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## **SPARTAN ENERGY CORP. ANNOUNCES FIRST QUARTER FINANCIAL AND OPERATING RESULTS, HIGHLIGHTED BY RECORD QUARTERLY PRODUCTION OF 9,683 BOE/D**

**CALGARY, ALBERTA (May 11, 2016) – Spartan Energy Corp.** ("Spartan" or the "Company") (TSX: SPE) is pleased to report its financial and operating results for the three months ended March 31, 2016. Selected financial and operational information is set out below and should be read in conjunction with Spartan's March 31, 2016 interim financial statements and the related management's discussion and analysis, which are available for review at [www.sedar.com](http://www.sedar.com) or on the Company's website at [www.spartanenergy.ca](http://www.spartanenergy.ca).

### **FIRST QUARTER FINANCIAL AND OPERATIONAL HIGHLIGHTS**

Spartan's highlights for the first quarter include:

- Averaged production of 9,683 boe/d, comprised of 94% oil and liquids, a 4% increase over the previous quarter.
- Drilled 15 (12.1 net) wells and completed and brought on production an additional 7 (5.9 net) wells in the quarter, with a 100% success rate.
- Our first quarter drilling program outperformed expectations, with initial 30 day production ("IP30") rates for our open-hole Mississippian wells exceeding our internal type curve by 52% and frac Midale wells exceeding type curve by 27%.
- Drilled the best well in Spartan's corporate history, which was drilled at our greater Winmore area and averaged 472 bbls/d for the first 30 days of production.
- Continued to deliver cost savings in the field, reducing the cost of our single leg horizontal wells to approximately \$650,000 per well. Our focus on cost reductions was also reflected in our quarterly production expenses of \$14.69, down 11% from the fourth quarter of 2015 and 22% from Q1 2015.
- Despite an extremely weak commodity price environment, generated quarterly funds flow from operations of \$8.6 million (\$0.03 per basic and diluted share).
- Completed a bought-deal equity financing of 39,938,375 common shares at a price of \$2.41 per common share for gross proceeds of approximately \$96.3 million.
- Maintained our balance sheet strength, with net debt at the end of the quarter of approximately \$3.1 million, representing 0.1x annualized first quarter cash flow, and available liquidity of approximately \$147 million.

## FINANCIAL RESULTS

(Cdn\$000s except per boe and per share amounts)	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Average daily production (boe/d)	9,683	9,402
Net realized oil and gas sales price (excluding derivatives) (\$/boe)	31.77	44.52
Production costs (\$/boe) <sup>(1)</sup>	14.69	18.82
Royalties (\$/boe) <sup>(2)</sup>	4.52	6.83
Operating netback (\$/boe) <sup>(3)</sup>	12.56	18.87
Net general and administrative expenses (\$/boe)	1.99	1.88
Interest expense (\$/boe)	0.79	1.01
Funds flow from operations <sup>(3)(4)</sup>	8,605	13,515
per share – basic	0.03	0.05
per share – diluted	0.03	0.05
Net loss	(12,881)	(11,883)
per share – basic	(0.05)	(0.04)
per share – diluted	(0.05)	(0.04)
Capital expenditures <sup>(5)</sup>	17,117	22,732
Net debt <sup>(3)</sup>	3,067	96,069
Bank Facility	150,000	250,000
Weighted average shares outstanding		
basic	272,115,357	264,263,475
diluted	293,372,724	284,899,154

(1) Including transportation costs.

(2) Royalties include Saskatchewan resource surcharge.

(3) Funds flow from operations, operating netback and net debt are non-IFRS measures. See “Non-IFRS Measures”.

(4) Excluding transaction costs.

(5) Excluding acquisitions.

## OPERATIONAL UPDATE

Spartan remained active in the field in the first quarter, drilling 10 (8.5 net) open hole Mississippian and 5 (3.6 net) frac Midale wells in southeast Saskatchewan with a 100% success rate. In addition, we completed and brought on production 7 (5.9 net) Viking wells that were drilled in the fourth quarter of 2015.

Our open-hole drilling program significantly outperformed internal expectations, delivering average IP30 rates of 164 bbls/d, approximately 52% above our internal budget. Our first quarter program was focused in our greater Queensdale and greater Winmore areas, which

account for over 57% of our 582 open-hole drilling locations, highlighting the repeatable upside of these core assets. During the quarter we drilled the best well in Spartan's corporate history in our greater Winmore area, which delivered an IP30 rate of 472 bbls/d and is the top producing open-hole Mississippian well drilled in Saskatchewan in 2016. Our successful drilling program delivered record production of 9,683 boe/d in the first quarter, representing 4% organic growth over the fourth quarter of 2015.

Spartan continued to aggressively pursue cost reductions in the first quarter to mitigate the impacts of depressed commodity prices. Drill, complete and equip costs for our open-hole wells were approximately \$650,000 in the first quarter, down over 10% from the fourth quarter of 2015. With these reduced costs, our open-hole wells continue to deliver superior economics in the current commodity price environment, with type wells on Crown land generating an internal rate of return of 243% at a WTI price of US\$44.61 for the life of the well.

We also realized significant operating cost savings in the first quarter, with costs down 11% from the fourth quarter to \$14.69 per boe. These cost savings were the result of increased volumes, service cost reductions and fewer workovers and well interventions due to low commodity prices impacting the economics of these projects. Spartan anticipates well servicing costs would return to normalized levels in the event of a recovery in commodity pricing resulting in economic returns for workover projects.

Spring break-up conditions have been relatively mild in southeast Saskatchewan and Spartan currently anticipates resuming drilling in the early part of June.

## **OUTLOOK**

With the volatility in commodity prices, Spartan continues to actively monitor our capital spending plans and forecasted cash flows. Our expenditures are largely discretionary and the flexibility of our capital plan provides the ability to allocate capital as warranted to preserve our balance sheet strength. Spartan intends to continue to assess commodity prices and service costs, and we intend to update our capital program later in the second quarter with a view to spending within cash flow in 2016.

We completed a bought-deal financing for gross proceeds of \$96.3 million in the first quarter, reducing our net debt at the end of the quarter to \$3.1 million and leaving our \$150 million credit facility largely undrawn. Spartan has remained disciplined in its evaluation of acquisitions to date, and we believe the prolonged commodity price slump will lead to quality acquisition opportunities during the remainder of 2016. Spartan remains uniquely positioned to succeed in the current environment, as our large inventory of highly economic drilling opportunities provides a platform for sustainable organic growth, while our strong balance sheet positions us to opportunistically pursue accretive acquisitions that will add long term value for our shareholders.

## FURTHER INFORMATION

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## READER ADVISORY

**BOE Disclosure.** *The term barrels of oil equivalent ("BOE") may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet per barrel (6mcf/bbl) of natural gas to barrels of oil equivalence is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All BOE conversions in the report are derived from converting gas to oil in the ratio mix of six thousand cubic feet of gas to one barrel of oil.*

**Forward Looking Statements.** *Certain information included in this press release constitutes forward-looking information under applicable securities legislation. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "project" or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking information in this press release may include, but is not limited to, planned drilling and completion activities, future production levels and the completion of asset acquisitions.*

*The forward-looking statements contained in this press release are based on certain key expectations and assumptions made by Spartan, including expectations and assumptions concerning the success of future drilling, development and completion activities, the performance of existing wells, the performance of new wells, the availability and performance of facilities and pipelines, the geological characteristics of Spartan's properties, the successful application of drilling, completion and seismic technology, prevailing weather and break-up conditions, commodity prices, royalty regimes and exchange rates, the application of regulatory and licensing requirements, the availability of capital, labour and services, the creditworthiness of industry partners and the ability to source and complete asset acquisitions.*

*Although Spartan believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Spartan can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), constraint in the availability of services, commodity price and exchange rate fluctuations, adverse weather or break-up conditions and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. These and other risks are set out in more detail in Spartan's Annual Information Form for the year ended December 31, 2015.*

*Forward-looking information is based on a number of factors and assumptions which have been used to develop such information but which may prove to be incorrect. Although Spartan believes that the expectations reflected in its forward-looking information are reasonable, undue reliance should not be placed on forward-looking information because Spartan can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this press release, assumptions have been made regarding and are implicit in, among other things, the timely receipt of any required regulatory approvals (including Court and shareholder approvals) and the satisfaction of all conditions to the completion of the transaction. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used.*

*The forward-looking information contained in this press release is made as of the date hereof and Spartan undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless required by applicable securities laws. The forward looking information contained in this press release is expressly qualified by this cautionary statement.*

**Non-IFRS Measures.** *This press release 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. Funds flow from operations, operating netback and net surplus (debt) are not recognized measures under IFRS. Management believes that in addition to net income (loss), funds flow from operations, operating netback and net surplus (debt) are useful supplemental measures that demonstrate the Company'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, transaction costs, 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 surplus (debt) is the total of cash plus accounts receivable, prepaids and deposits, less accounts payable plus bank debt.*