



WHITECAP RESOURCES INC.

BUSINESS ACQUISITION REPORT

December 18, 2017

WHITECAP RESOURCES INC. BUSINESS ACQUISITION REPORT

Conventions and Advisories

Certain terms used herein are defined under the headings "*Abbreviations*". Certain other terms used herein but not defined herein are defined in National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**") and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101. All financial information herein has been presented in Canadian dollars in accordance with generally accepted accounting principles as set by the Chartered Professional Accountants of Canada ("**GAAP**") and as permitted by National Instrument 52-107 – *Acceptable Accounting Principles and Auditing Standards*, for the preparation of financial statements.

Readers are urged to read the information under the headings "*Oil and Gas Advisories*" and "*Forward Looking Statements*" appearing elsewhere in this report.

Item 1 - Identity of Reporting Issuer

1.1 Name and Address of Whitecap

Whitecap Resources Inc. ("**Whitecap**") is a corporation amalgamated under the *Business Corporations Act* (Alberta). The head office of Whitecap is located at Suite 3800, 525 – 8th Avenue S.W., Calgary, Alberta, T2P 1G1 and its registered office is located at Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta T2P 1G1.

1.2 Executive Officer

The name of the executive officer of Whitecap, who is knowledgeable about the significant acquisition and this report is Thanh Kang, Chief Financial Officer and his business telephone number is (403) 817-2209.

Item 2 - Details of Acquisition

2.1 Nature of Business Acquired

On December 14, 2017, Whitecap acquired certain petroleum and natural gas properties, interests and related assets located in southeast Saskatchewan (the "**Assets**") pursuant to the terms of an asset sale agreement (the "**Acquisition Agreement**") with the vendor of the Assets (the "**Vendor**") dated November 13, 2017 with an effective date of November 1, 2017 (the "**Acquisition**").

The Acquisition includes a 62.1% operated working interest in the Weyburn Unit (the "**Weyburn Unit**") (approximately 14,600 boe/d of net production) and 200 boe/d of net production from minor assets in southeast Saskatchewan. The Weyburn Unit is a carbon dioxide ("**CO₂**") enhanced oil recovery ("**EOR**") development. The Assets also include extensive infrastructure in place to facilitate future development plans.

There has been minimal development of the Assets over the last few years with only 12 infill wells drilled in 2015 and one CO₂ expansion phase added in 2014. Whitecap anticipates spending approximately \$60 million in 2018 on the Weyburn Unit to maintain production at the current 14,800 boe/d level. The planned capital spending in 2018 is less than the development costs deducted in the estimation of the future net revenue attributable to the reserves associated with the Assets due to certain planned expenditure deferrals. See "*Information Concerning the Assets – Future Development Costs*" for additional information.

There are various optimization and expansion opportunities within the Weyburn Unit including: (i) waterflood and EOR area infill drills; (ii) reservoir optimization of the mature EOR patterns to minimize decline and improve CO₂ utilization; (iii) identified and planned CO₂ expansion phases which include the drilling of 93 (57.8 net) production and 62 (38.5 net) injection wells; and (iv) recovery of hydrocarbons liquids from recycled CO₂ stream prior to reservoir reinjection. There are also expansion opportunities identified immediately offsetting the existing CO₂ scheme which are in the preliminary planning stage. These include vertical and lateral expansion of the existing CO₂ EOR scheme.

The Assets have the following characteristics:

| | |
|---|----------------------------------|
| Current Net Production: | 14,800 boe/d (100% oil and NGLs) |
| Base production decline ⁽¹⁾ | <5% |
| Proved Reserves: ⁽²⁾ | 92,324 Mboe (100% oil and NGLs) |
| Proved net present value: ⁽³⁾ | \$841 million |
| Proved Plus Probable Reserves: ⁽²⁾ | 121,409 Mboe (100% oil and NGLs) |
| Proved Plus Probable net present value: ⁽³⁾ | \$1,219 million |
| Proved Plus Probable reserve life index: ⁽⁴⁾ | 22.5 years |

Notes:

- (1) The base production decline is based on the proved developed producing reserves from a report as to the oil, NGLs and natural gas reserves attributable to the Assets as evaluated by GLJ Petroleum Consultants ("GLJ") dated November 10, 2017 with an effective date of June 30, 2017 and using McDaniel's October 1, 2017 pricing (the "**Acquisition Report**") and has been calculated by deducting the January 2018 average production of 14,706 boe/d from the Acquisition Report from the January 2019 average production of 14,008 boe/d from the Acquisition Report divided by the January 2018 average production of 14,706 boe/d.
- (2) The Vendor's working-interest share before deduction of any royalties and without including any royalty interests of the Vendor based on the Acquisition Report.
- (3) Before tax net present value discounted at 10 percent based on the Acquisition Report.
- (4) Based on current net production of 14,800 boe/d.

Information Concerning the Assets

The reserves data for the Assets set forth below is based upon the Acquisition Report dated November 10, 2017 with an effective date as of June 30, 2017. The Acquisition Report uses McDaniel's October 1, 2017 pricing which is not aligned with the effective date of the report. However, the reserve quantities and values using McDaniel's October 1, 2017 forecast prices and costs are not materially different from the reserve quantities and values obtained using forecast pricing as at July 1, 2017.

The reserves data summarizes the crude oil, NGLs and natural gas reserves and the net present value of future net revenue for these reserves using forecast prices and costs, not including the impact of any price risk management activities. The Acquisition Report has been prepared in accordance with the standards contained in the Canadian Oil and Gas Evaluation Handbook ("**COGE Handbook**") and the reserve definitions contained in NI 51-101.

The Acquisition Report is based on certain factual data supplied to Whitecap by the Vendor and the opinion of GLJ of reasonable practice in the industry. The extent and character of ownership and all factual data pertaining to the Assets (except for certain information residing in the public domain) were supplied by the Vendor to GLJ. GLJ accepted this data as presented and GLJ did not conduct title searches or field inspections. The Acquisition Report was prepared by GLJ for Whitecap. As a result, Whitecap participated in the preparation of the Acquisition Report and reviewed the reserves data with GLJ in conjunction with the preparation thereof.

The tables below provide a summary of the oil, NGLs and natural gas reserves attributable to the Assets and the net present value of future net revenue attributable to such reserves as evaluated in the Acquisition Report, based on forecast price and cost assumptions. The tables summarize the data contained in the Acquisition Report and, as a result, may contain slightly different numbers than such report due to rounding. Due to rounding, certain columns may not add exactly.

The net present value of future net revenue attributable to reserves is stated without provision for interest costs and general and administrative costs, but after providing for estimated royalties, production costs, development costs, other income, future capital expenditures and well abandonment costs for only those wells assigned reserves by GLJ. It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to reserves estimated by GLJ represent the fair market value of those reserves. Other assumptions and qualifications relating to costs, prices for future production and other matters are summarized herein. The recovery and reserve estimates of oil, NGL and natural gas reserves provided herein are estimates only. Actual reserves may be greater than or less than the estimates provided herein.

All of the reserves associated with the Assets are located in the Province of Saskatchewan.

Summary of Reserves (Forecast Prices and Costs)

**SUMMARY OF OIL AND NATURAL GAS RESERVES
AS OF JUNE 30, 2017
FORECAST PRICES AND COSTS**

| RESERVES CATEGORY | RESERVES | | | | | | | |
|-------------------------------|-------------------------------|----------------|-----------------------------|---------------|------------------------|----------------|-----------------|---------------|
| | LIGHT AND MEDIUM CRUDE OIL | | CONVENTIONAL NATURAL GAS | | NATURAL GAS LIQUIDS | | TOTAL | |
| | Gross (Mbbls) | Net (Mbbls) | Gross (MMcf) | Net (MMcf) | Gross (Mbbls) | Net (Mbbls) | Gross (MBoe) | Net (MBoe) |
| PROVED | | | | | | | | |
| Developed Producing | 67,684 | 52,049 | 13 | 11 | 748 | 671 | 68,434 | 52,721 |
| Developed Non-Producing | - | - | - | - | - | - | - | - |
| Undeveloped | 23,890 | 19,085 | - | - | - | (2) | 23,890 | 19,083 |
| TOTAL PROVED | 91,574 | 71,133 | 13 | 11 | 748 | 669 | 92,324 | 71,804 |
| PROBABLE | 28,896 | 19,397 | 6 | 5 | 187 | 165 | 29,084 | 19,563 |
| TOTAL PROVED PLUS PROBABLE | 120,470 | 90,530 | 19 | 16 | 936 | 834 | 121,409 | 91,367 |

**NET PRESENT VALUE OF FUTURE NET REVENUE
BEFORE INCOME TAXES DISCOUNTED (%/year)
AS OF JUNE 30, 2017
FORECAST PRICES AND COSTS**

| RESERVES CATEGORY | 0% (\$000s) | 5% (\$000s) | 10% (\$000s) | 15% (\$000s) | 20% (\$000s) |
|----------------------------|----------------|----------------|-----------------|-----------------|-----------------|
| PROVED | | | | | |
| Developed Producing | 1,337,415 | 979,040 | 742,683 | 592,815 | 492,484 |
| Developed Non-Producing | - | - | - | - | - |
| Undeveloped | 547,214 | 238,076 | 98,327 | 31,930 | (2,053) |
| TOTAL PROVED | 1,884,629 | 1,217,116 | 841,010 | 624,745 | 490,432 |
| PROBABLE | 1,396,169 | 645,815 | 378,364 | 253,214 | 183,771 |
| TOTAL PROVED PLUS PROBABLE | 3,280,798 | 1,862,931 | 1,219,374 | 877,959 | 674,203 |

**TOTAL FUTURE NET REVENUE
(UNDISCOUNTED) AS OF JUNE 30, 2017
FORECAST PRICES AND COSTS**

| RESERVES CATEGORY | REVENUE ⁽¹⁾ (\$000s) | ROYALTIES ⁽²⁾ (\$000s) | OPERATING COSTS (\$000s) | DEVELOPMENT COSTS (\$000s) | ABANDONMENT AND RECLAMATION COSTS (\$000s) | FUTURE NET REVENUE BEFORE INCOME TAXES (\$000s) |
|-------------------------------------|------------------------------------|--------------------------------------|--------------------------------|----------------------------------|--|--|
| Proved Reserves | 7,771,874 | 2,040,893 | 2,375,166 | 1,259,109 | 212,077 | 1,884,629 |
| Proved Plus Probable Reserves | 10,599,469 | 3,087,924 | 2,740,173 | 1,272,755 | 217,819 | 3,280,798 |

Notes:

- (1) Total revenue includes company revenue before royalty and includes other income.
- (2) Royalties include Crown, freehold and overriding royalties and mineral tax.

**FUTURE NET REVENUE BY PRODUCT TYPE
FORECAST PRICES AND COSTS**

| RESERVES CATEGORY | PRODUCT TYPE | FUTURE NET REVENUE BEFORE INCOME TAXES (discounted at 10%/year) (\$000s) | UNIT VALUE BEFORE INCOME TAX ⁽¹⁾ (\$/Boe) |
|----------------------|---|---|--|
| Proved | Light and Medium Crude Oil (including solution gas and other by-products) | 841,010 | 11.71 |
| Proved plus Probable | Light and Medium Crude Oil (including solution gas and other by-products) | 1,219,374 | 13.35 |

Note:

(1) Unit values are based on net reserves.

Pricing Assumptions

The forecast cost and price assumptions above assume increases in wellhead selling prices and take into account inflation with respect to future operating and capital costs. The following crude oil and natural gas benchmark reference pricing, inflation and exchange rates were utilized in the Acquisition Report.

**SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS
AS OF OCTOBER 1, 2017
FORECAST PRICES AND COSTS**

| Year | OIL | | | | NATURAL GAS | NATURAL GAS LIQUIDS | | INFLATION RATE ⁽¹⁾ %/Year | EXCHANGE RATE ⁽²⁾ (\$US/\$Cdn) |
|---------------------|---------------------------------------|---|---|--------------------------------------|--|--|-----------------------------------|--|---|
| | WTI Cushing Oklahoma (\$US/Bbl) | Edmonton Par Price 40° API (\$Cdn/Bbl) | Hardisty Heavy 12° API (\$Cdn/Bbl) | Bow River Hardisty (\$Cdn/Bbl) | AECO Gas Price (\$Cdn/ MMbtu) | Edmonton Propane (\$Cdn/ Bbl) | Edmonton Butane (\$Cdn/Bbl) | | |
| 2017 ⁽³⁾ | 52.50 | 61.60 | 41.00 | 48.00 | 2.40 | 30.70 | 45.10 | 0 | 0.800 |
| 2018 | 55.00 | 64.80 | 45.00 | 52.50 | 2.70 | 30.10 | 47.50 | 0 | 0.800 |
| 2019 | 58.70 | 67.10 | 48.00 | 55.70 | 2.90 | 28.70 | 49.20 | 2 | 0.825 |
| 2020 | 62.40 | 71.50 | 51.10 | 59.30 | 3.15 | 29.20 | 52.40 | 2 | 0.825 |
| 2021 | 69.00 | 76.90 | 55.00 | 63.80 | 3.50 | 28.50 | 56.30 | 2 | 0.850 |
| 2022 | 73.10 | 81.70 | 58.40 | 67.80 | 3.75 | 30.40 | 59.90 | 2 | 0.850 |
| 2023 | 74.50 | 83.20 | 59.50 | 69.10 | 3.80 | 30.90 | 61.00 | 2 | 0.850 |
| 2024 | 76.00 | 84.90 | 60.70 | 70.50 | 3.90 | 31.50 | 62.20 | 2 | 0.850 |
| Thereafter | +2%/year | +2%/year | +2%/year | +2%/year | +2%/year | +2%/year | +2%/year | 2%/year | 0.850 |

Notes:

- (1) Inflation rates for forecasting prices and costs.
- (2) Exchange rates used to generate the benchmark reference prices in this table.
- (3) Three months.

Reserves Reconciliation

The Acquisition Report was prepared by GLJ for Whitecap in connection with the Acquisition. As such there is no opening date to be reconciled.

Additional Information Relating to Reserves Data

Undeveloped Reserves

Proved undeveloped reserves are those reserves that can be estimated with a high degree of certainty to be recoverable where significant expenditure is required to render them capable of production. Probable undeveloped

reserves are those additional reserves that are less certain to be recovered than proved reserves where significant expenditure is required to render them capable of production. The Acquisition Report contains proved and probable undeveloped reserves that have been estimated in accordance with the procedures and standards contained in the COGE Handbook. The significant majority of the undeveloped reserves are currently scheduled to be developed by Whitecap within the next 6 years.

In some cases, it will take longer than 10 years to develop these reserves. Whitecap plans to develop a significant majority of the proved and probable undeveloped reserves in the Acquisition Report over the next 10 years. There are a number of factors that could result in delayed or cancelled development, including the following: (i) changing economic conditions (due to pricing, operating and capital expenditure fluctuations); (ii) changing technical conditions (including production anomalies, such as water breakthrough or accelerated depletion); (iii) multi-zone developments (for instance, a prospective formation completion may be delayed until the initial completion is no longer economic); (iv) a larger development program may need to be spread out over several years to optimize capital allocation and facility utilization; and (v) surface access issues (including those relating to land owners, weather conditions and regulatory approvals).

Proved Undeveloped Reserves

The majority of the proved undeveloped reserves evaluated in the Acquisition Report are attributable to the Weyburn Unit. Proved undeveloped reserves have been assigned in areas where the reserves can be estimated with a high degree of certainty. In most instances, proved undeveloped reserves will be assigned on lands immediately offsetting existing producing wells within the same accumulation or pool. GLJ has assigned 24.0 MMboe of proved undeveloped reserves in the Acquisition Report with \$441.4 million of associated undiscounted capital, of which \$103.3 million is forecast to be spent in the first year.

Probable Undeveloped Reserves

Probable undeveloped reserves have been assigned in areas where the reserves can be estimated with less certainty. It is equally likely that the actual remaining quantities recovered will be greater or less than the proved plus probable reserves. In most instances probable undeveloped reserves have been assigned on lands in the area with existing producing wells but there is some uncertainty as to whether they are directly analogous to the producing accumulation or pool. GLJ has assigned 7.4 MMboe of probable undeveloped reserves in the Acquisition Report with \$8.7 million of associated undiscounted capital.

Significant Factors or Uncertainties

Whitecap does not anticipate any significant economic factors or significant uncertainties that will affect any particular components of the reserves data for the Assets. However, reserves can be affected significantly by fluctuations in product pricing, capital expenditures, operating costs, royalty regimes and well performance that are beyond Whitecap's control.

Future Development Costs

The following table sets forth development costs deducted in the estimation of the future net revenue attributable to the reserve categories noted below for the Assets.

FORECAST PRICES AND COSTS

| Year | Proved Reserves | | Proved Plus Probable Reserves | |
|---------------------------|------------------------|--|--------------------------------------|--|
| | (\$000s) | | (\$000s) | |
| 2017 | 23,139 | | 23,139 | |
| 2018 | 146,463 | | 146,465 | |
| 2019 | 90,006 | | 90,007 | |
| 2020 | 79,554 | | 79,556 | |
| 2021 | 86,979 | | 86,980 | |
| Remaining | 832,968 | | 846,608 | |
| Total (Undiscounted) | 1,259,109 | | 1,272,755 | |
| Total (Discounted at 10%) | 612,494 | | 612,653 | |

Whitecap anticipates spending approximately \$60 million in 2018 on the Weyburn Unit which is less than the development costs deducted in the estimation of the future net revenue attributable to the reserves associated with the Assets in 2018. The primary difference is due to Whitecap's plans to defer an NGL recovery facility and CO₂ recovery scheme expansions beyond 2018. Both of these projects are long lead time items and do not start generating incremental production for 18 to 24 months after the initiation of capital expenditures. The deferral of these projects will not materially impact ultimate reserve recovery or the value of the reserves. In addition, due to the long lead time of these projects, production will not be impacted in the near term.

Whitecap expects to fund the development costs of these reserves through a combination of internally generated cash, equity issuances and debt. There can be no guarantee that funds will be available or that Whitecap's Board of Directors will allocate funding to develop all of the reserves attributed to the Assets in the Acquisition Report. Failure to develop those reserves could have a negative impact on Whitecap's future cash flows.

The interest or other costs of external funding are not included in the reserves and future net revenue estimates set forth above and would reduce reserves and future net revenue to some degree depending upon the funding sources utilized. Whitecap does not anticipate that interest or other funding costs would make development of any of the Assets uneconomic.

Other Oil and Natural Gas Information

Principal Oil and Natural Gas Properties

The Acquisition includes a 62.1% operated working interest in the Weyburn Unit (approximately 14,600 boe/d of net production) and an additional 200 boe/d of net production from minor assets in southeast Saskatchewan. The Weyburn Unit is a CO₂ EOR development with short and long term development and expansion opportunities. The Assets also include extensive infrastructure in place to satisfy future development plans.

Oil and Natural Gas Wells

The following table sets forth the number and status of wells as at June 30, 2017 in which Whitecap acquired a working interest pursuant to the Acquisition.

| | Oil Wells | | | | Natural Gas Wells | | | |
|--------------|------------------|------------|----------------------|------------|--------------------------|------------|----------------------|------------|
| | Producing | | Non-Producing | | Producing | | Non-Producing | |
| | Gross | Net | Gross | Net | Gross | Net | Gross | Net |
| Saskatchewan | 642 | 394 | 157 | 100 | - | - | 1 | 1 |

Notes:

- (1) Does not include injection wells or service wells.
- (2) Does not include wells in the Midale unit.

Of the non-producing wells, none of the wells were capable of production and none had reserves assigned to them.

Developed and Undeveloped Lands

The following table sets out for the Assets, the developed and undeveloped land holdings as at June 30, 2017.

| | Developed Acres | | Undeveloped Acres | | Total Acres | |
|--------------|------------------------|------------|--------------------------|------------|--------------------|------------|
| | Gross | Net | Gross | Net | Gross | Net |
| Saskatchewan | 47,526 | 35,564 | 16,546 | 14,009 | 64,072 | 49,574 |

None of the rights to explore, develop and exploit these undeveloped land holdings could expire by December 31, 2017.

Significant Factors or Uncertainties Relevant to Properties with no Attributed Reserves

Whitecap does not anticipate any significant economic factors or significant uncertainties will affect any particular components of the Assets with no attributed reserves. However, Whitecap's decision to develop the Assets with no attributed reserves could be affected significantly by fluctuations in product pricing, capital expenditures, operating costs and royalty regimes, all of which are beyond Whitecap's control. There are no unusually significant abandonment and reclamation costs with the Assets with no attributed reserves.

Forward Contracts

There are no hedging commitments in place on the Assets which will be assumed by Whitecap.

Whitecap is exposed to market risks resulting from fluctuations in commodity prices, foreign exchange rates and interest rates in the normal course of operations. Whitecap uses a variety of derivative instruments to reduce its exposure to fluctuations in commodity prices and foreign exchange rates. Whitecap is exposed to losses in the event of default by the counterparties to these derivative instruments. Whitecap manages this risk by diversifying its derivative portfolio amongst a number of financially sound counterparties.

Whitecap may use certain financial instruments to hedge exposure to commodity price fluctuations on a portion of its crude oil and natural gas production with respect to the Assets.

Additional Information Concerning Abandonment and Reclamation Costs

The overall abandonment and reclamation costs of the Assets are based on well bore abandonment and reclamation costs and liability issues such as flare pit remediation, facility decommissioning, remediation and reclamation costs. These costs were estimated using Whitecap's experience conducting abandonment and reclamation programs. Whitecap reviews suspended or standing well bores for reactivation, recompletion or sale and conducts systematic abandonment programs for those well bores that do not meet Whitecap's criteria. A portion of Whitecap's liability issues are retired every year and facilities are decommissioned when all the wells producing to them have been abandoned. All of Whitecap's liability reduction programs take into account seasonal access, high priority and stakeholder issues, and opportunities for multi-location programs to reduce costs.

As at June 30, 2017 there were 2,427 (937 net) wells associated with the Assets for which Whitecap expects to incur abandonment and reclamation costs.

The Acquisition Report includes abandonment costs for wells included in the evaluation. In that report \$218 million (undiscounted) and \$7 million (discounted at 10%) for the forecast prices and costs case for abandonment costs of wells with proved and probable reserves were deducted as abandonment costs in estimating the future net revenue.

Production Estimates

The following table sets out the volumes of working interest production from the Assets before royalties, using forecast prices and costs, estimated for the period of July 1, 2017 to June 30, 2018 in the Acquisition Report which is reflected in the estimate of future net revenue disclosed in the tables above.

| | Light and Medium Oil (Bbls/d) | Natural Gas (Mcf/d) | Natural Gas Liquids (Bbls/d) | Boe (Boe/d) |
|----------------------------|--|--------------------------------|---|------------------------|
| Total Proved | 14,991 | 12 | 60 | 15,053 |
| Total Probable | 352 | - | 15 | 367 |
| Total Proved plus Probable | 15,343 | 12 | 75 | 15,420 |

2.2 Date of Acquisition

December 14, 2017

2.3 Consideration

The purchase price of the Assets was approximately \$940 million in cash, net of customary closing adjustments. At closing of the Acquisition approximately \$6 million was put in escrow pending satisfaction of the exercise of outstanding rights of first refusal.

The net purchase price of the Acquisition was partially funded through a public offering (the "**Offering**") of subscription receipts of Whitecap through a syndicate of underwriters co-led by National Bank Financial Inc. and TD Securities Inc. and including Scotia Capital Inc., GMP Securities L.P., Peters & Co. Limited, RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., Cormark Securities Inc., AltaCorp Capital Inc., Macquarie Capital Markets Canada Ltd. and Canaccord Genuity Corp. and a non-brokered concurrent private placement (the "**Concurrent Private Placement**"). Pursuant to the Offering and the Concurrent Private Placement, Whitecap issued 48,297,000 subscription receipts at a price of \$8.80 per subscription receipt for aggregate gross proceeds of approximately \$425 million. The Offering and the Concurrent Private Placement closed on December 4, 2017.

Each subscription receipt entitled the holder thereof to receive without payment of additional consideration or further action, one common share in the capital of Whitecap upon closing of the Acquisition. On December 14, 2017 the subscription receipts were converted into common shares and the net proceeds were applied to the purchase price of the Assets.

2.4 Effect on Financial Position

There are presently no plans or proposals for material changes in Whitecap's business affairs which may have a significant effect on the results of operating and financial position of Whitecap.

The purchase price for the Assets was funded, in part, through the Offering and the Concurrent Private Placement. The Offering and the Concurrent Private Placement closed on December 4, 2017.

In connection with the Acquisition, Whitecap's credit facility with a syndicate of Canadian banks was increased to a total of \$1.3 billion.

2.5 Prior Valuations

No valuation required by securities legislation or a Canadian stock exchange or market to support the consideration payable by Whitecap pursuant to the Acquisition has been obtained within the past 12 months by Whitecap.

2.6 Parties to Transaction

The Acquisition did not involve an "informed person", "associate" or "affiliate" (as each term is defined in securities legislation) of Whitecap.

2.7. Date of Report

December 18, 2017

Item 3 - Financial Statements

Schedule A hereto contains the operating statement of the Assets for the year ended December 31, 2016 and the unaudited operating statement of the Assets for the year ended December 31, 2015 and the nine months ended September 30, 2017 and September 30, 2016.

Schedule B hereto contains the unaudited pro forma operating statement of Whitecap for the year ended December 31, 2016 and the nine months ended September 30, 2017 after giving effect to the Acquisition.

The unaudited pro forma operating statements are not necessarily indicative of either the financial position or results of operations that actually would have occurred if the events reflected therein had been in effect on the dates indicated or of the results that may be obtained in the future.

OIL AND GAS ADVISORIES

The terms "boe" means a barrel of oil equivalent on the basis of 6 Mcf of natural gas to 1 Bbl of oil. Boe's may be misleading, particularly if used in isolation. **A boe conversation ratio of 6 Mcf: 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6 Mcf: 1Bbl, utilizing a conversion ratio at 6 Mcf: 1 Bbl may be misleading as an indication of value.**

This report contains metrics commonly used in the oil and natural gas industry, such as "reserve life index". This term has been calculated by management and does not have a standardized meaning and may not be comparable to similar measures presented by other companies, and therefore should not be used to make such comparisons. Management uses this oil and gas metric for its own performance measurements and to provide shareholders of Whitecap with measures to compare Whitecap's operations over time.

ABBREVIATIONS

Oil and Natural Gas Liquids

| | |
|--------|---------------------|
| Bbl | barrel |
| Bbls | barrels |
| Bbls/d | barrels per day |
| Mbbls | thousand barrels |
| NGLs | natural gas liquids |

Natural Gas

| | |
|-------|-------------------------------|
| Mcf | thousand cubic feet |
| MMcf | million cubic feet |
| Mcf/d | thousand cubic feet per day |
| MMbtu | million British Thermal Units |

Other

| | |
|------------|--|
| AECO | the natural gas storage facility located at Suffield, Alberta, connected to TransCanada's Alberta System |
| API | American Petroleum Institute |
| °API | an indication of the specific gravity of crude oil measured on the API gravity scale |
| BOE or boe | barrel or barrels of oil equivalent, using the conversion factor of 6 Mcf of natural gas being equivalent to one barrel of oil |
| boe/d | barrels of oil equivalent per day |
| \$C | Canadian dollars |
| \$US | United States dollars |
| Mboe | thousand barrels of oil equivalent. |
| MMboe | million barrels of oil equivalent |
| WTI | West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for the crude oil standard grade |
| \$000s | thousands of dollars |
| \$MM | millions of dollars |

FORWARD-LOOKING STATEMENTS

Certain statements contained in this business acquisition report constitute forward-looking statements and forward-looking information (collectively referred to herein as "**forward-looking statements**") within the meaning of applicable Canadian securities laws. Such forward-looking statements relate to future events or Whitecap's future performance. All statements other than statements of historical fact may be forward-looking statements. Such forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Whitecap believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this business acquisition report should not be unduly relied upon.

In particular this business acquisition report contains forward-looking statements pertaining to the following: the impact of the Acquisition on Whitecap's operations, reserves, inventory and opportunities, financial condition and overall strategy; expectations with respect to production for the Assets; development and drilling plans for the Assets; optimization and expansion opportunities within the Weyburn Unit; anticipated land expiries associated with the Acquisition; development costs associated with the Assets and the timing and sources of funding of such costs; planned deferrals of certain development costs associated with the Assets and the impact of the deferral on production and the reserves associated with the Assets; anticipated abandonment and reclamation obligations associated with the Assets; capacity of infrastructure; expectations for 2018 capital expenditures and the timing thereof; the performance characteristics of Whitecap's oil and natural gas properties and of the oil and natural gas properties comprising the Assets; the quantity of the oil and gas reserves associated with the Assets; potential growth opportunities with respect to the Assets; projections of market prices and costs, and exchange and inflation rates; treatment under governmental regulatory regimes and tax laws; and Whitecap's hedging program.

Whitecap's actual results, performance or achievements could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this business acquisition report and in certain documents incorporated by reference into this business acquisition report, including but not limited to: possible failure to realize anticipated benefits of the Acquisition; volatility in market prices for oil and natural gas and foreign exchange rates; operational risks and liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of benefits to be obtained from acquisitions (including the Acquisition); geological, technical, drilling and processing problems; changes in general economic, market and business conditions; the accuracy of oil and gas reserves estimates and estimated production levels as they are affected by exploration and development drilling and estimated decline rates; the uncertainties in regard to the timing of Whitecap's exploration and development program; unforeseen difficulties in integrating the Assets into Whitecap's operations; fluctuations in the costs of borrowing; political or economic developments; ability to obtain regulatory approvals; the occurrence of unexpected events; the results of litigation or regulatory proceedings that may be brought against Whitecap; and changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry.

Statements relating to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitably produced in the future.

With respect to forward-looking statements contained in this business acquisition report, Whitecap has made assumptions regarding, among other things: commodity prices and royalty regimes; availability of skilled labour; timing and amount of capital expenditures; future exchange rates; the price of oil and natural gas; the impact of increasing competition; conditions in general economic and financial markets; reserve volumes, access to capital; availability of drilling and related equipment; effects of regulation by governmental agencies; royalty rates and tax laws, the state of the economy, political factors and future operating, transportation and other costs. These forward-looking statements speak only as of the date of this business acquisition report or as of the date specified in the documents incorporated by reference into this business acquisition report, as the case may be.

Whitecap has included the above summary of assumptions and risks related to forward-looking statements contained in this business acquisition report in order to provide investors with a more complete perspective on Whitecap's current and future operations and such information may not be appropriate for other purposes.

The forward-looking statements contained in this business acquisition report, are expressly qualified by this cautionary statement. These forward-looking statements contained in this business acquisition report are made as of the date of this business acquisition report and except as required by applicable securities laws, Whitecap doesn't undertake any obligation to publicly update or revise any forward-looking statements.

SCHEDULE A

OPERATING STATEMENTS – ACQUISITION



November 9, 2017

Independent Auditor's Report

To the Directors of Cenovus Energy Inc.

We have audited the accompanying operating statement containing gross sales, royalties, transportation, production and mineral tax and operating expenses for the Saskatchewan properties (the "Property") for the year ended December 31, 2016, and the related notes, which comprise a summary of significant accounting policies and other explanatory information (together, the operating statement).

Management's responsibility for the operating statement

Management of Cenovus Energy Inc. is responsible for the preparation of the operating statement of the Property in accordance with the financial reporting framework specified in subsection 3.11(5) of National Instrument 52-107, Acceptable Accounting Principles and Auditing Standards, for operating statements of an acquired oil and gas property, and for such internal control as management determines is necessary to enable the preparation of the operating statement that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the operating statement 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 operating statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the operating statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the operating statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the operating statement 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 operating statement.

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

PricewaterhouseCoopers LLP
111 5 Avenue SW, Suite 3100, Calgary, Alberta, Canada T2P 5L3
T: +1 403 509 7500, F: +1 403 781 1825, www.pwc.com/ca

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Opinion

In our opinion, the operating statement of the Property for the year ended December 31, 2016 is prepared in all material respects in accordance with the financial reporting framework specified in subsection 3.11(5) of National Instrument 52-107, Acceptable Accounting Principles and Auditing Standards, for operating statements of an acquired oil and gas property.

Other matter

The operating statements of the Property for the year ended December 31, 2015 and the nine-month periods ended September 30, 2017 and September 30, 2016 are unaudited.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta

Saskatchewan Assets
Operating Statements containing Gross Sales, Royalties, Transportation, Production and Mineral Taxes
and Operating Expenses

(\$ Canadian thousands)

| | Nine Months Ended | | Year Ended | |
|------------------------------|--------------------------|------------------|---------------------|--------------------|
| | September 30, | | December 31, | |
| | 2017 | 2016 | 2016 | 2015 |
| | (unaudited) | | (audited) | (unaudited) |
| Gross Sales | \$ 234,542 | \$ 185,270 | \$ 266,768 | \$ 301,743 |
| Royalties | 58,934 | 38,558 | 60,142 | 55,024 |
| Revenues | <u>175,608</u> | <u>146,712</u> | <u>206,626</u> | <u>246,719</u> |
| Expenses | | | | |
| Transportation | 5,095 | 4,839 | 6,576 | 6,661 |
| Production and Mineral Taxes | 7,115 | 4,943 | 7,399 | 7,642 |
| Operating | <u>55,769</u> | <u>51,580</u> | <u>67,825</u> | <u>77,334</u> |
| Operating Margin | <u>\$ 107,628</u> | <u>\$ 85,350</u> | <u>\$ 124,826</u> | <u>\$ 155,082</u> |

See accompanying Notes to Operating Statements

Saskatchewan Assets

Notes to Operating Statements containing Gross Sales, Royalties, Transportation, Production and Mineral Taxes and Operating Expenses

For the Nine Months Ended September 30, 2017 and September 30, 2016 and the Years Ended December 31, 2016 and December 31, 2015

1. Basis of presentation

The Operating Statements containing Gross Sales, Royalties, Transportation, Production and Mineral Taxes and Operating Expenses (the "Operating Statements") includes Cenovus's net working interest of the operation results relating to the Saskatchewan Assets (the "Property").

The line items in the Operating Statements have been prepared in all material respects using accounting policies that are permitted by International Financial Reporting Standards applicable to publicly accountable enterprises, with such accounting policies applying to those line items as if such line items were presented as part of a complete set of financial statements. The Operating Statements are prepared in accordance with the financial reporting framework specified in subsection 3.11(5) of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards for an operating statement.

Accordingly, the Operating Statements include the following line items: gross sales, royalties, transportation, production and mineral taxes and operating expenses related to the Property.

The Operating Statements for the Saskatchewan Assets do not include any provision for the depletion, depreciation and amortization, decommissioning liabilities, capital costs, impairment of the Property, general and administrative costs and income taxes for the Property as these amounts are based on the consolidated operations of the vendor of which the Property forms only a part.

The majority of the Saskatchewan Assets are made up of the Weyburn Unit. The Weyburn Unit is a joint operation with 28 owners that Cenovus Energy Inc. operates and owns a 62.11256% working interest.

2. Significant accounting policies

(A) Joint Operations

Where the Property is operated through a unincorporated joint operation, the Operating Statements reflect only the vendor's proportionate interest.

(B) Revenue Recognition

Gross sales associated with the sales of crude oil and natural gas are recognized when the significant risks and rewards of ownership have been transferred to the customer, the sales price and costs can be measured reliably and it is probable that the economic benefits will flow to the Property.

(C) Royalties

Royalties are recorded at the time the product is produced and sold. Royalties are calculated in accordance with the applicable regulations and/or the terms of individual royalty agreements.

(D) Transportation

The costs associated with the transportation of crude oil and natural gas are recognized when the product is sold.

(E) Operating Expenses

Operating expenses include amounts incurred on extraction of product to the surface, gathering, field processing, treating and field storage. More specifically they include field workforce, electricity, energy, chemicals, repairs & maintenance, waste fluid handling & trucking, workovers, property tax & lease costs, overhead and other direct expenses. Costs or credits that are corporate based are excluded from these Operating Statements.

Carbon Dioxide ("CO₂") is injected into the reservoir. These costs are capitalized as part of Property, Plant and Equipment when injected.

(F) Use of Estimates

Certain management estimates and assumptions in regards to revenues and expenses have been used. Such estimates relate to unsettled transactions and events. Estimates by their nature are subject to measurement uncertainty. Accordingly, actual results may differ from estimated amounts as future confirming events occur.

3. Commitments and contingencies

A contract was entered into with HH Pilot Partners LP ("Pilot") on July 1, 2013 for an 18 year term to deliver a minimum volume of natural gas for the purpose of recovering Natural Gas Liquids ("NGLs") from the recycle natural gas streams at the Weyburn facility. If the contract is cancelled, a break fee of \$11.9 million would be payable to Pilot. The initial processing fee is \$4.68 per thousand cubic feet ("mcf") and is reduced to \$3.43 per mcf once a cumulative volume of 19.5 billion cubic feet of natural gas has been processed.

As at September 30, 2017, future payments for CO2 purchase commitments associated with the Weyburn Assets are noted below:

A contract to purchase a minimum volume of 37.5 million cubic feet per day ("MMcf/d") of CO2 at a fixed price in US dollars from Dakota Gasification Company is in place. The fixed price increases each year based on a two percent inflation rate. The contract expires on April 30, 2018 but may be extended for one year increments for an additional eight years.

A take or pay commitment with Saskatchewan Power Corporation ("SPC") to purchase CO2 expiring April 1, 2024. The minimum commitment is to purchase 2,192 tonnes per day of CO2 with the option to increase up to 3,014 tonnes per day of CO2 at the discretion of SPC. The rate per tonne increases at a two percent inflation rate on April 1st each year. The contract can be cancelled with 45 days notice and would result in a break fee payment of \$50 million. Commitment shown is for the break fee of \$50 million and 45 days of the working interest share of the take or pay volume of 2,192 tonnes per day.

Under the above contract with SPC there is an obligation on behalf of SPC to deliver to the buyer, Cenovus, each day of the period the amount of CO2 nominated by the buyer up to the daily commitment for that day plus any additional amounts of CO2 actually produced on such day. If in a year, the aggregate amount of the delivered quantity of CO2 is less than the amount of the aggregate daily commitments or which the buyer nominated and was ready and able to receive each day, the difference will be paid to the buyer as liquidated damages for failure to deliver at the contracted price multiplied by the shortfall volume.

| | <u>2017</u> | <u>2018</u> | <u>Total</u> |
|----------------------------------|--------------------|--------------------|---------------------|
| (\$ Canadian thousands) | | | |
| Weyburn Pilot NGL Recovery Plant | 11,932 | - | 11,932 |
| Dakota Gasification Company | 1,726 | 2,295 | 4,021 |
| Saskatchewan Power Corporation | 51,685 | - | 51,685 |

SCHEDULE B

PRO FORMA OPERATING STATEMENTS

Whitecap Resources Inc.

Pro Forma Operating Statement

For the year ended December 31, 2016

(Unaudited)

| (\$ thousands) | Whitecap Resources Inc. | Assets | Pro Forma |
|---------------------------------|------------------------------------|----------------|------------------|
| Revenue | | | |
| Petroleum and natural gas sales | 635,306 | 266,768 | 902,074 |
| Royalties [Note 3] | (90,855) | (67,541) | (158,396) |
| | 544,451 | 199,227 | 743,678 |
| Expenses | | | |
| Operating and Transportation | 174,960 | 74,401 | 249,361 |
| | | | |
| Operating income | 369,491 | 124,826 | 494,317 |

See accompanying notes to the pro forma consolidated financial statements

Whitecap Resources Inc.

Pro Forma Consolidated Operating Statement
For the nine months ended September 30, 2017
(Unaudited)

| (\$ thousands) | Whitecap Resources Inc. | Assets | Pro Forma |
|---------------------------------|------------------------------------|----------------|------------------|
| Revenue | | | |
| Petroleum and natural gas sales | 716,334 | 234,542 | 950,876 |
| Royalties [Note 3] | (103,878) | (66,049) | (169,927) |
| | 612,456 | 168,493 | 780,949 |
| Expenses | | | |
| Operating and Transportation | 186,346 | 60,864 | 247,210 |
| Operating income | 426,110 | 107,629 | 533,739 |

See accompanying notes to the pro forma consolidated financial statements

Whitecap Resources Inc.
Notes to Pro Forma Operating Statements
For the year ended December 31, 2016
(Unaudited)

1. BASIS OF PRESENTATION

On November 13, 2017, Whitecap Resources Inc. (“Whitecap”) entered into a purchase and sale agreement with the vendor to acquire certain petroleum and natural gas properties in southeast Saskatchewan (the “Assets”). The acquisition closed December 14, 2017.

The unaudited pro forma operating statements have been prepared from information derived from the following:

- The audited consolidated financial statements of Whitecap for the year ended December 31, 2016;
- The audited Cenovus Energy Inc. (“Cenovus”) operating statements for the Assets for the year ended December 31, 2016;
- The unaudited consolidated financial statements of Whitecap for the nine months ended September 30, 2017;
- The unaudited Cenovus operating statements for the Assets for the nine months ended September 30, 2017.

The pro forma operating statements do not include any provision for depletion, depreciation and amortization, accretion of decommissioning obligations, future capital costs, impairment of unevaluated properties, general and administrative costs and income taxes as these amounts are based on the consolidated operations of Whitecap.

The unaudited pro forma operating statements has been prepared in accordance with the accounting policies that are permitted by the International Financial Reporting Standards (“IFRS”) and the financial reporting framework specified in subsection 3.14 of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards for acceptable accounting policies for pro forma financial statements. The unaudited pro forma operating statements gives effect to the transaction as if it occurred on January 1, 2016. The unaudited pro forma operating statements may not be indicative of the results that actually would have occurred if the events reflected therein had been in effect on the dates indicated or of the results which may be obtained in the future.

These pro forma operating statements have been prepared by management in accordance with the principles of International Financial Reporting Standards (“IFRS”) issued and outstanding as of November 13, 2017, the date these pro forma operating statements were compiled. However, these operating statements are not in compliance with IFRS as certain notes and information have been omitted or condensed for the purpose of the pro forma operating statements. In the opinion of management, the unaudited pro forma operating statements includes all the necessary adjustments for the fair presentation of the ongoing entity.

2. SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Revenue associated with sales of crude oil, natural gas and natural gas liquids is recognized upon transfer of title, which is when the risk of ownership passes to the purchaser and physical delivery occurs, and when collectability of the revenue is probable.

Royalties

Royalties are recorded at the time the product is produced and sold. Royalties are calculated in accordance with the applicable provincial regulations and/or the terms of individual royalty agreements.

Operating and Transportation Expenses

Operating expenses include amounts incurred on extraction of the product to the surface, field storage, operating and maintaining wells and related equipment and facilities. Operating expenses relating to equipment, facilities and material furnished by the operator are recorded at cost. Operating expenses also include field labour, insurance, maintenance, repairs, property taxes, utilities, supplies and allocated overhead on certain wells in accordance with the joint operating agreement.

Joint Interest Operations

The Operating Statements only reflect the proportionate interest acquired by Whitecap for the Assets.

3. ROYALTIES

Royalties for the Assets include production and mineral taxes of \$7,399 thousand for the year ended December 31, 2016 and \$7,115 thousand for the nine months ended September 30, 2017 respectively, which were presented separately as expenses on the operating statements for the Assets.