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

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.

14 Commitments

As at June 30, 2016 Spartan was committed to future minimum payments as follows:

	2016	2017	2018	2019	2020	Thereafter	Total
Operating lease – office(1,2)	996	1,852	292	-	-	-	$ 3,140
Pipeline transportation(1,3)	575	1,310	1,453	1,572	1,310	-	$ 6,220
Gas processing(1,4)	1,853	7,373	7,373	7,373	7,373	17,411	$ 48,756
	3,424	**10,535**	**9,118**	**8,945**	**8,683**	**17,411**	**$ 58,116**

(1) Includes new commitments assumed as part of the acquisition of Wyatt Oil and Gas Inc. (note 3).
(2) Includes operating costs.
(3) Represents a pipeline transportation tariff on minimum oil volumes delivered from the Alameda field to the main Southeast Saskatchewan trunkline. The transportation tariff is deducted from oil price when sold and included in oil sales. Costs related to under-delivered volumes are included in operating and transportation expenses.
(4) Represents the estimated capital component of the gas processing fee on minimum gas volumes to be delivered to a gas processing facility being constructed at the Alameda oil battery. The facility is expected to begin operations in October 2016. When gas delivery commences, sales from natural gas, NGLs and NGLs that can be blended with produced oil and sold as oil will be recognized in revenue. The processing fee will be included in operating and transportation expenses.

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 June 30, 2016, the Company had incurred $0.9 million of this capital commitment. The Company is committed to incurring the remaining $1.1 million on qualified exploration expenditures by December 31, 2016.

15 Subsequent Events

On August 3, 2016, Spartan completed the acquisition of certain oil and gas assets in southeast Saskatchewan for total cash consideration of approximately $24.0 million, excluding transaction costs.

On August 3, 2016, Spartan announced a bought deal financing of 22,100,000 common shares at a price of $3.18 per common share for total gross proceeds of approximately $70.3 million. The underwriters will have an option to purchase up to an additional 3,315,000 of the common shares issued under the offering at a price of $3.18 per common share to cover over-allotments, exercisable in whole or in part at any time until 30 days after the closing date. The maximum gross proceeds that could be raised under the offering is approximately $80.8 million should the over-allotment option be exercised in full. The offering is expected to close on or about August 24, 2016.