



**SPARTAN DELTA CORP.
MANAGEMENT'S DISCUSSION & ANALYSIS
AS AT AND FOR THE THREE MONTHS ENDED
MARCH 31, 2024 AND 2023**

FINANCIAL AND OPERATING HIGHLIGHTS

<i>(CA\$ thousands, unless otherwise indicated)</i>	Q1 2024	Q4 2023	%	Q1 2024	Q1 2023	%
FINANCIAL HIGHLIGHTS						
Oil and gas sales	84,148	85,832	(2)	84,148	316,212	(73)
Net income and comprehensive income	11,195	110,584	(90)	11,195	86,449	(87)
\$ per share, basic ⁽³⁾	0.06	0.64	(91)	0.06	0.50	(88)
\$ per share, diluted ⁽³⁾	0.06	0.64	(91)	0.06	0.49	(88)
Cash provided by operating activities	48,151	51,289	(6)	48,151	214,718	(78)
Adjusted Funds Flow ⁽²⁾	45,673	55,722	(18)	45,673	182,276	(75)
\$ per share, basic ⁽²⁾⁽³⁾	0.26	0.32	(19)	0.26	1.06	(75)
\$ per share, diluted ⁽²⁾⁽³⁾	0.26	0.32	(19)	0.26	1.03	(75)
Free Funds Flow ⁽²⁾	638	23,798	(97)	638	42,443	(98)
Cash used in investing activities	51,136	68,457	(25)	51,136	127,352	(60)
Capital Expenditures before A&D ⁽²⁾	45,035	31,924	41	45,035	139,833	(68)
Adjusted Net Capital A&D ⁽²⁾	18,067	32,661	(45)	18,067	769	nm
Total assets	833,574	819,524	2	833,574	2,155,052	(61)
Long Term Debt	49,571	44,476	11	49,571	145,752	(66)
Net Debt ⁽²⁾	92,668	75,296	23	92,668	138,706	(33)
Net Debt to Annualized AFF Ratio ⁽²⁾	0.5X	0.3X	67	0.5X	0.2X	150
Shareholders' equity	442,249	429,717	3	442,249	1,582,999	(72)
Common shares outstanding, end of period (000s) ⁽³⁾	173,201	173,201	-	173,201	171,426	1
OPERATING HIGHLIGHTS						
Average daily production						
Crude oil (bbls/d)	748	570	31	748	15,034	(95)
Condensate (bbls/d) ⁽¹⁾	2,111	1,870	13	2,111	2,994	(29)
NGLs (bbls/d) ⁽¹⁾	9,442	9,196	3	9,442	13,202	(28)
Natural gas (mcf/d)	157,393	156,170	1	157,393	293,822	(46)
BOE/d	38,533	37,664	2	38,533	80,200	(52)
Average realized prices, before financial instruments						
Crude oil (\$/bbl)	92.29	95.93	(4)	92.29	99.94	(8)
Condensate (\$/bbl) ⁽¹⁾	96.09	100.76	(5)	96.09	104.65	(8)
NGLs (\$/bbl) ⁽¹⁾	31.04	31.22	(1)	31.04	41.91	(26)
Natural gas (\$/mcf)	2.29	2.58	(11)	2.29	3.89	(41)
Combined average (\$/BOE)	24.00	24.77	(3)	24.00	43.81	(45)
Operating Netbacks (\$/BOE) ⁽²⁾						
Oil and gas sales	24.00	24.77	(3)	24.00	43.81	(45)
Processing and other revenue	0.45	0.59	(24)	0.45	0.46	(2)
Royalties	(3.30)	(3.05)	8	(3.30)	(4.65)	(29)
Operating expenses	(5.65)	(5.32)	6	(5.65)	(8.26)	(32)
Transportation expenses	(1.58)	(1.70)	(7)	(1.58)	(2.83)	(44)
Operating Netback, before hedging (\$/BOE) ⁽²⁾	13.92	15.29	(9)	13.92	28.53	(51)
Operating Netback, after hedging (\$/BOE) ⁽²⁾	14.37	20.70	(31)	14.37	27.17	(47)
Adjusted Funds Flow Netback (\$/BOE) ⁽²⁾	13.03	16.08	(19)	13.03	25.25	(48)

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

(2) "Adjusted Funds Flow", "Free Funds Flow", "Capital Expenditures before A&D", "Adjusted Net Capital A&D", "Net Debt", "Net Debt to Annualized AFF Ratio" and "Operating Netbacks" do not have standardized meanings under IFRS Accounting Standards, refer to "Non-GAAP Measures and Ratios" section of this MD&A.

(3) Refer to "Share Capital" section of this MD&A.

INTRODUCTION

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

The following Management’s Discussion and Analysis (“MD&A”) has been prepared by management as of May 7, 2024, in accordance with the requirements of National Instrument 51-102 - *Continuous Disclosure Requirements* (“NI 51-102”). This MD&A should be read in conjunction with the Company’s unaudited condensed consolidated interim financial statements and related notes as at March 31, 2024 (the “**Interim Financial Statements**”) and the audited consolidated annual financial statements related notes for the years ended December 31, 2023 and 2022 (the “**Annual Financial Statements**”). The information provided in this MD&A is not intended to be a comprehensive review of all matters and developments concerning the Company and is not a substitute for detailed investigation or analysis on any particular issue. Additional information relevant to the Company’s activities, including Spartan’s Annual Information Form for the year ended December 31, 2023 (the “**AIF**”), can be found on SEDAR+ at www.sedarplus.ca and the Company’s website at www.spartandeltacorp.com.

Background on 2023 Corporate Transactions

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

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

In aggregate with the Asset Sale and the Spin-Out (together, the “**2023 Transactions**”), the Company distributed \$9.50 per Spartan Share from the proceeds of the Asset Sale, one Logan Share per Spartan Share, and one Transaction Warrant per Spartan Share (the “**Distribution**”) to eligible Spartan shareholders.

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

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

Unless otherwise noted, the financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) up to May 7, 2024. This MD&A contains forward-looking statements, non-GAAP measures and other non-financial measures. Readers are cautioned that the MD&A should be read in conjunction with the Company’s disclosures under the headings “Non-GAAP Measures and Ratios”, “Other Measurements”, “Risk and Uncertainties” and “Forward-Looking Statements” included in this MD&A. All dollar amounts are quoted in thousands of Canadian dollars (CA\$), the reporting and functional currency of the Company, unless otherwise indicated.

NON-GAAP MEASURES AND RATIOS

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

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

Operating Income and Operating Netback

Operating Income, a non-GAAP financial measure, is a useful supplemental measure that provides an indication of the Company’s ability to generate cash from field operations, prior to administrative overhead, financing and other business expenses. “**Operating Income, before hedging**” is calculated by Spartan as oil and gas sales, net of royalties, plus processing and other revenue, less operating and transportation expenses. “**Operating Income, after hedging**” is calculated by adjusting Operating Income for 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**”). 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:

<i>(CA\$ thousands, unless otherwise indicated)</i>	Q1 2024	Q4 2023	%	Q1 2024	Q1 2023	%
Oil and gas sales	84,148	85,832	(2)	84,148	316,212	(73)
Processing and other revenue	1,561	2,055	(24)	1,561	3,341	(53)
Royalties	(11,565)	(10,563)	9	(11,565)	(33,584)	(66)
Operating expenses	(19,782)	(18,425)	7	(19,782)	(59,616)	(67)
Transportation expenses	(5,553)	(5,901)	(6)	(5,553)	(20,423)	(73)
Operating Income, before hedging	48,809	52,998	(8)	48,809	205,930	(76)
Settlements on Commodity Derivative Contracts	1,576	18,732	(92)	1,576	(9,830)	(116)
Operating Income, after hedging	50,385	71,730	(30)	50,385	196,100	(74)
Production (BOE)	3,506,542	3,465,083	1	3,506,542	7,218,011	(51)
Operating Netback, before hedging (\$/BOE)	13.92	15.29	(9)	13.92	28.53	(51)
Operating Netback, after hedging (\$/BOE)	14.37	20.70	(31)	14.37	27.17	(47)

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

Funds from Operations, Adjusted Funds Flow and Free Funds Flow

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

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

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

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

<i>(CA\$ thousands)</i>	Q1 2024	Q4 2023	%	Q1 2024	Q1 2023	%
Cash provided by operating activities	48,151	51,289	(6)	48,151	214,718	(78)
Change in non-cash operating working capital	(157)	7,238	(102)	(157)	(32,263)	(100)
Funds from Operations	47,994	58,527	(18)	47,994	182,455	(74)
Add back: transaction costs	-	(500)	(100)	-	2,250	(100)
Deduct: lease payments	(2,321)	(2,305)	1	(2,321)	(2,429)	(4)
Adjusted Funds Flow	45,673	55,722	(18)	45,673	182,276	(75)
Deduct: Capital Expenditures before A&D ⁽¹⁾	(45,035)	(31,924)	41	(45,035)	(139,833)	(68)
Free Funds Flow	638	23,798	(97)	638	42,443	(98)

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

Adjusted Funds Flow per share (“**AFF per share**”)

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

The table below outlines the calculation of AFF per share:

<i>(CA\$ thousands, except for share amounts)</i>	Q1 2024	Q4 2023	%	Q1 2024	Q1 2023	%
Adjusted Funds Flow	45,673	55,722	(18)	45,673	182,276	(75)
WA Shares outstanding (000s) – basic	173,201	173,201	-	173,201	171,422	1
WA Shares outstanding (000s) – diluted AFF	177,165	174,475	2	177,165	177,288	-
AFF per share						
Basic (\$ per common share)	0.26	0.32	(19)	0.26	1.06	(75)
Diluted (\$ per common share)	0.26	0.32	(19)	0.26	1.03	(75)

Net Debt (Surplus) and Adjusted Working Capital

Throughout this MD&A, references to “**Net Debt**” or “**Net Surplus**” includes current and long-term debt, net of Adjusted Working Capital. Net Debt (Surplus) and Adjusted Working Capital are both non-GAAP financial measures. “**Adjusted Working Capital**” is calculated as current assets less current liabilities, excluding derivative financial instrument assets and liabilities, lease liabilities and current debt (if applicable). As at March 31, 2024 and December 31, 2023, the Adjusted Working Capital deficit includes cash and cash equivalents, restricted cash, accounts receivable, prepaid expenses and deposits, accounts payable and accrued liabilities, dividends payable, and the current portion of decommissioning obligations (see also, “Capital Resources and Liquidity”).

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

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

<i>(CA\$ thousands)</i>	March 31, 2024	December 31, 2023
Current assets	(212,134)	(221,848)
Current liabilities	253,216	250,248
Working capital deficit	41,082	28,400
Adjusted for current portion of:		
Derivative financial instrument assets	14,134	11,889
Derivative financial instrument liabilities	(2,539)	-
Lease liabilities	(9,580)	(9,469)
Adjusted Working Capital deficit	43,097	30,820
Long-term debt	49,571	44,476
Net Debt	92,668	75,296

In addition, Spartan has various lease contracts in place for compression equipment, facilities, office buildings and vehicles. The Company’s total lease liability is \$32.9 million as at March 31, 2024 (December 31, 2023 – \$35.2 million), of which \$9.6 million of the principal amount is expected to be settled within the next twelve months.

References to “**Cash Financing Expense (Income)**” includes interest and fees on long-term debt, net of interest income, and excludes non-cash financing costs related to lease liabilities and accretion of decommissioning obligations. Cash Financing Expense (Income) is a non-GAAP financial measure used by Spartan in its budget and public guidance.

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

Net Debt to Annualized AFF Ratio

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

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

<i>(CA\$ thousands, unless otherwise indicated)</i>	March 31, 2024	December 31, 2023
Adjusted Funds Flow for the quarter	45,673	55,722
Factor to Annualize	4	4
Annualized Adjusted Funds Flow ⁽¹⁾	182,692	222,888
Net Debt	92,668	75,296
Annualized Adjusted Funds Flow ⁽¹⁾	182,692	222,888
Net Debt to Annualized AFF Ratio	0.5X	0.3X

(1) The Annualized Adjusted Funds Flow reflects ongoing operations for the three months ended March 31, 2024 and December 31, 2023 multiplied by a factor of four (4).

Capital Expenditures

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

<i>(CA\$ thousands)</i>	Q1 2024	Q4 2023	Q1 2024	Q1 2023
Exploration and evaluation assets	1,923	2,868	1,923	7,839
Property, plant and equipment	43,112	29,056	43,112	131,994
Capital Expenditures before A&D	45,035	31,924	45,035	139,833
Acquisitions	18,008	32,477	18,008	925
Dispositions	59	184	59	(156)
Capital Expenditures	63,102	64,585	63,102	140,602
Change in non-cash investing working capital	(11,966)	3,872	(11,966)	(13,250)
Cash used in investing activities	51,136	68,457	51,136	127,352

Adjusted Net Capital A&D

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

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

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

<i>(CA\$ thousands)</i>	Q1 2024	Q4 2023	Q1 2024	Q1 2023
Acquisitions ⁽¹⁾	18,008	32,477	18,008	925
Less: Dispositions ⁽²⁾	59	184	59	(156)
Adjusted Net Capital A&D	18,067	32,661	18,067	769

(1) Acquisition amounts recorded for the first quarter of 2024 primarily relate to Crown Land sales. The quarter ended December 31, 2023 includes asset acquisitions of \$32.5 million related to the purchase of exploration and evaluation assets, property, plant and equipment, and decommissioning obligations. Refer to "2023 Acquisitions" for further details on the acquisitions completed.

(2) Disposition amounts recorded for the first quarter of 2024 and fourth quarter of 2023 relate to purchase price adjustments on acquisitions completed in 2023.

OTHER MEASUREMENTS

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

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

COMPARATIVE INFORMATION

As a result of the 2023 Transactions, certain metrics reported for the three months ended March 31, 2024, are not comparable to March 31, 2023. Declines in production, revenues, Adjusted Funds Flow, Free Funds Flow, capital expenditures, and net income are all influenced by the assets divested in the 2023 Transactions.

FIRST QUARTER 2024 FINANCIAL AND OPERATING HIGHLIGHTS

Spartan is pleased to report its financial and operating results for the first quarter of 2024. The highlights summarized below focus on the Company's results for the first quarter ended March 31, 2024, relative to the most recent quarter ended December 31, 2023.

- Spartan reported production of 38,533 BOE/d (32% liquids) during the first quarter of 2024, an increase from 37,664 BOE/d (31% liquids) in the fourth quarter of 2023.
 - During the quarter, the Company experienced a loss of approximately 750 BOE/d of production as a result of extreme cold weather impacting the month of January 2024.
 - Despite the impact, Spartan achieved a 2% growth in production and a 6% growth in liquids production as compared to the fourth quarter of 2023.
- Oil and gas sales revenue decreased by 2% to \$84.1 million for the first quarter of 2024, as compared to the \$85.8 million for the fourth quarter of 2023. This decrease was primarily the result of softening commodity prices, partially offset by increased volumes.
- The Company's operations generated Adjusted Funds Flow of \$45.7 million (\$0.26 per share, diluted) for the first quarter of 2024, 18% lower than \$55.7 million (\$0.32 per share, diluted) for the fourth quarter of 2023. While ongoing operations remained relatively consistent between the quarters, the Company's settlement of commodity derivative contracts decreased by \$17.2 million as a result of hedging positions that expired on December 31, 2023. Operating Income before hedging decreased by 8% while Operating income after hedging decreased by 30% as compared to the previous quarter.
- Spartan successfully executed a \$45.0 million capital program for the first quarter of 2024, continuing to focus on developing liquids-rich targets in the Deep Basin.
 - In the Deep Basin, Spartan drilled 7.0 net wells, completed 6.0 net wells, and brought 5.2 net wells on production.
- Spartan continued to generate positive Free Funds Flow for the first quarter of 2024, exiting the quarter with Net Debt of \$92.7 million resulting in a 0.5X Net Debt to Annualized AFF Ratio.
- Spartan acquired additional undeveloped acreage in the West Shale Basin Duvernay (the "Duvernay") totaling greater than 21,000 net acres for aggregate cash consideration of approximately \$17.9 million.
- In the first quarter of 2024, Spartan rebalanced its hedging position, increasing the remainder of its 2024 AECO 7A position to approximately 50% of net natural gas production at an average price of \$2.77/GJ and hedging approximately 20% of its net oil and condensate production at an average price of \$101.06/bbl.
- Spartan reported net income of \$11.2 million (\$0.06 per share, diluted) for the first quarter of 2024, down 90% from \$110.6 million (\$0.64 per share, diluted) for the fourth quarter of 2023. The decrease in net income over the comparative period was primarily driven by a one-time recovery in the previous quarter of \$79.6 million related to deferred income tax and a \$23.9 million reduction in gains on derivative financial instruments that primarily resulted from a reduction in hedged volumes in the quarter and commodity price fluctuations.
- As at March 31, 2024, Spartan had \$659 million in tax pools, of which \$375 million are non-capital losses.
- Subsequent to March 31, 2024, Spartan completed an acquisition of producing crude oil and natural gas properties and undeveloped land in the Duvernay (the "Willesden Green North Acquisition") for total consideration of approximately \$53.1 million in cash, subject to certain closing adjustments effective March 1, 2024. This acquisition includes approximately 38,000 net acres of Duvernay rights and approximately 1,600 BOE/d (70% liquids) of production and associated infrastructure. The Company's position in the Duvernay has increased to approximately 240,000 net acres as of the release date of this MD&A.

2024 OUTLOOK AND GUIDANCE

On May 7, 2024, the Company issued updated financial and operating guidance for 2024 following the Willesden Green North Acquisition. This guidance is summarized below along with updated 2024 guidance reflecting a strategic decision to increase capital spend by \$25.0 million to \$150.0 million, inclusive of Duvernay activity resulting in increased production and an increased % liquids yield from 31% to 33%. Spartan anticipates deploying \$25.0 million to \$50.0 million in the Duvernay and \$100.0 million to \$125.0 million in the Deep Basin, resulting in a \$150.0 million capital program for 2024.

Based on forecast average production of 40,500 BOE/d, 33% liquids, and commodity price assumptions of US\$80/bbl for WTI crude oil and \$1.75/GJ for AECO natural gas, Spartan expects to generate approximately \$176.0 million of Adjusted Funds Flow in 2024. Free Funds Flow is forecasted to be \$26.0 million on a capital expenditure budget of \$150 million, exiting 2024 with Net Debt of \$127.0 million.

Year ending December 31, 2024	Updated	Previous	Variance ⁽¹⁾	
	2024 Guidance	2024 Guidance	Amount	%
Average Production (BOE/d) ⁽¹⁾	39,500 – 41,500	38,500 – 40,500	1,000	3
% Liquids	33%	31%	2%	6
Benchmark Average Commodity Prices				
WTI oil price (US\$/bbl)	80.00	75.00	5.00	7
AECO natural gas price (\$/GJ)	1.75	2.00	(0.25)	(13)
Average exchange rate (US\$/CA\$)	1.36	1.35	0.01	1
Operating Netback, before hedging (\$/BOE) ⁽²⁾⁽⁵⁾	13.12	13.05	0.07	1
Operating Netback, after hedging (\$/BOE) ⁽²⁾⁽⁵⁾	14.60	14.20	0.40	3
Adjusted Funds Flow (\$MM) ⁽²⁾⁽⁵⁾	176	170	6	4
Capital Expenditures, before A&D (\$MM) ⁽²⁾⁽³⁾	150	125	25	20
Free Funds Flow (\$MM) ⁽²⁾	26	45	(19)	(42)
Net Debt, end of year (\$MM) ⁽²⁾⁽⁴⁾	127	30	97	323
Common shares outstanding, end of year (MM) ⁽⁶⁾	174	174	-	-

- (1) The financial performance measures included in the Company's previous and updated guidance for 2024 is based on the midpoint of the average production forecast of 40,500 BOE/d. The increase in budgeted production is a result of the increased capital budget.
- (2) "Operating Netback", "Settlements on Commodity Derivative Contracts", "Adjusted Funds Flow", "Capital Expenditures, before A&D", "Free Funds Flow", and "Net Debt" do not have standardized meanings under IFRS Accounting Standards, see "Non-GAAP Measures and Ratios".
- (3) The increase in Capital Expenditures, before A&D is a result of a \$25.0 million capital allocation to the Company's new Duvernay drilling program.
- (4) The change in forecast Net Debt at December 31, 2024 primarily reflects the \$25.0 million increase in forecast capital expenditures, a \$53.1 million asset acquisition that closed on May 1, 2024, acquisitions of Duvernay land for \$17.9 million that were completed in Q1 2024, and other minor acquisitions, partially offset by a \$6.0 million increase in Adjusted Funds Flow.
- (5) Refer to "Assumptions in 2024 Guidance" for additional information regarding the assumptions used in the forecasted Operating Netbacks, Settlements on Commodity Derivative Contracts, and Adjusted Funds Flow for 2024.
- (6) The forecast of common shares outstanding at the end of 2024 includes RSAs expected to be released upon vesting but does not include common shares potentially issuable in respect of stock options for which the exercise is discretionary on behalf of the holder (refer to "Share Capital" for additional information regarding dilutive securities).

Assumptions for 2024 Guidance

2024 PRODUCTION GUIDANCE	Updated 2024 Guidance	Previous 2024 Guidance	% Change
Crude oil (bbls/d)	1,400	1,000	40
Condensate (bbls/d)	1,900	1,700	12
Crude oil and condensate (bbls/d)	3,300	2,700	22
NGLs (bbls/d)	10,100	9,700	4
Natural gas (mcf/d)	162,500	162,500	-
Combined average (BOE/d)	40,500	39,500	3
% Liquids	33%	31%	6

In 2024, Spartan anticipates annualized production of 39,500 to 41,500 BOE/d, an increase of 1,000 BOE/d from the previous guidance. Spartan's 2024 development plan includes the continued development of liquids weighted drilling targets in the Deep Basin supplemented by the commencing of activity in the Duvernay, growing liquids production by approximately 15%, from 11,636 BOE/d (31% liquids) in the fourth quarter of 2023 to 13,400 BOE/d (33% liquids) in 2024 (an 8% increase from previous guidance). The revised production forecast also reflects 200 BOE/d of annualized production loss associated with cold weather impacts in January 2024.

2024 FINANCIAL GUIDANCE (\$/BOE)	Updated 2024 Guidance	Previous 2024 Guidance	% Change
Oil and gas sales	23.83	23.59	1
Processing and other revenue	0.34	0.35	(3)
Royalties	(3.27)	(3.13)	4
Operating expenses	(6.15)	(6.07)	1
Transportation expenses	(1.63)	(1.69)	(4)
Operating Netback, before hedging	13.12	13.05	1
Settlements on Commodity Derivative Contracts	1.48	1.15	29
Operating Netback, after hedging	14.60	14.20	3
General and administrative expenses	(1.29)	(1.33)	(3)
Cash financing expenses	(0.56)	(0.27)	107
Other income	0.17	0.21	(19)
Settlements of decommissioning obligations	(0.25)	(0.25)	-
Lease payments	(0.76)	(0.78)	(3)
Adjusted Funds Flow	11.91	11.78	1

The \$25.0 million increase in Spartan's capital budget resulted in an increase in oil and gas sales, partially offset by increased operating and royalty expenses. In addition, decreased forecast gas prices led to an increase in Settlements on Commodity Derivative Contracts, partially offset by increased cash financing expenses which resulted from increased forecast Net Debt. Overall Adjusted Funds Flow on a per BOE basis increased by 1% over previous guidance.

Holding all other assumptions constant, a US\$5/bbl increase (decrease) in the forecasted average WTI crude oil price for 2024 for the remainder of 2024 would increase Adjusted Funds Flow by approximately \$5.5 million (decrease by \$5.5 million). An increase (decrease) of CA\$0.25/GJ in the forecasted average AECO natural gas price for the remainder of 2024, holding the NYMEX-AECO basis differential and all other assumptions constant, would increase Adjusted Funds Flow by approximately \$5.5 million (decrease by \$5.5 million). Holding U.S. dollar benchmark commodity prices and all other assumptions constant, an increase (decrease) of \$0.05 in the US\$/CA\$ exchange rate for the remainder of 2024 would increase Adjusted Funds Flow by approximately \$4.5 million (decrease by \$4.5 million). Assuming capital expenditures are unchanged, the impact on Free Funds Flow would be equivalent to the increase or

decrease in Adjusted Funds Flow. An increase (decrease) in Free Funds Flow will result in an equivalent decrease (increase) in the forecasted Net Debt (Surplus).

RESULTS OF OPERATIONS

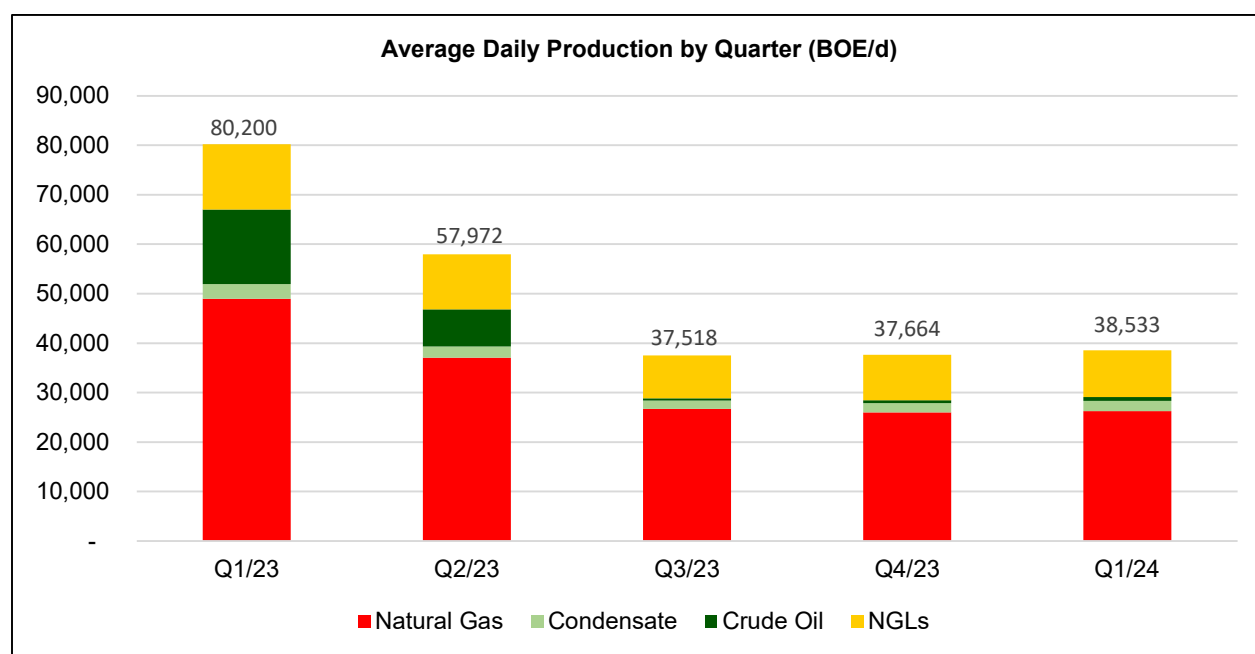
PRODUCTION

Average daily production	Q1 2024	Q4 2023	%	Q1 2024	Q1 2023	%
Crude oil (bbls/d)	748	570	31	748	15,034	(95)
Condensate (bbls/d)	2,111	1,870	13	2,111	2,994	(29)
NGLs (bbls/d)	9,442	9,196	3	9,442	13,202	(28)
Natural gas (mcf/d)	157,393	156,170	1	157,393	293,822	(46)
Combined average (BOE/d)	38,533	37,664	2	38,533	80,200	(52)
% Liquids	32%	31%	3	32%	39%	(18)

Production averaged 38,533 BOE per day during the first quarter of 2024, an increase from the average production of 37,664 BOE per day in the fourth quarter of 2023. The increase in production volumes quarter over quarter is primarily the result of the addition of 5.2 net wells that were brought on production in the period and due to the first full quarter of production on the Duvernay assets acquired in the previous quarter. These production increases were partially offset by a loss of 750 BOE/d of production as a result of extreme cold weather impacts in January 2024.

Organic growth through the Company's Deep Basin drilling programs were more than offset by reduced volumes resulting from the 2023 Transactions leading to an overall volume reduction to 38,533 BOE per day in the first quarter of 2024 from 80,200 BOE per day the first quarter of 2023.

Spartan brought on production 6 (5.2 net) wells in the Deep Basin during the three months ended March 31, 2024 targeting both light oil and liquids-rich gas in the Cardium, Falher and Wilrich Formations. The production from these new wells led to an increase in the percent of liquid production from 31% in the fourth quarter of 2023 to 32% in the first quarter of 2024.

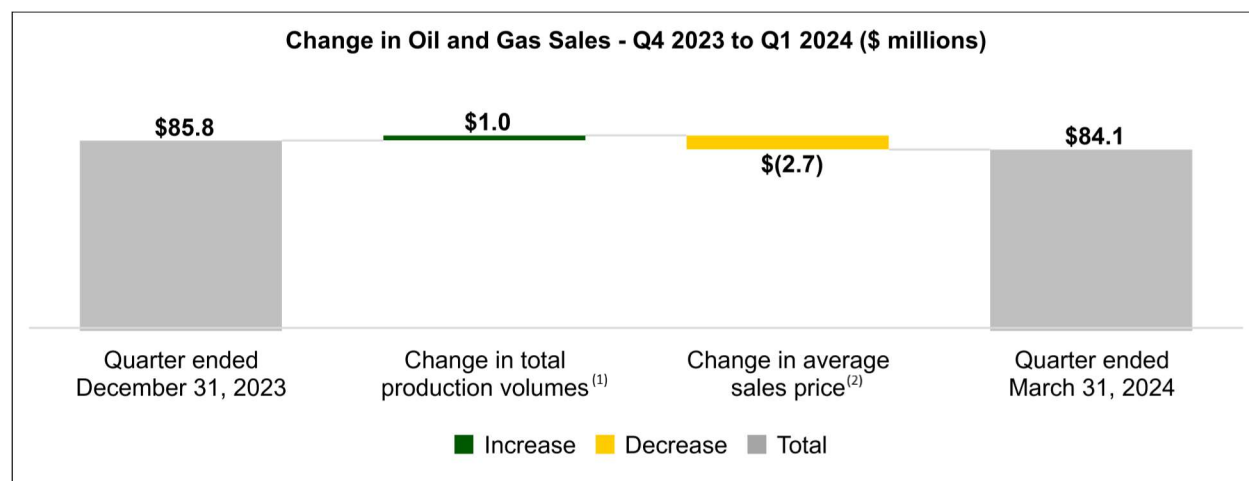


OIL AND GAS SALES

<i>(CA\$ thousands, unless otherwise indicated)</i>	Q1 2024	Q4 2023	%	Q1 2024	Q1 2023	%
Oil and gas sales, before royalties						
Crude oil	6,284	5,034	25	6,284	135,229	(95)
Condensate	18,455	17,331	6	18,455	28,198	(35)
NGLs	26,675	26,415	1	26,675	49,792	(46)
Natural gas	32,734	37,052	(12)	32,734	102,993	(68)
Oil and gas sales, before royalties	84,148	85,832	(2)	84,148	316,212	(73)
Average realized prices, before financial instruments						
Crude oil (\$/bbl)	92.29	95.93	(4)	92.29	99.94	(8)
Condensate (\$/bbl)	96.09	100.76	(5)	96.09	104.65	(8)
NGLs (\$/bbl)	31.04	31.22	(1)	31.04	41.91	(26)
Natural gas (\$/mcf)	2.29	2.58	(11)	2.29	3.89	(41)
Combined average (\$/BOE)	24.00	24.77	(3)	24.00	43.81	(45)
Average realized prices, after financial instruments ⁽¹⁾						
Crude oil (\$/bbl)	90.16	95.93	(6)	90.16	99.94	(10)
Condensate (\$/bbl)	96.09	100.76	(5)	96.09	104.65	(8)
NGLs (\$/bbl)	31.04	31.22	(1)	31.04	41.91	(26)
Natural gas (\$/mcf)	2.41	3.88	(38)	2.41	3.52	(32)
Combined average (\$/BOE)	24.45	30.18	(19)	24.45	42.45	(42)

(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".

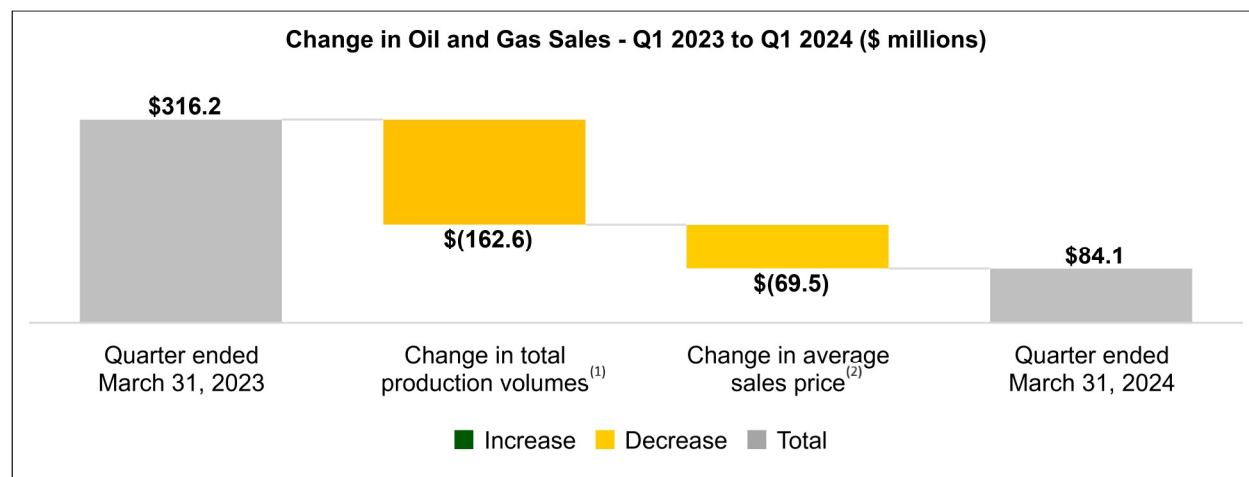
Oil and gas sales for the first quarter of 2024 were \$84.1 million, slightly below the \$85.8 million in the fourth quarter of 2023. The slight decrease in oil and gas sales were driven by declining commodity prices which were partially offset by increased volumes. Spartan's combined average realized price of \$24.00 per BOE (\$24.45 per BOE after financial instruments) for the first quarter of 2024 was 3% lower than the average price of \$24.77 per BOE (\$30.18 per BOE after financial instruments) for the fourth quarter of 2023.



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

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

Oil and gas sales for the first quarter of 2024 were \$84.1 million, down 73% from \$316.2 million in the first quarter of 2023. The decrease in oil and gas sales were driven by volumes disposed in the 2023 Transactions and lower commodity prices. Spartan's combined average realized price of \$24.00 per BOE (\$24.45 per BOE after financial instruments) for the first quarter of 2024 was 45% lower than the average price of \$43.81 per BOE (\$42.45 per BOE after financial instruments) for the first quarter of 2023.



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

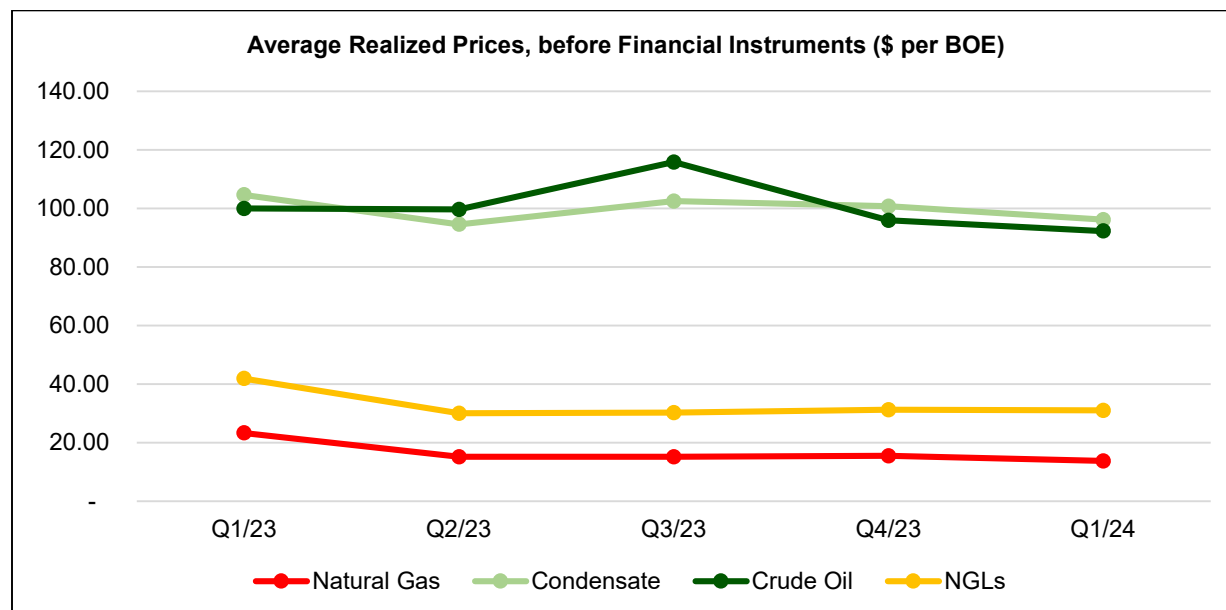
Additionally, cash settlements on commodity derivative contracts were a gain of \$1.6 million (\$0.45 per BOE) in the first quarter of 2024 in comparison to a gain of \$18.7 million (\$5.41 per BOE) for the fourth quarter of 2023 and a loss of \$9.8 million (\$1.36 per BOE) for the first quarter of 2023. The gains experienced in the first quarter of 2024 and fourth quarter of 2023 were primarily driven by the softening of natural gas prices (see also, "Commodity Price Risk Management").

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

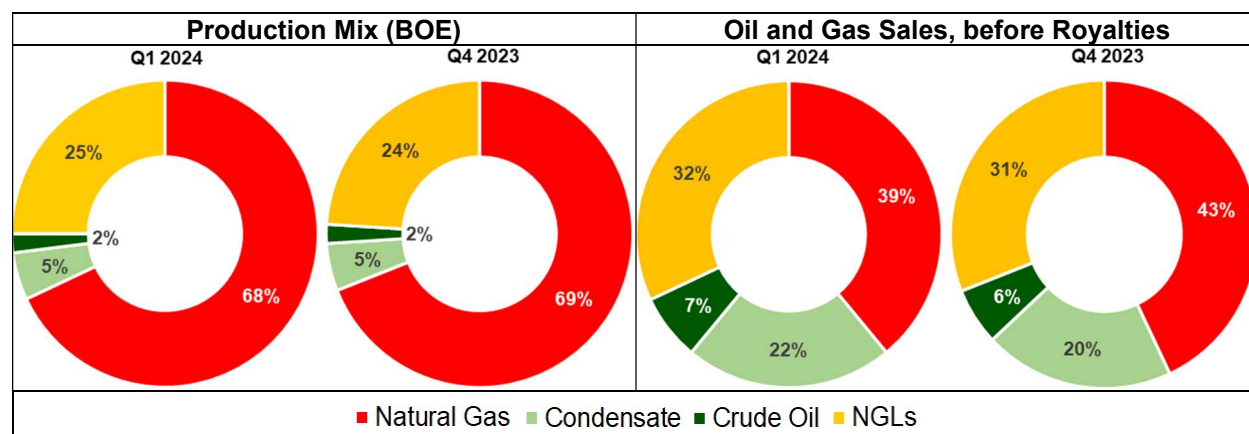
Benchmark commodity prices	Q1 2024	Q4 2023	%	Q1 2024	Q1 2023	%
WTI Cushing Oklahoma (US\$/bbl) ⁽¹⁾	76.96	78.32	(2)	76.96	76.13	1
WTI Cushing Oklahoma (CA\$/bbl) ⁽²⁾	103.77	106.66	(3)	103.77	102.89	1
Mixed Sweet Blend ("MSW") (CA\$/bbl) ⁽³⁾	92.11	99.63	(8)	92.11	99.03	(7)
Conway propane (US\$/gallon) ⁽⁴⁾	0.78	0.65	20	0.78	0.80	(3)
NYMEX Henry Hub (US\$/mmbtu) ⁽⁵⁾	2.24	2.88	(22)	2.24	3.42	(35)
NYMEX - AECO 7A Basis (US\$/mmbtu)	(0.71)	(0.94)	(24)	(0.71)	(0.22)	223
AECO 7A (CA\$/GJ) ⁽⁶⁾	1.94	2.52	(23)	1.94	4.12	(53)
AECO 5A (CA\$/GJ) ⁽⁷⁾	2.36	2.18	8	2.36	3.05	(23)
Exchange rate (US\$/CA\$) ⁽¹⁾	1.35	1.36	(1)	1.35	1.35	-

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

The table below summarizes Spartan's average realized prices before financial instruments, by commodity type over 2023 and 2024:



The charts below highlight Spartan's production mix and the relative contribution to total oil and gas sales revenue in the first quarter of 2024 relative to the fourth quarter of 2023.



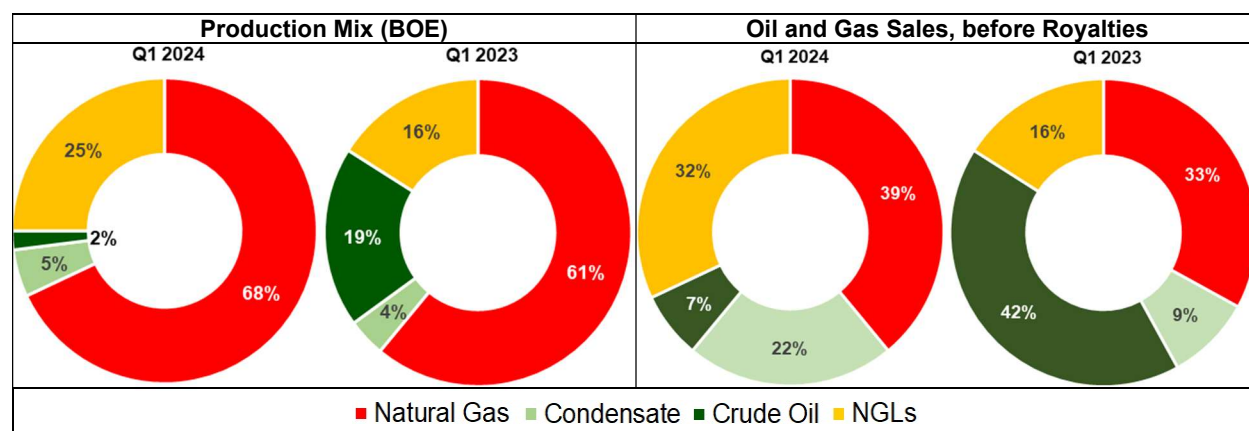
For the first quarter of 2024, natural gas represented 68% of total production volumes and contributed to \$32.7 million (39%) of total sales revenue. Spartan's realized natural gas price for the first quarter of 2024 of \$2.29/mcf decreased by 11% from \$2.58/mcf in the fourth quarter of 2023. The decrease in the Company's realized natural gas price over the prior quarter is relatively in line with the weighted average change in AECO 5A and 7A reference prices (sales were approximately 46%/54% weighted to AECO 5A/7A pricing in the first quarter of 2024 and approximately 43%/57% weighted to 5A/7A pricing in the fourth quarter of 2023).

Together, crude oil and condensate represented 7% of production and contributed to \$24.7 million (29%) of Spartan's total sales revenue during first quarter of 2024. Spartan realized an average price for crude oil and condensate sales of \$95.10 per barrel during the first quarter of 2024, down 5% compared to the average price of \$99.63 per barrel in the fourth quarter of 2023 which was slightly less than the 8% decrease in MSW benchmark pricing over the comparative period.

NGLs (excluding condensate) were 25% of Spartan's total production volumes in the first quarter of 2024 and contributed \$26.7 million (32%) of Spartan's total sales revenue. The Company reported an average NGL sales price

of \$31.04 per barrel in the first quarter of 2024, down 1% from \$31.22 per barrel in the fourth quarter of 2023. The Conway propane benchmark price increased by 20% from US\$0.65/gallon in the fourth quarter of 2023 to US\$0.78/gallon in the first quarter of 2024. Realized NGL prices decreased while benchmark pricing increased over the comparative period primarily due to a decrease in ethane sales prices which are priced at a premium to AECO 7A as AECO 7A decreased by 23% over the comparative period.

The charts below highlight Spartan's production mix and the relative contribution to total oil and gas sales revenue in the first quarter of 2024 relative to the first quarter of 2023.



For the first quarter of 2024, natural gas represented 68% of total production volumes and contributed to \$32.7 million (39%) of total sales revenue. Spartan's realized natural gas price for the first quarter of 2024 of \$2.29 per mcf decreased by 41% from \$3.89 per mcf for the first quarter of 2023. The decrease in the Company's realized natural gas price is in line with the weighted average change in AECO 5A and 7A reference prices (sales were approximately 46%/54% weighted to AECO 5A/7A pricing in the first quarter of 2024 and approximately 45%/55% weighted to 5A/7A pricing for the first quarter of 2023).

Together, crude oil and condensate represented 7% of production and contributed to \$24.7 million (29%) of Spartan's total sales revenue during the first quarter of 2024. Spartan realized an average price for crude oil and condensate sales of \$95.10 per barrel in the first quarter of 2024, down 6% compared to the average price of \$100.72 per barrel for the first quarter 2023. The decrease is relatively consistent with the 7% decrease in MSW benchmark pricing over the comparative period.

NGLs (excluding condensate) were 25% of Spartan's total production volumes in the first quarter of 2024 and contributed \$26.7 million (32%) of Spartan's total sales revenue. The Company reported an average NGL sales price of \$31.04 per barrel in the first quarter of 2024, down 26% from \$41.91 per barrel for the first quarter of 2023. The Conway propane benchmark price decreased by 3% from US\$0.80/gallon in the first quarter of 2023 to US\$0.78/gallon in the first quarter of 2024. Actual NGL prices declined by more than benchmark pricing primarily due to a new NGL marketing contract with a term of Q2 2023 to Q1 2024 that resulted in a greater differential to benchmark pricing, and due to a decrease in ethane sales prices which are priced at a premium to AECO 7A as AECO 7A decreased by 53% over the comparative period.

COMMODITY PRICE RISK MANAGEMENT

The Company has various commodity price risk management contracts in place to reduce volatility of cash flows in order to fund capital expenditures and protect project economics. The table below summarizes average prices and notional volumes contracted under the Company's outstanding financial derivative contracts as at March 31, 2024:

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

(1) The prices and volumes in this table represent averages for contracts represented in the respective quarters.

(2) NYMEX swaps are settled based on the last day of settlement of monthly futures contracts.

(3) AECO 7A swaps are settled the first day of the month based on a weighted average of the previous month's fixed price trades.

(4) CA\$ WTI swaps are translated at the average daily noon rate for the settlement month.

The fair value of outstanding risk management contracts resulted in a net derivative financial instrument asset of \$11.6 million at March 31, 2024, compared to a net asset of \$18.1 million at December 31, 2023. The fair values and gains or losses by contract type are summarized below for the three months ended March 31, 2024:

Derivative Financial Instruments ⁽¹⁾

(CA\$ thousands)	Nature of contract			Total
	AECO 7A	WTI Cushing	AECO Basis	
Fair value asset (liability) at March 31, 2024	14,134	(1,103)	(1,436)	11,595
Fair value asset at December 31, 2023	17,393	-	667	18,060
Unrealized loss	(3,259)	(1,103)	(2,103)	(6,465)
Realized gain (loss)	2,430	(145)	(709)	1,576
Loss on derivative financial instruments	(829)	(1,248)	(2,812)	(4,889)

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

Spartan recognized a total loss on derivative financial instruments of \$4.9 million during the three months ended March 31, 2024, comprised of \$1.6 million of realized gains and \$6.5 million of unrealized losses on the change in fair value of outstanding contracts during the period. The unrealized losses in the current period were primarily caused by strengthening of the forward price curves for WTI, a narrowing of the forward curves for AECO Basis, and unrealized gain reversals as current period AECO 7A gains have been realized.

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

(CA\$ thousands)	Q1 2024	Q4 2023	%	Q1 2024	Q1 2023	%
Realized gain (loss)	1,576	22,599	(93)	1,576	(4,655)	(134)
Unrealized gain (loss)	(6,465)	(3,560)	82	(6,465)	32,508	(120)
Gain (loss) on derivative financial instruments	(4,889)	19,039	(126)	(4,889)	27,853	(118)

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

<i>(CA\$ thousands)</i>	Q1 2024	Q4 2023	%	Q1 2024	Q1 2023	%
Settlement of Crude Oil Contracts	(145)	-	nm	(145)	-	nm
Settlement of Natural Gas Contracts	1,721	18,732	(91)	1,721	(9,830)	(118)
Settlement of Commodity Derivative Contracts	1,576	18,732	(92)	1,576	(9,830)	(116)
Less: Settlement of acquired liabilities ⁽¹⁾	-	3,867	(100)	-	5,175	(100)
Realized gain (loss)	1,576	22,599	(93)	1,576	(4,655)	(134)
Settlement of Commodity Derivative Contracts (\$ per BOE)	0.45	5.41	(92)	0.45	(1.36)	(133)
Realized gain (loss) (\$ per BOE)	0.45	6.52	(93)	0.45	(0.64)	(170)

(1) The Company acquired a derivative financial instrument liability with a fair value of \$94.2 million on August 31, 2021. The acquired derivative liabilities were fully settled as at December 31, 2023.

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

ROYALTIES

<i>(CA\$ thousands, unless otherwise indicated)</i>	Q1 2024	Q4 2023	%	Q1 2024	Q1 2023	%
Gross royalties, before GCA	15,597	13,935	12	15,597	39,847	(61)
Gas cost allowance (“GCA”)	(4,032)	(3,372)	20	(4,032)	(6,263)	(36)
Royalties	11,565	10,563	9	11,565	33,584	(66)
\$ per BOE	3.30	3.05	8	3.30	4.65	(29)
Average royalty rate (% of sales)	13.7%	12.3%	11	13.7%	10.6%	29

Total royalties net of GCA for the three months ended March 31, 2024, of \$11.6 million have increased relative to the fourth quarter of 2023 primarily as a result of prior period adjustments related to joint venture partner reworks and claw backs, as well as an increased liquids weighting and wells coming off incentive rates for new wells under the Alberta Modern Royalty Framework (“AMRF”). Incentive rates for new wells under the AMRF are a reduced flat rate of 5% applicable to new wells which is in effect for a finite period after a well comes on production. Total royalties net of GCA for the three months ended March 31, 2024, have decreased relative to the three months ended March 31, 2023, primarily due to reduced volumes resulting from the 2023 Transactions.

The Company’s GCA for the three months ended March 31, 2024, increased from the previous quarter as a result of prior period re-filings that resulted in additional GCA in the quarter. The Company’s GCA for the three months ended March 31, 2024, decreased in comparison to the same period in 2023 due to lower production resulting from the 2023 Transactions.

Spartan’s average royalty rate of 13.7% for the first quarter of 2024 was higher than the average royalty rate of 12.3% in the fourth quarter of 2023 due to prior period adjustments related to joint venture reworks and claw backs, as well as an increased liquids weighting and wells coming off incentive rates for new wells under the AMRF. Spartan’s average royalty rate of 13.7% for the three months ended March 31, 2024 increased from the average royalty rate of 10.6% in the first quarter of 2023 primarily due to the 2023 Transactions and prior period adjustments in the quarter related to joint venture partner reworks and claw backs. In the first quarter of 2023, the Company’s primary oil, condensate and NGL wells that were producing under incentive rates were subsequently disposed of leading to an increase in average oil and condensate royalty rates on the Company’s remaining legacy production.

PROCESSING AND OTHER REVENUE

<i>(CA\$ thousands, unless otherwise indicated)</i>	Q1 2024	Q4 2023	%	Q1 2024	Q1 2023	%
Processing and other	1,561	2,055	(24)	1,561	3,341	(53)
\$ per BOE	0.45	0.59	(24)	0.45	0.46	(2)

Processing and other revenue primarily relates to gas processing and other fees earned on third party volumes processed through the Company's facilities. Processing and other revenue per BOE for the three months ended March 31, 2024 decreased relative to the previous quarter as a result of a favourable prior period adjustment booked in December 2023 on disposed properties.

Processing and other revenue for three months ended March 31, 2024, decreased in comparison to the three months ended March 31, 2023 primarily due to decreased volumes following the 2023 Transactions. Processing and other revenue per BOE for the three months ended March 31, 2024 was relatively consistent with the first quarter of 2023.

OPERATING EXPENSES

<i>(CA\$ thousands, unless otherwise indicated)</i>	Q1 2024	Q4 2023	%	Q1 2024	Q1 2023	%
Operating expenses	19,782	18,425	7	19,782	59,616	(67)
\$ per BOE	5.65	5.32	6	5.65	8.26	(32)

Operating expenses were \$19.8 million (\$5.65 per BOE) for the three months ended March 31, 2024, up from \$18.4 million (\$5.32 per BOE) in the previous quarter due to increased costs related to extreme cold weather impacts in January, and a higher liquid content resulting from increased production from acquired properties and new drills. Liquids production carries higher operating costs which lead to an increase in operating expenses per BOE. In the current period, the Company recognized \$0.9 million (\$0.25 per BOE) of recoveries primarily related to prior period equalization payments. In the comparative period, the Company recognized \$0.4 million (\$0.12 per BOE) of recoveries relating to prior period equalization payments.

Operating expenses were \$19.8 million (\$5.65 per BOE) for the three months ended March 31, 2024, which decreased from \$59.6 million (\$8.26 per BOE) for the three months ended March 31, 2023, as a result of decreased production levels resulting from the 2023 Transactions and lower operating expenses per BOE associated with Spartan's remaining assets. Operating expenses per BOE decreased primarily due to the change in Spartan's product mix after closing the Asset Sale as the remaining Deep Basin assets have lower operating costs.

TRANSPORTATION EXPENSES

<i>(CA\$ thousands, unless otherwise indicated)</i>	Q1 2024	Q4 2023	%	Q1 2024	Q1 2023	%
Transportation expenses	5,553	5,901	(6)	5,553	20,423	(73)
\$ per BOE	1.58	1.70	(7)	1.58	2.83	(44)

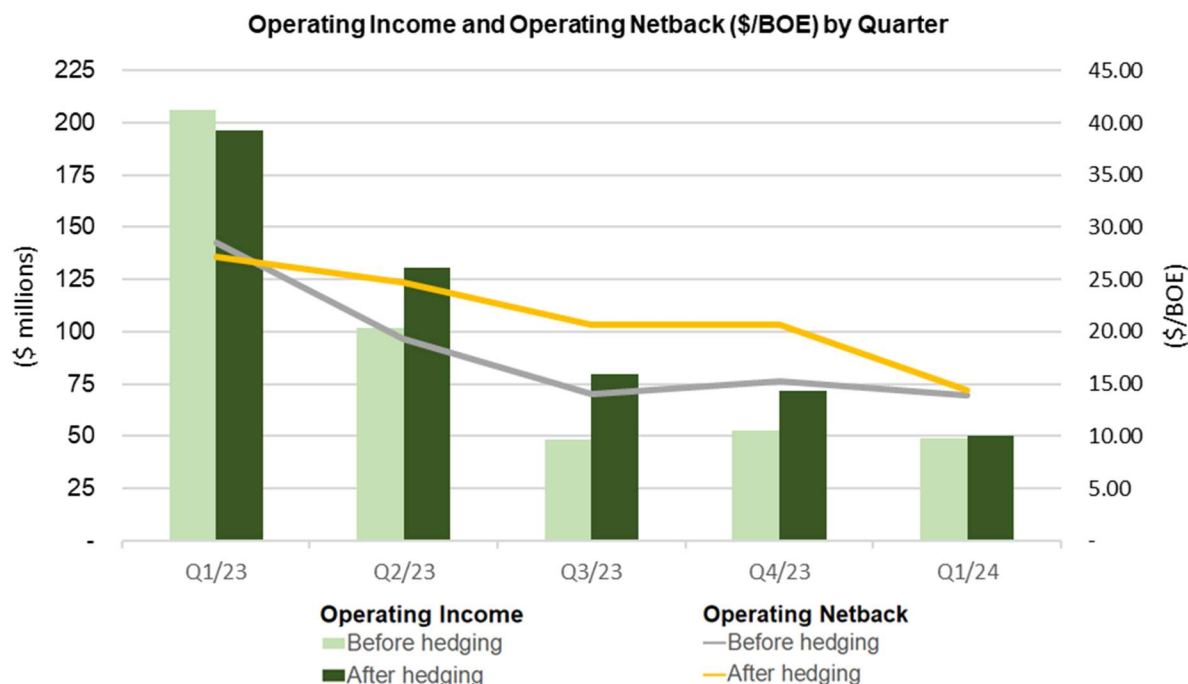
Transportation expenses of \$5.6 million (\$1.58 per BOE) for the first quarter of 2024 decreased from \$5.9 million (\$1.70 per BOE) for the fourth quarter of 2023. Transportation expenses were lower than the prior quarter primarily due to favourable equalization payments relating to 2023 production. Adjustments related to the prior period totaled \$0.4MM (\$0.12/BOE) in the current quarter.

Transportation expenses of \$5.6 million (\$1.58 per BOE) for the first quarter of 2024 decreased from \$20.4 million (\$2.83 per BOE) for the first quarter of 2023 reflecting the decreases in production over the comparative period and due to a reduced transportation expense per BOE. Transportation expense per BOE decreased over the comparative period due to the Company's production mix being more heavily gas weighted after closing the 2023 Transactions, and due to favourable equalization payments in the first quarter of 2024.

OPERATING INCOME AND OPERATING NETBACKS

The Company's field operations generated \$48.8 million of Operating Income before hedging during the three months ended March 31, 2024, down 8% from \$53.0 million in the fourth quarter of 2023. The primary drivers of the reduction in Operating Income over the previous quarter was softening commodity prices and marginally increased royalties and operating expenses partially offset by increased production levels.

The chart below highlights the changes in Spartan's quarterly Operating Income and Operating Netbacks, before and after hedging, during 2023 and 2024:



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

(\$ per BOE)	Q1 2024	Q4 2023	%	Q1 2024	Q1 2023	%
Oil and gas sales	24.00	24.77	(3)	24.00	43.81	(45)
Processing and other revenue	0.45	0.59	(24)	0.45	0.46	(2)
Royalties	(3.30)	(3.05)	8	(3.30)	(4.65)	(29)
Operating expenses	(5.65)	(5.32)	6	(5.65)	(8.26)	(32)
Transportation expenses	(1.58)	(1.70)	(7)	(1.58)	(2.83)	(44)
Operating Netback, before hedging	13.92	15.29	(9)	13.92	28.53	(51)
Settlements on Commodity Derivative Contracts	0.45	5.41	(92)	0.45	(1.36)	(133)
Operating Netback, after hedging	14.37	20.70	(31)	14.37	27.17	(47)

Spartan's Operating Netback before hedging averaged \$13.92 per BOE (\$14.37 per BOE after hedging) for the three months ended March 31, 2024, which decreased in comparison to the fourth quarter of 2023 from \$15.29 per BOE (\$20.70 per BOE after hedging) primarily due to softening commodity prices and marginally increased royalties and operating costs partially offset by increased production levels.

The Operating Netback before hedging decreased to \$13.92 per BOE (\$14.37 per BOE after hedging) for the three months ended March 31, 2024, from \$28.53 per BOE (\$27.17 per BOE after hedging) for the three months ended

March 31, 2023. The reduction of Operating Netback, before hedging was primarily driven by softening commodity prices and a revision to the product mix resulting from the 2023 Transactions which was partially offset by lower royalty rates and reduced operating and transportation expenses per BOE.

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

GENERAL AND ADMINISTRATIVE EXPENSES

<i>(CA\$ thousands, unless otherwise indicated)</i>	Q1 2024	Q4 2023	%	Q1 2024	Q1 2023	%
Salaries and benefits	4,425	4,755	(7)	4,425	6,562	(33)
Other G&A expenses	2,352	2,413	(3)	2,352	2,925	(20)
Change in expected credit loss provision	67	(220)	(130)	67	195	(66)
Subtotal, before recoveries ("Gross G&A") ⁽¹⁾	6,844	6,948	(1)	6,844	9,682	(29)
Overhead recoveries	(1,494)	(1,830)	(18)	(1,494)	(3,980)	(62)
Capitalized G&A	(675)	(375)	80	(675)	(855)	(21)
G&A expenses ("Net G&A") ⁽¹⁾	4,675	4,743	(1)	4,675	4,847	(4)
Gross G&A (\$ per BOE)	1.95	2.01	(3)	1.95	1.34	46
Net G&A (\$ per BOE)	1.33	1.37	(3)	1.33	0.67	99

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

Net G&A expenses were \$4.7 million (\$1.33 per BOE) during the three months ended March 31, 2024, which was relatively consistent with \$4.7 million (\$1.37 per BOE) for the fourth quarter of 2023. Net G&A expenses per BOE for the first quarter of 2024 were slightly lower than in the fourth quarter of 2023 due to increased volumes.

Net G&A expenses were \$4.7 million (\$1.33 per BOE) during the three months ended March 31, 2024, which was relatively consistent with \$4.8 million (\$0.67 per BOE) for the first quarter of 2023. Net G&A expenses per BOE for the first quarter of 2024 was higher than the first quarter of 2023 due to reduced volumes following the 2023 Transactions.

G&A expenses are reported net of operating and capital overhead recoveries and capitalized G&A. Together, total overhead recoveries and capitalized G&A are \$2.2 million for the three months ended March 31, 2024, which is consistent with the \$2.2 million for the fourth quarter of 2023.

G&A expenses are reported net of operating and capital overhead recoveries and capitalized G&A. Together, total overhead recoveries and capitalized G&A are \$2.2 million for the three months ended March 31, 2024, compared to \$4.8 million for the first quarter of 2023. The change in overhead recoveries in the current quarter compared to the first quarter of 2023 is consistent with the change in capital spending in each period.

SHARE-BASED COMPENSATION

<i>(CA\$ thousands, unless otherwise indicated)</i>	Q1 2024	Q4 2023	%	Q1 2024	Q1 2023	%
Stock options	101	22	359	101	1,508	(93)
Share awards	1,236	2,265	(45)	1,236	10,384	(88)
Capitalized share-based compensation ⁽¹⁾	-	-	-	-	(480)	(100)
Share-based compensation expense	1,337	2,287	(42)	1,337	11,412	(88)
\$ per BOE	0.38	0.66	(42)	0.38	1.58	(76)

(1) A portion of SBC expense was capitalized on the same basis as the Company's 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 quarter of 2024, Spartan granted 2.7 million Equity Settled RSAs and 1.4 million stock options with an average exercise price of \$3.13. During 2023, the Company granted 1.3 million RSAs and 0.1 million stock options with an average exercise price of \$4.32 per share. As at March 31, 2024, there are 1.5 million stock options outstanding and 3.9 million Equity Settled RSAs outstanding. All Cash Settled RSAs were completely settled by December of 2023.

Share-based compensation ("SBC") expense is recognized over the three-year vesting period using graded amortization. SBC expense was \$1.3 million for the three months ended March 31, 2024, down \$1.0 million and \$10.1 million, respectively, from the fourth quarter of 2023 and the first quarter of 2023. The decrease in share-based compensation over the comparative periods were primarily due to the accelerated vesting of the Company's SBC which occurred concurrent with the 2023 Transactions. As a result of the accelerated vesting, the Company's SBC was revalued in the first quarter of 2023 and the amortization period was accelerated to December 2023, resulting in an additional \$1.5 million of SBC expense in the fourth quarter of 2023 and \$7.9 million of SBC expense in the first quarter of 2023. SBC expense for the first quarter of 2024 also includes a smaller number of awards outstanding than the comparative periods which also contributed to the period over period decrease.

FINANCING

<i>(CA\$ thousands, unless otherwise indicated)</i>	Q1 2024	Q4 2023	%	Q1 2024	Q1 2023	%
Interest and fees on debt	1,594	10,134	(84)	1,594	6,070	(74)
Interest income	(2,067)	(3,828)	(46)	(2,067)	(988)	109
Cash Financing (Income) Expense ⁽¹⁾	(473)	6,306	(108)	(473)	5,082	(109)
Financing cost of lease liabilities	498	530	(6)	498	652	(24)
Accretion of decommissioning obligations	521	505	3	521	993	(48)
Financing expense	546	7,341	(93)	546	6,727	(92)
Cash Financing (Income) Expenses (\$ per BOE) ⁽¹⁾	(0.13)	1.82	(107)	(0.13)	0.70	(119)
Financing expense (\$ per BOE)	0.16	2.12	(92)	0.16	0.93	(83)
Average debt outstanding in period ⁽²⁾	51,556	146,578	(65)	51,556	150,138	(66)

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

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

Spartan had Net Debt of \$92.7 million at March 31, 2024, up from \$75.3 million at December 31, 2023 and down from \$138.7 million at March 31, 2023. The Company's Net Debt at March 31, 2024 includes \$49.6 million of debt outstanding on its Credit Facility (defined herein) and a working capital deficit. On December 29, 2023, Spartan fully repaid the \$150 million outstanding balance of its Term Facility.

Cash Financing (Income) Expense was in an income position of \$0.5 million (\$0.13 per BOE), for the three months ended March 31, 2024, compared to an expense of \$6.3 million (\$1.82 per BOE) and \$5.1 million (\$0.70 per BOE), in the fourth quarter of 2023 and the first quarter of 2023, respectively. The decreases over the comparative periods relate to higher debt levels in 2023, the amortization of a make-whole premium applied to the Company's Term Facility in the comparative period, and the Company repaying the Term Facility in December 2023. Spartan earns interest income on its cash deposits and interest income fluctuates with the Company's cash balances. The early repayment of the Term Facility included a make-whole premium which was recorded as interest and fees on debt in the amount of \$4.0 million for the three months ended December 31, 2023, and \$nil for the three months ended March 31, 2023.

The Company's cash deposits and Credit Facility (defined herein) bear floating interest rates and Canadian benchmark interest rates have risen sharply in response to high inflation in 2022 and 2023. Over the course of 2023, the Bank of Canada increased its benchmark interest rate by a total of 75 basis points. Over the course of 2022, the Bank of Canada increased its benchmark interest rate by a total of 400 basis points. Interest rates have remained constant for the first quarter of 2024, however, there is still a risk of further increases (see also, "Risks and Uncertainties – Interest Rate

Risk”). Additional information regarding the Company’s debt and credit facilities is provided under the heading “Capital Resources and Liquidity”.

Spartan has various lease contracts in place for compression equipment, facilities, office buildings and vehicles. The Company’s total lease liability is \$32.9 million as at March 31, 2024 (December 31, 2023 - \$35.2 million). The financing cost of lease liabilities for the three months ended March 31, 2024 was \$0.5 million (December 31, 2023 - \$0.5 million and March 31, 2023 \$0.7 million, respectively). The decrease in financing cost of lease liabilities from March 31 2023 to March 31, 2024, reflects the pay down of the Company’s total lease liability over the comparative period and leases disposed in the 2023 Transactions.

Financing expense also includes non-cash accretion of decommissioning obligations. Accretion for the first quarter of 2024 was relatively consistent with the fourth quarter of 2023. Accretion for the first quarter of 2024 has decreased relative to the first quarter of 2023 reflecting dispositions due to the 2023 Transactions.

EXPLORATION AND EVALUATION (“E&E expense”)

<i>(CA\$ thousands, unless otherwise indicated)</i>	Q1 2024	Q4 2023	%	Q1 2024	Q1 2023	%
Expired mineral leases	-	180	(100)	-	13	(100)
Impairment of E&E	-	-	-	-	21,017	(100)
Total E&E expense	-	180	(100)	-	21,030	(100)
Total E&E expense (\$ per BOE)	-	0.05	(100)	-	2.91	(100)

E&E expense for the first quarter of 2023 includes an impairment loss of \$21.0 million related to E&E assets associated with the Spin-Out. These assets were not a development focus of Spartan and were written down to fair value based on an independent third-party land valuation, combined with comparable land purchases.

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

<i>(CA\$ thousands, unless otherwise indicated)</i>	Q1 2024	Q4 2023	%	Q1 2024	Q1 2023	%
Depletion and depreciation of PP&E	23,107	22,275	4	23,107	65,827	(65)
Depreciation of ROU Assets	2,137	2,203	(3)	2,137	2,442	(12)
Depletion and depreciation	25,244	24,478	3	25,244	68,269	(63)
Impairment of PP&E	-	499	(100)	-	7,566	(100)
Total DD&I expense	25,244	24,977	1	25,244	75,835	(67)
Depletion and depreciation (\$ per BOE)	7.20	7.06	2	7.20	9.46	(24)
Total DD&I expense (\$ per BOE)	7.20	7.21	-	7.20	10.51	(31)

The Company reported depletion and depreciation (“D&D”) expense of \$25.2 million (\$7.20 per BOE) for the three months ended March 31, 2024, which is up slightly from the fourth quarter of 2023.

The Company reported depletion and depreciation (“D&D”) expense of \$25.2 million (\$7.20 per BOE) for the three months ended March 31, 2024, down 63% from the first quarter of 2023. This decrease is primarily a result of the assets disposed in the 2023 Transactions. Depletion and depreciation per BOE decreased by 24% over the comparative period primarily due to the assets disposed in the 2023 Transactions having a higher depletion rate per BOE than remaining assets.

Impairment

As at March 31, 2024, there were no indicators of impairment or previously recognized impairments at the CGU level.

For the first quarter of 2023, Spartan recognized an impairment loss of \$7.6 million on PP&E triggered as a result of assets held for distribution in relation to the Spin-Out. The recoverable amounts were based on the assets' fair value less costs of disposal ("FVLCD") calculated using the present value of the expected future cash flows discounted at 13% after tax. In addition, an impairment loss on E&E associated with the Spin-Out in the amount of \$21.0 million was recorded during the three months ended March 31, 2023.

OTHER INCOME (EXPENSES)

<i>(CA\$ thousands)</i>	Q1 2024	Q4 2023	Q1 2024	Q1 2023
Gain (loss) on sale of assets	131	(1,272)	131	99
Transaction costs	-	500	-	(2,250)
Other income (expense)	2,673	(415)	2,673	3,098
Foreign exchange gain (loss)	18	(348)	18	143
Other income, net of other expenses	2,822	(1,535)	2,822	1,090

Loss on sale of assets for the fourth quarter of 2023 primarily relates to purchase price adjustments related to the 2023 Transactions.

Transaction costs for the fourth quarter of 2023 were in a recovery position as a result of favourable estimate to actual variances. Transaction costs for the three months ended March 31, 2023 related to the 2023 Transactions.

Other income (expense) for the three months ended March 31, 2024 primarily related to the sale of carbon emissions credits. Other income (expense) for the three months ended March 31, 2023 primarily includes funding of \$3.1 million earned through the Alberta provincial government Site Rehabilitation Program ("SRP") for certain abandonment and reclamation projects completed during 2023.

INCOME TAXES

<i>(CA\$ thousands, unless otherwise indicated)</i>	Q1 2024	Q4 2023	Q1 2024	Q1 2023
Current income tax	-	-	-	-
Deferred income tax expense (recovery)	3,745	(79,610)	3,745	28,573
Effective tax rate	25.1%	(257.0%)	25.1%	24.8%

The Company reported a deferred income tax expense of \$3.7 million during the three months ended March 31, 2024 compared to a recovery of \$79.6 million and expense of \$28.6 million, respectively, for the fourth and first quarter of 2023. During the three months ended December 31, 2023, a section 66.7 election was confirmed as processed with the CRA, resulting in the recognition of \$348.1 million in previously unrecognized tax pools, resulting in a deferred tax recovery of \$80.0 million.

Spartan's effective tax rate was 25.1% for the three months ended March 31, 2024. Spartan's tax rate for the three months ended March 31, 2024 and March 31, 2023 differs from the combined federal and Alberta provincial statutory rate of 23% primarily due to non-deductible expenses relating to share-based compensation expense. Spartan's tax rate for the three months ended December 31, 2023 differed from its combined federal and provincial tax rate primarily due to the recognition of previously unrecognized pools from a section 66.7 election and non-deductible expenses relating to share-based compensation expense.

Spartan was not required to pay income taxes in the current or prior period as the Company had sufficient income tax deductions available to shelter taxable income. As at March 31, 2024 Spartan has a deferred income tax asset of \$36.8 million, down from a \$40.6 million asset at December 31, 2023.

As at March 31, 2024, total available tax pools are estimated to be approximately \$658.6 million as summarized in the table below:

<i>(CA\$ millions, unless otherwise indicated)</i>	Rate ⁽¹⁾	March 31, 2024	December 31, 2023
Canadian oil and gas property expenses (COGPE)	10%	36.8	19.1
Canadian development expenses (CDE)	30%	234.0	216.2
Canadian exploration expense (CEE)	100%	1.0	-
Undepreciated capital cost (UCC) ⁽²⁾	25%	6.4	1.4
Share issue costs (SIC)	5 years	5.7	6.6
Non-capital losses (NCL) and other ⁽³⁾	100%	374.7	398.0
Total available tax pools (estimate) ⁽⁴⁾		658.6	641.3

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

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

(3) NCLs expire in years 2039 to 2041.

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

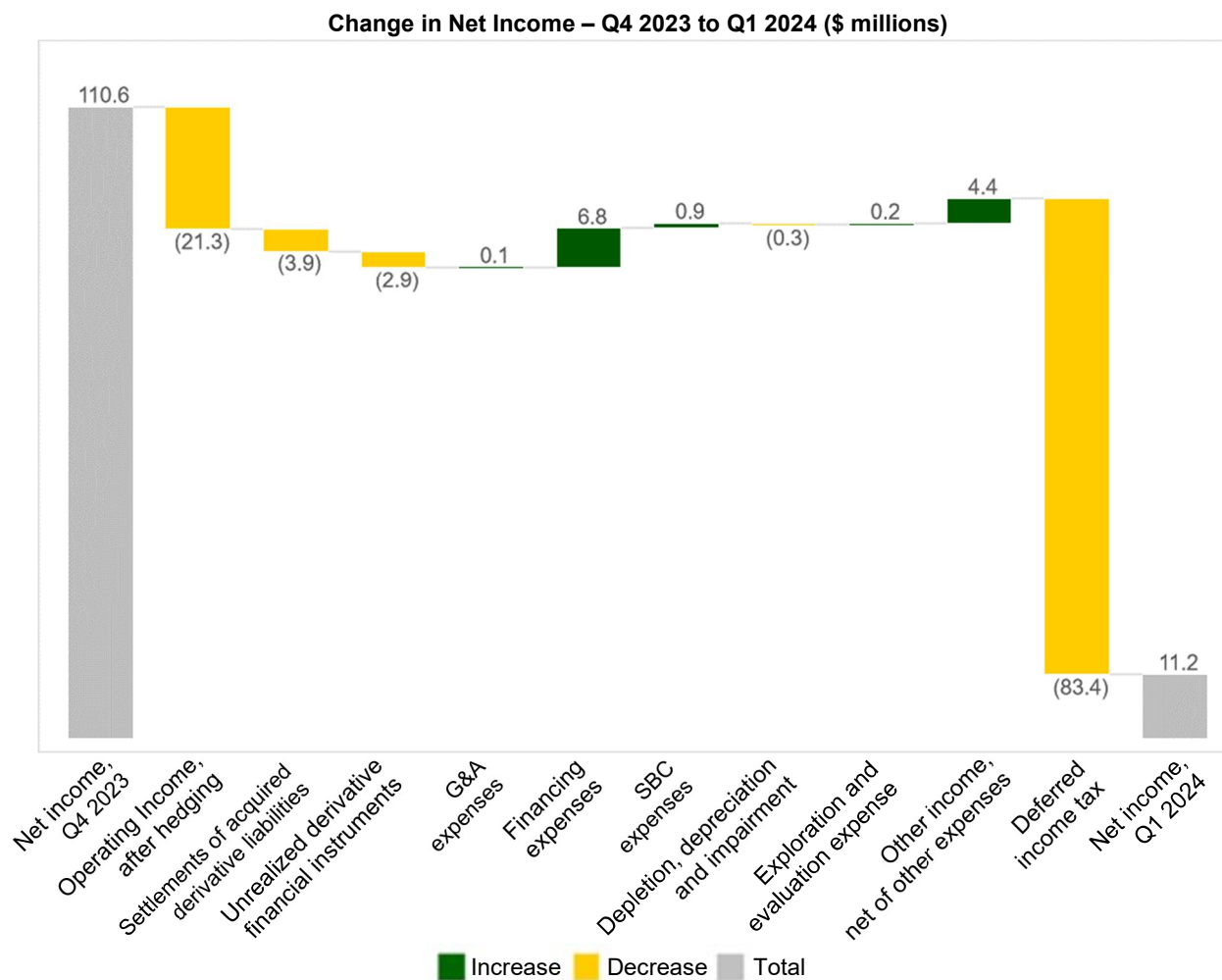
NET INCOME AND COMPREHENSIVE INCOME

<i>(CA\$ thousands, unless otherwise indicated)</i>	Q1 2024	Q4 2023	%	Q1 2024	Q1 2023	%
Revenue	74,144	77,324	(4)	74,144	285,969	(74)
Expenses	(57,137)	(63,854)	(11)	(57,137)	(199,890)	(71)
Income before derivatives, other items and taxes ⁽¹⁾	17,007	13,470	26	17,007	86,079	(80)
Gain (loss) on derivative financial instruments	(4,889)	19,039	(126)	(4,889)	27,853	(118)
Other income, net of other expenses ⁽²⁾	2,822	(1,535)	(284)	2,822	1,090	159
Income before income taxes	14,940	30,974	(52)	14,940	115,022	(87)
Deferred income tax expense (recovery)	3,745	(79,610)	(105)	3,745	28,573	(87)
Net income and comprehensive income	11,195	110,584	(90)	11,195	86,449	(87)
WA Shares outstanding – basic (000s)	173,201	173,201	-	173,201	171,422	1
WA Shares outstanding – diluted (000s)	173,817	173,403	-	173,817	176,407	(1)
Net income \$ per share – basic	0.06	0.64	(91)	0.06	0.50	(88)
Net income \$ per share – diluted	0.06	0.64	(91)	0.06	0.49	(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 Accounting Standards and may not be directly comparable to other issuers.

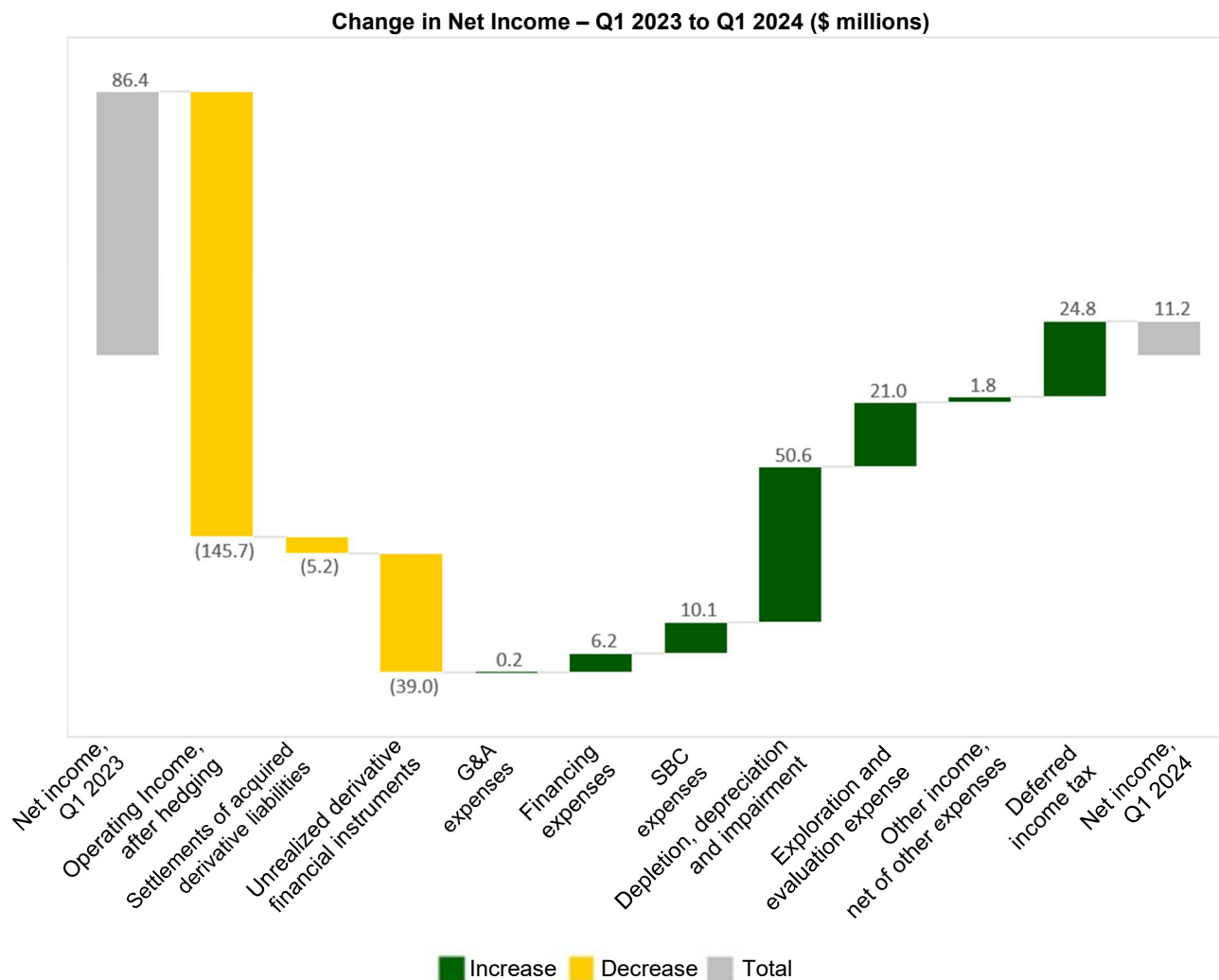
(2) Net income reported each period is impacted by other items in addition to the profit or loss generated by the Company's routine development and production operations. These other items primarily relate to A&D activities and are described under the heading "Other Income (Expenses)" in this MD&A.

The chart below summarizes the components of the change in net income from the three months ended December 31, 2023 to the three months ended March 31, 2024, using the change in Operating Income after hedging as the starting point:



Spartan reported net income of \$11.2 million (\$0.06 per share, diluted) for the first quarter of 2024, down 90% from \$110.6 million (\$0.64 per share, diluted) in the comparative quarter. The decrease in net income is primarily the result of reduced operating income resulting from unfavourable changes in current and forward commodity prices leading to a decrease in sales and reduced unrealized hedging gains, as well as a decrease in realized hedging gains as a result of a decrease in hedged volumes in the quarter, and a decrease in the deferred income tax recovery due to a one-time recovery recorded in the comparative period related to a 66.7 election, partially offset by reduced financing expenses resulting from lower debt levels and increased other income.

The chart below summarizes the components of the change in net income from the three months ended March 31, 2023 to the three months ended March 31, 2024, using the change in Operating Income, after hedging as the starting point:



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

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

First quarter of 2024 compared to Fourth quarter of 2023 ⁽¹⁾

Amounts are CA\$ millions (\$MM), except as noted	Q1/24	Q4/23	Change ⁽¹⁾		Q1/24	Q4/23	
	\$MM	\$MM	\$MM	%	\$/BOE	\$/BOE	
Oil and gas sales, net of royalties	72.6	75.3	(2.7)	(4)	20.70	21.72	(5)
Processing and other revenue	1.6	2.1	(0.5)	(24)	0.45	0.59	(24)
Operating expenses	(19.8)	(18.4)	(1.4)	7	(5.65)	(5.32)	6
Transportation expenses	(5.6)	(5.9)	0.3	(6)	(1.58)	(1.70)	(7)
Operating Income / Netback, before hedging ⁽²⁾	48.8	53.0	(4.2)	(8)	13.92	15.29	(9)
Settlements on Commodity Derivative Contracts ⁽²⁾⁽³⁾	1.6	18.7	(17.2)	(92)	0.45	5.41	(92)
Operating Income / Netback, after hedging ⁽²⁾	50.4	71.7	(21.3)	(30)	14.37	20.70	(31)
G&A expenses	(4.7)	(4.7)	0.1	(1)	(1.33)	(1.37)	(3)
Interest income (expense)	0.5	(6.3)	6.8	(108)	0.13	(1.82)	(107)
Financing cost of lease liabilities	(0.5)	(0.5)	-	(6)	(0.14)	(0.15)	(7)
Realized foreign exchange gain	-	0.2	(0.2)	(91)	-	0.05	(100)
Other income	2.6	-	2.6	nm	0.74	-	nm
Settlement of decommissioning obligations	(0.3)	(2.3)	2.0	(87)	(0.08)	(0.66)	(88)
Transaction costs	-	0.5	(0.5)	(100)	-	0.14	(100)
Funds from Operations ⁽²⁾	48.0	58.5	(10.5)	(18)	13.69	16.89	(19)
Change in non-cash working capital	0.2	(7.2)	7.4	(102)	0.04	(2.09)	(102)
Cash provided by operating activities	48.2	51.3	(3.1)	(6)	13.73	14.80	(7)
Funds from Operations ⁽²⁾	48.0	58.5	(10.5)	(18)	13.69	16.89	(19)
Add back: transaction costs	-	(0.5)	0.5	(100)	-	(0.14)	(100)
Deduct: lease payments	(2.3)	(2.3)	-	1	(0.66)	(0.67)	(1)
Adjusted Funds Flow ⁽²⁾	45.7	55.7	(10.0)	(18)	13.03	16.08	(19)
Adjusted Funds Flow per share ⁽²⁾							
Basic (\$ per common share)	0.26	0.32					
Diluted (\$ per common share)	0.26	0.32					

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

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

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

Spartan generated \$50.4 million of operating income, after hedging for the three months ended March 31, 2024, down \$21.3 million, or 30% compared to the fourth quarter of 2023. The decrease in operating income reflects reduced revenue due to declining commodity prices, increased operating expenses, increased royalties and reduced settlements on Commodity Derivative Contracts resulting from commodity price volatility and the settlement of all NYMEX hedges in Q4 2023 leading to a reduction of hedged volumes.

Spartan generated \$48.0 million of Funds from Operations for the three months ended March 31, 2024, down \$10.5 million or 18% compared to the fourth quarter of 2023. The decrease in Funds from Operations is driven by lower Operating Income, partially offset by a positive change in interest income (expense), settlement of decommissioning obligations, and an increase in other income. Cash expenditures to settle decommissioning obligations of \$0.3 million in the first quarter of 2024 as compared to \$2.3 million incurred in the prior quarter.

Adjusted Funds Flow was \$45.7 million for the first quarter of 2024 after deducting \$2.3 million of lease payments from Funds from Operations, resulting in Adjusted Funds Flow of \$0.26 per share on a diluted basis.

Spartan's cash provided by operating activities was \$48.2 million for the three months ended March 31, 2024, which was slightly more than Funds from Operations due to the net change in non-cash working capital during the quarter. The change in non-cash working capital varies each period based on seasonal changes in corporate activity levels, the impact of production levels and commodity prices on accrued revenue receivable, and timing of processing payments, among other factors. In the first quarter of 2024, the net increase in non-cash operating working capital of \$7.4 million is primarily due to decreases in accounts receivable resulting from cash receipts.

First Quarter of 2024 compared to First Quarter of 2023 ⁽¹⁾

Amounts are CA\$ millions (\$MM), except as noted	Q1/24	Q1/23	Change ⁽¹⁾		Q1/24	Q1/23	
	\$MM	\$MM	\$MM	%	\$/BOE	\$/BOE	%
Oil and gas sales, net of royalties	72.6	282.6	(210.0)	(74)	20.70	39.16	(47)
Processing and other revenue	1.6	3.3	(1.8)	(53)	0.45	0.46	(2)
Operating expenses	(19.8)	(59.6)	39.8	(67)	(5.65)	(8.26)	(32)
Transportation expenses	(5.6)	(20.4)	14.9	(73)	(1.58)	(2.83)	(44)
Operating Income / Netback, before hedging ⁽²⁾	48.8	205.9	(157.1)	(76)	13.92	28.53	(51)
Settlements on Commodity Derivative Contracts ⁽²⁾⁽³⁾	1.6	(9.8)	11.4	(116)	0.45	(1.36)	(133)
Operating Income / Netback, after hedging ⁽²⁾	50.4	196.1	(145.7)	(74)	14.37	27.17	(47)
G&A expenses	(4.7)	(4.8)	0.2	(4)	(1.33)	(0.67)	99
Interest income (expense)	0.5	(5.1)	5.6	(109)	0.13	(0.70)	(119)
Financing cost of lease liabilities	(0.5)	(0.7)	0.2	(24)	(0.14)	(0.09)	56
Realized foreign exchange gain	-	0.4	(0.3)	(96)	-	0.04	(100)
Other income	2.6	-	2.6	nm	0.74	-	nm
Settlement of decommissioning obligations	(0.3)	(1.2)	0.9	(74)	(0.08)	(0.16)	(50)
Transaction costs	-	(2.3)	2.3	(100)	-	(0.31)	(100)
Funds from Operations ⁽²⁾	48.0	182.5	(134.5)	(74)	13.69	25.28	(46)
Change in non-cash working capital	0.2	32.3	(32.1)	(100)	0.04	4.47	(99)
Cash provided by operating activities	48.2	214.7	(166.6)	(78)	13.73	29.75	(54)
Funds from Operations ⁽²⁾	48.0	182.5	(134.5)	(74)	13.69	25.28	(46)
Add back: transaction costs	-	2.3	(2.3)	(100)	-	0.31	(100)
Deduct: lease payments	(2.3)	(2.4)	0.1	(4)	(0.66)	(0.34)	94
Adjusted Funds Flow ⁽²⁾	45.7	182.3	(136.6)	(75)	13.03	25.25	(48)
Adjusted Funds Flow per share ⁽²⁾							
Basic (\$ per common share)	0.26	1.06					
Diluted (\$ per common share)	0.26	1.03					

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

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

(3) Includes the realized gain (loss) on derivative financial instruments adjusted for the loss on settlements of \$5.2 million on derivative liabilities acquired in connection with the Velvet Acquisition for the three months ended March 31, 2023.

Spartan's Adjusted Funds Flow of \$45.7 million for the three months ended March 31, 2024 decreased by 75% from \$182.3 million in the same period of 2023 primarily as a result of decreased Funds from Operations. The decrease in Funds from Operations is primarily driven by lower Operating Income resulting from the 2023 Transactions. The change in cash provided by operating activities was higher than funds from operations due to an increase in the change in non-cash working capital.

CASH USED IN INVESTING ACTIVITIES AND CAPITAL EXPENDITURES (DISPOSITIONS)

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

The following table summarizes Spartan's Capital Expenditures during the three months ended March 31, 2024, December 31, 2023 and March 31, 2023. The term Capital Expenditures does not have a standardized meaning under IFRS Accounting Standards and may not be directly comparable to measures used by other companies. The most directly comparable GAAP measure is cash used in investing activities which was \$51.1 million for the three months ended March 31, 2024 (refer to reconciliation provided under the heading "Non-GAAP Measures and Ratios").

CAPITAL EXPENDITURES

<i>(CA\$ thousands)</i>	Q1 2024	Q4 2023	%	Q1 2024	Q1 2023	%
Land and seismic	1,923	2,868	(33)	1,923	7,839	(75)
Drilling and completion	36,726	23,872	54	36,726	94,110	(61)
Facilities, pipeline and well equipment	5,330	4,078	31	5,330	35,073	(85)
Production optimization and other assets	381	731	(48)	381	1,956	(81)
Capitalized G&A	675	375	80	675	855	(21)
Capital Expenditures before A&D ⁽¹⁾	45,035	31,924	41	45,035	139,833	(68)
Acquisitions	18,008	32,477	(45)	18,008	925	nm
Dispositions ⁽²⁾	59	184	(68)	59	(156)	(138)
Capital Expenditures ⁽¹⁾	63,102	64,585	(2)	63,102	140,602	(55)

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

(2) Disposition amounts recorded for the first quarter of 2024 and fourth quarter of 2023 relate to purchase price adjustments on acquisitions completed in 2023.

Capital Expenditures before A&D were \$45.0 million for the three months ended March 31, 2024. The majority of capital expenditures in the period were incurred to drill, complete and equip new wells in the Deep Basin. The Company also completed production optimization projects and expanded its opportunity set by shooting seismic in its core areas. The Company's exploration and development capital expenditures were funded by cash provided by operating activities and the Company's bank line during the current and prior periods.

In the Deep Basin, Spartan's first quarter drilling program included drilling 8 (7.0 net) wells which were drilled in the Cardium, Falher and Wilrich Formations. A total of 7 (6.0 net) Deep Basin wells were completed in the quarter (including 0.8 net wells drilled in the fourth quarter of 2023) and 6 (5.2 net) wells were brought on production (including 0.8 net wells drilled in the fourth quarter of 2023).

DRILLING ACTIVITY

<i>Number of Net Wells</i>	Q1 2024	Q4 2023	Q1 2024	Q1 2023
Drilled ⁽¹⁾	7.0	5.3	7.0	17.0
Completed	6.0	6.5	6.0	12.5
On production	5.2	6.5	5.2	12.8

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

Other acquisitions and dispositions

The Company continuously seeks to optimize its asset base through strategic tuck-in acquisitions and non-core property dispositions. For the first quarter of 2024, the Company's acquisitions of \$18.0 million are comprised of undeveloped land as part of the Company's Duvernay growth strategy of \$17.9 million, and \$0.1 million in final statement of adjustments from 2023 Transactions.

During the fourth quarter of 2023, Spartan completed a series of asset acquisitions (collectively, the “2023 Acquisitions”) in the Duvernay. The 2023 Acquisitions include undeveloped land, 3D seismic, and approximately 400 BOE/d of Duvernay production. The following table summarizes the aggregate consideration paid for these acquisitions and the estimated fair value of the net identifiable assets acquired:

2023 ACQUISITIONS SUMMARY (CA\$ thousands)	Gilby Nov 1/23	Pembina Nov 28/23	Other Various	Total
Consideration, after adjustments ⁽¹⁾	17,784	7,595	9,056	34,435
Exploration and evaluation assets	10,765	1,922	8,683	21,370
Property, plant and equipment ⁽¹⁾⁽²⁾	8,300	7,126	373	15,799
Decommissioning obligations ⁽³⁾	(1,281)	(1,453)	-	(2,734)
Fair value of net assets acquired	17,784	7,595	9,056	34,435
Acquisition closing date	November 1	November 28	Various	
Average production acquired (BOE/d) ⁽⁴⁾	257	143	-	
% liquids ⁽³⁾	63%	63%	-	

- (1) Includes \$0.1 million of PP&E acquisition costs from closing adjustments incurred during the three months ended March 31, 2024.
- (2) The fair values of identifiable assets and liabilities acquired on acquisition are based on management's best estimates based on information available at the time of preparing the Interim Financial Statements. The reader is cautioned that future revisions to these estimates over the measurement period (one year from the respective closing dates) could result in a material change from the amounts reported herein.
- (3) The aggregate fair value of decommissioning obligations acquired of \$2.7 million was estimated by discounting the inflated cost estimates using “credit-adjusted risk-free rates” ranging from 8.35% to 8.71% on the respective closing dates of the acquisitions. Subsequent remeasurement of the decommissioning obligations acquired at a risk-free rate under Spartan's accounting policy resulted in an increase in the present value of decommissioning obligations acquired by \$2.3 million to \$5.0 million in aggregate.
- (4) Based on average production volumes at the time of closing of the respective acquisitions.

DECOMMISSIONING OBLIGATIONS

As at March 31, 2024, the Company's total decommissioning obligations are estimated to be \$68.9 million, of which \$3.7 million are expected to be settled over the next twelve months. During the quarter, the total carrying amount of decommissioning obligations decreased by \$4.1 million from \$73.0 million at December 31, 2023. This change is primarily attributed changes in the estimated discount rate.

Spartan is committed to environmental stewardship and has a proactive program to address its decommissioning obligations. The Company seeks to maintain a strong Liability Management Rating (“**LMR**”) and to obtain a strong Licensee Capability Assessment (“**LCA**”) rating as the industry transitions to the LCA system. The Company spent \$0.3 million on decommissioning during the three months ended March 31, 2024.

CAPITAL RESOURCES AND LIQUIDITY

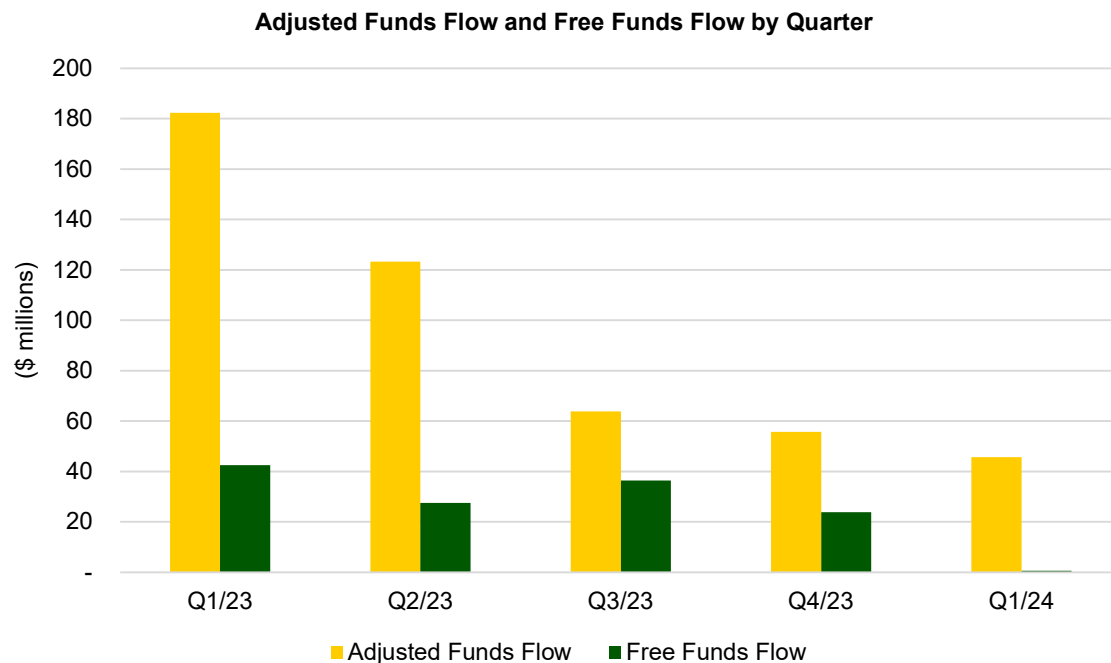
Spartan's capital management objectives are to maintain a flexible capital structure in order to respond to changes in economic conditions, execute on strategic opportunities throughout the business cycle, meet its financial obligations, and to fund current and future settlements of decommissioning obligations.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

During the first quarter of 2024, the Company's primary sources of funds were \$45.7 million of Adjusted Funds Flow and \$5.1 million of advances on bank debt, net of costs and repayments, supplemented by working capital.

Cash provided by operating activities of \$48.2 million, \$5.1 million advances on bank debt, and \$12.0 million of changes in non-cash working capital for the first quarter of 2024 were used to fund the Company's exploration and development capital expenditures of \$45.0 million, acquisitions of \$18.0 million and lease principal payments of \$2.3 million.

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

The following chart summarizes Spartan’s quarterly Adjusted Funds Flow and Free Funds Flow during 2023 and 2024:



Spartan’s Free Funds Flow was \$0.6 million for the three months ended March 31, 2024, compared to \$23.8 million for the three months ended December 31, 2023. The amount of Free Funds Flow reported each quarter reflects the seasonality of the Company’s oil and gas operations, market fluctuations including volatility of commodity prices, the use of Adjusted Funds Flow to finance higher capital expenditures during the winter drilling seasons and reduced operating cash flows following the 2023 Transactions.

The following table summarizes the Company's total capitalization based on the market value of Spartan's common shares on the TSX:

CAPITALIZATION	March 31, 2024	December 31, 2023	% Change
Common shares outstanding (000s)	173,201	173,201	-
Share price (last price traded in the quarter)	\$3.79	\$2.98	27
Market capitalization of common shares ⁽¹⁾⁽²⁾	656,432	516,139	27
Current assets	(212,134)	(221,848)	(4)
Current liabilities	253,216	250,248	1
Working capital deficit	41,082	28,400	45
Long-term debt	49,571	44,476	11
Long-term portion of:			
Lease liabilities	23,281	25,763	(10)
Decommissioning obligations	65,257	69,320	(6)
Total capitalization ⁽²⁾	835,623	684,098	22

(1) The carrying value of Spartan's shareholders' equity was \$442.2 million at March 31, 2024 and \$429.7 million at December 31, 2023.

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

As at March 31, 2024 and December 31, 2023, the Company's capital structure is comprised of working capital, debt and shareholders' equity. Spartan's total capitalization increased by \$151.5 million (22%) quarter-over-quarter to \$835.6 million as of March 31, 2024, primarily driven by commodity and capital market volatilities. As at March 31, 2024, the market value of common shares represented 79% of the Company's total capitalization.

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

(Assets) Liabilities (CA\$ thousands, except as noted)	March 31, 2024	December 31, 2023
Cash	(198)	(406)
Restricted cash	(150,864)	(150,864)
Accounts receivable	(40,630)	(50,675)
Prepaid expenses and deposits	(6,308)	(8,014)
Accounts payable and accrued liabilities	86,583	86,265
Dividends payable	150,864	150,864
Current portion of decommissioning obligations	3,650	3,650
Adjusted Working Capital deficit	43,097	30,820
Long-term debt	49,571	44,476
Net Debt	92,668	75,296
Annualized Adjusted Funds Flow ⁽¹⁾	182,692	222,888
Net Debt to Annualized AFF Ratio	0.5X	0.3X

(1) The Annualized Adjusted Funds Flow reflects ongoing operations for the three months ended March 31, 2024 and December 31, 2023 multiplied by a factor of four (4).

Excluding derivative financial instruments and lease liabilities, Spartan's Adjusted Working Capital deficit is \$43.1 million at March 31, 2024, which increased compared to the Adjusted Working Capital deficit of \$30.8 million at December 31, 2023 primarily due to decreased accounts receivable resulting from cash receipts. The Company had a working capital deficit of \$41.1 million at March 31, 2024, compared to a deficit of \$28.4 million at December 31, 2023. The change is primarily due to increased adjusted working capital deficit.

Depending on commodity prices, the capital-intensive nature of Spartan's operations may create a working capital deficiency during periods with high levels of capital investment. The Company maintains sufficient bank credit lines to satisfy such working capital deficiencies. As at March 31, 2024, the Company's \$250.0 million Credit Facility (defined herein) has \$200.0 million of the facility undrawn and \$50.0 million drawn.

The Company monitors its capital structure and short-term financing requirements using a "Net Debt to Annualized AFF Ratio", which is a non-GAAP financial ratio calculated as the ratio of the Company's "Net Debt" to "Annualized Adjusted Funds Flow". As at March 31, 2024, Spartan had a Net Debt of \$92.7 million, which is approximately 0.5 times the Company's Annualized Adjusted Funds Flow for the first quarter of 2024, which was higher than the 0.3 times at December 31, 2023 due to borrowings and an increased working capital deficit in the current quarter.

Spartan is well positioned to fund its financial liabilities and to execute on its business strategy. The Company's exploration and development capital expenditure program for 2024 is expected to be fully funded by a combination of cash provided by operating activities and utilization of the Company's remaining undrawn revolving credit facility, when required. Additional acquisition and development plans may be supplemented by new equity or debt offerings.

During 2022 and 2023, the Company declared multiple cash dividends to shareholders. All dividend payments are subject to shareholders providing attestation to meeting certain eligibility requirements. The cash related to dividends that have not yet been attested to, totalling \$150.9 million, have been recorded as dividends payable. The Company's restricted cash balance of \$150.9 million is sufficient to meet the \$150.9 million dividends payable should they be attested to in the next twelve months. Refer to note 11 of the Interim Financial Statements for further information on dividends.

The Company has sufficient liquidity for the next 12 months as Spartan's \$200.0 million of unutilized capacity on its Credit Facility and future cash flow from operations is expected to be sufficient to fund the Company's financial obligations.

The following table outlines a contractual maturity analysis for the Company's financial liabilities and undiscounted lease liabilities as at March 31, 2024:

<i>(CA\$ thousands)</i>	1 year	2 to 3 years	4 to 5 years	> 5 years	Total
Accounts payable and accrued liabilities	86,583	-	-	-	86,583
Dividends payable	150,864	-	-	-	150,864
Derivative financial instrument liabilities	2,539	-	-	-	2,539
Credit Facility ⁽¹⁾	4,701	46,261	-	-	50,962
Undiscounted lease liabilities ⁽²⁾	11,232	20,755	3,129	1,467	36,583
Total	255,919	67,016	3,129	1,467	327,531

(1) The Credit Facility has \$50.0 million drawn as at March 31, 2024. The table above includes estimated interest to be incurred on the \$50.0 million drawn balance and standby charges on the undrawn balance, up to June 30, 2024, being the end of the current revolving period.

(2) As at March 31, 2024, the present value of the Company's total lease liability is \$32.9 million, of which \$9.6 million is expected to be settled in the next twelve months.

LONG-TERM DEBT

As at March 31, 2024, total debt is comprised of bank debt drawn under the revolving credit facility. The balance of debt is presented net of unamortized issue costs and prepaid interest on bankers' acceptances.

(CA\$ thousands)	March 31, 2024	December 31, 2023	% Change
Revolving credit facility	50,000	45,050	11
Unamortized issue costs and prepaid interest	(429)	(574)	(25)
Long-term debt	49,571	44,476	11

Credit Facility

The Company has a senior secured revolving credit facility with a syndicate of financial institutions (the "**Credit Facility**"). The authorized borrowing base available under the Credit Facility is \$250.0 million, comprised of a \$50.0 million operating facility and a \$200.0 million syndicated facility. As at March 31, 2024, the Credit Facility has \$50.0 million drawn.

The Credit Facility has a revolving period of 364 days, extendible annually at the request of the Company, subject to approval of the Lenders. If not extended, the facilities will automatically convert to a term loan and all outstanding obligations will be repayable one year after the expiry of the revolving period. The borrowing base is subject to semi-annual reviews occurring approximately in May and November of each year and may also be subject to redetermination upon, among other things, the liability management rating of the Company falling below 2.0 or disposing of material properties. The Company completed its November borrowing base redetermination with no changes to the Credit Facility. The next borrowing base redetermination is scheduled for June 30, 2024.

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

- (A) the maximum funded debt to EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization, as defined in the credit agreement and below), calculated quarterly, shall not exceed 2.5 to 1.0; and
- (B) the asset coverage ratio of the Company shall not be less than 1.5 to 1.0, calculated annually.

As at March 31, 2024, Spartan is in compliance with all covenants (refer to note 10 of the Interim Financial Statements).

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

LC Facility

The Company has a demand letter of credit facility (the "**LC Facility**") which provides Spartan with \$10.0 million of additional credit capacity to issue letters of credit. The letters of credit may be issued for general corporate purposes and are limited to a term of one year from the date of issuance. Letter of credit obligations, when incurred, are repayable on demand. The LC Facility provides Spartan with additional access to capital as letters of credit issued under the LC Facility will not reduce the borrowing capacity under the operating facility. As at March 31, 2024, there was \$1.5 million of issued but undrawn letters of credit under the LC Facility.

SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares, an unlimited number of preferred shares and an unlimited number of special shares, each without par value. As of March 31, 2024 and as of the date of this MD&A, there were 173.2 million common shares outstanding (173.2 million as at December 31, 2023). There are no preferred shares or special shares outstanding.

Spartan's common shares are listed on the TSX under the trading symbol "SDE". The volume weighted average trading price of Spartan's common shares on the TSX was \$3.17 per common share for the three months ended March 31, 2024 (\$3.55 for the three months ended December 31, 2023). Spartan's closing share price was \$3.79 on March 31, 2024 compared to \$2.98 on December 31, 2023 primarily due to commodity and capital market volatilities.

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

(000s)	Q1 2024	Q4 2023	%	Q1 2024	Q1 2023	%
WA Shares outstanding, basic	173,201	173,201	-	173,201	171,422	1
Dilutive effect of outstanding securities	616	202	205	616	4,985	(88)
WA Shares, diluted – for EPS	173,817	173,403	-	173,817	176,407	(1)
Incremental dilution for AFF ⁽¹⁾	3,348	1,072	212	3,348	881	280
WA Shares, diluted – for AFF ⁽¹⁾	177,165	174,475	2	177,165	177,288	-

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

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

Number of securities outstanding (000s)	December 31, 2023	March 31, 2024	May 7, 2024
Common shares	173,201	173,201	173,201
Stock options ⁽¹⁾	98	1,456	1,456
Share awards ⁽²⁾	1,274	3,946	3,941
Total securities outstanding	174,573	178,603	178,598

(1) The stock options outstanding as at March 31, 2024 have an average exercise price of \$3.21 per common share with an average remaining term of 4.9 years.

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

COMMITMENTS AND CONTINGENCIES

The following table summarizes the Company's contractual commitments as of March 31, 2024:

(CA\$ thousands)	2024	2025	2026	2027	2028	Thereafter
Gas transportation ⁽¹⁾	6,569	8,734	8,266	4,075	3,408	910
Liquids transportation ⁽²⁾	444	4,165	1,339	-	-	-
Total commitments ⁽³⁾	7,013	12,899	9,605	4,075	3,408	910

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

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

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

Litigation

In the normal course of the Company's operations, it may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, related to personal injuries, property damage, property tax, land rights, the environment and contract disputes with partners or other stakeholders. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined to have an adverse affect on the Company's future operations or financial condition. As of the date of

this MD&A, the Company has no material litigation or claims outstanding that have not already been reflected in the Interim Financial Statements as at March 31, 2024.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY DISCLOSURES

a) Inter-corporate relationships

As at March 31, 2024, Spartan has no subsidiaries. At March 31, 2023, Spartan had two wholly owned subsidiaries: Inception General Partner Inc. and Logan Energy Corp. Transactions between Spartan and its subsidiaries were eliminated on consolidation. Inception General Partner Inc. was disposed of through the Asset Sale on May 10, 2023 and Logan Energy Corp. ceased to be a subsidiary on July 6, 2023.

b) Related party transactions

During the three months ended March 31, 2024, the Company incurred \$0.1 million of legal fees to a law firm where the corporate secretary of the Company is a partner (March 31, 2023 – \$2.4 million), with the fees primarily relating to ongoing legal support. Approximately \$0.1 million of legal fees are included in the balance of accounts payable and accrued liabilities as at March 31, 2024 (December 31, 2023 – \$0.1 million).

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

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

SUBSEQUENT EVENT

Subsequent to March 31, 2024, Spartan completed the Willesden Green North Acquisition for total consideration of approximately \$53.1 million in cash, subject to certain closing adjustments effective March 1, 2024. This acquisition includes approximately 38,000 net acres of Duvernay rights and approximately 1,600 BOE/d (70% liquids) of production and associated infrastructure. The Company's position in the Duvernay has increased to approximately 240,000 net acres as of the release date of this MD&A.

SUMMARY OF QUARTERLY INFORMATION

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

(CA\$ millions, except as noted)	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Revenue	74.1	77.3	73.1	156.4	286.0	321.9	317.0	382.0
Net income and comprehensive income	11.2	110.6	9.0	457.1	86.4	152.9	285.3	181.7
\$ per share, basic	0.06	0.64	0.05	2.65	0.50	0.95	1.84	1.17
\$ per share, diluted	0.06	0.64	0.05	2.64	0.49	0.87	1.64	1.05
Funds from Operations ⁽¹⁾	48.0	58.5	66.3	109.2	182.5	235.1	202.8	234.6
Capital Expenditures (Dispositions) ⁽¹⁾⁽²⁾	63.1	64.6	28.3	(1,608.7)	140.6	159.4	82.3	90.6
Total assets	833.6	819.5	862.2	2,500.4	2,155.1	2,099.5	1,964.6	1,811.7
Working capital deficit (surplus)	41.1	28.4	56.6	60.2	(1,082.2)	(30.4)	7.2	79.8
Long-term liabilities	138.1	139.6	117.0	126.3	91.1	304.0	310.8	397.1
Shareholders' equity	442.2	429.7	318.3	308.8	1,583.0	1,516.8	1,428.7	1,139.8
Average daily production (BOE/d)	38,533	37,664	37,518	57,972	80,200	74,639	72,134	72,966
% Liquids	32%	31%	29%	36%	39%	39%	39%	38%
Average realized price (\$ per BOE)	24.00	24.77	23.72	32.01	43.81	52.01	52.32	65.92
Operating Netbacks ⁽¹⁾								
Before hedging (\$ per BOE) ⁽¹⁾	13.92	15.29	14.08	19.36	28.53	35.47	36.10	45.56
After hedging (\$ per BOE) ⁽¹⁾	14.37	20.70	23.10	24.72	27.17	34.28	32.74	37.47

(1) "Funds from Operations", "Capital Expenditures (Dispositions)" and "Operating Netbacks" do not have standardized meanings under IFRS Accounting Standards, refer to "Non-GAAP Measures and Ratios".

(2) Excludes non-cash consideration for acquisitions. Refer to "Cash Used in Investing Activities and Capital Expenditures (Dispositions)" section of this MD&A for additional information.

Spartan's primary focus since Q2 2022 was on organic growth, investing a total of \$615.1 million into exploration and development capital expenditures across its core asset base over the past eight quarters. In addition, in Q4 2023 the Company completed \$34.4 million of acquisitions in the Duvernay and in Q1 2024 added \$17.9 million of undeveloped land to its Duvernay position through Crown Land sales.

Organic growth drove the majority of the increase in production volumes and revenues over 2022, in addition to strengthening commodity prices over the year. During the fourth quarter of 2022, global crude oil prices rose to the highest levels since 2014. Commodity prices softened in Q2 2023, reflecting a reduction in revenue over the quarter. In the second and third quarter of 2023, the Company completed the 2023 Transactions, leading to a reduction in revenues and production over these periods. Revenues remained relatively consistent over the third and fourth quarters of 2023 and the first quarter of 2024.

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

addition, unrealized changes in the fair value of derivative financial instruments also contributed to significant fluctuations in net income each quarter. Spartan's net income includes an unrealized loss of \$48.3 million in the first quarter of 2022, an unrealized gain of \$38.1 million, \$38.2 million and \$23.6 million for the second, third and fourth quarters of 2022, respectively, a \$32.5 million gain for the first quarter of 2023, a \$27.8 million loss in the second quarter of 2023, a \$31.1 million loss in the third quarter of 2023, a \$19.0 million gain in the fourth quarter of 2023 and a \$6.5 million loss in the first quarter 2024.

Operating Netbacks softened in the last six months of 2022 and over 2023 as benchmark pricing has decreased from the peak seen in the third quarter of 2022, partly offset by lower royalties and operating expenses. Netbacks for the second, third and fourth quarters of 2023 also reflect a change in product sales mix with the majority of the Company's oil producing assets being sold in the 2023 Transactions and the Company's gas producing assets remaining. Gas prices declined starting in Q1 2023 and have resulted in reduced netbacks from the second quarter of 2023 to the first quarter of 2024.

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

MATERIAL ACCOUNTING POLICIES

The significant accounting policies and newly adopted accounting policies applied by the Company are described in note 3 of the Interim Financial Statements as at March 31, 2024.

New Accounting Policies

IAS 1, *Presentation of Financial Statements*

On January 1, 2024, Spartan adopted the amendments to IAS 1 *Presentation of Financial Statements* to address the classification of liabilities with covenants as current or non-current in the Consolidated Statements of Financial Position. There was not a material impact upon initial adoption.

Future Accounting Changes

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, 2025. Spartan plans to adopt the following amendment to the IFRS Accounting Standards that are effective for annual periods beginning on or after January 1, 2025. The below accounting pronouncement will be adopted on its effective date, however, Spartan does not expect a material impact upon initial adoption.

IAS 21, *The Effects of Changes in Foreign Exchange Rates*

In August 2023, the International Accounting Standards Board amended IAS 21 *The Effects of Changes in Foreign Exchange Rates* to clarify when a currency is exchangeable into another currency and how a company estimates a spot rate when a currency lacks exchangeability. This amendment is applicable to periods beginning on or after January 1, 2025.

IFRS 18, *Presentation and Disclosure in Financial Statements*

In April 2024, the International Accounting Standards Board issued IFRS 18 *Presentation and Disclosure in Financial Statements* ("IFRS 18") to replace IAS 1 *Presentation of Financial Statements*. IFRS 18 sets out requirements for the presentation and disclosure of information in the financial statements including a new structure for the Statement of Profit and Loss, disclosure of Management-defined performance measures and enhanced principles on aggregation

and disaggregation. This standard is effective for annual reporting periods beginning on or after January 1, 2027, including for interim financial statements.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

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

CONTROL ENVIRONMENT

Spartan is required to comply with National Instrument 52-109 ("**NI 52-109**") Certification of Disclosure in Issuers' Annual and Interim Filings. NI 52-109 for the interim period ended March 31, 2024 requires that Spartan disclose in its interim MD&A any material weaknesses or changes in Spartan's Internal Controls over Financial Reporting ("**ICFR**") and Disclosure Controls and Procedures ("**DC&P**") that occurred during the period that have materially affected, or are reasonably likely to materially affect, Spartan's ICFR and DC&P. Spartan confirms that no material weaknesses were identified or such changes were made to its ICFR and DC&P during the three months ended March 31, 2024.

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 the 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 2023 AIF which can be found at www.sedarplus.ca. Prospective investors should carefully consider the risk factors set out below and consider all other information contained in this MD&A and in the Company's other public filings before making an investment decision. The risks set out below are not an exhaustive list, nor should be taken as a complete summary or description of all the risks associated with the Company's business and the oil and natural gas business generally.

Market Risks

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

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

a) Commodity Price Risk

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

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

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

The following table illustrates the stand-alone impact of changes in specified benchmark prices and differentials on net income before income taxes, holding all other variables constant, of risk management contracts in place as at March 31, 2024:

<i>(CA\$ thousands)</i>	Change in price / differential	Positive movement	Negative movement
NYMEX HH-AECO 7A Basis ⁽¹⁾	+/- US\$ 0.10 per mmbtu	(557)	557
AECO 7A	+/- CA\$ 0.25 per GJ	(6,245)	6,245
CA\$ WTI Swaps - Short	+/- CA\$ 5.00 per bbl	(825)	825

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

b) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk on long-term debt which bears floating rates of interest. Under the Credit Facility, interest rates fluctuate based on the bank prime rate plus an applicable margin, which varies based on the Company's net debt to cash flow ratio each quarter. Based on the balance of long-term debt outstanding at March 31, 2024, an increase (decrease) in the market rate of interest by 50 basis points would increase (decrease) annualized interest expense by approximately \$0.3 million.

The global economic recovery and inflationary environment has resulted in rising interest rates. Over the course of 2022, the benchmark interest rate was increased by 400 basis points, and over 2023 the benchmark interest rate was increased by an additional 75 basis points. No interest rate changes were enacted in 2024, however, there is potential for interest rate increases or decreases over the next twelve months. The Company may use derivative financial instruments to manage interest rate risk, however there were no such contracts in place as at or during the period ended March 31, 2024.

c) Currency Risk

Currency risk is the risk that future cash flows will fluctuate as a result of changes in foreign exchange rates. All of the Company's crude oil and natural gas sales are conducted in Canada and the majority of Spartan's revenue is received in Canadian dollars. A portion of the Company's crude oil is marketed in U.S. dollars, however U.S. dollar revenues represented less than 1% of Spartan's oil and gas sales during the first quarter of 2024. 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.

The US\$/CA\$ exchange rate closed at \$1.35 on March 31, 2024, as compared to \$1.32 on December 31, 2023. Though the US\$/CA\$ exchange rate is typically negatively correlated to the movement in WTI crude oil prices, during the quarter ended March 31, 2024 the Canadian dollar decreased 1% in value relative to the U.S. dollar while WTI decreased by 2% since year-end. A weaker Canadian dollar has a positive impact on the Canadian dollar equivalent price Spartan receives, which mitigated impact on the Company's revenue due to decreasing benchmark oil prices. Should the Canadian dollar strengthen against the U.S. dollar, the impact of higher benchmark oil prices could be diminished, or alternatively a stronger Canadian dollar could heighten the impact of weakening benchmark oil prices.

Spartan may enter into foreign exchange risk management contracts from time-to-time to manage currency risk on the Company's U.S. dollar denominated cash flows. The Company had contracts which fixed the U.S. dollar exchange rate at \$1.34 on a notional US\$9.0 million per month from October 1, 2023 to December 31, 2023. The foreign exchange contract was completed in December 31, 2023, and the Company has not entered into any new foreign exchange contracts during the first quarter of 2024.

Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's financial assets include cash and cash equivalents, restricted cash, accounts receivable, deposits and derivative financial instrument assets. Cash and cash equivalents and restricted cash are held on deposit with a Canadian chartered bank. The Company's credit risk exposure arises primarily from receivables from oil and gas marketers and joint venture partners. The oil and gas industry has a pre-arranged monthly clearing day for payment of revenues from all buyers of oil and natural gas; this occurs on the 25th day following the month of sale. As a result, the Company's production receivables are current. All other accounts receivable are generally contractually due within 30 days, however the collection period is typically between 60 to 90 days. Amounts outstanding for more than 90 days are generally considered "past due" and relate primarily to receivables from the Company's joint venture partners. When determining whether amounts that are past due are collectible, management assesses the creditworthiness and past payment history of the counterparty, as well as the nature of the past due amount. As at March 31, 2024, Spartan's expected credit loss provision is \$1.4 million (\$1.3 million at December 31, 2023).

Liquidity Risk

Liquidity risk is the risk that a company will not be able to meet its financial obligations as they become due. The Company prepares and regularly updates its capital and operating budget to forecast future cash flows to ensure, to the extent possible, that it will have sufficient liquidity to meet its obligations. As at March 31, 2024, Spartan's financial liabilities include accounts payable, dividends payable, long-term debt and lease liabilities. A contractual maturity analysis is provided in the "Capital Resources and Liquidity" section of this MD&A. The Company has sufficient liquidity for the next 12 months as current cash balances, future cash flow from operations and access to the remaining undrawn amended Credit Facility is expected to be sufficient to meet the Company's financial obligations.

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

Forward-Looking Information May Prove Inaccurate

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

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

ABBREVIATIONS

A&D	acquisitions and dispositions
AECO	Alberta Energy Company "C" Meter Station of the NOVA Pipeline System, the Canadian benchmark price for natural gas
AIF	refers to the Company's 2023 Annual Information Form dated March 28, 2024
API	American Petroleum Institute gravity
bbl	barrel
bbls/d	barrels per day
BOE	barrels of oil equivalent
BOE/d	barrels of oil equivalent per day
CA\$	Canadian dollar
CA\$ WTI	Canadian dollar WTI
DCET	capital expenditures incurred to drill, complete, equip and tie-in a well
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
G&A	general and administrative expenses
G&G	geological and geophysical expenses
GAAP	refers to Canadian Generally Accepted Accounting Principles, which incorporate IFRS Accounting Standards for public companies
GJ	gigajoule
ICFR	internal controls over financial reporting
LCA	Licensee Capability Assessment
LMR	Liability Management Rating of the Alberta Energy Regulator
mbbls	one thousand barrels
mBOE	one thousand barrels of oil equivalent
mcf or MCF	one thousand cubic feet
mcf/d	one thousand cubic feet per day
MM	millions of dollars
mmbtu	one million British thermal units
mmcf	one million cubic feet
mmcf/d	one million cubic feet per day
nm	"not meaningful", generally with reference to a percentage change
NCLs	non-capital losses
NGLs	natural gas liquids
NYMEX	New York Mercantile Exchange
Q1 2023	first quarter of 2023
Q2 2023	second quarter of 2023
Q3 2023	third quarter of 2023
Q4 2023	fourth quarter of 2023
Q1 2024	first quarter of 2024
SRP	Site Rehabilitation Program of the Alberta government
TSX	Toronto Stock Exchange
US\$	United States dollar
WTI	West Texas Intermediate, price paid in US\$ at Cushing, Oklahoma, for crude oil of standard grade

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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

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

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

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