

Spartan Energy Corp.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months and years ended December 31, 2013 and 2012

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Spartan Energy Corp. ("Spartan", the "Company" or the "Corporation"), is dated March 19, 2014. The MD&A should be read in conjunction with the financial statements dated December 31, 2013. Spartan's Board of Directors reviewed and approved the December 31, 2013 financial statements and related MD&A on March 19, 2014. *Additional information about Spartan is available on SEDAR at www.sedar.com or on the Company's website at www.spartanenergy.ca*

IFRS - This MD&A and the financial statements and comparative information have been prepared in accordance with International Financial Reporting Standards ("IFRS").

NON-IFRS MEASURES - This MD&A provides certain financial measures that do not have a standardized meaning prescribed by IFRS. These non-IFRS financial measures may not be comparable to similar measures presented by other issuers. Cash flow from operations, operating netback and net debt are not recognized measures under IFRS. Management believes that in addition to net income (loss), cash flow from operations, operating netback and net debt are useful supplemental measures that demonstrate the Corporation's ability to generate the cash necessary to repay debt or fund future capital investment. Investors are cautioned, however, that these measures should not be construed as an alternative to net income (loss) determined in accordance with IFRS as an indication of Spartan's performance. Spartan's method of calculating these measures may differ from other companies and accordingly, they may not be comparable to measures used by other companies. Cash flow from operations is calculated by adjusting net income (loss) for other income, unrealized gains or losses on financial derivative instruments, accretion, share based compensation, impairment and depletion and depreciation. Operating netback is calculated based on oil and gas revenue less royalties and operating expenses. Net debt is the total of accounts receivable plus prepaids and deposits, less accounts payable plus bank debt.

BOE REFERENCE - Reference is made to barrels of oil equivalent ("BOE" or "boe"). BOE may be misleading, particularly if used in isolation. In accordance with National Instrument 51-101, a BOE conversion ratio of six mcf of natural gas to one bbl of oil has been used, which is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

READER ADVISORY REGARDING FORWARD LOOKING INFORMATION - Certain information set forth in this document, including management's assessment of Spartan's future plans and operations, contains forward-looking statements including: (i) forecasted capital expenditures and plans; (ii) exploration, drilling and development plans; (iii) prospects and drilling inventory and locations; (iv) anticipated production rates; (v) expected royalty rate; (vi) anticipated operating and service costs; (vii) financial strength; (viii) incremental development opportunities; (ix) total shareholder return; (x) growth prospects; (xi) sources of funding; (xii) decommissioning costs; (xiii) future crude oil and natural gas prices; (xiv) future drilling completion and tie-in of wells; and future acquisitions, which are provided to allow investors to better understand our business. Words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue", "budget", "outlook", "forecast" and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve significant risk and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, changes in general economic and market conditions and other risk factors. Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, management cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and the Corporation assumes no obligation except as required by law to update or review them to reflect new events or circumstances.

Forward-looking statements and other information contained herein concerning the oil and gas industry and the Corporation's general expectations concerning this industry are based on estimates prepared by management using data from publicly available industry sources as well as from reserve reports, market research and industry analysis and on assumptions based on data and knowledge of this industry which the Corporation believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Corporation is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.

Operations

In Q4 2013 the Company produced an average of 664 boe/d, comprised of 425 bbl/d of oil and 1,434 mcf/d of natural gas. Operating netbacks in Q4 2013 increased by 51% to \$33.03/boe as compared to \$21.86 in Q4 2012.

Financial

Cash flow from operations in Q4 2013 was \$0.88 million on revenues of \$3.2 million as compared to cash flow of \$0.99 million on revenues of \$3.4 million in Q4 2012.

On September 13, 2013 the Company completed a private placement of 2,166,667 common shares at a price of \$0.60/share for net proceeds of \$1,272,000.

On December 10, 2013 the Company issued 29,933,796 units at a price of \$0.60/unit for gross proceeds of \$17,960,277.

On December 24, 2013 the Company issued 3,787,917 units at a price of \$0.60/unit for gross proceeds of \$2,272,750.

On December 24, 2013 the Company issued 10,444,954 common shares at a price of \$0.60/share for gross proceeds of \$6,266,972.

Corporate Update

On January 13, 2014 the Company completed a private placement offering of 1,275,000 common shares at a price of \$1.96 per common shares for gross proceeds of \$2,499,000.

On January 14, 2014 the Company issued 38,265,500 special warrants at a price of \$1.96/warrant for gross proceeds of \$75,000,380. On January 28, 2014 a prospectus was filed to qualify the distribution of 38,265,500 common shares upon the deemed exercise of 38,265,500 special warrants.

In January, 2014 the Company announced that it would complete a rights offering to the shareholders of the Corporation. A total of 17,974,536 common shares are eligible to receive the rights. Pursuant to the rights offering each holder of common shares on January 29, 2014 will receive one right for every common share held. Every eight rights will entitle the holder to purchase one Common Share at a price of \$0.60 until rights expire on March 14, 2014.

On February 3, 2014 the Company closed the acquisition of certain oil and gas assets for consideration of \$32.5 million.

On February 18, 2018 the Company held a Special meeting of the shareholders to:

1. Pass an ordinary resolution to create a new stock option plan
2. Pass an ordinary resolution to approve the issuance of 2,307,500 stock options at \$2.40 per share.
3. Pass a special resolution to change the name of the Corporation to Spartan Energy Corp.
4. Pass a special resolution to consolidate the common share capital of the Corporation on a 1 for 4 basis.

On February 11, 2014 Spartan entered into a formal arrangement agreement with Renegade Petroleum Ltd. whereby Renegade shareholders will receive 0.5625 shares of Spartan for every share held. Renegade is holding a shareholder meeting on March 31, 2014 to ratify the arrangement. In order to ratify the arrangement two thirds of the shareholders voting at the meeting must vote in favor

Financial and Operating Summary

Three months ended December 31				
<i>Thousands - CDN\$</i>		2013	2012	% Change
Oil and gas revenue	\$	3,216	\$ 3,398	(5)
Cash flow from operations ⁽¹⁾		884	990	(11)
Per share - basic and diluted ⁽¹⁾		0.01	0.06	(83)
Comprehensive loss		(1,718)	(118)	1,356
Per share - basic and diluted		(0.07)	(0.01)	-
Total assets		50,237	32,784	53
Net surplus (debt) ⁽¹⁾		18,887	(12,602)	(250)
Capital expenditures	\$	417	\$ 1,947	(79)
Shares outstanding - end of period		62,141,203	15,559,869	299
Oil and NGLs (bbl/d)		425	415	2
Natural gas (mcf/d)		1,434	2,132	(33)
Total oil equivalent (boe/d @ 6:1)		664	770	(14)

Years ended December 31				
<i>Thousands - CDN\$</i>		2013	2012	% Change
Oil and gas revenue	\$	15,726	\$ 12,076	30
Cash flow from operations ⁽¹⁾		6,925	4,291	61
Per share - basic and diluted ⁽¹⁾		0.38	0.28	3
Comprehensive income (loss)		(1,767)	820	(315)
Per share - basic and diluted		(0.10)	0.05	-
Total assets		50,237	32,784	53
Net surplus (debt) ⁽¹⁾		18,887	(12,602)	(250)
Capital expenditures	\$	3,516	\$ 4,060	(13)
Shares outstanding - end of period		62,141,203	15,559,869	299
Oil and NGLs (bbl/d)		459	376	22
Natural gas (mcf/d)		2,046	2,121	(4)
Total oil equivalent (boe/d @ 6:1)		800	730	10

¹ Non IFRS measure

Earnings and Cash Flow Summary

<i>Three months ended December 31</i>	2013	<i>2012</i>	<i>% Change</i>	2013	<i>2012</i>	<i>% Change</i>
Thousands - CDN\$				(\$ / boe)	(\$ / boe)	
Oil and natural gas sales	3,216	3,398	(5)	52.64	47.95	10
Royalties	(544)	(773)	(30)	(8.90)	(10.95)	(19)
Revenue after royalties	2,672	2,625	2	43.74	37.00	18
Production and operating expenses	(654)	(1,073)	(39)	(10.71)	(15.14)	(29)
Operating cash flow ⁽¹⁾	2,018	1,552	30	33.03	21.86	51
Realized gain (loss) on financial derivative instruments	23	20	15	0.38	0.28	33
General & administrative expenses	(1,065)	(441)	141	(17.43)	(6.22)	180
Interest and other financing charges	(92)	(152)	(39)	(1.51)	(1.95)	(23)
Cash flow from operations ⁽¹⁾	884	979	(10)	14.47	13.97	4
Unrealized gain (loss) on financial derivative instruments	(36)	28	(229)	(0.59)	0.38	(255)
Other income	-	242	(100)	0.00	3.40	(100)
Share based compensation	(70)	241	129	(1.15)	3.40	(134)
Accretion	(17)	(11)	55	(0.28)	(0.16)	79
Impairment	(1,012)	(71)	(1,325)	(16.57)	(1.00)	100
Depletion and depreciation	(1,467)	(1,294)	13	(24.01)	(18.26)	32
Comprehensive income (loss)	(1,718)	114	(1,607)	(28.12)	1.75	(1711)
\$ Per Share – Basic	(0.07)	0.01				
\$ Per Share - Diluted	(0.07)	0.01				

<i>Years ended December 31</i>	2013	<i>2012</i>	<i>% Change</i>	2013	<i>2012</i>	<i>% Change</i>
Thousands - CDN\$				(\$ / boe)	(\$ / boe)	
Oil and natural gas sales	15,726	12,076	30	53.88	45.32	19
Royalties	(2,624)	(1,806)	45	(8.99)	(6.78)	33
Revenue after royalties	13,102	10,270	28	44.89	38.54	16
Production and operating expenses	(3,807)	(3,497)	9	(13.04)	(13.12)	(1)
Operating cash flow ⁽¹⁾	9,295	6,773	37	31.85	25.43	25
Realized gain (loss) on financial derivative instruments	162	(56)	(389)	0.56	(0.21)	(364)
General & administrative expenses	(2,036)	(1,866)	9	(6.98)	(7.00)	(0)
Interest and other financing charges	(496)	(560)	(11)	(1.70)	(2.10)	(19)
Cash flow from operations ⁽¹⁾	6,925	4,291	61	23.73	16.11	47
Unrealized gain (loss) on financial derivative instruments	(668)	1,202	(156)	(2.29)	4.51	(151)
Other income	-	624	(100)	0.00	2.34	(100)
Share based compensation	(70)	(121)	(42)	(0.24)	(0.45)	(100)
Accretion	(54)	(44)	23	(0.19)	(0.17)	12
Impairment	(2,255)	(71)	3076	(7.73)	(0.27)	100
Depletion and depreciation	(5,645)	(5,061)	12	(19.34)	(18.99)	2
Comprehensive income (loss)	(1,767)	820	(315)	(6.05)	3.08	(297)
\$ Per Share – Basic	(0.10)	0.05				
\$ Per Share - Diluted	(0.10)	0.05				

1 Non IFRS measure

Eight Quarter Analysis

Daily Production and Commodity Prices

<i>Three months ended</i>	2013		2013		2012		2012	
	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
Daily production								
Oil and NGLs (bbl/d)	425	495	462	452	415	437	341	330
Natural gas (mcf/d)	1,434	1,857	2,240	2,685	2,132	1,646	1,866	2,631
Oil equivalent (boe/d @ 6:1)	664	805	835	900	770	712	652	769
Realized commodity prices (\$CDN)								
Oil and NGLs (bbl)	\$69.03	\$90.99	\$79.93	\$70.54	\$71.65	\$72.77	\$68.88	\$77.25
Natural gas (mcf)	\$3.91	\$2.72	\$3.90	\$3.22	\$3.38	\$2.48	\$2.28	\$2.37
Oil equivalent (boe @ 6:1)	\$52.64	\$62.27	\$54.66	\$45.05	\$47.95	\$50.46	\$41.53	\$41.27

Oil and Natural Gas Revenue by Product

<i>Three months ended</i>	2013		2013		2012		2012	
	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
Thousands - CDN\$								
Oil and NGL revenue	2,700	4,145	3,358	2,870	2,736	2,929	2,135	2,295
Natural gas revenue	516	465	795	777	662	376	388	561
Total revenue	3,216	4,610	4,153	3,647	3,398	3,305	2,523	2,856
% Oil and NGLs	84%	90%	81%	79%	81%	89%	85%	80%
% Natural gas	16%	10%	19%	21%	19%	11%	15%	20%

Cash Flow from Operations

<i>Three months ended</i>	2013		2013		2012		2012	
	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
Thousands - CDN\$								
Oil and natural gas sales	3,216	4,610	4,153	3,647	3,393	3,305	2,523	2,856
Royalties	(544)	(844)	(717)	(518)	(773)	(411)	(348)	(276)
Revenue after royalties	2,672	3,766	3,436	3,129	2,620	2,894	2,175	2,580
Production and operating expenses	(654)	(900)	(1,132)	(1,021)	(1,073)	(778)	(827)	(912)
Operating cash flow	2,018	2,866	2,304	2,108	1,547	2,116	1,348	1,668
Realized gain (loss) on financial derivative instruments	23	(110)	116	132	20	42	(19)	(98)
General & administrative expenses	(1,065)	(231)	(443)	(298)	(441)	(464)	(660)	(208)
Interest and other financing charges	(92)	(131)	(131)	(140)	(97)	(131)	(157)	(134)
Cash flow from operations	884	2,394	1,846	1,802	989	1,563	512	1,228

(1) Non IFRS measure

Operating and Cash Flow Netbacks

	2013	2013	2013	2013	2012	2012	2012	2012
<i>Three months ended</i>	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
(\$/boe)								
Revenue	52.64	62.27	54.66	45.05	47.95	50.46	41.53	41.27
Royalties	(8.90)	(11.40)	(9.44)	(6.40)	(10.95)	(6.29)	(5.74)	(3.99)
Operating expenses	(10.71)	(12.16)	(14.90)	(12.61)	(15.14)	(11.85)	(13.62)	(13.18)
Operating netback	33.03	38.71	30.32	26.04	21.86	32.32	22.17	24.10
Realized gain (loss) on financial derivative instruments	0.38	(1.49)	1.53	1.63	0.28	0.64	(0.31)	(1.42)
General and administrative expenses	(17.43)	(3.12)	(5.83)	(3.68)	(6.22)	(7.10)	(10.87)	(3.01)
Interest expense	(1.51)	(1.77)	(1.72)	(1.73)	(1.95)	(2.00)	(2.58)	(1.94)
Cash flow netback	14.47	32.33	24.30	22.26	13.97	23.86	8.41	17.73

(1) Non IFRS measure

Daily Production and Commodity Prices

In the fourth quarter of 2013, total production decreased 14% to 664 boe per day as compared to 770 boe per day for the same period a year ago.

The Company drilled, completed and tied in two new oil wells in 2013 which offset natural declines in existing wells. Oil production increased 2% to 425 bbls per day in the fourth quarter of 2013 up from 415 bbls per day for the same period in 2012.

Natural gas production decreased by 33% to 1,434 mcf per day in the fourth quarter of 2013 compared to 2,132 mcf per day for the same period a year ago. The decrease in natural gas volumes is due to natural declines.

For the three months ended December 31, 2013, oil prices decreased 4% to \$69.03 per bbl compared to \$71.65 per bbl for the same period a year ago. For the three months ended December 31, 2013, natural gas prices increased 16% to \$3.91 per mcf, when compared to \$3.38 per mcf realized in the same period in 2012.

Three months ended December 31,	2013	2012	% Change
Daily production			
Oil and NGLs (bbl/d)	425	415	2
Natural gas (mcf/d)	1,434	2,132	(33)
Oil equivalent (boe/d @ 6:1)	664	770	(14)
Realized commodity prices (\$CDN)			
Oil and NGLs (bbl)	\$ 69.03	\$ 71.65	(4)
Natural gas (mcf)	3.91	3.38	16
Oil equivalent (boe @ 6:1)	\$ 52.64	\$ 47.95	10

For the year ended December 31, 2013 total production increased 10% to 800 boe per day when compared to 730 boe per day in 2012. Oil production increased 22% to 459 bbls per day in 2013 from 376 bbls per day in 2012. Natural gas production averaged 2,046 mcf per day in 2013 compared to 2,121 mcf per day in 2012.

For the year ended December 31, 2013, oil prices increased by 6% to \$78.11 per bbl compared to \$73.50 per bbl in 2012. For the year ended December 31, 2013, natural gas prices increased 38% to \$3.55 per mcf compared to \$2.57 per mcf in 2012.

Years ended December 31,	2013	2012	% Change
Daily production			
Oil and NGLs (bbl/d)	459	376	22
Natural gas (mcf/d)	2,046	2,121	(4)
Oil equivalent (boe/d @ 6:1)	800	730	10
Realized commodity prices (\$CDN)			
Oil and NGLs (bbl)	\$ 78.11	\$ 73.50	6
Natural gas (mcf)	3.55	2.57	38
Oil equivalent (boe @ 6:1)	\$ 53.88	\$ 45.32	19

Oil and Natural Gas Revenue by Product

Oil and NGLs revenue decreased by 1% in Q4 2013 as oil volumes increased by 2%, while oil prices decreased by 4% over the same period last year. The 22% decrease in natural gas revenues is due to a 16% increase in average price offset by a 33% decrease in gas volumes as compared to Q4 2012. Oil and NGLs revenue comprised 84% of total revenue in Q4 2013 as compared to 81% in 2012.

Three months ended December 31,	2013	2012	% Change
Oil and NGLs	\$ 2,700	\$ 2,736	(1)
Natural gas	516	662	(22)
Total revenue	\$ 3,216	\$ 3,398	(5)
% Oil and NGLs	84%	81%	
% Natural gas	16%	19%	

thousands – CDN\$

Oil and NGLs revenue increased by 30% in the year ended December 31, 2013 as oil volumes increased by 22% and oil prices increased by 6% over last year. The 33% increase in natural gas revenues is due to a 38% increase in average prices as compared to 2012. Oil and NGLs revenue comprised 83% of total revenue in the year ended December 31, 2013 as compared to 84% in 2012.

Years ended December 31,	2013	2012	% Change
Oil and NGLs	\$ 13,073	\$ 10,089	30
Natural gas	2,653	1,987	33
Total revenue	\$ 15,726	\$ 12,076	30
% Oil and NGLs	83%	84%	
% Natural gas	17%	16%	

thousands – CDN\$

Operating and Cash Flow Netbacks

The following tables highlight Spartan's operating and cash flow netbacks for the three months and years ended December 31, 2013.

In Q4 2013 operating netbacks increased by 51% as compared to Q4 2012 as a result of a 10% increase in revenue per boe, a 19% decrease in royalties per boe and a 29% decrease in operating expenses per boe.

In spite of the increase in operating netbacks, cash flow netbacks Q4 2013 only increased by 4% as compared to Q4 2012 as a result of a 180% increase in general and administrative expenses per boe. The increase was due to costs associated with the corporate reorganization completed in December, 2013. Bonuses of \$500,000 were paid to former officers and directors of the Company and \$200,000 was paid in financial advisory fees.

Three months ended December 31,	2013 (\$/boe)	2012 (\$/boe)	% Change
Revenue	52.64	47.95	10
Royalties	(8.90)	(10.95)	(19)
Operating expenses	(10.71)	(15.14)	(29)
Operating netback (1)	33.03	21.86	51
Realized gain (loss) on financial derivative instruments	0.38	0.28	33
General and administrative expenses	(17.43)	(6.22)	180
Interest expense	(1.51)	(1.95)	(24)
Cash flow net back (1)	14.47	13.97	4

(1) non-IFRS measure

For the year ended December 31, 2013 operating netbacks increased by 25% as compared to 2012 as a result of a 19% increase in revenue per boe, offset by a 33% increase in royalties per boe.

For the year ended December 31, 2013 cash flow netbacks per boe increased by 47% as compared to 2012 as a result of a 25% increase in operating netbacks per boe and a 19% decrease in interest expense per boe.

Years ended December 31,	2013 (\$/boe)	2012 (\$/boe)	% Change
Revenue	53.88	45.32	19
Royalties	(8.99)	(6.78)	33
Operating expenses	(13.04)	(13.12)	(1)
Operating netback (1)	31.85	25.42	25
Realized gain (loss) on financial derivative instruments	0.56	(0.21)	(364)
General and administrative expenses	(6.98)	(7.00)	0
Interest expense	(1.70)	(2.10)	(19)
Cash flow net back (1)	23.73	16.11	47

(1) non-IFRS measure

Oil and Natural Gas Revenue

Oil and natural gas revenue for the fourth quarter of 2013 decreased by 5% to \$3.2 million when compared to \$3.4 million in Q4 2012 due to a 14% decrease in total volumes offset by a 10% increase in average commodity prices.

Three months ended December 31,	2013	2012	% Change	2013 (\$ / boe)	2012 (\$ / boe)
Oil and natural gas revenue	\$ 3,216	\$ 3,393	(5)	52.64	47.95
thousands – CDN\$					

Oil and natural gas revenue for the years ended December 31, 2013 increased 30% to \$15.7 million when compared to \$12.1 million in 2012 due to a 10% increase in total volumes and a 19% increase in average commodity prices.

Years ended December 31,	2013	2012	% Change	2013 (\$ / boe)	2012 (\$ / boe)
Oil and natural gas revenue	\$ 15,726	\$ 12,076	30	53.88	45.32
thousands – CDN\$					

Royalties

For the three months ended December 31, 2013, royalties decreased by 30% to \$544,000 from \$773,000 for the same period a year ago, due to lower royalty rates on the two new wells brought on in 2013.

Royalties per boe decreased 19% to \$8.90 compared to \$10.95 in the same period last year. Royalties as a percentage of revenues for the fourth quarter of 2013 decreased to 17% when compared to 23% for the same period in 2012.

Three months ended December 31,	2013	2012	% Change	2013 (\$ / boe)	2012 (\$ / boe)
Royalties	\$ 544	\$ 773	(30)	8.90	10.95
thousands – CDN\$					

For the year ended December 31, 2013, royalties increased by 142% to \$2.6 million from \$1.1 million in 2012. due to increased oil volumes and revenues. Royalties per boe increased 33% to \$8.99 compared to \$6.78 in 2012. Royalties as a percentage of revenues for the year ended December 31, 2013 increased to 17% when compared to 15% in 2012.

Years ended December 31,	2013	2012	% Change	2013 (\$ / boe)	2012 (\$ / boe)
Royalties	\$ 2,624	\$ 1,086	142	8.99	6.78

thousands – CDN\$

Production and Operating Expenses

For the three months ended December 31, 2013 operating expenses decreased by 39% to \$654,000 compared to \$1,073,000 for the same period a year ago due to field modifications and other cost savings measures made in late Q3 2013. A tank farm was installed to treat produced oil at the Company's battery thereby reducing trucking, treating and salt water disposal fees significantly.

On a per boe basis production and operating expenses decreased by 29% to \$10.71 per boe as compared to \$15.14 per boe for the same period in 2012. Production and operating expenses as a percentage of revenues the three months ended December 31, 2013 decreased to 20% when compared to 32% in 2012.

Three months ended December 31,	2013	2012	% Change	2013 (\$ / boe)	2012 (\$ / boe)
Production and operating expenses	\$ 654	\$ 1,073	(39)	10.71	15.14

thousands – CDN\$

For the year ended December 31, 2013 operating expenses increased 9% to \$3.8 compared to \$3.5 million for the same period a year ago. On a per boe basis 2013 production and operating expenses increased by 9% to \$13.62 per boe as compared to \$12.50 per boe in 2012. Production and operating expenses as a percentage of revenues the year ended December 31, 2013 decreased to 24% when compared to 29% in 2012.

Years ended December 31,	2013	2012	% Change	2013 (\$ / boe)	2012 (\$ / boe)
Production and operating expenses	\$ 3,807	\$ 3,497	9	13.04	13.12

thousands – CDN\$

Financial Derivative Instruments

The Company had the following financial derivative instrument contract in place at December 31, 2013:

Description	Total Quantity	Price	Remaining Term
AECO (CDN\$) - Swap	700 gj/day	CDN\$3.58	Jan 1, 2014 – Dec 31, 2014

The following table summarizes the realized and unrealized gains and losses on financial derivative instruments for the year ended December 31, 2013:

Year ended December 31	2013	2012
Realized gain (loss) on financial derivative instruments	\$162	(\$56)
Unrealized gain (loss) on financial derivative instruments	(668)	1,202
Gain (loss) on financial instruments	(\$506)	\$1,146

thousands – CDN\$

The total net mark to market value of the Company's contracts was (\$33,000) at December 31, 2013. This amount is classified as a current liability.

For the year ended December 31, 2013 the Company realized a gain of \$162,000 on its financial instruments.

A change of \$1/bbl in the price of WTI oil above \$104.94 CDN would result in a decrease in revenue of \$13,500 for the three months ended December 31, 2013 (December 31, 2012 – \$13,500).

An increase of \$1.00/bbl in the price of WTI oil above CDN\$100.08/Bbl would result in a decrease in revenue of \$9,000 for the three months ended December 31, 2013 (December 31, 2012 - \$nil).

A decrease of \$0.10/gj in the price of AECO gas below CDN\$3.00/gj would result in an increase in revenue of \$9,000 for the three months ended December 31, 2013 (December 31, 2012 - \$nil).

General & Administrative Expenses

In the three months ended December 31, 2013 general and administrative expenses increased by 141% due to costs associated with the corporate reorganization completed in December, 2013. Bonuses of \$500,000 were paid to former officers and directors of the Company and \$200,000 was paid in financial advisory fees.

Three months ended December 31,	2013	2012	% Change	2013	2012
				(\$ / boe)	(\$ / boe)
General & administrative expenses	\$ 1,064	\$ 441	141	17.43	6.22

thousands – CDN\$

General and administrative expenses, after overhead recoveries, increased 9% to \$2.0 million for the year ended December 31, 2013 from \$1.9 million in 2012.

Years ended December 31,	2013	2012	% Change	2013	2012
				(\$ / boe)	(\$ / boe)
General & administrative expenses	\$ 2,036	\$ 1,866	9	6.98	7.00

thousands – CDN\$

Finance expense

For the three months ended December 31, 2013, interest expense decreased to \$109,000 as compared to the \$149,000 in 2012. For the three months ended December 31, 2013, interest expense on a per boe basis decreased 23% to \$1.51 per boe compared to \$1.95 per boe in 2012.

Three months ended December 31,	2013	2012	% Change	2013 (\$ / boe)	2012 (\$ / boe)
Interest expense	\$ 93	\$ 152	(39)	1.51	1.95
Accretion	16	11	45	0.28	0.16
	\$ 109	\$ 163	(33)	1.79	2.11

thousands – CDN\$

For the year ended December 31, 2013, interest expense decreased by 13% to \$457,000 as compared to \$527,000 in 2012. Other financing charges increased by \$6,000 over the prior year due to increased bank renewal fees and development loan fees. For the years ended December 31, 2013, finance expense on a per boe basis decreased 17% to \$1.89 per boe compared to \$2.27 per boe in 2012.

Years ended December 31,	2013	2012	% Change	2013 (\$ / boe)	2012 (\$ / boe)
Interest expense	\$ 457	\$ 527	(13)	1.57	1.98
Other financing charges	39	33	18	0.13	0.12
Accretion	54	44	23	0.19	0.17
	\$ 550	\$ 604	(9)	1.89	2.27

thousands – CDN\$

Other Income

Other income is related to the premium on the issuance of flow-through shares in 2011. As the flow-through expenditures are incurred the premium liability is reversed and credited to other income. Upon the issuance of the flow-through shares a premium liability is set up with an offsetting reduction in share capital. All flow through funds were expended in 2012.

Three months ended December 31,	2013	2012	% Change	2013 (\$ / boe)	2012 (\$ / boe)
Other income	\$ -	\$ -	-	0.00	0.00

thousands – CDN\$

Years ended December 31,	2013	2012	% Change	2013 (\$ / boe)	2012 (\$ / boe)
Other income	\$ -	\$ 624	(100)	0.00	2.34

thousands – CDN\$

Share Based Compensation

On December 11, 2013 the Company issued 2,307,500 stock options. The options vest over three years (one-third on each of the first, second and third anniversary of the grant date). The options are exercisable at a price of \$2.40 per common share.

Three months ended December 31,	2013	2012	% Change	2013 (\$ / boe)	2012 (\$ / boe)
Share Based Compensation	\$ 70	\$ -	100	1.15	0.00

thousands – CDN\$

Years ended December 31,	2013	2012	% Change	2013 (\$ / boe)	2012 (\$ / boe)
Share Based Compensation	\$ 70	\$ 121	(43)	0.24	0.45

thousands – CDN\$

Depletion and Depreciation

Depletion and depreciation per boe in Q3 2013 was \$24.01 per boe as compared to \$18.26 per boe in Q3 2012.

Three months ended December 31,	2013	2012	% Change	2013 (\$ / boe)	2012 (\$ / boe)
Depletion and Depreciation	\$ 1,468	\$ 1,294	(13)	24.01	18.26

thousands – CDN\$

Depletion and depreciation per boe for the years ended December 31, 2013 was \$19.34 per boe as compared to \$18.99 per boe for the same period in 2012.

Years ended December 31,	2013	2012	% Change	2013 (\$ / boe)	2012 (\$ / boe)
Depletion and Depreciation	\$ 5,645	\$ 5,061	12	19.34	18.99

thousands – CDN\$

Cash Flow from Operations

For the three months ended December 31, 2013, Spartan had cash flow from operations to \$0.88 million (\$0.03 per share, basic and diluted) up from \$0.99 million (\$0.06 per share, basic and diluted) for the same

period in 2012.

Three months ended December 31	2013		2012
Net and comprehensive income for the period	\$	(1,718)	\$ (118)
Other income		-	(241)
Unrealized (gain) loss on financial derivative instruments		36	(28)
Accretion expense		16	11
Share based compensation expense		70	-
Impairment		1,012	71
Depletion and amortization		1,468	1,294
Cash flow from operations ⁽¹⁾	\$	884	\$ 989
Cash flow from operations per share - basic and diluted	\$	0.03	\$ 0.06

(1) non-IFRS measure
thousands – CDN\$

For the years ended December 31, 2013, Spartan experienced a 61% increase in cash flow from operations to \$6.9 million (\$0.38 per share, basic and diluted) up from \$4.3 million (\$0.28 per share, basic and diluted) for the same period in 2012, due to a 30% increase in oil and natural gas revenue and a 19% increase in average commodity prices.

Years ended December 31	2013		2012
Net and comprehensive income (loss) for the period	\$	(1,767)	\$ 820
Other income		-	(624)
Unrealized (gain) loss on financial derivative instruments		668	(1,202)
Accretion expense		54	44
Share based compensation expense		70	121
Impairment		2,255	71
Depletion and amortization		5,645	5,061
Cash flow from operations ⁽¹⁾	\$	6,925	\$ 4,291
Cash flow from operations per share - basic and diluted	\$	0.38	\$ 0.28

(1) non-IFRS measure
thousands – CDN\$

Exploration and evaluation assets (E&E) and Property plant and equipment assets (PP&E)

	E&E Assets		PP&E Assets		Total
Balance at December 31, 2011	\$	2,017	\$	41,228	\$ 43,245
Additions during the year		2,492		1,418	3,910
Transfer from E&E to PP&E		(2,162)		2,162	-
Impairment		-		(71)	(71)

	E&E Assets		PP&E Assets		Total
Change in decommissioning obligations	-		498		498
Balance at December 31, 2012	\$	2,347	\$	45,235	\$ 47,582
Additions during the year	19		3,497		3,516
Transfer from E&E to PP&E	(480)		480		-
Impairment	(1,563)		(692)		(2,255)
Change in decommissioning obligations	-		3,740		3,740
Balance at December 31, 2013	\$	323	\$	52,260	\$ 52,583

Depletion and depreciation:

Balance at December 31, 2011	-	11,573	11,573	
Depletion and depreciation for the year	-	5,061	5,061	
Balance at December 31, 2012	-	16,634	16,634	
Depletion and depreciation for the year	-	5,645	5,645	
Balance at December 31, 2013	\$	-	\$ 22,279	\$ 22,279

Net book value:

Balance at December 31, 2012	\$	2,347	\$	28,601	\$ 30,948
Balance at December 31, 2013	\$	323	\$	29,981	\$ 30,304

thousands – CDN\$

At December 31, 2013 the Company evaluated its E&E Assets for impairment and recorded an impairment of \$0.32 million related to the expiry of four sections of exploratory lands in the Alexander CGU.

At June 30, 2013 the Company evaluated its E&E Assets for impairment and recorded an impairment of \$1.24 million. The Goose River exploration property was written down to \$nil as the Company does not expect to incur any further expenditures on this property.

At December 31, 2013 the Company evaluated its PP&E Assets for impairment and recorded an impairment of \$0.69 million. The recoverable amount was determined using fair value less costs to sell based on discounted cash flows of proved plus probable reserves using forecast future prices and a discount rate of 10%. The Alexander CGU was written down to its recoverable amount based on the future value of cash flows less costs to sell.

At December 31, 2012 the Company evaluated its PP&E Assets for impairment and an impairment of \$71 was recorded. The recoverable amount was determined using fair value less costs to sell based on discounted cash flows of proved plus probable reserves using forecast future prices and a discount rate of 10%. The minor property CGU was written down to its recoverable amount based on the future value of cash flows less costs to sell. The impairment indicator was triggered by negative reserve value.

At December 31, 2013 estimated future costs to develop the proved plus probable reserves of \$4.3 million (December 31, 2012 - \$3.8 million) were added to property, plant and equipment for depletion and depreciation purposes.

The Company drilled, completed and tied-in 2 (1.73 net) oil wells in the Years ended December 31, 2013.

Capital expenditures for the three months and years ended December 31, 2013 are summarized in the following table:

Area	Description	Three months ended December 31, 2013	Year ended December 31, 2013
Spartan, Alberta	Drill and complete	\$ 218	\$ 1,920
	Equip and tie-in	200	1,373
	Land and lease	-	80
	Geological & geophysical	-	44
	Other	-	99
Total		\$ 418	\$ 3,516

thousands – CDN\$

Liquidity and Financial Condition

As at December 31, 2013, surplus (bank debt) including working capital net surplus (debt) excluding financial derivative instruments was \$18.9 million as compared to (\$12.0) million at December 31, 2012.

At December 31, 2013 the Company had a credit facility of \$13.25 million (December 31, 2012 - \$15.5 million) with a Canadian Chartered Bank consisting of: (A) a revolving operating demand loan with a maximum limit of \$11.0 million (December 31, 2012 - \$12.0 million) and (B) a non-revolving acquisition/development demand loan that provides an additional \$2.25 million (December 31, 2012 - \$3.5 million) of financing subject to bank approval. Interest is at prime plus 2.0% per annum for Facility A and prime plus 3.25% per annum for Facility B. Spartan has the ability to borrow by way of Bankers Acceptances.

At December 31, 2013 the balance outstanding under Facility A was \$nil (December 31, 2012 - \$10.8 million) and the amount outstanding under Facility B was \$nil (December 31, 2012 - \$1.1 million).

Working Capital

	December 31, 2013	December 31, 2012
Cash	\$ 10,244	\$ -
Accounts receivable	1,084	1,137
Funds held in trust	8,540	-
Prepays and deposits	65	63
Accounts payable and accrued liabilities	(1,046)	(19,420)
Working capital surplus	\$ 18,887	\$ (220)

thousands – CDN\$

Net Surplus (Debt)

	December 31, 2013	December 31, 2012

Bank debt	\$	-	\$	(11,920)
Net surplus (debt)		18,887		(12,140)
Shareholder's Equity	\$	42,645	\$	16,184

thousands – CDN\$

Decommissioning Obligations

The Company drilled, completed and tied-in two new oil wells in 2013.

	December 31, 2013	December 31, 2012
Decommissioning obligation	\$ 6,593	\$ 2,798

thousands – CDN\$

A reconciliation of the decommissioning obligations is provided below:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Balance, beginning of year	\$ 2,798	\$ 2,407
Additions	105	97
Change in estimate	3,794	407
Change in discount rate	(158)	(7)
Liabilities settled	-	(150)
Accretion	54	44
Balance, end of year	<u>\$ 6,593</u>	<u>\$ 2,798</u>

Assumptions:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Discount rate	1.00 - 2.77%	0.93 - 2.77%
Inflation rate	2.3%	2.3%

The Company has estimated the net present value of its total decommissioning obligations to be \$6.6 million as at December 31, 2013 (December 31, 2012 - \$2.8 million) based on a total undiscounted liability of \$7.6 million (December 31, 2012 - \$3.0 million). At December 31, 2013 management estimates that these payments are expected to be made over the next 12 years with the majority of these payments to be made in 2021.

Share Capital

On September 13, 2013 the Company issued 2,166,667 common shares to management and directors for gross proceeds of \$1,300,000. Share issuance costs totalled \$27,370.

On December 10, 2013 the Company closed the first tranche of a two tranche private placement by issuing 29,933,796 units ("Units") for gross proceeds of \$17.96 million to the new management group of the Company and their designates. Each Unit consisted of one common share of the Company and one share purchase warrant ("Warrant"). Each Warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.80 for a period of five years. The Warrants vest and become exercisable as to one-third upon the 20-day weighted average trading price of the common shares equaling or exceeding \$1.20, an

additional one-third upon the price equaling or exceeding \$1.60 and a final one-third upon the price equaling or exceeding \$2.00. The warrants were assigned a value of \$12.8 million (note 12).

On December 24, 2013 the Company closed the second tranche by issuing 3,787,917 Units for gross proceeds of \$2.72 million to the new management group of the Company and their designates. Each Unit consisted of one common share of the Company and one share purchase warrant. Each Warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.80 for a period of five years. The Warrants vest and become exercisable as to one-third upon the 20-day weighted average trading price of the common shares equaling or exceeding \$1.20, an additional one-third upon the price equaling or exceeding \$1.60 and a final one-third upon the price equaling or exceeding \$2.00. The warrants were assigned a value of \$1.6 million (note 12). Share issuance costs on the two tranches of private placements totaled \$83,925.

	December 31, 2013		December 31, 2012	
	No. of Shares	Amount	No. of Shares	Amount
Common Shares	62,141,203	\$ 38,999	15,559,689	\$ 25,054

thousands – CDN\$ - except shares

At March 19, 2014 the Company had 103,835,335 common shares outstanding.

Warrants

	December 31, 2013		December 31, 2012	
	No. of Warrants	Amount	No. of Warrants	Amount
Warrants	33,721,713	\$ 14,400	-	\$ -

Off-Balance Sheet Arrangements

The Corporation does not have any off-balance sheet arrangements.

Subsequent Events

On January 13, 2014 the Company completed a private placement offering of 1,275,000 common shares at a price of \$1.96 per common shares for proceeds of \$2,499,000.

On January 14, 2014 the Company issued 38,265,500 special warrants at a price of \$1.96 per warrant for gross proceeds of \$75,000,380. On January 28, 2014 a prospectus was filed to qualify the distribution of 38,265,500 common shares upon the deemed exercise of 38,265,500 special warrants. Share issuance costs totaled \$3.8 million for the issuance of the special warrants.

On February 3, 2014 the Company closed the acquisition from a third party of certain oil and gas properties in Saskatchewan for consideration of \$32.5 million.

In conjunction with the recapitalization transaction discussed in note 10, on February 18, 2014, the Company

changed its name to Spartan Energy Corp. and consolidated its shares on a 4:1 basis. Also, the shareholders approved a new stock option plan and the Company granted 2,307,500 stock options. The options vest over three years (one-third on each of the first, second and third anniversary of the grant date). The options are exercisable at a price of \$2.40 per common share.

On February 11, 2014 Spartan entered into a formal arrangement agreement with Renegade Petroleum Ltd. whereby Renegade shareholders will receive 0.5625 shares of Spartan for every share held. Renegade is holding a shareholder meeting on March 31, 2014 to ratify the arrangement. In order to ratify the arrangement two thirds of the shareholders voting at the meeting must vote in favor.

On March 19, 2014, the Company closed a rights offering to the shareholders of the Company. Under the rights offering, holders of common shares subscribed for and purchased an aggregate of 2,153,633 common shares at a price of \$0.60 per share.

Historical Quarterly Information

	2013		2013		2013		2013	
	Q4		Q3		Q2		Q1	
Oil and Gas Revenue	\$	3,216	\$	4,610	\$	4,153	\$	3,647
Cash Flow from operations ¹		884		2,394		1,846		1,802
Cash Flow per share - basic		0.03		0.13		0.12		0.12
Comprehensive Income (Loss)		(1,718)		802		(873)		22
Comprehensive Income (Loss) per share - basic		(0.07)		0.05		(0.06)		0.00
Capital Expenditures		417		418		1,183		1,497
Total Assets		50,237		30,172		31,240		33,161
Net surplus (debt)		18,887		(8,385)		(11,633)		(12,297)
Shareholders' Equity	\$	42,565	\$	17,407	\$	15,333	\$	16,206
Shares outstanding (thousands)		62,141		17,727		15,560		15,560
Production (boe/d)		664		805		835		900
Oil and NGLs (bbl/day)		425		495		462		452
Natural gas (mcf/day)		1,434		1,857		2,240		2,685
		2012		2012		2012		2012
		Q4		Q3		Q2		Q1
Oil and Gas Revenue	\$	3,398	\$	3,305		2,523	\$	2,856
Cash Flow from operations ¹		990		1,563		512		1,228
Cash Flow per share - basic		0.06		0.10		0.03		0.08
Comprehensive Income (Loss)		(118)		123		926		(111)
Comprehensive Income (Loss) per share - basic		(0.01)		0.01		0.06		(0.01)
Capital Expenditures		1,947		511		756		846
Total Assets		32,784		32,179		32,781		32,321
Net debt		(12,602)		(11,644)		(12,696)		(12,451)
Shareholders' Equity	\$	16,184	\$	16,301		16,179	\$	15,219
Shares outstanding (thousands)		15,560		15,560		15,560		15,560
Production (boe/d)		770		712		652		769
Oil and NGLs (bbl/day)		415		437		341		330

Natural gas (mcf/day)	2,130	1,646	1,866	2,559
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thousands – CDN\$ - except per share amounts and production

¹ Non-IFRS measure

The surplus increased to \$18.9 million at December 31, 2013 as the Company completed a \$26.8 million in common share and unit financings in the three months ended December 31, 2013.

CRITICAL ACCOUNTING ESTIMATES

The financial statements have been prepared in accordance with IFRS. A summary of the significant accounting policies are presented in note 4 of the Notes to the Financial Statements. Certain Accounting policies are critical to understanding the financial condition and results of operations of Spartan.

- a) Proved and probable oil and natural gas reserves - Reserve estimates are based on engineering data, estimated future prices, expected future rates of production and the timing of future capital expenditures, all of which are subject to interpretation and uncertainty. Spartan expects that over time its reserve estimates will be revised either upward or downward depending upon the factors as stated above. These reserve estimates can have a significant impact on net income, as it is a key component in the calculation of depletion, depreciation and amortization, and also for the determination of potential asset impairments.
- b) Depreciation and depletion - property, plant and equipment is measured at cost less accumulated depreciation and depletion. Spartan's oil and natural gas properties are depleted using the unit-of-production method over proved and probable reserves for each cash-generating unit (CGU). The unit-of-production method takes into account capital expenditures incurred to date along with future development capital required to develop both proved and probable reserves
- c) Impairment - Spartan assesses its property, plant and equipment for impairment when events or circumstances indicate that the carrying value of its assets may not be recoverable. If any indication of impairment exists, Spartan performs an impairment test on the CGU which is the lowest level at which there are identifiable cash flows. The determination of fair value at the CGU level again requires the use of judgments and estimates that include quantities of reserves and future production, future commodity pricing, development costs, operating costs and royalty obligations. Any changes in these items may have an impact on the fair value of the assets.
- d) Decommissioning liabilities - Spartan estimates its decommissioning liabilities based upon existing laws, contracts or other policies. The estimated present value of the Company's decommissioning obligations are recognized as a liability in the three and Years in which they occur. The provision is calculated by discounting the expected future cash flows to settle the obligations at the risk-free interest rate. The liability is adjusted each reporting three and Years to reflect the passage of time, with accretion charged to net income, any other changes whether it be changes in interest rates or changes in estimated future cash flows are capitalized to property, plant and equipment.
- e) Income taxes - The determination of Spartan's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax liability may differ significantly from that estimated and recorded.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time specified by securities regulations and that information required to be disclosed is accumulated and communicated to management.

DESIGN OF INTERNAL CONTROLS OVER FINANCIAL REPORTING

Internal controls are processes designed and implemented by management to provide reasonable assurance regarding the reliability of the Corporation's financial reporting and the preparation of financial statements and other financial information for external purposes in accordance with International Financial Reporting Standards. For the three months and years ended December 31, 2013, the Chief Executive Officer and the Chief Financial Officer are responsible for and have designed internal controls over financial reporting, or caused them to be designed under their supervision. Management is aware that there is a lack of segregation of duties due to the small number of employees dealing with general, administrative and financial matters. However, management believes that at this time the potential benefits of adding employees to clearly segregate duties do not justify the costs associated with such increase.

Management has concluded that internal controls are adequately designed in this regard, considering the employees involved and the control procedures in place, including management and Audit Committee oversight. Occasionally, the Corporation requires outside assistance and advice on taxation, new accounting pronouncements and complex accounting and reporting issues, which is common with companies of a similar size. It should be noted, that a corporation's control system, no matter how well designed, can provide only reasonable, but not absolute, assurance of detecting, preventing and deterring errors or fraud. There have been no changes in internal controls from the prior period end.

BUSINESS RISKS

Spartan is exposed to risks inherent in the oil and gas business. Operationally, the Corporation faces risks associated with finding, developing and producing oil and gas reserves, such as the availability of rigs and inclement weather. The Corporation continues to follow strict exploration criteria on each prospect to ensure high profitability and rate of return on capital investment. Exploration risks are managed by hiring skilled technical staff and by concentrating exploration activity on areas in which Spartan has experience and expertise. Spartan operates most of its production, allowing the Corporation to manage costs, timing and sales of production. Estimates of economically recoverable reserves and the future net cash flow are based on factors such as commodity prices, projected production and future capital and operating costs. These estimates may differ from actual results. The Corporation has its reserves evaluated annually by an independent engineering firm. Spartan is also exposed to environmental risks and risks associated with the reliance upon relationships with partners. Spartan carries environmental liability, property, drilling and general liability insurance to mitigate its risks. The Corporation is also exposed to financial risks in the form of commodity prices, interest rates, the Canadian to U.S. dollar exchange rate and inflation.

NOTE: In this report all currency values are in Canadian dollars (unless otherwise noted). Figures, ratios and percentages in this MD&A may not add due to rounding.

ABBREVIATIONS

bbbl	barrel	M ³	cubic meters
bbbls	barrels	Mbbbls	thousands of barrels
bcf	billion cubic feet	mcf	thousand cubic feet
bhp	brake horsepower	mcf/d	thousand cubic feet per day
boe	barrel of oil equivalent (1 boe = 6 mcf)	MMbbbls	millions of barrels
bbbls/d	barrels per day	mmcf	million cubic feet
boe/d	barrels of oil equivalent per day	mmcf/d	million cubic feet per day
FNR	future net revenue	NGLs	natural gas liquids
GJ	gigajoule	NPV	net present value
GJs/d	gigajoules per day		

