Suite 500, 850 – 2nd Street SW
Calgary, AB T2P 0R8
Canada

Ph.: (403) 355-8920
Fax: (403) 355-2779

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of Spartan Energy Corp. ("Spartan" or the "Company") was prepared on, and is dated as at May 14, 2014 *and is management's assessment of the Company's financial and operating results for the quarter ended March 31, 2014. This MD&A should be read in conjunction with the financial statements of the Company for the quarter ended March 31, 2014 with the notes related thereto and the audited financial statements and related notes for the period ended December 31, 2013. The interim financial statements were prepared under International Accounting Standard (IAS) 34 interim Financial Reporting as issued by the international Accounting Standards Board, which is within Part 1 of the Canadian Institute of Chartered Accountants handbook, which itself is within the framework of International Financial Reporting Standards (IFRS). . The results for the interim periods are not necessarily indicative of the results to be expected for any future period, or for the fiscal year ended December 31, 2014. Additional information on the financial statements, this MD&A and other factors that could affect the company's operations and financial results are included in reports, including the Company's Annual Information Form, on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).*

Read Advisories

Forward Looking Statements

Information provided here in contains estimates and assumption which management is required to make regarding future events and may constitute forward looking statements within the meaning of applicable securities laws. Management assessment of future plans, operations, drilling plans and timing thereof, other capital expenditures and timing thereof, methods of financing capital expenditures and the ability to fund financial liabilities, expected commodity prices and the impact on Spartan, the expected impact of the Alberta Royalty Framework and Transitional Royalty program, expected changes in royalty rates and the timing of and the impact of adoption of IFRS and other accounting policies may constitute forward-looking statements under applicable securities laws and necessarily involve risks including, without limitation risk associated with oil and gas exploration, development, exploitation, the flexibility of capital funding plans and the source of funding therefore; production, marketing and transportation, loss of markets, volatility of commodity prices, the effect of the Company's risk management program including currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions, the inability to fully realize the benefits of the acquisitions, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from included "and" sources.

Although the Company believes the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will be realized. The use of any of the words "anticipate", "believe", "continue", "estimate", "expect", "forecast", "may", "will", "project", "plan", "should", and similar expressions are intend to identify forward-looking information. These statements are subject to certain risk and uncertainties and may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. The risks associated with these forward-look statements include but are not limited, the following:

- *Fluctuations in natural gas, natural gas liquids and oil productions levels;*
- *Spartan's ability to successfully market its oil and natural gas products;*
- *Volatility in market prices for natural gas, natural gas liquids and oil;*
- *Changes in foreign currency exchange and interest rate;*
- *Uncertainties associated with estimating reserves;*
- *Competition for capital, assets acquisition, undeveloped lands and skilled personnel;*
- *Unexpected events that are inherent in the oil and gas industry such as geological and drilling problems, production, pipeline and mechanical failures;*
- *Well production and decline rates*
- *Success in the finding and development for reserves*
- *Changes in the general economic conditions in Western Canada, Canada, North America and Worldwide;*
- *The effects of weather and climate conditions*
- *The ability of Spartan to obtain financing on acceptable terms;*
- *Competitive actions taken by other companies*
- *Actions taken and polices created by governmental or regulatory authorities including changes to tax laws, incentive programs, royalty calculations and environmental regulations.*

Furthermore, the forward-looking statements contained in this MD&A are made as of the date of the MD&A. The company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws. The company's forward-looking statements are expressly qualified in their entirety by this cautionary statement.

Certain information regarding Spartan set forth in this report, including management's assessment of Spartan's future plans and operations, contains forward-looking statements that involve substantial known and unknown risks and uncertainties. These risks and uncertainties, many of which are beyond Spartan's control, include the impact of general economic conditions and specific industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, the lack of available qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. Spartan's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements, and accordingly, no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits Spartan can derive there from. Readers should be aware that historical results are not necessarily indicative of future performance.

Numerical Amounts

The reporting and the functional currency is the Canadian dollar.

Natural gas reserves and volumes are converted to barrels of oil equivalent (boe) on the basis of six thousand cubic feet (mcf) of gas to one barrel (bbl) of oil. Boe's may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf to 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Non-IFRS Measures

This Management, discussion and Analysis uses the terms "cash flow from operating activities" or "cash flow" or "funds flow", "netback" which are terms not recognized under IFRS. The Company uses these measures to analyze operating performance, leverage and liquidity.

The term "cash flow from operating activities" or "cash flow" or "funds flow"" or "Cash Flow before Working Capital Changes" which is expressed before changes in non-cash working capital, is used by the Company to analyze operating performance, leverage and liquidity. The company considers cash flow as a key performance measure as it demonstrates the Company's ability to generate funds necessary to repay debt and to fund future growth through capital investments. This term does not have any standardized meaning prescribed by IFRS and, therefore, might not be comparable with the calculation of a similar measure for other companies.

The term "netback", which is calculated as the average unit sales price, less royalties and operating expenses, represents the cash margin for every barrel of oil equivalent sold. The company considers this a key measure as it demonstrates its profitability relative to current commodity prices. This term does not have any standardized meaning prescribed by IFRS and, therefore, might not be comparable with the calculation of a similar measure for other companies.

Reporting entity

Spartan Energy Corp. ("Spartan", the "Company" or the "Corporation") is an Alberta incorporated TSX Venture exchange listed oil and natural gas exploration and production company whose business activities are focused in Western Canada and North Dakota, U.S. The interim consolidated financial statements of the Company as at and for the three months ended March 31, 2014 are comprised of the Company and its wholly-owned subsidiaries Renegade Petroleum (North Dakota) Ltd. and Petro Uno Resources Ltd. – North Dakota, which were incorporated under the laws of the State of North Dakota. The Company's head office address is Suite 500, 850 – 2nd Street SW, Calgary, Alberta T2P 0R8.

DETAILED FINANCIAL REVIEW

The following information is presented for the three month period ended March 31, 2014 compared to the three month period ended March 31, 2013.

Production

For the three month period ended March 31, 2014 and the three month period ended March 31, 2013 Spartan's average daily production volumes were as follows:

	Three months ended March 31,	
	2014	**2013**
Crude Oil (bbls/d)	649	452
Natural Gas (mcf/d)	1,120	2,685
Liquids (bbls/d)	14	-
Total (boe/d)	850	900

Production during the three month period ended March 31, 2014 was 850 boe/day as compared to the three month period ended March 31, 2013 of 900 boe/day. The production for the three months ended March 31, 2014 only includes two months of the Area 5 property acquisition which closed Feb 3, 2014.

Oil and Gas Sales / Gain on Acquisition

For the three month period ended March 31, 2014 and the three month period ended March 31, 2013, Spartan's oil and gas sales were as follows:

	Three months ended March 31,	
($thousands of dollars)	**2014**	**2013**
Crude Oil	5,091	2,870
Natural Gas	689	777
Liquids	71	-
Other	2	
Sales	5,853	3,647
Royalties	1,143	518
Revenue	4,710	3,129
Gain on acquisition	15,000	-

Revenue net of royalties for the three month period ended March 31, 2014 was $4.7 million as compared to the three month period ended March 31, 2013 sales of $3.1 million. Sales are impacted by production levels and volatility in commodity pricing. Production levels are impacted by decline rates and the Company's capital program. Commodity prices are affected by both domestic and international factors that are beyond the control of the Company. Spartan recorded a gain on acquisition of $15 million related to the Area 5 properties acquired during the three months ended March 31, 2014. This acquisition was accounted for as a business combination under the business combination method.

Royalties

	Three months ended March 31,	
($thousands of dollars, except per boe amounts)	**2014**	**2013**
Royalties	1,143	$518
Royalties on a per boe basis	14.95	$6.40
Royalties as a percentage of revenue	20%	14%

Royalties for the three month period ended March 31, 2014 were $1.1 million as compared to the three month ended March 31, 2013 royalties of $518 thousand. The average royalty rate for the period was approximately 20%, or approximately $14.95 on a per boe basis. The increase in royalties is due to wells coming off the Alberta royalty holiday.

Alberta/Saskatchewan

The new formula will be applied to all Alberta Crown production including production from existing wells effective January 1, 2011.

The above royalty changes have a positive impact on Spartan as follows:

- the majority of Spartan's drilling involves horizontal oil wells;
- Spartan's wells are typically in the range of +/- 3,000 metres;
- for wells between 2,500m-3,000m, they will now incur royalties at 5% for 24 months or 60,000 boe;
- for wells between 3,000m-3,500m, they will now incur royalties at 5% for 30 months or 70,000 boe;
- the estimated benefits are up to 20% net present value per well.

Saskatchewan Vertical Well Drilling Incentives:

Certain vertical wells qualify for a reduced royalty rate of 2.5% on a fixed volume of oil produced from the well

- Non deep exploratory 4,000 m3 (25.2 mbbls)
- Deep vertical development well 8,000 m3 (50.3 mbbls)
- Deep vertical exploratory well 16,000 m3 (100.6 mbbls)

Deep is producing from a zone deeper than 1700 m and within the Mississippian; exploratory is a well drilled more than 3 km from the nearest oil well.

Horizontal Well Drilling incentives:

All horizontal wells drilled qualify for a reduced royalty rate of 2.5% on a fixed volume of oil produced from the well

- Horizontal length must be a least 100M
- Non deep hz oil well 6,000 m3 (37.7 mbbls)
- Deep hz oil well 16,000 m3 (100 mbbls)

Deep is same as above.

Commodity Pricing

All of Spartan's crude oil was sold into the spot market during the three month period ended March 31, 2014 and the three month period ended March 31, 2013. Spartan received the following average commodity prices for its production.

	Three months ended March 31,	
	Three Months 2014	Three Month 2013
Oil ($/bbl)	87.18	70.55
Gas ($/mcf)	6.84	3.22
NGL's ($/bbl)	56.12	-

The following table summarizes the crude oil benchmark prices:

	Three months ended March 31,	
	Three Months 2014	Three Month 2013
Crude oil – WTI (US$ per bbl)	98.68	94.37
Crude oil – Edmonton Par Price (Cdn. $ per bbl)	99.82	86.09
Exchange rate (USD$/CAD$)	1.10	1.04

Commodity prices are affected by both domestic and international factors that are beyond the control of the Company. In addition, prices received for crude oil and NGLs are determined by the quality of the crude compared to a benchmark price for light, sweet oil. The price differential, which is highly seasonal, is typically highest in the winter months when demand for this type of crude oil is lower. Demand tends to increase through the summer months, as this quality of oil is used in the production of summer-related products such as gasoline, diesel fuel and asphalt. Consequently, the differential tends to narrow through the summer.

Financial Derivative Instruments

As at March 31, 2014, the Company had the following crude oil commodity contracts in place with multiple counterparties:

Period	Commodity	Contract	Quantity Contracted	Contract Price [1]
January 2014 – December 2014	Crude Oil	Swap	500 bbls/d	CAD $91.00/bbl
January 2014 – December 2014	Crude Oil	Swap	500 bbls/d	CAD $91.00/bbl
January 2014 – December 2014	Crude Oil	Swap	500 bbls/d	CAD $91.05/bbl
January 2014 – December 2014	Crude Oil	Swap	500 bbls/d	CAD $91.20/bbl
January 2014 – December 2014	Crude Oil	Swap	1,000 bbls/d	CAD $91.70/bbl
January 2014 – December 2014	Crude Oil	Swap	1,000 bbls/d	CAD $96.00/bbl

(1) NYMEX WTI monthly average converted to Canadian dollars.

The Company has the following financial derivative instrument contract in place at March 31, 2014:

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

The following table summarizes the realized and unrealized gains and losses on financial derivative instruments for the three months ended March 31,

Three months ended March 31	2014	2013
($thousands of dollars)		
Realized gain (loss) on financial derivative instruments	(119)	132
Unrealized gain (loss) on financial derivative instruments	(193)	(381)
Gain (loss) on financial instruments	(312)	(249)

The total net mark to market value of the Company's contracts was $193 thousand at March 31, 2014. This amount is classified as a current liability.

For the three months ended March 31, 2014 the Company realized a loss of $119 thousand on its financial instruments.

Fund Flow before Working Capital Changes and Net Income

Spartan generated fund flow from operations before working capital changes of $3.1 million for the three months ended March 31, 2014. Spartan recorded net income of $15 million for the three month period ended March 31, 2014.

	Three months ended March 31,	
($thousands of dollars, except per boe amounts)	**2014**	**2013**
Fund flow before working capital changes(1)	3,095	1,802
Fund flow before working capital changes on a per boe basis	40.45	21.76
Fund flow before working capital changes as a percentage of revenue	53%	48%
Net income	15,000	22

(1) 2014 excludes 2.9 million of transaction costs

Production cost

Production cost (including transportation costs) for the three month period ended March 31, 2014 was $1.2 million as compared to the three month period ended March 31, 2013 which were $1.0 million. Spartan believes that the production costs will continue to decrease as production increases.

	Three months ended March 31	
($thousands of dollars, except per boe amounts)	**Three Months 2014**	**Three Month 2013**
Production cost	1,176	1,021
Production cost on a per boe basis	15.38	12.61
Production cost as a percentage of revenue	20%	28%

Operating Netback

During the three month period ended March 31, 2014, Spartan received average operating netbacks of $47.89 per boe as set forth in the table below.

	Three months ended March 31	
	Three Months 2014	**Three Months 2013**
Oil and gas sales (including interest income)$/boe	78.22	45.05
Royalties$/boe	14.95	6.40
Production cost (including transportation costs)$/boe	15.38	12.61
Operating netback$/boe	47.89	26.04

General and Administrative Expenses

	Three months ended March 31	
($thousands of dollars, except per boe amounts)	**Three Months 2014**	**Three Months 2013**
G & A expenses (cash portion)	1,214	430
Overhead recoveries	(105)	(132)
Capitalized G&A	(688)	-
Total G&A as per Statement of Comprehensive Income	442	298
G&A expenses as per Statement of Comprehensive Income On a per boe basis	5.78	3.68
G&A expenses as per Statement of Comprehensive Income As a percentage of revenue	4.4%	8%

General and Administrative expenses as per Statement of Comprehensive Income for the three month period ended March 31, 2014 was $442 thousand as compared to the three month ended March 31, 2013 was $298 thousand. Spartan capitalized a portion of its G&A expenses that were directly related to geological and geophysical work performed to generate exploration prospects.

Interest Expense

	Three months ended March 31	
($thousands of dollars)	**Three Months 2014**	**Three Months 2013**
Interest expense	7	140

Interest expense for the three month period ended March 31, 2014 was $7 thousand as compared to $140 thousand for the three month period ended March 31, 2013. Interest costs relate to set up fees and monthly stand by fees associated with the Company's revolving line of credit.

Depletion and Depreciation

($thousands of dollars, except per boe amounts)	Three months ended March 31 **Three Months 2014**	**Three Months 2013**
Depletion and depreciation expense	1,681	1,389
D&D on a per boe basis	21.98	17.15

Depletion and depreciation expense for the three month period ended March 31, 2014 was $1.7 million and $21.98/boe.

Income taxes

As at March 31, 2014 the Corporation had approximately $625 million of tax pools and losses available to reduce future taxable income. Of these, $555 million were related to the Renegade acquisition.

($thousands of dollars)	Tax Pools as of March 31, 2014
COPGE	
CDE	238,066
CEE	120,402
FEDE	7,710
UCC	6
ECE	98,554
Share issuance costs	268
Tax losses	14,867
Total	144,792
	624,665

Capital expenditures

During the three month period ended March 31, 2014 Spartan's net capital expenditures were $36.5 million as follows:

($thousands of dollars)	**Three Months Ended March 31, 2014**	**Three Months Ended March 31, 2013**
Land/Seismic	-	84
Area 5	32,500	
Drilling and Completions	2,419	1,144
Equipment & Facilities	899	262
Other	688	7
Total net Capital Expenditures	**36,506**	**1,497**

Spartan drilled or participated in a total of 3 (2.67) net wells in Alberta during the first quarter of 2014.

Highlights for the Quarter

Below is summarized quarterly information for the last six quarters:

Quarterly Summaries ($thousands of dollars, except per boe amounts)	**March 31, 2014**	**December 31, 2013**	**September 30, 2013**	**June 30, 2013**
Production (boe/d)	850	664	805	835
Average prices realized ($boe/d)	76.52	52.64	62.27	54.66
Production Revenue before Royalties CDN$- thousands	5,853	3,216	4,610	4,153
Net Income CDN$- thousands	15,000	(1,718)	$802	(873)
Earnings per share (basic)	0.15	(0.07)	0.01	(0.01)
Fund flow CDN$- thousands	3,095	884	2,394	1,846
Fund Flow per share (basic)	0.03	0.1	0.04	0.03

Quarterly Summaries (dollar amounts are in thousands)	**March 31, 2013**	**December 31, 2012**	**September 30, 2012**	**June 30, 2012**
Production (boe/d)	900	770	712	652
Average prices realized ($boe/d)	45.05	47.95	50.46	41.53
Production Revenue before Royalties CDN$- thousands	3,647	3,398	3,305	2,523
Net Income CDN$- thousands	22	(118)	123	926
Earnings per share (basic)	-	-	-	0.01
Fund flow CDN$- thousands	1,802	$990	1,563	512
Fund Flow per share (basic)	0.03	0.02	0.03	0.01

"cash flow from operating activities" or "cash flow" or "funds flow", "netback" which are terms not recognized under IFRS

Highlights for the first quarter include:

- Raised $77.5 million through the completion of a private placement of 158.2 million shares (39.5 million post consolidation) at a price of $0.49 per share ($1.96 post-consolidation).
- Raised $1.3 million through the completion of a rights offering of 8.6 million shares (2.2 million post consolidation) at a price of $0.15 per share ($0.60 post-consolidation).
- Completed the acquisition of 370 boe/d of high quality, low decline crude oil production in southeast Saskatchewan for a total purchase price of $32.5 million.
- Completed the acquisition of Renegade Petroleum Ltd. ("Renegade"), consisting of approximately 5,200 boe/d (97% oil and liquids) of production at an estimated purchase price (including net debt) of $544 million.
- Changed the name of the Company to "Spartan Energy Corp." and effected a consolidation of the Corporation's outstanding share capital on a 1 for 4 basis.

Investment and Financing

The Corporation's objective when managing capital is to maintain a capital structure which allows the Company to execute its growth strategy through strategic acquisitions and expenditures on exploration and development activities, while maintaining a strong statement of financial position. The Company evaluates its ability to carry on business as a going concern on a quarterly basis. The Company considers its capital structure to include share capital and net debt (defined as current assets less current liabilities, excluding the fair value of derivative contracts). Spartan manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company's objective is met by retaining equity to guard against the possibility that cash flows from assets will not be sufficient to meet future cash flow requirements. In order to maintain or adjust the capital structure, the Company may adjust capital spending, issue new shares, issue new debt or repay existing debt to manage current and projected debt levels.

Spartan manages and monitors its capital structure and short-term financing requirements using the ratio of net debt to funds flow from operations. Funds flow from operations is calculated based on cash flows from operating activities before changes in non-cash working capital, transaction costs from acquisitions and decommissioning expenditures incurred. This metric is used to monitor the Company's overall debt position and monitor the strength of the Company's statement of financial position.

Spartan's total capitalization as at March 31, 2014 is as follows:

($ thousands)	**Amount**
Net debt (1)	107,429
Market capitalization (2)	710,551
Total capitalization as at March 31, 2014	**817,980**

(1) Excludes derivative contracts.
(2) As at March 31, 2014, the closing market price of Spartan Energy Corp. shares was $3.21 per share.

The Company is not subject to any externally imposed restrictions on capital.

Liquidity and Capital Resources

As at March 31, 2014 Spartan had 221,355,421 commons shares outstanding. As at March 31, 2014, the Company had available a $250 million (December 31, 2013 - $13.25 million) syndicated revolving demand credit facility with six Canadian chartered banks. The credit facility bears interest on a grid system which ranges from bank prime plus 1.0 percent to bank prime plus 4.5 percent depending on the Company's debt to EBITDA ratio (as defined by the lender) ranging from less than or equal to 1:1 to greater than 3.5:1. The amount of the facility is subject to a borrowing base test performed at least annually, primarily based on reserves, using commodity prices estimated by the lender, as well as other factors.

The credit facility provides that advances may be made by way of direct prime rate loans, USBR loans, LIBOR Loans, bankers' acceptances, letters of credit or letters of guarantee. The facility is secured by a $1.0 billion debenture and a general security agreement over all the petroleum and natural gas assets of the Company. As at March 31, 2014, the Company had $140.1 million drawn on the facility, excluding the letter of guarantee discussed below.

As at March 31, 2014, the Company had a letter of guarantee outstanding in the amount of $2.7 million (December 31, 2013 – $2.5 million) against the credit facility.

The next borrowing base review is scheduled to occur on or before June 30, 2014.

On an ongoing basis, Spartan will typically utilize three sources of funding to finance its capital expenditure program; internally generated cash flow from operations, debt where deemed appropriate and new equity issues if available on favourable terms. When financing corporate acquisitions, the Company may also assume certain future liabilities. In addition, the Company may adjust its capital expenditure program depending upon commodity price outlook.

The Company's investment selection process is based on risk analysis to ensure capital expenditures balance the objectives of immediate cash flow growth (development activity) and future cash flow from the discovery of reserves (exploration). This careful prospect selection process can yield consistent and efficient results. The Company focuses its activity in a small number of core areas and concentrates on play types with which management is familiar, allowing it to leverage off its experience and knowledge in these areas. The Company will consider the use of farmouts to minimize risk on plays it considers higher risk

DISCLOSURE AND INTERNAL CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Spartan's Chief Executive Officer and Chief Financial Officer have designed or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that: (i) material information relating to the Company is made known to the Company's Chief Executive Officer and Chief Financial Officer by others, particularly during the period in which the annual filings are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation. Such officers have evaluated, or caused to be evaluated under their supervision, the effectiveness of Spartan's disclosure controls and procedures at the financial year end of the Company and have concluded that the Company's disclosure controls and procedures are effective at September 30, 2012 for the foregoing purposes.

The Company's Chief Executive Officer and Chief Financial Officer have evaluated or caused to be evaluated under their supervision, the effectiveness of Spartan's internal controls over financial reporting ("ICFR") as of March 31, 2014 and have concluded that, as of March 31, 2014, the Company's ICFR are effective regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IAS34 and includes those policies and procedures that:

- Pertain to the maintenance of records with such reasonable detail that accurately and fairly reflects the transactions of the issuer;

- Provide reasonable assurance that transactions are recorded as necessary to permit the preparation of the financial statements in accordance with IAS34, and that the receipts and expenditures of the issuer are being made in accordance with the authorization of the management and directors of the Company; and

- Provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use or disposition of the issuer's assets that could have a material effect on the annual or interim financial statements.

  There have been no changes in the Company's internal control over financial reporting during the period beginning on January 1, 2014 and ended on March 31, 2014 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Risk Factors

Spartan is engaged in the exploration, development and production of crude oil and natural gas. There are a number of risks facing participants in the Canadian oil and gas industry. Some of the risks are common to all businesses while others are specific to the sector. Operationally, the Company faces risks that are associated with finding, developing, and producing oil and gas reserves. These include risks associated with drilling and completion, reservoir performance uncertainties, access to processing facilities, environmental factors, and regulatory, environment and safety concerns. Financial risks associated with the petroleum industry include fluctuations in commodity prices, interest rates, currency exchange rates, access to capital markets, and the cost of goods and services.

Spartan attempts to mitigate these risks by employing highly qualified people, utilizing sound operating and business practices, and evaluating all potential and existing wells using the latest applicable technology. Spartan complies with government regulations and has in place an up-to-date emergency response test. Environment and safety policies and standards are adhered to. Decommissioning liabilities are recognized upon acquisition, construction, development and/or normal use of the assets. Spartan maintains property and liability insurance coverage. The coverage provides a reasonable amount of protection from risk of loss; however, not all risks are foreseeable or insurable.

The following reviews the general and specific risks and includes Spartan's approach to managing these risks.

Exploration Risk – Oil and natural gas exploration involves a high degree of risk and there is no assurance that expenditures made on future exploration by the Company will result in new discoveries of oil or natural gas in commercial quantities. It is difficult to project the costs of implementing an exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as over pressured zones and tools lost in the hole, and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof.

In addition, oil and gas operations are subject to the risks of exploration, development and production of oil and natural gas properties, including encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, cratering, sour gas releases, fires and spills. Losses resulting from the occurrence of any of these risks could have a materially adverse effect on future results of operations, liquidity and financial condition.

Spartan attempts to minimize finding risk by ensuring that:

- the majority of its prospects have multi-zone potential;
- its activity is focused in core regions where management's expertise and experience is greatest;
- the number of wells drilled is large enough to increase the probability of statistical success rates;
- working interests are targeted at over 50 percent in new prospects; and
- geophysical techniques are utilized where appropriate.

Investment Risk Profile - The Company's investment selection process is based on risk analysis to ensure capital expenditures balance the objectives of immediate cash flow growth (development activity) and future cash flow from the discovery of reserves (exploration). This careful prospect selection process can yield consistent and efficient results. The Company focuses its activity in a small number of core areas and concentrates on play types with which management is familiar, allowing it to leverage off its experience and knowledge in these areas. The Company will consider the use of farmouts to minimize risk on plays it considers higher risk.

Production - Beyond exploration risk, there is the potential that the Company's oil and natural gas reserves may not be economically produced at prevailing prices. Spartan minimizes this risk by generating exploration prospects internally, targeting high quality products and attempting to operate the associated project. Operational control allows the Company to control costs, timing, method and sales of production. Production risk is also minimized by concentrating exploration efforts in regions where facilities and infrastructure are Spartan owned, or the Company can control the future development of new facilities and infrastructure.

Reserve Estimates - Estimates of economically recoverable oil and natural gas reserves (including natural gas liquids) and the future net cash flows there from are based upon a number of variable factors and assumptions, such as commodity prices, projected production from the properties, the assumed effects of regulation by government agencies and future operating costs. All of these estimates may vary from actual results. Estimates of the recoverable oil and natural gas reserves attributable to any particular group of properties, classifications of such reserves based on risk of recovery and estimates of future net revenues expected there from, may vary. The Company's actual production, revenues, taxes, development and operating expenditures with respect to its reserves may vary from such estimates, and such variances could be material.

Financial and Liquidity Risks

The Company anticipates that it will make substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. On an ongoing basis, Spartan will typically utilize three sources of funding to finance its capital expenditure program; internally generated cash flow from operations, debt where deemed appropriate and new equity issues if available on favourable terms.

Cash flow is influenced by factors, which the Company cannot control, such as commodity prices, the US/Cdn exchange rate, interest rates and changes to existing government regulations and tax policies. Should circumstances affect cash flow in a detrimental way, the Company may have limited ability to expend the capital necessary to undertake or complete future drilling programs. In such circumstances, Spartan would be required to either reduce the level of its capital expenditures or supplement its capital expenditure program with additional debt and/or equity financing. There can be no assurance that debt or equity financing will be available or sufficient to meet these requirements or, if debt or equity financing is available, that it will be on terms acceptable to the Company. Moreover, future activities may require the Company to alter its capitalization significantly. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's financial condition, results of operations or prospects.

Issuance of Debt

From time to time, the Company may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed partially or wholly with debt, which may increase the Company's debt levels above industry standards. Neither the Company's articles nor its by-laws limit the amount of indebtedness that the Company may incur. The level of the Company's indebtedness from time to time could impair the Company's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Environmental and Safety Risks

There are potential risks to the environment inherent in the business activities of the Company. Spartan has developed and implemented policies and procedures to mitigate environmental, health and safety (EH&S) risks. These policies and procedures are designed to protect and maintain the environment, and public and employee safety, with respect to all corporate operations on behalf of shareholders, employees and the public at large. The Company mitigates environmental and safety risks by maintaining its facilities, complying with all provincial and federal environmental and safety regulations and maintaining adequate insurance.

Inflation Risks

Inflation risks subject the Company to potential erosion of product netbacks. For example, increasing domestic prices for oil and natural gas production equipment and services can inflate the costs of operations.

Competitive Industry Conditions

The oil and gas industry is highly competitive. The Company's competitors for the acquisition, exploration, production and development of oil and natural gas properties, and for capital to finance such activities, include companies that have greater financial and personnel resources available to them than the Company.

The Company actively competes for reserve acquisitions, exploration leases, licences and concessions and skilled industry personnel with a substantial number of other oil and gas companies, many of which have significantly greater financial resources than the Company. The Company's competitors include major integrated oil and natural gas companies, income trusts and numerous other independent oil and natural gas companies and individual producers and operators.

The Company attempts to mitigate competitive risks through the pursuit of strategic farmins and the internal generation of its own exploration prospects. The goal of these efforts is to build a quality inventory of undeveloped lands and drillable prospects that can fuel future growth.

Supply of Service and Production Equipment

The supply of service and production equipment at competitive prices is critical to the ability to add reserves at a competitive cost and produce these reserves in an economic and timely fashion. In periods of increased activity these services and supplies can become difficult to obtain. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Company and may delay exploration and development activities. The Company attempts to mitigate this risk by developing strong long term relationships with suppliers and contractors and maintains an appropriate inventory of production equipment.

Prices, Markets and Marketing of Crude Oil and Natural Gas

Oil and natural gas are commodities whose prices are determined based on world demand, supply and other factors, all of which are beyond the control of the Company. World prices for oil and natural gas have fluctuated widely in recent years. Any material decline in prices could result in a reduction of net production revenue. Certain wells or other projects may become uneconomic as a result of a decline in world oil prices and natural gas prices, leading to a reduction in the volume of the Company's oil and gas reserves. The Company might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in the Company's future net production revenue, causing a reduction in its oil and gas acquisition and development activities. In addition, bank borrowings available to the Company are in part determined by the borrowing base of the Company. A sustained material decline in prices from historical average prices could limit or reduce the Company's borrowing base, therefore reducing the bank credit available to the Company, and could require that a portion of any existing bank debt of the Company be repaid.

In addition to establishing markets for its oil and natural gas, the Company must also successfully market its oil and natural gas to prospective buyers. The marketability and price of oil and natural gas, which may be acquired or discovered by the Company, will be affected by numerous factors beyond its control. The Company will be affected by the differential between the price paid by refiners for light quality oil and the grades of oil produced by the Company. The ability of the Company to market its natural gas may depend upon its ability to acquire space on pipelines, which deliver natural gas to commercial markets. The Company will also likely be affected by deliverability uncertainties related to the proximity of its reserves to pipelines and processing facilities and related to operational problems with such pipelines and facilities and extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business. The Company has limited direct experience in the marketing of oil and natural gas.

Risk Management

Spartan may, from time to time, enter into physical hedges or financial derivative instruments in order to manage its commodity price risk.

Outlook

Operations have been limited since late March due to spring break-up. Break-up conditions in southeast Saskatchewan are proceeding as anticipated and the Company expects to recommence drilling and completions operations in late May.

During 2014, the Company expects to spend a total of $66 million to drill 58 (53 net) wells. The focus of Spartan's remaining 2014 capital program will be on the Company's Mississippian assets in southeast Saskatchewan and, to a lesser extent, on the Company's Viking prospects in the Dodsland area of west central Saskatchewan. Spartan expects to drill up to 44 (40 net) horizontal wells in southeast Saskatchewan, including 35 wells targeting the Frobisher/Alida and 9 wells targeting the Midale. Spartan also anticipates spending an additional $8 million on land, seismic and facility expenditures.

Spartan's stated business plan is to focus on light oil opportunities in Western Canada, employing a targeted acquisition and consolidation strategy, complemented by development and exploration drilling. Our goal is to assemble a high quality asset base which exhibits strong cash flow netbacks, attractive capital efficiencies and manageable corporate declines.

As we progress through 2014 and into 2015, we anticipate that the development of our extensive inventory of drilling locations in Saskatchewan, with a focus on maintaining a sustainable corporate decline rate and improving capital efficiencies, will allow us to continue deliver growth in production and cash flow per share while spending less than cash flow.