Spartan Energy Corp.

Interim Consolidated Financial Statements

For the Three and Nine months ended September 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)

		September 30 2015		December 31 2014
Assets				
Current assets				
Cash and cash equivalents	$	**186**	$	180
Trade receivables		**16,726**		24,483
Prepaid expenses and deposits		**2,952**		2,151
		19,864		26,814
Non-current assets				
Exploration and evaluation assets (note 4)		**26,310**		33,237
Properties and equipment (note 5)		**789,351**		841,904
Deferred income tax asset (note 10)		**14,634**		-
Total Assets	$	**850,159**	$	901,955
Liabilities				
Current liabilities				
Trade and other liabilities	$	**24,569**	$	38,723
Bank debt (note 6)		**82,179**		74,434
		106,748		113,157
Non-current liabilities				
Decommissioning liabilities (note 7)		**109,607**		104,713
Deferred income tax liability (note 10)		-		5,391
Total Liabilities		**216,355**		223,261
Equity				
Share capital (note 8)	$	**640,392**	$	640,079
Contributed surplus		**23,780**		17,313
Warrants		**13,343**		13,346
Accumulated other comprehensive income		**(8)**		1
Retained earnings (deficit)		**(43,703)**		7,955
		633,804		678,694
Total Liabilities and Equity	$	**850,159**	$	901,955

Commitments - 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 2015	Three Months Ended September 30 2014	Nine Months Ended September 30 2015	Nine Months Ended September 30 2014
Revenue					
Oil and gas sales		$ **35,068**	$ 59,280	$ **117,562**	$ 120,189
Royalties		**(5,674)**	(9,381)	**(18,399)**	(20,275)
		29,394	49,899	**99,163**	99,914
Gain on property acquisition		**-**	-	**-**	15,000
Gain on derivative contracts (note 12)		**-**	5,917	**-**	2,695
		29,394	55,816	**99,163**	117,609
Expenses					
Operating and transportation		**12,902**	14,071	**41,614**	25,854
Exploration and evaluation expenses (note 4)		**1,057**	1,396	**7,851**	4,151
General and administrative		**1,431**	1,423	**4,971**	3,677
Stock-based compensation		**1,473**	2,911	**5,291**	6,268
Transaction costs		**-**	353	**2**	3,489
Impairment (note 5)		**34,000**	-	**34,000**	-
Depletion and depreciation (note 5)		**22,215**	24,897	**72,834**	45,714
		73,078	45,051	**166,563**	89,153
Finance expense:					
Interest expense		**720**	967	**2,456**	2,095
Accretion on decommissioning liabilities		**606**	434	**1,739**	879
		1,326	1,401	**4,195**	2,974
Income (loss) before income taxes		**(45,010)**	9,364	**(71,595)**	25,482
Deferred income tax expense (recovery) (note 10)		**(11,622)**	3,241	**(19,937)**	3,002
Net income (loss) for the period		$ **(33,388)**	$ 6,123	$ **(51,658)**	$ 22,480
Other comprehensive income (loss)					
Foreign currency translation on foreign operations		**(12)**	5	**(9)**	3
Comprehensive income (loss) for the period		$ **(33,400)**	$ 6,128	$ **(51,667)**	$ 22,483
Earnings (loss) per share	**Basic**	$ **(0.13)**	$ 0.02	$ **(0.20)**	$ 0.11
	Diluted	$ **(0.13)**	$ 0.02	$ **(0.20)**	$ 0.10

Spartan Energy Corp.

Statements of Changes in Equity

For the Periods Ended September 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	-	-	-	(51,658)	-	(51,658)
Issue of common shares related to acquisitions	304	-	-	-	-	304
Exercise of warrants	9	-	(3)	-	-	6
Stock-based compensation	-	6,467	-	-	-	6,467
Foreign currency translation on foreign operations	-	-	-	-	(9)	(9)
Balance - September 30, 2015	$ **640,392**	$ **23,780**	$ **13,343**	$ **(43,703)**	$ **(8)**	$ **633,804**
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	228,306	-	-	-	-	228,306
Issue of common shares and warrants related to acquisition	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**

The accompanying notes are integral to the consolidated financial statements.

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

	Three Months Ended September 30 2015	Three Months Ended September 30 2014	Nine Months Ended September 30 2015	Nine Months Ended September 30 2014
Cash and cash equivalents provided by (used in)				
Operating activities				
Net income (loss) for the year	**$ (33,388)**	$ 6,123	**$ (51,658)**	$ 22,480
Items not affecting cash:				
Depletion and depreciation	**22,215**	24,897	**72,834**	45,714
Impairment	**34,000**	-	**34,000**	-
Accretion expense	**606**	434	**1,739**	879
Unrealized gain on derivative contracts	**-**	(10,848)	**-**	(15,012)
Stock-based compensation	**1,473**	2,911	**5,291**	6,268
Gain on property acquisition	**-**	-	**-**	(15,000)
Exploration and evaluation expenses	**1,057**	1,396	**7,851**	4,151
Deferred income tax	**(11,622)**	3,241	**(19,937)**	3,002
Net change in non-cash operating working capital items	**(1,529)**	20,452	**3,115**	(9,367)
	12,812	48,606	**53,235**	43,115
Investing activities				
Properties and equipment acquired	**(1,035)**	(121,643)	**(1,549)**	(153,048)
Exploration and evaluation assets acquired	**-**	(8,186)	**-**	(9,281)
Expenditures on properties and equipment	**(19,254)**	(34,742)	**(48,003)**	(45,253)
Expenditures on exploration and evaluation assets	**(308)**	(813)	**(1,119)**	(886)
Cash received through acquisition	**-**	-	**-**	131
Net change in non-cash investing working capital items	**4,388**	(2,655)	**(10,313)**	6,645
	(16,209)	(168,039)	**(60,984)**	(201,692)
Financing activities				
Issuance of common shares	**-**	-	**-**	228,306
Exercise of warrants	**-**	228	**7**	2,414
Share issue costs	**-**	(197)	**-**	(10,977)
Increase (repayment) of bank debt	**3,410**	60,321	**7,745**	60,321
Transfer from funds held in trust	**-**	-	**-**	(140,106)
	3,410	60,352	**7,752**	139,958
Foreign exchange effect on cash and cash equivalents	**1**	-	**3**	-
Change in cash and cash equivalents during period	**$ 14**	$ (59,081)	**$ 6**	$ (10,079)
Cash and cash equivalents - beginning of period	**172**	59,246	**180**	10,244
Cash and cash equivalents - end of period	**$ 186**	$ 165	**$ 186**	$ 165
Interest paid	**$ 720**	$ 967	**$ 2,456**	$ 2,095

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 nine months ended September 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 November 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 Acquisitions

During the nine months ended September 30, 2015, the Company completed minor property acquisitions for total consideration of approximately $1.7 million, which included the issuance of 89,271 common shares of Spartan. The impact on oil and gas sales and comprehensive loss was immaterial.

4 Exploration and evaluation assets

	As at September 30 2015	Year ended December 31 2014
Balance, beginning of period	$ 33,237	$ 323
Acquisitions – corporate	-	23,914
Acquisitions – resource properties	-	9,457
Additions	1,119	4,347
Lease expiries	(7,658)	(3,964)
Transfer to properties and equipment	(388)	(840)
Balance, end of period	**$ 26,310**	**$ 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)

5 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	50,736	-	50,736
Transfer from E&E assets	388	-	388
Change in decommissioning liabilities	3,157	-	3,157
Balance as at September 30, 2015	**$ 984,950**	**$ 1,192**	**$ 986,142**
Accumulated depletion and depreciation:			
Balance, as at December 31, 2014	$ 89,523	$ 434	$ 89,957
Depletion on resource assets	72,740	-	72,740
Impairment of resource assets	34,000	-	34,000
Depreciation on office assets	-	94	94
Balance as at September 30, 2015	**$ 196,263**	**$ 528**	**$ 196,791**
Properties and equipment as at September 30, 2015	**$ 788,687**	**$ 664**	**$ 789,351**

For the nine months ended September 30, 2015, approximately $1.5 million of directly attributable general and administrative costs and $1.2 million of directly attributable stock-based compensation were capitalized to properties and equipment (September 30, 2014 – $1.4 and $1.7, respectively).

At September 30, 2015, future development costs of $333 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)

Impairment

At September 30, 2015, due to declining forward commodity prices, the Company tested its CGUs for impairment. The recoverable amounts of the Company's CGUs were estimated as the fair value less costs to sell based on the estimated net present value of the after tax cash flows from oil and gas proved plus probable reserves discounted at rates ranging from 9%-11%. In determining the appropriate discount rate the Company considered the acquisition metrics of recent transactions completed on assets similar to those in the specific CGU.

It was determined that the net book value of the Company's Alberta - Alexander and West Central Saskatchewan - Viking CGUs exceeded their recoverable amounts and Spartan recognized an impairment charge of $4.0 million in its Alberta - Alexander CGU and $30.0 million in its West Central Saskatchewan – Viking CGU. The impairment charges relate to a decrease in forecasted prices for oil and natural gas. The recoverable amounts of the Company's CGUs are sensitive to fluctuations in commodity prices. As a result, further decreases to commodity prices could result in additional impairment charges. Alternatively, an increase in commodity prices could reverse the recognized impairment charge, less applicable depletion expenses. At a future date, if there is an indicator that a previously recognized impairment charge may no longer exist, the recoverable amount of the CGU will be reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion, if no impairment loss had been recognized.

The benchmark prices used to determine the recoverable amounts are outlined in the following table. These estimates were used in determining whether impairment of the carrying value of the CGUs existed at September 30, 2015.

Year	WTI (US$/bbl)	Canadian Light (Cdn$/bbl)	AECO (Cdn$/mmbtu)	Exchange rate (US$/Cdn$)
2015 (Q4)	46.00	55.68	2.92	0.76
2016	55.00	64.87	3.10	0.78
2017	70.00	75.76	3.32	0.85
2018	75.00	83.82	3.91	0.85
2019	80.00	89.41	4.49	0.85
2020	81.20	91.71	4.79	0.85
Thereafter	1.5% per year	1.5% per year	1.7% per year	0.85

A one per cent increase in the assumed discount rate would result in additional impairment of approximately $6.5 million whereas a one per cent decrease in the assumed discount rate would result in the impairment charge decreasing by approximately $7.0 million.

6 Bank debt

As at September 30, 2015, the Company had available a $150 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 September 30, 2015 the Company was in compliance with all of its covenants. Spartan completed its mid-year borrowing base review with its syndicate of lenders on October 30, 2015 and agreed to maintain the credit facility at $150 million.

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

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. At September 30, 2015, the Company had $82.2 million drawn on the facility, excluding a letter of guarantee outstanding in the amount of $2.7 million (December 31, 2014 – $2.7 million) against the credit facility.

7 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. These payments are expected to be incurred over the next 5 to 30 years.

The Company has estimated the net present value of the decommissioning liabilities based on undiscounted total future liabilities of $153.8 million (December 31, 2014 – $152.0 million). At September 30, 2015, the Company recorded decommissioning liabilities of $109.6 million. A risk-free rate of 2.21 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 liabilities.

	As at September 30 2015	Year ended December 31 2014
Decommissioning liabilities, beginning of period	$ 104,713	$ 6,593
Acquired – corporate	-	21,547
Acquired – resource properties	109	22,588
Liabilities incurred	2,176	3,158
Accretion expense	1,739	1,535
Change in rate[1]	870	49,292
Decommissioning liabilities, end of period	**$ 109,607**	**$ 104,713**

(1) This amount relates to the revaluation of decommissioning obligations acquired or incurred using the risk-free discount rate at September 30, 2015. There was no change in rate for the year-ended December 31, 2014. 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)

8 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**
Issued pursuant to resource property acquisitions *(note 3)*	89,271	216
Exercise of warrants	8,333	9
Adjustment to share issue costs tax component	-	88
Balance as at September 30, 2015	**264,357,931**	**640,392**

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

	Nine months ended September 30,	
	2015	2014
Weighted average outstanding common shares [1]		
Basic	**264,277,846**	196,702,861
Diluted	**264,277,846**	221,767,007

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

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

Warrants

Spartan has the following warrants outstanding:

	Number of warrants		Weighted Average Exercise price	Amount ($ thousands)
Balance at December 31, 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**	**$**	**0.80**	**13,346**
Warrants exercised	(8,333)		**0.80**	(3)
Balance at September 30, 2015[(1)]	**31,246,249**	**$**	**0.80**	**13,343**

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

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, 2015 are presented below. As at September 30, 2015, 2,683,333 of the options are vested and exercisable at a weighted average exercise price of $2.96 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**	**$**	**3.10**
Issued	3,675,000	4.50		2.69
Forfeited	(850,000)	(3.66)		(3.29)
Balance, September 30, 2015	**12,140,000**	**3.80**	**$**	**2.96**

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:

Nine months ended September 30,	2015	2014
Fair value ($/option)	1.23	2.74
Weighted-average exercise price ($)	2.69	3.23
Expected risk free rate (%)	0.7	2.0
Expected life (years)	5	5
Expected volatility (%)	53	125
Expected forfeiture rate (%)	10	10

(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	**2015**	**2014**
Income (loss) before income taxes	$ (71,595)	$ 25,482
Combined federal and provincial income tax rate	26.63%	26.40%
Computed income tax (recovery)	(19,066)	6,727
Tax effects of:		
Stock-based compensation expense	1,409	1,655
Change in tax rate	(112)	-
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 expense (recovery) for the period	**$ (19,937)**	**$ 3,002**

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

As at September 30, 2015 the Corporation had approximately $756.1 million of tax pools and losses available to reduce future taxable income.

11 Supplemental cash flow information

Changes in non-cash working capital	**Nine months ended September 30, 2015**	**Nine months ended September 30, 2014**
Change in trade receivables	$ 7,757	$ (27,516)
Change in prepaid expenses and deposits	(801)	(2,446)
Change in trade and other liabilities	(14,154)	48,693
	$ (7,198)	**$ 18,731**
Relating to:		
Corporate acquisitions	-	$ 21,453
Operating activities	3,115	(9,367)
Investing activities	(10,313)	6,645
	$ (7,198)	**$ 18,731**

12 Financial instruments & Risk management

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

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

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

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

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

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.

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

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, 2015 ($ thousands)	**Amount**
Less than one year	1,752
Between one and five years	2,483
Total commitment	**4,235**