Spartan Energy Corp.

Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2015

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

Spartan Energy Corp.
Consolidated Statements of Financial Position
(Unaudited - In thousands of Canadian dollars, except per share amounts)

		June 30 2015		December 31 2014
Assets				
Current assets				
Cash and cash equivalents	**$**	**172**	$	180
Trade receivables		**20,367**		24,483
Prepaid expenses and deposits		**2,206**		2,151
		22,745		26,814
Non-current assets				
Exploration and evaluation assets (note 3)		**27,186**		33,237
Properties and equipment (note 4)		**822,529**		841,904
Deferred income tax asset (note 9)		**2,924**		-
Total Assets	**$**	**875,384**	$	901,955
Liabilities				
Current liabilities				
Trade and other liabilities	**$**	**24,605**	$	38,723
Bank debt (note 5)		**78,769**		74,434
		103,374		113,157
Non-current liabilities				
Decommissioning liabilities (note 6)		**106,947**		104,713
Deferred income tax liability (note 9)		-		5,391
Total Liabilities		**210,321**		223,261
Equity				
Share capital (note 7)	**$**	**640,088**	$	640,079
Contributed surplus		**21,943**		17,313
Warrants		**13,343**		13,346
Accumulated other comprehensive income		**4**		1
Retained earnings (deficit)		**(10,315)**		7,955
		665,063		678,694
Total Liabilities and Equity	**$**	**875,384**	$	901,955

Commitments - note 12
Subsequent events - note 13

The accompanying notes are integral to the consolidated financial statements.

Spartan Energy Corp.
Consolidated Interim Statements of Comprehensive Income (Loss)
For the Periods Ended June 30
(Unaudited - In thousands of Canadian dollars, except per share amounts)

		Three Months Ended June 30 2015	Three Months Ended June 30 2014	Six Months Ended June 30 2015	Six Months Ended June 30 2014
Revenue					
Oil and gas sales		**$ 44,822**	$ 55,056	**$ 82,494**	$ 60,909
Royalties		**(6,947)**	(9,751)	**(12,725)**	(10,894)
		37,875	45,305	**69,769**	50,015
Gain on property acquisition		**-**	-	**-**	15,000
Loss on derivative contracts (note 11)		**-**	(2,910)	**-**	(3,222)
		37,875	42,395	**69,769**	61,793
Expenses					
Operating and transportation		**12,782**	10,607	**28,712**	11,783
Exploration and evaluation expenses (note 3)		**3,989**	2,722	**6,794**	2,755
General and administrative		**1,945**	1,812	**3,540**	2,254
Stock-based compensation		**1,560**	3,263	**3,818**	3,357
Transaction costs		**2**	225	**2**	3,136
Depletion and depreciation (note 4)		**24,477**	19,136	**50,619**	20,817
		44,755	37,765	**93,485**	44,102
Finance expense:					
Interest expense		**882**	1,248	**1,736**	1,128
Accretion on decommissioning liabilities		**542**	401	**1,133**	445
		1,424	1,649	**2,869**	1,573
Income (loss) before income taxes		**(8,304)**	2,981	**(26,585)**	16,118
Deferred income tax expense (recovery) (note 9)		**(1,917)**	1,624	**(8,315)**	(239)
Net income (loss) for the period		**$ (6,387)**	$ 1,357	**$ (18,270)**	$ 16,357
Other comprehensive income (loss)					
Foreign currency translation on foreign operations		**(1)**	(2)	**3**	(2)
Comprehensive income (loss) for the period		**$ (6,388)**	$ 1,355	**$ (18,267)**	$ 16,355
Earnings (loss) per share	**Basic**	**$ (0.02)**	$ 0.01	**$ (0.07)**	$ 0.10
	Diluted	**$ (0.02)**	$ 0.01	**$ (0.07)**	$ 0.09

Spartan Energy Corp.
Statements of Changes in Equity
For the Periods Ended June 30
(Unaudited - In thousands of Canadian dollars, except per share amounts,

	Share capital	Contributed surplus	Warrants	Retained earnings (Deficit)	Accumulated other comprehensive income (loss)	Total
Balance - January 1, 2015	**$ 640,079**	**$ 17,313**	**$ 13,346**	**$ 7,955**	**$ 1**	**$ 678,694**
Changes during period:						
Net loss	-	-	-	(18,270)	-	(18,270)
Exercise of warrants	9	-	(3)	-	-	6
Stock-based compensation	-	4,630	-	-	-	4,630
Foreign currency translation on foreign operations	-	-	-	-	3	3
Balance - June 30, 2015	**$ 640,088**	**$ 21,943**	**$ 13,343**	**$ (10,315)**	**$ 4**	**$ 665,063**
Balance - January 1, 2014	**$ 38,999**	**$ 5,546**	**$ 14,400**	**$ (16,380)**	**$ -**	**$ 42,565**
Changes during period:						
Net Income	-	-	-	16,357	-	16,357
Issue of common shares	230,737	-	(843)	-	-	229,894
Issue of common shares and warrants related to acquisition	376,064	-	1,537	-	-	377,601
Stock-based compensation	-	5,059	-	-		5,059
Share issue costs, net of tax	(7,986)	-	-	-	-	(7,986)
Foreign currency translation on foreign operations	-	-	-	-	(2)	(2)
Balance - June 30, 2014	**$ 637,814**	**$ 10,605**	**$ 15,094**	**$ (23)**	**$ (2)**	**$ 663,488**

The accompanying notes are integral to the consolidated financial statements.

Spartan Energy Corp.
Consolidated Statements of Cash Flows
For the Periods Ended June 30
(Unaudited - In thousands of Canadian dollars, except per share amounts)

	Three Months Ended June 30 2015	Three Months Ended June 30 2014	Six Months Ended June 30 2015	Six Months Ended June 30 2014
Cash and cash equivalents provided by (used in)				
Operating activities				
Net income (loss) for the year	**$ (6,387)**	$ 1,357	**$ (18,270)**	$ 16,357
Items not affecting cash:				
Depletion and depreciation	**24,477**	19,136	**50,619**	20,817
Accretion expense	**542**	401	**1,133**	445
Unrealized gain on derivative contracts	**-**	(4,357)	**-**	(4,164)
Stock-based compensation	**1,560**	3,263	**3,818**	3,357
Gain on property acquisition	**-**	-	**-**	(15,000)
Exploration and evaluation expenses	**3,989**	2,722	**6,794**	2,755
Deferred income tax	**(1,917)**	1,624	**(8,315)**	(239)
Net change in non-cash operating working capital items	**(220)**	(29,165)	**4,644**	(29,819)
	22,044	(5,019)	**40,423**	(5,491)
Investing activities				
Properties and equipment acquired	**-**	-	**-**	(31,405)
Exploration and evaluation assets acquired	**-**	-	**-**	(1,095)
Expenditures on properties and equipment	**(6,544)**	(6,505)	**(29,263)**	(10,511)
Expenditures on exploration and evaluation assets	**(284)**	(73)	**(811)**	(73)
Cash received through acquisition	**-**	-	**-**	131
Net change in non-cash investing working capital items	**(2,993)**	6,977	**(14,701)**	9,300
	(9,821)	399	**(44,775)**	(33,653)
Financing activities				
Issuance of common shares	**-**	149,514	**-**	228,306
Exercise of warrants	**-**	2,186	**7**	2,186
Share issue costs	**-**	(6,994)	**-**	(10,780)
Increase (repayment) of bank debt	**(12,241)**	(140,106)	**4,335**	(140,106)
Transfer from funds held in trust	**-**	-	**-**	8,540
	(12,241)	4,600	**4,342**	88,146
Foreign exchange effect on cash and cash equivalents	**4**	-	**2**	-
Change in cash and cash equivalents during period	**$ (14)**	$ (20)	**$ (8)**	$ 49,002
Cash and cash equivalents - beginning of period	**186**	59,266	**180**	10,244
Cash and cash equivalents - end of period	**$ 172**	$ 59,246	**$ 172**	$ 59,246
Interest paid	**$ 882**	$ 1,248	**$ 1,736**	$ 1,128

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 and six months ended June 30, 2015 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 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, 2014, 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 August 11, 2015.

(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, 2014.

(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, 2014. These interim consolidated financial statements have been prepared following the same accounting policies as described in note 3 of the Company's annual consolidated financial statements for the year ended December 31, 2014.

(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, 2017 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 on 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.

3 Exploration and evaluation assets

	As at June 30 2015	Year ended December 31 2014
Balance, beginning of period	$ 33,237	$ 323
Acquisitions – corporate	-	23,914
Acquisitions – resource properties	-	9,457
Additions	811	4,347
Lease expiries	(6,794)	(3,964)
Transfer to properties and equipment	(68)	(840)
Balance, end of period	**$ 27,186**	**$ 33,237**

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.

(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, 2013	$ 54,524	$ 189	$ 54,713
Acquisitions – corporate	542,993	990	543,983
Acquisitions – resource properties	198,039	-	198,038
Additions	81,824	13	81,837
Transfer from E&E assets	840	-	840
Change in decommissioning liabilities	52,450	-	52,450
Balance as at December 31, 2014	**$ 930,669**	**$ 1,192**	**$ 931,861**
Accumulated depletion and depreciation:			
Balance, as at December 31, 2013	$ 24,573	$ 159	$ 24,732
Depletion on resource assets	64,950	-	64,950
Depreciation on office assets	-	275	275
Balance as at December 31, 2014	**$ 89,523**	**$ 434**	**$ 89,957**
Properties and equipment as at December 31, 2014	**$ 841,146**	**$ 758**	**$ 841,904**

Cost:	Petroleum and natural gas assets	Office equipment	Total
Balance, as at December 31, 2014	$ 930,669	$ 1,192	$ 931,861
Additions	30,075	-	30,075
Transfer from E&E assets	68	-	68
Change in decommissioning liabilities	1,101	-	1,101
Balance as at June 30, 2015	**$ 961,913**	**$ 1,192**	**$ 963,105**
Accumulated depletion and depreciation:			
Balance, as at December 31, 2014	$ 89,523	$ 434	$ 89,957
Depletion on resource assets	50,553	-	50,553
Depreciation on office assets	-	66	66
Balance as at June 30, 2015	**$ 140,076**	**$ 500**	**$ 140,576**
Properties and equipment as at June 30, 2015	**$ 821,837**	**$ 692**	**$ 822,529**

For the six months ended June 30, 2015, approximately $1.1 million of directly attributable general and administrative costs and $0.8 million of directly attributable stock-based compensation were capitalized to properties and equipment (June 30, 2014 – $1.4 and $1.7, respectively).

At June 30, 2015, future development costs of $344 million associated with proved plus probable undeveloped reserves are included in costs subject to depletion (December 31, 2014 – $350 million).

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

5 Bank debt

As at June 30, 2015, the Company had available a $250 million (December 31, 2014 - $250 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 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. As at June 30, 2015 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 June 30, 2015, the Company had $78.8 million drawn on the facility, excluding the letter of guarantee discussed below.

As at June 30, 2015, the Company had a letter of guarantee outstanding in the amount of $2.7 million against the credit facility.

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 $152.9 million (December 31, 2014 – $152.0 million). These payments are expected to be incurred over the next 5 to 30 years. At June 30, 2015, a risk-free rate of 2.31 percent (December 31, 2014 – 2.67 percent) and an inflation rate of 1.5 percent (December 31, 2014 – 1.5 percent) were used to calculate the net present value of the decommissioning provisions.

		As at June 30 2015		**Year ended December 31 2014**
Decommissioning liabilities, beginning of period	$	104,713	$	6,593
Acquired – corporate		-		21,547
Acquired – resource properties		-		22,588
Liabilities incurred		1,246		3,158
Accretion expense		1,133		1,535
Change in rate(1)		(145)		49,292
Decommissioning liabilities, end of period	**$**	**106,947**	**$**	**104,713**

(1) This amount relates to the revaluation of decommissioning obligations acquired or incurred using the risk-free discount rate at June 30, 2015. There was no change in rate for the year-ended December 31, 2014 or March 31, 2015. The obligations were recorded at fair value on the date they were acquired or incurred.

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

7 Share capital

Authorized

Unlimited number of voting Class A Shares.
Unlimited number of preferred shares, issuable in series.

a) Issued and outstanding

	Number of shares	Amount ($ thousands)
Class A shares		
Issued in exchange for private placement	1,275,000	2,500
Issued in exchange for private placement	38,265,584	75,000
Issued in exchange for private placement	2,153,633	1,293
Issued for acquisition of Renegade	117,520,001	376,064
Issued in exchange for private placement	39,870,500	149,514
Exercise of warrants	3,034,406	4,843
Less share issue costs (net of tax of $2,845)	-	(8,134)
Balance as at December 31, 2014	**264,260,327**	**640,079**
Exercise of warrants	8,333	9
Balance as at June 30, 2015	**264,268,660**	**640,088**

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

	Six months ended June 30, 2015	2014
Weighted average outstanding common shares (1)		
Basic	**264,266,082**	163,299,190
Diluted	**264,266,082**	187,531,409

(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 six months ended June 30, 2015 excludes the effect of all stock options and warrants as the impact would be anti-dilutive due to the net loss realized.*

Warrants

Spartan has the following warrants outstanding:

	Number of warrants	Weighted Average Exercise price	Amount ($ thousands)
Balance at December 31, 2013	**33,721,713**	**0.80**	**14,400**
Warrants assumed	1,387,166	3.20	1,537
Warrants exercised	(3,034,406)	(1.25)	(1,682)
Warrants expired	(819,891)	(3.20)	(909)
Balance at December 31, 2014	**31,254,582**	**$ 0.80**	**13,346**
Warrants exercised	(8,333)	**0.80**	(3)
Balance at June 30, 2015(1)	**31,246,249**	**$ 0.80**	**13,343**

(1) *As at June 30, 2015 all warrants are vested and exercisable.*

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

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 June 30, 2015 are presented below. As at June 30, 2015, 2,446,667 of the options are vested and exercisable at a weighted average exercise price of $2.99 per common share.

	Number of Options	Remaining Life (years)	Weighted Average Exercise Price
Balance, December 31, 2013	2,307,500	4.99	$ 2.40
Issued	8,670,000	4.34	3.30
Forfeited	(1,662,500)	(4.23)	(3.18)
Balance, December 31, 2014	**9,315,000**	**4.26**	**$ 3.10**
Issued	3,490,000	4.73	2.71
Forfeited	(680,000)	(3.95)	(3.31)
Balance, June 30, 2015	**12,125,000**	**4.03**	**$ 2.98**

Spartan uses the Black-Scholes option pricing model to calculate the estimated fair value of the stock options issued during the period. The following weighted average assumptions were used to arrive at the estimate of fair value as at the date of grant:

Six months ended June 30,	**2015**	**2014**
Fair value ($/option)	1.24	2.74
Weighted-average exercise price ($)	2.71	3.23
Expected risk free rate (%)	0.7	2.0
Expected life (years)	5	5
Expected volatility (%)	53	125
Expected forfeiture rate (%)	10	10

9 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:

Six months ended June 30	**2015**	**2014**
Income (loss) before income taxes	$ (26,585)	$ 16,118
Combined federal and provincial income tax rate	27.00%	26.40%
Computed income tax (recovery)	(7,178)	4,255
Tax effects of:		
Stock-based compensation expense	1,031	886
Change in estimates and other [(1)]	(2,168)	-
Gain on property acquisition	-	(3,960)
Recognition of tax benefits previously not recorded	-	(1,420)
Deferred income tax recovery for the period	**$ (8,315)**	**$ (239)**

(1) This amount relates to adjustments made to the Company's tax pools in the quarter ended March 31, 2015.

As at June 30, 2015 the Corporation had approximately $749.6 million of tax pools and losses available to reduce future taxable income.

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

10 Supplemental cash flow information

Changes in non-cash working capital	Six months ended June 30 2015	Six months ended June 30 2014
Change in trade receivables	$ 4,116	$ (21,289)
Change in prepaid expenses and deposits	(55)	(11,092)
Change in trade and other liabilities	(14,138)	35,324
	$ (10,077)	**$ 2,943**
Relating to:		
Corporate acquisitions	-	$ 23,462
Operating activities	4,624	(29,819)
Investing activities	(14,701)	9,300
	$ (10,077)	**$ 2,943**

11 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, funds held in trust, 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.

The fair value of Spartan’s derivative contracts, which expired on December 31, 2014, were assessed on the fair value hierarchy described above. The derivative contracts were classified as Level 2. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

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 12 of the Company’s audited consolidated financial statements for the year ended December 31, 2014.

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

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 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.

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

12 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 June 30, 2015 ($ thousands)	**Amount**
Less than one year	1,752
Between one and five years	2,921
Total commitment	**4,673**

13 Subsequent Events

On July 29, 2015, Spartan elected to reduce the borrowing base under its credit facility from $250 million to $150 million.