	$MM	$MM	$MM	%	**$/BOE**	$/BOE	%
Oil and gas sales, net of royalties	**670.7**	146.5	524.2	358	**50.91**	22.60	125
Processing and other revenue	**4.3**	4.7	(0.4)	(9)	**0.33**	0.72	(54)
Operating expenses	**(115.6)**	(34.6)	(81.0)	234	**(8.78)**	(5.34)	64
Transportation expenses	**(36.5)**	(9.7)	(26.8)	276	**(2.77)**	(1.49)	86
Operating Income / Netback, before hedging (2)	**522.9**	106.8	416.1	389	**39.69**	16.49	141
Settlements on Commodity Derivative Contracts (2)(3)	**(97.7)**	(4.9)	(92.8)	1,894	**(7.42)**	(0.76)	876
Net pipeline transportation margin (2)	**(0.4)**	-	(0.4)	-	**(0.02)**	-	-
Operating Income / Netback, after hedging (2)	**424.8**	101.9	322.9	317	**32.25**	15.73	105
G&A expenses	**(12.3)**	(8.3)	(4.0)	48	**(0.94)**	(1.28)	(27)
Interest expense, net of interest income	**(13.7)**	(0.4)	(13.3)	3,325	**(1.04)**	(0.06)	1,633
Financing cost of lease liabilities (4)	**(1.5)**	-	(1.5)	-	**(0.11)**	-	-
Realized foreign exchange gain	**0.8**	-	0.8	-	**0.06**	-	-
Other income	**0.6**	0.5	0.1	20	**0.05**	0.08	(38)
Settlement of decommissioning obligations	**(1.9)**	(1.2)	(0.7)	58	**(0.15)**	(0.19)	(21)
Transaction costs	**(0.0)**	(0.8)	0.8	(100)	**-**	(0.13)	(100)
Funds from Operations (2)	**396.7**	91.7	305.0	333	**30.12**	14.15	113
Change in non-cash working capital	**(22.8)**	(11.5)	(11.3)	98	**(1.73)**	(1.78)	(3)
Cash provided by operating activities	**373.8**	80.1	293.7	367	**28.39**	12.37	130
Funds from Operations (2)	**396.7**	91.7	305.0	333	**30.12**	14.15	113
Add back: transaction costs	**0.0**	0.8	(0.8)	(100)	**-**	0.13	(100)
Deduct: lease payments (4)	**(4.6)**	(5.0)	0.4	(8)	**(0.35)**	(0.76)	(54)
Adjusted Funds Flow (2)	**392.1**	87.6	304.5	348	**29.77**	13.52	120
Adjusted Funds Flow per share (2)							
Basic ($ per common share)	**2.54**	0.96	1.58	165			
Diluted ($ per common share)	**2.26**	0.79	1.47	186			

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

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

(3) Includes the realized loss on derivative financial instruments for the six months ended June 30, 2022, plus settlement of $34.7 million of derivative liabilities acquired with the Velvet Acquisition.

(4) In the comparative period, Spartan presented the total cash lease payment of $5.0 million within financing activities in the Consolidated Statements of Cash Flow which included $1.4 million of financing costs and $3.6 million reduction of principal during the six months ended June 30, 2021. The cash flow statement presentation was subsequently revised in the year-end 2021 Annual Financial Statements to present the financing cost portion of the lease payment within cash provided by operating activities to be consistent with the Company's presentation of other financing expenses. The total cash lease payment in the first half of 2022 is $6.1 million, of which $1.5 million is the deemed financing cost and $4.6 million reduced the principal amount of the Company's lease liabilities.

Spartan's Adjusted Funds Flow of $392.1 million for the first half of 2022 increased by 348% from $87.6 million in the same period of 2021. The increase in cash provided by operating activities and Funds from Operations is driven by higher Operating Income, partly offset by hedging losses, incremental G&A, and interest in conjunction with the acquisitions in 2021.

CASH USED IN INVESTING ACTIVITIES AND CAPITAL EXPENDITURES

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

The following table summarizes Spartan's Capital Expenditures during the three and six months ended June 30, 2022 and 2021. The term Capital Expenditures does not have a standardized meaning under IFRS and may not be directly comparable to measures used by other companies. The most directly comparable GAAP measure is cash used in investing activities which was $103.2 million and $207.5 million for the second quarter and first half of 2022, respectively (refer to reconciliation provided under the heading "Non-GAAP Measures and Ratios").

CAPITAL EXPENDITURES	Three months ended June 30			Six months ended June 30		
(CA$ thousands)	**2022**	2021	%	**2022**	2021	%
Land and seismic	**560**	1,008	(44)	**2,444**	1,388	76
Drilling and completion	**64,276**	5,653	1,037	**146,337**	22,187	560
Facilities, pipeline and well equipment	**23,968**	1,636	1,365	**44,049**	3,210	1,272
Production optimization and other assets	**1,082**	1,105	(2)	**4,290**	1,899	126
Capitalized G&A	**750**	-	-	**1,500**	-	-
Capital Expenditures before A&D (1)	**90,636**	9,402	864	**198,620**	28,684	592
Acquisitions (2)(3)	**5**	10,393	(100)	**(97)**	30,459	(100)
Dispositions	**(379)**	(87)	336	**(844)**	(149)	466
Capital Expenditures (1)(2)	**90,262**	19,708	358	**197,679**	58,994	235

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

(2) Excludes non-cash consideration for acquisitions, refer to additional information in the "2021 Acquisitions" table below.

(3) In the six months ended June 30, 2022, Spartan received $0.2 million of proceeds from favorable closing adjustments on prior acquisitions.

During the first six months of 2022 Spartan's Capital Expenditures before A&D were $198.6 million, up from $28.7 million in the same period of 2021. While the majority of capital expenditures were incurred to drill, complete and equip new wells in the Montney and Deep Basin, due to long lead times the Company also spent $8.5 million during the second quarter to procure casing, tubing and pipeline inventory in advance of the 22/23 winter drilling season. Spartan also completed numerous production optimization projects and expanded its opportunity set by acquiring Crown land and seismic in its core areas. The Company's exploration and development capital expenditures were fully funded by cash provided by operating activities during the current and prior quarters.

Capital Expenditures before A&D were $90.6 million for the three months ended June 30, 2022, of which approximately 90% was spent in the Montney as activity slowed in the Deep Basin through spring break-up. During the second quarter, Spartan completed and brought on production a 4.0 well pad at Karr; drilled and completed a 5.0 (4.9 net) well pad in

West Gold Creek which was subsequently brought on production in late July; and a 3.0 well pad in East Gold Creek that was completed in the first quarter was brought on production in April. The Company also brought 2.0 Deep Basin wells on production in April that were completed in the first quarter and spud its first well into the Viking formation in June (rig released and completed in July).

DRILLING ACTIVITY	Three months ended June 30		Six months ended June 30	
Number of Net Wells	**2022**	2021	**2022**	2021
Drilled [1]	**4.9**	2.0	**16.9**	6.0
Completed	**8.9**	-	**23.4**	6.0
On production	**9.0**	-	**18.5**	6.0
Service/disposal [1]	**-**	-	**1.0**	-

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

The Company continuously seeks to optimize its asset base through strategic tuck-in acquisitions and non-core property dispositions. During the six months ended June 30, 2022, the Company completed minor acquisitions for cash consideration of $0.1 million and received $0.8 million of cash proceeds from non-core property dispositions.

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

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

(CA$ thousands)

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

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

(2) The aggregate fair value of decommissioning obligations acquired of $33.8 million was estimated by discounting the inflated cost estimates using "credit-adjusted risk-free rates" ranging from 6.1% to 7.0% on the respective closing dates of the acquisitions. Subsequent remeasurement of the decommissioning obligations acquired at a risk-free rate under Spartan's accounting policy resulted in an increase in the present value of decommissioning obligations acquired by $36.9 million to $70.7 million in aggregate.

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

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

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

DECOMMISSIONING OBLIGATIONS

As at June 30, 2022, the Company's total decommissioning obligations are estimated to be $130.5 million, of which $5.2 million are expected to be settled over the next twelve months. During the first half of 2022, the total carrying amount of decommissioning obligations decreased by $41.3 million from $171.8 million at December 31, 2021. The majority of the change is attributed to rising interest rates which reduced the present value of Spartan's decommissioning obligations by $41.5 million during the period. New obligations incurred by drilling in the first half of 2022 were more than offset by settlements and minor property dispositions.

Spartan is committed to environmental stewardship and has a proactive program to address its decommissioning obligations. The Company seeks to maintain an industry leading Liability Management Rating ("**LMR**") and to obtain a leading Licensee Capability Assessment ("**LCA**") rating when the industry transitions to the LCA system. The Company spent $1.9 million on decommissioning during the six months ended June 30, 2022 and settled an additional $1.0 million of liabilities through abandonment and reclamation projects funded through the Alberta Site Rehabilitation Program. Recoveries under the SRP are recognized in the financial statements in the period in which the work is completed.

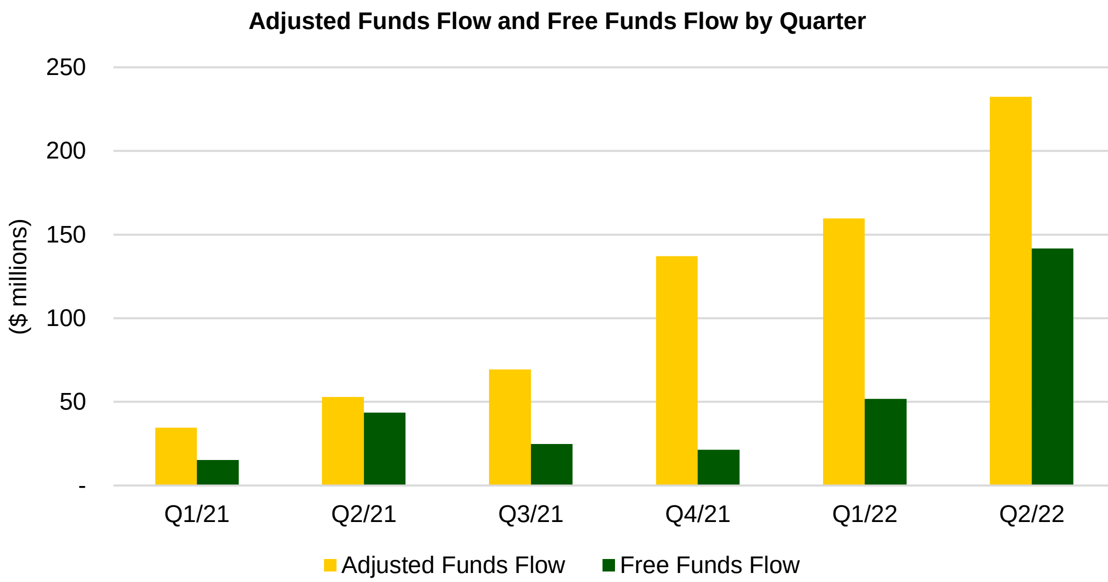
CAPITAL RESOURCES AND LIQUIDITY

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

During the first half of 2022, the Company's primary sources of funds were $392.1 million of Adjusted Funds Flow, supplemented by working capital and short-term advances of bank debt under the revolving credit facility. Spartan also received $4.2 million of cash proceeds on the exercise of stock options and warrants during the six month period.

Cash provided by operating activities of $373.8 million for the six months ended June 30, 2022 was used to fund the Company's exploration and development capital expenditures of $198.6 million, lease principal payments of $4.6 million and to reduce its bank debt by $162.6 million.

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



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

Spartan's Free Funds Flow was $141.7 million for the quarter ended June 30, 2022, compared to $51.7 million in the previous quarter and $43.6 million in the same quarter of 2021. The amount of Free Funds Flow reported each quarter reflects the seasonality of the Company's oil and gas operations and the use of Adjusted Funds Flow to finance higher capital expenditures during the winter drilling seasons.

The Company's capital structure is comprised of working capital, long-term debt and shareholders' equity. The Company monitors its capital structure and short-term financing requirements using a "Net Debt to Annualized AFF Ratio", which is a non-GAAP financial ratio calculated as the ratio of the Company's "Net Debt" to "Annualized Adjusted Funds Flow" (definitions and details of the underlying calculation are provided under the heading "Non-GAAP Measures and Ratios").

(CA$ thousands, except as noted)	**June 30, 2022**	December 31, 2021
Working capital deficit	**79,773**	133,416
Adjusted for current portion of:		
Derivative financial instrument assets	**10,693**	268
Derivative financial instrument liabilities	**(46,479)**	(52,783)
Lease liabilities	**(9,094)**	(10,206)
Adjusted Working Capital deficit	**34,893**	70,695
Long-term debt	**226,762**	387,564
Net Debt	**261,655**	458,259
Annualized Adjusted Funds Flow (1)	**929,496**	548,104
Net Debt to Annualized AFF Ratio (1)	**0.3x**	0.8x

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

As at June 30, 2022, Spartan had Net Debt of $261.7 million, which is approximately 0.3 times the Company’s Annualized Adjusted Funds Flow for the second quarter of 2022, down compared to 0.8 times at December 31, 2021.

The capital-intensive nature of Spartan’s operations may create a working capital deficiency during periods with high levels of capital investment. The Company had a working capital deficit of $79.8 million at June 30, 2022, down from $133.4 million at December 31, 2021. The decrease in working capital deficit is due to higher revenue and a decrease in the net derivative financial instrument liability primarily due to settlements in the period. Spartan’s Adjusted Working Capital deficit of $34.9 million at June 30, 2022, decreased by $35.8 million since year-end primarily due to higher revenue in 2022 relative to the fourth quarter of 2021.

The Company maintains sufficient unused bank credit lines to satisfy such working capital deficiencies. As at June 30, 2022, the Company’s outstanding bank debt of $83.0 million represented 18% of the $450.0 million borrowing base under Spartan’s Credit Facility (hereinafter defined).

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

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

(CA$ thousands)	1 year	2 to 3 years	4 to 5 years	> 5 years	Total
Accounts payable and accrued liabilities	214,100	-	-	-	214,100
Derivative financial instrument liabilities	46,479	4,170	-	-	50,649
Credit Facility (1)	4,731	87,355	-	-	92,086
Term Facility (2)	14,175	37,341	155,275	-	206,791
Undiscounted lease liabilities (3)	11,787	33,908	9,927	2,223	57,845
Total	**291,272**	**162,774**	**165,202**	**2,223**	**621,471**

(1) Includes principal and estimated interest and standby fee payments based on the balance of bank debt outstanding as at June 30, 2022. For purposes of the above table, principal repayment is assumed on the term maturity date of May 30, 2024. The Company expects the Credit Facility to be extended at the end of the current revolving period, however the extension is not guaranteed and terms of the renewal are subject to approval of the lenders (see advisories under “Forward-Looking Statements”).

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

(3) As at June 30, 2022, the present value of the Company’s total lease liability is $50.0 million, of which $9.1 million is expected to be settled in the next twelve months.

LONG-TERM DEBT

As at June 30, 2022, total long-term debt is comprised of bank debt drawn under the revolving credit facility and indebtedness under the second lien term facility. The balance of long-term debt is presented net of unamortized issue costs and prepaid interest on bankers’ acceptances.

(CA$ thousands)	**June 30, 2022**	December 31, 2021	Change
Bank debt	**83,000**	245,550	(162,550)
Second lien term facility	**150,000**	150,000	-
Unamortized issue costs and prepaid interest	**(6,238)**	(7,986)	1,748
Long-term debt	**226,762**	387,564	(160,802)

Credit Facility

The Company has a senior secured revolving credit facility with a syndicate of financial institutions (the "**Credit Facility**"). The authorized borrowing base available under the Credit Facility is $450.0 million, comprised of a $50.0 million operating facility and a $400.0 million syndicated facility. The Credit Facility has a revolving period of 364 days, maturing May 30, 2023, and may be extended annually at Spartan's option subject to approval of the lenders, with a term-out to May 30, 2024 if not renewed.

The borrowing base is subject to semi-annual reviews occurring approximately in May and November of each year and may also be subject to redetermination upon, among other things, the LMR of the Company falling below 2.0 or disposing of material properties. Repayments of principal are not required until the maturity date, provided that the borrowings do not exceed the authorized borrowing base and the Company is in compliance with all covenants, representations and warranties.

During the second quarter of 2022, the Company's lending syndicate completed their annual review and the Credit Facility was renewed on substantially the same terms. Notably, the financial covenant which required Spartan to maintain a net debt to cash flow ratio of less than 2.0 to 1.0 was terminated upon renewal effective May 26, 2022.

The Company is subject to certain financial covenants under the Credit Facility which include: for so long as the following covenants apply to the Term Facility: (A) the maximum funded debt to EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization, as defined in the credit agreement and in note 11 of the Interim Financial Statements), calculated quarterly, shall not exceed 2.5 to 1.0; and (B) the asset coverage ratio of the Company shall not be less than 1.5 to 1.0, calculated annually, as the proved developed producing reserves of the Company (before income tax, discounted at 10%), as evaluated by an independent third party engineering report and evaluated on then strip commodity pricing, divided by the then outstanding funded debt balance of the Company. The Credit Facility also includes other standard business operating covenants, including but not limited to limitations on acquisitions and dispositions, distributions, dividends and hedging arrangements. As at June 30, 2022, Spartan is in compliance with all covenants (refer to note 11 of the Interim Financial Statements).

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

LC Facility

In January 2022, the Company entered into a new demand letter of credit facility (the "**LC Facility**") which provides Spartan with $25.0 million of additional credit capacity to issue letters of credit. The letters of credit may be issued for general corporate purposes and are limited to a term of one year from the date of issuance. Letter of credit obligations, when incurred, are repayable on demand. The LC Facility provides Spartan with additional access to capital as letters of credit issued under the LC Facility will not reduce the borrowing capacity under the operating facility. As at June 30, 2022, there is $2.0 million of issued but undrawn letters of credit under the LC Facility.

Term Facility

On August 31, 2021, the Company established a $150.0 million non-revolving term facility (the "**Term Facility**"). The Term Facility is a single drawdown facility made available solely to finance the Velvet Acquisition and has a sixty-month term maturing on August 31, 2026. The Term Facility is secured on a second-priority basis to the Credit Facility. The principal amount is repayable in scheduled monthly instalments starting on September 1, 2024, being the 37th month, at an amortization rate of 7.5% per annum. The Company has the option to prepay the outstanding balance under the Term Facility at any time after February 26, 2022, provided that if repayment occurs before August 31, 2024, being three years after the issue date, the Company shall pay all interest and fees that would have otherwise been payable up to the 36th month. The Term Facility bears a floating interest rate of Canadian bank prime plus 5.25%, payable monthly, and is subject to an annual review fee of 0.5%, payable annually. Covenants include the same asset coverage ratio and funded debt to EBITDA financial covenants as the Credit Facility, as described above, and Spartan is in compliance with all covenants as at June 30, 2022.

SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares, an unlimited number of preferred shares and an unlimited number of special shares, each without par value. During the six months ended June 30, 2022, 0.6 million common shares were issued on vesting of share awards as well as 1.6 million common shares were issued on exercise of stock options and warrants providing $4.2 million of cash proceeds during the period. As of June 30, 2022, there were 155.4 million common shares outstanding and 155.4 million are outstanding as of the date of this MD&A (153.2 million as at December 31, 2021). There are no preferred shares or special shares outstanding.

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

Number of securities outstanding (000s)	December 31, 2021	**June 30, 2022**	**August 9, 2022**
Common shares	153,214	**155,390**	**155,399**
Warrants (1)	15,814	**15,369**	**15,369**
Stock options (2)	4,358	**3,939**	**3,937**
Share awards	1,959	**3,108**	**3,122**
Total securities outstanding (3)	175,345	**177,806**	**177,827**

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

(2) The stock options outstanding as at June 30, 2022 have an average exercise price of $4.30 per common share with an average remaining term of 3.4 years.

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

Effective September 1, 2021, Spartan's common shares were listed on the TSX and delisted from the TSX Venture Exchange in connection with the graduation. The trading symbol on the TSX remains unchanged as "SDE". The volume weighted average trading price of Spartan's common shares on the TSX was $12.85 and $11.39 per common share for the three and six months ended June 30, 2022, respectively. Spartan's closing share price was $12.37 on June 30, 2022 compared to $5.97 on December 31, 2021 and $6.03 on June 30, 2021.

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

	Three months ended June 30			Six months ended June 30		
(000s)	**2022**	2021	%	**2022**	2021	%
WA Shares outstanding, basic	**154,960**	114,129	36	**154,131**	91,337	69
Dilutive effect of outstanding securities	**18,432**	13,836	33	**17,923**	13,290	35
WA Shares, diluted – for EPS	**173,392**	127,965	35	**172,054**	104,627	64
Incremental dilution for AFF (1)	**1,468**	8,275	(82)	**1,656**	5,589	(70)
WA Shares, diluted – for AFF (1)	**174,860**	136,240	28	**173,710**	110,216	58

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

COMMITMENTS AND CONTINGENCIES

The following table summarizes the Company's contractual commitments as of June 30, 2022:

(CA$ thousands)	2022	2023	2024	2025	2026	Thereafter
Gas transportation (1)	10,096	20,122	18,033	17,710	13,314	16,962
Liquids transportation (2)	10,547	20,743	1,942	1,937	1,937	6,294
NGLs fractionation (3)	543	1,343	1,425	1,421	1,421	4,618
Processing fees (4)	7,396	9,440	4,295	4,219	4,138	30,314
Capital commitments (5)	1,544	18,784	43,750	-	-	-
Total commitments	**30,126**	**70,432**	**69,445**	**25,287**	**20,810**	**58,188**

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

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

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

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

(5) Capital commitments include: (i) a commitment to drill and tie-in a minimum of 16 wells over a three-year period or be subject to a penalty of $2.1 million per well, pursuant to an agreement with an industry partner. As of June 30, 2022, seven commitment wells were remaining (estimate $61.3 million) and are expected to be satisfied within the routine capital expenditure budget for 2022; and (ii) a drilling rig contract which requires a minimum number of drilling days over the period of June 2022 to May 2023. The drilling commitment is expected to be satisfied through the routine capital program with a remaining commitment of approximately $2.8 million as at June 30, 2022.

Disposition of Spearhead and Flanagan South pipeline commitments

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

Litigation

In the normal course of the Company's operations, it may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, related to personal injuries, property damage, property tax, land rights, the environment and contract disputes with partners or other stakeholders. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined to have an adverse affect on the Company's future operations or financial condition. As of the date of this MD&A, the Company has no material litigation or claims outstanding that have not already been reflected in the Interim Financial Statements as at June 30, 2022.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY DISCLOSURES

a) Inter-corporate relationships

On January 1, 2022, two subsidiaries were vertically amalgamated with Spartan. As at June 30, 2022, Spartan has one wholly owned subsidiary, Inception General Partner Inc.

b) Related party transactions

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

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

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

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

SUBEQUENT EVENTS

On August 9, 2022, Spartan closed the corporate acquisition of Bellatrix Exploration Ltd. ("Bellatrix") through a court supervised process under the *Companies' Creditors Arrangement Act* (the "CCAA") for a cash purchase price of $6.0 million (the "Acquisition"). Pursuant to the Acquisition, Spartan acquired 1,000 new common shares issued by Bellatrix and all other existing equity securities of Bellatrix were cancelled for no consideration, resulting in Spartan holding 100% of the aggregate issued and outstanding equity securities of Bellatrix. Spartan previously acquired substantially all of Bellatrix's assets for total consideration of $108.8 million in June 2020, which established the Company's core operating area in the Alberta Deep Basin. Following the Acquisition and reorganization under the CCAA, Bellatrix will not have any significant assets or liabilities remaining except for approximately $600 million of non-capital loss tax pools estimated to be available for use by Spartan as of the closing date. Together with Spartan's existing tax pools of $1.6 billion as of June 30, 2022, the Company's total tax pools are estimated to be in excess of $2.2 billion (~60% non-capital losses) pro forma the Acquisition. Based on commodity strip pricing and current expectations of future capital expenditures and production levels, among other significant assumptions, Spartan expects its future tax horizon to be extended beyond 2025 (refer to advisories under "Forward-Looking Statements").

OUTLOOK AND GUIDANCE

Average production volumes of 72,778 BOE/d in the first half of 2022 reflect the strong Montney drilling results achieved to date and, in tandem with rising commodity prices, have led to outperformance of the Company's forecast for the first half of the year. Free Funds Flow of $193 million generated in the first six months of 2022 exceeded the Company's previous H1 forecast of $65 million by 200%, allowing Spartan to reduce its bank debt at an accelerated pace.

Spartan is encouraged by the results of its 2022 drilling program, which has consistently delivered highly accretive returns in excess of our budgeted type curves. Although our short-term priority for Free Funds Flow continues to focus on debt repayment, Spartan's Board of Directors has approved a $90 million increase to our 2022 capital program. Of this amount, approximately one-half relates to added activity which will deliver incremental Montney production in early 2023. This accelerated development plan is an efficient allocation of capital that allows Spartan to fully utilize one of our Montney rigs year-round, reducing the risk of timely procurement of key services. In addition, incremental long-lead inventory has also been procured and select infrastructure and construction activities are being accelerated into 2022 to reduce execution risk in the 2023 operating plan.

The remainder of the increase to the 2022 capital budget is to address historical and anticipated cost inflation which has been seen across virtually every aspect of our business. This additional inflation amount represents an overall increase of approximately 14% over our original 2022 capital estimates.

Based on forecast commodity prices for the second half of 2022 of US$90/bbl for WTI crude oil and $5.75/GJ for AECO natural gas, Spartan expects to generate Adjusted Funds Flow of $840 million (previously $589 million) and Free Funds Flow of $420 million (previously $259 million) for the 2022 calendar year.

Spartan's updated 2022 guidance is summarized below along with a comparison to previous guidance published as of February 15, 2022:

ANNUAL GUIDANCE	**Updated**	Previous	Variance (1)	
Year ending December 31, 2022	**Guidance**	Guidance	Amount	%
Average Production (BOE/d) (1)(3)	**71,000 – 73,000**	68,500 – 72,500	1,500	2
% Liquids	**38%**	40%	(2%)	(4)
Benchmark Average Commodity Prices (4)				
WTI oil price (US$/bbl)	**95.67**	80.00	15.67	20
NYMEX Henry Hub natural gas price (US$/mmbtu)	**6.97**	4.38	2.59	59
AECO 7A natural gas price ($/GJ)	**5.45**	3.75	1.70	45
Average exchange rate (CA$/US$)	**1.28**	1.26	0.02	2
Operating Netback, before hedging ($/BOE) (2)(3)	**38.69**	27.73	10.96	40
Operating Netback, after hedging ($/BOE) (2)(3)	**33.94**	25.58	8.36	33
Settlements on Commodity Derivative Contracts ($MM) (2)	**(124)**	(55)	(69)	125
Adjusted Funds Flow ($MM) (2)(3)	**840**	589	251	43
Capital Expenditures, before A&D ($MM) (2)	**420**	330	90	27
Free Funds Flow ($MM) (2)	**420**	259	161	62
Adjusted Net Capital Acquisitions ($MM) (2)	**5**	-	5	-
Net Debt, end of year ($MM) (2)(5)	**41**	199	(158)	(79)
Common shares outstanding, end of year (MM) (6)	**155**	154	1	1

(1) The financial performance measures included in the Company's updated guidance for 2022 is based on the midpoint of the average production forecast of 72,000 BOE/d (previously 70,500 BOE/d).

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

(3) Additional information regarding the assumptions used in the forecasted Average Production, Operating Netbacks and Adjusted Funds Flow for 2022 is provided in the tables below.

(4) The forecast of benchmark average prices for the 2022 calendar year is based on actual prices for the period ended June 30, 2022 and the following forecast prices for the second half of 2022: WTI US$90/bbl; NYMEX Henry Hub US$7.88/mmbtu; AECO 7A $5.75/GJ; and a CA$/US$ exchange rate of 1.29.

(5) The change in forecast Net Debt at December 31, 2022 compared to previous guidance primarily relates to the $161 million increase in forecasted Free Funds Flow for 2022, $4 million of proceeds received from stock options and warrants exercised in H1 2022, and $6 million of acquisition costs, net of approximately $1 million of proceeds from dispositions.

(6) The forecast of common shares outstanding at the end of 2022 includes restricted share awards expected to be released upon vesting but does not include common shares potentially issuable in respect of stock options and warrants for which the exercise is discretionary on behalf of the holder (refer to "Share Capital" for additional information regarding dilutive securities).

The significant assumptions used in the forecast of Operating Netbacks and Adjusted Funds Flow for 2022 are summarized below. These key performance measures expressed per BOE are based on the midpoint of calendar year average production guidance for 2022 of 72,000 BOE/d (previously 70,500 BOE/d).

2022 PRODUCTION GUIDANCE	**Updated Guidance**	Previous Guidance	% Change
Crude oil (bbls/d)	**12,900**	12,700	2
Condensate (bbls/d)	**2,200**	2,200	-
Crude oil and condensate (bbls/d)	**15,100**	14,900	1
NGLs (bbls/d)	**12,550**	13,200	(5)
Natural gas (mcf/d)	**266,100**	254,400	5
Combined average (BOE/d)	**72,000**	70,500	2
% Liquids	**38%**	40%	(4)

2022 FINANCIAL GUIDANCE ***($/BOE)***	**Updated Guidance**	Previous Guidance	% Change
Oil and gas sales	**56.96**	43.17	32
Processing and other revenue	**0.33**	0.32	3
Royalties	**(7.17)**	(5.17)	39
Operating expenses	**(8.66)**	(7.91)	9
Transportation expenses	**(2.77)**	(2.68)	3
Operating Netback, before hedging	**38.69**	27.73	40
Settlements on Commodity Derivative Contracts	**(4.73)**	(2.13)	122
Net Pipeline Transportation Margin	**(0.02)**	(0.02)	-
Operating Netback, after hedging	**33.94**	25.58	33
General and administrative expenses	**(1.01)**	(1.09)	(7)
Cash financing expenses	**(0.96)**	(0.92)	4
Realized foreign exchange	**0.03**	-	-
Other income (1)	**0.59**	-	-
Settlements of decommissioning obligations	**(0.18)**	(0.14)	29
Lease payments	**(0.46)**	(0.47)	(2)
Adjusted Funds Flow	**31.95**	22.96	39

(1) The forecast of other income includes $14.8 million ($0.56 per BOE) of expected profit on an infrastructure construction contract, in addition to $0.6 million ($0.03 per BOE) of cash proceeds received on the disposition of the Spearhead/Flanagan pipeline commitments in the first half of 2022.

Changes in forecast commodity prices, exchange rates, differences in the amount and timing of capital expenditures, and variances in average production estimates can have a significant impact on the key performance measures included in Spartan's guidance. The Company's actual results may differ materially from these estimates. Holding all other assumptions constant, a US$10/bbl increase (decrease) in the forecasted WTI crude oil price for the second half of 2022 would increase Adjusted Funds Flow by approximately $39 million (decrease by $40 million). An increase (decrease) of CA$1.00/GJ in the forecasted AECO 7A natural gas price for the second half of 2022, holding the NYMEX-AECO basis differential and all other assumptions constant, would increase Adjusted Funds Flow by approximately $27 million (decrease by $30 million). Holding U.S. dollar benchmark commodity prices and all other assumptions constant, an increase (decrease) of $0.10 in the CA$/US$ exchange rate would increase Adjusted Funds Flow by approximately $41 million (decrease by $42 million). Assuming capital expenditures are unchanged, the impact on Free Funds Flow would be equivalent to the increase or decrease in Adjusted Funds Flow. An increase (decrease) in Free Funds Flow will result in an equivalent decrease (increase) in the forecasted Net Debt (Surplus).

The information set-out herein is considered “financial outlook” within the meaning of the applicable securities laws. The purpose of financial outlook is to provide readers with disclosure regarding Spartan’s reasonable expectations as to the results of its proposed business activities for the remainder of 2022. Reader are cautioned that this financial outlook may not be appropriate for other purposes. See also, advisories regarding “Forward-Looking Statements”.

SUMMARY OF QUARTERLY INFORMATION

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

(CA$ millions, except as noted)	**Q2 2022**	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Revenue	**382.0**	294.4	267.0	134.1	88.8	62.4	42.0	37.0
Net income (loss) and comprehensive income (loss)	**181.7**	61.2	128.5	126.9	19.7	59.2	12.4	(7.3)
$ per share, basic	**1.17**	0.40	0.84	1.01	0.17	0.87	0.21	(0.13)
$ per share, diluted	**1.05**	0.36	0.76	0.87	0.15	0.73	0.18	(0.13)
Funds from Operations (1)	**234.6**	162.0	139.5	68.8	55.4	36.3	18.2	15.8
Capital Expenditures (1)(2)	**90.6**	107.4	115.9	437.6	19.7	39.3	14.3	1.2
Total assets	**1,811.7**	1,811.8	1,742.4	1,684.3	730.0	679.6	331.4	331.7
Working capital deficit (surplus)	**79.8**	142.3	133.4	152.6	(101.1)	(75.8)	21.2	19.6
Long-term liabilities	**397.1**	553.4	612.2	655.1	210.8	194.4	148.0	166.5
Shareholders’ equity	**1,139.8**	950.7	886.6	756.2	437.7	414.2	137.5	124.4
Average daily production (BOE/d)	**72,966**	72,588	72,428	46,282	39,638	31,914	26,010	26,282
% Oil and NGLs	**38%**	37%	38%	32%	29%	28%	31%	31%
Average realized price ($ per BOE)	**65.92**	49.35	44.48	34.31	26.71	24.12	18.89	16.19
Operating Netbacks (1)								
Before hedging ($ per BOE) (1)	**45.56**	33.73	30.00	22.16	17.43	15.31	10.49	7.88
After hedging ($ per BOE) (1)	**37.47**	26.94	23.36	18.79	16.89	14.28	9.59	8.32

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

Over the past two years, the Company had an acquisitive growth strategy that materially advanced Spartan’s operations, financial position and results. The Company established its position in the Deep Basin through the acquisition of substantially all of the assets of Bellatrix in June 2020 for total consideration of $108.8 million (the “**BXE Asset Acquisition**”). Spartan completed several acquisitions in 2021 which added a second core area in the Montney, the most significant being the corporate acquisitions of Inception on March 18, 2021 and Velvet on August 31, 2021.

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

The increase in Operating Netbacks reflects the stronger realized prices, partly offset by higher per unit operating and transportation expenses driven by the increased oil weighting of the Company's asset base, turnarounds performed in 2022, as well as inflationary pressures due to higher industry activity levels. Spartan's net income includes a gain of $35.7 million on the Inception Acquisition in the first quarter of 2021 and $89.0 million on the Velvet Acquisition in the third quarter of 2021.

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

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

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Company are described in note 3 of the Interim Financial Statements as at June 30, 2022.

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

SIGNIFICANT ESTIMATES AND JUDGEMENTS

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

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 June 30, 2022 requires that Spartan disclose in its interim MD&A any material weaknesses or changes in Spartan's Internal Controls over Financial Reporting ("**ICFR**") that occurred during the period that have materially affected, or are reasonably likely to materially affect, Spartan's ICFR. Spartan confirms that no material weaknesses were identified or such changes were made to its ICFR during the three months ended June 30, 2022.

RISKS AND UNCERTAINTIES

The business of exploring for, developing and producing crude oil and natural gas reserves is inherently risky. The Company is subject to both risks that directly affect Spartan's business and operations, as well as indirect risks that impact third parties or industry generally. The following information is a summary only of certain risk factors relating to the Company and should be read in conjunction with the Company's 2021 AIF which can be found at www.sedar.com. Prospective investors should carefully consider the risk factors set out below and consider all other information contained in this MD&A and in the Company's other public filings before making an investment decision. The risks set out below are not an exhaustive list, nor should be taken as a complete summary or description of all the risks associated with the Company's business and the oil and natural gas business generally.

Market Risks

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

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

a) Commodity Price Risk

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

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

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

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

(CA$ thousands)	Change in price / differential	Positive movement	Negative movement
NYMEX Henry Hub ("HH")	+/- US$ 0.25 per mmbtu	(6,962)	6,962
NYMEX HH-AECO 7A Basis (1)	+/- US$ 0.10 per mmbtu	(6,007)	6,007
CA$/US$ exchange rate	+/- $ 0.05	(772)	772

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

b) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk on its long-term debt which bears floating rates of interest. Under the Credit Facility, interest rates fluctuate based on the bank prime rate plus an applicable margin, which currently varies based on the Company's net debt to cash flow ratio each quarter. Under the Term Facility interest fluctuates based on the bank prime rate, however the spread is fixed at 5.25%.

The global economic recovery and inflationary environment has resulted in rising interest rates. The ongoing invasion of Ukraine is another factor that could influence inflation or other parts of the Canadian and global economy. For the first time since 2018, the Bank of Canada raised its benchmark interest rate by 25 basis points on March 2, 2022. Over the second quarter of 2022 the benchmark rate was increased by an additional 100 basis points, with a further 100 basis points increase on July 13, 2022. Further interest rate increases are still anticipated over the next twelve months. Based on the balance of long-term debt outstanding at June 30, 2022, an increase in the market rate of interest by 50 basis points would increase annualized interest expense by approximately $1.2 million. The Company is utilizing Free Funds Flow to reduce its bank debt, partially mitigating the risk of further interest rate increases.

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 June 30, 2022.

c) Currency Risk

Currency risk is the risk that future cash flows will fluctuate as a result of changes in foreign exchange rates. All of the Company's crude oil and natural gas sales are conducted in Canada and the majority of Spartan's revenue is received in Canadian dollars. A portion of the Company's crude oil is marketed in U.S. dollars, however U.S. dollar revenues represent less than 10% of Spartan's monthly sales. Spartan is exposed to fluctuations of the Canadian to U.S. dollar exchange rate given the Company's realized pricing in Canadian dollars is directly influenced by U.S. dollar denominated benchmark pricing. In addition, the Company's commodity price risk management contracts settle in U.S. dollars.

The CA$/US$ exchange rate closed at 1.287 on June 30, 2022, up from 1.248 on March 31, 2022 and 1.266 on December 31, 2021. Although the CA$/US$ exchange rate is typically negatively correlated to the movement in WTI crude oil prices, during the first half of 2022 the Canadian dollar weakened relative to the U.S. dollar despite WTI increasing by more than 50% 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 June 30, 2022, Spartan had contracted to fix the U.S. dollar exchange rate at $1.27 on a notional US$3.0 million per month from April 1 to October 31, 2022. The fair value of the foreign exchange contract resulted in a current derivative financial instrument liability of $0.2 million at June 30, 2022.

Liquidity Risk

Liquidity risk is the risk that a company will not be able to meet its financial obligations as they become due. The Company prepares and regularly updates its capital and operating budget to forecast future cash flows to ensure, to the extent possible, that it will have sufficient liquidity to meet its obligations. As at June 30, 2022, Spartan's financial liabilities include accounts payable, derivative financial instrument liabilities, long-term debt and lease liabilities. A contractual maturity analysis is provided in the "Capital Resources and Liquidity" section of this MD&A. Spartan's existing capital resources are sufficient to satisfy its financial obligations for the next twelve months.

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

Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's financial assets include cash and cash equivalents, accounts receivable, deposits and derivative financial instrument assets. Cash and cash equivalents are held on deposit with a Canadian chartered bank. The Company's credit risk exposure arises primarily from receivables from oil and gas marketers and joint venture partners. The oil and gas industry has a pre-arranged monthly clearing day for payment of revenues from all buyers of oil and natural gas; this occurs on the 25th day following the month of sale. As a result, the Company's production revenues are current. All other accounts receivable are generally contractually due within 30 days, however the collection period is typically between 60 to 90 days. Amounts outstanding for more than 90 days are generally considered "past due" and relate primarily to receivables from the Company's joint venture partners. When determining whether amounts that are past due are collectible, management assesses the creditworthiness and past payment history of the counterparty, as well as the nature of the past due amount. As at June 30, 2022, Spartan's expected credit loss provision is $1.7 million ($1.1 million at December 31, 2021), of which $0.7 million relates to certain past-due accounts receivable balances inherited through corporate acquisitions during 2021.

ABBREVIATIONS

A&D	acquisitions and dispositions
AECO	Alberta Energy Company "C" Meter Station of the NOVA Pipeline System, the Canadian benchmark price for natural gas
AIF	refers to the Company's Annual Information Form dated March 8, 2022
API	American Petroleum Institute gravity
bbl	barrel
bbls/d	barrels per day
BOE	barrels of oil equivalent
BOE/d	barrels of oil equivalent per day
COVID-19	refers to the outbreak of the novel coronavirus, a public health crisis
DCET	capital expenditures incurred to drill, complete, equip and tie-in a well
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
G&A	general and administrative expenses
G&G	geological and geophysical expenses
GAAP	refers to Canadian Generally Accepted Accounting Principles, which incorporate International Financial Reporting Standards ("**IFRS**") for public companies
GJ	gigajoule
H1 2022	six months ended June 30, 2022
H1 2021	six months ended June 30, 2021
ICFR	internal controls over financial reporting
LCA	Licensee Capability Assessment
LMR	Liability Management Rating of the Alberta Energy Regulator
mbbls	one thousand barrels
mBOE	one thousand barrels of oil equivalent

mcf or MCF	one thousand cubic feet
mcf/d	one thousand cubic feet per day
MM	millions of dollars
mmbtu	one million British thermal units
mmcf	one million cubic feet
mmcf/d	one million cubic feet per day
nm	“not meaningful”, generally with reference to a percentage change
NCL	non-capital losses
NGLs	natural gas liquids
NYMEX	New York Mercantile Exchange
Q1 2022	first quarter of 2022
Q2 2022	second quarter of 2022
Q1 2021	first quarter of 2021
Q2 2021	second quarter of 2021
Q3 2021	third quarter of 2021
Q4 2021	fourth quarter of 2021
SRP	Site Rehabilitation Program of the Alberta government
TSX	Toronto Stock Exchange
US$	United States dollar
WTI	West Texas Intermediate, price paid in US$ at Cushing, Oklahoma, for crude oil of standard grade

FORWARD-LOOKING STATEMENTS

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

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

- the intentions of management and the Company with respect to its growth strategy and business plan;
- Spartan's intention to maintain a flexible capital structure;
- Spartan's intentions to maintain a strong balance sheet to allow the Company to take advantage of opportunities;
- anticipated benefits of the acquisitions and future growth opportunities; the expectation that the acquisitions will provide multiple years of development drilling inventory; and estimated tax pools associated with the acquisitions;
- anticipated operational and financial results for 2022 including, but not limited to, estimated or anticipated production levels, Operating Netbacks, Adjusted Funds Flow, Capital Expenditures, Free Funds Flow, Net Debt, future common shares outstanding and other information discussed under "Outlook and Guidance" in this MD&A such as: forecast commodity prices for the second half of 2022; the impact of inflation on cost estimates; the expectation that the accelerated development plan will allow Spartan to fully utilize one of our Montney rigs year-round and reduce certain execution risks in the 2023 operating plan;
- Spartan’s objective to maintain an industry leading Liability Management Rating;
- capital resources and liquidity, including Spartan’s expectations regarding sources of funding for future development capital expenditures and acquisitions;
- estimates used to calculate the fair value of net assets acquired through business combinations, decommissioning obligations, and depletion and impairment of PP&E;
- expectations regarding the Acquisition of Bellatrix, including the amount of available tax pools and the anticipated impact to Spartan’s tax horizon;
- expectations of generating future taxable profits in order to realize deferred tax assets by utilizing available tax pools in the future, as well as the estimated amount of available tax pools;

- expectations regarding Spartan's position to withstand future commodity price volatility;
- the expectation that interest rates and borrowing costs will continue to increase over the next twelve months;
- the estimated amount of decommissioning costs expected to be recovered through funding under the Alberta government's Site Rehabilitation Program;
- commitments and contingencies; and
- expectations for forecast commodity prices in 2022 and beyond.

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

- future commodity prices, price differentials and the actual prices received for the Company's products;
- delays in the optimization of operations at the Company's properties;
- operating costs and expenditures;
- future production and recovery;
- anticipated fluctuations in foreign exchange and interest rates;
- general economic conditions, including from the actions of oil and gas producing countries and the continuing impact of COVID-19;
- expected net production transportation expenses and operating costs;
- estimated reserves of oil and natural gas, including estimated future development capital expenditures required to develop total proved plus probable reserves;
- the ability to obtain equipment and services in the field in a timely and efficient manner;
- the ability to add production and reserves through acquisition and/or drilling at competitive prices;
- the ability to explore diversified gas markets;
- the timing of anticipated future production additions from the Company's properties and acquisitions;
- the continued availability of capital and skilled personnel and the impact of increasing competition;
- the ability to obtain financing on acceptable terms;
- the ability of the Company to secure adequate product transportation; and
- the continuation of the current tax, royalty and regulatory regime.

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

- failure to realize the anticipated benefits of the 2021 Acquisitions and/or unforeseen difficulties integrating the assets acquired into Spartan's operations;
- adverse effects on general economic conditions in Canada, the United States and globally, including due to the COVID-19 pandemic;
- the material uncertainties and risks described under the heading "Risks and Uncertainties" in this MD&A and in the Company's 2021 AIF;
- the risks associated with the oil and gas industry in general, such as operational risks in development, exploration and production;
- delays or changes in plans with respect to exploration or development projects or capital expenditures;
- incorrect assessments of the value of benefits to be obtained from the Company's exploration and development programs;
- volatility in market prices for oil and natural gas;
- uncertainties associated with estimating crude oil and natural gas reserves and the ability of the Company to realize value from its properties;
- geological, technical, drilling and processing problems;
- facility and pipeline capacity constraints and access to processing facilities and to markets for production;
- fluctuations in foreign exchange or interest rates and stock market volatility;
- fluctuations in the costs of borrowing;
- marketing and transportation;
- prevailing weather and break-up conditions;
- environmental risks;
- competition for, among other things, capital, acquisition of reserves, undeveloped lands and skilled personnel;
- net production and transportation costs and future development costs;

- the ability to access sufficient capital from internal and external sources;
- ability to obtain regulatory approvals;
- changes in tax, royalty and environmental legislation; and
- litigation or regulatory proceedings that may be brought against the Company.

Readers are cautioned that the foregoing list of risk factors is not exhaustive. The risk factors above should be considered in the context of current economic conditions, the attitude of lenders and investors towards corporations in the energy industry, potential changes to royalty and taxation regimes and to environmental and other government regulations, the condition of financial markets generally, as well as the stability of joint venture and other business partners, all of which are outside the control of the Company. Also to be considered are increased levels of political uncertainty both domestically and abroad, possible changes to existing international trading agreements and relationships, as well as geopolitical risks including Russia's military actions in Ukraine. Legal challenges to asset ownership, limitations to rights of access and adequacy of pipelines or alternative methods of getting production to market may also have a significant effect on the Company's business. Additional information on these and other factors that could affect the business, operations or financial results of Spartan are included in reports on file with applicable securities regulatory authorities, including (but not limited to) the AIF, which may be accessed on Spartan's SEDAR profile at www.sedar.com or on the Company's website at www.spartandeltacorp.com.

The forward-looking statements and 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.