Spartan Energy Corp.

Interim Consolidated Financial Statements

For the Three Months Ended March 31, 2016

(Unaudited – dollar amounts in thousands of Canadian, except as noted)

Spartan Energy Corp.
Consolidated Statements of Financial Position
(Unaudited - in thousands of Canadian dollars)

	March 31 2016	December 31 2015
Assets		
Current assets		
Cash and cash equivalents	**$ 29**	$ 43
Trade and other receivables	**16,123**	15,115
Prepaid expenses and deposits	**2,042**	1,894
	18,194	17,052
Non-current assets		
Exploration and evaluation assets (note 3)	**23,192**	24,006
Properties and equipment (note 4)	**757,386**	760,786
Deferred income tax asset (note 10)	**29,376**	23,752
Total Assets	**$ 828,148**	$ 825,596
Liabilities		
Current liabilities		
Trade and other liabilities	**$ 18,231**	$ 17,864
Flow through premium Liability (note 9)	**331**	331
Bank debt (note 5)	**3,030**	85,516
	21,592	103,711
Non-current liabilities		
Decommissioning liabilities (note 6)	**114,298**	110,910
Total Liabilities	**135,890**	214,621
Equity		
Share capital (note 7)	**$ 735,029**	$ 642,052
Contributed surplus	**26,593**	25,426
Warrants	**13,343**	13,343
Accumulated other comprehensive income	**(3)**	(23)
Retained earnings (deficit)	**(82,704)**	(69,823)
	692,258	610,975
Total Liabilities and Equity	**$ 828,148**	$ 825,596

Commitments - note 13

The accompanying notes are integral to the consolidated financial statements.

Approved on behalf of the Board of Directors:

"signed" *Michael Stark*

Michael Stark, Director

"signed" *Reginald Greenslade*

Reginald Greenslade, Director

Spartan Energy Corp.

Consolidated Statements of Comprehensive Loss

For the periods ended March 31

(Unaudited - in thousands of Canadian dollars, except per share amounts)

			Three Months Ended March 31 2016		Three Months Ended March 31 2015
Revenue					
Oil and gas sales		**$**	**27,994**	$	37,672
Royalties			**(3,987)**		(5,778)
			24,007		31,894
Expenses					
Operating and transportation			**12,946**		15,930
Exploration and evaluation expenses (note 3)			**1,122**		2,805
General and administrative			**1,757**		1,595
Stock-based compensation			**951**		2,258
Depletion and depreciation (note 4)			**23,243**		26,142
			40,019		48,730
Finance expense:					
Interest expense			**700**		854
Accretion on decommissioning liabilities			**581**		591
			1,281		1,445
Loss before income taxes			**(17,293)**		(18,281)
Deferred income tax recovery (note 10)			**(4,412)**		(6,398)
Net loss for the period		**$**	**(12,881)**	$	(11,883)
Other comprehensive income					
Foreign currency translation on foreign operations			**20**		4
Comprehensive loss for the period		**$**	**(12,861)**	$	(11,879)
Loss per share	**Basic**	**$**	**(0.05)**	$	(0.04)
	Diluted	**$**	**(0.05)**	$	(0.04)

Spartan Energy Corp.

Statements of Changes in Equity

For the periods ended March 31

(In thousands of Canadian dollars)

		Share capital	Contributed surplus	Warrants	Retained earnings (Deficit)	Accumulated other comprehensive income (loss)	Total
Balance - January 1, 2016	**$**	**642,052 $**	**25,426 $**	**13,343 $**	**(69,823) $**	**(23) $**	**610,975**
Changes during period:							
Net loss		-	-	-	(12,881)	-	(12,881)
Issue of common shares		96,251	-	-	-	-	96,251
Share issue costs, net of tax		(3,274)	-	-	-	-	(3,274)
Stock-based compensation		-	1,167	-	-	-	1,167
Foreign currency translation on							
foreign operations		-	-	-	-	20	20
Balance - March 31, 2016	**$**	**735,029 $**	**26,593 $**	**13,343 $**	**(82,704) $**	**(3) $**	**692,258**
Balance - January 1, 2015	**$**	**640,079 $**	**17,313 $**	**13,346 $**	**7,955 $**	**1 $**	**678,694**
Changes during period:							
Net loss		-	-	-	(11,883)	-	(11,883)
Exercise of warrants		9	-	(3)	-	-	6
Stock-based compensation		-	2,779	-	-	-	2,779
Foreign currency translation on		-	-	-	-	4	4
foreign operations		-	-	-	-	-	-
Balance - March 31, 2015	**$**	**640,088 $**	**20,092 $**	**13,343 $**	**(3,928) $**	**5 $**	**669,600**

The accompanying notes are integral to the consolidated financial statements.

Spartan Energy Corp.
Consolidated Statements of Cash Flows
For the periods ended March 31
(In thousands of Canadian dollars)

		Three Months Ended March 31 2016		Three Months Ended March 31 2015
Cash and cash equivalents provided by (used in)				
Operating activities				
Net income (loss) for the year	**$**	**(12,881)**	$	(11,883)
Items not affecting cash:				
Depletion and depreciation		**23,243**		26,142
Accretion expense		**582**		591
Stock-based compensation		**951**		2,258
Exploration and evaluation expenses		**1,122**		2,805
Deferred income tax		**(4,412)**		(6,398)
Net change in non-cash operating working capital items		**(13,581)**		4,864
Net cash flows from (used in) operating activities		**(4,976)**		18,379
Investing activities				
Expenditures on properties and equipment		**(16,633)**		(22,719)
Expenditures on exploration and evaluation assets		**(484)**		(527)
Net change in non-cash investing working capital items		**12,792**		(11,708)
Net cash flows used in investing activities		**(4,325)**		(34,954)
Financing activities				
Issuance of common shares		**96,251**		-
Exercise of warrants		**-**		7
Share issue costs		**(4,486)**		-
Increase (repayment) of bank debt		**(82,486)**		16,576
Net cash flows from financing activities		**9,279**		16,583
Foreign exchange effect on cash and cash equivalents		**8**		(2)
Change in cash and cash equivalents during the period	**$**	**(14)**	$	6
Cash and cash equivalents - beginning of period		**43**		180
Cash and cash equivalents - end of period	**$**	**29**	$	186
Interest paid	**$**	**700**	$	854

The accompanying notes are integral to the consolidated financial statements.

1 Reporting entity

Spartan Energy Corp. ("Spartan", the "Company" or the "Corporation") is an Alberta incorporated TSX exchange listed oil and natural gas exploration and production company whose business activities are focused in Western Canada. The interim consolidated financial statements of the Company as at and for the three months ended March 31, 2016 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.

2 Basis of presentation and significant accounting policies

(a) Basis of presentation

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34 "Interim Financial Reporting". These interim consolidated financial statements do not include all of the information required for full annual financial statements. The interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2015, which have been prepared in accordance with IFRS as issued by IASB.

These interim consolidated financial statements were approved and authorized for issue by the Corporation's Board of Directors on May 10, 2016.

(b) Significant accounting estimates and judgements

The preparation of financial statements requires management to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Management reviews estimates and assumptions on a continual basis and makes changes to such estimates based on historical experience, and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accordingly, the impact of these estimates, assumptions and judgments are subject to management uncertainty, and the effect on the financial statements in future periods could be material. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected. Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the interim consolidated financial statements are outlined in the Company's annual consolidated financial statements for the year ended December 31, 2015.

(c) Significant accounting policies

These interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements and accompanying notes for the year ended December 31, 2015. These interim consolidated financial statements have been prepared following the same accounting policies as described in note 2 of the Company's annual consolidated financial statements for the year ended December 31, 2015.

(Unaudited – dollar amounts in thousands of Canadian, except as noted)

Accounting standards issued but not yet applied

IFRS 15 Revenue from Contracts with Customers was issued in May 2014 and replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The standard provides clarification for recognizing revenue from contracts with customers and establishes a single revenue recognition and measurement framework that applies to contracts with customers. The standard is required to be adopted either retrospectively or using a modified transaction approach for fiscal years beginning on or after January 1, 2018 with earlier adoption permitted. Spartan is currently evaluating the impact of the standard on the Company's consolidated financial statements.

IFRS 9 Financial Instruments was issued in July 2014 and is intended to replace IAS 39, Financial Instruments: Recognition and Measurement and uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39, and incorporates new hedge accounting requirements. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. Spartan is currently evaluating the impact of the standard on the Company's consolidated financial statements.

IFRS 16 Leases was issued in January 2016 and replaces IAS 17 Leases. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. If the lease was classified as a finance lease, a lease liability was included on the statement of financial position. IFRS 16 now requires lessees to recognize a right-of-use asset and lease liability reflecting future lease payments for virtually all lease contracts. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly. The lease liability accrues interest. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and obtain substantially all the economic benefits from that use. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15, Revenue from Contracts with Customers, is also applied. Spartan is currently evaluating the impact of the standard on the Company's consolidated financial statements.

3 Exploration and evaluation assets

	As at March 31, 2016	Year Ended December 31, 2015
Balance, beginning of period	$ 24,006	$ 33,237
Additions	484	1,575
Lease expiries	(1,122)	(10,389)
Transfer to properties and equipment	(176)	(532)
Change in decommissioning liabilities	-	115
Balance, end of period	**$ 23,192**	**$ 24,006**

Exploration and evaluation ("E&E") assets consist of Spartan's undeveloped land and exploration projects which are pending the determination of proved or probable reserves. Additions represent Spartan's share of costs incurred on E&E assets during the period. For the three months ended March 31, 2016, the Company recognized a charge to earnings of $1.1 million for the cost of undeveloped land expiries during the period (December 31, 2015 - $10.4 million).

(Unaudited – dollar amounts in thousands of Canadian, except as noted)

4 Properties & equipment

Cost:	**Petroleum and natural gas assets**	**Office equipment**	**Total**
Balance, as at December 31, 2014	$ 930,669	$ 1,192	$ 931,861
Acquisitions – resource properties	1,863	-	1,863
Additions	66,491	-	66,701
Transfer from E&E assets	532	-	532
Change in decommissioning liabilities	3,736	-	3,736
Balance as at December 31, 2015	**$ 1,003,291**	**$ 1,192**	**$ 1,004,483**
Accumulated depletion and depreciation:			
Balance, as at December 31, 2014	$ 89,523	$ 434	$ 89,957
Depletion on resource assets	95,621	-	95,621
Impairment of resource assets	58,000	-	58,000
Depreciation on office assets	-	119	119
Balance as at December 31, 2015	**$ 243,144**	**$ 553**	**$ 243,697**
Properties and equipment as at December 31, 2015	**$ 760,147**	**$ 639**	**$ 760,786**

Cost:	**Petroleum and natural gas assets**	**Office equipment**	**Total**
Balance, as at December 31, 2015	$ 1,003,291	$ 1,192	$ 1,004,483
Additions	16,849	-	16,849
Transfer from E&E assets	176	-	176
Change in decommissioning liabilities	2,818	-	2,818
Balance as at March 31, 2016	**$ 1,023,134**	**$ 1,192**	**1,024,326**
Accumulated depletion and depreciation:			
Balance, as at December 31, 2015	$ 243,144	$ 553	$ 243,697
Depletion on resource assets	23,221	-	23,221
Depreciation on office assets	-	22	22
Balance as at March 31, 2016	**$ 266,365**	**$ 575**	**$ 266,940**
Properties and equipment as at March 31, 2016	**$ 757,769**	**$ 617**	**$ 757,386**

For the three months ended March 31, 2016, approximately $0.6 million of directly attributable general and administrative costs and $0.2 million of directly attributable stock-based compensation were capitalized to properties and equipment (March 31, 2015 – $0.5 and $0.5, respectively).

At March 31, 2016, future development costs of $330.9 million associated with proved plus probable undeveloped reserves are included in costs subject to depletion (December 31, 2015 – $341.7 million).

(Unaudited – dollar amounts in thousands of Canadian, except as noted)

5 Bank debt

As at March 31, 2016, the Company had available a $150 million (December 31, 2015 - $150 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 ranging from less than or equal to 1:1 to greater 3.5:1. The amount of the facility is subject to a borrowing base redetermination test performed at least annually, primarily based on reserves, using commodity prices estimated by the lender, as well as other factors. If a borrowing base shortfall is identified during a borrowing base redetermination, the portion drawn above the borrowing base is required to be repaid within 60 days. As at March 31, 2016 the Company was in compliance with all of its covenants.

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, 2016 the Company had $3.0 million drawn on the facility, excluding the letter of guarantee discussed below. The amount drawn on the credit facility is considered a current liability on the Company's Statement of Financial position due to the lenders' ability to demand repayment within 60 days on any portion of the credit facility drawn above a newly determined borrowing base as a result of a borrowing base redetermination test.

As at March 31, 2016, the Company had a letter of guarantee outstanding in the amount of $1.9 million against the credit facility.

The next borrowing base review is scheduled to occur on or before May 27, 2016.

6 Decommissioning liabilities

The Company's future decommissioning liabilities were estimated by management based on the Company's working interest in its wells and facilities, estimated costs to remediate, reclaim and abandon the wells and facilities and estimated timing of the costs to be incurred in future periods. The Company has estimated the net present value of the decommissioning liabilities based on undiscounted total future liabilities of $155.0 million (December 31, 2015 – $154.6 million). These payments are expected to be incurred over the next 5 to 30 years. At March 31, 2016, a risk-free rate of 2.00 percent (December 31, 2015 – 2.15 percent) and an inflation rate of 1.5 percent (December 31, 2015 – 1.5 percent) were used to calculate the net present value of the decommissioning provisions.

	As at March 31, 2016	Year Ended December 31, 2015
Decommissioning liabilities, beginning of period	$ 110,910	$ 104,713
Acquired – resource properties	-	109
Liabilities incurred	732	3,588
Accretion expense	581	2,346
Change in estimates	2,075	154
Decommissioning liabilities, end of period	**$ 114,298**	**$ 110,910**

(Unaudited – dollar amounts in thousands of Canadian, except as noted)

7 Share capital

Authorized
Unlimited number of voting common shares.
Unlimited number of preferred shares, issuable in series.

a) Issued and outstanding

	Number of shares	Amount ($ thousands)
Common Shares		
Balance as at December 31, 2014	**264,260,327**	**640,079**
Issued pursuant to resource property acquisitions	89,271	216
Issued for cash	735,294	1,669
Exercise of warrants	8,333	9
Adjustment to share issue costs tax component	-	88
Less share issue costs (net of tax of $4)	-	(9)
Balance as at December 31, 2015	**265,093,225**	**642,052**
Issued for cash	39,938,375	96,251
Less share issue costs (net of tax of $1,211)	-	(3,274)
Balance as at March 31, 2016	**305,031,600**	**735,029**

Shares issued for cash
On March 16, 2016, the Company closed 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.

On December 22, 2015, the Company issued 735,294 common shares on a "flow-through" basis with respect to Canadian exploration expenditures at a price of $2.72 per flow-through share. Proceeds of the offering are to be used for qualifying exploration and development expenditures during 2016. Spartan had not incurred any qualifying exploration and development expenditures as at March 31, 2016.

Shares issued pursuant to resource property acquisitions
Spartan completed minor resource property acquisitions in 2015 which included the issuance of 89,271 common shares at a weighted average price of $2.42 per common share.

Basic and diluted net loss per share is calculated as follows:

	Three months ended March 31, 2016	2015
Weighted average outstanding common shares (1)		
Basic	**272,115,357**	**264,263,475**
Diluted	**272,115,357**	**264,263,475**

(1) *Per share information is calculated on the basis of the weighted average number of common shares outstanding during the period. Diluted per share information reflects the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. Diluted per share information is calculated using a method which assumes that any proceeds received by the Company upon the exercise of in-the-money stock options or warrants plus unamortized share-based compensation expense would be used to buy back common shares at the average market price for the period. The calculation of the diluted net loss per share for the three months ended March 31, 2016 excludes the effect of all stock options and warrants as the impact would be anti-dilutive due to the net loss realized.*

(Unaudited – dollar amounts in thousands of Canadian, except as noted)

Warrants

Spartan has the following warrants outstanding:

	Number of warrants	Weighted Average Exercise price	Amount ($ thousands)
Balance at December 31, 2014	**31,254,582**	**$ 0.80**	**13,346**
Warrants exercised	(8,333)	**0.80**	(3)
Balance at December 31, 2015	**31,246,249**	**$ 0.80**	**13,343**
Balance at March 31, 2016(1)	**31,246,249**	**$ 0.80**	**13,343**

(1) As at March 31, 2016 all warrants are vested and exercisable.

8 Stock-based compensation

The Company has a stock option plan (the "Plan") for its officers, directors, employees and consultants. Under the Plan, the Company may grant options for up to 10% of the outstanding common shares. The term and vesting period of the options granted are determined at the discretion of the Board of Directors. The options granted have an exercise price based on the trailing 5-day volume weighted average price of the Company's stock and the Plan provides that an option can have a maximum term of five years.

Options outstanding at March 31, 2016 are presented below. As at March 31, 2016, 4,574,167 of the options are vested and exercisable at a weighted average exercise price of $2.88 per common share.

	Number of Options	Remaining Life (years)	Weighted Average Exercise Price
Balance, December 31, 2014	**9,315,000**	**4.26**	**$ 3.10**
Issued	3,675,000	4.24	2.69
Forfeited	(890,000)	(3.41)	(3.28)
Balance, December 31, 2015	**12,100,000**	**3.55**	**$ 2.96**
Forfeited	(80,000)	(3.45)	(3.70)
Balance, March 31, 2016	**12,020,000**	**3.30**	**$ 2.96**

Spartan uses the Black-Scholes option pricing model to calculate the estimated fair value of the stock options issued during the period. There were no stock options granted during the three month period ended March 31, 2016.

9 Flow through premium liability

On December 22, 2015, the Company issued 735,294 common shares on a "flow-through" basis with respect to Canadian exploration expenditures at a price of $2.72 per flow-through share. Spartan recorded an initial premium liability of $0.3 million based on the difference between the issue price of the flow-through shares and the fair value of Spartan's common shares on the date of issuance. As qualifying expenditures are incurred, the premium liability is reversed and a deferred income tax liability is recorded. The difference between the initial premium liability and the deferred tax liability created is recorded as deferred income tax expense. As at March 31, 2016, the flow through share premium liability was $0.3 million.

10 Income taxes

The income tax provision is calculated by applying Canadian federal and provincial statutory tax rates to pre-tax income with adjustments as set out in the following table:

(Unaudited – dollar amounts in thousands of Canadian, except as noted)

Three Months Ended March 31	**2016**	**2015**
Loss before income taxes	$ (17,293)	$ (18,281)
Combined federal and provincial income tax rate	27.00%	26.40%
Computed income tax recovery	(4,669)	(4,826)
Tax effects of:		
Stock-based compensation expense	257	596
Change in estimates and other	-	(2,168)
Deferred income tax recovery for the period	**$ (4,412)**	**$ (6,398)**

As at March 31, 2016 the Corporation had approximately $771 million of tax pools and losses available to reduce future taxable income.

11 Supplemental cash flow information

Changes in non-cash working capital	**Three MonthsEnded March 31, 2016**	**Three Months Ended March 31, 2015**
Change in trade receivables	$ (1,008)	$ 3,893
Change in prepaid expenses and deposits	(148)	(548)
Change in trade and other liabilities	367	(10,189)
	$ (789)	**$ (6,844)**
Relating to:		
Operating activities	$ (13,581)	$ 4,864
Investing activities	12,792	(11,708)
	$ (789)	**$ (6,844)**

12 Financial instruments & Risk management

The Company's financial instruments recognized on the consolidated statements of financial position consist of cash and cash equivalents, trade receivables, funds held in trust, trade and other liabilities, derivative contracts and the Company's bank debt.

Spartan calculates the fair value of these instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward rates for interest rate, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

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

The carrying value of cash and cash equivalents, trade receivables, trade and other liabilities and the Company's bank debt approximate fair value due to the short-term nature of those instruments or the indexed rate of interest on the bank debt.

(Unaudited – dollar amounts in thousands of Canadian, except as noted)

For the purposes of determining whether impairment of the Company's property, plant and equipment has occurred, and the extent of any impairment or its reversal, management exercises their judgment in estimating future cash flows for the recoverable amount, being the higher of fair value less costs of disposal and value in use. These key judgments include estimates about recoverable reserves, forecast benchmark commodity prices, royalties, operating and transportation costs, capital costs and discount rates. The fair value less costs of disposal and value in use estimates are categorized as Level 3.

Spartan's risk management policies are established to identify and analyze the risks faced by the Company, set appropriate limits and controls and to monitor risks and adherence to market conditions and the Company's activities. The Company's financial risks are consistent with those discussed in note 13 of the Company's audited consolidated financial statements for the year ended December 31, 2015.

Capital Management

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 flow through premium liability). 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.

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

13 Commitments

The Company has lease commitments for office premises that expire in 2018. Future minimum lease payments, including operating costs, are as follows:

As at March 31, 2016 ($ thousands)	**Amount**
Less than one year	1,363
Between one and five years	1,996
Total commitment	**3,359**

On December 22, 2015, the Company issued 735,294 common shares on a "flow-through" basis with respect to Canadian exploration expenditures at a price of $2.72 per flow-through share. As at March 31, 2016, the Company is committed to incurring $2.0 million on qualified exploration expenditures by December 31, 2016.