

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or any state securities laws. Accordingly, except as permitted by the Underwriting Agreement (as defined herein) and pursuant to an exemption from the registration requirements of the 1933 Act and applicable state securities laws, these securities may not be offered, sold or delivered within the United States (as such term is defined in Regulation S under the 1933 Act). This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with certain securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from our Corporate Secretary at Suite 3800, 525 – 8<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 1G1, Telephone (403) 266-0767 and are also available electronically at [www.sedar.com](http://www.sedar.com).

New Issue

November 27, 2017

### SHORT FORM PROSPECTUS



**37,785,000 Subscription Receipts each  
representing the right to receive one Common Share**

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**Price \$8.80 per Subscription Receipt**

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We are hereby qualifying for distribution 37,785,000 subscription receipts (the "**Subscription Receipts**") at a price of \$8.80 per Subscription Receipt (the "**Offering**"). Each Subscription Receipt will entitle the holder thereof to receive, without payment of additional consideration or further action on the part of the holder thereof, one of our common shares (a "**Common Share**") upon closing of the Acquisition (as defined herein).

The terms of the Offering, including the offering price of the Subscription Receipts offered hereunder, were determined by negotiation between us and National Bank Financial Inc. and TD Securities Inc. as co-lead underwriters (the "**Co-Leads**") each on its own behalf and on behalf of 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. (collectively, the "**Underwriters**"). See "Plan of Distribution".

The gross proceeds from the sale of the Subscription Receipts (the "**Escrowed Funds**") will be held by Computershare Trust Company of Canada, as escrow agent (the "**Escrow Agent**"), and invested in short-term obligations of, or guaranteed by, the Government of Canada (and other approved investments) pending satisfaction of the Escrow Condition (as defined herein) on or before 5:00 p.m. (Calgary time) on February 28, 2018, or such later date within fifteen (15) days as the Co-Leads may elect (the "**Termination Time**"). Upon satisfaction of the Escrow Condition, the Escrowed Funds and the interest earned thereon, less: (i) the remaining portion of the Underwriters' Fee (as defined herein) and including any accrued interest on the remaining portion of the Underwriters' Fee; and (ii) the amounts required to pay the Dividend Equivalent Amount (as defined herein), if applicable, will be released to us to complete the Acquisition. On the closing of the Acquisition, each holder of Subscription Receipts will receive one Common Share for each Subscription Receipt held, without payment of

additional consideration or further action on the part of the holder and the Dividend Equivalent Amount, if any. See "Details of the Offering".

If: (i) the Escrow Condition is not satisfied by the Termination Time; (ii) the Acquisition Agreement (as defined herein) is terminated; or (iii) we have advised the Co-Leads or announced to the public that we do not intend to proceed with the Acquisition, holders of Subscription Receipts shall receive an amount equal to the full subscription price attributable to the Subscription Receipts and their *pro rata* entitlement to interest accrued on such amount. See "Recent Developments - The Acquisition" and "Details of the Offering".

The issued and outstanding Common Shares are listed on the Toronto Stock Exchange (the "TSX") under the trading symbol "WCP". The TSX has conditionally approved the listing of the Subscription Receipts and the Common Shares underlying the Subscription Receipts on the TSX. Listing of such securities is subject to our fulfillment of all the requirements of the TSX on or before February 15, 2018. On November 13, 2017, the last trading day prior to the date of the public announcement of the Offering, the closing price of the Common Shares on the TSX was \$9.11. On November 24, 2017, the last trading day prior to the date of this short form prospectus, the closing price of the Common Shares on the TSX was \$8.89.

	<b>Price to the Public</b>	<b>Underwriters' Fee <sup>(1)</sup></b>	<b>Net Proceeds <sup>(2)(3)</sup></b>
Per Subscription Receipt	\$8.80	\$0.35	\$8.45
Total	\$332,508,000	\$13,216,368	\$319,291,632

Notes:

- (1) The fee payable to the Underwriters is 4% of the gross proceeds of the Offering, other than proceeds raised from an estimated 238,500 Subscription Receipts expected to be purchased by our directors, management and employees (the "Underwriters' Fee"). The Underwriters' Fee with respect to the Subscription Receipts is payable as to 50% upon the closing of the Offering and 50% upon the release to us of the Escrowed Funds. If the Escrow Condition is not satisfied, then the Underwriters' Fee will be limited to the 50% paid upon closing of the Offering. Numbers may not add due to rounding. See "Details of the Offering" and "Plan of Distribution".
- (2) Excluding interest accrued, if any, on the Escrowed Funds and before deducting expenses of the Offering estimated to be \$350,000 (exclusive of taxes), which will be paid from our general funds.
- (3) If the Concurrent Private Placement (as defined herein) is completed, the aggregate net proceeds of the Offering and the Concurrent Private Placement will be \$411,447,232, after deducting the estimated expenses of the Offering of \$350,000 and the Underwriters' Fee of \$13,216,368.

The Underwriters, as principals, conditionally offer the Subscription Receipts, subject to prior sale, if, as and when issued by us and delivered and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to approval of certain legal matters relating to the Offering on our behalf by Burnet, Duckworth & Palmer LLP, and on behalf of the Underwriters by McCarthy Tétrault LLP. The Subscription Receipts shall be taken up by the Underwriters, if at all, on or before a date not later than 42 days after the date of the receipt for the final short form prospectus.

Netherland, Sewell & Associates, Inc. is an expert named in this short form prospectus and is organized under the laws of a foreign jurisdiction. Netherland, Sewell & Associates, Inc. has appointed the following agent for service of process:

<b>Name of Person or Company</b>	<b>Name and Address of Agent</b>
Netherland, Sewell & Associates, Inc.	Burnet, Duckworth & Palmer LLP Suite 2400, 525 – 8 <sup>th</sup> Avenue S.W. Calgary, Alberta, T2P 1G1

Purchasers are advised that it may not be possible for investors to enforce judgements obtained in Canada against any company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction, even if the party has appointed an agent for service of process.

Our head office is located at Suite 3800, 525 – 8<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 1G1 and our registered office is located at Suite 2400, 525 – 8<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 1G1.

**There is currently no market through which the Subscription Receipts may be sold and purchasers may not be able to resell Subscription Receipts purchased under this short form prospectus. This may affect the pricing of the Subscription Receipts in the secondary market, the transparency and availability of trading prices and the liquidity of the Subscription Receipts and the extent of issuer regulation. See "*Risk Factors*."**

Subscriptions for Subscription Receipts will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that closing will occur on or about December 4, 2017 or such later date as we may agree to with the Underwriters. Subscription Receipts will be registered and deposited directly with CDS (as defined herein) or its nominee on a non-certificated basis and no certificates evidencing Subscription Receipts will be issued to purchasers thereof. Purchasers of Subscription Receipts will receive only a customer confirmation or statement from the Underwriter or other registered dealer who is a Participant (as defined herein) and from or through whom a beneficial interest in the Subscription Receipts is purchased. See "*Details of the Offering – Non Certificated Issue*".

**Each of National Bank Financial Inc., TD Securities Inc., Scotia Capital Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc. and CIBC World Markets Inc. is, directly or indirectly, an affiliate of a Canadian chartered bank that is a lender to us and to which we are currently indebted. In addition, ATB Financial is a minority shareholder of AltaCorp Capital Inc. ATB Financial is an affiliate of Alberta Treasury Branches, which is a provincially regulated financial institution that is also a lender to us. Further, TD Securities Inc. acted, directly or indirectly, as adviser to the Vendor (as defined herein) in connection with the Acquisition and will receive a fee upon the closing of the Acquisition. National Bank Financial Inc. acted, directly or indirectly, as adviser to the Corporation in connection with the Acquisition and will receive a fee upon closing of the Acquisition. Consequently, we may be considered a "connected issuer" of such underwriters within the meaning of applicable Canadian securities legislation. See "*Consolidated Capitalization*" and "*Relationship between Us and Certain of the Underwriters*" and "*Use of Proceeds*".**

Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those that might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See "*Plan of Distribution*".

Concurrently with the Offering, we will complete, on a private placement basis, a non-brokered offering of up to 10,512,000 Subscription Receipts (the "**Placement Subscription Receipts**") at a price of \$8.80 per Subscription Receipt for gross proceeds of up to \$92,505,600 (the "**Concurrent Private Placement**"). This short form prospectus does not qualify the distribution of the Placement Subscription Receipts issuable pursuant to the Concurrent Private Placement. The Concurrent Private Placement is expected to close on or about December 4, 2017. The Placement Subscription Receipts issued pursuant to the Concurrent Private Placement will be subject to a statutory hold period. The Concurrent Private Placement is subject to a number of conditions including completion of definitive documentation and concurrent closing of the Offering. The TSX has conditionally approved the listing of the Placement Subscription Receipts and the Common Shares underlying the Placement Subscription Receipts pursuant to the Concurrent Private Placement. Listing of such securities is subject to our fulfillment of all the requirements of the TSX on or before December 29, 2017. See "*Concurrent Private Placement*".

**The Underwriters propose to offer the Subscription Receipts initially at the offering price specified above. After a reasonable effort has been made to sell all the Subscription Receipts at the price specified, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Subscription Receipts remaining unsold. Any such reduction will not affect the proceeds we receive. See "*Plan of Distribution*".**

**An investment in the securities offered hereunder is speculative and involves a high degree of risk. The risk factors identified under the heading "*Risk Factors*" and "*Special Note Regarding Forward-Looking Statements*" in this short form prospectus and in the AIF (as defined herein) should be carefully reviewed and evaluated by prospective subscribers before purchasing the securities being offered hereunder.**

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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this short form prospectus 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 our 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. We believe 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 short form prospectus should not be unduly relied upon.

In particular this short form prospectus contains forward-looking statements pertaining to the following:

- the use of proceeds from the Offering and the Concurrent Private Placement;
- completion of the Offering, the Concurrent Private Placement and the Acquisition, and the timing thereof;
- the anticipated increase to our Credit Facility and our expectations that there will be no material changes to the terms or covenants;
- the impact of the Acquisition on our operations, reserves, inventory and opportunities, financial condition and overall strategy;
- expectations with respect to production and operating netbacks 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 our 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;
- the amount of closing adjustments to the purchase price of the Assets;
- the level of insider and employee participation in the Offering;
- potential growth opportunities with respect to the Assets;
- the source of funding for our activities;
- projections of market prices and costs, and exchange and inflation rates;
- expectations regarding our ability to raise capital and to continually add to reserves through acquisitions, development and optimization;
- treatment under governmental regulatory regimes and tax laws;
- future dividend payments and dividend policy including the anticipated dividend increase and amount and timing of such increase;
- hedging program; and
- our business and acquisition strategy, the criteria to be considered in connection therewith and the benefits to be derived therefrom.

Our 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 short form prospectus and in certain documents incorporated by reference into this short form prospectus, including but not limited to:

- possible failure to realize anticipated benefits of the Acquisition;
- inability to complete 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 our exploration and development program;
- unforeseen difficulties in integrating the Assets into our 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 us;
- changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry; and
- the other factors discussed under "*Risk Factors*".

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.

The reports of PricewaterhouseCoopers LLP included or incorporated by reference in this prospectus refer exclusively to the historical financial statements described therein and do not extend to the prospective financial information included in this prospectus and should not be read to do so.

With respect to forward-looking statements contained in this short form prospectus, we have made assumptions regarding, among other things: the timing of obtaining regulatory approvals and completion of the Acquisition, the Offering and the Concurrent Private Placement; 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 short form prospectus or as of the date specified in the documents incorporated by reference into this short form prospectus, as the case may be.

We have included the above summary of assumptions and risks related to forward-looking statements contained in this short form prospectus in order to provide investors with a more complete perspective on our current and future operations and such information may not be appropriate for other purposes.

**Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this short form prospectus, and the documents incorporated by reference herein, are expressly qualified by this cautionary statement. These forward-looking statements contained in this short form prospectus are made as of the date of this short form prospectus, or in the case of documents incorporated by reference herein, as of the dates of such documents, and except as required by applicable securities laws, neither we nor any of the Underwriters undertakes any obligation to publicly update or revise any forward-looking statements. Readers should also carefully consider the matters discussed under the heading "*Risk Factors*" in this short form prospectus.**

## SELECTED DEFINITIONS

In this short form prospectus, the abbreviations and terms set forth below have the meanings indicated:

**1933 Act** means the *United States Securities Act of 1933*, as amended.

**3.46% Notes** has the meaning set out under "*Recent Developments – Issuance of Senior Secured Notes*".

**3.54% Notes** has the meaning set out under "*Recent Developments – Issuance of Senior Secured Notes*".

**Acquisition Agreement** means the asset sale agreement between us and the Vendor dated November 13, 2017.

**Acquisition** means the proposed acquisition of the Assets from the Vendor pursuant to the Acquisition Agreement, see "*Recent Developments – The Acquisition*".

**Acquisition Report** means a report as to the oil, NGLs and natural gas reserves attributable to the Assets as evaluated by GLJ dated November 10, 2017 with an effective date of June 30, 2017 and using McDaniel's October 1, 2017 pricing.

**AIF** means our annual information form for the year ended December 31, 2016 dated March 6, 2017.

**Assets** means the petroleum and natural gas properties, interests and related assets located in southeast Saskatchewan to be acquired by us from the Vendor pursuant to the terms of the Acquisition Agreement.

**Board of Directors** means our board of directors as it may be constituted from time to time.

**Business Day** means a day, other than a Saturday or Sunday, or a statutory holiday, on which major Canadian chartered banks are open for business in Calgary, Alberta.

**CDS** means CDS Clearing and Depository Services Inc.

**COGE Handbook** means the Canadian Oil and Gas Evaluation Handbook.

**Co-Leads** means National Bank Financial Inc. and TD Securities Inc.

**Common Shares** means our common shares, as presently constituted.

**Concurrent Private Placement** means the concurrent private placement by us of up to 10,512,000 Subscription Receipts at a price of \$8.80 per Subscription Receipt for gross proceeds of up to \$92,505,600 as described under "*Concurrent Private Placement*".

**CRA** means the Canada Revenue Agency.

**Credit Facility** has the meaning set out in Note 1 to the table under "*Consolidated Capitalization*".

**Dividend Equivalent Amount** means an amount per Subscription Receipt equal to the amount per Common Share of any cash dividends for which record date(s) have occurred during the period beginning on the closing date of the Offering and ending on the date immediately preceding the date the Common Shares are issued pursuant to the Subscription Receipts.

**EOR** means enhanced oil recovery, an oil recovery method that reduces residual oil saturated within the reservoir and improves the efficiency of a waterflood.

**Escrow Agent** means Computershare Trust Company of Canada, which is deemed an Acceptable Institution under the guidelines of the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund, in its capacity as escrow agent pursuant to the Subscription Receipt Agreement.

**Escrow Condition** has the meaning ascribed thereto under "*Details of the Offering – Subscription Receipts*".

**Escrowed Funds** means the gross proceeds from the sale of the Subscription Receipts and the Placement Subscription Receipts held in escrow with the Escrow Agent.

**GAAP** means the generally accepted accounting principles as set by the Chartered Professional Accountants of Canada and as permitted by National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*, for the preparation of financial statements.

**GLJ** means GLJ Petroleum Consultants, independent petroleum consultants of Calgary, Alberta.

**McDaniel** means McDaniel & Associates Consultants Ltd., independent petroleum consultants of Calgary, Alberta.

**McDaniel Report** means the report prepared by McDaniel dated February 16, 2017 evaluating the crude oil, natural gas, NGLs and sulphur reserves attributable to all of our oil and natural gas assets as at December 31, 2016.

**NI 51-101** means National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*.

**Non-Resident Holder** means a holder of Subscription Receipts who, for purposes of the Tax Act, is not, and is not deemed to be, resident in Canada, is not an insurer who carries on an insurance business in Canada and elsewhere and is not, and deals at arm's length with, a "specified shareholder" (as defined in subsection 18(5) of the Tax Act) of us.

**Offering** means the offering of 37,785,000 Subscription Receipts at a price of \$8.80 per Subscription Receipt pursuant to this short form prospectus.

**Participant** means a participant in the depository service of CDS.

**Placement Subscription Receipts** means the Subscription Receipts issued pursuant to the Concurrent Private Placement.

**Resident Holder** is a holder of Subscription Receipts who, for purposes of the Tax Act, is resident in Canada.

**Senior Secured Notes** has the meaning set out under "*Recent Developments – Issuance of Senior Secured Notes*".

**Shareholders** mean the holders of Common Shares from time to time.

**Subscription Receipt Agreement** means the agreement to be dated on or about December 4, 2017 among us, the Co-Leads and the Escrow Agent governing the terms of the Subscription Receipts.

**Subscription Receipt Beneficial Owner** means a purchaser acquiring a beneficial interest in the Subscription Receipts.

**Subscription Receipts** means the subscription receipts offered under this short form prospectus.

**Tax Act** means the *Income Tax Act* (Canada), as amended, including the regulations promulgated thereunder.

**Termination Time** means 5:00 p.m. (Calgary time) on February 28, 2018 or such later date within fifteen (15) days as the Co-Leads may elect.

**TSX** means the Toronto Stock Exchange.

**Underwriters** means, collectively, National Bank Financial Inc., TD Securities Inc., 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.

**Underwriting Agreement** means the agreement dated effective November 13, 2017 among us and the Underwriters in respect of the Offering.

**United States** or **U.S.** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

**Vendor** means the vendor of the Assets.

### CONVENTIONS

Certain terms used herein are defined in the "*Selected Definitions*". Certain other terms used herein but not defined herein are defined in 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 GAAP. Words importing the singular number only include the plural, and vice versa, and words importing any gender include all genders. All dollar amounts set forth in this short form prospectus are in Canadian dollars, except where otherwise indicated.

### NON-GAAP MEASURES

Our management uses "operating netbacks", which does not have a standardized meaning prescribed by GAAP and therefore may not be comparable with the calculation of similar measures by other companies. We feel this benchmark is a key measure of our profitability. This term is commonly used in the oil and gas industry.

The operating netback for 2018 for the Assets has been determined by deducting royalties, operating expenses and transportation expenses from petroleum and natural gas sales and has been calculated on a per boe basis. Operating netbacks for the Assets do not include hedging gains or losses. The operating netback (\$/boe) assumptions used for the Assets in 2018 are as follows:

	<b>2018</b>
Petroleum and natural gas sales	60.36
Royalties	(14.79)
Operating expenses	(12.22)
Transportation expenses	(1.49)
Operating netbacks	31.86
Commodity price assumptions:	
WTI (\$US/Bbl)	54.00
Edmonton Par Differential (\$US/Bbl)	(3.50)
\$C/\$US exchange rate	0.78
Natural gas (AECO \$/GJ)	2.25

## CONVERSIONS

The following table sets forth certain conversions between Standard Imperial Units and the International System of Units (or metric units).

<u>To Convert From</u>	<u>To</u>	<u>Multiply By</u>
Mcf	cubic metres	28.317
cubic metres	cubic feet	35.315
Bbls	cubic metres	0.159
cubic metres	Bbls	6.289
Feet	Metres	0.305
Metres	Feet	3.281
Miles	kilometres	1.609
Kilometres	Miles	0.621
Acres	hectares	0.405
Hectares	Acres	2.471
Gigajoules	MMbtu	0.950
MMbtu	gigajoules	1.0526

## 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
GJ	Gigajoule
RLI	reserve life index
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

## 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 conversion 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 short form prospectus contains metrics commonly used in the oil and natural gas industry, such as RLI and "operating netback" (see "*Non-GAAP Measures*"). These terms have been calculated by management and do 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 these oil and gas metrics for its own performance measurements and to provide Shareholders with measures to compare our operations over time.

## MARKETING MATERIALS

Any "template version" of any "marketing materials" (as such terms are defined under applicable Canadian securities laws) that are used by the Underwriters in connection with the Offering are not part of this short form prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this short form prospectus. Any template version of any marketing materials that has been, or will be, filed on SEDAR before the termination of the distribution under the Offering (including any amendments to, or an amended version of, any template version of any marketing materials) is deemed to be incorporated by reference into this short form prospectus.

## DOCUMENTS INCORPORATED BY REFERENCE

**Information has been incorporated by reference in this short form prospectus from documents filed with certain securities commissions or similar authorities.** Copies of the documents incorporated herein by reference may be obtained on request without charge from our Corporate Secretary, at Suite 3800, 525 – 8<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 1G1, Telephone (403) 266-0767. In addition, copies of the documents incorporated herein by reference may be obtained from the securities commissions or similar authorities in Canada through the SEDAR website at [www.sedar.com](http://www.sedar.com).

The following documents, filed with the various securities commissions or similar authorities in the jurisdictions where we are a reporting issuer, are specifically incorporated by reference into and form an integral part of this short form prospectus:

1. our AIF;
2. our audited consolidated financial statements as at December 31, 2016 and December 31, 2015 together with the notes thereto and the report of the auditors thereon;
3. our management's discussion and analysis of the financial condition and results of operations as at and for the years ended December 31, 2016 and December 31, 2015;
4. our interim consolidated financial statements for the three and nine months ended September 30, 2017 and September 30, 2016 together with notes thereto;
5. our management's discussion and analysis of the financial condition and result of operations as at and for the three and nine months ended September 30, 2017 and September 30, 2016;
6. our information circular – proxy statement dated March 15, 2016, relating to the annual and special meeting of Shareholders held on April 28, 2016;

7. our information circular – proxy statement dated March 15, 2017, relating to the annual meeting of Shareholders held on April 28, 2017;
8. the material change report dated November 23, 2017 relating to the Acquisition, the Offering and the Concurrent Private Placement; and
9. the "template version" (as such term is defined in National Instrument 41-101 – *General Prospectus Requirements*) of the term sheet for the Offering dated and filed November 13, 2017.

Any documents of the type referred to above and required by National Instrument 44-101 – *Short Form Prospectus Distributions*, including any material change reports (excluding confidential reports), comparative interim financial statements and comparative annual financial statements (together with the auditors' report thereon), management's discussion and analysis, business acquisition reports and information circulars filed by us, as the case may be, with the securities commissions or similar authorities in the provinces of Canada subsequent to the date of this short form prospectus and prior to the termination of this distribution shall be deemed to be incorporated by reference in this short form prospectus.

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.**

## WHITECAP RESOURCES INC.

We are a Calgary-based public company focused on the development and production of oil and gas in Western Canada. The primary areas of focus of our development program are in the Peace River Arch, Deep Basin, Boundary Lake, southwest Alberta and Pembina, Elnora and west central Saskatchewan. Our business plan is to deliver profitable growth to our Shareholders over the long term under varying business conditions. We are focused on providing sustainable monthly dividends and per share growth through a combination of accretive oil-based acquisitions and organic growth on existing and acquired assets. See "*Whitecap Resources Inc.*", "*General Development of our Business*", "*General Description of our Business*" and "*Statement of Reserves Data and Other Oil and Natural Gas Information*" in the AIF. Readers are encouraged to review this information as it contains important information about us.

Our head office is located at Suite 3800, 525 – 8<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 1G1 and our registered office is located at Suite 2400, 525 - 8th Avenue S.W., Calgary, Alberta, T2P 1G1.

## RECENT DEVELOPMENTS

### **Dividend Increase**

On November 1, 2017, we announced that our Board of Directors approved a 5% increase to our monthly dividend to \$0.0245 per Common Share from \$0.0233 per Common Share effective for our December 2017 dividend. On November 13, 2017, concurrent with announcing the Acquisition, our Board of Directors approved an additional 5% increase to our monthly dividend to \$0.0257 per Common Share from \$0.0245 per Common Share effective for our January 2018 dividend.

## 2018 Budget

On November 1, 2017, we announced an increase in our 2018 base capital budget of \$370 to \$390 million.

## Issuance of Senior Secured Notes

On January 5, 2017, we closed an issuance of \$200 million senior secured notes which have an annual coupon rate of 3.46% and mature on January 5, 2022 (the "**3.46% Notes**"). The 3.46% Notes were issued by way of a private placement, pursuant to a note purchase and private shelf agreement and rank equally with the obligations under our Credit Facility.

On May 31, 2017, we closed an issuance of \$200 million senior secured notes which have an annual coupon rate of 3.54% and mature on May 31, 2024 (the "**3.54% Notes**" and collectively with the 3.46% Notes, the "**Senior Secured Notes**"). The 3.54% Notes were issued by way of a private placement, pursuant to a note purchase agreement and rank equally with the obligations under our Credit Facility.

See notes 3, 4 and 5 to the table under "*Consolidated Capitalization*" for further information on the Senior Secured Notes.

## Normal Course Issuer Bid

On May 18, 2017, with the approval of the TSX, we commenced a normal course issuer bid ("**NCIB**") which allows us to purchase up to 18,457,076 Common Shares from May 18, 2017 to May 17, 2018. All Common Shares purchased under the NCIB are cancelled. As of the date hereof, we have purchased 438,611 Common Shares under the NCIB.

## The Acquisition

On November 13, 2017, we entered into the Acquisition Agreement to acquire the Assets for cash consideration of \$940 million, before closing adjustments (the "**Purchase Price**").

Various factors including market conditions, historic prices for assets in the area, estimated cash flow multiples, abandonment liabilities and RLI and reserves were considered by us in assessing the value of the Acquisition. The ultimate purchase price for the Acquisition was determined through negotiation between us and the Vendor. The Acquisition will have an effective date of November 1, 2017 and is expected to close on or about December 14, 2017. For additional information on the Acquisition Agreement, see "*Recent Developments – The Acquisition Agreement*".

## Acquisition Overview

The Acquisition includes a 62.1% operated working interest in the Weyburn unit (the "**Weyburn Unit**") currently producing approximately 14,600 boe/d net to the Vendor and an additional 200 boe/d of net production from minor assets in southeast Saskatchewan. The Weyburn Unit is a carbon dioxide ("**CO<sub>2</sub>**") EOR development with short and long term development and expansion opportunities. 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 CO<sub>2</sub> expansion phase added in 2014. We anticipate spending approximately \$60 million in 2018 on the Weyburn Unit, which represents 35% of anticipated 2018 net operating income from the Assets, 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 "*The Assets – Reserve 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 CO<sub>2</sub> utilization; (iii) identified and planned CO<sub>2</sub> 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 CO<sub>2</sub> stream prior to reservoir reinjection. There are also expansion opportunities identified immediately offsetting the existing CO<sub>2</sub> scheme which are in the preliminary planning stage. These include vertical and lateral expansion of the existing CO<sub>2</sub> EOR scheme.

The Assets have the following characteristics:

Current Net Production:	14,800 boe/d (100% oil and NGLs)
Base production decline <sup>(1)</sup>	<5%
Proved Reserves: <sup>(2)</sup>	92,324 Mboe (100% oil and NGLs)
Proved net present value: <sup>(3)</sup>	\$841 million
Proved Plus Probable Reserves: <sup>(2)</sup>	121,409 Mboe (100% oil and NGLs)
Proved Plus Probable net present value: <sup>(3)</sup>	\$1,219 million
Proved Plus Probable reserve life index: <sup>(4)</sup>	22.5 years
2018 Operating netback: <sup>(5)(6)</sup>	\$31.86/boe

Notes:

- (1) The base production decline is based on the proved developed producing reserves from 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.
- (5) Operating netback is a non-GAAP measure. See "*Non-GAAP Measures*" for additional disclosure and assumptions.
- (6) Based on: (i) \$US54.00/Bbl WTI; (ii) Edmonton par differential of \$US(3.50)/Bbl; (iii) \$C/\$US exchange rate of 0.78; and (iv) AECO natural gas price of \$2.25/GJ.

For further information in respect of the Assets, see "*The Assets*", the operating statements containing gross sales, royalties, transportation, production, mineral taxes and operating expenses for the years ended December 31, 2016 and 2015 and for the nine months ended September 30, 2017 and 2016 for the Acquisition included as Schedule "A" in this short form prospectus and the unaudited pro forma operating statements in respect of us after giving effect to the Acquisition, included in this short form prospectus in Schedule "B".

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.

**All information regarding the Assets contained herein, including all reserves and related information, financial information and all pro forma financial information reflecting the pro forma effects of the Acquisition, has been derived in part from information provided by the Vendor and other third parties. See "*Risk Factors*".**

### **Credit Facility Increase**

We anticipate an increased Credit Facility will be available concurrently with the closing of the Acquisition. It is expected that both the revolving production facility and revolving operating facility comprising the Credit Facility will be increased to a total of \$1.3 billion. There is no expectation that there will be any material changes to the general provisions or covenants of the Credit Facility. See "*Consolidated Capitalization*", "*Risk Factors – Significant Leverage and Debt Service Obligations*", "*Risk Factors – An Increase to our Credit Facility is Required to Fund a Portion of the Purchase Price of the Acquisition*" and "*Risk Factors – Our Level of Indebtedness will Increase as a Result of the Acquisition*".

Certain of the Underwriters are direct or indirect subsidiaries of the Canadian chartered banks that are or will be lenders under the increased Credit Facility. Consequently, we may be considered to be a "connected issuer" of such Underwriters under applicable securities laws. See "*Relationship between Us and Certain of the Underwriters*".

### **The Acquisition Agreement**

The following is a summary of certain provisions of the Acquisition Agreement.

The Acquisition Agreement provides for the acquisition by us of the Assets for the Purchase Price. The Purchase Price is subject to certain adjustments including operating income adjustments during the interim period. In addition, interest will accrue and be payable to the Vendor on the Purchase Price less the amount of the Deposit (as defined herein) from the effective date of the Acquisition until the closing date of the Acquisition.

The effective date of the Acquisition is November 1, 2017. We will be entitled to receive all revenues and benefits arising from the ownership and operation of the Assets and shall be responsible for all obligations and expenditures in respect of the Assets on and after November 1, 2017. An interim accounting of all apportionments required pursuant to the Acquisition Agreement will be carried out by the Vendor at closing and a final settlement statement will be prepared within 180 days of the closing date of the Acquisition. Following completion of final adjustments, we will assume all unadjusted obligations in relation to the Assets (the "**Assumed Obligations**"), subject to certain specified exceptions, including in respect of unpaid royalties, pre-closing employment obligations (other than certain specified severance obligations), and existing litigation and enforcement matters to the extent relating to the period prior to the effective date, which shall remain the Vendor's responsibility.

Conditions to closing under the Acquisition Agreement include, but are not limited to, the following: (a) the accuracy of each party's representations and warranties and the performance of their respective covenants in all material respects; (b) the parties obtaining approval for the Acquisition pursuant to the *Competition Act* (Canada); and (c) no physical damage to the Assets having occurred prior to closing of the Acquisition which would have a material adverse effect.

We have provided a deposit to the Vendor in the amount of \$94 million in support of our obligations pursuant to the Acquisition Agreement (the "**Deposit**"). If the Acquisition is completed, the Deposit will be credited to the Purchase Price. If the Acquisition does not close due to a breach by us of our representations and warranties or a material breach by us of our covenants, the Deposit shall be forfeited to the Vendor, which forfeiture will be the exclusive remedy of the Vendor in that circumstance. If closing of the Acquisition does not occur due to the Vendor's default, or the parties agree to terminate the Acquisition Agreement for any other reason, the Vendor will return the Deposit to us and, in addition, we will be entitled to seek limited additional recourse against the Vendor.

The Acquisition Agreement contains customary representations and warranties from us and the Vendor for a transaction of this nature, including in respect of corporate authority, organization, environmental matters and rights of first refusal ("**ROFRs**"). Approximately 5% of the value of the Assets includes lands that are subject to ROFRs. Under the Acquisition Agreement, the Vendor is obligated to send notices requesting holders for a waiver of their ROFRs. If a ROFR is exercised, the Vendor, with our cooperation, will be responsible for complying with the terms of such ROFR following closing and the Purchase Price will be adjusted in respect of any Assets which are the subject of exercised ROFRs.

Prior to the completion of the Acquisition, the Vendor has agreed to maintain and operate the Assets in accordance with the Acquisition Agreement, which includes operating the Assets consistent with generally accepted oil and gas industry practices and in material compliance with applicable law. The Vendor has also agreed not to undertake certain activities with respect to the Assets without our prior written consent. In connection with closing, we have agreed to make offers of employment to not less than 70% of those employees of the Vendor who have been identified by the Vendor as being those whose employment directly relates to the Assets. We are liable to pay severance obligations in respect of any employees of the Vendor so identified and to whom we do not make offers of employment.

We and the Vendor have agreed to indemnify each other for a period of twelve months from closing in respect of certain losses and liabilities arising out of breaches of representations and warranties or a failure to perform covenants, subject to certain exceptions. In addition, we have agreed to release and indefinitely indemnify the Vendor after closing from and against the Assumed Obligations and for all past, present and future environmental liabilities pertaining to the Assets. These indemnities are subject to certain limited exceptions, including that we shall not be liable to, or be required to indemnify the Vendor from and against any environmental liabilities to the extent related to the breach of a representation or warranty of the Vendor made in respect of environmental matters. The indemnities for breach of representations and warranties and certain covenants are subject to a minimum threshold and a maximum amount, in a manner which is customary for agreements of this type. Neither party will be liable for any consequential, incidental, punitive, special, exemplary or indirect damages.

## THE ASSETS

### Reserve 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 constant 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 COGE Handbook and the reserve definitions contained in NI 51-101.

The Acquisition Report is based on certain factual data supplied to us 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 us. As a result, we 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. See "*Risk Factors*".

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 (Mbbbls)	Net (Mbbbls)	Gross (MMcf)	Net (MMcf)	Gross (Mbbbls)	Net (Mbbbls)	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**

RESERVES CATEGORY	FORECAST PRICES AND COSTS				
	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 <sup>(1)</sup> (\$000s)	ROYALTIES <sup>(2)</sup> (\$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 <sup>(1)</sup> (\$/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 <sup>(1)</sup> %/Year	EXCHANGE RATE <sup>(2)</sup> (\$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 <sup>(3)</sup>	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 us 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 us within the next 6 years.

In some cases, it will take longer than 10 years to develop these reserves. We plan 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). For more information, see "*Risk Factors*" in the AIF.

### ***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***

We do 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 our control. See "*Risk Factors*".

### ***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.

<b>Year</b>	<b>FORECAST PRICES AND COSTS</b>	
	<b>Proved Reserves (\$000s)</b>	<b>Proved Plus Probable Reserves (\$000s)</b>
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

We anticipate 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 our plans to defer an NGL recovery facility and CO<sub>2</sub> 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.

We expect 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 our 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 our 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. We do 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 currently producing approximately 14,600 boe/d net to the Vendor and an additional 200 boe/d of net production from minor assets in southeast Saskatchewan. The Weyburn Unit is a CO<sub>2</sub> EOR development with current operating netbacks of \$31.86/boe, and 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 we will acquire a working interest pursuant to the Acquisition.

	<b>Oil Wells</b>				<b>Natural Gas Wells</b>			
	<b>Producing</b>		<b>Non-Producing</b>		<b>Producing</b>		<b>Non-Producing</b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
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.

	<b>Developed Acres</b>		<b>Undeveloped Acres</b>		<b>Total Acres</b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
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***

We do not anticipate any significant economic factors or significant uncertainties will affect any particular components of the Assets with no attributed reserves. However, our decision to develop the Assets with no attributed reserves can be affected significantly by fluctuations in product pricing, capital expenditures, operating costs and royalty regimes, all of which are beyond our 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 us.

We are exposed to market risks resulting from fluctuations in commodity prices, foreign exchange rates and interest rates in the normal course of operations. A variety of derivative instruments are used by us to reduce our exposure to fluctuations in commodity prices and foreign exchange rates. We are exposed to losses in the event of default by the counterparties to these derivative instruments. We manage this risk by diversifying our derivative portfolio amongst a number of financially sound counterparties.

We may use certain financial instruments to hedge exposure to commodity price fluctuations on a portion of our crude oil and natural gas production with respect to the Assets. See "*Risk Factors – Hedging*" in the AIF.

### ***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 our experience conducting abandonment and reclamation programs. We review suspended or standing well bores for reactivation, recompletion or sale and conduct systematic abandonment programs for those well bores that do not meet our criteria. A portion of our liability issues are retired every year

and facilities are decommissioned when all the wells producing to them have been abandoned. All of our 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 we expect 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.

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

### **EFFECT OF THE ACQUISITION ON WHITECAP**

#### **Financial Statements**

Schedule A attached hereto contains operating statements for the Acquisition for the years ended December 31, 2016 and 2015 and the nine months ended September 30, 2017 and 2016. Schedule B attached hereto contains pro forma operating statements of us for the year ended December 31, 2016 after giving effect to the Acquisition and for the nine months ended September 30, 2017 after giving effect to the Acquisition.

#### **Selected Financial Information**

The following is a summary of selected financial information for us, the Assets and for us on a pro forma basis following the completion of the Acquisition. The following is a summary only and must be read in conjunction with the financial statements and pro form operating statements contained or incorporated by reference herein.

#### ***For the year ended December 31, 2016***

	<b>Corporation</b>	<b>Assets</b>	<b>Pro Forma</b>
	<b>(\$M)</b>	<b>(\$M)</b>	<b>(\$M)</b>
Gross Revenue	635,306	266,768	902,074
Royalties	(90,855)	(67,541)	(158,396)
Revenues	544,451	199,227	743,678
Operating & Transportation Expenses	174,960	74,401	249,361
Operating Income <sup>(1)</sup>	369,491	124,826	494,317

Note:

- (1) Operating income is calculated by deducting royalties paid, operating and transportation costs from gross revenue.

*For the nine months ended September 30, 2017*

	<u>Corporation</u>	<u>Assets</u>	<u>Pro Forma</u>
	(\$M)	(\$M)	(\$M)
Gross Revenue	716,334	234,542	950,876
Royalties	(103,878)	(66,049)	(169,927)
Revenues	612,456	168,493	780,949
Operating & Transportation Expenses	186,346	60,864	247,210
Operating Income <sup>(1)</sup>	426,110	107,629	533,739

Note:

- (1) Operating income is calculated by deducting royalties paid, operating and transportation costs from gross revenue.

**Selected Operational Information**

The following is a summary of selected operational information for us and the Assets.

	<u>Corporation</u>	<u>Assets</u>
<b>Average Daily Production</b>		
(January 1, 2016 to December 31, 2016)		
Light and Medium Oil (Bbls/d)	32,398	14,616
Heavy Oil (Bbls/d)	-	-
Natural Gas (Mcf/d)	61,651	15
NGL (Bbls/d)	3,168	378
Combined (BOE/d)	45,841	14,996
<b>Gross Proved Reserves <sup>(1)(2)</sup></b>		
Light and Medium Oil (Mbbbls)	185,341	91,574
Heavy Oil (Mbbbls)	-	-
Natural Gas (MMcf)	300,868	13
NGL (Mbbbls)	15,983	748
Combined (MBOE)	251,468	92,324
<b>Gross Proved plus Probable Reserves <sup>(1)(2)</sup></b>		
Light and Medium Oil (Mbbbls)	261,148	120,470
Heavy Oil (Mbbbls)	-	-
Natural Gas (MMcf)	426,784	19
NGL (Mbbbls)	23,075	936
Combined (MBOE)	355,354	121,409
<b>Net Undeveloped Land (acres) <sup>(3)</sup></b>	303,673	14,009

Notes:

- (1) As at December 31, 2016 in the case of the Corporation. The reserves presented for the Corporation are based on the McDaniel Report.
- (2) As at June 30, 2017 in the case of the Assets. The reserves presented for the Assets are based on the Acquisition Report.
- (3) As at December 31, 2016 in the case of the Corporation and as at June 30, 2017 in the case of the Assets.

## CONSOLIDATED CAPITALIZATION

The following table sets forth our consolidated capitalization: (i) as at September 30, 2017 and November 1, 2017 before giving effect to the Offering, the Concurrent Private Placement and the Acquisition; and (ii) as at November 1, 2017 after giving effect to the Offering, the Concurrent Private Placement and the Acquisition and the anticipated increase to the Credit Facility.

	As at September 30, 2017 before giving effect to the Offering, the Concurrent Private Placement and the Acquisition (in thousands)	As at November 1, 2017 before giving effect to the Offering, the Concurrent Private Placement and the Acquisition (in thousands)	As at November 1, 2017 after giving effect to the Offering, the Concurrent Private Placement and the Acquisition and the anticipated increase to the Credit Facility <sup>(6)</sup> (in thousands)
<b>Credit Facility</b> <sup>(1)(2)</sup>			
Authorized	900,000	900,000	1,300,000
Credit Facility Drawn	402,841	488,692	923,245
<b>Senior Secured Notes</b>			
3.46% Notes <sup>(3)(5)</sup>	200,000	200,000	200,000
3.54% Notes <sup>(4)(5)</sup>	200,000	200,000	200,000
<b>Shareholder Equity</b>			
Share Capital <sup>(7)(8)</sup>	3,472,496	3,472,496	3,883,943
Common Shares (unlimited)	369,818	369,818	418,115
Preferred Shares (unlimited)	Nil	Nil	Nil

Notes:

- (1) As at November 1, 2017, we had a \$900 million credit facility (the "**Credit Facility**") with a syndicate of Canadian banks. Concurrent with closing of the Acquisition, we expect our Credit Facility will be increased by \$400 million to \$1.3 billion. See "*Recent Development – Credit Facility Increase*". The Credit Facility currently consists of an \$850 million revolving production facility and a \$50 million revolving operating facility. The revolving facilities may be extended for a further 364-day revolving period upon our request. At the end of the revolving period, April 29, 2018, the extendible revolving credit facility converts into a 366-day term loan if not renewed. The Credit Facility bears interest at the banks' prime lending or bankers' acceptance rates plus applicable margins. The applicable margin charged by the bank is dependent upon our debt to earnings before interest, taxes, depreciation and amortization (EBITDA) ratio for the most recent quarter. We are required to comply with various covenants including two financial covenants, where the ratio of our debt to EBITDA shall not exceed 4.0:1.0 (1.56:1.0 as at September 30, 2017) and the ratio of our EBITDA/interest expense shall not be less than 3.5:1.0 (14.58:1.0 as at September 30, 2017). As of September 30, 2017, we were compliant with all covenants of our Credit Facility. The Credit Facility and Senior Secured Notes are secured by a fixed and floating charge debenture in respect of all of our assets. The borrowing base is generally subject to review and redetermination by the lenders on an annual basis or in the event of a change in our borrowing base properties. See "*Risk Factors – Significant Leverage and Debt Service Obligations*" in this short form prospectus and "*Risk Factors – Credit Facility Arrangements*" in the AIF.
- (2) The aggregate net proceeds of the Offering and the Concurrent Private Placement will be used to finance a portion of the purchase price of the Acquisition. The balance of the purchase price for the Acquisition will be funded by drawing on the Credit Facility. The amount drawn on the Credit Facility as at November 1, 2017 includes the Deposit of \$94 million paid to the Vendor pursuant to the Acquisition Agreement on November 13, 2017. See "*Recent Developments – The Acquisition*", "*Use of Proceeds*", "*Risk Factors – An Increase to our Credit Facility is Required to Fund a Portion of the Purchase Price of the Acquisition*" and "*Risk Factors – Our Level of Indebtedness will Increase as a Result of the Acquisition*" in this short form prospectus.
- (3) On January 5, 2017, we issued the 3.46% Notes by way of private placement. Interest on the 3.46% Notes is payable semiannually, on January 5<sup>th</sup> and July 5<sup>th</sup> in each year, commencing with July 5, 2017. The 3.46% Notes may be prepaid at any time, subject to certain make whole premiums. No such prepayments have been made to date.

- (4) On May 31, 2017, we issued the 3.54% Notes by way of private placement. Interest on the 3.54% Notes is payable semiannually, on May 31 and November 30 in each year commencing with November 30, 2017. The 3.54% Notes may be prepaid at any time, subject to certain make whole premiums. No such prepayments have been made to date.
- (5) The Senior Secured Notes rank equally with our obligations under our Credit Facility and are subject to the same debt to EBITDA ratio and EBITDA to interest expense ratio described in Note (1) above. We are subject to a third financial covenant in the Senior Secured Note agreements, whereby our borrowing base may not be less than \$750 million. As of September 30, 2017, we were compliant with all covenants of our senior secured notes.
- (6) Based on: (i) the issuance of 37,785,000 Subscription Receipts (and the exchange for the Common Shares issuable thereto) pursuant to the Offering for aggregate gross proceeds of \$332,508,000 less the Underwriters' Fee of \$13,216,368 and expenses of the Offering estimated to be \$350,000 (exclusive of taxes); and (ii) the issuance of 10,512,000 Placement Subscription Receipts (and the exchange for the Common Shares issuable thereto) pursuant to the Concurrent Private Placement for aggregate gross proceeds of \$92,505,600. If the Concurrent Private Placement is completed, the aggregate net proceeds to us in connection with the Offering and the Concurrent Private Placement will be \$411,447,232. See "*Use of Proceeds*" in this short form prospectus.
- (7) For Shareholder's Equity after adjustments for: (i) estimated costs of the Offering of \$350,000 (exclusive of tax), and (ii) the Underwriters' Fee of \$13,216,368.
- (8) Table does not include 4.7 million share awards outstanding on the date hereof. See "*Prior Sales*".

### **CONCURRENT PRIVATE PLACEMENT**

In conjunction with the Offering, we intend to complete, on a private placement basis, a non-brokered offering of 10,512,000 Placement Subscription Receipts at a price of \$8.80 per Placement Subscription Receipt which is expected to close on or about December 4, 2017. Closing of the Concurrent Private Placement is conditional on closing of the Offering but closing of the Offering is not conditional on closing of the Concurrent Private Placement.

The placees under the Concurrent Private Placement each hold in excess of 10% of the issued and outstanding Common Shares as at the date of this short form prospectus and their *pro rata* ownership will not change following closing of the Offering and the Concurrent Private Placement.

No commission or other fee will be paid to the Underwriters or any other underwriter or agent in connection with the Concurrent Private Placement. This short form prospectus does not qualify the distribution of the Placement Subscription Receipts or the underlying Common Shares issuable pursuant to the Concurrent Private Placement.

The Placement Subscription Receipts and the underlying Common Shares issued pursuant to the Placement Subscription Receipts will be subject to a statutory hold period. Completion of the Concurrent Private Placement is subject to a number of conditions. The TSX has conditionally approved the listing of the Placement Subscription Receipts and the Common Shares underlying the Placement Subscription Receipts on the TSX. Listing of such securities is subject to our fulfillment of all the requirements of the TSX on or before December 29, 2017.

## USE OF PROCEEDS

The following table sets forth the principal purposes for which we propose to use the total funds available to us upon the completion of the Offering and completion of the Concurrent Private Placement:

	Amount	Total
Purchase price of Acquisition <sup>(1)(2)</sup>	\$940,000,000	
Gross proceeds raised pursuant to this Offering <sup>(3)</sup>	\$332,508,000	
Underwriters' Fee <sup>(3)</sup>	(\$13,216,368)	
Expenses and costs relating to the Offering	(\$350,000)	
Proceeds from the Concurrent Private Placement	\$92,505,600	
<b>Total estimated net proceeds</b>		<b>\$411,447,232</b>
Portion of purchase price of the Acquisition to be funded by the Credit Facility <sup>(4)(5)(6)</sup>		<b>\$528,552,768</b>

Notes:

- (1) The Purchase Price of the Acquisition is prior to closing adjustments. We do not anticipate any adjustments to materially affect the Purchase Price. Purchase price adjustments include estimated cash flows (net of tax), capital expenditures, and interest from the date of the effective date of the Acquisition being November 1, 2017, to the anticipated closing date of the Acquisition of December 14, 2017.
- (2) To the extent that closing price adjustments increase the Purchase Price amount to be paid by us at closing of the Acquisition, the additional amounts required to complete the Acquisition will be funded by the Credit Facility.
- (3) The aggregate gross proceeds from the Offering will be deposited in escrow pursuant to the terms of the Subscription Receipt Agreement. Upon satisfaction of the Escrow Condition, the Escrowed Funds will be released from escrow, whereupon the remaining 50% of the Underwriters' Fee will be paid to the Underwriters and the balance will be paid to us. The value in the table above does not include interest earned on the Escrowed Funds, interest earned on the remaining portion of the Underwriters' Fee or the amounts required to pay the Dividend Equivalent Amount, if any. See "*Plan of Distribution*".
- (4) Includes the Deposit of \$94 million paid by us on November 13, 2017 pursuant to the Acquisition Agreement.
- (5) Concurrently with closing of the Acquisition, we expect our Credit Facility will be increased from \$900 million to \$1.3 billion.
- (6) If the Concurrent Private Placement does not close or is completed at a lower level than anticipated, the additional amount required to fund the Acquisition will be funded by a draw on the Credit Facility.

As of November 1, 2017, we had \$488.7 million of indebtedness under the Credit Facility, which includes the Deposit of \$94 million paid to the Vendor pursuant to the Acquisition Agreement on November 13, 2017, and \$400 million indebtedness pursuant to the Senior Secured Notes. We incur indebtedness in the normal course of business and operations in connection with acquisitions, capital and other expenditures. During the year ended December 31, 2016, we incurred an aggregate of approximately \$660 million of net capital expenditures, including \$174 million on capital expenditures (excluding net property acquisitions) and \$486 million net property acquisitions. See "*Relationship Between Us and Certain of the Underwriters*".

Due to the nature of the oil and gas industry, budgets are regularly reviewed in light of the success of the expenditures and other opportunities that may become available to us. There is no particular significant event or milestone that must occur for our business objectives to be accomplished. If the Acquisition closes, we intend to use the net proceeds as stated above, however there may be circumstances that are not known at this time where a reallocation of the net proceeds may be advisable for business reasons that management believes are in our best interests. See "*Risk Factors – Use of Proceeds*".

### PRIOR SALES

The following table summarizes the issuances by us of Common Shares or securities convertible into Common Shares in the twelve month period prior to the date hereof.

<u>Date of Issuance</u>	<u>Number and Type of Securities</u> <sup>(1)</sup>	<u>Issue Price per Security (\$)</u>
December 2016	53,756 Common Shares	N/A
January 2017	76,165 Common Shares	N/A
February 2017	492,822 Common Shares	N/A
March 2017	125,045 Common Shares	N/A
April 2017	96,829 Common Shares	N/A
May 2017	253,579 Common Shares	N/A
June 2017	740,907 Common Shares	N/A
July 2017	58,518 Common Shares	N/A
August 2017	48,170 Common Shares	N/A
September 2017	14,101 Common Shares	N/A
November 2017	16,647 Common Shares	N/A

Notes:

- (1) Issued pursuant to the payment of share awards.
- (2) No options were issued in the twelve months preceding this short form prospectus pursuant to our option plan. Effective September 30, 2016, all outstanding options granted pursuant to our option plan have been exercised, cancelled or expired and the option plan is no longer in place.
- (3) Table does not include 1.9 million share awards issued in the twelve months preceding this short form prospectus pursuant to our share award plan. On the payment date of such awards we have the sole discretion as to whether the awards shall be paid in cash, Common Shares from treasury or Common Shares purchased on the facilities of the TSX.

### PRICE RANGE AND VOLUME OF TRADING OF COMMON SHARES

The outstanding Common Shares trade on the TSX under the trading symbol "WCP". The following sets out the high and low trading prices and aggregate volume of trading for the periods noted below for the Common Shares:

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
<b>2016</b>			
November	12.01	10.38	35,174,750
December	12.90	11.67	19,056,566
<b>2017</b>			
January	12.76	10.19	28,777,635
February	11.48	9.99	29,434,843
March	11.10	9.49	40,444,586
April	10.66	9.24	21,167,952
May	10.20	8.99	27,605,662
June	9.92	8.66	25,409,139
July	9.59	8.73	22,208,692
August	9.65	8.44	22,574,779
September	9.93	8.75	27,916,071
October	9.76	8.415	30,659,353
November (1 to 24)	9.92	8.78	30,721,143

On November 13, 2017, the last trading day prior to the public announcement of the Offering, the closing price of the Common Shares on the TSX was \$9.11. On November 24, 2017, the last trading day on which the Common Shares traded prior to the filing of this short form prospectus, the closing price of the Common Shares on the TSX was \$8.89.

## DETAILS OF THE OFFERING

### *Subscription Receipts*

The following is a summary of the material attributes and characteristics of the Subscription Receipts. This summary does not purport to be complete and is subject to, and qualified in its entirety by, reference to the terms of the Subscription Receipt Agreement.

The Subscription Receipts will be issued at the closing of the Offering pursuant to the Subscription Receipt Agreement. The TSX has conditionally approved the listing of the Subscription Receipts and the Common Shares underlying the Subscription Receipts on the TSX. Listing is subject to our fulfillment of all requirements of the TSX on or before February 15, 2018. See "*Risk Factors – Market for Securities*" in this short form prospectus.

The Escrowed Funds will be held by the Escrow Agent, and invested in short-term obligations of, or guaranteed by, the Government of Canada (and other approved investments) pending delivery by us to the Co-Leads of a certificate to the effect that all conditions necessary to complete the Acquisition have been completed (the "**Escrow Condition**"). Upon satisfaction of the Escrow Condition on or before the Termination Time, the Escrowed Funds and the interest earned thereon less: (i) the remaining portion of the Underwriters' Fee and any accrued interest on the remaining Underwriters' Fee; and (ii) any amounts required to pay the Dividend Equivalent Amount upon the issuance of the Common Shares, if applicable, will be released, enabling us to complete the Acquisition. Upon the closing of the Acquisition, each holder of Subscription Receipts and Placement Subscription Receipts will receive one Common Share for each Subscription Receipt or Placement Subscription Receipt held, as applicable, without payment of additional consideration or further action on the part of the holder thereof and the Dividend Equivalent Amount, if any. Interest earned on the Escrowed Funds will first be applied to the payment of the remaining Underwriters' Fee plus interest accrued thereon and then, any remaining interest shall be applied to the payment of the Dividend Equivalent Amount. The difference, if any, between such remaining amount of interest earned on the Escrowed Funds and the Dividend Equivalent Amount will be paid by us as a partial refund of the subscription price of the Subscription Receipts. The Dividend Equivalent Amount, if payable, will be paid to holders of Subscription Receipts and Placement Subscription Receipts on the date the Common Shares are issued pursuant to the Subscription Receipts or Placement Subscription Receipts, as applicable. Upon satisfaction of the Escrow Condition and the issuance of the Common Shares, we will issue a press release specifying that the Common Shares have been issued. See "*Canadian Federal Income Tax Considerations*".

If: (i) the Acquisition is not completed by the Termination Time; (ii) we advise the Underwriters or announce to the public that we do not intend to proceed with the Acquisition; or (iii) the Acquisition Agreement has been terminated in accordance with its terms, holders of Subscription Receipts shall receive an amount equal to the full subscription price attributable to the Subscription Receipts and their *pro rata* entitlement to any interest accrued on such amount.

Under the Subscription Receipt Agreement, original purchasers of Subscription Receipts will have a contractual right of rescission against us both prior to and following the issuance of underlying Common Shares to such purchasers to receive the amount paid for the Subscription Receipts if this short form prospectus (including the documents incorporated by reference herein) and any amendment contains a misrepresentation or is not delivered to such purchaser, provided such remedy for rescission is exercised within 180 days of closing of the Offering. This contractual right of rescission will be consistent with the statutory right of rescission as described under the heading "*Statutory Rights of Withdrawal and Rescission*" in this short form prospectus and in addition to any right or remedy available to original purchasers under the securities legislation of certain provinces of Canada or otherwise at law.

**Original purchasers of Subscription Receipts are further advised that in certain provinces the statutory right of action for damages in connection with a prospectus misrepresentation is limited to the amount paid for the convertible, exchangeable or exercisable security that was purchased under a prospectus, and therefore a further payment at the time of conversion, exchange or exercise may not be recoverable in a statutory action for damages. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights, or consult a legal advisor. Holders of Subscription Receipts are not Shareholders. Holders of Subscription Receipts are entitled only to receive Common Shares and the Dividend Equivalent Amount, if any, or to a return of the subscription price for the Subscription Receipts together with any payments of interest as described above.**

In the event that, prior to the date the Common Shares become issuable pursuant to the Subscription Receipts, there is a subdivision, consolidation, reclassification or other change of the Common Shares or any reorganization, amalgamation, merger or sale of all or substantially all of our assets, the Subscription Receipts will thereafter evidence the right of the holder to receive the securities, property or cash deliverable in exchange for or on conversion of or in respect of the Common Shares to which the holder of a Subscription Receipt would have been entitled immediately after such event if it had been a holder of such Common Shares prior to such event. Similarly, any distribution to all or substantially all of the holders of Common Shares of rights, options, warrants, evidences of indebtedness or assets (other than dividends in the ordinary course) will result in an adjustment in the number of Common Shares to be issued to holders of Subscription Receipts. Alternatively, such securities, evidences of indebtedness or assets may, at our option, be issued to the Escrow Agent and delivered to holders of Subscription Receipts following the closing of the Acquisition.

The Subscription Receipt Agreement will provide for modifications and alterations thereto and to the Subscription Receipts issued thereunder by way of an extraordinary resolution. The term "extraordinary resolution" will be defined in the Subscription Receipt Agreement to mean, in effect, a resolution passed by the affirmative votes of the holders of not less than 66 2/3% of the number of outstanding Subscription Receipts represented and voted at a meeting of holders or an instrument or instruments in writing signed by the holders of not less than 66 2/3% of the number of outstanding Subscription Receipts.

### *Non Certificated Issue*

The Subscription Receipts will be issued on a non-certificated book-entry only basis and must be purchased or transferred through a CDS participant. Except as otherwise provided herein, on the closing date of the Offering, the Subscription Receipts will be issued and registered to CDS, or its nominee CDS & Co. A Subscription Receipt Beneficial Owner will not be entitled to receive a certificate for Subscription Receipts or for the Common Shares. Purchasers of Subscription Receipts will not be shown on the records maintained by CDS, except through a Participant.

Beneficial interests in Subscription Receipts will be represented solely through a non-certificated position which will be evidenced by customer confirmations of purchase from the registered dealer from which the Subscription Receipts are purchased in accordance with the practices and procedures of that registered dealer. In addition, registration of interests in and transfers of the Subscription Receipts will be made only through the depository service of CDS.

Subscription Receipt Beneficial Owners should be aware that they (subject to the situations described below): (a) may not have Subscription Receipts registered in their name; (b) will not have physical certificates representing their interest in the Subscription Receipts; (c) may not be able to sell the Subscription Receipts to institutions required by law to hold physical certificates for securities they own; and (d) may be unable to pledge Subscription Receipts as security.

Subscription Receipt Beneficial Owners will receive a physical subscription receipt certificate only if: (a) required to do so by applicable law; or (b) CDS advises the Escrow Agent that CDS is no longer willing or able to properly discharge its responsibilities as depository with respect to the Subscription Receipts and we are unable to locate a qualified successor.

Neither we nor any of the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Subscription Receipts held by CDS or any payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Subscription Receipts; or (c) any advice or representation made by or with respect to CDS and contained in this short form prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of a Participant. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and Subscription Receipt Beneficial Owners must look solely to Participants for any payments relating to the Subscription Receipts paid by or on our behalf to CDS.

## PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, we have agreed to issue and sell an aggregate of 37,785,000 Subscription Receipts and the Underwriters have severally agreed to purchase such Subscription Receipts on December 4, 2017, or such other date as we and the Underwriters may mutually agree. Electronic deposit of the Subscription Receipts is conditional upon payment on closing of \$8.80 per Subscription Receipt by the Underwriters to the Escrow Agent. The Subscription Receipts shall be taken up by the Underwriters, if at all, on or before a date not later than 42 days after the date of the receipt for the final short form prospectus.

The Underwriting Agreement provides that we will pay the Underwriters' Fee of 4% of the gross proceeds of the Offering other than proceeds raised from the Subscription Receipts to be purchased by our directors, management and employees which is expected to be 238,500 Subscription Receipts (approximately \$2.1 million). The Underwriters' Fee in respect of the Subscription Receipts is payable as to 50% upon the closing of the Offering and 50% on the release of the Escrowed Funds. If: (a) the Acquisition is not completed by the Termination Time; (ii) we advise the Co-Leads or announce to the public that we do not intend to proceed with the Acquisition; or (iii) the Acquisition Agreement has been terminated in accordance with its terms, the Underwriters' Fee will be limited to the 50% paid upon closing of the Offering. The terms of the Offering, including the offering price of the Subscription Receipts offered under this short form prospectus, were determined by negotiation between us and the Co-Leads, on their own behalf, and on behalf of the other Underwriters. Completion of the Offering is subject to a number of conditions and the approval of the TSX. Closing of the Offering is not conditional upon completion of the Concurrent Private Placement.

The obligations of the Underwriters under the Underwriting Agreement are several, and may be terminated at their discretion upon the occurrence of certain stated events. Such events include, but are not limited to: (a) any order to cease or suspend trading in any of our securities or prohibiting or restricting the distribution of any of the Subscription Receipts or the Common Shares is made, or proceedings are announced, commenced or threatened for the making of any such order, by any securities commission or similar regulatory authority, the TSX or any other competent authority, and such order or proceeding has not been rescinded, revoked or withdrawn; (b) any inquiry, action, suit, investigation or other proceeding (whether formal or informal) in relation to us or any of our directors or senior officers is announced, commenced or threatened by any securities commission or similar regulatory authority, the TSX or any other competent authority or there is a change in law, regulation or policy or the interpretation or administration thereof, if, in the reasonable opinion of the Underwriters or any one of them, the change, announcement, commencement or threatening thereof adversely affects the trading or distribution of the Subscription Receipts, the Common Shares or any of our other securities; (c) there shall have occurred or be discovered any adverse change, as determined by the Underwriters or any one of them in their sole discretion, acting reasonably, in our business, operations, capital or condition (financial or otherwise), business or business prospects or our properties, assets, liabilities or obligations (absolute, accrued, contingent or otherwise) which in the opinion of the Underwriters or any one of them, could reasonably be expected to have a material adverse effect on the market price or value or marketability of the Subscription Receipts, the Common Shares or any of our other securities; (d) there should develop, occur or come into effect or existence any event, action, state, condition of any nature (including without limitation, terrorism or accident) or financial occurrence of national or international consequence or any law or regulation which, in the sole opinion of the Underwriters or any one of them, acting reasonably, seriously adversely affects or involves, or will seriously adversely affect or involve, the financial markets generally or our business, operations or affairs; (e) the Underwriters shall become aware of any material information with respect to us or the Acquisition which had not been publicly disclosed or disclosed in writing to the Underwriters at or prior to the date of the Underwriting Agreement and which in the sole opinion of the Underwriters or any one of them, acting reasonably, could be expected to have a material adverse effect on the market price or value or the marketability of the Subscription Receipts, the Common Shares or any of our other securities; or (f) we are in breach of, default under or non-compliance with any covenant, term or condition of the Underwriting Agreement or the Subscription Receipt Agreement or a material breach or default under the Acquisition Agreement that is either not susceptible to being cured or which remains uncured following the completion of any cure period prescribed in the Acquisition Agreement, in any material respect, or any representation or warranty given by us in the Underwriting Agreement, the Subscription Receipt Agreement or the Acquisition Agreement becomes or is false in any material respect. In addition, our obligations and the obligations of the Underwriters under the Underwriting Agreement to complete the purchase and sale of the Subscription

Receipts will terminate automatically if the Acquisition Agreement is terminated or if we have advised the Underwriters or announced to the public that we do not intend to proceed with the Acquisition.

If one or more Underwriters fails to purchase the Subscription Receipts which it has agreed to purchase, the remaining Underwriter(s) may terminate their obligation to purchase their allotment of Subscription Receipts, or may, but are not obligated to, purchase the Subscription Receipts not purchased by the Underwriter or Underwriters which fail to purchase; provided, however, that in the event that the percentage of the total number of Subscription Receipts which one or more Underwriters has failed or refused to purchase is 8% or less of the total number of the Subscription Receipts which the Underwriters have agreed to purchase, the other Underwriters shall be obligated severally to purchase on a pro rata basis the Subscription Receipts which would otherwise have been purchased by the one or more Underwriters which failed or refused to purchase. The Underwriters are, however, obligated to take up and pay for all Subscription Receipts if any are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that we will indemnify the Underwriters and their directors, officers, agents, shareholders and employees against certain liabilities and expenses. See "*Details of the Offering*".

We have been advised by the Underwriters that, in connection with the Offering, the Underwriters may effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those that might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Underwriters propose to offer the Subscription Receipts initially at the offering price specified herein. After a reasonable effort has been made to sell all of the Subscription Receipts at the price specified, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Subscription Receipts or Common Shares, as applicable, remaining unsold. In the event the offering price of the Subscription Receipts or Common Shares, as applicable, is reduced, the compensation received by the Underwriters will be decreased by the amount the aggregate price paid by the purchasers for the Subscription Receipts or Common Shares, as applicable, is less than the gross proceeds paid by the Underwriters to us for the Subscription Receipts. Any such reduction will not affect the proceeds we receive.

Other than pursuant to the Concurrent Private Placement, we have agreed that, prior to 90 days after the closing date of the Offering, we will not issue any Common Shares or securities convertible or exchangeable into Common Shares, other than: (i) grants of awards pursuant to our award incentive plan; (ii) Common Shares issuable on payment of outstanding awards granted under our award incentive plan, as disclosed herein; and (iii) Common Shares issuable pursuant to the conversion of the Subscription Receipts in accordance with the terms of the Subscription Receipt Agreement, without the prior written consent of the Co-Leads on behalf of the Underwriters, which consent shall not be unreasonably withheld.

The TSX has conditionally approved the listing of the Subscription Receipts and the Common Shares underlying the Subscription Receipts on the TSX. Listing is subject to our fulfillment of all the requirements of the TSX on or before February 15, 2018.

This short form prospectus and any other material in relation to the Subscription Receipts described herein are only being distributed to, and are only directed at, persons in the United Kingdom that are qualified investors within the meaning of Section 86(7) of the Financial Services and Markets Act 2000 (United Kingdom), as amended (the "**FSMA**"), acting as principal or in circumstances to which Section 86(2) of the FSMA applies, that are also: (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "**relevant persons**"). In the United Kingdom, the Subscription Receipts are only available to, and any invitation, offer or agreement to purchase or otherwise acquire such Subscription Receipts will be engaged in only with, relevant persons. This short form prospectus is not an "approved prospectus" within the meaning of Section 85(7) of FSMA and its contents have not been examined or approved by the United Kingdom Financial Conduct Authority or London Stock Exchange plc, nor has it been approved by a person authorized under the FSMA for the purposes of Section 21 of FSMA.

This short form prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the

United Kingdom that is not a relevant person should not act or rely on this short form prospectus or any other material in relation to the Subscription Receipts described herein. Each purchaser of Subscription Receipts in the United Kingdom will be deemed to have represented to us and the Underwriters, and acknowledges that we and the Underwriters are relying on such representation, that they satisfy the criteria to be a relevant person and have not disclosed and will not disclose this short form prospectus to any persons in the United Kingdom who are not relevant persons.

The Subscription Receipts offered hereby and the Common Shares have not been and will not be registered under the 1933 Act, or any state securities laws, and accordingly may not be offered, sold or delivered within the United States except in transactions exempt from the registration requirements of the 1933 Act and applicable state securities laws. Except as permitted in the Underwriting Agreement and as expressly permitted by applicable laws of the United States, the Underwriters will not offer, sell or deliver the Subscription Receipts within the United States. The Underwriting Agreement permits the Underwriters to offer and resell the Subscription Receipts that they have purchased pursuant to the Underwriting Agreement to "qualified institutional buyers" (as defined in Rule 144A under the 1933 Act), in the United States, provided such offers and sales are made in transactions exempt from the registration requirement of the 1933 Act in accordance with Rule 144A thereunder and exempt from registration under applicable state securities laws in reliance on similar exemptions from registration thereunder. Additionally, the Underwriting Agreement provides that the Underwriters will offer and sell the Subscription Receipts outside the United States only in accordance with Rule 903 of Regulation S under the 1933 Act.

In addition, until 40 days after the commencement of the Offering, an offer or sale of Subscription Receipts or Common Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirement of the 1933 Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirement under the 1933 Act.

#### **RELATIONSHIP BETWEEN US AND CERTAIN OF THE UNDERWRITERS**

National Bank Financial Inc., TD Securities Inc., Scotia Capital Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., and CIBC World Markets Inc., are each, direct or indirect, wholly-owned subsidiaries of one of the lenders of our Credit Facility. In addition, ATB Financial is a minority shareholder of AltaCorp Capital Inc. ATB Financial is an affiliate of Alberta Treasury Branches, which is a provincially regulated financial institution that is also a lender to us. Further, TD Securities Inc. acted, directly or indirectly, as adviser to the Vendor in connection with the Acquisition and will receive a fee upon the closing of the Acquisition. National Bank Financial Inc. acted, directly or indirectly, as adviser to the Corporation in connection with the Acquisition and will receive a fee upon closing of the Acquisition. Consequently, we may be considered to be a "connected issuer" of such Underwriters for the purposes of securities regulations in certain provinces.

As at November 1, 2017, an aggregate of approximately \$488.7 million (which includes the Deposit of \$94 million) was drawn under the Credit Facility. We have complied with the terms of the agreements governing the Credit Facility and none of the lenders thereunder have waived any breach by us of such agreement since its execution. The Credit Facility and Senior Secured Notes are secured by a fixed and floating charge debenture in respect of all of our assets. Our financial position has not substantially changed since the indebtedness under the Credit Facility was incurred. See "*Consolidated Capitalization*". The decision to offer the Subscription Receipts and the determination of the terms of the Offering were made through negotiations between us and the Co-Leads, each on its own behalf and on behalf of the other Underwriters. Our lenders did not have any involvement in such decision or determination; however, they have been advised of the Offering and the terms thereof.

#### **INTEREST OF EXPERTS**

Certain legal matters relating to the Offering will be passed upon by Burnet, Duckworth & Palmer LLP on our behalf, and by McCarthy Tétrault LLP on behalf of the Underwriters. As at the date hereof, the partners and associates of Burnet, Duckworth & Palmer LLP, as a group, and McCarthy Tétrault LLP, as a group, own, directly or indirectly, less than 1% of the Common Shares. Grant A. Zawalsky, one of our directors and Shannon M. Gangl, our Corporate Secretary are partners of Burnet, Duckworth & Palmer LLP.

We used PricewaterhouseCoopers LLP for external audit services for the fiscal year ended December 31, 2016. PricewaterhouseCoopers LLP has advised us that they are independent with respect to us within the meaning of the Code of Professional Conduct of Chartered Professional Accountants of Alberta.

The operating statement containing gross sales, royalties, transportation, production, mineral taxes and operating income of the Assets for the year ended December 31, 2016 included in Schedule A to this short form prospectus has been audited by PricewaterhouseCoopers LLP, independent auditors, as set forth in their report appearing thereon elsewhere herein and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing. PricewaterhouseCoopers LLP has advised us that they are independent with respect to the Vendor within the meaning of the Code of Professional Conduct of Chartered Professional Accountants of Alberta.

None of the designated professionals of McDaniel, our independent reserves evaluators or Netherland, Sewell & Associates, Inc. have any registered or beneficial interests, direct or indirect, in any of our securities or other property or of our associates or affiliates either at the time they prepared the statements, reports or valuations prepared by it, at any time thereafter or to be received by them.

None of the designated professionals of GLJ, our independent reserves evaluators with respect to the Acquisition Report, have any registered or beneficial interests, direct or indirect, in any of our securities or other property or of our associates or affiliates either at the time they prepared the statements, reports or valuations prepared by it, at any time thereafter or to be received by them.

#### CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Burnet, Duckworth & Palmer LLP and McCarthy Tétrault LLP (collectively, "**Counsel**"), the following is, as of the date hereof, a fair and adequate summary of the principal Canadian federal income tax considerations pursuant to the Tax Act generally applicable to a subscriber who acquires, as beneficial owner, Subscription Receipts pursuant to the Offering and who, for purposes of the Tax Act, holds the Subscription Receipts and will hold the Common Shares (collectively, the "**Securities**") as capital property, deals at arm's length with, and is not affiliated with, us and the Underwriters, and is not exempt from tax under Part I of the Tax Act. Generally, the Securities will be considered to be capital property to a holder provided the holder does not hold the Securities in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain holders resident in Canada who might not otherwise be considered to hold their Common Shares as capital property may, in certain circumstances, be entitled to have them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This election is not available in respect of the Subscription Receipts.

This summary is not applicable to: (i) a holder that is a "financial institution", as defined in the Tax Act for purposes of the mark-to-market rules; (ii) a holder an interest in which would be a "tax shelter investment" as defined in the Tax Act; (iii) a holder that is a "specified financial institution" as defined in the Tax Act; (iv) a holder whose functional currency for purposes of the Tax Act is the currency of a country other than Canada; (v) a holder that has or will enter into a "derivative forward agreement" or a "synthetic equity arrangement" (each as defined in the Tax Act) with respect to the Securities; or (vi) that is a corporation resident in Canada (for the purpose of the Tax Act) or a corporation that does not deal at arm's length for purposes of the Tax Act with a corporation resident in Canada, and that is or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of the Common Shares controlled by a non-resident corporation for the purposes of the "foreign affiliate dumping" rules in Section 212.3 of the Tax Act. **Any such holder should consult its own tax advisor with respect to an investment in the Securities. In addition, this summary does not address the deductibility of interest by an investor who has borrowed money to acquire Subscription Receipts under this Offering.**

This summary is based upon the provisions of the Tax Act in force as of the date hereof and Counsel's understanding of the current published administrative and assessing practices of the CRA. Except for specifically proposed amendments (the "**Proposed Amendments**") to the Tax Act that have been publicly announced by the Minister of Finance (Canada) prior to the date hereof, this summary does not take into account or anticipate changes in the income tax law, whether by legislative, governmental or judicial action, nor any changes in the administrative or assessing practices of the CRA.

The Proposed Amendments do not include, and this summary does not take into account, the discussion paper seeking input on possible approaches to address certain perceived tax advantages of investing passively through a private corporation released, for consultation, by the Minister of Finance (Canada) on July 18, 2017. On October 18, 2017, the Government of Canada announced its intention to move forward with a variation of these passive investment measures, which are expected to be introduced in the 2018 federal budget.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any prospective purchaser or holder of Securities, and no representations with respect to the income tax consequences to any prospective purchaser or holder are made. Consequently, prospective holders of Securities should consult their own tax advisors with respect to their particular circumstances.**

### **Holders Resident in Canada**

The following portion of the summary is applicable to a Resident Holder.

#### *Acquisition of Common Shares Pursuant to Terms of the Subscription Receipts*

A Resident Holder will not be considered to dispose of a Subscription Receipt and will not realize a capital gain or a capital loss on the issuance of a Common Share pursuant to a Subscription Receipt.

The cost of any such Common Shares will generally be equal to the total of: (a) the amount paid by such Resident Holder to acquire the Subscription Receipts; plus (b) the Resident Holder's *pro rata* share of any interest or other income credited or received on the Escrowed Funds that is required to be included in the Resident Holder's income; less (c) a portion of the Dividend Equivalent Amount that is received by the Resident Holder as a partial refund of the subscription price for the Subscription Receipts. See "*Holders Resident in Canada – Dividend Equivalent Amount*". The cost of Common Shares received will generally be averaged with the cost of all other Common Shares held by the Resident Holder as capital property to determine the adjusted cost base of each Common Share held by the Resident Holder.

#### *Dividend Equivalent Amount*

As described above under "*Details of the Offering – Subscription Receipts*", if the Acquisition is completed prior to the Termination Time, the holder of a Subscription Receipt, in addition to receiving a Common Share, will be entitled to receive the Dividend Equivalent Amount. The Dividend Equivalent Amount will be first paid by way of a *pro rata* share of accrued interest on the Escrowed Funds, if any is remaining after the payment of the remaining Underwriters' Fee, plus interest accrued thereon. The amount of such interest, if any, will generally be included in computing the Resident Holder's income as described below under "*Holders Resident in Canada – Pro Rata Share of Interest*".

Any amount of the Dividend Equivalent Amount that is not paid from interest earned on the Escrowed Funds will be paid as a partial refund of the subscription price of the Subscription Receipts. Such amount generally will not be subject to Canadian tax, and instead will reduce the cost to the Resident Holder of the Common Shares acquired on the exchange of the Subscription Receipts.

For greater certainty, no part of the Dividend Equivalent Amount will benefit from the gross-up and dividend tax credit rules normally applicable in respect of taxable dividends received by individuals from "taxable Canadian corporations" (as defined in the Tax Act). Where the Dividend Equivalent Amount is received by a corporation, the amount will not be deductible in computing the corporation's taxable income and will not result in the requirement to pay the refundable Part IV tax.

#### *Other Dispositions of Subscription Receipts*

A disposition or deemed disposition by a Resident Holder of Subscription Receipts, other than on the exchange thereof for a Common Share, but including on the repayment of the subscription price thereof by the Escrow Agent in the event the Acquisition is not completed before the Termination Time, will generally result in the Resident

Holder realizing a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition are greater (or less) than the aggregate of the Resident Holder's adjusted cost base thereof and any reasonable costs of disposition. The cost to a Resident Holder of a Subscription Receipt will generally be the amount paid to acquire the Subscription Receipt. Such capital gain (or capital loss) will be subject to the tax treatment described below under "*Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*".

In the event that a Resident Holder becomes entitled to the repayment of the subscription price of a Subscription Receipt, any amount that is paid to the holder as, or on account of, interest and that is included in the Resident Holder's income, will be excluded from the holder's proceeds of disposition of the Subscription Receipts.

#### *Pro Rata Share of Interest*

If: (i) the Acquisition is not completed by the Termination Time; (ii) we advise the Underwriters or announce to the public that we do not intend to proceed with the Acquisition; or (iii) the Acquisition Agreement, has been terminated in accordance with its terms, holders of Subscription Receipts shall be entitled to receive from the Escrow Agent an amount equal to the full subscription price thereof plus their *pro rata* share of interest accrued on the Escrowed Funds.

A Resident Holder that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing its income for a taxation year the amount of any such interest accrued to the Resident Holder on the Escrowed Funds to the end of the Resident Holder's taxation year, or that is receivable or received by the Resident Holder before the end of that taxation year, except to the extent that such interest was included in computing the Resident Holder's income for a preceding taxation year.

Any other Resident Holder that is entitled to receive its share of accrued interest will be required to include in computing income for a taxation year such interest that is receivable or received by the Resident Holder, or by the Escrow Agent on behalf of the Resident Holder, in that taxation year, depending upon the method regularly followed by the Resident Holder in computing income.

A Resident Holder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax on its "aggregate investment income" (as defined in the Tax Act) for the year, which includes taxable capital gains and interest income.

#### *Disposition of Common Shares*

A disposition or a deemed disposition of a Common Share by a Resident Holder (except to us) will generally result in the Resident Holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Common Share exceed (or are less than) the aggregate of the adjusted cost base to the Resident Holder thereof and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under "*Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*".

For the purpose of determining the adjusted cost base to a Resident Holder of Common Shares, when a Common Share is acquired other than pursuant to the terms of a Subscription Receipt, the cost of the newly-acquired Common Share will be averaged with the adjusted cost base of all of the Common Shares owned by the Resident Holder as capital property immediately before that acquisition. The adjusted cost base of a Common Share to a Resident Holder will be the cost to the Resident Holder of the Common Share, with certain adjustments.

#### *Taxation of Capital Gains and Capital Losses*

Generally, one-half of any capital gain (a "**taxable capital gain**") realized by a Resident Holder in a taxation year must be included in the Resident Holder's income for the year, and one-half of any capital loss (an "**allowable capital loss**") realized by a Resident Holder in a taxation year must be deducted from taxable capital gains realized by the Resident Holder in that year. Allowable capital losses in excess of taxable capital gains realized in a taxation year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and

deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition of a Common Share may be reduced by the amount of dividends received or deemed to be received by it on such Common Share (or on a share for which the Common Share has been substituted) to the extent and under the circumstances described by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares, directly or indirectly, through a partnership or a trust.

A Resident Holder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation", as defined in the Tax Act, may be liable to pay an additional refundable tax on its "aggregate investment income" (as defined in the Tax Act) for the year, which includes taxable capital gains.

Capital gains realized by an individual (including certain trusts) may give rise to liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act. Resident Holders who are individuals should consult their own tax advisors in this regard.

#### *Receipt of Dividends on Common Shares*

Dividends received or deemed to be received on Common Shares held by a Resident Holder will be included in the Resident Holder's income for the purposes of the Tax Act.

Such dividends received by a Resident Holder that is an individual (other than certain trusts) will be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit in respect of dividends designated by us as "eligible dividends". There may be limitations on our ability to designate dividends as "eligible dividends".

Taxable dividends received by a Resident Holder who is an individual (other than certain trusts) may result in such Resident Holder being liable for alternative minimum tax under the Tax Act. Resident Holders who are individuals should consult their own tax advisors in this regard.

A Resident Holder that is a corporation will include such dividends in computing its income and generally will be entitled to deduct the amount of such dividends in computing its taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Accordingly, Resident Holders that are corporations should consult their own tax advisors for specific advice with respect to the potential application of this provision.

A Resident Holder that is a "private corporation" or "subject corporation" (as such terms are defined in the Tax Act) may be liable to pay an additional refundable tax on its "aggregate investment income" (as defined in the Tax Act), which includes dividends received or deemed to be received on the Common Shares to the extent such dividends are deductible in computing the Resident Holder's taxable income.

#### **Holders Not Resident in Canada**

This portion of the summary applies a Non-Resident Holder. Prospective holders of Subscription Receipts who are not resident in Canada should consult their own tax advisors with respect to their particular circumstances in their country of residence.

#### *Acquisition of Common Shares pursuant to terms of the Subscription Receipts*

A Non-Resident Holder will not realize a capital gain or loss on the issuance of a Common Share pursuant to a Subscription Receipt.

### *Dividend Equivalent Amount*

As described above under "*Details of the Offering – Subscription Receipts*", if the Acquisition is completed prior to the Termination Time, the holder of a Subscription Receipt, in addition to receiving a Common Share, will be entitled to receive the Dividend Equivalent Amount. The Dividend Equivalent Amount will be first paid by way of a *pro rata* share of accrued interest on the Escrowed Funds if any is remaining after the payment of the remaining Underwriters' Fee and accrued interest thereon. The amount of such interest, if any, payable to a Non-Resident Holder will be subject to the Canadian federal tax considerations described below under "*Holder's Not Resident in Canada – Pro Rata Share of Interest*", unless such interest constitutes "participating debt interest" (within the meaning of the Tax Act). If such interest is considered to be participating debt interest, the amount paid to a Non-Resident Holder would be subject to Canadian withholding tax at the statutory rate of 25% (subject to reduction under an applicable income tax convention between Canada and the Non-Resident Holder's country of residence). In this respect, it is uncertain whether or not such interest would constitute "participating debt interest" for purposes of the Tax Act.

Any amount of the Dividend Equivalent Amount paid to a Non-Resident Holder that is not paid from interest earned on the Escrowed Funds will be paid as a partial refund of the subscription price of the Subscription Receipts. Such amount generally will not be subject to Canadian withholding tax, and instead will reduce the cost to the Non-Resident Holder of the Common Shares acquired on the exchange of the Subscription Receipts.

### *Other Dispositions of Subscription Receipts*

On a disposition of a Subscription Receipt (other than on the acquisition of a Common Share pursuant to the terms of Subscription Receipts as discussed above), a Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Resident Holder, unless the Subscription Receipt constitutes "taxable Canadian property" (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and the holder is not entitled to relief under an applicable income tax convention.

As long as the Common Shares are then listed on a designated stock exchange (which currently includes the TSX), Subscription Receipts will not constitute "taxable Canadian property" to a Non-Resident Holder at the time of the disposition or deemed disposition thereof unless at any particular time during the 60-month period immediately preceding the disposition the following two conditions have been met concurrently: (a) the Non-Resident Holder, persons with whom the Non-Resident Holder does not deal at arm's length (within the meaning of the Tax Act), partnerships in which the Non-Resident Holder or a person with whom the Non-Resident Holder does not deal at arm's length (within the meaning of the Tax Act) holds a membership interest directly or indirectly through one or more partnerships, or any combination thereof owned 25% or more of the issued Common Shares, and (b) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of (i) real or immovable property situated in Canada, (ii) "Canadian resource properties" (as defined in the Tax Act), (iii) "timber resource properties" (as defined in the Tax Act) or (iv) an option, an interest or right in such property, whether or not such property exists (the conditions described in (a) and (b) are the "**TCP Conditions**"). A Non-Resident Holder contemplating a disposition of Subscription Receipts that may constitute taxable Canadian property should consult its own tax advisor prior to such disposition.

### *Pro Rata Share of Interest*

If: (i) the Acquisition is not completed by the Termination Time; (ii) we advise the Underwriters or announce to the public that we do not intend to proceed with the Acquisition; or (iii) the Acquisition Agreement has been terminated in accordance with its terms, holders of Subscription Receipts shall be entitled to receive from the Escrow Agent an amount equal to the full subscription price thereof plus their *pro rata* share of accrued interest on the Escrowed Funds. A Non-Resident Holder will generally not be subject to Canadian withholding tax in respect of amounts paid or credited or deemed to have been paid or credited by us as, on account or in lieu of payment of, or in satisfaction of, any such interest.

### *Disposition of Common Shares*

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Resident Holder on a disposition of a Common Share issuable pursuant to the terms of the Subscription Receipts, unless the Common Share constitutes "taxable Canadian property" (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax convention.

As long as the Common Shares are then listed on a designated stock exchange (which currently includes the TSX), Common Shares will not constitute "taxable Canadian property" to a Non-Resident Holder at the time of the disposition or deemed disposition thereof unless at any particular time during the 60 month period immediately preceding the disposition, the TCP Conditions are met. A Non-Resident Holder contemplating a disposition of Common Shares that may constitute taxable Canadian property should consult its own tax advisor prior to such disposition.

### *Receipt of Dividends on Common Shares*

Any dividends paid or credited, or deemed to be paid or credited, on the Common Shares to a Non-Resident Holder will be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividend unless the rate is reduced under the provisions of an applicable income tax convention, to which the Non-Resident Holder is entitled to the benefits of, between Canada and the Non-Resident Holder's country of residence. For instance, where the Non-Resident Holder is a resident of the United States that is entitled to full benefits under the *Canada United States Income Tax Convention (1980)*, as amended and is the beneficial owner of the dividends, the rate of Canadian withholding tax applicable to dividends is generally reduced to 15%.

## **ELIGIBILITY FOR INVESTMENT**

In the opinion of Counsel, based on the provisions of the Tax Act, as of the date hereof, the Securities, if issued on the date hereof, would be "qualified investments" under the Tax Act for trusts governed by registered retirement savings plans ("RRSPs"), registered retirement income funds ("RRIFs"), registered education savings plans ("RESPs"), registered disability savings plans ("RDSPs"), deferred profit sharing plans, and tax-free savings accounts ("TFSA"), provided that the Securities are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the TSX).

Notwithstanding that the Securities may be qualified investments for an RRSP, RRIF or TFSA (each a "**Registered Plan**"), if a Security is a "prohibited investment" within the meaning of the Tax Act for a Registered Plan, the annuitant or holder of the Registered Plan, as the case may be, will be subject to penalty taxes as set out in the Tax Act. The Securities generally will be prohibited investments for a Registered Plan if the annuitant or holder, as the case may be, of the Registered Plan: (i) does not deal at arm's length with the Corporation for the purposes of the Tax Act; or (ii) has a "significant interest" (as defined in the Tax Act for purposes of the prohibited investment rules) in the Corporation. The Common Shares will generally not be prohibited investments if such Common Shares are "excluded property" (as defined in the Tax Act for purposes of the prohibited investment rules) for trusts governed by a Registered Plan. Under proposals to amend the Tax Act released on October 27, 2017, the prohibited investment rules will also apply to a trust governed by a RESP or RDSP, effective after March 22, 2017.

**Prospective investors who intend to hold the Subscription Receipts and Common Shares in Registered Plans should consult their own tax advisors regarding their particular circumstances and requirements and rules regarding holding and transferring securities therein.**

## **RISK FACTORS**

An investment in the Subscription Receipts and the Common Shares underlying the Subscription Receipts is subject to certain risks. Investors should carefully consider the risks described under "*Risk Factors*" in the AIF and the additional risk factors set forth below.

### **The Trading Price of our Common Shares is Subject to Volatility**

The trading price of securities of oil and gas companies is subject to substantial volatility, and such trading prices have been particularly volatile in recent months. This volatility is often based on factors both related and unrelated to the financial performance or prospects of the companies involved. The market price of the Common Shares and the Subscription Receipts could be subject to significant fluctuations in response to variations in our operating results, financial condition, liquidity and other internal factors. Factors that could affect the market price of the Common Shares and the Subscription Receipts that are unrelated to our performance include domestic and global commodity prices and market perceptions of the attractiveness of particular industries. The price at which the Common Shares and the Subscription Receipts will trade cannot be accurately predicted.

### **The Offering May be Dilutive on Holders of Common Shares**

We will issue Common Shares in connection with the Subscription Receipts. Accordingly, holders of Common Shares may suffer dilution in connection with the Offering.

### **Possible Failure to Realize Anticipated Benefits of the Acquisition**

We are proposing to complete the Acquisition to strengthen our position in the oil and natural gas industry and to create the opportunity to realize certain benefits. Achieving the benefits of the Acquisition depends in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as our ability to realize the anticipated growth opportunities and synergies from integrating the Assets into our existing portfolio of properties. The integration of the Assets requires the dedication of substantial management effort, time and resources, which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect our ability to achieve the anticipated benefits of the Acquisition. See "*Recent Developments – The Acquisition*".

### **We May Not Complete the Acquisition and/or the Concurrent Private Placement on the Terms Negotiated or at All**

The Acquisition is subject to completion of the conditions described herein and normal commercial risk that the Acquisition may not be completed on the terms negotiated or at all. If closing of the Acquisition does not take place by the Termination Time, the Escrow Agent will repay to holders of Subscription Receipts and Placement Subscription Receipts, commencing on or before the second Business Day following the Termination Time, an amount equal to the issue price therefor plus a *pro rata* entitlement of the interest earned on the Escrowed Funds. In that case, the total return that a purchaser of Subscription Receipts would be entitled to receive would be limited to the purchaser's *pro rata* share of interest earned on the subscription price for such purchaser's Subscription Receipts. The purchaser would not be entitled to participate in any growth in the trading price of the Common Shares. Further, the purchaser would be restricted from using the funds devoted to the acquisition of the Subscription Receipts for any other investment opportunities until the Escrowed Funds are returned to the purchaser. See "*Recent Developments – The Acquisition*".

There is no guarantee that all of the conditions to the completion of the Concurrent Private Placement will be satisfied. Completion of the Offering is not conditional upon closing of the Concurrent Private Placement.

**An Increase to our Credit Facility is Required to Fund a Portion of the Purchase Price of the Acquisition**

Concurrent with the closing of the Acquisition, we expect the available lending limit under our Credit Facility will be increased to \$1.3 billion. We intend to fund the Purchase Price of the Acquisition from the net proceeds of the Offering and the Concurrent Private Placement and the increased Credit Facility.

Although we have had discussions with our syndicate of lenders advising of our total lending value, there can be no assurance that the available lending limit under our Credit Facility will be increased. If the increase is not obtained prior to the closing of the Acquisition, we will be required to obtain additional financial resources to complete the closing of the Acquisition and we may not be able to do so on satisfactory terms, or at all.

**Our Level of Indebtedness will Increase as a Result of the Acquisition**

Our indebtedness will increase as a result of the Acquisition. If the Acquisition is completed on the terms contemplated in the Acquisition Agreement, we anticipate that we will borrow up to \$528.6 million (up to \$621.1 million if the Concurrent Private Placement is not completed as contemplated), through a draw down under our Credit Facility. Such borrowings will represent a significant increase in our indebtedness. Such additional indebtedness will increase our interest expense and debt service obligations and may have a negative effect on our results of operations.

As at November 1, 2017, we had \$488.7 million of indebtedness (which includes the Deposit of \$94 million) outstanding under our Credit Facility. We anticipate that following the Acquisition and completion of the Offering and the Concurrent Private Placement our total indebtedness will be \$923.2 million (\$1,015.8 million if the Concurrent Private Placement is not completed as contemplated) under our Credit Facility (and \$400 million of indebtedness pursuant to the Senior Secured Notes). To the extent the closing price for the Acquisition is higher than anticipated as a result of price adjustments in respect of the Acquisition being less than estimated, the additional amounts required to complete the Acquisition will be funded by the Credit Facility which will increase our level of outstanding indebtedness.

Our ability to service our increased debt will depend upon, among other things, our future financial and operating performance, which will be affected by prevailing economic conditions, interest rate fluctuations and financial, business, regulatory and other factors, some of which are beyond our control. If our operating results are not sufficient to service our current or future indebtedness, we may be forced to take actions such as reducing dividends, reducing or delaying business activities, investments or capital expenditures, selling assets, restructuring or refinancing our debt, or seeking additional equity capital.

**Potential Undisclosed Liabilities Associated with the Acquisition**

In connection with the Acquisition, there may be liabilities that we failed to discover or were unable to quantify in our due diligence which we conducted prior to the execution of the Acquisition Agreement and we may not be indemnified for some or all of these liabilities.

**Exercise of ROFRs**

In the event that ROFRs are exercised, the amount of Assets to be acquired by us under the Acquisition will be reduced. A reduction in the Assets to be acquired will impact the benefit to be obtained by us pursuant to the Acquisition and our future capital expenditures, drilling opportunities and cash flow. There can be no assurance that a material amount of ROFRs will not be exercised.

### **Forward Looking Statements May Prove Inaccurate**

We believe the expectations reflected in the 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 short form prospectus should not be unduly relied upon. By their nature forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

### **Operational, Environmental and Reserves Risks Relating to the Acquisition**

The risk factors set forth in the AIF and in this short form prospectus relating to the oil and natural gas business, environmental and our operations and reserves apply equally in respect of the Assets.

### **Nature of Acquisitions**

Acquisitions of oil and gas properties or companies are based in large part on engineering, environmental and economic assessments made by the acquiror, independent engineers and consultants. These assessments include a series of assumptions regarding such factors as recoverability and marketability of oil and natural gas, environmental restrictions and prohibitions regarding releases and emissions of various substances, future prices of oil and gas and operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond our control. All such assessments involve a measure of geologic, engineering, environmental and regulatory uncertainty that could result in lower production and reserves or higher operating or capital expenditures than anticipated. Although select title and environmental reviews are conducted prior to any purchase of resource assets, such reviews cannot guarantee that any unforeseen defects in the chain of title will not arise to defeat our title to certain assets or that environmental defects, liabilities or deficiencies do not exist or are greater than anticipated. Such deficiencies or defects could adversely affect the value of assets and our securities.

### **Use of Proceeds**

As set out under "*Use of Proceeds*" in this short form prospectus, if the Acquisition closes, we intend to use the net proceeds from the Offering and the Concurrent Private Placement to complete the Acquisition. Although this allocation is based on the current expectations of our management, there may be circumstances where, for business reasons, a reallocation of funds may be necessary as may be determined at our discretion and there can be no assurance as of the date of this short form prospectus as to how those funds may be reallocated.

### **Significant Leverage and Debt Service Obligations**

The amount authorized under our Credit Facility is dependent on the borrowing base determined by our lenders. We are required to comply with covenants under the Credit Facility and the Senior Secured Notes which include certain financial ratio tests, which from time to time either affect the availability, or price, of additional funding and in the event that we do not comply therewith our access to capital could be restricted or repayment could be required. Our failure to comply with such covenants, which may be affected by events beyond our control, could result in the default under the Credit Facility and Senior Secured Notes which could result in us being required to repay amounts owing thereunder. Even if we are able to obtain new financing, it may not be on commercially reasonable terms or terms that are acceptable to us. If we are unable to repay amounts owing, the lenders under the Credit Facility or the holders of the Senior Secured Notes could proceed to foreclose or otherwise realize upon the collateral granted to them to secure the indebtedness. The acceleration of our indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross default or cross-acceleration provisions. In addition, the Credit Facility and Senior Secured Notes may, in certain circumstances and from time to time, impose operating and financial restrictions that could include restrictions on, the payment of dividends, repurchase or making of other distributions with respect to our securities, incurring of additional indebtedness, provision of guarantees, the

assumption of loans, making of capital expenditures, entering into of amalgamations, mergers, take-over bids or disposition of assets, among others.

Our borrowing base is determined and re-determined by the lenders based on our reserves, commodity prices, applicable discount rate and other factors as determined by our lenders. A further material decline in commodity prices could reduce our borrowing base, therefore reducing the funds we have available under our: (a) Credit Facility which could result in a portion, or all, of our bank indebtedness be required to be repaid; and (b) Senior Secured Notes which could result in us being required to repay amounts owing thereunder.

We anticipate concurrent with the closing of the Acquisition, the Credit Facility will be increased from \$900 million to \$1.3 billion. There can be no assurance that the Credit Facility will be increased in the amounts or the timeframes indicated, or at all.

### **Market for Securities**

The TSX has conditionally approved the listing of the Subscription Receipts and the Common Shares underlying the Subscription Receipts on the TSX. Listing is subject to our fulfillment of all listing requirements of the TSX on or before February 15, 2018. However, there is currently no market through which the Subscription Receipts may be sold and there is no guarantee that an active trading market will develop. Accordingly, purchasers may not be able to resell the Subscription Receipts distributed under this short form prospectus. This may affect the pricing of the Subscription Receipts in the secondary market, the transparency and the availability of trading prices and the liquidity of the securities. There can be no assurance that an active trading market will develop for the Subscription Receipts after the Offering, or if developed, that such a market will be sustained at the price level of the Offering.

### **AUDITORS, TRANSFER AGENT AND REGISTRAR**

Our auditors are PricewaterhouseCoopers LLP, Suite 3100, 111 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 5L3.

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada at its principal offices in Calgary, Alberta and Toronto, Ontario.

### **STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two Business Days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the province in which the purchaser resides for the particulars of these rights or consult with a legal advisor.

In addition, under the Subscription Receipt Agreement, original purchasers of Subscription Receipts will have a contractual right of rescission against us both prior to and following the issuance of underlying Common Shares to such purchasers to receive the amount paid for the Subscription Receipts if this short form prospectus (including the documents incorporated by reference herein) and any amendment contains a misrepresentation or is not delivered to such purchaser, provided such remedy for rescission is exercised within 180 days of closing of the Offering.

**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.

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*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](http://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)

	<b>Nine Months Ended</b>		<b>Year Ended</b>	
	<b>September 30,</b>		<b>December 31,</b>	
	<b>2017</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>(unaudited)</b>		<b>(audited)</b>	<b>(unaudited)</b>
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**

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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 ("CO<sub>2</sub>") 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.

	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>Total</u></b>
(\$ 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)	<b>Whitecap Resources Inc.</b>	<b>Assets</b>	<b>Pro Forma</b>
<b>Revenue</b>			
Petroleum and natural gas sales	635,306	266,768	<b>902,074</b>
Royalties [Note 3]	(90,855)	(67,541)	<b>(158,396)</b>
	<b>544,451</b>	<b>199,227</b>	<b>743,678</b>
<b>Expenses</b>			
Operating and Transportation	174,960	74,401	<b>249,361</b>
<b>Operating income</b>	<b>369,491</b>	<b>124,826</b>	<b>494,317</b>

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
<b>Revenue</b>			
Petroleum and natural gas sales	716,334	234,542	<b>950,876</b>
Royalties [Note 3]	(103,878)	(66,049)	<b>(169,927)</b>
	<b>612,456</b>	<b>168,493</b>	<b>780,949</b>
<b>Expenses</b>			
Operating and Transportation	186,346	60,864	<b>247,210</b>
<b>Operating income</b>	<b>426,110</b>	<b>107,629</b>	<b>533,739</b>

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)

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### **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 is scheduled to close 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.

**CERTIFICATE OF WHITECAP**

Dated: November 27, 2017

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the Provinces of Canada.

**WHITECAP RESOURCES INC.**

(signed) "*Grant B. Fagerheim*"  
President and Chief Executive  
Officer and Director

(signed) "*Thanh Kang*"  
Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS**

(signed) "*Grant A. Zawalsky*"  
Director

(signed) "*Stephen C. Nikiforuk*"  
Director

**CERTIFICATE OF THE UNDERWRITERS**

Dated: November 27, 2017

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the Provinces of Canada.

**National Bank Financial Inc.**

By: (signed) "*Arun Chandrasekaran*"

**TD Securities Inc.**

By: (signed) "*Michael Charron*"

**Scotia Capital Inc.**

By: (signed) "*Rick Eremenko*"

**GMP Securities L.P.**

By: (signed) "*Kevin Overstrom*"

**Peters & Co. Limited**

By: (signed) "*J.G. (Jeff) Lawson*"

**RBC Dominion Securities Inc.**

By: (signed) "*Darrell Law*"

**BMO Nesbitt Burns Inc.**

By: (signed) "*Shane C. Fildes*"

**CIBC World Markets Inc.**

By: (signed) "*John Peltier*"

**Cormark Securities Inc.**

By: (signed) "*Ryan Mooney*"

**AltaCorp Capital Inc.**

By: (signed) "*Gurdeep Gill*"

**Macquarie Capital Markets Canada Ltd.**

By: (signed) "*Daniel J. Cristall*"

**Canaccord Genuity Corp.**

By: (signed) "*Trevor Anderson*"