CALGARY, ALBERTA--(Marketwired - Nov. 17, 2016) -

NOT FOR DISTRIBUTION IN THE UNITED STATES. ANY FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF U.S. SECURITIES LAW.

Spartan Energy Corp. ("Spartan" or the "Company") (TSX: SPE) is pleased to announce that it has entered into an agreement with ARC Resources Ltd. to acquire strategic assets in southeast Saskatchewan (the "Assets") for cash consideration of $700 million, subject to customary adjustments (the "Acquisition"). The Assets include high quality, low decline, operated production and a large land base which is highly complementary to Spartan's existing operations in southeast Saskatchewan. The Acquisition will result in Spartan becoming one of the largest oil producers in Saskatchewan and represents a continuation of Spartan's strategy to develop an asset base that is capable of funding repeatable, low risk growth within a subset of cash flow.

The Acquisition will be funded through Spartan's pro forma credit facility and through committed concurrent equity financings totalling $505 million (the "Financings"), details of which are provided below.

THE ACQUISITION

The Acquisition is transformational for Spartan and will create a stronger intermediate company, focused on conventional light oil development in southeast Saskatchewan. Pro forma the Acquisition, Spartan will be producing over 20,000 boe/d (93% oil and liquids). The Assets are characterized by a low base decline of approximately 12% and include a large suite of opportunities including over 400 drilling locations, recompletions and waterflood expansion across an extensive landbase spanning the conventional Mississippian fairway. The Assets also include working interest ownership in two world class CO_2 enhanced recovery projects, as well as ownership in strategic infrastructure across the asset base that supports both current and future volumes.

The Acquisition has an effective date of October 1, 2016 and closing is expected to occur on or about December 8, 2016, subject to usual closing conditions and regulatory approvals.

STRATEGIC RATIONALE AND BENEFITS

The Acquisition strengthens Spartan's business model and creates one of the largest light oil producing companies in southeast Saskatchewan, furthering Spartan's strategy of developing an asset base that is capable of delivering repeatable, low risk growth while generating free cash flow in a variety of commodity price environments.

The highlights of the Acquisition and the anticipated benefits associated with the Acquisition include, but are not limited to, the following:

- Consolidates Spartan's Existing Southeast Saskatchewan Core Area
  - The Assets include a large, operated land position consisting of approximately 132,000 (98,000 net) acres of land.
  - Following the completion of the Acquisition, Spartan will control approximately 376,000 net acres of land in southeast Saskatchewan.
  - Proximity to Spartan's existing asset base provides operational and technical synergies.
  - Attractive liability licensee rating ("LLR") of 2.65 improves Spartan's existing LLR.
- Significantly Increases Production and Funds Flow
  - The Assets have a stable, low decline production base of approximately 12% which is supported by secondary/tertiary recovery and natural acquifer drive. Spartan's pro forma corporate decline rate following the completion of the Acquisition will be approximately 24%.
  - As a result of the Acquisition, Spartan has increased its 2016 exit production guidance from 13,500 boe/d (89% oil and liquids) to 20,800 boe/d (93% oil and liquids).
  - The Assets are capable of delivering 10% to 15% production growth within cash flow at WTI prices of US$40.00 per barrel.
  - As a result of the Acquisition, the crude oil price required by the Company to generate its targeted 10% production per share growth rate within cash flow is expected to be less than WTI US$45.00 per barrel.

- Includes Strategic Infrastructure and Seismic Data
  - The Assets include interests in 30 light oil batteries, a 99% working interest in the Lougheed sour gas plant and an extensive network of field gathering infrastructure, supporting both current volumes and anticipated future growth.
  - The Acquisition includes ownership of a significant proprietary 2D and 3D seismic database.
- Significantly Increases Spartan's Reserve Base
  - Based on the report in respect of the Assets prepared by GLJ Petroleum Consultants ("GLJ") effective August 31, 2016, the Acquisition adds material reserves as follows:
    - 22.5 MMboe of proved developed producing ("PDP") reserves, an increase of 91% over Spartan's existing reserves;
    - 26.9 MMboe of total proved reserves, an increase of 71%; and
    - 39.3 MMboe of proved plus probable ("P+P") reserves, an increase of 62%.
  - After completion of the Acquisition, Spartan will have PDP reserves of 46.1 MMboe, total proved reserves of 64.9 MMboe and P+P reserves of 103.1 MMboe.
- High Quality Development Drilling Opportunities, Recompletions and Secondary Recovery Upside
  - Spartan has identified a total of 404 net development drilling locations (65% Crown), as well as numerous workover and recompletion opportunities on the Assets.
  - There is also significant upside potential associated with the expansion and optimization of existing waterflood projects which will further support long term oil volumes through enhanced oil recovery.
- Ownership Interest in World Class CO_2 Flood Projects
  - The Assets include working interest ownership in the Weyburn Unit and Midale Unit in southeast Saskatchewan (the "EOR Projects"), which are two of the largest CO_2 enhanced recovery projects in Canada and are operated by best in class CO_2 operators.
  - The EOR Projects are long-life assets with a decline rate of approximately 4%, generating predictable free cash flow that can be reinvested in Spartan's existing asset base.
  - Material upside exists in the EOR Projects through continued expansion of CO_2 injection patterns and technology improvements.

ASSET SUMMARY

Total purchase price(1)	$700 million
Current production	7,500 boe/d (98% oil & liquids)
Annual decline rate	12%
Land	132,000 (98,000 net) acres
Net locations	404 (318 unbooked)
Run rate cash flow(5)	$84.9 million
Forecast 2017 operating netback(2)	$31.00 /boe
Reserves	
PDP reserves(3)	22.5 MMboe
Proved reserves(3)	26.9 MMboe
P+P reserves(3)	39.3 MMboe
P+P RLI(4)	14.3 years

ACQUISITION METRICS

Current production	$93,333 per boe/d
PDP reserves(3)	$31.11 per boe
Total proved reserves(3)	$25.99 per boe
P+P reserves(3)	$17.81 per boe
Run rate cash flow (5)	8.2x

Notes:

1. Subject to normal adjustments for a transaction of this nature.

2. Operating netback does not have any standard meaning prescribed by IFRS and therefore may not be comparable with the calculation of similar measures for other entities. Operating netback equals total petroleum and natural gas sales less royalties and operating costs calculated on a boe basis. Spartan considers operating netback as an important measure to evaluate its operational performance as it demonstrates its field level profitability relative to current commodity prices. The estimated operating netback was derived using the Company's 2017 commodity price forecast of USD$50.00/bbl WTI, CAD$2.85/GJ AECO, and a Canadian/US dollar exchange rate of $0.75.
3. Gross Company Reserves. Reserves were prepared by GLJ effective August 31, 2016 using the GLJ July 1, 2016 forecast prices and costs in accordance with National Instrument 51-101 - Standards of Disclosure of Oil and Gas Activities and the Canadian Oil and Gas Evaluation Handbook (the "GLJ Report"). Gross Company Reserves means the company's working interest reserves before the calculation of royalties, and before the consideration of the company's royalty interests.
4. The reserve life index ("RLI") is calculated by dividing P+P reserves estimated at August 31, 2016 with estimated current production of 7,500 boe/d.
5. Run rate cash flow is based on annualized current production of 7,500 boe/d and the operating netback for the Assets of $31.00 (see Note 2 above).

THE FINANCINGS

Prospectus Offering

In connection with the Acquisition, Spartan has entered into an agreement with a syndicate of underwriters co-led by Peters & Co. Limited and TD Securities Ltd. (the "Underwriters"), pursuant to which the Underwriters have agreed to purchase for resale to the public, on a bought-deal basis, 83,350,000 subscription receipts ("Subscription Receipts") of Spartan at a price of $3.00 per Subscription Receipt for aggregate gross proceeds of approximately $250 million (the "Prospectus Offering"). The Underwriters will have an option to purchase up to an additional 15% of the Subscription Receipts issued under the Prospectus Offering at a price of $3.00 per Subscription Receipt to cover over-allotments exercisable in whole or in part at any time until 30 days after the closing of the Prospectus Offering (the "Underwriters' Option"). The gross proceeds from the sale of Subscription Receipts pursuant to the Prospectus Offering will be held in escrow pending the completion of the Acquisition. If the Underwriters are satisfied, acting reasonably, that there is no impediment to the completion of the Acquisition in all material respects in accordance with the terms of the agreement entered into in connection with the Acquisition (other than funding) before 5:00 p.m. (Calgary time) on February 28, 2017, the net proceeds from the sale of the Subscription Receipts will be released from escrow to Spartan and each Subscription Receipt will automatically be exchanged for one common share of Spartan for no additional consideration and without any action on the part of the holder. If the Acquisition is not completed at or before 5:00 p.m. (Calgary time) on February 28, 2017, then the purchase price for the Subscription Receipts will be returned pro rata to subscribers, together with a pro rata portion of interest earned on the escrowed funds.

The Subscription Receipts issued pursuant to the Prospectus Offering will be distributed by way of a short form prospectus in all provinces of Canada (excluding Québec) and on a private placement basis in the United States pursuant to exemptions from the registration requirements of the U.S securities laws and certain other jurisdictions as the Company and the Underwriters may agree on a private placement basis. Completion of the Prospectus Offering is conditional upon closing of the Private Placement (as defined below) and is subject to customary closing conditions, including the receipt of all necessary regulatory approvals, including the approval of the Toronto Stock Exchange ("TSX"). Closing of the Prospectus Offering is expected to occur on December 8, 2016.

Non-Brokered Private Placement

Spartan has also entered into agreements with certain institutional investors who have committed to subscribe for, on a non-brokered private placement basis, 85,000,000 Subscription Receipts at a price of $3.00 per Subscription Receipt for aggregate gross proceeds of $255 million (the "Private Placement"). The completion of the Private Placement is subject to customary closing conditions, including the receipt of all necessary regulatory approvals, including the approval of the TSX. Similar to the Prospectus Offering, the gross proceeds from the Private Placement will be held in escrow pending completion of the Acquisition.

The net proceeds from the Prospectus Offering and the Private Placement will be used to partially fund the cash portion of the purchase price for the Acquisition.

Peters & Co. Limited and TD Securities Ltd. are acting as financial advisors to Spartan in respect of the Acquisition.

This press release is not an offer of the securities for sale in the United States. The securities offered have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or any U.S. state securities laws and may not be offered or sold in the United States absent registration or an available exemption from the registration requirement of the U.S. Securities Act and applicable U.S. state securities laws. This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful.

READER ADVISORY

BOE Disclosure. The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet per barrel (6mcf/bbl) of natural gas to barrels of oil equivalence is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All boe conversions in the report are derived from converting gas to oil in the ratio mix of six thousand cubic feet of gas to one barrel of oil.

Forward Looking Statements. Certain information included in this press release constitutes forward-looking information under applicable securities legislation. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "project" or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking information in this press release may include, but is not limited to, statements concerning timing of the Acquisition, payment of the purchase price in respect of the Acquisition, expected production and cash flow related to the Acquisition, expected number of future drilling locations related to the Acquisition, the anticipated closing date of the Financings, the use of proceeds from the Financings, reserve estimates, future production levels, the future success of the EOR Projects, decline rates, future operational and technical synergies resulting from the Acquisition, future cash flows, future balance sheet flexibility and future acquisition opportunities.

The forward-looking statements contained in this press release are based on certain key expectations and assumptions made by Spartan, including expectations and assumptions concerning the receipt of all approvals and satisfaction of all conditions to the completion of the Acquisition and the Financings, the timing of and success of future drilling, development and completion activities, the performance of existing wells, the performance of new wells, the availability and performance of facilities and pipelines, the geological characteristics of Spartan's properties, the characteristics of the Assets, the successful integration of the Assets into Spartan's operations, the successful application of drilling, completion and seismic technology, prevailing weather conditions, prevailing legislation affecting the oil and gas industry, commodity prices, royalty regimes and exchange rates, the application of regulatory and licensing requirements, the availability of capital, labour and services, the creditworthiness of industry partners and the ability to source and complete asset acquisitions.

Although Spartan believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Spartan can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), constraint in the availability of services, commodity price and exchange rate fluctuations, changes in legislation impacting the oil and gas industry, adverse weather or break-up conditions and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. These and other risks are set out in more detail in Spartan's Annual Information Form for the year ended December 31, 2015.

Forward-looking information is based on a number of factors and assumptions which have been used to develop such information but which may prove to be incorrect. Although Spartan believes that the expectations reflected in its forward-looking information are reasonable, undue reliance should not be placed on forward-looking information because Spartan can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this press release, assumptions have been made regarding and are implicit in, among other things, the timely receipt of any required regulatory approvals and the satisfaction of all conditions to the completion of the Acquisition and the Financings. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used.

The forward-looking information contained in this press release is made as of the date hereof and Spartan undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless required by applicable securities laws. The forward looking information contained in this press release is expressly qualified by this cautionary statement.

Future Oriented Financial Information: Any financial outlook or future oriented financial information in this press release, as defined by applicable securities legislation, has been approved by management of Spartan. Readers are cautioned that any such future-oriented financial information contained herein should not be used for purposes other than those for which it is disclosed herein. The Company and its management believe that the prospective financial information has been prepared on a reasonable basis, reflecting management's best estimates and judgments, and represent, to the best of management's knowledge and opinion, the Company's expected course of action. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future activities or results.

Non-IFRS Measures. This press release provides certain financial measures that do not have a standardized meaning prescribed by IFRS. These non-IFRS financial measures may not be comparable to similar measures presented by other issuers. Run rate cash flow and operating netback are not a recognized measure under IFRS. Management believes that in addition to net income (loss), run rate cash flow and operating netback are useful supplemental measures that demonstrates the Company's ability to generate the cash necessary to repay debt or fund future capital investment. Investors are cautioned, however, that this measure should not be construed as an alternative to net income (loss) determined in accordance with IFRS as an indication of Spartan's performance. Spartan's method of calculating these measures may differ from other companies and accordingly, they may not be comparable to measures used by other companies. Run rate cash flow is calculated based on annualized production and operating netback . Operating netback equals total petroleum and natural gas sales less royalties *and operating costs calculated on a boe basis using the Company's commodity price forecast.*

Drilling Locations. This press release discloses drilling inventory in three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. Proved locations and probable locations are derived from the reserves evaluation prepared by GLJ in accordance with NI 51-101 and the COGE Handbook and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates based on our prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources. Of the 404 total net drilling locations identified within the Assets, 40.2 are net proved locations, 45.4 are net probable locations and 318.4 are net unbooked locations. Unbooked locations have been identified by management as an estimation of our multi‐year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that the Company will drill all unbooked drilling locations and if drilled, there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which we actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been de‐risked by drilling existing wells in relative close proximity to such unbooked drilling locations, other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

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