Spartan Energy Corp.

Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2014

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

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

	September 30 2014	December 31 2013
Assets		
Current assets		
Cash and cash equivalents	$ **165**	$ 10,244
Trade receivables	**28,600**	1,084
Funds held in trust	**-**	8,540
Prepaid expenses and deposits	**2,511**	65
	31,276	19,933
Non-current assets		
Exploration and evaluation assets (note 4)	**33,002**	323
Properties and equipment (note 5)	**822,232**	29,981
Total Assets	$ **886,510**	$ 50,237
Liabilities		
Current liabilities		
Trade and other liabilities	$ **49,739**	1,046
Derivative contracts (note 12)	**3,213**	33
Bank debt (note 6)	**60,321**	-
	113,273	1,079
Non-current liabilities		
Decommissioning liabilities (note 7)	**99,058**	6,593
Deferred income tax liability	**902**	-
Total Liabilities	**213,233**	7,672
Equity		
Share capital (note 8)	$ **637,990**	$ 38,999
Contributed surplus	**14,202**	5,546
Warrants	**14,982**	14,400
Accumulated other comprehensive income	**3**	-
Retained Earnings (Deficit)	**6,100**	(16,380)
	673,277	42,565
Total Liabilities and Equity	$ **886,510**	$ 50,237

Commitments & contingencies - 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 September 30
(Unaudited - In thousands of Canadian dollars, except per share amounts)

	Three Months Ended September 30 2014	Three Months Ended September 30 2013	Nine Months Ended September 30 2014	Nine Months Ended September 30 2013
Revenue				
Oil and gas sales	$ **59,280**	$ 4,610	$ **120,189**	$ 12,510
Royalties	**(9,381)**	(844)	**(20,275)**	(2,080)
	49,899	3,766	**99,914**	10,430
Gain on property acquisition (note 3)	**-**	-	**15,000**	-
Gain (loss) on derivative contracts (note 12)	**5,917**	(303)	- **2,695**	(493)
	55,816	3,463	**117,609**	9,937
Expenses				
Operating and production costs	**14,071**	900	**25,854**	3,153
Exploration and evaluation expenses (note 4)	**1,396**	-	**4,151**	-
General and administrative	**1,423**	231	**3,677**	972
Stock-based compensation	**2,911**	-	**6,268**	-
Transaction costs	**353**	-	**3,489**	-
Impairment	**-**	-		1,243
Depletion and depreciation (note 5)	**24,897**	1,384	**45,714**	4,177
	45,051	2,515	**89,153**	9,545
Finance expense:				
Interest expense	**967**	131	**2,095**	403
Accretion on decommissioning liabilities	**434**	15	**879**	38
	1,401	146	**2,974**	441
Income before income taxes	**9,364**	802	**25,482**	(49)
Deferred income tax (note 10)	**3,241**	-	**3,002**	-
Net income (loss) for the period	**6,123**	802	$ **22,480**	$ (49)
Other comprehensive income				
Foreign currency translation on foreign operations	**5**	-	**3**	-
Comprehensive income (loss) for the period	**6,128**	802	**22,483**	(49)
Earnings (loss) per share **Basic**	**$ 0.02**	**$** 0.01	**$ 0.11**	**$** -
Diluted	**$ 0.02**	**$** 0.01	**$ 0.10**	**$** -

Spartan Energy Corp.
Interim Statements of Changes in Equity
For the Periods Ended September 30
(Unaudited - In thousands of Canadian dollars)

	Share capital	Contributed surplus	Warrants	Retained earnings (Deficit)	Accumulated other comprehensive income	Total
Balance - January 1, 2014	**$ 38,999**	**$ 5,546**	**$ 14,400**	**$ (16,380)**	**$ -**	**$ 42,565**
Changes during period:						
Net income	-	-	-	22,480	-	22,480
Issue of common shares (note 8)	228,306	-		-	-	228,306
Acquisition (note 3)	376,064	-	1,537	-	-	377,601
Exercise of warrants	2,753	-	(955)	-	-	1,798
Stock-based compensation	-	8,656	-	-	-	8,656
Share issue costs, net of tax	(8,132)	-	-	-	-	(8,132)
Foreign currency translation on foreign operations	-	-	-	-	3	3
Balance - September 30, 2014	**$ 637,990**	**$ 14,202**	**$ 14,982**	**$ 6,100**	**$ 3**	**$ 673,277**
Balance - January 1, 2013	**$ 25,054**	**$ 5,743**	**$ -**	**$ (14,613)**	**$ -**	**$ 16,184**
Changes during period:						
Net loss	-	-	-	(49)	-	(49)
Balance - September 30, 2013	**$ 25,054**	**$ 5,743**	**$ -**	**$ (14,662)**	**$ -**	**$ 16,135**

The accompanying notes are integral to the consolidated financial statements.

Spartan Energy Corp.
Consolidated Interim Statements of Cash Flows
For the Periods Ended September 30
(Unaudited - In thousands of Canadian dollars)

	Three Months Ended September 30 2014	Three Months Ended September 30 2013	Nine Months Ended September 30 2014	Nine Months Ended September 30 2013
Cash and cash equivalents provided by (used in)				
Operating activities				
Net income (loss) for the period	**6,123**	$ 802	$ **22,480**	$ (49)
Items not affecting cash:				
Depletion and depreciation	**24,897**	1,384	**45,714**	4,177
Impairment	**-**	-		1,243
Accretion expense	**434**	15	**879**	38
Unrealized (gain) loss on derivative contracts	**(10,848)**	193	**(15,012)**	632
Stock-based compensation	**2,911**	-	**6,268**	-
Gain on property acquisition	**-**	-	**(15,000)**	-
Exploration and evaluation expenses	**1,396**	-	**4,151**	-
Deferred income tax	**3,241**	-	**3,002**	-
Net change in non-cash operating working capital items	**20,452**	(693)	**(9,367)**	(541)
	48,606	**1,701**	**43,115**	**5,500**
Investing activities				
Properties and equipment acquired	**(121,643)**	-	**(153,048)**	-
Exploration and evaluation assets acquired	**(8,186)**	-	**(9,281)**	-
Expenditures on properties and equipment	**(34,742)**	(418)	**(45,253)**	(3,097)
Expenditures on exploration and evaluation assets	**(813)**	-	**(886)**	-
Cash received through acquisition (note 3)	**-**	-	**131**	-
Net change in non-cash investing working capital items	**(2,655)**	(230)	**6,645**	(370)
	(168,039)	(648)	**(201,692)**	(3,467)
Financing activities				
Issuance of common shares	**-**	1,272	**228,306**	1,272
Exercise of warrants	**228**	-	**2,414**	-
Share issue costs	**(197)**	-	**(10,977)**	-
Issuance of bank debt	**60,321**	-	**60,321**	-
Repayment of bank debt	**-**	(2,325)	**(140,106)**	(3,305)
Transfer from funds held in trust	**-**	-	**8,540**	-
	60,352	(1,053)	**148,498**	(2,033)
Change in cash and cash equivalents during period	**(59,081)**	-	$ **(10,079)**	$ -
Cash and cash equivalents - beginning of period	**59,246**	-	**10,244**	-
Cash and cash equivalents - end of period	**165**	-	$ **165**	$ -
Interest paid	**967**	131	$ **2,095**	$ 364

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 and North Dakota, U.S. The interim consolidated financial statements of the Company as at and for the three and nine months ended September 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 changed its name from Alexander Energy Ltd. to Spartan Energy Corp. on February 18, 2014. 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, 2013, 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 November 12, 2014.

(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, 2013.

(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, 2013. 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, 2013 except as noted below.

In May 2013, the IASB issued International Financial Reporting Interpretation Committee (IFRIC) 21 Levies. This clarifies that an entity recognizes a liability for a levy when the activity that triggers payment occurs. The Company is not currently subjected to significant levies so the impact on the Company is not material.

IAS 32, Financial Instruments: Presentation, has been amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right to offset must be available on the current date and cannot be contingent on a future event. The adoption of this standard had no impact on the amounts recorded in the Company's interim financial statements.

IAS 36 Impairment of Assets - IAS 36 was amended in May 2013 to reduce the circumstances in which the recoverable amount of CGUs is required to be disclosed and clarify the disclosures required when an impairment loss has been recognized or reversed in the period. The amendments require retrospective application and were adopted by the Company on January 1, 2014. The adoption of this standard had no impact on the amounts recorded in the Company's interim financial statements.

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. Acquisitions

(a) On March 31, 2014 Spartan acquired all of the issued and outstanding shares of Renegade Petroleum Ltd. ("Renegade"), an oil and gas exploration and development company, in exchange for 117,520,001 common shares of Spartan.

In addition, Spartan assumed all outstanding Renegade warrants which entitle the holders to purchase one common share of Spartan at a price of $3.20 per share until November 2014. If all warrants are exercised it will result in the issuance of an additional 1,387,166 common shares of Spartan. The revenue and expenses of Renegade for the three months ended March 31, 2014 have not been included in the Spartan interim consolidated statements of comprehensive income for that period.

Spartan and Renegade amalgamated on March 31, 2014.

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

Net income for the nine months ended September 30, 2014 includes $85.1 million of oil and gas sales and $12.1 million of net income generated from the Renegade assets since the acquisition date. If the assets had been acquired on January 1, 2014, an additional $52 million of oil and gas sales and $3 million of net income would have been included in the consolidated statements of comprehensive income for the nine months ended September 30, 2014.

The acquisition was accounted for as a business combination using the acquisition method of accounting whereby the net assets acquired and the liabilities assumed are recorded at fair value. Transaction costs in the amount of $3.1 million were incurred by Spartan and recorded to the consolidated statements of comprehensive income.

The values assigned to the net assets acquired were as follows:

Current assets (including cash of $131)	$	25,590
Current liabilities (excluding bank loan)		(64,920)
Bank loan		(140,106)
Exploration and evaluation assets		23,914
Properties and equipment		550,415
Deferred income tax asset		4,255
Decommissioning liabilities		(21,547)
	$	377,601
Paid by		
Common shares	$	376,064
Warrants		1,537
	$	377,601

The above allocation has been determined from information that is available to the management of Spartan at this time and incorporates estimates. Spartan has issued 117,520,001 common shares, valued at $3.20 based on the weighted-average trading price on closing at March 31, 2014. The above acquisition accounting will be finalized after all actual results have been obtained and the final fair values of the assets and liabilities have been determined. Accordingly, the above acquisition accounting may be subject to change. Adjustments were made in the nine months ended September 30, 2014 to reduce properties and equipment by $3.4 million and current liabilities by $3.7 million, and to reduce the deferred income tax asset by $0.3 million.

(b) On February 3, 2014, Spartan acquired certain interests in undeveloped land and producing petroleum and natural gas properties for cash consideration of $32.5 million. The consolidated statements of comprehensive income include the results of operations for the period following the close of the transaction on February 3, 2014. Net income for the nine months ended September 30, 2014 includes $8.6 million of oil and gas sales and $3.1 million of net income generated from the acquired assets since the acquisition date. If the assets had been acquired on January 1, 2014, an additional $1.7 million of oil and gas sales and $0.5 million of net income would have been included in the consolidated statements of comprehensive income for the nine months ended September 30, 2014.

The acquisition was accounted for as a business combination using the acquisition method of accounting whereby the net assets acquired and the liabilities assumed are recorded at fair value. As a result of recording the net assets acquired and liabilities assumed at their fair values, a gain on acquisition of $15.0 million was recognized in net income for the nine months ended September 30, 2014. The gain on acquisition was primarily attributable to the seller seeking strategic alternatives and accepting a transaction in the best interest of its shareholders.

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

These assets were acquired from Renegade, prior to Spartan's acquisition of Renegade as described in note 3(a).

The values assigned to the acquired assets were as follows:

Exploration and evaluation assets	$	1,095
Properties and equipment		59,011
Deferred tax liability		(5,000)
Decommissioning liabilities		(7,606)
	$	47,500
Paid by:		
Cash	$	32,500
Gain on acquisition	$	15,000

The accounting for this acquisition will be finalized after all actual results have been obtained and the final fair values of the assets and liabilities have been determined. Accordingly, the above acquisition accounting may be subject to change. Adjustments were made in the three months ended September 30, 2014 to properties and equipment, and decommissioning liabilities for $5.6 million.

(c) On July 7, 2014, Spartan acquired certain interests in undeveloped land and producing petroleum and natural gas properties for cash consideration of $97.3 million. The consolidated statements of comprehensive income include the results of operations for the period following the close of the transaction on July 7, 2014. Net income for the nine months ended September 30, 2014 includes $7.3 million of oil and gas sales and $2.2 million of net income generated from the acquired assets since the acquisition date. If the assets had been acquired on January 1, 2014, an additional $15.6 million of oil and gas sales and $4.7 million of net income would have been included in the consolidated statements of comprehensive income for the nine months ended September 30, 2014.

The acquisition was accounted for as a business combination using the acquisition method of accounting whereby the net assets acquired and the liabilities assumed are recorded at fair value.

The values assigned to the acquired assets were as follows:

Exploration and evaluation assets	$	2,850
Properties and equipment		105,503
Decommissioning liabilities		(11,037)
	$	97,316
Paid by:		
Cash	$	97,316

(d) On July 7, 2014, Spartan acquired certain interests in undeveloped land and producing petroleum and natural gas properties for cash consideration of $17.1 million. The consolidated statements of comprehensive income include the results of operations for the period following the close of the transaction on July 7, 2014. Net income for the nine months ended September 30, 2014 includes $0.9 million of oil and gas sales and $0.2 million of net income generated from the acquired assets since the acquisition date. If the assets had been acquired on January 1, 2014, an additional $1.9

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

million of oil and gas sales and $0.6 million of net income would have been included in the consolidated statements of comprehensive income for the nine months ended September 30, 2014.

The acquisition was accounted for as a business combination using the acquisition method of accounting whereby the net assets acquired and the liabilities assumed are recorded at fair value.

The values assigned to the acquired assets were as follows:

Exploration and evaluation assets	$	4,483
Properties and equipment		15,218
Decommissioning liabilities		(2,635)
	$	17,066
Paid by:		
Cash	$	17,066

(e) On August 12, 2014, Spartan acquired certain interests in undeveloped land and producing petroleum and natural gas properties for cash consideration of $10.9 million. The consolidated statements of comprehensive income include the results of operations for the period following the close of the transaction on August 12, 2014. Net income for the nine months ended September 30, 2014 includes $0.3 million of oil and gas sales and $0.1 million of net income generated from the acquired assets since the acquisition date. If the assets had been acquired on January 1, 2014, an additional $1.6 million of oil and gas sales revenue and $0.1 million of net income would have been included in the consolidated statements of comprehensive income for the nine months ended September 30, 2014.

The acquisition was accounted for as a business combination using the acquisition method of accounting whereby the net assets acquired and the liabilities assumed are recorded at fair value.

The values assigned to the acquired assets were as follows:

Exploration and evaluation assets	$	829
Properties and equipment		10,844
Decommissioning liabilities		(805)
	$	10,868
Paid by:		
Cash	$	10,868

(f) On August 27, 2014, Spartan acquired certain interests in undeveloped land and producing petroleum and natural gas properties for cash consideration of $4.3 million. The consolidated statements of comprehensive income include the results of operations for the period following the close of the transaction on August 27, 2014. Net income for the nine months ended September 30, 2014 includes $0.2 million of oil and gas sales and $0.1 million of net income generated from the acquired assets since the acquisition date. If the assets had been acquired on January 1, 2014, an additional $1.6 million of oil and gas sales and $0.7 million of net income would have been included in the consolidated statements of comprehensive income for the nine months ended September 30, 2014.

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

The acquisition was accounted for as a business combination using the acquisition method of accounting whereby the net assets acquired and the liabilities assumed are recorded at fair value.

The values assigned to the acquired assets were as follows:

Exploration and evaluation assets	$	24
Properties and equipment		4,514
Decommissioning liabilities		(228)
	$	4,310
Paid by:		
Cash	$	4,310

4 Exploration and evaluation assets

		As at September 30 2014		Year Ended December 31 2013
Balance, beginning of period	$	323	$	2,347
Acquisitions – corporate		23,914		-
Acquisitions – resource properties		9,281		-
Additions		886		19
Lease expiries		(1,331)		-
Transfer to properties and equipment		(71)		(480)
Impairment		-		(1,563)
Balance, end of period	**$**	**33,002**	**$**	**323**

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)

5 Properties & equipment

Cost:	Petroleum and natural gas assets	Office equipment	Total
Balance, as at December 31, 2012	$ 46,830	$ 166	$ 46,996
Additions	3,474	23	3,497
Transfer from exploration and evaluation assets	480	-	480
Change in decommissioning liabilities	3,740	-	3,740
Balance as at December 31, 2013	**$ 54,524**	**$ 189**	**$ 54,713**
Accumulated depletion and depreciation:			
Balance, as at December 31, 2012	$ 18,250	$ 145	$ 18,395
Depletion on resource assets	5,631	-	5,631
Depreciation on office assets	-	14	14
Impairment	692	-	692
Balance as at December 31, 2013	**$ 24,573**	**$ 159**	**$ 24,732**
Properties and equipment as at December 31, 2013	**$ 29,951**	**$ 30**	**$ 29,981**

Cost:	Petroleum and natural gas assets	Office equipment	Total
Balance, as at December 31, 2013	$ 54,524	$ 189	$ 54,713
Acquisitions – corporate	549,425	990	550,415
Acquisitions – resource properties	202,264	-	202,264
Additions	37,475	13	37,488
Transfer from E&E assets	71	-	71
Change in decommissioning liabilities	47,727	-	47,727
Balance as at September 30, 2014	**$ 891,486**	**$ 1,192**	**$ 892,678**
Accumulated depletion and depreciation:			
Balance, as at December 31, 2013	$ 24,573	$ 159	$ 24,732
Depletion on resource assets	45,523	-	45,523
Depreciation on office assets	-	191	191
Balance as at September 30, 2014	**$ 70,096**	**$ 350**	**$ 70,446**
Properties and equipment as at September 30, 2014	**$ 821,390**	**$ 842**	**$ 822,232**

For the nine months ended September 30, 2014, approximately $1.8 million of directly attributable general and administrative costs and $2.4 million of directly attributable stock-based compensation were capitalized to properties and equipment (September 30, 2013 – $nil and $nil, respectively).

At September 30, 2014, future development costs of $212 million associated with proved plus probable undeveloped reserves are included in costs subject to depletion (December 31, 2013 – $4.3 million).

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

6 Bank debt

As at September 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 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 September 30, 2014 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 September 30, 2014, the Company had $60.3 million drawn on the facility, excluding the letter of guarantee discussed below.

As at September 30, 2014, the Company had a letter of guarantee outstanding in the amount of $2.7 million against the credit facility.

The next borrowing base review is scheduled to occur on or before May 31, 2015.

7 Decommissioning liabilities

The Company's future decommissioning liabilities were estimated by management based on the Corporation'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 $150.3 million (December 31, 2013 – $7.6 million). These payments are expected to be incurred over the next 5 to 30 years. At September 30, 2014, a risk-free rate of 2.67 percent (December 31, 2013 – 1.00 to 2.77 percent) and an inflation rate of 1.5 percent (December 31, 2012 – 2.3 percent) were used to calculate the net present value of the decommissioning provisions. The change in estimates is the result of the Company's corporate and resource properties acquisitions in 2014 and not due to any change in cost estimates.

	As at September 30 2014	Year Ended December 31 2013
Decommissioning liabilities, beginning of period	$ 6,593	$ 2,798
Acquired – corporate	21,547	-
Acquired – resource properties	22,312	-
Liabilities incurred	1,809	105
Accretion expense	879	54
Change in estimates on discount rates	45,918	3,636
Decommissioning liabilities, end of period	**$ 99,058**	**$ 6,593**

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

8 Share capital

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

a) Issued and outstanding

	Number of shares	Amount ($ thousands)
Class A shares		
Balance as at January 1, 2013	15,559,869	$25,054
Issuance of common shares (i)	2,166,667	1,300
Issuance of units (ii)	29,933,796	5,168
Issuance of units (iii)	3,787,917	665
Issuance of common shares (iii)	10,444,954	6,267
Exercise of stock options	248,000	657
Less share issue costs	-	(112)
Balance as at December 31, 2013	**62,141,203**	**38,999**
Issued in exchange for private placement (iv)	1,275,000	2,499
Issued in exchange for private placement (v)	38,265,584	75,000
Issued in exchange for private placement (vi)	2,153,633	1,293
Issued for acquisition of Renegade (vii)	117,520,001	376,064
Issued in exchange for private placement (viii)	39,870,500	149,514
Exercise of warrants	1,349,359	2,753
Less share issue costs (net of tax of $2,845)		(8,132)
Balance as at September 30, 2014	**262,575,280**	**637,990**

(i) On September 13, 2013 the Company issued 2,166,667 common shares to management and directors for gross proceeds of $1,300,000.

(ii) On December 10, 2013 the Company closed the first tranche of a two tranche private placement by issuing 29,933,796 units ("Units") for gross proceeds of $18 million to the new management group of the Company and their designates. Each Unit consisted of one common share of the Company and one share purchase warrant ("Warrant"). Each Warrant entitles the holder to acquire one common share of the Company at an exercise price of $0.80 for a period of five years. The Warrants vested and became exercisable as to one-third upon the 20-day weighted average trading price of the common shares equaling or exceeding $1.20, an additional one-third upon the price equaling or exceeding $1.60 and a final one-third upon the price equaling or exceeding $2.00. The warrants were assigned a value of $12.8 million.

(iii) On December 24, 2013 the Company closed the second tranche by issuing 3,787,917 Units and 10,444,954 common shares for gross proceeds of $8.5 million to the new management group of the Company and their designates. Each Unit consisted of one common share of the Company and one share purchase warrant. Each Warrant entitles the holder to acquire one common share of the Company at an exercise price of $0.80 for a period of five years. The Warrants vested and became exercisable as to one-third upon the 20-day weighted average trading price of the common shares equaling or exceeding $1.20, an additional one-third upon the price equaling or exceeding $1.60 and a final one-third upon the price equaling or exceeding $2.00. The warrants were assigned a value of $1.6 million.

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

(iv) On January 14, 2014 Spartan issued 1,275,000 common shares priced at $1.96 per share through a non-brokered private placement financing.

(v) On January 14, 2014 Spartan issued 38,265,584 common shares priced at $1.96 per share through a brokered private placement financing.

(vi) On January 16, 2014 Spartan announced a rights offering to all existing Spartan shareholders, except for the Spartan directors and management group, for up to a maximum of 2,153,633 common shares priced at $0.60 per share. The offering was completed on March 19, 2014.

(vii) On March 31, 2014 Spartan issued 117,520,001 common shares to purchase all of the outstanding shares of Renegade, as described in note 3(a).

(viii) On June 17, 2014 Spartan issued 39,870,500 common shares priced at $3.75 per share through a brokered private placement financing.

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

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	**2014**	2013
Weighted average outstanding common shares [(1)]				
Basic	**262,420,942**	63,935,129	**196,702,861**	62,810,906
Diluted	**287,939,818**	63,935,129	**221,767,007**	62,810,906

(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.

Warrants

Spartan has the following warrants outstanding:

	Number of warrants	Amount ($ thousands)
Balance at December 31, 2012	-	-
Warrants issued	33,721,713	14,400
Balance at December 31, 2013	**33,721,713**	**14,400**
Warrants assumed (note 3)	1,387,166	1,537
Warrants exercised	(1,349,359)	(955)
Balance at September 30, 2014[(1)]	**33,759,520**	**14,982**

(1) As at September 30, 2014 all warrants are vested and exercisable.

Spartan acquired 1,387,166 warrants as part of the acquisition of Renegade on March 31, 2014 (refer to note 3). These warrants entitle the holder to purchase one common share of Spartan at a price of $3.20 per share until November 2014. The fair value of these warrants was estimated at March 31, 2014 using a Black Scholes pricing model with the following weighted average assumptions:

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

Weighted-average exercise price ($)	3.20
Expected risk free rate (%)	2.0
Expected life (years)	0.7
Expected volatility (%)	125
Expected forfeiture rate (%)	10

9 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 September 30, 2014 are presented below. As at September 30, 2014, none of the options are vested and exercisable.

	Number of Options	**Weighted Average Exercise Price**
Balance, December 31, 2012	737,750	$1.56
Forfeited	(489,750)	$1.56
Exercised	(248,000)	$1.56
Issued	2,307,500	$2.40
Balance, December 31, 2013	**2,307,500**	**$2.40**
Issued	8,155,000	$3.34
Forfeited	(1,617,500)	($3.16)
Balance, September 30, 2014	**8,845,000**	**$3.13**

On December 10, 2013 the Company issued 2,307,500 stock options exercisable at a price of $2.40 per common share to directors, officers, employees and consultants of the Company.

On April 1, 2014 the Company issued 6,890,000 stock options exercisable at a price of $3.21 per common share to directors, officers, employees and consultants of the Company.

On June 18, 2014 the Company issued 175,000 stock options exercisable at a price of $4.18 per common share to directors, officers, employees and consultants of the Company.

On July 8, 2014 the Company issued 405,000 stock options exercisable at a price of $4.04 per common share to directors, officers, employees and consultants of the Company.

On August 25, 2014 the Company issued 335,000 stock options exercisable at a price of $3.95 per common share to directors, officers, employees and consultants of the Company.

On September 2, 2014 the Company issued 350,000 stock options exercisable at a price of $4.16 per common share to directors, officers, employees and consultants of the Company.

The options vest over three years (one-third on each of the first, second and third anniversary dates from the date of grant) and expire in five years. As at September 30, 2014, the weighted average remaining life for the options outstanding is 4.47 years.

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

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:

Nine Months Ended September 30	**2014**	**2013**
Income (loss) before income taxes	$ 25,482	($ 49)
Combined federal and provincial income tax rate	26.40%	25.00%
Computed income tax	6,727	(12)
Tax effects of:		
Stock-based compensation expense	1,655	-
Gain on property acquisition	(3,960)	
Recognition of tax benefits previously not recorded	(1,420)	
Tax benefits not recognized	-	12
Deferred income tax for the period	**$ 3,002**	**$ -**

As at September 30, 2014 the Corporation had approximately $749 million of tax pools and losses available to reduce future taxable income. Of these, $555 million were related to the Renegade acquisition described in note 3(a).

11 Supplemental cash flow information

Changes in non-cash working capital	**Nine Months Ended September 30 2014**	**Nine Months Ended September 30 2013**
Change in trade receivables	($27,516)	($419)
Change in prepaid expenses and deposits	(2,446)	(30)
Change in trade and other liabilities	48,693	(462)
	$18,731	**($911)**
Relating to:		
Corporate acquisitions	$21,453	-
Operating activities	(9,367)	(541)
Investing activities	6,645	(370)
	$18,731	**($911)**

12 Financial instruments & Risk management

The Company's financial instruments recognized on the interim 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.

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

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.

Spartan's derivative contracts have been assessed on the fair value hierarchy described above. The derivative contracts are 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 6 of the Company's audited consolidated financial statements for the year ended December 31, 2013.

As at September 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.

Approximately 54% of the Company's third quarter 2014 oil production was hedged with the oil commodity contracts listed above.

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

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

(1) AECO – C Spot monthly average.

The gain (loss) from the financial derivative instruments during the period is as follows:

Nine Months Ended September 30		**2014**		**2013**
Realized gain (loss) on derivative contracts	$	(12,317)	$	139
Unrealized gain (loss) on derivative contracts		15,012		(632)
	$	**2,695**	**$**	**(493)**

The fair value of the Company's derivative contracts was a mark to market liability of $3.2 million at September 30, 2014 (December 31, 2013 - $33 thousand).

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.

13 Commitments & contingencies

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

As at September 30, 2014 ($ thousands)	**Amount**
Less than one year	1,752
Between one and five years	4,235
Total commitment	**5,987**