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# SPARTAN ENERGY CORP. ANNOUNCES SECOND QUARTER FINANCIAL RESULTS AND CONSOLIDATING SOUTHEAST SASKATCHEWAN ASSET ACQUISITIONS

**CALGARY, ALBERTA (August 14, 2014) – Spartan Energy Corp.** ("Spartan" or the "Company") (TSX: SPE) is pleased to report its financial and operating results for the three and six months ended June 30, 2014. Spartan also announces the completion of additional asset acquisitions in southeast Saskatchewan of approximately 130 barrels of oil equivalent per day ("**boe/d**") and 10 net sections of land for gross consideration of $15.4 million.

Selected financial and operational information is set out below and should be read in conjunction with Spartan's June 30, 2014 annual financial statements and the related management's discussion and analysis, which are available for review at www.sedar.com or on the Company's website at www.spartanenergy.ca.

## SECOND QUARTER HIGHLIGHTS

Spartan completed the acquisition of Renegade Petroleum Ltd. ("**Renegade**") on March 31, 2014 and the second quarter of 2014 includes the operations of Renegade. Spartan's highlights for the second quarter include:

- Averaged production of 6,396 boe/d, comprised of 93% oil and liquids.
- Reduced production costs (including transportation) to $18.23 per boe and net general and administrative expenses to $3.11 per boe, yielding an operating netback of $47.12 per boe and a corporate netback of $41.86 per boe.
- Achieved funds flow from operations of $24.4 million, representing $0.11 per basic share and $0.09 per diluted share.
- Completed a prospectus offering of 39,870,000 common shares at a price of $3.75 per share for gross proceeds of $149.5 million.
- Executed agreements to acquire assets in southeast Saskatchewan producing approximately 1,150 boe/d for gross proceeds of approximately $115 million. The acquisitions were closed early in the third quarter of 2014.
- Maintained a strong balance sheet, with net debt at the end of the quarter of approximately $59 million, pro forma the completion of the asset acquisitions.

**FINANCIAL AND OPERATIONAL RESULTS**

| (Cdn$000s except per boe and per share amounts) | Three Months Ended June 30, 2014 | Six Months Ended June 30, 2014 |
|---|---|---|
| Average daily production (boe/d) | 6,396 | 3,638 |
| Petroleum and natural gas revenue ($/boe) | 94.59 | 92.49 |
| Realized hedging losses ($/boe) | (12.49) | (11.22) |
| Realized oil and gas sales price ($/boe) | 82.10 | 81.27 |
| Production costs ($/boe)(1) | 18.23 | 17.90 |
| Royalties ($/boe)(2) | 16.75 | 16.54 |
| Operating netback ($/boe)(3) | 47.12 | 46.83 |
| Funds flow from operations(3)(4) | 24,371 | 27,466 |
| per share – basic | 0.11 | 0.17 |
| per share – diluted | 0.09 | 0.10 |
| Net income | 1,357 | 16,357 |
| per share – basic | 0.01 | 0.10 |
| per share – diluted | 0.01 | 0.09 |
| Capital expenditures(5) | 6,578 | 10,584 |
| Working capital surplus(6) | 56,406 | 56,406 |
| Bank Facility | 250,000 | 250,000 |

(1) Including transportation costs.
(2) Royalties include Saskatchewan resource surcharge.
(3) Funds flow from operations and operating netback are non-IFRS measures. See "Non-IFRS Measures".
(4) Excluding transaction costs.
(5) Excluding acquisitions.
(6) Does not include the payment of the purchase price for the asset acquisitions which were completed following the end of the second quarter. Pro forma the completion of the acquisitions, the Company had net debt of $58.8 million.

Spartan delivered strong operating netbacks of $47.12 in the quarter, driven by a realized oil and liquids price of $99.23 per bbl, offset by realized hedging losses of $12.49 per boe. The Company's corporate netback was $41.86, generating funds flow from operations in the quarter of $24.4 million. Absent the impact of the hedges, which expire at the end of 2014, the Company had an operating netback in excess of $59 per boe in the quarter and cash flow of approximately $31.5 million.

At the time of the Renegade acquisition, one of the stated goals of the Spartan management team for the combined company was cost reduction. Towards this end, management is pleased to report that it has made headway in reducing both operating costs and general and administrative expenses. During the second quarter, the Company reduced operating costs (including transportation) to $18.23 per boe. This compares to operating costs of $20.24 per boe for Renegade in the second quarter of 2013 and $19.54 per boe for full year 2013. On the G&A side, costs fell to $3.11 per boe during the second quarter. This compares favourably to Renegade which reported G&A expenses of $6.99 for the second quarter of 2013 and $5.61 for full year 2013. These positive revisions to the Company's cost structure came despite the fact that overall volumes were lower in the second quarter than Renegade's 2013 production volumes as a result of certain asset dispositions by Renegade during the first quarter of this year (6,396 boe/d during the second quarter of 2014 compared to 7,111 boe/d for Renegade during the second quarter of 2013 and 7,443 boe/d during full year 2013).

**OPERATIONAL UPDATE**

The second quarter was quiet operationally due to the onset of break-up conditions in the field. The limited activity that the Company did budget for in southeast Saskatchewan during the second quarter was hampered by wet weather. The Company's development drilling program, which was expected to commence in early June, was delayed approximately two weeks by rain. In late June, wet weather caused flooding in parts of southeast Saskatchewan which further delayed the Company's drilling program and required Spartan to temporarily shut-in approximately 700 boe per day of production.

Despite these weather related challenges, the Company managed to drill 3 (2.5 net) development wells during the second quarter. All of these wells were awaiting completion at the end of the quarter. In addition, the Company drilled two vertical wells in southeast Saskatchewan testing an exploration play. One well has been abandoned and the other was cased for further evaluation.

Conditions improved in the later part of July and Spartan currently has two drilling rigs operating in southeast Saskatchewan. To date in the third quarter, we have brought 6 new wells on production with 2 wells additional wells completed and waiting to be brought on stream.

The Company intends to operate two rigs in the area through the remainder of 2014 and add a third rig later in the year. We also intend to activate an additional rig late in the third quarter to drill the remainder of our 2014 Viking drilling program.

**SOUTHEAST SASKATCHEWAN ASSET ACQUISITIONS**

Building on our second quarter acquisitions, which were closed in early July, the Company has continued to actively consolidate our asset base in the third quarter. We have completed two additional asset acquisitions and have entered into an agreement in respect of a third acquisition. Together, the acquired assets consist of approximately 130 boe/d of production and 10 net sections of land in southeast Saskatchewan for consideration of approximately $15.4 million. The acquisitions add approximately 6 net sections of land directly offsetting the Company's existing acreage in the Queensdale and Wordsworth areas, with 19 net identified drilling locations, as well as approximately 4 net sections of land in the Souris Flats area. In addition, we have identified 9 net locations that can now be drilled on our existing land base as a result of the acquisition of adjacent sections and facility infrastructure.

Together with the Company's previously announced Midale acquisition, these acquisitions further consolidate Spartan's core position in the Frobisher and Midale fairways in southeast Saskatchewan. In the Midale play, Spartan now has over 47 net sections of land, including 20 net sections in the Pinto area where offsetting wells have delivered IP30 rates exceeding 250 boe per day. Spartan has initially identified 75 net potential fracture stimulated drilling locations on our Midale acreage. In addition, the Company has numerous conventional open hole Midale locations across our land base.

**OUTLOOK**

In just six months, management has grown Spartan's production from 664 boe/d in the fourth quarter of 2013 to 6,396 boe/d in the second quarter of 2014. Spartan has also amassed a significant land base in southeast Saskatchewan with an extensive inventory of drilling locations that position the Company for future growth. With two drilling rigs now active in southeast Saskatchewan, we are focused on executing our capital program for the remainder of the year.

Although downtime and delays to our capital program experienced due to the rain and flooding in June and July are expected to impact average production levels in the third quarter, the Company remains positioned to meet its stated 2014 average production rate of 5,700 boe/d and exit production rate of 8,600 boe/d.

Spartan remains committed to delivering top quartile growth while maintaining manageable corporate declines. The Company's balance sheet remains strong with approximately $59 million of net debt at the end of the quarter against a credit facility of $250 million, providing flexibility to pursue additional per share growth through accretive acquisition opportunities.

**RESIGNATION OF OFFICER**

Spartan regretfully announces that Michelle Wiggins, Vice-President Finance and Chief Financial Officer of Spartan, has tendered her resignation to the Company to address certain health issues. In addition to her current role with the Company, Ms. Wiggins was a founder and officer of each of Spartan Oil Corp. and Spartan Exploration Ltd.

"On behalf of the Board and our employees, I would like to thank Michelle for her significant and lasting contributions. Michelle's leadership and experience have been invaluable to the Company," stated Richard McHardy, President and Chief Executive Officer. He continued, "We want to take this opportunity to wish Michelle a full and speedy recovery."

Ms. Wiggins will be replaced on an interim basis by Mr. Adam MacDonald. Mr. MacDonald is currently the Company's Controller and served as Controller of Renegade Petroleum Ltd. prior to its acquisition by Spartan.

**NEW CORPORATE PRESENTATION**

The Company announces that it has updated its corporate presentation, which is accessible on our website at www.spartanenergy.ca. The presentation includes updated maps reflecting recent acquisitions, including our Pinto Midale acquisition.

## 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 satisfaction of all conditions to the closing of the 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, 2013.*

*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.*