

## Extractive Sector Transparency Measures Act Report

Reporting Year From: 01/01/2016 To: 31/12/2016  
Reporting Entity Name Spartan Energy Corp.  
Reporting Entity ESTMA Identification Number E326979  
Subsidiary Reporting Entities (if necessary) Not applicable

**Attestation: Please check one of the the boxes below and provide the required information**

Attestation ( by Reporting Entity)

*In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest I have reviewed the information contained in the ESTMA report for the entity(ies) listed above. Based on my knowledge, and having exercised reasonable diligence, the information in the ESTMA report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.*

Attestation (through independent audit)

*In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest that I engaged an independent auditor to undertake an audit of the ESTMA report for the entity(ies) and reporting year listed above. Such an audit was conducted in accordance with the Technical Reporting Specifications issued by Natural Resources Canada for independent attestation of ESTMA reports.*

*The auditor expressed an unmodified opinion, dated May 29, 2017, on the ESTMA report for the entity(ies) and period listed above.  
The independent auditor's report is on pages 9 and 10 of the ESTMA report which can be found at <http://www.spartanenergy.ca/governance.html>*

Director or Officer of Reporting Entity Full Name: Adam MacDonald  
Position Title: Chief Financial Officer

Date: 29/05/2017

Extractive Sector Transparency Measures Act - Annual Report

Reporting Year  
Reporting Entity Name

From: 01/01/2016  
Spartan Energy Corp.

To: 31/12/2016

Reporting Entity ESTMA Identification Number

E326979

Subsidiary Reporting Entities (if necessary)

Not applicable

Payments by Payee

Country	Payee Name	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid to Payee	Notes
Canada	GOVERNMENT OF SASKATCHEWAN	\$3,580,000	\$6,760,000	\$1,300,000		\$11,230,000			\$22,870,000	Payee includes recipients: Minister of Finance- Saskatchewan, Ministry of Agriculture, Ministry of Agriculture- Lands Branch, Saskatchewan Ministry of the Economy, Technical Safety Authority Saskatchewan, University of Saskatchewan, Workers' Compensation Board- Saskatchewan
Canada	GOVERNMENT OF ALBERTA	\$110,000		\$130,000					\$240,000	Payee includes recipients: Alberta Energy Regulator, CAPP, Minister of Finance- Province of Alberta, Workers' Compensation Board- Alberta
Canada	RURAL MUNICIPALITY OF BROCK NO. 64	\$130,000							\$130,000	Amounts related to property taxes
Canada	RURAL MUNICIPALITY OF COALFIELDS NO. 4	\$280,000							\$280,000	Amounts related to property taxes
Canada	RURAL MUNICIPALITY OF MOOSE CREEK NO. 33	\$770,000							\$770,000	Amounts related to property taxes
Canada	RURAL MUNICIPALITY OF MOOSE MOUNTAIN NO. 63	\$330,000							\$330,000	Amounts related to property taxes
Canada	RURAL MUNICIPALITY OF MOUNT PLEASANT NO. 2	\$320,000							\$320,000	Amounts related to property taxes
Canada	RURAL MUNICIPALITY OF RECIPROCITY NO. 32	\$1,120,000							\$1,120,000	Amounts related to property taxes
Canada	RURAL MUNICIPALITY OF WAWKEN NO. 93	\$250,000							\$250,000	Amounts related to property taxes
Canada	RURAL MUNICIPALITY OF WINSLOW NO. 319	\$110,000							\$110,000	Amounts related to property taxes
Canada	RURAL MUNICIPALITY OF ENNISKILLEN NO. 3	\$180,000							\$180,000	Amounts related to property taxes
Canada	RURAL MUNICIPALITY OF HAZELWOOD	\$1,230,000							\$1,230,000	Amounts related to property taxes
Canada	RURAL MUNICIPALITY OF KINDERSLEY NO. 290	\$220,000		\$180,000					\$400,000	Amounts related to property taxes and road bond deposits
Canada	STURGEON COUNTY	\$180,000							\$180,000	Amounts related to property taxes
		\$8,810,000	\$6,760,000	\$1,610,000	\$0	\$11,230,000	\$0	\$0	\$28,410,000	All payments were made in Canadian dollars and therefore no currency translation was required. There were no reportable in-kind payments.

### Extractive Sector Transparency Measures Act - Annual Report

Reporting Year  
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Number

From: 01/01/2016 To: 31/12/2016  
Spartan Energy Corp.  
E326979

Subsidiary Reporting Entities (if  
necessary)

Not applicable

Payments by Project										
Country	Project Name	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid by Project	Notes
Canada	Southeast Saskatchewan	\$4,670,000	\$6,610,000	\$1,190,000		\$11,230,000			\$23,700,000	
Canada	West Central Saskatchewan	\$340,000	\$150,000	\$270,000					\$760,000	
Canada	Alberta	\$280,000		\$100,000					\$380,000	
Canada	Corporate	\$3,520,000		\$50,000					\$3,570,000	Amounts related to the Saskatchewan resource surcharge tax and payments to the Alberta and Saskatchewan Workers' Compensation Boards
		\$8,810,000	\$6,760,000	\$1,610,000	\$0	\$11,230,000	\$0	\$0	\$28,410,000	All payments were made in Canadian dollars and therefore no currency translation was required. There were no reportable in-kind payments.

## **INTRODUCTION**

Spartan Energy Corp. and its wholly owned subsidiaries Renegade Petroleum (North Dakota) Ltd. and Petro Uno Resources Ltd. (collectively the “Company” or “Spartan”) has prepared the following consolidated report (“the Report”) of payments made to government entities for the year ended December 31, 2016 as required by the Extractive Sector Transparency Measures Act S.C. 2014, c.39, s.376 (“ESTMA” or “the Act”).

## **BASIS OF PREPARATION**

The report is presented in Canadian Dollars and has been prepared in accordance with the requirements of the Act and the Natural Resources Canada (“NRCan”) Technical Reporting Specifications. All payments included in the ESTMA Annual Report were made in Canadian dollars and therefore no currency conversion was required.

The following is a summary of significant policies and judgments that the Company has made for the purpose of preparing the report.

### **Significant policies**

#### **Cash and in-kind payments**

Payments are reported on a cash basis and have been reported in the period in which the payment was made. In-kind payments are converted to an equivalent cash value based on cost or, if cost is not determinable, the in-kind payment is reported at the fair market value. For the year ended December 31, 2016, there were no reportable in-kind payments to a payee.

Payments to the “same payee” that meet or exceed \$100,000 Canadian in one category of payment are disclosed. Payments are rounded to the nearest \$10,000 Canadian.

#### **Payee**

For the purposes of the Act, a payee is:

- a. Any government in Canada or in a foreign state;
- b. A body that is established by two or more governments; or
- c. Any trust, board, commission, corporation or body or other authority that is established to exercise or perform, or that exercises or performs, a power, duty or function of a government for a government referred to in paragraph (a) above or a body referred to in paragraph (b) above.

Payees include governments at any level, including national, regional, state, provincial, local, or municipal levels. Payees may include non-governmental entities if the benefit bestowed would have otherwise been provided by the government. Payees also include any government-owned or government-controlled entities that exercise or perform a power, duty or function of government.

Aboriginal and indigenous groups and organizations may also be regarded as a payee under the Act. The Act defers the requirement to report on payments made to Aboriginal governments in Canada, with reporting on these payments commencing on June 1, 2017. Currently, the Company does not make payments to such groups outside of Canada.

The individual department, agency or other body of the payee that received the payment has been disclosed in the notes section of the ESTMA Annual Report.

## **Reportable Payments**

A reportable payment for ESTMA purposes is one that:

- a. Is made to the same payee;
- b. Is made in relation to the commercial development of oil, gas or minerals; and
- c. Totals, as a single or multiple payments, \$100,000 Canadian or more in the year in one of the following prescribed seven payment categories.

### *Taxes*

This category includes taxes paid by the Company on its income, profits or production in relation to the commercial development of oil and gas resources. Taxes reported include the Saskatchewan resource surcharge tax, property taxes and freehold mineral taxes. Consumption taxes, personal income taxes and taxes withheld by others on behalf of the Company are excluded as per the Act.

### *Royalties*

Royalties are payments for the rights to extract oil and gas resources, typically at a set percentage of revenue. Both cash royalties and royalties paid in-kind are reported in this category.

### *Fees*

This category includes Crown mineral lease rentals, Crown surface lease rentals, drilling licenses and well levies as well as fees or other consideration for licenses, permits or concessions. The fee category is broad and includes payments to payees that in substance is a fee. Amounts paid in ordinary course commercial transactions in exchange for services provided by a payee are excluded.

### *Production entitlements*

A payee's share of oil, gas or mineral production under a production sharing agreement or similar contractual or legislated arrangement is reported under this category. For the year ended December 31, 2016, there were no reportable production entitlement payments to a payee.

### *Bonuses*

Signing, discovery, production and any other type of bonuses paid to a payee in relation to the commercial development of oil and gas resources are reported under this category.

### *Dividends*

Dividends are dividend payments, other than dividends paid to a payee as an ordinary shareholder of the Company on shares that were acquired by the payee on the same terms as were available at the time of acquisition to other shareholders that are not in lieu of any other reportable payment. For the year ended December 31, 2016, there were no reportable dividend payments to a payee.

### *Infrastructure improvement payments*

This payment category consists of payments for the construction of infrastructure that do not relate primarily to the operational purposes of the Company. For the year ended December 31, 2016, there were no reportable infrastructure improvement payments to a payee.

## **Significant Estimates and Judgements**

The preparation of the Report in accordance with the Act requires the use of judgements, estimates and assumptions.

### **Payments by Project Level**

Payments have been reported at the project level as required by the Act. A “project” means the operational activities are governed by a single contract, license, lease, concession or similar legal agreement that forms the basis for a payment liability with a payee. If multiple such agreements are substantially interconnected, they would be considered a single project.

“Substantially interconnected” means forming a set of operationally and geographically integrated contracts, licenses, leases or concessions or related agreements with substantially similar terms that are signed with a government and give rise to payment liabilities.

The Company has determined that the operational activities governed by surface or mineral lease contracts related to key operational areas are substantially interconnected and has reported payments related to each such area as a single project. The Company has considered cash generating units for external reporting purposes, geographical location and common infrastructure as key indicators for making this determination.

### **Commercial Development**

The Act defines ‘commercial development of oil, gas or minerals’ as:

- a) The exploration or extraction of oil, gas or minerals;
- b) The acquisition or holding of a permit, license, lease or any other authorization to carry out any of the activities referred to in paragraph (a); or
- c) Any other prescribed activities in relation to oil, gas or minerals.

Payments made by the Company to payees relating to the commercial development of oil, gas or minerals (“commercial development”) are disclosed in this Report. The Company’s initial processing activities which are integrated with its extraction operations are included in commercial development. The Report excludes payments that are not related to the Company’s commercial development activities.

### **Refunds and credits**

Amounts paid to payees have been reported at the amount paid by the Company, including instances where an applicable credit reduces the amount payable, to reflect the net cash payment to the payee. Cash refunds received from payees have not been reported where they have not been applied as a credit to amounts owing.

### **Attribution of payments**

Where a payment was made for the Company by another entity, such payment has been deemed to have been made by the Company and has been included in this Report. This may include payments not directly made to a payee, or was not received directly by the payee. Whether a payment is made for the Company may be difficult to determine and depends on the facts and circumstances including legal and contractual requirements in various jurisdictions.

### **Payments made in situations of joint control**

The Company reports all cash payments that it pays directly to a payee, and includes all amounts paid as an operator as part of an unincorporated joint arrangement (i.e. a working interest). This is the case even where the Company as the operator has been proportionally and directly reimbursed by its non-operating partners.

Where a joint arrangement is structured through a legal entity, where the Company determines that it does not control that legal entity or the underlying assets and liabilities within the legal entity, payments made by the jointly controlled legal entity are not reported.

### **Acquisition and Divestiture Activities**

#### *Acquisitions*

Payments to a payee made by the Company relating to the acquisition (for the commercial development of oil, gas or minerals), after the effective date of a corporate or asset acquisition have been included in this Report.

#### *Divestitures*

Payments to a payee made by the Company relating to the divestiture (for the commercial development of oil, gas or minerals), after the effective date and before the close date of a corporate or asset divestiture have been included in this Report.

### **Corporate Social Responsibility (“CSR”) Payments**

The ESTMA Report includes CSR payments that contractually obligates the Company to make to a payee, or to another party under the direction of a payee, as a result of the Company’s commercial development. For the year ended December 31, 2016, there were no reportable corporate social responsibility payments to a payee.

May 29, 2017

## **Independent Auditor's Report**

### **To Those Charged with ESTMA Governance at Spartan Energy Corp.**

We have audited the accompanying Extractive Sector Transparency Measures Act – Annual Report of Spartan Energy Corp. which comprise the schedule of payees and payments by project for the year ended December 31, 2016, and the related notes, which comprise a summary of significant accounting policies and other explanatory information (the “ESTMA Report”). The ESTMA Report has been prepared by management using the basis of accounting described in the notes, which is in accordance with the Extractive Sector Transparency Measures Act S.C 2014, c.39, s 376 (the “Act”).

#### **Management's responsibility for the schedule**

Management is responsible for the preparation of the ESTMA Report in accordance with the basis of accounting described in the notes, and for such internal control as management determines is necessary to enable the preparation of an ESTMA Report that is free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on the ESTMA Report based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the ESTMA Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the ESTMA Report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the ESTMA Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the ESTMA Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the ESTMA Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the Extractive Sector Transparency Act – Annual Report of Spartan Energy Corp. for the year ended December 31, 2016 is prepared, in all material respects, in accordance with the basis of accounting described in the notes.



**Basis of accounting**

Without modifying our opinion, we draw attention to the notes to the ESTMA Report, which describes the basis of accounting. The ESTMA Report is prepared to assist Spartan Energy Corp. to comply with the reporting requirements of the Act. As a result, the ESTMA Report may not be suitable for another purpose.

*PricewaterhouseCoopers LLP*

**Chartered Professional Accountants**  
Calgary, Alberta