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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 August 14, 2014 *and is management's assessment of the Company's financial and operating results for the quarter ended June 30, 2014. This MD&A should be read in conjunction with the financial statements of the Company for the quarter ended June 30, 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" or "netback" or "net debt" or " total market capitalization" 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, operating expenses and realized loss (gain) on derivative contracts 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.

The term "net debt" is calculated as current assets less current liabilities plus non-current bank debt, excluding the effect of derivative contracts. The term "total market capitalization" is defined as net debt plus total outstanding common shares multiplied by the period end market price per share.

Reporting entity

Spartan Energy Corp. ("Spartan", the "Company" or the "Corporation") is an Alberta incorporated 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 June 30, 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. The Corporation is listed on the Toronto Stock Exchange under the symbol "SPE".

BASIS OF PRESENTATION

This MD&A compares the results of the three months ended June 30, 2014 ("Q2 2014") to the three months ended June 30, 2013 ("Q2 2013") as well as the six months ended June 30, 2014 and the six months ended June 30, 2013. The terms "second quarter of 2014" and "same period of 2013" or similar terms are used throughout this document and refer to the three month periods ended June 30, 2014 and 2013, respectively.

RESULTS OF OPERATIONS

Production

For the three month period ended June 30, 2014, Spartan achieved average total production of 6,396 boe/d compared to 835 boe/d for the same period in 2013, a 666 percent increase. Average production for the six months ended June 30, 2014 of 3,638 boe/d was 318 percent higher than production for the six months ended June 30, 2014 of 870 boe/d. The increase in average total production is primarily a result of the acquisition of Renegade Petroleum Ltd. on March 31, 2014 as well as the Area 5 property acquisition which closed February 3, 2014.

	For the three months ended June 30,			**For the six months ended June 30,**		
	2014	2013	% change	**2014**	2013	% change
Crude Oil (bbls/d)	5,793	462	1,154	3,235	457	608
Natural Gas (mcf/d)	2,634	2,240	18	1,881	2,476	(24)
Liquids (bbls/d)	164	-	n/a	3,638	-	n/a
Total (boe/d)	**6,396**	835	666	**3,638**	870	318

Oil and Gas Sales / Gain on Acquisition

Oil and gas sales for the three month period ended June 30, 2014 increased 1,226 percent to $55.1 million from $4.2 million for the three month period ended June 30, 2013. For the six months ended June 30, 2014, sales increased 671 percent to $60.9 million from $7.9 million for the same period in the prior year. The increase in revenues is due to additional production volumes from the Company's acquisition of Renegade Petroleum Ltd. on March 31, 2014 as well as the Area 5 property acquisition which closed February 3, 2014.

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 six months ended June 30, 2014. This acquisition was accounted for as a business combination using the acquisition method.

($ thousands, except per boe amounts)	For the three months ended June 30, 2014	2013	% change	For the six months ended June 30, 2014	2013	% change
Oil and gas sales by product:						
Light crude oil	**52,182**	3,358	1,454	**57,273**	6,228	820
Natural gas	**1,020**	795	28	**1,092**	1,672	(35)
Natural gas liquids	**1,854**	-	n/a	**2,544**	-	n/a
Total oil and gas sales	**55,056**	4,153	1,226	**60,909**	7,900	671
Total oil and gas sales ($/boe)	**94.59**	54.66	73	**92.49**	50.21	84
Gain on acquisition	**-**	-	-	**15,000**	-	n/a

Commodity Pricing

All of Spartan's crude oil was sold into the spot market during the three and six month periods ended June 30, 2014. Spartan's realized price for its light crude oil and NGLs in the second quarter of 2014 was $99.23/bbl (2013 - $79.93/bbl). For the six months ended June 30, 2014, the Company's realized price for its light crude oil and NGLs was $97.96 compared to the 2013 year-to-date realized price of $75.31/bbl. The Company realized a gas price of $5.08/mcf for the three months ended June 30, 2013 compared to $3.90/mcf in the same period of 2013 and a realized price of $5.60/mcf for the three months ended June 30, 2014 compared to $3.73 for the same period of 2013.

The Company experienced an increase in its realized price for light crude oil and NGLs for the three and six months ended June 30, 2014 compared to the three and six months ended June 30, 2013 due to the quality of light sweet crude oil acquired in the acquisition of Renegade Petroleum Ltd. on March 31, 2014 and the Area 5 property acquisition which closed February 3, 2014.

Spartan's production is sold in Canada and is sensitive to commodity price variation and changes in the Canada/U.S. currency exchange rate as well as quality price differentials. Spartan's price realizations are influenced by changes to various crude benchmarks, including, but not limited to, Canadian par crude at Edmonton. 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. These quality differentials, which are highly seasonal, are 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.

	For the three months ended June 30, 2014	2013	% change	For the six months ended June 30, 2014	2013	% change
Average Benchmark Prices						
Crude oil – WTI (US$ per bbl)	**102.96**	94.29	9	**100.82**	94.32	7
Crude oil – WTI (CDN$ per bbl)	**112.36**	96.48	16	**110.61**	95.81	15
Crude oil – Edmonton Par ($ per bbl)	**106.67**	92.94	15	**103.42**	90.77	14
Natural gas – AECO-C Spot ($ per mcf)	**4.71**	3.49	35	**5.17**	3.29	57
Exchange rate – (US/CAD)	**0.92**	0.98	(6)	**0.91**	0.98	(7)
Spartan's Average Realized Prices						
Crude oil and natural gas liquids ($ per bbl)	**99.23**	79.93	24	**97.96**	75.31	30
Natural gas ($ per mcf)	**5.08**	3.90	30	**5.60**	3.73	50

Royalties

Royalty payments are made to the owners of the mineral rights on leases, which include provincial governments and freehold landowners, as well as to other third parties by way of contractual overriding royalties. Overriding royalties are generally paid to third parties where Spartan has entered into agreements to earn an interest in their mineral rights by investing capital in their property. Royalties also include the Saskatchewan resource surcharge. As Saskatchewan revenues vary, this cost is expected to fluctuate in direct correlation.

For the three months ended June 30, 2014, total royalties were $9.8 million compared to $0.7 million for the same period of 2013. The Company's average royalty rate for the three months ended June 30, 2014 was 18 percent of sales compared to 17 percent for the same period of 2013. For the six months ended June 30, 2014, royalties were $10.9 million or 18 percent of sales as compared to $1.2 million or 16 percent of sales for the same period in 2013. Royalties increased for the three and six months ended June 30, 2014 compared to the same periods of 2013 as a result of the additional oil and gas sales from the Company's acquisition of Renegade Petroleum Ltd. on March 31, 2014 as well as the Area 5 property acquisition which closed

February 3, 2014. In addition, these acquisitions added oil and natural gas properties in the province of Saskatchewan. Oil and gas sales generated from these properties are subject to the Saskatchewan resource surcharge royalty.

	For the three months ended June 30,			For the six months ended June 30,		
($ thousands, except per boe amounts)	**2014**	2013	% change	**2014**	2013	% change
Royalties	**9,750**	717	1,260	**10,893**	1,236	781
$ per boe	**16.75**	9.44	77	**16.54**	7.85	111
% of oil and gas sales	**18**	17	6	**18**	16	13

Financial Derivative Instruments

As at June 30, 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.

As at June 30, 2014, the Company had the following natural gas commodity contract in place:

Period	**Commodity**	**Contract**	**Quantity Contracted**	**Contract Price**
April 1, 2014 – Dec 31, 2014	Natural Gas	Swap	700 gj/day	CAD $3.58

(1) AECO – C Spot monthly average.

The following table summarizes the realized and unrealized gains and losses on the Company's financial derivative contracts for the three and six months ended June 30, 2014 and 2013.

	Three months ended June 30,		Six months ended June 30,	
($ thousands)	**2014**	2013	**2014**	2013
Realized gain (loss) on derivative contracts	**(7,268)**	116	**(7,386)**	248
Unrealized gain (loss) on derivative contracts	**4,357**	(59)	**4,164**	(439)
Gain (loss) on derivative contracts	**(2,911)**	57	**(3,222)**	(191)

The fair value of the Company's derivative contracts was a mark to market liability of $14.1 million at June 30, 2014. This amount is classified as a current liability on the Company's consolidated interim statements of financial position.

Production costs

Production costs (operating costs and transportation costs) totaled $10.6 million or $18.23/boe for the three months ended June 30, 2014 as compared to $1.1 million or $14.90/boe in the second quarter of 2013. For the six months ended June 30, 2014, production costs totaled $11.8 million or $17.90/boe compared to $2.3 million or $14.32/boe for the same period in the prior year. Production costs increased for the three and six months ended June 30, 2014 compared to the same periods of 2013 as a result of the additional oil and gas properties acquired in the Company's acquisition of Renegade Petroleum Ltd. on March 31, 2014 as well as the Area 5 property acquisition which closed February 3, 2014. Second quarter production costs included non-recurring maintenance and facility turnaround expenditures as certain projects were required to maintain existing levels of production. These projects had been halted by Renegade Petroleum Ltd. during their sale process.

	For the three months ended June 30,			For the six months ended June 30,		
($ thousands, except per boe amounts)	**2014**	2013	% change	**2014**	2013	% change
Production Costs	**10,607**	1,132	837	**11,783**	2,253	423
Production costs per boe ($)	**18.23**	14.90	22	**17.90**	14.32	25

General and Administrative Expenses

During the second quarter of 2014, G&A, net of capitalized and overhead recovery amounts, was $1.8 million or $3.11/boe as compared to the quarter ended June 30, 2013 where G&A expenses were $0.4 million or $5.83/boe. Gross G&A expenses prior to the effects of capitalized and overhead recoveries amounts were $3.0 million or $5.12/boe as compared to the quarter ended June 30, 2013 where gross G&A expenses were $0.6 million or $7.61/boe.

For the six months ended June 30, 2014, G&A, net of capitalized and overhead recovery amounts was $2.2 million, or $3.42/boe, as compared to the 2013 amounts of $0.7 million, or $4.71/boe. Gross G&A expenses prior to the effects of capitalized and overhead recoveries amounts were $4.2 million or $6.40/boe for the six months ended June 30, 2014 as compared to 2013 where gross G&A expenses were $1.0 million, or $6.40boe.

G&A expenses increased for the three and six months ended June 30, 2013 compared to the same period in the prior year as a result of an increase in staff and systems as a result of the acquisition of Renegade Petroleum Ltd. on March 31, 2014. G&A expenses decreased on a per boe basis due to the increase in sales volumes and the Company's focus on increasing efficiencies and corporate overhead cost reductions.

	For the three months ended June 30,			For the six months ended June 30,		
($ thousands, except per boe amounts)	**2014**	2013	% change	**2014**	2013	% change
Gross general and administrative expenses	**2,982**	578	416	**4,217**	1,008	318
Less - recoveries	**(520)**	(135)	285	**(625)**	(267)	134
Less - capitalized	**(650)**	-	n/a	**(1,338)**	-	n/a
General and administrative expenses	**1,812**	443	309	**2,254**	741	204
Net general and administrative expenses ($/boe)	**3.11**	5.83	(47)	**3.42**	4.71	(27)
Gross general and administrative expenses ($/boe)	**5.12**	7.61	(33)	**6.40**	6.40	n/a

Interest Expense

Interest expense, net of interest income, for the three month period ended June 30, 2014 was $1.2 million compared to $0.1 million for the same period of 2013. Interest expense, net of interest income, for the six months ended June 30, 2014 was $1.1 million compared to $0.3 million for the same period of 2013. Spartan incurred interest expense in the second quarter of 2014 on the debt assumed as part of the acquisition of Renegade Petroleum Ltd., on March 31, 2014. Interest was incurred until proceeds from the Company's bought deal financing, on June 17, 2014, reduced the debt to nil.

	For the three months ended June 30,			For the six months ended June 30,		
($ thousands, except per boe amounts)	**2014**	2013	% change	**2014**	2013	% change
Interest expense	**1,248**	131	853	**1,128**	271	316

Depletion and Depreciation

For the second quarter of 2014, depletion and depreciation expense was $19.1 million or $32.88/boe as compared to the quarter ended June 30, 2013 in which the expense was $1.4 million or $18.49/boe. For the six months ended June 30, 2013, depletion and depreciation expense was $20.8 million or $31.61/boe as compared to the 2013 expense of $2.8 million or $31.61/boe. The increase in depletion and depreciation expense is due to the additional oil and gas properties acquired in the Company's acquisition of Renegade Petroleum Ltd. on March 31, 2014 as well as the Area 5 property acquisition which closed February 3, 2014.

	For the three months ended June 30,			For the six months ended June 30,		
($ thousands, except per boe amounts)	**2014**	2013	% change	**2014**	2013	% change
Total depletion and depreciation0	**19,136**	1,405	1,262	**20,817**	2,793	645
Depletion and depreciation ($/boe)	**32.88**	18.49	78	**31.61**	17.75	78

Income taxes

As at June 30, 2014 the Corporation had approximately $618 million of tax pools and losses available to reduce future taxable income.

($thousands of dollars)	**June 30, 2014**
COPGE	223,667
CDE	103,637
CEE	10,465
FEDE	6
UCC	89,227
ECE	260
Share issuance costs	25,907
Tax losses	164,589
Total	617,758

Funds Flow from Operations and Net Income (Loss)

For the three months ended June 30, 2014, funds flow from operations increased by 1,220 percent to $24.3 million compared to $1.8 million during the same period of 2013. Basic and diluted funds flow from operations per share for the quarter were $0.11 per share and $0.09 per share respectively compared to $0.03 per basic and diluted share during the same period of 2013. For the six months ended June 30, 2014, funds flow from operations increased by 653 percent to $27.5 million compared to $3.6 million during the same period of 2013. Basic and diluted funds flow from operations per share for the six months ended June 30, 2014 were $0.17 per share and $0.10 per share respectively compared to $0.06 per basic and diluted share during the same period of 2013. The increase in funds flow from operations and funds flow from operations per share in 2014 is a result of the acquisition of Renegade Petroleum Ltd. on March 31, 2014 as well as the Area 5 property acquisition which closed February 3, 2014. The acquisitions added approximately 5,600 boe/d of oil and gas sales in the second quarter of 2014.

The Company realized net income of $1.4 million in the second quarter of 2014 compared to a net loss of $0.1 million for the same period of 2013. Basic and diluted net income per share for the quarter was $0.01 compared to a basic and diluted net loss per share of $0.01 during the three months ended June 30, 2013. The Company realized net income of $16.4 million, or $0.10 per basic share and $0.09 per diluted share, for the six months ended June 30, 2014 compared to a net loss of $0.1 million, or $0.01 per basic and diluted share, in the same period of 2013.

	For the three months ended June 30,			**For the six months ended June 30,**		
($ thousands)	**2014**	2013	% change	**2014**	2013	% change
Funds flow from operations[(1)]	**24,371**	1,846	1,220	**27,466**	3,647	653
Funds flow from operations per basic share	**0.11**	0.03	267	**0.17**	0.06	183
Funds flow from operations per diluted share	**0.09**	0.03	200	**0.10**	0.06	83
Net income (loss)	**1,357**	(873)	255	**16,357**	(851)	2,022
Net income (loss) per basic share	**0.01**	(0.01)	200	**0.10**	(0.01)	1,100
Net income (loss) per diluted share	**0.01**	(0.01)	200	**0.09**	(0.01)	1,000

(1) Non IFRS measure. Funds flow from operations calculated as cash flows from operating activities before changes in non-cash working capital, transaction costs and decommissioning expenditures incurred.

The following table summarizes the netbacks on a per boe basis for the three and six months ended June 30, 2014 and 2013.

	For the three months ended June 30,			For the six months ended June 30,		
($ per boe)	**2014**	2013	% change	**2014**	2013	% change
Oil and gas sales	**94.59**	54.66	73	**92.49**	50.21	84
Realized gain (loss) on derivative contracts	**(12.49)**	1.53	(916)	**(11.22)**	1.58	(810)
Net realized price	**82.10**	56.19	46	**81.27**	51.79	57
Royalties	**(16.75)**	(9.44)	77	**(16.54)**	(7.85)	111
Production costs	**(18.23)**	(14.90)	22	**(17.90)**	(14.32)	25
Operating netback	**47.12**	31.85	48	**46.83**	29.62	58
General and administrative expenses	**(3.11)**	(5.83)	(47)	**(3.42)**	(4.71)	(15)
Interest expense	**(2.15)**	(1.72)	(25)	**(1.71)**	(1.72)	(1)
Corporate netback	**41.86**	24.30	72	**41.70**	23.19	80

Summary of Quarterly Results

Below is summarized quarterly information for the last eight quarters:

Quarterly Summaries ($ thousands, except per boe and per share amounts)	**June 30, 2014**	**March 31, 2014**	**December 31, 2013**	**September 30, 2013**
Production (boe/d)	**6,396**	850	664	805
Average price realized ($boe/d) – excluding derivatives	**94.59**	76.52	52.64	62.27
Oil and gas sales	**55,056**	5,853	3,216	4,610
Net income (loss)	**1,357**	15,000	(1,718)	802
Earnings per share - basic	**0.01**	0.15	(0.07)	0.01
Funds flow from operations	**24,371**	3,095	884	2,394
Funds Flow from operations per share - basic	**0.11**	0.03	0.1	0.04

Quarterly Summaries ($thousands of dollars, except per boe amounts)	**June 30, 2013**	**March 31, 2013**	**December 31, 2012**	**September 30, 2012**
Production (boe/d)	835	900	770	712
Average price realized ($boe/d) – excluding derivatives	54.66	45.05	47.95	50.46
Oil and gas sales	4,153	3,647	3,398	3,305
Net income (loss)	(873)	22	(118)	123
Earnings per share - basic	(0.01)	-	-	-
Funds flow from operations	1,846	1,802	990	1,563
Funds Flow from operations per share - basic	0.03	0.03	0.02	0.03

Second Quarter Highlights:

- 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.

Capital expenditures

The following table details the cash capital additions relating to the Company's property, plant and equipment and exploration and evaluation assets for the three and six months ended June 30, 2014and 2013:

	For the three months ended June 30,			**For the six months ended June 30,**		
($ thousands)	**2014**	2013	% change	**2014**	2013	% change
Drilling &Completions	**4,143**	487	751	**6,562**	1,630	303
Equipment & Facilities	**1,053**	544	94	**1,952**	773	153
Land & Seismic	**732**	44	1,564	**732**	129	467
Other	**650**	107	507	**1,338**	147	810
Acquisitions	**-**	-	n/a	**32,500**	-	n/a
Total capital expenditures	**6,578**	1,183	456	**43,084**	2,679	1,508

Drilling and completions costs for the three months ended June 30, 2014 were $4.1 million compared to $0.5 million for the same period in 2013. For the six months ended June 30, 2014, Spartan incurred $6.6 million in drilling and completions costs compared to $1.6 for the six months ended June 30, 2013. Spartan drilled & completed or participated in a total of 3 (2.67) net wells in Alberta during the first quarter of 2014. Spartan resumed its development program in June 2014 after a difficult and lengthy spring break-up however none of the wells spud in the second quarter of 2014 were completed and brought on production prior to June 30, 2014. In addition, the Company drilled two vertical wells in southeast Saskatchewan in the second quarter of 2014 testing an exploration play.

Spartan incurred $1.1 million in equipment and facilities capital expenditures in the second quarter of 2014 in the form of well optimizations, re-activations and facility upgrade projects. For the six months ended June 30, 2014, equipment and facilities capital expenditures totaled $2.0 million. Land and seismic costs for the three and six months ended June 30, 2014 were $0.7 million.

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. Pro-forma the closing of the Company's two asset acquisitions on July 7, 2014 (refer to subsequent events), the Company's net debt to annualized funds flow from operations ratio for the second quarter of 2014 was 0.6 times.

Spartan's total capitalization as at June 30, 2014 is as follows:

($ thousands)	**Amount**
Working capital (1)	(56,406)
Market capitalization (2)	1,059,854
Total capitalization as at June 30, 2014 (3)	**1,003,448**

(1) *Excludes derivative contracts. As at June 30, 2014, Spartan had positive working capital of $56.4 million.*
(2) *As at June 30, 2014, the closing market price of Spartan Energy Corp. shares was $4.04 per share and there were 262,340,204 shares outstanding.*
(3) *Pro-forma the Company's two asset acquisitions that closed July 7, 2014 (refer to Subsequent events), the Company's net debt was $58.8 million and total capitalization was $1.12 billion at June 30, 2014.*

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

Liquidity and Capital Resources

As at June 30, 2014 Spartan had 262,340,204 commons shares, 33,994,596 warrants and 8,250,000 options to purchase common shares outstanding. None of the options to purchase common shares were exercisable at June 30, 2014.

As at June 30, 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 June 30, 2014, the Company had $nil drawn on the facility, excluding the letter of guarantee discussed below.

As at June 30, 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 October 31, 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

BUSINESS RISKS

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 are 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.

Subsequent events

On July 7, 2014 Spartan completed two asset acquisitions which included undeveloped land, seismic and certain petroleum and natural gas properties in southeast Saskatchewan for a total cash consideration of approximately $115 million excluding transaction costs and closing adjustments. Included in prepaid expenses and deposits at June 30, 2014 is a $9.8 million deposit related to these acquisitions.

On August 12, 2014 Spartan completed an acquisition which included undeveloped land, seismic and certain petroleum and natural gas properties in southeast Saskatchewan for a total consideration of approximately $11.0 million excluding transaction costs and closing adjustments.

On August 13, 2014, Spartan entered into an agreement to acquire undeveloped land and certain petroleum and natural gas properties in southeast Saskatchewan for a total cash consideration of approximately $4.4 million.

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.