



**SPARTAN DELTA CORP.
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023**



MANAGEMENT'S REPORT

Calgary, Alberta
February 19, 2025

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the accompanying consolidated financial statements and for the consistency therewith of all other financial and operating data presented in this annual report. The consolidated financial statements have been prepared in accordance with the accounting policies detailed in the notes thereto. In management's opinion, the consolidated financial statements are in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board, have been prepared within acceptable limits of materiality, and have utilized supportable, reasonable estimates.

To ensure the integrity of our financial statements, we carefully select and train qualified personnel. We also ensure our organizational structure provides appropriate delegation of authority and division of responsibilities. Our policies and procedures are communicated throughout the organization including a written ethics and integrity policy that applies to all employees including the Chief Executive Officer and Chief Financial Officer.

The Board of Directors approves the consolidated financial statements. Their financial statement-related responsibilities are fulfilled primarily through the Audit Committee. The Audit Committee is composed entirely of independent directors, and includes at least one director with financial expertise. The Audit Committee meets regularly with management and the external auditors to discuss reporting and control issues and ensures each party is properly discharging its responsibilities. The Audit Committee also considers the independence of the external auditors and reviews their fees.

The consolidated financial statements have been audited by PricewaterhouseCoopers LLP, Chartered Professional Accountants, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance that all assets are safeguarded, transactions are appropriately authorized, and to facilitate the preparation of relevant, reliable, and timely information. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Management has assessed the effectiveness of the internal control over financial reporting for Spartan Delta Corp. The assessment was based on the framework in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management concluded that the Company's internal controls over financial reporting are effective as of December 31, 2024.

[signed] "Fotis Kalantzis"

President and Chief Executive Officer

[signed] "Ronald Williams"

Chief Financial Officer



Independent auditor's report

To the Shareholders of Spartan Delta Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Spartan Delta Corp. and its subsidiaries (together, the Company) as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2024 and 2023;
- the consolidated statements of net income and comprehensive income for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flow for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

The impact of crude oil and natural gas reserves on net development and production (D&P) assets

Refer to note 2 – Basis of preparation, note 3 – Material accounting policies and note 7 – Property, plant and equipment to the consolidated financial statements.

The Company had \$585 million of net D&P assets as at December 31, 2024. Depletion and depreciation expense for the D&P assets was \$100 million for the year then ended. D&P assets are depleted using the unit-of-production method based on total production as a percentage of proved plus probable crude oil and natural gas reserves.

The significant assumptions used by management to determine the proved plus probable reserves of the Company's D&P assets include the production forecasts, production costs, forecast benchmark commodity prices, and the timing and amount of future development costs. The proved plus probable crude oil and natural gas reserves are prepared by independent qualified reserves evaluators (management's experts).

We considered this a key audit matter due to the significant judgment by management, including the use of management's experts, when developing the estimates of proved plus probable crude oil and natural gas reserves, and a high degree of auditor judgment, subjectivity and effort in performing procedures relating to the significant assumptions.

How our audit addressed the key audit matter

Our approach to addressing the matter included the following procedures, among others:

- The work of management's experts was used in performing the procedures to evaluate the reasonableness of the proved plus probable crude oil and natural gas reserves used to determine depletion expense. As a basis for using this work, the competence, capabilities and objectivity of management's expert were evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also include evaluation of the methods and assumptions used by management's experts and an evaluation of their findings. Evaluating the assumptions used by management's experts in developing the underlying estimates also included assessing:
 - Reasonableness of key assumptions used, including production forecasts, production costs and timing and amount of future development costs by considering current and past performance of the Company and whether these assumptions were consistent with evidence obtained in other areas of the audit, as applicable.
 - Forecast benchmark commodity prices were reasonable by comparing them to reputable third-party industry forecasts.
- Recalculated the unit-of-production rates used to calculate depletion expense for the D&P assets.



Key audit matter

Valuation of property, plant and equipment (PP&E) acquired in the Willesden Green North Acquisition

Refer to note 2 – Basis of preparation, note 3 – Material accounting policies and note 5 – Acquisitions and dispositions to the consolidated financial statements.

On May 1, 2024, the Company closed an acquisition of producing crude oil and natural gas properties and undeveloped land in the Duvernay for cash consideration of \$48.6 million after final adjustments. This transaction was accounted for under the acquisition method, which requires that the assets acquired and liabilities assumed be measured at their fair values at the acquisition date. The identifiable assets acquired included \$29.7 million of PP&E. Management determined the fair value of these assets based on a fair value less cost of disposal methodology, calculating the present value of the expected future after-tax cash flows derived from the acquired oil and gas reserves.

The assumptions and estimates used to determine the acquired oil and gas reserves and the fair value of the acquired PP&E require significant judgment by management and include production forecasts, production costs, forecast benchmark commodity prices, timing and amounts of future development costs, and discount rate. The acquired oil and gas reserves are prepared by management's experts.

How our audit addressed the key audit matter

Our approach to addressing the matter included the following procedures, among others:

- Tested how management determined the fair value of the acquired PP&E, which included the following:
 - The work of management's experts was used in performing the procedures to evaluate the reasonableness of the acquired oil and gas reserves used to determine the fair value of the PP&E. As a basis for using this work, the competence, capabilities and objectivity of management's experts were evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by management's experts, and an evaluation of their findings.
 - Evaluated the appropriateness of the method used by management to determine the fair value of the acquired PP&E.
 - Tested the data.
 - Evaluated the reasonableness of the assumptions by:
 - o Considering whether production forecasts, timing and amounts of future development costs, and production costs were consistent with the actual performance of the acquired assets, and whether they were consistent with evidence obtained in other areas of the audit.
 - o Comparing forecast benchmark commodity prices to reputable third party industry forecasts.



Key audit matter

How our audit addressed the key audit matter

We considered this a key audit matter due to the significant judgment applied by management, including the use of management's experts, when determining the acquired oil and gas reserves and the fair value of the acquired PP&E, including development of assumptions. This, in turn, led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence related to the assumptions used by management. The audit effort involved the use of professionals with specialized skill and knowledge in the field of valuation.

- o Using professionals with specialized skill and knowledge in the field of valuation, who assisted us in assessing the reasonableness of the discount rate.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of



the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Alexandra Arnell.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta
February 19, 2025

SPARTAN DELTA CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(CA\$ thousands)	[Note]	December 31, 2024	December 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents		924	406
Restricted cash	[11]	150,811	150,864
Accounts receivable	[4]	47,150	50,675
Prepaid expenses and deposits		6,427	8,014
Derivative financial instruments	[4]	5,810	11,889
Total current assets		211,122	221,848
Exploration and evaluation assets	[5,6]	82,039	28,807
Property, plant and equipment	[5,7]	585,805	490,465
Right-of-use assets	[8]	23,238	31,646
Derivative financial instruments	[4]	-	6,171
Deferred income tax asset	[12]	30,940	40,587
Total assets		933,144	819,524
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	[4]	78,996	86,265
Dividends payable	[11]	150,811	150,864
Derivative financial instruments	[4]	143	-
Lease liabilities	[8]	9,721	9,469
Decommissioning obligations	[9]	2,700	3,650
Total current liabilities		242,371	250,248
Derivative financial instruments	[4]	2,722	-
Long-term debt	[10]	120,912	44,476
Lease liabilities	[8]	16,114	25,763
Decommissioning obligations	[9]	79,598	69,320
Total liabilities		461,717	389,807
SHAREHOLDERS' EQUITY			
Share capital	[11]	13,528	11,712
Contributed surplus		6,914	1,303
Retained earnings		450,985	416,702
Total shareholders' equity		471,427	429,717
Total liabilities and shareholders' equity		933,144	819,524
Commitments and contingencies	[18]		
Subsequent events	[20]		

The accompanying notes are an integral part of these Financial Statements.

Approved on behalf of the Board of Directors:

[signed] "Richard McHardy"

Richard McHardy, Director

[signed] "Donald Archibald"

Donald Archibald, Director

SPARTAN DELTA CORP.
CONSOLIDATED STATEMENTS OF NET INCOME AND COMPREHENSIVE INCOME

(CA\$ thousands, except per share amounts)	[Note]	Year ended December 31	
		2024	2023
Revenue			
Oil and gas sales	[13]	301,640	652,769
Royalties	[13]	(40,086)	(69,560)
Oil and gas sales, net of royalties		261,554	583,209
Processing and other		5,620	9,586
		267,174	592,795
Gain on derivative financial instruments	[4]	18,798	53,346
Expenses			
Operating		82,483	137,440
Transportation		21,524	45,741
General and administrative		18,360	20,179
Share-based compensation	[11]	7,427	29,668
Financing	[14]	5,555	19,040
Exploration and evaluation	[6]	870	21,210
Depletion, depreciation and impairment	[7,8]	108,709	148,667
		244,928	421,945
Other income (expenses)			
Gain on sale of assets	[5]	152	543,205
Transaction costs	[5]	-	(18,304)
Other income	[15]	2,673	2,778
Foreign exchange gain (loss)	[4]	61	(576)
		2,886	527,103
Net income before income taxes		43,930	751,299
Deferred income tax expense	[12]	9,647	88,192
Net income and comprehensive income		34,283	663,107
Net income per share			
Basic	[11]	0.20	3.84
Diluted	[11]	0.20	3.82

The accompanying notes are an integral part of these Financial Statements.

SPARTAN DELTA CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

<i>(CA\$ thousands)</i>	[Note]	Share capital	Contributed surplus	Retained earnings	Total
Balance at December 31, 2023		11,712	1,303	416,702	429,717
Net income and comprehensive income		-	-	34,283	34,283
Common shares issued, net of costs:					
Share awards released on vesting	[11]	1,816	(1,816)	-	-
Share-based compensation expense		-	7,427	-	7,427
Balance at December 31, 2024		13,528	6,914	450,985	471,427
Balance at December 31, 2022		553,647	24,400	938,774	1,516,821
Net income and comprehensive income		-	-	663,107	663,107
Common shares issued, net of costs:					
Stock options exercised	[11]	66	(20)	-	46
Stock options cash settled	[11]	(1,626)	(6,868)	-	(8,494)
Share awards released on vesting	[11]	13	(13)	-	-
Dividends declared	[11]	-	-	(1,662,733)	(1,662,733)
Distributions declared	[11]	-	-	(60,620)	(60,620)
Return of capital	[11]	(540,388)	-	540,388	-
Share-based compensation expense		-	11,128	-	11,128
Equity settled awards converted to cash settled awards	[11]	-	(27,324)	(11,037)	(38,361)
Deferred tax recognized on conversion to cash settled awards		-	-	8,823	8,823
Balance at December 31, 2023		11,712	1,303	416,702	429,717

The accompanying notes are an integral part of these Financial Statements.

**SPARTAN DELTA CORP.
CONSOLIDATED STATEMENTS OF CASH FLOW**

(CA\$ thousands)		Year ended December 31	
		2024	2023
Operating activities			
Net income		34,283	663,107
Items not affecting cash:			
Unrealized loss on derivatives	[4]	15,115	29,978
Unrealized foreign exchange (gain) loss	[4]	(12)	165
Share-based compensation	[11]	7,427	29,668
Financing	[14]	2,288	2,759
Exploration and evaluation	[6]	870	21,210
Depletion, depreciation and impairment	[7,8]	108,709	148,667
Gain on sale of assets	[5]	(152)	(543,205)
Other income		(70)	(2,683)
Deferred income tax expense	[12]	9,647	88,192
Settlement of acquired derivative liabilities	[4]	-	(15,011)
Settlement of decommissioning obligations	[9]	(4,004)	(6,373)
Change in non-cash working capital	[16]	(24)	59,195
Cash provided by operating activities		174,077	475,669
Financing activities			
Advances of long-term debt, net of costs	[10]	76,436	49,296
Repayments of second lien term facility	[10]	-	(150,000)
Issue of common shares, net of costs	[11]	-	46
Lease payments	[8]	(9,482)	(9,605)
Dividends paid	[11]	(53)	(1,597,573)
Movement in restricted cash	[11]	53	(150,864)
Cash settlement of RSA's and stock options	[11]	-	(65,874)
Cash provided by (used in) financing activities		66,954	(1,924,574)
Investing activities			
Exploration and evaluation assets	[6]	(11,494)	(13,904)
Property, plant and equipment	[7]	(150,408)	(281,141)
Acquisitions	[5]	(76,543)	(34,353)
Dispositions	[5]	128	1,704,550
Change in non-cash working capital	[16]	(2,209)	(50,222)
Cash provided by (used in) investing activities		(240,526)	1,324,930
Net change in cash and cash equivalents		505	(123,975)
Foreign exchange on cash and cash equivalents		13	(18)
Cash and cash equivalents, beginning of year		406	124,399
Cash and cash equivalents, end of year		924	406

The accompanying notes are an integral part of these Financial Statements.

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

1. GENERAL INFORMATION

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. These financial statements include the consolidated balances of all subsidiaries (note 19) however, the Company does not have any subsidiaries as at December 31, 2024. Spartan's common shares 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 and its registered office address is 4200 Bankers Hall West, 888 – 3rd Street S.W., Calgary, Alberta T2P 5C5.

On March 28, 2023, Spartan announced the definitive purchase and sale agreement (the "Agreement") with Veren Inc. (formerly Crescent Point Energy Corp., now "Veren"), 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 (note 5). 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, as well as legacy production in the Noel area to a wholly owned subsidiary, Logan Energy Corp. ("Logan") (note 5) to which the Logan Shares (defined herein) were distributed to eligible Spartan shareholders on July 6, 2023. As of July 6, 2023, Logan was no longer a wholly owned subsidiary of the Company (note 19).

2. BASIS OF PREPARATION

a) Statement of compliance

These consolidated annual financial statements as at December 31, 2024 (the "Financial Statements") have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") up to February 19, 2025.

The Company's Board of Directors approved these Financial Statements on February 19, 2025.

b) Basis of measurement

Unless otherwise indicated, all references to dollar amounts in these Financial Statements and related notes are in thousands of Canadian dollars ("CA\$"), which is the functional and presentation currency of the Company and its subsidiaries.

The Financial Statements have been prepared on a historical cost basis, except for certain financial instruments which are recorded at fair value as detailed in the accounting policies disclosed in note 3 of the Financial Statements.

c) 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. Significant judgements, estimates and assumptions made by management in these Financial Statements are discussed below.

i. Business Combinations

The application of the Company's accounting policy for business combinations requires management to make certain judgments under IFRS 3 Business Combinations ("IFRS 3"), to determine whether the acquired assets meet the

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

definition of a business combination or an asset acquisition. Where an acquisition involves a group of assets and liabilities, and does not constitute a business, the acquirer must identify and recognize the individual assets acquired and liabilities assumed. The cost of the transaction is allocated to the assets acquired and liabilities assumed based on their relative fair values at the date of purchase.

Business combinations are accounted for using the acquisition method of accounting. The determination of fair value is estimated based on information available at the date of acquisition and requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of exploration and evaluation ("E&E") assets and property, plant and equipment ("PP&E") acquired generally require judgement and include estimates of land evaluations, total reserves acquired and discount rate. Reserve estimates are based on production costs, forecast benchmark commodity prices, timing and amounts of future development costs and discount rates. Assumptions are also required to determine the fair value of decommissioning obligations associated with the properties. Initial recognition of the fair value of deferred tax liabilities or assessment of probability to recognize deferred tax assets requires judgment. Changes in any of these assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill (or gain on acquisition resulting from a bargain purchase) in the acquisition equation. Future net income (loss) will be affected as the fair value on initial recognition impacts future depletion and depreciation expenses, as well as the risk of potential impairment in future periods.

ii. Crude oil and natural gas reserves

The process of determining reserves is complex. Significant judgements are based on available geological, geophysical, engineering, and economic data. These judgements are based on estimates and assumptions that may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates are based on production forecasts, production costs, forecast benchmark commodity prices and the timing and amount of future development costs. As circumstances change and additional data becomes available, reserve estimates also change. Estimates made are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and governmental restrictions.

Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation can be impacted by subjective decisions, new geological or production information and a changing environment. In addition, revisions to reserve estimates can arise from changes in forecast oil and gas prices and reservoir performance. Such revisions can be either positive or negative.

Changes in reserve estimates impact the financial results of the Company as reserves and estimated future development capital ("FDC") are used to calculate depletion. Reserves are used in measuring the fair value less costs of disposal ("FVLCD") of PP&E for impairment calculations. Reserves also impact the Company's assessment of the commercial viability and technical feasibility of an exploration project and the decision to transfer E&E assets to PP&E.

Spartan's reserves have been evaluated by management's experts as at December 31, 2024 and December 31, 2023 in accordance with the Canadian Oil and Gas Evaluation Handbook.

iii. Depletion of crude oil and natural gas assets

The Company calculates a depletion factor based on total production as a percentage of proved plus probable reserves. The depletion factor is applied to the total depletable base determined as the net book value of the assets and the total estimated FDC expenditures for each depletion unit. Estimates for reserves and FDCs can have a significant impact on net earnings, as they are key components in the depletion calculation.

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

iv. Exploration and evaluation assets

The accounting for E&E assets requires management to make judgements as to whether E&E activities have discovered a sufficient amount of economically recoverable reserves, which requires the quantity and realizable value of such crude oil and natural gas products to be estimated.

E&E assets remain capitalized as long as sufficient progress is being made in assessing whether the recovery of the crude oil and natural gas products is technically feasible and commercially viable. E&E assets are subject to ongoing management review to confirm the continued intent to establish the technical feasibility and commercial viability of the discovery. In making this assessment, management considers changes to project economics, expected capital expenditures and production costs, results of other operators in the region and access to infrastructure and potential infrastructure expansions.

The carrying value of Spartan's E&E assets is assessed for overall impairment at the operating segment level and on a specific identification basis prior to transferring E&E assets to PP&E.

v. Determination of cash generating units ("CGUs")

The determination of CGUs requires judgement in defining a group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGUs are determined by similar geological structure, shared infrastructure, geographical proximity, commodity type, similar exposure to market risks and materiality.

As at December 31, 2024, Spartan has two CGUs comprised of the Company's assets located in west central Alberta, the "Deep Basin" CGU and the Company's assets located in the West Shale Basin Duvernay (the "Duvernay"), the "Duvernay" CGU. As at December 31, 2023, Spartan had one CGU comprised of the Company's assets located in the "Deep Basin" CGU.

vi. Recoverability of asset carrying values

Management applies judgement in assessing indicators of impairment and reversal of impairment based on various internal and external factors. The recoverable amount of a cash generating unit or of an individual asset is determined as its fair value less costs of disposal ("FVLCD") or value in use ("VIU"). The key estimates in management's determination of recoverable amounts includes future commodity prices, expected production volumes, quantity of reserves and resources, future development and operating costs, discount rates, and income taxes. The evolving global demand to transition from carbon-based sources to alternative energy sources may also impact the assumptions used in determination of recoverable amounts, however, the timing of this impact is highly uncertain. Details of the specific estimates and assumptions applied in the impairment analysis are provided in note 6 and note 7, respectively.

vii. Disposal of non-current assets

Once a disposal group is identified as held for sale, all associated assets are reclassified as current and presented separately in the statement of financial position. In addition, any liabilities directly associated with assets held for sale are also reclassified and presented as a separate financial statement line item. An asset or disposal group identified as held for sale may also be considered a discontinued operation if a component of an entity is disposed. A component must comprise operations and cash flows that can be clearly distinguished operationally and for financial reporting purposes. The Company has not presented discontinued operations as the associated assets and liabilities in the Asset Sale and the Spin-Out are not a separate line of business or a separate geographical area of operation. A component must also represent a separate major line of business or a geographical segment as defined under IFRS 8 Operating segments. In accordance with the Company's accounting policy on reporting segments, Spartan sees its assets as being oil and gas assets in the geographic region of Alberta and does not view these as separate regions for operational purposes. Judgement is required in determining whether 'discontinued operations' accounting is required. As at

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

December 31, 2023, assets and liabilities associated with the Asset Sale and Spin-Out that were previously disclosed as assets and liabilities held for sale/ distribution have been disposed (note 6).

viii. Decommissioning obligations

Spartan estimates abandonment and reclamation costs based on a combination of publicly available industry information and internal site-specific information. Actual costs and cash outflows can differ from estimates because of changes in laws and regulations, market conditions, discovery and analysis of site conditions and emergence of new restoration techniques. The expected timing of abandonment and reclamation is also subject to change and impacts inflated future cost estimates and the estimated carrying amount (present value) of decommissioning obligations.

ix. Fair value of financial instruments

The estimated fair value of derivative financial instruments is reliant upon several variables and may include forward curves for commodity prices, foreign exchange rates, or other variables depending on the nature of the underlying contract. A change in any one of these variables could materially impact the valuation of the instrument on the balance sheet date. Furthermore, as these instruments are "marked-to-market" at the end of each reporting period, unrealized gains or losses can result in volatility of net income or loss. A sensitivity of the potential change in fair value of Spartan's outstanding derivative financial instruments as at December 31, 2024 is provided in note 4.

x. Leases

Management applies judgement in reviewing each of its contractual arrangements to determine whether the arrangement contains a lease. Leases that are recognized are subject to further management judgement and estimation in various areas specific to the arrangement, including lease term and discount rate. In determining the lease term to be recognized, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Where the rate implicit in a lease is not readily determinable, the discount rate of the lease obligations is estimated using a discount rate similar to Spartan's company-specific incremental borrowing rate. This rate represents the rate that Spartan would incur to obtain the funds necessary to purchase an asset of a similar value, with similar payment terms and security in a similar economic environment. Refer to note 8 for additional information.

xi. Deferred income taxes

Tax interpretations, regulations and legislation in the jurisdictions in which the Company operates are subject to change. Consequently, deferred income taxes are subject to measurement uncertainty. Deferred tax liabilities are recognized when it is considered probable that temporary differences will be payable to tax authorities in future periods.

Judgement is required to determine an accounting policy to recognize deferred income tax assets that were not previously recognized. Under IFRS Accounting Standards, deferred income tax assets may only be recognized to the extent that it is probable that future taxable profits will be available against which unused tax losses and deductible temporary differences can be utilized.

A detailed analysis of the provision for deferred income taxes is provided in note 12 of these Financial Statements.

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted by the Company are set out below.

a) Basis of consolidation

The Financial Statements include the accounts of Spartan and its subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

entity so as to obtain benefits from its activities. The Company's subsidiary is not individually or, in aggregate, material to the Financial Statements. The financial statements of the Company's subsidiary is prepared for the same reporting period as Spartan, using uniform accounting policies. The subsidiary financial statements are consolidated from the date of acquisition of control and continue to be consolidated until the date there is a loss of control. All intercompany balances, revenues and expenses are eliminated on consolidation. As at December 31, 2024 and 2023, Spartan had no subsidiaries (note 19).

b) Cash, cash equivalents and restricted cash

Cash and cash equivalents include cash held on deposit and/or short-term investments with original maturities of three months or less at the time of purchase. Restricted cash represents unpaid dividend amounts whereby shareholders have yet to meet eligibility requirements (note 11).

c) Financial instruments

Classification and measurement of financial assets and financial liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized on the Consolidated Statements of Financial Position at the time the Company becomes a party to the contractual provisions. The Company's financial assets and financial liabilities are classified into two categories: Amortized Cost and Fair Value through Profit and Loss ("FVTPL"). The classification of financial assets is determined by their context in Spartan's business model and by the characteristics of the financial asset's contractual cash flows.

Financial assets and financial liabilities are measured at fair value on initial recognition. Subsequent measurement is dependent on the financial instrument's classification.

Amortized Cost

Cash and cash equivalents, restricted cash, accounts receivable, deposits, accounts payable and accrued liabilities, dividends payable, lease obligations and long-term debt are measured at amortized cost. The contractual cash flows received from financial assets are payments of principal and interest and are held within a business model whose objective is to collect the contractual cash flows. Financial assets and liabilities classified as amortized cost are subsequently measured at amortized cost using the effective interest rate method.

FVTPL

The Company's risk management contracts are measured initially at FVTPL and are subsequently measured at fair value with changes in fair value immediately recognized in the Consolidated Statements of Net Income and Comprehensive Income.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in its principal or most advantageous market at the measurement date. The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company maximizes the use of observable inputs when preparing calculations of fair value, where possible.

The fair value hierarchy has the following levels:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Values are based on inputs, including

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect the placement within the fair value hierarchy.

Impairment of financial assets

An impairment of financial assets is recognized using an Expected Credit Loss (“ECL”) model. Accounts receivable are due within one year or less; therefore, these financial assets are not considered to have a significant financing component and a lifetime ECL is measured at the date of initial recognition of the accounts receivable. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and days past due.

The Company uses judgement in making these assumptions and selecting the inputs into the expected loss calculation based on historically realized bad debts, evidence of a debtor’s present financial condition, existing market conditions and forward-looking estimates. The ECL is assessed at initial recognition and this provision is re-assessed at each reporting date. ECLs are a probability-weighted estimate of possible default events related to the financial asset and are measured as the difference between the present value of the cash flows due to the Company and the cash flows expected to be received.

d) Exploration and Evaluation Assets and Property, Plant and Equipment

Exploration and evaluation expenditures

E&E costs are those expenditures for an area where technical feasibility and commercial viability has not yet been determined. E&E costs may include costs of license acquisition, technical services and studies, seismic acquisition, exploration drilling and testing. Costs incurred prior to acquiring the legal rights to explore an area are charged directly to profit or loss as exploration expense in the period incurred. The Company did not incur pre-license costs in the current or prior period.

When a project classified as E&E is determined to be commercially viable and technically feasible and reserves have been assigned, the relevant costs are transferred from E&E to PP&E. E&E costs for which the underlying mineral lease or other asset has expired, or is expected to expire prior to development, are expensed to profit or loss.

E&E assets are assessed for impairment upon transfer to PP&E or when facts and circumstances suggest that the carrying amount may exceed the estimated recoverable amount. If it has been determined there has been an impairment, the impairment will be charged to the Consolidated Statements of Net Income and Comprehensive Income in the period incurred.

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

Non-producing assets classified as E&E are not depleted.

Development and Production (“D&P”) Assets

All costs directly associated with the development of crude oil and natural gas reserves are capitalized to their respective depletable area. These costs may include certain overhead charges including cash and share-based

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

compensation paid to personnel dedicated to capitalized projects. Overhead charges are capitalized to PP&E using a specific identification methodology.

Development costs include expenditures for depletable areas where technical feasibility and commercial viability has been determined. These costs include proved property acquisitions, development drilling, completion, gathering and infrastructure, decommissioning liabilities and transfers of E&E assets.

Costs incurred subsequent to the determination of technical feasibility and commercial viability are recognized as oil and natural gas interests only when they increase the future economic benefits of the specific asset to which they relate. All other expenditures are recognized in the Consolidated Statements of Net Income and Comprehensive Income as incurred.

Gains and losses on disposal of an item of PP&E, including oil and natural gas assets, are determined by comparing the proceeds from disposal with the carrying amount of the PP&E and are recognized as a gain or loss on sale of assets in the Consolidated Statements of Net Income and Comprehensive Income.

Depletion of D&P assets

D&P assets are depleted using a unit-of-production method based on:

- Total estimated proved plus probable reserves calculated in accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101");
- Total capitalized costs including estimated FDCs of proved plus probable reserves; and
- Production volumes, before royalties, converted at the energy equivalent conversion ratio of six thousand cubic feet of natural gas to one barrel of oil.

PP&E other than D&P assets

PP&E other than D&P assets are stated at cost, less accumulated depreciation and historical impairments. Depreciation is provided at rates estimated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

- Office equipment – 3 years straight line
- Vehicles – 5 years straight line

Impairment

An impairment test is performed when events and circumstances indicate that the carrying value of a CGU may exceed the estimated recoverable amount. The recoverable amount is the higher of the FVLCD and the VIU. In assessing the FVLCD for oil and natural gas assets, the estimated discounted future net cash flows of the CGU are based on management's best estimate of reserves. An impairment expense is charged to the Consolidated Statements of Net Income and Comprehensive Income to the extent that the expected recoverable amount exceeds the net book value. A corresponding decrease in the asset value is recorded on the Consolidated Statement of Financial Position.

Impairment losses from prior periods are assessed at each reporting period end for indications that the impairment loss no longer exists or has decreased. Impairment losses are reversed if there is a change in the estimates used to determine the recoverable amount which causes the recoverable amount to exceed the carrying value. Reversal of impairment losses cannot exceed the carrying value of the asset prior to impairment loss less any depletion and depreciation expense that would have resulted had an impairment not been recorded.

e) Assets held for sale or distribution

Non-current assets (and disposal groups) classified as held for sale or distribution are measured at the lower of carrying value and FVLCD. Non-current assets and disposal groups are classified as held for sale or distribution if it is highly probable that their carrying values will be recovered through a sale transaction or asset distribution rather than through

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

continuing use. The sale or asset distribution is highly probable when the asset (or disposal group) is available for immediate sale or distribution in its present condition, with Management committed to the sale and is expected to be completed within one year from the date of classification.

Assets held for sale or distribution are measured at the lower of carrying value or the estimated recoverable amount where the estimated recoverable amount is determined as the greater of FVLCD and the value in use. An impairment expense is charged to the Consolidated Statements of Net Income and Comprehensive Income to the extent that the expected recoverable amount exceeds the net book value with a corresponding decrease in the asset value on the Consolidated Statement of Financial Position.

Distribution of assets

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

The distribution of Logan was recorded as at June 30, 2023 and subsequently settled on July 6, 2023 (note 6).

f) Joint operations

A portion of the Company's exploration, development and production activities is conducted jointly with others through unincorporated joint ventures. These Financial Statements reflect only the Company's proportionate interest of these jointly controlled assets and the proportionate share of the revenue and related costs.

g) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the commencement date, the lease liability is recognized at the present value of the future lease payments, discounted using the interest rate implicit in the lease or the Company's incremental borrowing rate. A corresponding right-of-use ("ROU") asset will be recognized at the amount of the lease liability, adjusted for any lease incentives received and initial direct costs incurred. Over the term of the lease, financing expense is recognized on the lease liability using the effective interest rate method and charged to net income, lease payments are applied against the lease liability and depreciation on the ROU asset is recorded by class of underlying asset.

The lease term is the non-cancellable period of a lease and includes periods covered by an optional lease extension if it is reasonably certain the Company will exercise the option to extend. Conversely, periods covered by an option to terminate are included if the Company does not expect to exercise the early termination provision. Leases with a term of less than twelve months or leases for low value assets are recognized as an expense in net income on a straight-line basis over the lease term.

A lease modification will be accounted for as a separate lease if it materially changes the scope of the lease. For a modification that is not a separate lease, on the effective date of the lease modification, the Company will remeasure the lease liability and corresponding ROU asset using the interest rate implicit in the lease or the Company's incremental borrowing rate. Any variance between the remeasured ROU asset and lease liability will be recognized as a gain or loss in net income to reflect the change in scope.

h) Decommissioning obligations

Provisions for decommissioning obligations are recognized when the Company has an obligation to dismantle and remove a facility or abandon a well and restore the site on which it is located. The amount recognized is the present value of the estimated future expenditure determined in accordance with local conditions and requirements using a

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

risk-free rate. An equivalent amount is capitalized as part of the cost of the related asset. On a periodic basis, management reviews these estimates and changes, if any, are applied prospectively. These changes are recognized as an increase or decrease to the liability, with a corresponding increase or decrease to the carrying amount of the related asset.

The capitalized amount in PP&E is depreciated on a unit-of-production basis over the life of the associated proved plus probable reserves. The present value of the long-term liability is accreted up to the expected settlement value at each reporting period to reflect the passage of time. The associated accretion charge is recognized in the Consolidated Statements of Net Income and Comprehensive Income as a financing expense. Actual costs incurred upon settlement of the decommissioning liabilities are charged against the provision.

i) Revenue recognition

Spartan generates revenue primarily from the sale of crude oil, condensate, natural gas, and natural gas liquids ("NGLs"). Revenue is recognized at the point in time when control of the product has been transferred to the customer and performance obligations have been satisfied. This is generally met when the customer obtains legal title to the product and physical delivery at a delivery point has taken place. Revenue is measured based on the consideration specified in the contracts the Company has with its customers. The transaction price under the contracts is based on the commodity price, adjusted for quality, location, or other factors, whereby each component of the pricing formula can be either fixed or variable, depending on the contract terms.

Spartan evaluates its arrangements with third parties and partners to determine if the Company acts as a principal or as an agent. In making this evaluation, management considers if Spartan obtains control of the product delivered, which is indicated by Spartan having the primary responsibility for the delivery of the product, having the ability to establish prices or having inventory risk. If Spartan acts in the capacity of an agent rather than as a principal in a transaction, then the revenue is recognized on a net basis, only reflecting a marketing fee, if any, realized by the Company from the transaction.

Processing fees charged to other entities for use of pipelines and facilities owned by the Company are evaluated by management to determine if these originate from contracts with customers or from incidental or collaborative arrangements. Processing fees charged to other entities under contracts with customers are recognized in revenue when the related services are provided.

j) Transportation

Costs paid by Spartan for the transportation of crude oil, condensate, natural gas and NGLs to the point of control transfer are recognized when the transportation is provided.

k) Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all conditions associated with the grant are met. Claims under government grant programs related to income are deducted in reporting the related expense and are recorded in the period in which eligible expenses were incurred or when the services have been performed.

l) Business combinations

Business combinations are accounted for using the acquisition method under IFRS 3. Management's determination of whether a transaction constitutes a business combination or an asset acquisition is determined based on the criteria in IFRS 3. The identifiable assets acquired and liabilities assumed in a business combination are measured at their fair values at the acquisition date. The decommissioning obligations associated with the acquired property is subsequently re-measured immediately following the acquisition using a risk-free discount rate, with any changes recognized in the decommissioning liabilities and PP&E on the Consolidated Statements of Financial Position. The cost of an acquisition

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

is measured as the fair value of the assets transferred, equity instruments issued, and liabilities incurred or assumed at the acquisition date:

- To the extent that consideration is above the fair value of the net identifiable assets acquired, goodwill would be recognized as an intangible asset in the Consolidated Statements of Financial Position.
- To the extent that consideration is less than the fair value of the net identifiable assets acquired, a gain on business combination is recognized immediately in the Consolidated Statement of Net Income.

Any deferred tax asset or liability arising from the business combination is recognized at the acquisition date. Transaction costs associated with a business combination are expensed as incurred. Results of acquisitions are included in the Financial Statements from the closing date of acquisition.

m) Taxation

The provision for (recovery of) income tax is comprised of current and deferred income taxes and is recognized in the Consolidated Statements of Net Income and Comprehensive Income, except to the extent that it relates to a business combination or items recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The liability is measured based on an assessment of possible outcomes and their associated probabilities.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. In a transaction to acquire a corporation that is not a business combination, and for which the only significant item acquired is tax loss carryforwards or other tax attributes that do not arise as a result of temporary differences from assets or liabilities recognised in the acquisition, the initial recognition exemption in IAS 12 Income Taxes does not apply. Accordingly, the Company recognizes the deferred tax asset to the extent that it is probable the tax loss carryforwards can be utilized, which qualifies for recognition at the time of acquisition as a recovery of deferred income tax expense.

n) Share-based compensation

The Company's share-based compensation plan allows for the granting of equity-settled awards in connection with the Company's stock option plan, restricted share awards ("RSA") and performance share awards ("PSA") to directors, officers, employees and consultants of the Company in connection with the Company's share award incentive plan. Details regarding the share award incentive plan are provided in note 11(e). The share award incentive plan allows the holder of an RSA or PSA to receive a cash payment or its equivalent in fully-paid common shares, at the Company's discretion, equal to the fair market value of the Company's common shares calculated at the date of such payment.

Stock options are measured at the fair value of the equity instruments at the grant date and is estimated using a Black-Scholes model that takes into account, as of the grant date, the exercise price, expected life, current price, expected volatility and risk-free interest rates. The fair value determined at the grant date is expensed over the vesting period with a corresponding increase in contributed surplus.

RSAs are measured at the fair value of the equity instruments at the grant date and is adjusted for estimated forfeiture rates. The fair value determined at the grant date is expensed over the vesting period with a corresponding increase in contributed surplus.

A forfeiture rate is estimated on the grant date. The forfeiture rate is reviewed each reporting period and adjusted to reflect the actual number of awards expected to vest. The impact of the revision in estimate, if any, is recognized in the Consolidated Statements of Net Income and Comprehensive Income such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus. Any consideration paid to the Company on exercise is credited to share capital.

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

The Company may issue warrants in conjunction with financings. The fair value of the warrants issued is also estimated using a Black-Scholes model and recorded in shareholders' equity. Any consideration paid to the Company on the exercise of warrants along with the fair value of warrants is credited to share capital.

On March 28, 2023, Spartan announced that the Board approved the accelerated vesting of all outstanding RSAs ("the Cash Settled RSAs") and outstanding options, conditional upon the closing of the Asset Sale (note 1). Additionally, the Board confirmed that all issued and outstanding share awards would be settled on a cash basis. The intention of the Board to settle all outstanding Cash Settled RSAs in cash required the RSAs to be accounted for as a liability as of the date of modification. On initial recognition, the fair value of the liability is determined based on the elapsed portion of the accelerated vesting period with a corresponding increase recorded to shareholders' equity. The liability is remeasured at subsequent reporting dates until the liability is fully discharged. Any fluctuations in the fair value are recognized within share-based compensation expense with a corresponding charge to the liability. As of December 31, 2023, the share-based compensation liability was fully settled. Details regarding the modification, acceleration and extinguishment are provided in note 12(e).

On August 2, 2023, Spartan announced the granting of equity-settled awards in connection with the Company's stock option plan and RSA's to directors, officers, employees and consultants of the Company and Spartan does not intend to make cash payments under the plan and, as such, the RSAs granted under the plan are accounted for within shareholders' equity as equity-settled awards.

o) Net income per share

Basic net income per share is computed by dividing net income by the weighted average number of common shares outstanding during the year. For the diluted net income per share calculation, the weighted average number of common shares outstanding is adjusted for the potential number of common shares which may have a dilutive effect on net income per share. The Company uses the treasury stock method to determine the impact of dilutive securities. Under this method, only "in-the-money" dilutive instruments impact the calculation of diluted net income per share. The treasury stock method assumes that the proceeds received from the exercise of all potentially dilutive instruments are used to repurchase common shares at the average market price for the reporting period.

p) Future Accounting Changes

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. In addition, interest paid will be classified under financing activities on the Statement of Cash Flows which could result in a material change under IFRS 18. This standard is effective for annual reporting periods beginning on or after January 1, 2027, including for interim financial statements. Spartan is still assessing the full impact of this amendment.

IFRS 7, Financial Instruments: Disclosures and IFRS 9, Financial Instruments

In May 2024, the International Accounting Standards Board issued amendments to IFRS 7 *Financial Instruments: Disclosures* and IFRS 9 *Financial Instruments* relating to settling financial liabilities using electronic payment system and assessing contractual cash flow characteristics of financial assets. The amendments will be effective on January 1, 2026 and Spartan is still assessing the full impact of this amendment.

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at December 31, 2024 and December 31, 2023, financial instruments of the Company include cash and cash equivalents, restricted cash, accounts receivable, deposits, accounts payable and accrued liabilities, dividends payable, derivative financial instruments and long-term debt. The fair values of these financial assets and liabilities, excluding debt, approximate their carrying value due to the short term to maturity of those instruments. The fair value of debt approximates its carrying value given it bears floating rates of interest (note 10). The methodology used to determine the fair value for the Company's derivative financial instruments is described further in this note. Lease liabilities are financial liabilities measured at amortized cost.

The Company is exposed to financial risks arising from its financial assets and liabilities that include credit and liquidity risk, in addition to the market risks associated with commodity prices, and interest and foreign exchange rates. Net income, cash flows and the fair value of financial assets and liabilities may fluctuate due to movement in market prices or as a result of the Company's exposure to credit and liquidity risks.

Risk Management Overview

Spartan's risk management objective is to manage and control market risk exposures within acceptable limits, while maximizing long-term returns. The Company uses derivative financial instruments 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: (i) the contracts are not entered into for solely speculative purposes; (ii) the aggregate quantity hedged, at the time of entering into the contract, does not exceed 75% of future forecasted average daily production (net, after royalties); and (iii) the contracted term does not exceed 36 months.

a) Credit Risk

The carrying amount of cash and cash equivalents, restricted cash, accounts receivable, deposits and derivative financial instrument assets represent the Company's maximum credit exposure. Cash and cash equivalents and restricted cash are held on deposit with Canadian chartered banks and collection risk on derivative financial instrument assets is mitigated by a cross-default provision under the Credit Facility (defined herein). The Company's credit risk exposure arises primarily from receivables from oil and gas marketers and joint venture partners.

The composition of the Company's accounts receivable is set out in the following table:

<i>(CA\$ thousands)</i>	December 31, 2024	December 31, 2023
Oil and gas customers	33,319	40,108
Joint venture partners	13,230	9,332
Accrued interest and other	601	1,235
Accounts receivable	47,150	50,675

During the year ended December 31, 2024, sales to three oil and gas customers represented more than 10% of revenue. Sales to these customers account for approximately 71% of total oil and gas sales revenue (before royalties) in the year ended December 31, 2024. During the year ended December 31, 2023, sales to three customers accounted for approximately 84% of total oil and gas sales revenue (before royalties). Spartan's oil and gas customers are primarily large, credit-worthy institutions.

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

The aging of the Company's accounts receivable is summarized as follows:

<i>(CA\$ thousands)</i>	Current	30-60 days	61-90 days	Over 90 days	Total
Balance at December 31, 2024	41,298	2,607	357	2,888	47,150
Balance at December 31, 2023	45,466	1,353	961	2,895	50,675

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 61 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. Management has reviewed past due accounts receivable balances as at December 31, 2024 and expects the accounts to be collectible, except for approximately \$1.3 million of accounts receivable which are provided for in the expected credit loss provision (\$1.3 million at December 31, 2023).

b) Liquidity Risks

Liquidity risk is the risk that a company will not be able to meet its financial obligations as they become due. The Company's financial liabilities as at December 31, 2024 include accounts payable, dividends payable, derivative financial instrument liabilities and long-term debt. In addition, the Company has financial commitments in respect of lease liabilities (note 8).

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 December 31, 2024, Spartan had \$121.5 million drawn (\$45.1 million drawn as at December 31, 2023) on the revolving Credit Facility (the "Credit Facility") with an authorized borrowing amount of \$250.0 million (note 10).

The Company has sufficient liquidity for the next 12 months as current cash balances of \$151.7 million (cash and restricted cash), future cash flow from operations, the Prospectus Offering (defined herein, note 20) and access to the remaining undrawn Credit Facility is expected to be sufficient to meet the Company's financial obligations (including the dividends payable).

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

<i>(CA\$ thousands)</i>	1 year	2 to 3 years	4 to 5 years	> 5 years	Total
Accounts payable and accrued liabilities	78,996	-	-	-	78,996
Dividends payable (note 11)	150,811	-	-	-	150,811
Derivative financial instrument liabilities	143	2,722	-	-	2,865
Credit Facility ⁽¹⁾ (note 10)	9,448	125,220	-	-	134,668
Undiscounted lease liabilities ⁽²⁾ (note 8)	10,964	14,165	2,098	1,054	28,281
Total	250,362	142,107	2,098	1,054	395,621

(1) The Credit Facility (defined in note 10) has \$121.5 million drawn as at December 31, 2024. The table above includes estimated interest to be incurred on the \$121.5 million drawn balance and standby charges on the undrawn balance, up to May 31, 2025 (being the end of the current revolving period) plus estimated interest to be incurred up to May 31, 2026, repayable one year after the expiry of the revolving period, if not extended.

(2) As at December 31, 2024, the present value of the Company's total lease liability is \$25.8 million, of which \$9.7 million in principal repayments are expected to be settled in the next twelve months.

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

c) 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 risk management policies.

Commodity price risk

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 price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices. 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.

As at December 31, 2024, Spartan has commodity price risk management contracts in place to protect cash flows and project economics. These instruments are not used for trading or speculative purposes. The Company has not designated its financial derivative contracts as effective accounting hedges, even though the Company considers all commodity contracts to be effective economic hedges. As a result, all such financial commodity contracts are recorded on the Consolidated Statements of Financial Position at fair value, with changes in the fair value being recognized as an unrealized gain or loss through the Consolidated Statements of Net Income and Comprehensive Income.

The table below summarizes average prices and notional volumes contracted under the Company's outstanding financial derivative contracts as at December 31, 2024:

Period	Crude Oil ⁽¹⁾		Natural Gas ⁽¹⁾	
	CA\$ WTI Swaps – Short ⁽²⁾		AECO 7A Swaps ⁽³⁾	
	Volume Bbl/d	CA\$/ Bbl	Volume GJ/d	CA\$/ GJ
Q1 2025	1,900	\$99.16	77,500	\$2.41
Q2 2025	1,900	\$99.16	78,750	\$2.09
Q3 2025	1,900	\$99.16	75,750	\$2.11
Q4 2025	1,900	\$99.16	81,435	\$2.26
Q1 2026	300	\$90.91	18,000	\$2.37
Q2 2026	300	\$90.91	13,000	\$2.42
Q3 2026	300	\$90.91	13,000	\$2.42
Q4 2026	300	\$90.91	13,000	\$2.42
Q1 2027	-	-	6,000	\$3.37
Asset/ (Liability)	(\$0.4 million)		\$3.3 million	

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

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

(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.

Subsequent to December 31, 2024, Spartan entered into additional C\$WTI and AECO 7A swaps (see note 20).

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

The fair values of derivative financial instruments are designated as Level 2 in the fair value hierarchy and are highly sensitive to changes in underlying commodity prices. The table below illustrates the stand-alone impact of changes in specified benchmark prices on net income before income taxes, holding all other variables constant, of risk management contracts in place as at December 31, 2024:

<i>(CA\$ thousands)</i>	Change in price	Positive movement	Negative movement
AECO 7A	+/- CA\$ 0.25 per GJ	(8,584)	8,584
CA\$ WTI Swaps – Short	+/- CA\$ 5.00 per bbl	(4,015)	4,015

Foreign exchange risk

Currency risk is the risk that future cash flows will change as a result of fluctuations of the Canadian to U.S. dollar exchange rate. Spartan is exposed to currency risk given the Company's realized pricing in Canadian dollars is directly influenced by U.S. dollar denominated benchmark pricing. The Company is also exposed to currency fluctuations through its U.S. dollar commodity sales. In addition, Spartan is exposed to currency risk on U.S. cash, accounts receivable and accounts payable balances, however the Company's currency exposure based on U.S. dollar denominated working capital balances outstanding at December 31, 2024 and at December 31, 2023 was not significant.

The table below summarizes the realized and unrealized component of the foreign exchange gain (loss) during the years:

<i>(CA\$ thousands)</i>	Year ended December 31	
	2024	2023
Realized foreign exchange gain (loss)	49	(411)
Unrealized foreign exchange gain (loss)	12	(165)
Foreign exchange gain (loss)	61	(576)

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 (note 10), 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 December 31, 2024, an increase (decrease) in the market rate of interest by 50 basis points would increase (decrease) annualized interest expense by approximately \$0.6 million.

Gains and losses on derivative financial instruments

The table below summarizes the realized and unrealized component of gains and losses on the Company's derivative financial instruments during the years:

<i>(CA\$ thousands)</i>	Year ended December 31	
	2024	2023
Realized gain	33,913	83,324
Unrealized loss	(15,115)	(29,978)
Gain on derivative financial instruments	18,798	53,346

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

Offsetting of financial instruments

Financial assets and liabilities are only offset in the Consolidated Statements of Financial Position if the Company has the legal right to offset and intends to settle on a net basis or settle the asset and liability simultaneously. Spartan offsets derivative financial instrument assets and liabilities when the counterparty, commodity, currency and timing of settlement are the same.

Balance as at December 31 2024 (CA\$ thousands)	Carrying Value ("CV")		
	Gross	Netting	Net CV
Financial assets			
Derivative financial instruments	6,500	(690)	5,810
Financial liabilities			
Derivative financial instruments	(3,509)	644	(2,865)

Balance as at December 31, 2023 (CA\$ thousands)	Carrying Value ("CV")		
	Gross	Netting	Net CV
Financial assets			
Derivative financial instruments	18,060	-	18,060
Financial liabilities			
Derivative financial instruments	-	-	-

5. ACQUISITIONS AND DISPOSITIONS

2024 Acquisitions & Dispositions

The table below summarizes the aggregate total consideration and estimated fair value of the identifiable assets acquired and liabilities assumed on the respective closing dates:

2024 ACQUISITION SUMMARY (CA\$ thousands)	WGN Acq May 1, 2024 ⁽¹⁾⁽²⁾	Other Various ⁽³⁾	Total 2024
Cash consideration, after adjustments	48,625	27,918	76,543
Exploration and evaluation assets	19,199	27,887	47,086
Property, plant and equipment ⁽¹⁾	29,688	430	30,118
Decommissioning obligations ⁽²⁾	(262)	(399)	(661)
Fair value of net assets acquired ⁽¹⁾	48,625	27,918	76,543

(1) The fair value of property, plant and equipment ("PP&E") acquired was estimated based on fair value less costs of disposal ("FVLCD") methodology (Level 3 fair value measurement), calculated using the present value of the expected future cash flows after-tax. The projected cash flows used in the FVLCD calculation were derived from reports on the acquired oil and gas reserves.

(2) The aggregate fair value of decommissioning obligations acquired of \$0.7 million was estimated by discounting the inflated cost estimates using a "credit-adjusted risk-free rate" ranging from 7.72% to 8.77% 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 \$0.8 million to \$1.5 million in aggregate.

(3) During the year ended December 31, 2024, the Company acquired additional Duvernay undeveloped land and minor asset acquisitions as part of its Duvernay growth strategy.

Willesden Green North Acquisition

On May 1, 2024, the Company closed an acquisition of producing crude oil and natural gas properties and undeveloped land in the Duvernay for cash consideration of \$48.6 million after final adjustments, effective March 1, 2024 (the "Willesden Green North Acquisition" or "WGN Acquisition"). Spartan assessed the property acquisition and determined it to constitute a business combination in accordance with IFRS 3.

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

Spartan assessed and determined the WGN Acquisition to constitute a business combination in accordance with IFRS 3 and the PP&E acquired was valued using FVLCD methodology (Level 3 fair value measurement) using the present value of the expected future cash flows after-tax. The expected future cash flows used in the FVLCD calculation were derived from a reserve report on the acquired oil and gas reserves, which was prepared by an independent qualified reserve evaluator.

The cash flow estimates derived from the independent reserve report were internally updated to reflect the following changes to key assumptions as of May 1, 2024:

- the long-term forecast for commodity prices and foreign exchange rates were revised based on an average of the forecasts published by three independent qualified reserve evaluators, current as of the acquisition date;
- mechanical update of the reserves database to May 1, 2024, such that forecast cash flows for 2024 are for the remaining period ending December 31, 2024; and
- FDC expenditures reflect Spartan's planned capital expenditures.

The undiscounted amount of decommissioning obligations acquired pursuant to the WGN Acquisition is estimated to be approximately \$1.2 million (\$2.0 million inflated at 2.08%). The fair value of decommissioning obligations acquired of \$0.3 million was estimated by discounting the inflated cost estimates using a "credit-adjusted risk-free rate" of 8.77% on the closing date. The obligations acquired were subsequently remeasured in accordance with the Company's accounting policy, whereby decommissioning obligations are discounted using a "risk-free rate". Remeasurement of the decommissioning obligations acquired at a risk-free rate of 3.63% on May 1, 2024, resulted in an increase in the present value of decommissioning obligations acquired by \$0.5 million and a corresponding increase recorded directly to PP&E.

The Consolidated Statements of Net Income and Comprehensive Income for the year ended December 31, 2024 includes the results of operations for the WGN Acquisition starting from the closing date. Specifically, Spartan's net income for the year ended December 31, 2024, includes \$12.4 million of revenue (after royalties) and \$10.7 million of operating income generated from the WGN Acquisition for the period from May 1 to December 31, 2024. "Operating income" does not have a standardized meaning under IFRS Accounting Standards. For purposes of this pro-forma disclosure, the Company has calculated operating income as revenue (after royalties), less operating and transportation expenses. If the acquisition had occurred on January 1, 2024, pro-forma revenue (after royalties) and operating income is estimated to be approximately \$22.5 million and \$19.2 million, respectively, for the year ended December 31, 2024.

This pro-forma information is not necessarily indicative of the results of operations that would have resulted had the acquisition been effected on the dates indicated, or the results that may be obtained in the future.

Dispositions

During the year ended December 31, 2024, the Company recognized minor final statement of adjustments from prior transactions and disposed of vehicles.

2023 Acquisitions

During the fourth quarter of 2023, Spartan completed a series of acquisitions in the Duvernay.

- On November 1, 2023, Spartan closed an acquisition of producing crude oil and natural gas properties, undeveloped land and seismic for cash consideration of \$17.7 million after closing adjustments (the "Gilby Acquisition").
- On November 28, 2023, Spartan closed an acquisition of producing crude oil and natural gas assets and undeveloped land for cash consideration of \$7.6 million after closing adjustments (the "Pembina Acquisition").
- On December 15, 2023, Spartan closed an acquisition of undeveloped land located at Willesden Green for cash consideration of \$7.1 million after closing adjustments (included in "Other"). This acquisition does not meet the definition of a business combination and has been accounted for under IFRS 3 as an asset acquisition.
- The Company completed other minor acquisitions during the year ended December 31, 2023 for total cash consideration of \$2.0 million.

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

The table below summarizes the aggregate total consideration and estimated fair value of the identifiable assets acquired and liabilities assumed on the respective closing dates:

2023 ACQUISITION SUMMARY (CA\$ thousands)	Gilby Nov 1/23	Pembina Nov 28/23	Other Various	Total 2023
Cash consideration, after adjustments	17,702	7,595	9,056	34,353
Exploration and evaluation assets	10,765	1,922	8,683	21,370
Property, plant and equipment ⁽¹⁾	8,218	7,126	373	15,717
Decommissioning obligations ⁽²⁾	(1,281)	(1,453)	-	(2,734)
Fair value of net assets acquired ⁽¹⁾	17,702	7,595	9,056	34,353

(1) The fair value of property, plant and equipment ("PP&E") acquired was estimated based on fair value less costs of disposal ("FVLCD") methodology (Level 3 fair value measurement), calculated using the present value of the expected future cash flows after-tax. The projected cash flows used in the FVLCD calculation were derived from reports on the acquired oil and gas reserves.

(2) 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.

If all the above noted acquisitions had occurred on January 1, 2023, revenue (after royalties) and operating income is estimated to be approximately \$5.5 million and \$3.2 million, respectively, for the year ended December 31, 2023 from these acquisitions. This pro-forma information is not necessarily indicative of the results of operations that would have resulted had the acquisition been effected on the dates indicated, or the results that may be obtained in the future.

2023 Dispositions

(i) *Asset Sale to Veren*

On March 28, 2023, Spartan announced the Asset Sale with Veren for cash consideration of \$1.7 billion subject to customary adjustments, which closed on May 10, 2023, with an effective date of May 1, 2023. The proceeds were held in 5% interest bearing deposit accounts with Canadian chartered banks until July 6, 2023 when the \$9.50 per share Cash Dividend (defined herein) was paid.

Asset Sale to Veren (CA\$ thousands)	Total
Purchase price	1,700,000
Adjustments	1,849
Cash consideration, after adjustments	1,701,849
Net working capital	247
Other current assets	7,945
Right-of-use assets	2,338
Property, plant and equipment	1,126,404
Exploration and evaluation assets	78,862
Other liabilities	(16,487)
Lease liabilities	(2,283)
Decommissioning obligations	(38,228)
Carrying value of net assets disposed	1,158,798
Gain on sale of assets	543,051

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

(ii) *Logan Energy Corp. Share Distribution*

Concurrent with the Asset Sale, Spartan announced the Spin-Out of the Logan Assets predominantly in the Pouce Coupe, Simonette and Flatrock areas, as well as legacy production in the Noel area to a wholly owned subsidiary, 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 one (1) purchase warrant of Logan per common share of Spartan ("Spartan Share"), and were distributed to eligible Spartan shareholders on July 6, 2023. 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"). The Company transferred the Logan Assets and associated liabilities to Logan in exchange for Logan Shares and the Transaction Warrants, valued at \$60.6 million. The Logan Shares and the Transaction Warrants were distributed to eligible Spartan shareholders on July 6, 2023 at which time Logan ceased to be a wholly owned subsidiary.

The Logan Assets were reclassified to assets held for distribution at March 31, 2023 as it was determined the Spin-Out was highly probable to be completed in the upcoming twelve months. Immediately prior to the reclassification, an impairment analysis was completed which resulted in an impairment of \$28.6 million, comprised of an E&E impairment of \$21.0 million (note 6) and a PP&E impairment of \$7.6 million (note 7). Prior to the completion of the Spin-Out, the Company recorded a further PP&E impairment of \$5.3 million (note 7) and during the third and fourth quarter of 2023, the Company adjusted the fair value of net assets disposed as a result of post-closing adjustments and recognized an impairment reversal of \$1.7 million.

Logan Share Distribution	
<i>(CA\$ thousands)</i>	
	Total
Share distribution	60,620
Net working capital	661
Right-of-use assets	234
Property, plant and equipment	81,805
Exploration and evaluation assets	6,931
Lease liabilities	(206)
Decommissioning obligations	(28,805)
Fair value of net assets disposed	60,620

In aggregate, with the proceeds from the Asset Sale and the Spin-Out on July 6, 2023, the Company distributed \$9.50 per Spartan Share (note 11), one Logan Share per Spartan Share, and one Transaction Warrant per Spartan Share (the "Distribution") to eligible Spartan shareholders.

(iii) *Other*

During the year ended December 31, 2023, the Company completed a seismic acquisition for cash consideration of \$1.6 million (note 6) and a pipeline acquisition for \$0.3 million. The Company sold inventory for \$2.4 million, disposed of vehicles for cash proceeds of \$0.2 million, with a gain on disposition of \$0.1 million recognized (note 7) and recognized minor final statement of adjustments from prior transactions.

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

6. EXPLORATION AND EVALUATION ASSETS

The Company's E&E assets consist primarily of undeveloped land and seismic. The following table reconciles the change in carrying value during the years:

<i>(CA\$ thousands)</i>	December 31, 2024	December 31, 2023
Balance, beginning of year	28,807	104,120
Additions	11,494	13,904
Acquisitions (note 5)	47,086	21,370
Dispositions (note 5)	-	(85,793)
Transfers to PP&E (note 7)	(4,478)	(3,584)
Expired mineral leases ⁽¹⁾	(870)	(193)
Impairment (note 5)	-	(21,017)
Balance, end of year	82,039	28,807

(1) Relates to mineral leases that expired or are expected to expire.

Spartan assessed its E&E assets for potential impairment indicators prior to transferring costs to PP&E and, as at December 31, 2024 and December 31, 2023, concluded there are no indicators of impairment.

At March, 31, 2023, the E&E assets associated with the Spin-Out (note 5) were reclassified to assets held for distribution and assessed for impairment. It was determined that the carrying value of the assets exceeded the FVLCD and an impairment loss of \$21.0 million was recorded. At July 6, 2023, the remaining carrying value of \$6.9 million for the E&E assets associated with the Spin-Out were conveyed and disposed.

7. PROPERTY, PLANT AND EQUIPMENT

The Company's PP&E includes development and production ("D&P") assets and corporate assets. D&P assets include the Company's interests in developed crude oil and natural gas properties, as well as interests in facilities and pipelines.

The following tables reconcile the movements in the cost and accumulated depletion, depreciation and impairment ("DD&I") during the years:

PP&E, at cost (CA\$ thousands)	D&P assets	Corporate	Total PP&E
Balance at December 31, 2022	1,839,820	1,719	1,841,539
Additions ⁽¹⁾	281,296	325	281,621
Acquisitions (note 5) ⁽²⁾	15,717	-	15,717
Dispositions	(1,464,962)	(120)	(1,465,082)
Transfers from E&E (note 6)	3,584	-	3,584
Changes in decommissioning cost estimates (note 9)	15,379	-	15,379
Balance at December 31, 2023	690,834	1,924	692,758
Additions ⁽¹⁾	149,541	867	150,408
Acquisitions (note 5) ⁽²⁾	30,118	-	30,118
Dispositions ⁽²⁾	5	(43)	(38)
Transfers from E&E (note 6)	4,478	-	4,478
Changes in decommissioning cost estimates (note 9)	10,514	-	10,514
Balance at December 31, 2024	885,490	2,748	888,238

(1) During the year ended December 31, 2024, the Company capitalized \$2.9 million of general and administrative expenses directly related to development activities. For the year ended December 31, 2023, the Company capitalized \$2.2 million of general and administrative expenses and \$0.5 million of share-based compensation.

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

(2) The years ended December 31, 2024 and December 31, 2023 include PP&E acquisition and disposition costs from closing adjustments on transactions completed in the previous years.

Accumulated DD&I (CA\$ thousands)	D&P assets	Corporate	Total PP&E
Balance at December 31, 2022	316,480	787	317,267
Depletion and depreciation	127,612	494	128,106
Dispositions	(254,290)	(35)	(254,325)
Impairment of assets distributed	11,245	-	11,245
Balance at December 31, 2023	201,047	1,246	202,293
Depletion and depreciation	99,674	471	100,145
Dispositions	-	(5)	(5)
Balance at December 31, 2024	300,721	1,712	302,433

Net carrying value	D&P assets	Corporate	Total PP&E
Balance at December 31, 2023	489,787	678	490,465
Balance at December 31, 2024	584,769	1,036	585,805

Future Development Capital expenditures required to develop total proved plus probable reserves in the amount of \$2.0 billion are included in the depletion calculation for D&P assets for the year ended December 31, 2024 (\$1.4 billion at December 31, 2023).

Impairment of PP&E

Spartan reviews its CGUs for indicators of potential impairment at the end of each reporting period. As at December 31, 2024, there are no indicators of impairment or reversals of previously recognized impairments at the CGU level.

At March 31, 2023, an impairment review was required for the assets under the Asset Sale and Spin-Out immediately prior to the reclassification from PP&E to assets held for sale or distribution, respectively (note 5). The estimated recoverable amount of the PP&E under the Asset Sale exceeded the carrying value and were reclassified to assets held for sale with no recognition of an impairment loss however the assets associated with the Spin-Out exceeded the FVLCD and an impairment loss of \$7.6 million was recognized in the Consolidated Statements of Net Income and Comprehensive Income for the three months ended March 31, 2023.

At June 30, 2023, the assets associated with the Spin-Out had an additional impairment loss of \$5.3 million recognized in the Consolidated Statements of Net Income and Comprehensive Income for the three months ended June 30, 2023.

During the third and fourth quarter of 2023, the Company adjusted the fair value of net assets disposed under the Spin-Out as a result of post closing adjustments and recognized an impairment reversal of \$1.7 million in the 2023 Annual Financial Statements.

8. LEASES

The Company has various lease contracts in place for compression equipment, facilities, office buildings and vehicles. Spartan's lease obligations and corresponding Right-of-Use ("ROU") assets are recognized initially based on the present value of the remaining lease payments, except for certain short-term leases which have been charged to general and administrative expenses or operating expenses, as appropriate depending on the nature of the lease, in the Consolidated Statements of Net Income and Comprehensive Income.

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

RIGHT-OF-USE ASSETS

The following table reconciles the change in the Company's ROU assets during the years:

<i>(CA\$ thousands)</i>	December 31, 2024	December 31, 2023
Right-of-use asset, at cost		
Balance, beginning of year	62,625	64,043
Additions	136	2,868
Lease modification	20	(1,453)
Dispositions (note 5)	-	(2,833)
Balance, end of year	62,781	62,625
Accumulated depreciation		
Balance, beginning of year	30,979	21,924
Depreciation expense	8,564	9,316
Dispositions (note 5)	-	(261)
Balance, end of year	39,543	30,979
Right-of-use asset, net carrying value	23,238	31,646

LEASE LIABILITIES

As at December 31, 2024, the present value of the Company's total lease liabilities are \$25.8 million, of which approximately \$9.7 million is expected to be settled in the next twelve months. A continuity of the lease obligations is provided below:

<i>(CA\$ thousands)</i>	December 31, 2024	December 31, 2023
Lease liabilities		
Balance, beginning of year	35,232	45,495
Additions	136	2,868
Lease payments	(11,273)	(11,985)
Financing cost (note 14)	1,791	2,380
Lease modification	(51)	(1,037)
Dispositions (note 5)	-	(2,489)
Balance, end of year	25,835	35,232
Expected to be settled within one year	9,721	9,469
Expected to be settled beyond one year	16,114	25,763

A contractual maturity of the undiscounted payments due under the Company's lease agreements is provided in note 4 of these Financial Statements.

The Company has short term leases in place primarily for equipment with contract terms less than twelve months, expensed within operating expenses. The total amount expensed in respect of short-term leases was approximately \$1.4 million during the year ended December 31, 2024 (December 31, 2023 – \$3.2 million).

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

9. DECOMMISSIONING OBLIGATIONS

Decommissioning liabilities arise as a result of the Company's net ownership interests in crude oil and natural gas assets including well sites, processing facilities and infrastructure. The following table provides a reconciliation of the carrying amount of the obligation associated with the retirement of oil and gas properties:

<i>(CA\$ thousands)</i>	December 31, 2024	December 31, 2023
Balance, beginning of year	72,970	128,602
Obligations incurred	1,414	3,057
Obligations acquired (note 5)	661	2,734
Discount rate adjustment on obligations acquired (note 5)	865	2,302
Obligations disposed	(131)	(67,033)
Obligations settled	(4,004)	(6,373)
Obligations settled through government grant ⁽¹⁾	-	(3,098)
Changes in discount rate	(4,914)	5,982
Changes in estimates	13,149	4,038
Accretion (note 14)	2,288	2,759
Balance, end of year	82,298	72,970
Expected to be settled within one year	2,700	3,650
Expected to be settled beyond one year	79,598	69,320

(1) Funding earned through the Alberta provincial government Site Rehabilitation Program is recognized as "other income" in the Consolidated Statement of Net Income and Comprehensive Income during the year ended December 31, 2023.

The underlying cost estimates are derived from a combination of published industry benchmarks as well as site specific information. As at December 31, 2024, the total undiscounted amount of the estimated cash flows required to settle the obligation is \$109.5 million (\$89.6 million as of December 31, 2023), of which, Spartan expects to incur approximately \$50.5 million over the next 20 years, \$57.8 million in 20 to 50 years and the residual thereafter. The estimated inflated undiscounted future cash flows required to settle the obligation is \$179.5 million at December 31, 2024 based on an inflation rate of 2.0% on average over the restoration period (December 31, 2023 – \$150.9 million based on an inflation rate of 2.1%).

As at December 31, 2024, the carrying amount of the decommissioning obligations is based on a risk-free rate of 3.3% (3.0% at December 31, 2023). The increase in discount rate resulted in a decrease in the carrying amount of decommissioning obligations by \$4.9 million as at December 31, 2024 compared to December 31, 2023.

10. LONG-TERM DEBT

As at December 31, 2024, debt is comprised of bank debt drawn under the revolving credit facility. The balance of debt is presented net of unamortized issue costs.

<i>(CA\$ thousands)</i>	December 31, 2024	December 31, 2023
Credit Facility	121,500	45,050
Unamortized issue costs	(588)	(574)
Long-term debt	120,912	44,476

a) Bank debt

The Company has a 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 December 31, 2024, the Credit Facility was \$121.5 million drawn.

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

The Credit Facility has a revolving period until May 2025, 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 and the Credit Facility may also be subject to redetermination throughout the revolving period. The most recent semi-annual review was completed on November 26, 2024 with no changes to the Credit Facility. The next borrowing base redetermination is anticipated to be completed on or before May 31, 2025.

The Credit Facility is secured by a first fixed and floating charge debenture over all the Company's assets and a general assignment of book debts. Repayments of principal are not required until the maturity date, provided that the borrowings do not exceed the authorized borrowing base and the Company is in compliance with all covenants, representations and warranties.

Prior to the amendment and restatement of the Credit Facility on June 26, 2024, the Company was subject to certain financial covenants under the Credit Facility including 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.

Covenant Description ⁽¹⁾		December 31, 2023
Liability management rating ⁽²⁾	minimum ratio 2.0 to 1.0	8.55
Funded debt to EBITDA ⁽³⁾⁽⁴⁾	maximum ratio 2.5 to 1.0	0.18
Asset coverage ratio ⁽⁵⁾	minimum ratio 1.5 to 1.0	10.08

- (1) The covenants do not have standardized meanings under IFRS Accounting Standards and are calculated in accordance with the definitions in the credit agreements, as described further below.
- (2) Environmental liability management rating governing conventional upstream oil and gas wells, facilities, and pipelines for such jurisdiction, as determined in accordance with the rules and regulations of each applicable material jurisdiction and its energy regulator for the period.
- (3) The net debt used in the covenant calculation primarily includes long-term debt and working capital deficit. Net debt excludes derivative financial instrument assets and liabilities which are not due and owing at the calculation date and the lease liabilities. Funded debt is equal to the net debt excluding working capital deficit.
- (4) The definition of cash flow is generally equivalent to the Company's cash provided by operating activities before changes in non-cash working capital, less the principal portion of lease payments for the calculation period. EBITDA is defined as the cash flow, plus cash taxes and cash interest expense to the extent deducted in determining net income. The definitions of cash flow and EBITDA are on a 12-month trailing basis, subject to adjustment for certain acquisitions or dispositions in excess of a threshold amount to give effect to the transaction as if it occurred at the beginning of the calculation period, among other potential adjustments.
- (5) The asset coverage ratio is an annual covenant calculated as the proved developed producing reserves of the Company (before income tax, discounted at 10%), as evaluated by an independent third-party engineering report and evaluated on strip commodity pricing as at December 31, 2023, divided by the balance of funded debt (footnote 3).

As a result of the amendment and restatement of the Credit Facility on June 26, 2024, the Company is no longer subject to any financial covenants. The Credit Facility does include standard business operating covenants, including but not limited to limitations on acquisitions and dispositions, distributions and hedging arrangements.

Interest is payable monthly for borrowings through direct advances under the Credit Facility. Interest rates fluctuate based on bank prime rate plus an applicable margin. Under the Credit Facility, borrowings through the use of term Canadian Overnight Repo Rate Average ("CORRA") loans are available at the CORRA rate, plus applicable stamping fees. The Company incurs standby fees on the undrawn facility which also fluctuate based on the pricing grid.

The Company has a demand letter of credit 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 are repayable on demand. As at December 31, 2024, there is \$1.7 million of issued but undrawn letters of credit under the letter of credit facility (December 31, 2023 - \$1.5 million).

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

b) Movements in debt

The following table reconciles movements in debt during the years ended December 31, 2024 and December 31, 2023:

<i>(CA\$ thousands)</i>	December 31, 2024	December 31, 2023
Balance, beginning of year	44,476	145,180
Advances on Credit Facility	76,450	45,050
Repayments of Term Facility ⁽¹⁾	-	(150,000)
Issue costs incurred	(671)	(518)
Amortization of issue costs	657	4,764
Balance, end of year	120,912	44,476

(1) On August 31, 2021, the Company established a \$150.0 million non-revolving term facility (the "Term Facility"). On December 29, 2023, 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.

11. SHARE CAPITAL

a) Authorized

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. Common shares carry one vote per share and the right to any dividends declared. The preferred shares may be issued in series, with the directors determining the terms of the preferred shares on a series-by-series basis.

b) Issued and outstanding

The following table summarizes the change in common shares issued and outstanding. There are no preferred shares or special shares outstanding as of December 31, 2024 (December 31, 2023 – nil).

	Number of common shares (000s)	Amount (\$ thousands)
Balance at December 31, 2022	171,410	553,647
Issued for cash on exercise of stock options	14	46
Cash payment on settlement of stock options	1,775	(8,494)
Transfer value attributed to stock options exercised/ settled	-	6,888
Return of capital	-	(540,388)
Released upon vesting of restricted share awards	2	13
Balance at December 31, 2023	173,201	11,712
Released upon vesting of restricted share awards	423	1,816
Balance at December 31, 2024	173,624	13,528

Dividends and Returns of Capital

In aggregate, with the proceeds from the Asset Sale and the Spin-Out, the Company distributed \$9.50 per Spartan Share, one Logan Share per Spartan Share, and one Transaction Warrant per Spartan Share to eligible Spartan shareholders.

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

The following table summarizes the dividends declared and paid up to December 31, 2024:

(CA\$ thousands)	Declaration Date			Total
	Nov. 8, 2022 ⁽¹⁾	May 10, 2023 ⁽²⁾	May 10, 2023 ⁽³⁾	
Balance at December 31, 2022	85,704	-	-	85,704
Declared	-	1,645,413	17,320	1,662,733
Paid	(76,681)	(1,505,049)	(15,843)	(1,597,573)
Balance at December 31, 2023	9,023	140,364	1,477	150,864
Paid	(3)	(50)	-	(53)
Balance at December 31, 2024	9,020	140,314	1,477	150,811

(1) \$0.50 per common share. Payable on January 16, 2023 to eligible shareholders of record on December 15, 2022.

(2) \$9.50 per common share. Payable on July 6, 2023 to eligible shareholders of record on June 20, 2023.

(3) \$0.10 per common share. Payable on July 31, 2023 to eligible shareholders of record on July 14, 2023.

As of December 31, 2024, Spartan has paid \$1.6 billion to shareholders for which the Company has received the required attestations to confirm eligibility. The remaining balance of \$150.8 million continues to be accrued as a financial liability and included in restricted cash (December 31, 2023 – \$150.9 million). All dividend payments are subject to shareholders meeting certain eligibility requirements.

c) Warrants

There were no warrants outstanding as of December 31, 2024 and December 31, 2023.

d) Stock options

The Company has a stock option plan under which options to purchase common shares may be granted to officers, directors, employees and consultants. The Board has approved a policy of reserving up to 10% of the outstanding common shares for issuance to eligible participants of the stock option and share award plans. All stock options have a maximum term of five years and the vesting period for each grant is determined at the discretion of the Board.

On March 28, 2023, in connection with the Asset Sale and Spin-Out (note 5), the Company announced that the Board contemporaneously approved accelerating the vesting of the issued and outstanding options and share awards (note 11(e)). All outstanding options fully vested after closing of the Asset Sale on May 10, 2023. The outstanding options were settled on May 19, 2023 after lifting of trading blackouts following the closing of the Asset Sale based on Spartan's closing trading price the day prior to settlement.

The options were settled in Spartan Shares issued on May 19, 2023 on a net basis, determined by the option value calculated at the closing price on May 18, 2023 of \$15.41, reduced by the cost of exercise and withholding taxes for a net share issuance.

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

The following table summarizes the change in stock options outstanding:

	Number of options (000s)	Average exercise price (\$/share)
Balance at December 31, 2022	3,323	4.56
Granted ⁽¹⁾⁽²⁾	98	4.32
Exercised	(1,789)	(4.56)
Forfeited	(4)	(3.00)
Cancelled, settled in cash ⁽³⁾	(1,530)	(4.56)
Balance at December 31, 2023	98	4.32
Granted ⁽¹⁾	1,401	3.16
Forfeited	(145)	(3.13)
Balance at December 31, 2024	1,354	3.25

(1) The options granted vest 1/3 per year on the anniversary date of the grant.

(2) New options were granted during the third quarter of 2023 after the Asset Sale and Spin-Out were completed.

(3) Concurrent with the Asset Sale (note 5) in May 2023, the vesting was accelerated for all existing options.

The fair value of stock options granted is estimated on the date of grant using the Black-Scholes option pricing model with weighted average assumptions as follows:

	Year ended December 31	
	2024	2023
Risk free interest rate	3.9%	4.5%
Expected life (years)	3.0	3.0
Expected volatility ⁽¹⁾	50.0%	50.0%
Expected dividend yield	0.0%	0.0%
Expected forfeiture rate	0.8%	0.0%
Average fair value of options granted (\$/share)	1.17	1.62

(1) Spartan has estimated the expected volatility over the life of the option based on a peer group average for intermediate oil and gas companies. A peer group average was used because the Company's historical share price volatility is not expected to be representative of future volatility due to Spartan's significant changes over the previous three years.

The following table summarizes information regarding stock options outstanding at December 31, 2024:

Exercise price (\$/share)	Number of options outstanding (000s)	Weighted average remaining term (years)	Weighted average exercise price for options outstanding (\$/share)	Number of options exercisable (000s)	Weighted average exercise price for options exercisable (\$/share)
\$3.13 - \$3.67	1,213	4.2	3.13	-	-
\$3.68 - \$4.27	43	4.4	4.21	-	-
\$4.28 - \$4.32	98	3.6	4.32	33	4.32
Total	1,354	4.1	3.25	33	4.32

The volume weighted average trading price of the Company's common shares on the TSX for the three and twelve months ended December 31, 2024 was \$3.43 and \$3.68, respectively. During the three and twelve months ended December 31, 2023, the volume weighted average trading price of the Company's common shares on the TSX was \$3.55 and \$9.54, respectively.

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

e) Share awards

The Company has a share award incentive plan, pursuant to which the Company may grant RSAs and PSAs to directors, officers, employees and consultants of the Company. There were no PSAs outstanding as of December 31, 2024 and December 31, 2023.

Cash Settled RSAs

As noted in note 11(d), in connection with the Asset Sale and Spin-Out, the Board simultaneously approved accelerating the vesting of the issued and outstanding options and share awards. All awards outstanding as of the closing of the Asset Sale on May 10, 2023 were fully vested by December 15, 2023. The outstanding awards were valued at \$15.66 per award based on the Spartan's 5-day volume weighted average trading price ("VWAP") up to May 19, 2023. The settlement dates of the share-award liability were dependent upon certain performance conditions with the liability being fully extinguished on December 15, 2023.

At March 28, 2023, the Company recorded a share-based compensation liability of \$38.4 million relating to the modification from equity-settled to cash-settled awards, with \$27.3 million offset against previously recognized amounts in contributed surplus and \$11.0 million offset against retained earnings within shareholders' equity. From March 28, 2023 to December 31, 2023, the Company remeasured the liability at fair value and recognized \$19.0 million of share-based compensation expense with a corresponding charge to the liability. The Company paid \$57.4 million during 2023, and as at December 31, 2023, the liability had been fully settled.

Equity Settled RSAs

On August 2, 2023, the Company issued RSAs ("Equity Settled RSAs") under the share award incentive plan. The August 2, 2023 RSA grant and all future RSAs granted under the share award incentive plan are intended to be settled through the issuance of new common shares upon vesting. The Board of Directors shall not grant new share awards under the plan if the number of shares issuable pursuant to outstanding share awards, when combined with the number of shares issuable pursuant to outstanding stock options granted under the Company's stock option plan, would exceed 10% of the issued and outstanding common shares at the time of the grant. The vesting period is determined at the discretion of the Board of Directors. The Equity Settled RSAs are expected to vest one-third each year for three years on the anniversary date of the grant.

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

The following table summarizes the change in share awards outstanding:

	Number of Cash Settled RSAs (000s) ¹	Number of Equity Settled RSAs (000s)
Balance at December 31, 2022	-	3,546
Granted	-	15
Issued in lieu of dividend	-	120
Released upon vesting	-	(2)
Forfeited	-	(12)
Balance before modification ⁽¹⁾	-	3,667
Transferred to Cash Settled ⁽¹⁾	3,667	(3,667)
Granted ⁽²⁾	-	1,288
Forfeited	(2)	(14)
Released upon cash settlement	(3,665)	-
Balance at December 31, 2023	-	1,274
Granted ⁽²⁾	-	2,833
Released upon vesting	-	(423)
Forfeited	-	(201)
Balance at December 31, 2024	-	3,483

(1) Concurrent with the Asset Sale (note 5), the vesting was accelerated for all existing RSAs as at March 28, 2023.

(2) The Equity Settled RSAs granted vest one-third each year for three years on the anniversary date of the grant.

f) Per share amounts

The table below summarizes the weighted average ("WA") number of common shares outstanding (000's) used in the calculation of net income per share for the years ended December 31, 2024 and 2023:

	Year ended December 31	
(000s)	2024	2023
WA common shares outstanding, basic	173,359	172,529
Dilutive effect of stock options	-	672
Dilutive effect of share awards	2,007	293
WA common shares outstanding, diluted	175,366	173,494
Net income	34,283	663,107
\$ per common share, basic	0.20	3.84
\$ per common share, diluted	0.20	3.82

12. INCOME TAXES

As at December 31, 2024, Spartan has recognized a deferred income tax asset of \$30.9 million on the Consolidated Statement of Financial Position and the total tax pools available to the Company are estimated to be \$716.8 million (December 31, 2023 – \$641.3 million), of which approximately 52% are non-capital losses ("NCLs"). The Company expects to have sufficient taxable profits in the future to utilize its non-capital losses.

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

The following table reconciles income taxes calculated at the weighted average Canadian statutory rate with the actual provision for income taxes per the Consolidated Statements of Net Income and Comprehensive Income:

	Year ended December 31	
(CA\$ thousands)	2024	2023
Net income before income taxes	43,930	751,299
Canadian statutory tax rate ⁽¹⁾	23.0%	23.0%
Expected income tax expense	10,104	172,799
Increase (decrease) resulting from:		
Non-deductible expenses ⁽²⁾	1,335	2,570
Change in unrecognized deferred tax asset ⁽³⁾	-	(2,586)
Non-taxable portion of capital gain ⁽³⁾	-	(2,586)
True-up tax pools	(1,792)	(1,936)
Acquired tax asset recognized in income ⁽⁴⁾	-	(80,069)
Deferred income tax expense	9,647	88,192

(1) The Canadian statutory tax rate per the rate reconciliation represents the average combined federal and provincial corporate tax rate.

(2) Non-deductible expenses primarily relate to share-based compensation offset by the deductible value of RSAs released on vesting.

(3) Relates to the capital gain recognized in association with the Asset Sale.

(4) Recognition of a previously acquired tax asset.

The movement in deferred tax assets and liabilities, without taking into consideration the offsetting balances within the same tax jurisdiction, are as follows:

(CA\$ thousands)	Balance at Dec 31, 2023	Recognized in net income	Recognized in balance sheet	Balance at Dec 31, 2024
Derivative financial instruments	(4,154)	3,476	-	(678)
Accelerated tax basis depreciation	(64,988)	(8,093)	-	(73,081)
Decommissioning obligations	16,783	2,146	-	18,929
Leases	825	(227)	-	598
Share issue costs	1,526	(820)	-	706
Non-capital losses and other ⁽¹⁾	90,595	(6,129)	-	84,466
Deferred income tax asset	40,587	(9,647)	-	30,940

(1) The Company expects to have sufficient taxable profits in the future to utilize its NCLs which expire in years 2039 to 2041 and has recognized the deferred tax asset related to NCLs.

(CA\$ thousands)	Balance at Dec 31, 2022	Recognized in net income	Recognized in balance sheet	Balance at Dec 31, 2023
Derivative financial instruments	(7,596)	3,442	-	(4,154)
Accelerated tax basis depreciation	(190,134)	45,077	80,069	(64,988)
Share-based compensation liability	-	(8,823)	8,823	-
Decommissioning obligations	29,578	(12,795)	-	16,783
Leases	776	49	-	825
Share issue costs	1,619	(93)	-	1,526
Non-capital losses and other	285,713	(195,118)	-	90,595
Acquired tax asset recognized in income	-	80,069	(80,069)	-
Deferred income tax asset	119,956	(88,192)	8,823	40,587

Under IFRS Accounting Standards, deferred income tax assets may only be recognized to the extent that it is probable that future taxable profits will be available against which unused tax losses and deductible temporary differences can be utilized.

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

13. OIL AND GAS SALES, NET OF ROYALTIES

The following table summarizes the composition of Spartan's oil and gas sales revenue by product type:

(CA\$ thousands)	Year ended December 31	
	2024	2023
Oil and gas sales		
Crude oil	43,156	213,259
Natural gas liquids	174,953	211,452
Natural gas	83,531	228,058
Oil and gas sales	301,640	652,769
Royalties	(40,086)	(69,560)
Oil and gas sales, net of royalties	261,554	583,209

14. FINANCING

The following table summarizes the significant components of the Company's financing expense, which is presented net of financing income in the Consolidated Statements of Net Income and Comprehensive Income:

(CA\$ thousands)	Year ended December 31	
	2024	2023
Interest and fees on debt	9,149	37,616
Financing cost of lease liabilities	1,791	2,380
Accretion of decommissioning obligations	2,288	2,759
Financing expense	13,228	42,755
Interest income	(7,673)	(23,715)
Financing expense	5,555	19,040

15. OTHER INCOME

The following table summarizes the significant components of the Company's other income presented in the Consolidated Statements of Net Income and Comprehensive Income:

(CA\$ thousands)	Year ended December 31	
	2024	2023
Government grant (note 9) ⁽¹⁾	-	3,098
Other income (expense)	2,673	(320)
Other income	2,673	2,778

(1) Government grant relates to funding earned through the Alberta provincial government Site Rehabilitation Program for certain abandonment and reclamation projects completed during the year ended December 31, 2023 (see note 9).

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

16. SUPPLEMENTAL CASH FLOW INFORMATION

(CA\$ thousands)	Year ended December 31	
	2024	2023
Accounts receivable	3,525	89,738
Prepaid expenses and deposits	1,587	(3)
Other current assets	-	2,340
Accounts payable and accrued liabilities	(7,269)	(90,590)
Non-cash working capital disposed	(74)	7,634
Foreign exchange	(2)	(146)
Change in non-cash working capital ⁽¹⁾	(2,233)	8,973
Relating to:		
Operating activities	(24)	59,195
Investing activities	(2,209)	(50,222)
Change in non-cash working capital	(2,233)	8,973
Cash payments in respect of:		
Interest and fees on debt	8,331	34,604

(1) Change in non-cash working capital excludes the impact of \$150.8 million and \$150.9 million of dividends declared, but not yet paid as at December 31, 2024 and December 31, 2023, respectively.

17. CAPITAL MANAGEMENT

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.

As at December 31, 2024, the Company's capital structure is comprised of adjusted working capital, debt and shareholders' equity. The significant components of the Company's capital structure are summarized below:

(CA\$ thousands)	December 31, 2024	December 31, 2023
Working capital deficit	31,249	28,400
Adjusted for current portion of:		
Derivative financial instrument assets	5,810	11,889
Derivative financial instrument liabilities	(143)	-
Lease liabilities	(9,721)	(9,469)
Adjusted Working Capital deficit ⁽¹⁾⁽²⁾	27,195	30,820
Long-term debt	120,912	44,476
Net Debt ⁽²⁾	148,107	75,296
Total shareholders' equity	471,427	429,717

(1) "Adjusted Working Capital" is calculated as current assets less current liabilities, excluding derivative financial instruments and lease liabilities. As at December 31, 2024 and December 31, 2023, Adjusted Working Capital 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.

(2) Adjusted Working Capital and Net Debt are not standardized measures and therefore may not be comparable with the calculation of similar measures by other entities. Spartan uses Adjusted Working Capital and Net Debt as capital management measures of the Company's financial position and liquidity.

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

Spartan's Adjusted Working Capital deficit of \$27.2 million at December 31, 2024 decreased from the Adjusted Working Capital deficit of \$30.8 million at December 31, 2023. The capital intensive nature of Spartan's operations may create working capital fluctuations during periods with varying levels of capital investment, however the Company maintains sufficient unused bank credit lines to satisfy working capital deficiencies when they occur. The Company has sufficient liquidity for the next 12 months to meet working capital requirements with the current cash balances of \$151.7 million (including restricted cash), future cash flow from operations, the Prospectus Offering (defined herein, note 20) and access to the remaining undrawn balance on the Credit Facility (note 10), all of which are expected to meet the Company's financial obligations (including the dividends payable).

During the year ended December 31, 2024, the Company's primary sources of funds were \$174.1 million of cash provided by operating activities, supplemented by \$76.4 million of advances, net of costs on the Credit Facility. Spartan used its cash provided by operating activities and the Credit Facility to fund the Company's exploration and development capital expenditures of \$161.9 million, \$76.5 million of acquisitions and \$9.5 million for lease principal payments and a change of \$2.2 million of non-cash working capital in investing activities.

The Company monitors its capital structure and short-term financing requirements using a "Net Debt to Annualized AFF Ratio", which is calculated by Spartan as the Company's Net Debt (calculated above) relative to its "Annualized Adjusted Funds Flow" (calculated below). The reader is cautioned that "Net Debt" and "Adjusted Funds Flow" do not have standardized meanings under IFRS Accounting Standards may not be directly comparable to measures of other companies where similar terminology is used. Spartan calculates "Adjusted Funds Flow" by deducting lease payments and adding back transaction costs on acquisitions/dispositions and the change in non-cash working capital to cash provided by operating activities. Spartan utilizes Adjusted Funds Flow as a key performance measure in the Company's annual financial forecasts and public guidance because it reflects the net cash flow generated from routine business operations. Adjusted Funds Flow is reported net of cash lease payments in the year, therefore Spartan believes Adjusted Funds Flow is an appropriate metric to compare relative to its Net Debt which does not include lease liabilities. "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; management considers this annualized measure to be more representative of the Company's current financial position than a 12-month trailing measure. Management believes that the Net Debt to Annualized AFF 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.

Three months ended (CA\$ thousands)	December 31, 2024	December 31, 2023
Cash provided by operating activities	46,227	51,289
Change in non-cash operating working capital	6,662	7,238
Adjust for transaction costs	-	(500)
Deduct: lease payments	(2,420)	(2,305)
Adjusted Funds Flow for the quarter	50,469	55,722
Factor to Annualize	4	4
Annualized Adjusted Funds Flow ⁽¹⁾	201,876	222,888
Net Debt	148,107	75,296
Annualized Adjusted Funds Flow	201,876	222,888
Net Debt to Annualized AFF Ratio	0.7x	0.3x

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

As at December 31, 2024, Spartan had Net Debt of \$148.1 million, which is approximately 0.7 times the Company's Annualized Adjusted Funds Flow for the fourth quarter of 2024. Net Debt of \$148.1 million at December 31, 2024 increased from the prior year primarily as a result of acquisitions completed in 2024, partially offset by free funds flow.

The Company's existing capital resources are sufficient to satisfy its financial obligations for the next twelve months and Spartan is well positioned to execute on its short and longer term growth strategy. The Company's exploration and

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

development capital expenditures for 2025 are expected to be funded by a combination of cash provided by operating activities, the Prospectus Offering (defined herein, note 20) and may be supplemented by bank debt during periods of high capital investment.

As at December 31, 2024, the Company is not subject to any externally imposed capital requirements other than the standard business operating covenants under the amended and restated Credit Facility, to which Spartan is in full compliance (note 10).

18. COMMITMENTS AND CONTINGENCIES

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

<i>(CA\$ thousands)</i>	2025	2026	2027	2028	2029	Thereafter
Gas transportation ⁽¹⁾	9,247	8,797	4,603	3,936	1,349	12
Liquids transportation ⁽²⁾	4,165	1,339	-	-	-	-
Capital commitment ⁽³⁾	750	-	-	-	-	-
Total commitments ⁽⁴⁾	14,162	10,136	4,603	3,936	1,349	12

(1) Spartan has firm transportation commitments on natural gas pipelines in Alberta until April 2030.

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

(3) Capital commitment relates to future purchase of seismic data.

(4) The commitments table does not include lease liabilities. A contractual maturity of the Company's financial liabilities and undiscounted lease payments is provided in note 4(b).

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 these Financial Statements, the Company has no material litigation or claims outstanding that have not already been reflected in these Financial Statements.

19. RELATED PARTY DISCLOSURES

a) Inter-corporate relationships

As at December 31, 2024 and 2023, Spartan had no subsidiaries. During the third quarter of 2023, Spartan had one wholly owned subsidiary: Logan Energy Corp. and it ceased to be a subsidiary on July 6, 2023. Spartan previously had a second subsidiary, Inception General Partner Inc., however, it was disposed of through the Asset Sale on May 10, 2023. Transactions between Spartan and its subsidiaries were eliminated on consolidation.

b) Related party transactions

During the year ended December 31, 2024, the Company incurred \$0.9 million of legal fees to a law firm where the corporate secretary of the Company is a partner (year ended December 31, 2023 – \$3.9 million), with the fees primarily relating to ongoing legal support. Approximately \$0.2 million of legal fees are included in the balance of accounts payable and accrued liabilities as at December 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 provided certain administrative services to Logan and Logan

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

provided certain administrative services to Spartan. These services were billed based on time incurred and included as part of G&A expenses.

Logan was classified as a related party up to July 6, 2023, at which time 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.

c) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of a company. The Company defines its key management personnel as its officers, Board of Directors and corporate secretary.

The following table summarizes compensation paid or payable to key management personnel during the years ended December 31, 2024 and 2023:

(CA\$ thousands)	Year ended December 31	
	2024	2023
Salaries and benefits	3,917	7,390
Directors fees	385	258
Share-based compensation ⁽¹⁾⁽²⁾	3,178	9,335
Total key management compensation	7,480	16,983

(1) During 2024, key management personnel were granted 1,250,900 share awards and 1,083,800 stock options with an exercise price of \$3.16 per share.

(2) During 2023, key management personnel were granted 150,500 share awards and 97,800 stock options with an exercise price of \$4.32 per share.

20. SUBSEQUENT EVENTS

January 2025 Financing

On January 30, 2025, the Company completed a bought deal public offering for gross proceeds of \$97.8 million. The offering was underwritten by a syndicate of underwriters led by National Bank Financial Inc. by way of a short-form prospectus, pursuant to which the Company issued 25,589,800 common shares ("Common Shares") of Spartan at a price of \$3.82 per Common Share (the "Prospectus Offering"). Net proceeds of the Prospectus Offering are estimated to be approximately \$93.6 million after underwriting commissions and other expenses.

The net proceeds of the Prospectus Offering will be used to fund the Corporation's accelerated development program in the Duvernay and for general corporate purposes. The use of net proceeds of the Prospectus Offering by the Corporation is consistent with the Corporation's stated business objectives and strategic goals of the exploration for and development and acquisition of oil and natural gas reserves.

SPARTAN DELTA CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

Derivative Financial Instruments

Subsequent to December 31, 2024, Spartan entered into additional CA\$ WTI and AECO 7A swaps for 2025, 2026 and 2027. The table below summarizes average prices and notional volumes contracted under the Company's outstanding financial derivative contracts as of February 19, 2025:

Period	Crude Oil ⁽¹⁾		Natural Gas ⁽¹⁾	
	CA\$ WTI Swaps – Short ⁽²⁾		AECO 7A Swaps ⁽³⁾	
	Volume Bbl/d	CA\$/ Bbl	Volume GJ/d	CA\$/ GJ
Q1 2025	2,200	\$99.42	77,500	\$2.41
Q2 2025	2,500	\$100.17	78,750	\$2.09
Q3 2025	2,700	\$99.75	83,250	\$2.13
Q4 2025	2,700	\$99.75	88,935	\$2.26
Q1 2026	850	\$93.40	35,500	\$2.49
Q2 2026	850	\$93.40	31,000	\$2.56
Q3 2026	850	\$93.40	31,000	\$2.56
Q4 2026	850	\$93.40	31,663	\$2.72
Q1 2027	-	-	15,000	\$3.33

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

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

(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.

Uncertain Tax Positions

On February 14, 2025, the Company received a reassessment from the Canada Revenue Agency (the "CRA") for a former subsidiary that restricts the deductibility of non-capital losses relevant to the calculation of income taxes. The reassessment seeks to disallow the carry forward of approximately \$217.8 million of these non-capital losses under the Income Tax Act (Canada). Spartan remains confident in the appropriateness of its tax filing position and intends to vigorously defend it. As such, Spartan has not recognized any provision in its Financial Statements with respect to the reassessment.

Spartan intends to file a notice of objection for the CRA reassessment and, if necessary, subsequently file an appeal directly to the Tax Court of Canada. If Spartan is unsuccessful in this matter, then Spartan would derecognize the corresponding deferred tax asset resulting in an ending deferred tax liability position and shortening its tax horizon.