

## BUSINESS COMBINATION AGREEMENT

**THIS AGREEMENT** is made as of the 8<sup>th</sup> day of December, 2020;

**BETWEEN:**

**WHITECAP RESOURCES INC.**, a corporation existing under the laws of the Province of Alberta ("**Whitecap**")

- and -

**TORC OIL & GAS LTD.**, a corporation existing under the laws of the Province of Alberta ("**TORC**")

**WHEREAS** Whitecap proposes to acquire all of the issued and outstanding common shares of TORC;

**AND WHEREAS** Whitecap and TORC intend to carry out the transaction contemplated above by way of an arrangement under the ABCA on the terms and subject to the conditions set out in this Agreement;

**NOW THEREFORE**, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), Whitecap and TORC hereby covenant and agree as follows.

### ARTICLE 1 INTERPRETATION

#### 1.1 Definitions

Whenever used in this Agreement, unless there is something in the context or subject matter inconsistent therewith, the following defined words and terms have the indicated meanings and grammatical variations of such words and terms have corresponding meanings:

- (a) "**ABCA**" means the *Business Corporations Act* (Alberta);
- (b) "**Acquisition Proposal**" means any inquiry or the making of any proposal or offer to TORC or any of the TORC Shareholders or other securityholders of TORC (including any take-over bid initiated by advertisement or circular) by any person, or group of persons "acting jointly or in concert" (within the meaning of National Instrument 62-104 – *Takeover Bids and Issuer Bids*), other than Whitecap or any Person acting jointly or in concert with Whitecap, whether or not subject to due diligence or other conditions and whether such proposal or offer is made orally or in writing, which constitutes, or may reasonably be expected to lead to (in either case, whether in one transaction or a series of transactions):
  - (i) any, direct or indirect, acquisition of securities of TORC that, when taken together with the securities of TORC held by the proposed acquirer, would constitute more than 20% of the voting equity securities of TORC;
  - (ii) any, direct or indirect, acquisition of the assets of TORC that constitutes 20% or more of the consolidated assets of TORC;
  - (iii) an amalgamation, arrangement, merger, or consolidation involving TORC (and/or any

subsidiary of TORC);

- (iv) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution or similar transaction involving TORC and/or any subsidiary of TORC; or
- (v) any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Business Combination or which would or could reasonably be expected to materially reduce the benefits to Whitecap under this Agreement or the Business Combination,

except that for the purpose of the definition of "**Superior Proposal**", the references in this definition of "Acquisition Proposal" to "20% or more of the voting equity securities of TORC" shall be deemed to be references to "50% or more of the voting equity securities of TORC", and the references to "20% of the assets of TORC" shall be deemed to be references to "all or substantially all of the assets of TORC";

- (c) "**Agreement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to this Business Combination Agreement (including the schedules hereto) as supplemented, modified or amended, and not to any particular article, section, schedule or other portion hereof;
- (d) "**Amendment Resolution**" means, the special resolution in respect of the amendment of the articles of Whitecap to increase the maximum number of directors, to be considered by the Whitecap Shareholders at the Whitecap Meeting;
- (e) "**Applicable Canadian Securities Laws**" means, collectively, and as the context may require, the securities legislation of each of the provinces and territories of Canada and the rules, regulations and policies published and/or promulgated thereunder, including the rules and policies of the TSX, in each case as such may be amended from time to time prior to the Effective Date;
- (f) "**Applicable Laws**" means, in any context that refers to one or more Persons, the Laws that apply to such Person or Persons or his/her/its/their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or Persons or his/hers/its/their business, undertaking, property or securities;
- (g) "**Area of Exclusion Agreements**" means the area of exclusion agreements substantially in the form attached to the TORC Disclosure Letter, to be entered into by each of the executive officers of TORC with Whitecap concurrent with the Effective Time;
- (h) "**Articles of Arrangement**" means the articles of arrangement in respect of the Plan of Arrangement required under subsection 193(10) of the ABCA to be sent to the Registrar after the Final Order has been granted, to give effect to the Business Combination;
- (i) "**Business Combination**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to the business combination pursuant to Section 193 of the ABCA, on the terms and subject to the conditions set out in the Plan of Arrangement;
- (j) "**Business Combination Resolution**" means, the special resolution in respect of the Business Combination to be considered by the TORC Shareholders at the TORC Meeting;
- (k) "**Business Day**" means, with respect to any action to be taken, any day, other than a Saturday, Sunday or a statutory holiday in the place where such action is to be taken;

- (l) "**Certificate**" means the certificate or other proof of filing issued by the Registrar pursuant to subsection 193(11) of the ABCA giving effect to the Plan of Arrangement;
- (m) "**Circular**" means the joint information circular and proxy statement of TORC and Whitecap to be sent by TORC to the TORC Shareholders in connection with the TORC Meeting and to be sent by Whitecap to the Whitecap Shareholders in connection with the Whitecap Meeting;
- (n) "**Claim**" means any claim, action, demand, lawsuit, proceeding, notice of non-compliance or violation, order or direction, arbitration or governmental investigation, in each case, whether asserted, threatened, pending or existing;
- (o) "**Commissioner**" means the Commissioner of Competition appointed under the Competition Act or any Person authorized to exercise the powers and perform the duties of the Commissioner of Competition;
- (p) "**Competition Act**" means the *Competition Act*, R.S.C. 1985, c. C 34, as amended;
- (q) "**Competition Act Approval**" means the occurrence of one or more of the following:
  - (i) an advance ruling certificate (an "**ARC**") pursuant to Section 102 of the Competition Act shall have been issued by the Commissioner in respect of the transactions contemplated herein on conditions satisfactory to the Parties, each acting reasonably; or
  - (ii) the Commissioner shall have waived the obligation to notify and supply information under Part IX of the Competition Act pursuant to subsection 113(c) of the Competition Act and confirmed in writing that he has no intention to file an application under Section 92 of the Competition Act (a "**No-Action Letter**") in connection with the transactions contemplated by this Agreement on terms satisfactory to the Parties, each acting reasonably, and such No-Action Letter remains in full force and effect; or
  - (iii) the Parties shall have notified the Commissioner under Section 114 of the Competition Act and the waiting period under Section 123 of the Competition Act shall have expired or been terminated and the Commissioner shall have issued a No-Action Letter in connection with the transactions contemplated by this Agreement on terms satisfactory to the Parties each acting reasonably, and such No-Action Letter remains in full force and effect;
- (r) "**Confidentiality Agreement**" means the confidentiality agreement between TORC and Whitecap dated September 2, 2020;
- (s) "**Contract**" means contracts, licences, real property and equipment leases, instruments, agreements, obligations, promises, undertakings, understandings, arrangements, documents, commitments, entitlements or engagements to which TORC is a party or by which it is bound or under which TORC has, or will have, any liability or contingent liability (in each case, whether written or oral, express or implied), and includes any quotations, orders, proposals or tenders which remain open for acceptance and warranties and guarantees;
- (t) "**Court**" means the Court of Queen's Bench of Alberta;
- (u) "**Depositary**" means Odyssey Trust Company, or such other Person that may be appointed by Whitecap for the purpose of receiving deposits of certificates or direct registration system advices formerly representing TORC Shares;

- (v) "**Derivative Contract**" means a financial risk management Contract, such as a currency, commodity, interest or equity related instrument, including but not limited to rate swap transactions, basis swaps, forward rate transactions, commodity swaps, commodity options, equity or equity index swaps, equity or equity index options, bond options, interest rate options, foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross currency rate swap transactions, currency options, production sales transactions having terms greater than 90 days or any other similar transactions (including any option with respect to any of such transactions) or any combination of such transactions, but do not include any Marketing and Midstream Agreements;
- (w) "**Dissent Rights**" has the meaning ascribed thereto in the Plan of Arrangement;
- (x) "**Dissenting Shareholders**" means registered TORC Shareholders who validly exercise the Dissent Rights provided to them under the Plan of Arrangement and the Interim Order;
- (y) "**Effective Date**" means the date the Business Combination becomes effective under the ABCA;
- (z) "**Effective Time**" means the time on the Effective Date when the Business Combination becomes effective pursuant to the Plan of Arrangement;
- (aa) "**Eligible Holder**" means any TORC Shareholder, who holds their TORC Shares as capital property for purposes of the Tax Act, other than a Dissenting Shareholder, immediately prior to the Effective Time who is a resident of Canada for purposes of the Tax Act and not exempt from tax under Part I of the Tax Act, or a partnership any member of which is a resident of Canada for the purposes of the Tax Act;
- (bb) "**Employment Information**" has the meaning ascribed to that term in Section 4.1(u)(ii);
- (cc) "**Encumbrance**" means in the case of property or an asset, all mortgages, pledges, charges, liens, debentures, hypothecs, trust deeds, outstanding demands, burdens, capital leases, assignments by way of security, security interests, conditional sales contracts or other title retention agreements or similar interests or instruments charging, or creating a security interest in, or against title to, such property or assets, or any part thereof or interest therein, and any agreements, leases, options, easements, rights of way, restrictions, executions or other charges or encumbrances (including notices or other registrations in respect of any of the foregoing) (whether by Applicable Laws, contract or otherwise) against title to any of the property or asset, or any part thereof or interest therein or capable of becoming any of the foregoing;
- (dd) "**Environment**" means the natural environment (including soil, land surface or subsurface strata, surface waters, groundwater, sediment, ambient air (including all layers of the atmosphere), organic and inorganic matter and living organisms), and any other environmental medium or natural resource;
- (ee) "**Environmental Laws**" means, with respect to any Person or its business, activities, property, assets or undertaking, all federal, provincial, state, municipal or local Laws of any Governmental Authority or of any court, tribunal or other similar body, relating to environmental or health matters in the jurisdictions applicable to such Person or its business, activities, property, assets or undertaking, including legislation governing the use and storage of Hazardous Substances;

- (ff) "**Final Order**" means the order of the Court approving the Business Combination pursuant to subsection 193(9) of the ABCA, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (gg) "**Governmental Authority**" means any Canadian or United States federal, provincial, state, municipal or other political subdivision, government, department, commission, board, bureau, agency or instrumentality;
- (hh) "**Hazardous Substances**" means any waste or other substance that is prohibited, listed, defined, designated or classified as dangerous, hazardous, radioactive, explosive or toxic or a pollutant or a contaminant under or pursuant to any applicable Environmental Laws, and specifically including petroleum and all derivatives thereof or synthetic substitutes therefor;
- (ii) "**Hold Period Agreements**" means the hold period agreements substantially in the form attached to the TORC Disclosure Letter, to be entered into by each of the directors and executive officers of TORC, with Whitecap prior to, or concurrent with, the Effective Time;
- (jj) "**IFRS**" means International Financial Reporting Standards;
- (kk) "**Interim Order**" means the interim order of the Court concerning the Business Combination under subsection 193(4) of the ABCA, containing declarations and directions with respect to the Business Combination and the holding of the TORC Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (ll) "**Laws**" means all domestic and foreign, federal, provincial, territorial, state, municipal or local laws (including, for greater certainty, common law), all statutes, regulations, by-laws, statutory rules, orders, ordinances, protocols, codes, guidelines, notices and directions enacted by a Governmental Authority (including all Applicable Canadian Securities Laws) and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Authority or self-regulatory authority;
- (mm) "**Letters of Transmittal**" means the letters of transmittal sent to TORC Shareholders pursuant to which TORC Shareholders are required, among other things, to deliver certificates or direct registration system advices representing TORC Shares to the Depositary in exchange for the consideration to which the holders of such TORC Shares are entitled under the Business Combination;
- (nn) "**Marketing and Midstream Agreements**" means each agreement of each Party or any of its subsidiaries for the processing, compression, treatment, gathering, storage, transportation, purchase, sale or delivery of petroleum and natural gas described in the TORC Disclosure Letter;
- (oo) "**material adverse change**" or "**material adverse effect**" means, with respect to a Party, any matter or action that has an effect or change that is, or would reasonably be expected to be, material and adverse to the business, operations, results of operations, assets, properties, capitalization, liabilities, obligations (whether absolute, accrued, conditional or otherwise), condition (financial or otherwise) or prospects of the Party and its subsidiaries, taken as a whole, except to the extent of any fact or state of facts, circumstance, change, effect, occurrence or event resulting from or arising in connection with:
- (i) any change, development or condition in or relating to global, national or regional political conditions (including strikes, lockouts, riots, blockades or facility takeover for emergency

purposes) or in general economic, business, banking, regulatory, currency exchange, interest rate, rates of inflation or market conditions or in national or global financial or capital markets;

- (ii) conditions affecting the oil and natural gas exploration, exploitation, development and production industry as a whole;
- (iii) any change, development or condition resulting from any act of terrorism or any outbreak of hostilities or declared or undeclared war, or any escalation or worsening of such acts of terrorism, hostilities or war;
- (iv) any adoption, proposal, implementation or change in Law or in any interpretation, application or non-application of any Laws by any governmental entity (including, for greater certainty, any change to the Tax Act or other applicable taxing legislation or to tax rates including changes in Laws (including tax Laws) and royalties;
- (v) any climatic, earthquake or other natural event or condition (including weather conditions and any natural disaster);
- (vi) any epidemic, pandemic, disease outbreak (including COVID-19), other health crisis or public health event;
- (vii) any decline in the market price of crude oil, natural gas or related hydrocarbons on a current or forward basis;
- (viii) any change in the market price or trading volume of any securities of Whitecap or TORC (it being understood that the causes underlying such change may be taken into account in determining whether a material adverse change or material adverse effect has occurred);
- (ix) any failure by Whitecap or TORC, as the case may be, to meet any internal or published financial or other projections or forecasts, including projections and forecasts provided to the other Party in connection with its due diligence inquiries or the negotiation of this Agreement (provided that this clause (vii) will not prevent a determination that any change giving rise to such a failure to meet projections or forecasts has resulted in a material adverse change or material adverse effect to the extent it is not otherwise excluded from this definition);
- (x) any matter which has been publicly disclosed or communicated in writing by a Party to the other Party as of the date hereof;
- (xi) any changes or effects arising, directly or indirectly, from the Business Combination or any other matters or actions permitted or contemplated by this Agreement, including any public announcement of the foregoing, or consented to or approved in writing by the other Party; and
- (xii) any changes or effects arising, directly or indirectly, as a result of a variation in the terms of the NAL Transaction or a failure to close the NAL Transaction on the timing contemplated or at all;

provided, however, that the change or effect referred to in clauses (i) to (vi), does not disproportionately affect either Party, taken as a whole, as the case may be, compared to other

entities of similar size and operating in the oil and gas exploration, exploitation, development and production industry, in which case, the relevant exclusion from this definition of material adverse change or material adverse effect referred to in clauses (i) to (v) above will not be applicable;

- (pp) "**material change**" has the meaning ascribed thereto in the Securities Act;
- (qq) "**McDaniel**" means McDaniel & Associates Consultants Ltd., independent oil and natural gas reservoir engineers of Calgary, Alberta;
- (rr) "**misrepresentation**" has the meaning ascribed thereto in the Securities Act;
- (ss) "**NAL Transaction**" means the acquisition of all of the issued and outstanding shares of NAL Resources Limited pursuant to a Share Purchase and Sale Agreement between The Manufacturers Life Insurance Company, NAL Resources Limited and Whitecap made as of August 30, 2020 pursuant to which Whitecap will issue approximately 58.3 million Whitecap Shares;
- (tt) "**Outside Date**" means March 26, 2021, or such later date as may be agreed to by the Parties;
- (uu) "**Parties**" means Whitecap and TORC; and "**Party**" means either of them;
- (vv) "**Plan of Arrangement**" means the plan of arrangement substantially in the form set out in Schedule "A" to this Agreement, as amended or supplemented from time to time;
- (ww) "**Registrar**" means the Registrar of Corporations or a Deputy Registrar of Corporations appointed under Section 263 of the ABCA;
- (xx) "**Release**" means any sudden, intermittent or gradual release, spill, leak, pumping, addition, pouring, emission, emptying, discharge, migration, injection, escape, leaching, disposal, dumping, deposit, spraying, burial abandonment, incineration, seepage, placement or introduction of a Hazardous Substance, whether accidental or intentional, into the Environment;
- (yy) "**Securities Act**" means the *Securities Act*, R.S.A. 2000, c. S 4;
- (zz) "**Securities Authorities**" means, collectively, the securities commissions or similar securities regulatory authorities in each of the Provinces or Territories of Canada;
- (aaa) "**Share Issuance Resolution**" means the ordinary resolution in respect of the issuance of Whitecap Shares pursuant to the Business Combination to be considered by the Whitecap Shareholders at the Whitecap Meeting;
- (bbb) "**Sproule**" means Sproule Associates Limited, independent oil and natural gas reservoir engineers of Calgary, Alberta;
- (ccc) "**subsidiary**" means, with respect to a specified entity, any:
  - (i) body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified entity or indirectly by or for the benefit of such specified entity;

- (ii) entity which is not a body corporate, of which more than 50% of the voting or equity interests of such entity (including, for a partnership other than a limited partnership, the voting or equity interests in such partnership) are owned, directly or indirectly, by such specified entity or indirectly by or for the benefit of such specified entity and in the case of a partnership (including a limited partnership), of which such specified entity, or a subsidiary of such specified entity, is a general partner; and
- (iii) any issuer that would constitute a subsidiary (as defined in the Securities Act);
- (ddd) "**Superior Proposal**" has the meaning set out in subsection 3.4(b)(vi)(A);
- (eee) "**Tax**" or "**Taxes**" means all taxes whether Canadian federal, provincial, territorial, local, municipal or foreign (including income, gross receipts, licence, fees, payroll, employment, excise, severance, premium, windfall profits, customs duties, capital, capital stock, capital gain, value added, franchise, business, profits, withholding, social security (or similar), Saskatchewan Corporation Capital Tax and Resource Surcharge, unemployment, disability, real property, personal property, sales, use, occupation, goods and services, stamp, transfer, registration, alternative or minimum tax, municipal tax, employment insurance contributions and Canada Pension Plan contributions, and including any interest, penalty, or addition thereto, whether disputed or not, imposed, assessed or collected by, for or under the authority of the Tax Act or any Governmental Authority or payable pursuant to the Tax Act or tax-sharing agreement or any other contract relating to the sharing or payment of any such tax, levy, assessment, tariff, duty, deficiency or fee);
- (fff) "**Tax Act**" means the *Income Tax Act* (Canada);
- (ggg) "**Tax Returns**" shall mean all reports, estimates, elections, designations, forms, declarations of estimated tax, information statements and returns relating to, or required to be filed in connection with, any Taxes;
- (hhh) "**TORC Benefit Plans**" has the meaning ascribed to that term in Section 4.1(u)(xi);
- (iii) "**TORC Board**" means the TORC Board;
- (jjj) "**TORC Board Recommendation**" has the meaning ascribed thereto in Section 2.2(a);
- (kkk) "**TORC Capital Program**" means the capital program and budget of TORC for the period from the date hereof until the Effective Time, as agreed to by the Parties, a copy of which is attached to the TORC Disclosure Letter;
- (lll) "**TORC Disclosure Letter**" means the disclosure letter of TORC dated the date hereof and delivered by TORC to Whitecap;
- (mmm) "**TORC Employee Change of Control Payments**" means, collectively, (i) severance payments in the amounts and to the officers of TORC as described in the TORC Disclosure Letter payable to certain officers of TORC in connection with the termination of their employment and the Business Combination; and (ii) the 2020 proposed bonus compensation pool in the amount as described in the TORC Disclosure Letter;
- (nnn) "**TORC Employee Obligations**" means the TORC Employee Change of Control Payments, the TORC Obligations and means any obligations of TORC to pay any amount to its officers, directors,

employees or consultants other than salary, vacation pay and directors' fees in the ordinary course and in each case in amounts consistent with historic practices and TORC Employee Obligations shall include any obligations of TORC to its officers, directors, employees or consultants for retention, severance, termination or bonus payments in connection with a termination of employment or change of control of TORC or otherwise pursuant to any written agreements (including the TORC Employment Agreements) or resolution of the TORC Board, pension plans or other plans, TORC's severance, retention, bonus or other policies or otherwise in accordance with Applicable Laws;

- (ooo) "**TORC Employment Agreements**" means the written employment agreements entered into between TORC and certain employees of TORC, the details of which (including, without limitation, the parties thereto) are disclosed in TORC Disclosure Letter;
- (ppp) "**TORC Fairness Opinion**" means, the opinion of RBC Dominion Securities Inc., TORC's financial advisor, to the effect that, as of the date of such opinion, and subject to the assumptions made and limitations and qualifications included therein, the consideration to be received by the TORC Shareholders under the Business Combination is fair, from a financial point of view, to the TORC Shareholders;
- (qqq) "**TORC Financial Statements**" means, collectively: (i) the audited comparative consolidated financial statements of TORC as at and for the years ended December 31, 2019 and 2018, together with the notes thereto and the report of the auditors thereon; and (ii) the unaudited comparative consolidated financial statements of TORC as at and for the three and nine months ended September 30, 2020, together with the notes thereto;
- (rrr) "**TORC Information**" means the information describing TORC and its business, operations and affairs required to be included in the Circular (including information incorporated into the Circular by reference) under Applicable Canadian Securities Laws;
- (sss) "**TORC Meeting**" means the special meeting of TORC Shareholders, which is to be called to permit the TORC Shareholders to consider the Business Combination Resolution, and any adjournments thereof;
- (ttt) "**TORC Net Debt**" means TORC's total indebtedness including long term debt, bank debt and working capital deficiency (each as defined in accordance with IFRS) and the mark to market value of all of TORC's Derivative Contracts, and for greater certainty excluding the TORC Transaction Costs and TORC Employee Obligations;
- (uuu) "**TORC Obligations**" means TORC's obligation and agreement to pay certain amounts to those employees identified in the TORC Disclosure Letter who have provided certain notices to TORC prior to the date hereof whether or not such employees are offered continued employment following the Effective Time;
- (vvv) "**TORC Performance Award**" means a TORC Share Award granted hereunder designated as a "Performance Award" in accordance with the TORC Share Award Plan;
- (www) "**TORC Public Record**" means all information filed by or on behalf of TORC on and after December 31, 2019 with the Securities Authorities, in compliance, or intended compliance, with any Applicable Laws;

- (xxx) "**TORC Reserves Report**" means the independent engineering evaluation of TORC's oil, natural gas liquids and natural gas interests prepared Sproule effective December 31, 2019 and dated February 27, 2020;
- (yyy) "**TORC Share Award Plan**" means TORC's share award incentive plan;
- (zzz) "**TORC Share Awards**" means awards, whether or not vested, granted under the TORC Share Award Plan;
- (aaaa) "**TORC Shareholders**" means the holders from time to time of TORC Shares;
- (bbbb) "**TORC Shares**" means common shares of TORC, as constituted on the date hereof;
- (cccc) "**TORC Support Agreements**" means the support agreements, substantially in the form attached as Schedule "B" hereto, to be entered into between Whitecap and the TORC Supporting Securityholders, in their capacities as holders of TORC Shares, in which the TORC Supporting Securityholders will agree, among other things, to vote the TORC Shares owned, beneficially or legally, or controlled or subsequently acquired by them in favour of the Business Combination Resolution at the TORC Meeting and to otherwise support the Business Combination Resolution;
- (dddd) "**TORC Supporting Securityholders**" means each of the directors, executive officers and certain shareholders of TORC;
- (eeee) "**TORC Transaction Costs**" means all costs and expenses incurred by TORC in connection with the transactions contemplated by this Agreement, including all legal, accounting, audit, financial advisory, printing, mailing and other administrative or professional fees, director and officer run-off insurance premiums, and the costs and expenses of third parties incurred by TORC and for greater certainty shall not include any TORC Employee Obligations other than the TORC Employee Change of Control Payments;
- (ffff) "**TSX**" means the Toronto Stock Exchange;
- (gggg) "**U.S. Securities Act**" means the *United States Securities Act of 1933*, as amended;
- (hhhh) "**Whitecap Board**" means the Whitecap Board;
- (iii) "**Whitecap Board Recommendation**" has the meaning ascribed thereto in Section 2.3(a);
- (jjjj) "**Whitecap Fairness Opinion**" means, the opinion of National Bank Financial Inc., TORC's financial advisor, to the effect that, as of the date of such opinion, and subject to the assumptions made and limitations and qualifications included therein, the consideration to be paid by Whitecap pursuant to the Business Combination is fair, from a financial point of view, to Whitecap;
- (kkkk) "**Whitecap Financial Statements**" means, collectively: (i) the audited comparative financial statements of Whitecap as at and for the years ended December 31, 2019 and 2018, together with the notes thereto and the report of the auditors thereon; and (ii) the unaudited comparative financial statements of Whitecap as at and for the three and nine months ended September 30, 2020, together with the notes thereto;

- (llll) **"Whitecap Information"** means the information describing Whitecap and its business, operations and affairs required to be included in the Circular (including information incorporated into the Circular by reference) under Applicable Canadian Securities Laws;
- (mmmm) **"Whitecap Public Record"** means all information filed by or on behalf of Whitecap on and after December 31, 2019 with the Securities Authorities, in compliance, or intended compliance, with any Applicable Laws;
- (nnnn) **"Whitecap Reserves Report"** means the independent engineering evaluation of Whitecap's oil, natural gas liquids and natural gas interests prepared by McDaniel effective December 31, 2019 and dated February 13, 2020;
- (oooo) **"Whitecap Resolutions"** means the Share Issuance Resolution and the Amendment Resolution;
- (pppp) **"Whitecap Shares"** means common shares of Whitecap as constituted on the date hereof;
- (qqqq) **"Whitecap Support Agreements"** means the support agreements, substantially in the form attached as Schedule "C" hereto, to be entered into between TORC and the Whitecap Supporting Shareholders, in their capacities as holders of Whitecap Shares, in which the Whitecap Supporting Shareholders will agree, among other things, to vote the Whitecap Shares owned, beneficially or legally, or controlled or subsequently acquired by them in favour of the Whitecap Resolutions at the Whitecap Meeting; and
- (rrrr) **"Whitecap Supporting Shareholders"** means each of the directors and executive officers of Whitecap.

## **1.2 Interpretation Not Affected by Headings, etc.**

The division of this Agreement into articles, sections and subsections is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement (including Schedule "A" hereto) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

## **1.3 Number, etc.**

Words importing the singular number include the plural and vice versa and words importing the use of any gender include all genders.

## **1.4 Date for Any Action**

If any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day, such action is required to be taken on the next succeeding day which is a Business Day.

## **1.5 Entire Agreement**

This Agreement, the Confidentiality Agreement, the TORC Support Agreements, the Whitecap Support Agreements, the Area of Exclusion Agreements and the Hold Period Agreements, together with the agreements and documents herein and therein referred to, constitute the entire agreement among the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, among the Parties with respect to the subject matter hereof. To the

extent there is any inconsistency between this Agreement and the Confidentiality Agreement, this Agreement shall supersede the Confidentiality Agreement.

### **1.6 Currency**

All sums of money referred to in this Agreement are expressed in lawful money of Canada.

### **1.7 Accounting Matters**

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under IFRS and all determinations of an accounting nature that are required to be made shall be made in a manner consistent with IFRS.

### **1.8 Disclosure in Writing**

Reference to disclosure in writing herein shall, in the case of Whitecap, include disclosure to Whitecap or its representatives, or in the case of TORC, include disclosure to TORC or its representatives.

### **1.9 References to Legislation**

References in this Agreement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

### **1.10 Enforceability**

All representations, warranties, covenants and opinions in or contemplated by this Agreement as to the enforceability of any covenant, agreement or document are subject to enforceability being limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Laws relating to or affecting creditors' rights generally, and the discretionary nature of certain remedies (including specific performance and injunctive relief and general principles of equity).

### **1.11 Knowledge**

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of a Party, it refers: (i) in the case of Whitecap, to the actual knowledge of the President and Chief Executive Officer, the Chief Financial Officer and any Vice President; and (ii) in the case of TORC, to the actual knowledge of the President and Chief Executive Officer, Chief Financial Officer and any Vice President.

### **1.12 No Strict Construction**

The Parties acknowledge that their respective legal counsel have reviewed and participated in settling the terms of this Agreement, and the Parties hereby agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party will not be applicable in the interpretation of this Agreement.

### **1.13 Schedules**

The following schedules attached hereto are incorporated into, and form an integral part of, this Agreement:

Schedule "A" – Plan of Arrangement

Schedule "B" – Form of TORC Support Agreement

## Schedule "C" – Form of Whitecap Support Agreement

**ARTICLE 2**  
**THE BUSINESS COMBINATION AND MEETINGS**

**2.1 Plan of Arrangement**

- (a) The Parties agree to carry out the Business Combination in accordance with the terms of the Plan of Arrangement. Whitecap and TORC further agree that the Business Combination shall be carried out with the intention that, assuming the Final Order is granted by the Court, all Whitecap Shares issuable under the Business Combination to the TORC Shareholders will be issued by Whitecap in reliance on the exemption from the registration requirements of the U.S. Securities Act, provided by Section 3(a)(10) thereof.
- (b) As soon as reasonably practicable after date of this Agreement, but in any event by no later than January 15, 2021, TORC will apply to the Court, in a manner acceptable to Whitecap, acting reasonably, for the Interim Order and thereafter will diligently seek the Interim Order in cooperation with Whitecap. Upon receipt of the Interim Order, TORC will promptly carry out the terms of the Interim Order to the extent applicable to it.
- (c) The application for an Interim Order referred to in Section 2.1(a) shall request that the Interim Order provide, among other things:
- (i) for the classes of Persons to whom notice is to be provided in respect of the Business Combination and the TORC Meeting and for the manner in which such notice is to be provided;
  - (ii) that the requisite approval for:
    - (A) the Business Combination Resolution to be placed before the TORC Shareholders at the TORC Meeting shall be:
      - (I) 66% of the votes cast on the Business Combination Resolution by TORC Shareholders present in person or represented by proxy at the TORC Meeting (and that each TORC Shareholder is entitled to one vote for each TORC Share held);
      - (II) if required under Applicable Canadian Securities Laws, a simple majority of the votes cast on the Business Combination Resolution by TORC Shareholders present in person or represented by proxy at the TORC Meeting after excluding the votes cast by those persons whose votes are required to be excluded in accordance with National Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*; and
  - (iii) for the method and manner in which amendments, revisions or supplements to the Circular (and any other materials sent by TORC in connection with the TORC Meeting), including material changes, may be mailed, filed or otherwise publicly disseminated to the TORC Shareholders and such other Persons as may be required by the Interim Order;

- (iv) that, in all other respects, other than as ordered by the Court, the terms, restrictions and conditions of the constating documents of TORC, including quorum requirements and all other matters, shall apply in respect of the TORC Meeting;
- (v) for the grant of Dissent Rights to the registered TORC Shareholders as set forth in the Plan of Arrangement;
- (vi) that the TORC Meeting may be adjourned or postponed from time to time in accordance with the terms of this Agreement without the need for additional approval of the Court;
- (vii) confirmation of the record date for the purposes of determining the TORC Shareholders, entitled to receive materials and vote at the TORC Meeting in accordance with the Interim Order;
- (viii) that such record date will not change in respect of any adjournment(s) or postponement(s) of the TORC Meeting, unless required by Applicable Laws;
- (ix) for the notice requirements with respect to the presentation of the application to the Court for the Final Order; and
- (x) for such other matters as the Parties may agree in writing, each acting reasonably.

In the application referred to in Section 2.1(b), TORC shall inform the Court that Whitecap intends to rely on the exemption provided by Section 3(a)(10) of the U.S. Securities Act for the issuance of Whitecap Shares pursuant to the Business Combination and that, in connection therewith, the Court will be required to approve the substantive and procedural fairness of the terms and conditions of the Business Combination to each Person to whom Whitecap Shares will be issued. Each Person to whom Whitecap Shares will be issued on completion of the Business Combination will be given adequate notice in accordance with the Interim Order advising them of their right to attend and appear before the Court at the hearing of the Court for the Final Order and providing them with adequate information to enable such Person to exercise such right.

- (d) On the condition that all necessary approvals for the Business Combination Resolution are obtained from the TORC Shareholders and all necessary approvals for the Share Issuance Resolution are obtained from the Whitecap Shareholders, TORC shall, as soon as reasonably practicable following the TORC Meeting and the Whitecap Meeting but in any event not later than two Business Days after the Business Combination Resolution and the Share Issuance Resolution are duly passed, submit the Business Combination to the Court and apply for the Final Order.

## **2.2 TORC Board Recommendation**

TORC represents and warrants to Whitecap that the TORC Board:

- (a) has unanimously:
  - (i) determined that the Business Combination and the entry into this Agreement are in the best interests of TORC;
  - (ii) determined that the Business Combination is fair to TORC Shareholders;
  - (iii) approved this Agreement and the transactions contemplated hereby; and

- (iv) resolved to recommend that TORC Shareholders vote in favour of the Business Combination Resolution

(collectively, the "**TORC Board Recommendation**"); and

- (b) has received the oral TORC Fairness Opinion.

### **2.3 Whitecap Board Recommendation**

Whitecap represents and warrants to TORC that the Whitecap Board:

- (a) has unanimously:
  - (i) determined that the Business Combination and the entry into this Agreement are in the best interests of Whitecap;
  - (ii) determined that the consideration to be paid by Whitecap pursuant to the Arrangement is fair, from a financial point of view, to Whitecap;
  - (iii) approved this Agreement and the transactions contemplated hereby; and
  - (iv) resolved to recommend that Whitecap Shareholders vote in favour of the Whitecap Resolutions

(collectively, the "**Whitecap Board Recommendation**"); and

- (b) has received the oral Whitecap Fairness Opinion.

### **2.4 Circular and Meetings**

- (a) As promptly as practicable following the execution of this Agreement and in compliance with the Interim Order and Applicable Laws, TORC and Whitecap shall, as applicable and with assistance from and the participation of the other Party, each acting reasonably: (i) prepare the Circular together with any other documents required by Applicable Laws in connection with the Whitecap Meeting and the TORC Meeting, and cause the Circular and such other documents to be mailed to the TORC Shareholders and such other Persons as required by the Interim Order and the Whitecap Shareholders and such other Persons required by the ABCA and filed with applicable Securities Authorities and other Governmental Authorities in all jurisdictions where the same are required to be filed by no later than January 20, 2021; (ii) convene and conduct the TORC Meeting by no later than February 18, 2021 and not adjourn, postpone or cancel (or propose the same) the TORC Meeting without the prior written consent of Whitecap, such consent not to be unreasonably withheld, conditioned or delayed, except in the case of an adjournment or postponement required for quorum purposes or by Applicable Laws or by a Governmental Authority, at which TORC Meeting the Business Combination Resolution shall be submitted to the TORC Shareholders entitled to vote upon such resolutions for approval; and (iii) convene and conduct the Whitecap Meeting by no later than February 18, 2021 and not adjourn, postpone or cancel (or propose the same) the Whitecap Meeting without the prior written consent of TORC, such consent not to be unreasonably withheld, conditioned or delayed, except in the case of an adjournment or postponement required for quorum purposes or by Applicable Laws or by a Governmental Authority, at which Whitecap Meeting the Whitecap Resolutions shall be submitted to the Whitecap Shareholders entitled to vote upon such resolution for approval.

- (b) TORC and Whitecap shall, with assistance from and the participation of the other Party, each acting reasonably, cause the Circular to be prepared in compliance, in all material respects, with Applicable Canadian Securities Laws and to provide the TORC Shareholders and the Whitecap Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters to be considered at the TORC Meeting and the Whitecap Meeting, respectively, and shall include: (i) or incorporate by reference the TORC Information; (ii) a copy of the TORC Fairness Opinion; (iii) subject to the terms of this Agreement, the TORC Board Recommendation; (iv) or incorporate by reference the Whitecap Information; (v) the Whitecap Board Recommendation; (vi) a copy of the Whitecap Fairness Opinion and (vii) details of the composition of the Whitecap Board following the Effective Time as agreed to by the Parties in accordance with Section 2.7.
- (c) TORC shall use reasonable commercial efforts to, in a timely manner, provide Whitecap with all financial statements and financial information reasonably requested by Whitecap to prepare pro forma financial statements at and for the periods ended September 30, 2020 and December 31, 2019 for inclusion in the Circular in the form prescribed by Applicable Canadian Securities Laws.
- (d) Whitecap shall, in a timely manner, provide TORC with the Whitecap Information, and such other information relating to Whitecap as TORC may reasonably request for inclusion in the Circular, so as to permit compliance with the timeline set out in Section 2.4(a).
- (e) TORC shall, in a timely manner, provide Whitecap with the TORC Information, and such other information relating to TORC as Whitecap may reasonably request for inclusion in the Circular, so as to permit compliance with the timeline set out in Section 2.4(a).
- (f) The Parties shall, subject to compliance with Applicable Canadian Securities Laws, incorporate the Whitecap Information and the TORC Information into the Circular substantially in the form provided by Whitecap and TORC, respectively, and each Party shall provide the other Party and its Representatives with an opportunity to review and comment on the Circular and any other relevant documentation and shall give due consideration to all comments made by the other Party and its representatives (subject to any Applicable Laws). The Circular shall be in form and content satisfactory to TORC and Whitecap, each acting reasonably, and shall comply with Applicable Canadian Securities Laws.
- (g) TORC shall use its reasonable commercial efforts to ensure that the TORC Information included in the Circular does not, at the time of the mailing of the Circular, contain any misrepresentation.
- (h) Whitecap shall use its reasonable commercial efforts to ensure that the Whitecap Information provided by it for inclusion in the Circular does not, at the time of the mailing of the Circular, contain any misrepresentation.
- (i) Each Party shall promptly notify the other Party if it becomes aware that the Circular contains a misrepresentation, or otherwise requires an amendment or supplement. The Parties shall co-operate in the preparation of any such amendment or supplement as is required or appropriate, and Whitecap and TORC shall promptly mail, file or otherwise publicly disseminate any such amendment or supplement to the TORC Shareholders and such other Persons as required by the Interim Order and the Whitecap Shareholders and such other Persons as required by the ABCA and, if required by the Court or by Law, file the same with the applicable securities regulatory authorities and other Governmental Authorities as required.

- (j) The Parties shall cooperate to schedule and convene the TORC Meeting and the Whitecap Meeting on the same date (subject to any adjournments or postponements required or permitted by this Agreement).
- (k) Each Party shall consult with the other Party in fixing the record date of the TORC Meeting and the Whitecap Meeting, and shall not change such record date for the TORC Shareholders or the Whitecap Shareholders, as applicable, entitled to vote at the TORC Meeting or the Whitecap Meeting, as applicable, in connection with any adjournment or postponement of the TORC Meeting or the Whitecap Meeting, as applicable, unless required by Law.
- (l) Each Party shall provide notice to the other Party of the TORC Meeting or the Whitecap Meeting, as applicable, and allow the other Party and its representatives and legal counsel to attend such meeting.
- (m) Each Party shall advise the other Party, as the other Party may reasonably request, and on a daily basis on each of the last 10 Business Days prior to the proxy cutoff date for the TORC Meeting or the Whitecap Meeting, as applicable, as to the aggregate tally of the proxies received by such Party in respect of the Business Combination Resolution and the Whitecap Resolutions, as applicable, and any other matters to be considered at the TORC Meeting or the Whitecap Meeting, as applicable.

## **2.5 Court Proceedings**

In connection with the Court proceedings relating to obtaining the Interim Order and the Final Order, TORC shall:

- (a) provide Whitecap and its legal counsel with reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Business Combination, prior to the filing of that material, and give reasonable and due consideration to all comments of Whitecap and its legal counsel;
- (b) provide Whitecap and its legal counsel on a timely basis a description of any information required to be supplied by Whitecap for inclusion in any material to be filed with the Court in connection with the Business Combination, prior to the filing of that material, and will accept the reasonable comments of Whitecap and its legal counsel with respect to any such information required to be supplied by Whitecap and included in such material and any other matters contained therein;
- (c) provide counsel to Whitecap, on a timely basis, with copies of any notice of appearance and evidence served on TORC or its counsel in respect of the application for the Interim Order and the application for the Final Order or any appeal therefrom, and of any notice (written or oral) received by TORC indicating an intention to oppose the granting of the Interim Order or the Final Order or to appeal the Interim Order or the Final Order;
- (d) not object to legal counsel to Whitecap making such submissions on the application for the Interim Order and the application for the Final Order as such counsel considers appropriate, acting reasonably, provided that TORC is advised of the nature of any submissions prior to the hearing and such submissions are consistent in all material respects with this Agreement and the Business Combination;
- (e) subject to Laws, not file any material with, or make any written submissions to, the Court in connection with the Business Combination or serve any such material, and will not agree to modify

or amend materials so filed or served, except as contemplated hereby or with Whitecap's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed; on the condition that nothing herein shall require Whitecap to agree or consent to, and Whitecap shall not be deemed to agree or consent to, any increased purchase price or other consideration or other modification or amendment to such filed or served materials that expands or increases Whitecap's obligations, or diminishes or limits Whitecap's rights, set forth in any such filed or served materials or under this Agreement;

- (f) oppose any proposal from any Person that the Interim Order or the Final Order contain any provision inconsistent with this Agreement, and if required by the terms of the Interim Order or the Final Order or by Law to return to Court with respect to the Interim Order or the Final Order do so only after notice to, and in consultation and cooperation with, Whitecap; and
- (g) if at any time after the issuance of the Final Order and prior to the Effective Date, TORC is required by the terms of the Final Order or by Applicable Law to return to Court with respect to the Final Order, it shall do so after notice to, and in consultation and cooperation with Whitecap.

## **2.6 Effective Date**

The Business Combination shall become effective at the Effective Time on the Effective Date. The Certificate shall be conclusive evidence that the Business Combination has become effective as of the Effective Time. The Parties shall use their reasonable commercial efforts to cause the Effective Date to occur prior to February 25, 2021 or as soon thereafter as reasonably practicable and, in any event, by the Outside Date.

## **2.7 Board of Directors of Whitecap upon Completion of the Business Combination**

Provided that the Amendment Resolution is approved by the Whitecap Shareholders at the Whitecap Meeting, the Whitecap Board from the Effective Date until the next annual general meeting shall be expanded to include one representative from the TORC Board as agreed to by Whitecap and TORC as soon as reasonably possible and in any event no later than 10 Business Days prior to the date scheduled for printing the Circular, and such representative shall be appointed to the Whitecap Board on the Effective Date.

## **2.8 Treatment of TORC Share Awards**

- (a) The particulars of TORC Share Awards outstanding as at date hereof are disclosed in the TORC Disclosure Letter including: (i) the names of holders of TORC Share Awards; (ii) the number and type of TORC Share Awards held by them; (iii) the date of grant; (iv) the date of expiry; and (v) the number of TORC Shares that could be issuable on settlement of each TORC Share Award.
- (b) The Parties acknowledge and agree that pursuant to the terms of the TORC Share Award Plan and the Plan of Arrangement, the Business Combination shall constitute a "Change of Control" (as defined in the TORC Share Award Plan) and the Issue Date (as defined in the TORC Award Plan) for all outstanding TORC Share Awards shall be accelerated to immediately prior to the Effective Date. At the written direction of Whitecap, given on or before the 10th Business Day prior to the Effective Date, with respect to payments to be made in respect of TORC Share Awards for which the Issue Date is accelerated as a result of the Business Combination, TORC shall: (A) issue TORC Shares immediately prior to the Effective Time as settlement of the outstanding TORC Share Awards (and TORC may withhold, in its sole discretion, from such issuance of TORC Shares an amount of TORC Shares equal to the amount of Taxes required to be remitted by TORC in

connection with such settlement); (B) settle the outstanding TORC Share Awards in cash immediately prior to the Effective Time as settlement of the outstanding TORC Share Awards (and TORC may withhold, in its sole discretion, from such cash payment an amount equal to the amount of Taxes required to be remitted by TORC in connection with such settlement); or (C) settle the outstanding TORC Share Awards through a combination of (A) and (B).

- (c) The "Payout Multiplier" (as defined in the TORC Award Plan) for all TORC Performance Awards for which vesting has accelerated as a result of the completion of the Business Combination will be based on the applicable Payout Multipliers as previously determined by the TORC Board for the applicable performance assessment periods and the Payout Multiplier for the most recent performance assessment period to be determined by the TORC Board, acting reasonably, and in a manner consistent with prior practice, based on historical metrics, and, in each case, shall be as set out in the TORC Disclosure Letter.
- (d) In respect of the settlement of any TORC Share Awards granted under the TORC Share Award Plan following the date hereof (including, for greater certainty, payments made in respect of TORC Share Awards for which vesting has accelerated as a result of the Business Combination), TORC hereby covenants and agrees that such payments will be determined in strict accordance with the terms of the TORC Share Award Plan, without the making of any adjustments or other determinations as may be available to the TORC Board, or any committee thereof, in their discretion pursuant to the terms of the TORC Share Award Plan or any TORC Share Awards granted thereunder.
- (e) TORC shall: (i) ensure that it will have available funds, at the Effective Time, to pay the aggregate cash consideration, if any, to be paid to the holders of TORC Share Awards in connection with the Arrangement; and (ii) cause to be taken all necessary corporate action to allot and reserve for issuance the TORC Shares, if any, to be issued in settlement of TORC Share Awards in connection with the Arrangement.
- (f) For greater certainty, Section 2.11(b) shall apply with respect to the settlement of TORC Share Awards.

## **2.9 Employee Matters**

- (a) As at the Effective Time, no officers, employees or consultants of TORC shall be entitled to change of control, termination or severance payments (or both), except such payments the particulars of which are disclosed in the TORC Disclosure Letter.
- (b) Whitecap reserves the right, at its sole discretion, to continue the employment following the Effective Time of any employee (excluding officers) of TORC, or to offer continued employment to any employee (excluding officers) of TORC on terms and conditions substantially similar to the terms under which such persons are currently employed. Each employee of TORC who is not retained by Whitecap shall be terminated at the Effective Time and paid out in accordance with the terms of his/her employment agreement with TORC or, if such employee is not a party to a written employment agreement with TORC, in accordance with the formula agreed upon between TORC and Whitecap as detailed in the TORC Disclosure Letter.

## **2.10 Indemnities, Directors' and Officers' Insurance and TORC Agreements and Undertakings**

- (a) Whitecap agrees that, after the Effective Time, TORC and its successors will not take any action to terminate or adversely affect, and will fulfill its obligations pursuant to, indemnities provided or available to or in favour of past and present officers and directors of TORC pursuant to the provisions of the articles, by-laws or other constating documents of TORC, applicable corporate legislation and any written indemnity agreements (and each of them), which have been entered into between TORC and its past or current officers or directors effective on or prior to the date hereof.
- (b) Prior to the Effective Date, TORC shall be entitled to secure "run off" directors' and officers' liability insurance for its past and present officers and directors, covering claims made prior to or within 6 years after the Effective Date which has a scope and coverage no less advantageous in scope and coverage to that provided pursuant to TORC's current directors' and officers' insurance policy and Whitecap agrees to not take or permit any action to be taken by or on behalf of TORC following the Effective Date to terminate or adversely affect such directors' and officers' insurance.

## **2.11 Income Tax Election and Withholding**

- (a) The exchange of TORC Shares solely for Whitecap Shares will be structured as a tax deferred share-for-share exchange pursuant to subsection 85.1(1) of the Tax Act. In addition, as an alternative, a TORC Shareholder shall be entitled to file a joint income tax election, pursuant to subsection 85(1) of the Tax Act (and the analogous provisions of provincial income tax law), with respect to the exchange of TORC Shares for Whitecap Shares. Whitecap agrees to make joint elections with Eligible Holders in respect of the disposition of their TORC Shares pursuant to subsection 85(1) (or in the case of a partnership, subsection 85(2)) of the Tax Act (or any similar provision of any provincial tax legislation) in accordance with the procedures and within the time limits set out in the Plan of Arrangement. The agreed amount under such joint elections shall be determined by each Eligible Holder in his or her sole discretion within the limits set out in the Tax Act. The obligation of Whitecap in this regard is limited to Eligible Holders that provide Whitecap with a validly completed tax election within the time set out in the Plan of Arrangement, and Whitecap will assume no responsibility for the proper completion of such election. Whitecap will not have any obligation to make such an election in respect of any TORC Shareholder other than an Eligible Holder.
- (b) TORC, Whitecap and the Depositary shall be entitled to deduct or withhold from any amounts otherwise payable or deliverable to any person under the Arrangement or this Agreement, such amounts as TORC, Whitecap or the Depositary determines, acting reasonably, may be required to be deducted or withheld with respect to such payment or delivery under the Tax Act or any provision of federal, provincial, territorial, state, local or foreign tax law, in each case, as amended. To the extent that amounts are so deducted or withheld, such deducted or withheld amounts shall be treated, for all purposes hereof, as having been paid to the person in respect of whom such deduction or withholding was made, provided that such deducted or withheld amounts are actually remitted to the appropriate Governmental Authority. Each of TORC, Whitecap or the Depositary is hereby authorized to sell or otherwise dispose of such portion of any share otherwise deliverable to such person as is necessary to provide sufficient funds to TORC, Whitecap or the Depositary, as the case may be, to enable it to comply with all deduction or withholding requirements applicable to it, and TORC, Whitecap or the Depositary shall notify such person thereof and remit the applicable portion of the net proceeds of such sale to the appropriate Governmental Authority and, if applicable, any portion of such net proceeds that is not required to be so remitted shall be paid to such person.

### **ARTICLE 3 COVENANTS**

#### **3.1 Covenants of Whitecap**

From the date hereof until the earlier of the completion of the Business Combination and the termination of this Agreement in accordance with Article 8, except pursuant to the NAL Transaction, with the prior written consent of TORC (such consent not to be unreasonably withheld or delayed), or as otherwise expressly permitted or specifically contemplated by this Agreement, or as otherwise required by Applicable Laws:

- (a) the business of Whitecap and its subsidiaries shall be conducted only in, and Whitecap and its subsidiaries shall not take any action except in, the ordinary course of business and consistent with past practice, with it being acknowledged and agreed by TORC that such covenant is subject to: (i) Whitecap's and its subsidiaries' compliance with Applicable Laws related to the COVID-19 pandemic; and (ii) actions taken as a result of such pandemic's continuing effect on working restrictions and the local, national and global economy (including any work stoppages or operational stoppages necessary to safeguard life or property); provided that any such action taken outside of the ordinary course of business or inconsistent with past practice as a result of such pandemic's continuing effect on working restrictions and the local, national and global economy (including any work stoppages or operational stoppages necessary to safeguard life or property) will be commercially reasonable and, to the extent applicable, not disproportionate compared to actions taken by companies similar to Whitecap, and Whitecap shall use all reasonable commercial efforts to maintain and preserve its and their business organization, assets, employees and advantageous business relationships;
- (b) Whitecap shall not, and shall not permit any of its subsidiaries to, directly or indirectly: (i) amend Whitecap's constating documents or amend in any material respects the constating documents of any of its subsidiaries, other than any amendment to effect an internal reorganization; (ii) amend its existing accounting policies, practices, methods and principles or adopt new accounting principles, in each case except as required by IFRS; (iii) declare, set aside or pay any dividend or other distribution or payment in cash, shares or property in respect of its shares owned by any Person in excess of \$0.01425 per Whitecap Share per month; (iv) split, consolidate, redeem, purchase or otherwise acquire any of its outstanding shares or other securities except in accordance with its normal course issuer bid; (v) amend the terms of any of its securities; (vi) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution or reorganization of Whitecap other than an internal reorganization; (vii) pursue any corporate acquisition or disposition, amalgamation, merger, arrangement or purchase or sale of assets or make any material change to the business, capital or affairs of Whitecap, in each case, that would interfere with, prevent or delay the transactions contemplated by this Agreement; or (viii) enter into, modify or terminate any contract, agreement, commitment or arrangement with respect to any of the foregoing, except as permitted above.
- (c) Whitecap shall not take any action that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time prior to completion of the Business Combination or termination of this Agreement, whichever first occurs;
- (d) Whitecap shall promptly notify TORC in writing of any material change (actual, anticipated, contemplated or, to the knowledge of Whitecap threatened, financial or otherwise) in its business, operations, affairs, assets, capitalization, financial condition, licenses, permits, rights, privileges or

liabilities, whether contractual or otherwise, or of any change in any representation or warranty provided by Whitecap in this Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect and Whitecap shall in good faith discuss with TORC any change in circumstances (actual, anticipated, contemplated, or to the knowledge of Whitecap threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to TORC pursuant to this provision;

- (e) Whitecap shall cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing providing coverage equivalent to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect and shall pay all premiums in respect of such insurance policies that become due prior to the Effective Date;
- (f) Whitecap shall ensure that it has available funds under its lines of credit or other bank facilities to make, within the time periods contemplated herein, the payment of the amount which may be required by Section 6.2 having regard to its other liabilities and obligations, and shall take all such actions as may be necessary to ensure that it maintains such availability to ensure that it is able to pay such amount when required;
- (g) Whitecap shall use reasonable commercial efforts to ensure that it has available funds or availability under its credit facilities or other debt to allow the amounts owing on TORC's credit facilities to be paid out and discharged at the Effective Time to permit the consummation of the Business Combination;
- (h) Whitecap shall, on the Effective Date, provide to the Depositary an irrevocable direction authorizing and directing the Depositary to issue the Whitecap Shares issuable under the Business Combination to TORC Shareholders and shall irrevocably direct the Depositary to distribute Whitecap Shares to the TORC Shareholders in accordance with the terms of the Business Combination;
- (i) Whitecap shall indemnify and save harmless TORC and the directors, officers and agents of TORC from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which TORC, or any director, officer or agent thereof may be subject or which TORC, or any director, officer or agent thereof may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:
  - (i) any misrepresentation or alleged misrepresentation in the Whitecap Information;
  - (ii) any order made or any inquiry, investigation or proceeding by any securities commission or other competent authority based upon any untrue statement or omission or alleged untrue statement or omission of a material fact or any misrepresentation or any alleged misrepresentation in the Whitecap Information; or
  - (iii) Whitecap not complying with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement,

except that Whitecap shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of, or are caused by, any untrue

statement or omission or alleged untrue statement or omission of a material fact or any misrepresentation or any alleged misrepresentation in the Circular that is based solely on the TORC Information included in the Circular or the negligence of TORC;

- (j) Whitecap shall provide to TORC all such information respecting its operations and affairs as may be reasonably requested from time to time by TORC;
- (k) Whitecap shall maintain its status as a "reporting issuer" (or the equivalent thereof) in all provinces of Canada where it is a reporting issuer at the date of this Agreement, maintain the listing of the Whitecap Shares on the TSX and remain in material compliance with Applicable Canadian Securities Laws;
- (l) Whitecap shall promptly apply to the TSX for its conditional approval of the listing of the Whitecap Shares issuable to TORC Shareholders pursuant to the Business Combination on the TSX and shall take all necessary corporate action to allot and reserve for issuance the Whitecap Shares to be issued in exchange for TORC Shares;
- (m) except for proxies and other non-substantive communications with the holders of Whitecap securities, Whitecap will furnish promptly to TORC or TORC's counsel, a copy of each notice, report, schedule or other document delivered, filed or received by Whitecap in connection with: (i) the Business Combination; (ii) any filings under Applicable Laws in connection with the transactions contemplated hereby; and (iii) any dealings with any Governmental Authority in connection with the transactions contemplated hereby; and
- (n) Whitecap shall use all reasonable commercial efforts to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all Applicable Laws to complete the Business Combination, in accordance with the terms thereof, including using its reasonable commercial efforts to:
  - (i) obtain all necessary consents, approvals, authorizations and filings as are required to be obtained or made by Whitecap under any Applicable Law and to satisfy any condition provided for under this Agreement;
  - (ii) oppose, lift or rescind any injunction or restraining order or other order or action seeking to stop, or otherwise adversely affect their ability to consummate the Business Combination; and
  - (iii) co-operate with TORC in connection with the performance by it of its obligations hereunder.

### **3.2 Covenants of TORC**

From the date hereof until the earlier of the completion of the Business Combination and the termination of this Agreement in accordance with Section 8.1, except with the prior written consent of Whitecap (such consent not to be unreasonably withheld or delayed), and except as otherwise expressly permitted or specifically contemplated by this Agreement:

- (a) the business of the TORC and its subsidiaries shall be conducted only in, and TORC and its subsidiaries shall not take any action except in, the ordinary course of business and consistent with past practice, with it being acknowledged and agreed by TORC that such covenant is subject to: (i) TORC's and its subsidiaries' compliance with Applicable Laws related to the COVID-19 pandemic;

and (ii) actions taken as a result of such pandemic's continuing effect on working restrictions and the local, national and global economy (including any work stoppages or operational stoppages necessary to safeguard life or property); provided that any such action taken outside of the ordinary course of business or inconsistent with past practice as a result of such pandemic's continuing effect on working restrictions and the local, national and global economy (including any work stoppages or operational stoppages necessary to safeguard life or property) will be commercially reasonable and, to the extent applicable, not disproportionate compared to actions taken by companies similar to TORC, and TORC shall use all reasonable commercial efforts to maintain and preserve its and their business organization, assets, employees and advantageous business relationships;

- (b) TORC shall execute and adhere to the TORC Capital Program, unless otherwise agreed to by Whitecap, and TORC shall consult with Whitecap, on a regular basis, in respect of the ongoing business and affairs of TORC and keep Whitecap apprised of all material developments relating thereto;
- (c) TORC shall not directly or indirectly do or permit to occur any of the following: (i) amend its constating documents; (ii) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its outstanding shares; (iii) issue (other than on exercise of the currently outstanding TORC Share Awards in accordance with their respective terms), grant, sell or pledge or agree to issue, grant, sell or pledge any shares of TORC, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of TORC; (iv) redeem, purchase or otherwise acquire any of its outstanding shares or other securities; (v) split, combine or reclassify any of its securities; (vi) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of TORC; (vii) except as set out in the TORC Disclosure Letter, pursue any corporate acquisition or disposition, amalgamation, merger, arrangement or purchase or sale of assets or make any material change to the business, capital or affairs of TORC; (viii) reduce the stated capital of TORC or any of its outstanding shares; (ix) pay, discharge or satisfy any material claims, liabilities or obligations, other than in the ordinary course of business consistent with past practice; (x) sell, dispose of, transfer, convey, encumber, surrender, release or abandon the whole or any part of its assets, other than production and abandonments in the ordinary course; (xi) terminate any employees, except in accordance with this Agreement; (xii) take any action, refrain from taking any action, permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere or affect the consummation of the Business Combination; or (xiii) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing;
- (d) TORC shall not, directly or indirectly, except for expenditures considered necessary by TORC, acting reasonably, to preserve or protect the health or safety of individuals or to preserve or protect of property or the environment, or as contemplated by the TORC Capital Program: (i) sell, pledge, dispose of or encumber any assets, other than production in the ordinary course of business; (ii) expend or commit to expend any amount with respect to any capital expenditures having an individual value in excess of \$50,000; (iii) expend or commit to expend any amounts with respect to any operating expenses other than in the ordinary course of business; (iv) acquire or agree to acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof or make any investment therein either by purchase of shares or securities, contributions of capital or property transfer; (v) acquire any assets with an acquisition cost in excess of \$50,000; (vi) incur any indebtedness for borrowed money in excess of existing credit facilities, or any other material liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise become responsible for, the obligations of any other individual or entity, or make any loans or advances, other than in respect of fees payable to legal, financial and other advisors in the ordinary course of business or as

- otherwise contemplated in this Agreement or in respect of the Business Combination; (vii) authorize, recommend or propose any release or relinquishment or any material contract right; (viii) waive, release, grant or transfer any material rights of value or modify or change in any material respect any existing material license, lease, contract, production sharing agreement, government land concession or other material document; (ix) except as agreed with Whitecap in writing, enter into or terminate any hedges, swaps or other financial instruments or like transactions; or (x) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing;
- (e) neither TORC nor its subsidiaries shall make any payment to any employee, officer or director outside of their ordinary and usual compensation for services provided other than as contemplated in this Agreement;
- (f) neither TORC nor its subsidiaries shall adopt or amend or make any contribution to any bonus, employee benefit plan, profit sharing, deferred compensation, insurance, incentive compensation, other compensation or other similar plan, agreement, stock purchase plan, fund or arrangement for the benefit of employees, except as is necessary to comply with the Law or with respect to existing provisions of any such plans, programs, arrangements or agreements;
- (g) other than the payment of TORC Employee Obligations upon completion of the Business Combination, and where such amount is specified in the TORC Disclosure Letter in accordance with this Agreement, not exceeding the amount so specified, neither TORC nor its subsidiaries shall: (i) grant any officer, director or employee an increase in compensation in any form; (ii) grant any general salary increase; (iii) take any action with respect to the amendment or implementation of any severance or termination pay policies or arrangements for any directors, officers or employees, except as contemplated herein; (iv) adopt or amend (other than to permit accelerated vesting of currently outstanding TORC Share Awards) any stock option plan (or any other equity compensation arrangement) or the terms of any outstanding rights thereunder; (v) advance any loan to any officer, director or any other party not at arm's length; (vi) enter into any non-arm's length transactions including with any officers, directors, employees or consultants of TORC or its subsidiaries or transfer any property or assets of TORC or its subsidiaries to any directors, officers, employees or consultants; (vii) reimburse or approve or authorize the reimbursement of any expenses (other than those incurred in the ordinary course of business consistent with past practices) of any officer, employee or consultant of TORC or its subsidiaries; or (viii) enter into any consulting or contract operating agreement that cannot be terminated on 30 days or less notice without penalty or termination payment;
- (h) TORC shall not take any action that would render, or may reasonably be expected to render, any representation or warranty made by TORC in this Agreement untrue in any material respect at any time prior to completion of the Business Combination or termination of this Agreement, whichever first occurs;
- (i) TORC shall promptly notify Whitecap in writing of any material change (actual, anticipated, contemplated or, to the knowledge of TORC threatened, financial or otherwise) in its business, operations, affairs, assets, capitalization, financial condition, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, or of any change in any representation or warranty provided by TORC in this Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect and TORC shall in good faith discuss with Whitecap any change in circumstances (actual, anticipated, contemplated, or to the knowledge of TORC threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to Whitecap pursuant to this provision;

- (j) TORC will promptly provide to Whitecap, for review by Whitecap and its counsel, prior to filing or issuance of the same, any proposed public disclosure document, including without limitation, any news release or material change report, subject to TORC's obligations under Applicable Canadian Securities Laws to make continuous disclosure and timely disclosure of material information, and Whitecap agrees to keep such information confidential until it is filed as part of the TORC Public Record;
- (k) TORC shall use its reasonable commercial efforts to obtain the written consent of its bankers, creditors, lessors and any other third parties to the extent required to permit the consummation of the Business Combination or as otherwise contemplated hereby and shall provide a copy of each such consent to Whitecap on or prior to the Effective Date, provided that nothing in this subsection shall require TORC to make any payments to obtain any of the consents referred to above in this subsection;
- (l) each of TORC and its subsidiaries shall use its reasonable commercial efforts to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect and shall pay all premiums in respect of such insurance policies that become due prior to the Effective Date;
- (m) TORC shall not make any amendments to the terms of the outstanding TORC Share Awards, other than to permit the acceleration of vesting of currently outstanding TORC Share Awards in accordance with the terms of this Agreement;
- (n) TORC shall use reasonable commercial efforts to cause the resignation of its directors at the Effective Time;
- (o) TORC shall use reasonable commercial efforts to secure mutual releases, in a form and substance satisfactory to Whitecap, in favour of TORC and Whitecap by each director of TORC who will not to form part of the Whitecap Board after the Effective Time and any officer or employee identified in the TORC Disclosure Letter who has provided a notice to TORC prior to the date hereof, and use reasonable commercial efforts to secure releases, in a form and substance satisfactory from each employee of TORC who has received or will receive a severance or change of control payment as a result of the Business Combination;
- (p) TORC shall withhold from each payment to be made to any of its present or former employees (which includes officers) and directors and to all other Persons including, without limitation, all Persons who are non-residents of Canada for the purposes of the Tax Act, all amounts that are required to be so withheld by any Applicable Laws and TORC shall remit such withheld amounts to the proper Governmental Authority within the times prescribed by such Applicable Laws;
- (q) TORC shall ensure that it has available funds under its lines of credit or other bank facilities to make, within the time periods contemplated herein, the payment of the amount which may be required by Section 6.1 having regard to its other liabilities and obligations, and shall take all such actions as may be necessary to ensure that it maintains such availability to ensure that it is able to pay such amount when required;

- (r) TORC shall use its reasonable commercial efforts to obtain the written consent of any third parties as are required for the consummation of the Business Combination or as otherwise contemplated hereby;
- (s) TORC shall indemnify and save harmless Whitecap and the directors, officers and agents of Whitecap from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Whitecap, or any director, officer or agent thereof, may be subject or which Whitecap, or any director, officer or agent thereof, may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:
  - (i) any misrepresentation or alleged misrepresentation by TORC in the Circular;
  - (ii) any order made or any inquiry, investigation or proceeding by any securities commission or other competent authority based upon any untrue statement or omission or alleged untrue statement or omission of a material fact or any misrepresentation or any alleged misrepresentation in the Circular, which prevents or restricts the trading in the TORC Shares; or
  - (iii) TORC not complying with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement,

except that TORC shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of, or are caused by, any untrue statement or omission or alleged untrue statement or omission of a material fact or any misrepresentation or any alleged misrepresentation in the Circular that is based solely on the Whitecap Information included in the Circular or the negligence of Whitecap;

- (t) TORC shall provide to Whitecap all such information respecting its operations and affairs as may be reasonably requested from time to time by Whitecap;
- (u) TORC shall maintain its status as a "reporting issuer" (or the equivalent thereof) in all provinces of Canada where it is a reporting issuer at the date of this Agreement, maintain the listing of the TORC Shares on the TSX and remain in material compliance with Applicable Canadian Securities Laws;
- (v) except for proxies and other non-substantive communications with the holders of Whitecap securities, Whitecap will furnish promptly to TORC or TORC's counsel, a copy of each notice, report, schedule or other document delivered, filed or received by Whitecap in connection with: (i) the Business Combination; (ii) any filings under Applicable Laws in connection with the transactions contemplated hereby; and (iii) any dealings with any Governmental Authority in connection with the transactions contemplated hereby; and
- (w) TORC will furnish promptly to Whitecap or Whitecap's counsel, a copy of each notice, report, schedule or other document delivered, filed or received by TORC in connection with: (i) the Business Combination; (ii) any filings under Applicable Laws in connection with the transactions contemplated hereby; and (iii) any dealings with any Governmental Authority in connection with the transactions contemplated hereby;
- (x) TORC shall, on an as received basis, promptly advise Whitecap of the number of TORC Shares for which TORC receives notices of dissent or written objections to the Business Combination and provide Whitecap with copies of such notices and written objections;

- (y) TORC shall: (i) prepare or cause to be prepared and timely filed all Tax Returns required to be filed by it for all taxable periods ending before the Effective Date which are required to be filed before the Effective Date; and (ii) prepare or cause to be prepared, all Tax Returns of TORC for all taxable periods ending before the Effective Date which are required to be filed after the Effective Date. Such Tax Returns shall be (i) true, complete and correct in all material respects; and (ii) prepared in a manner consistent with practices followed in prior years with respect to similar Tax Returns of TORC except as otherwise required by Law or fact;
- (z) TORC shall: (i) timely pay all material Taxes which are due and payable unless validly contested; (ii) not make or rescind any material election relating to Taxes, or file any material amended Tax Returns, except as required by Law; (iii) not make a request for a Tax ruling with any Governmental Authority; (iv) not settle or compromise any claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to Taxes; (v) not change in any material respect any of its methods of reporting income, deductions or accounting for Tax purposes from those employed in the preparation of its Tax Return for a taxation year ending prior to the date hereof, except as required by Law; and (vi) properly reserve (and reflect such reserves in its books and records and financial statements) in accordance with past practice and in the ordinary course of business, for all Taxes accruing in respect of TORC which are not due or payable prior to the Effective Date;
- (aa) TORC will not, directly or indirectly materially reduce the amount or amend the characterization of any of its individual categories of tax attributes outside the ordinary course of business, including, without limitation, any of its resource pools or non-capital loss carry forwards, except as required by Law;
- (bb) TORC shall inform Whitecap if it makes a Tax filing that is outside of the ordinary course of business, including making, amending or rescinding any Tax Return, election or designation;
- (cc) TORC shall use reasonable commercial efforts to preserve intact its business organization, assets, properties and goodwill and maintain satisfactory relationships with suppliers and distributors and others having business relationships with it;
- (dd) TORC shall use all reasonable commercial efforts to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all Applicable Laws to complete the Business Combination, in accordance with the terms thereof, including using its reasonable commercial efforts to:
  - (i) obtain all necessary consents, approvals, authorizations and filings as are required to be obtained or made by TORC under any Applicable Law and to satisfy any condition provided for under this Agreement;
  - (ii) oppose, lift or rescind any injunction or restraining order or other order or action seeking to stop, or otherwise adversely affect their ability to consummate the Business Combination; and
  - (iii) co-operate with Whitecap in connection with the performance by it of its obligations hereunder; and
- (ee) TORC shall use its commercially reasonable efforts to prepare and provide Whitecap prior to the Effective Date with draft audited financial statements at and for the year ended December 31, 2020 which fairly present, in accordance with IFRS, the financial position and condition of TORC at the dates thereof and the results of the operations of TORC for the periods then ended and reflect in

accordance with IFRS, all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of TORC as at the dates thereof and prepared in conformity with IFRS applied on a consistent basis throughout the periods involved.

### **3.3 Mutual Covenants Regarding the Business Combination**

From the date hereof until the earlier of the completion of the Business Combination and the termination of this Agreement in accordance with Article 8, each Party shall:

- (a) use its reasonable commercial efforts to complete the Business Combination on or before the Outside Date;
- (b) use its reasonable commercial efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws and applicable United States Laws to complete the Business Combination, including using reasonable efforts:
  - (i) to obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases and other contracts;
  - (ii) to obtain all necessary consents, assignments, waivers and amendments to or terminations of any instruments and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated by this Agreement, including receipt of the Competition Act Approval;
  - (iii) to effect all necessary registrations and filings and submission of information requested by Governmental Authorities required to be effected by it in connection with the Business Combination, including pursuant to the Competition Act; and
  - (iv) to ensure that the Whitecap Shares issuable to TORC Shareholders under the Business Combination may be issued pursuant to the exemption from the registration requirements of the U.S. *Securities Act of 1933*, as amended, provided under Section 3(a)(10) thereof;
- (c) in connection with the Competition Act Approval:
  - (i) Whitecap and TORC shall within ten (10) Business Days of the date of this Agreement, duly file with the Commissioner a request for an ARC pursuant to Section 102 of the Competition Act and supply the Commissioner with such additional information as the Commissioner may request. Whitecap shall have the primary responsibility for the preparation and submission of a request for an ARC pursuant to Section 102 of the Competition Act. TORC shall furnish to Whitecap such information and assistance as Whitecap may reasonably request in order to prepare and file such request. If requested by Whitecap or TORC, the Parties shall promptly file a pre-merger notification filing pursuant to Section 114 the Competition Act. Whitecap and TORC shall respond as promptly as reasonably practicable under the circumstances to any inquiries received from the Commissioner for additional information or documentation and to all inquiries and requests received from the Commissioner;
  - (ii) the Parties shall coordinate and cooperate in exchanging information and supplying assistance that is reasonably requested in connection with subsection 3.3(c)(i), including

providing each other with advance copies and reasonable opportunities to comment on all filings made to the Commissioner and any additional or supplementary information supplied pursuant thereto in respect of the Competition Act (except for information which Whitecap or TORC, in each case acting reasonably, consider confidential and sensitive, which shall then be provided only on a confidential and privileged basis to outside counsel of the other Party, with redacted versions being provided to the other Party), and all notices and correspondence received from the Commissioner with respect to any filings under the Competition Act;

- (iii) not participate in any substantive meeting or discussion (whether in person, by telephone or otherwise) with the Commissioner or his representatives in respect of obtaining the Competition Act Approval unless it consults with the other Party in advance and gives the other Party the opportunity to attend and participate thereat unless the Commissioner or a representative of the Commissioner requests otherwise;
  - (iv) other than in connection with the NAL Transaction, each of the Parties shall not take any action, including entering into any separate transaction or commercial relation, that will have, or might reasonably be expected to have, the effect of delaying, impairing or impeding the granting of the Competition Act Approval; and
  - (v) notwithstanding any other provision herein, in no event will Whitecap be required hereunder or otherwise to agree to any hold separate, divestiture or other order, decree, condition or restriction on the businesses of Whitecap or TORC, or any other business, the conduct thereof or future transactions;
- (d) use its reasonable commercial efforts to effect all necessary registrations and filings and submissions of information requested by Governmental Authorities or required to be effected or submitted by it in connection with the Business Combination, including, without limitation, under the Competition Act as set out above in subsection 3.3(c), and to obtain all necessary consents, waivers and approvals required to be obtained by it in connection with the Business Combination, and each of Whitecap and TORC will use its reasonable commercial efforts to cooperate with the other in connection with the performance by the other Party of its obligations under this subsection 3.3(d) including, without limitation, assisting with the preparation and filing of any applications and continuing to provide reasonable access to information and to maintain ongoing communications as between officers of Whitecap and TORC, subject in all cases to the Confidentiality Agreement; and
- (e) use its reasonable commercial efforts to cooperate with the other Party in connection with the performance by the other Party of its obligations under this Agreement including, without limitation, continuing to provide reasonable access to information and to maintain ongoing communications as between representatives of Whitecap and TORC, subject in all cases to the Confidentiality Agreement.

### **3.4 TORC's Covenants Regarding Non-Solicitation**

- (a) TORC shall immediately cease and cause to be terminated all existing discussions or negotiations (including, without limitation, through any of its officers, directors, employees, advisors, representatives and agents (in this Section 3.4, "**Representatives**")), if any, with any third parties (other than Whitecap) initiated before the date of this Agreement with respect to any Acquisition Proposal. As and from the date hereof until termination of this Agreement pursuant to Article 8, TORC shall discontinue providing access to any of its confidential information and not allow or

establish further access to any of its confidential information, or any data room, virtual or otherwise and shall (pursuant to and in accordance with each applicable confidentiality agreement) promptly request the return or destruction of all information provided to any third parties that have entered into a confidentiality agreement with TORC relating to an Acquisition Proposal and shall use reasonable commercial efforts to cause such requests to be honoured.

- (b) TORC shall not, directly or indirectly, do, or authorize or permit any of its Representatives to do, any of the following:
- (i) solicit, assist or knowingly facilitate, initiate or encourage or take any action to solicit or knowingly facilitate, initiate, entertain or encourage any Acquisition Proposal, or engage in any communication regarding the making of any proposal or offer that constitutes or may constitute or may reasonably be expected to lead to an Acquisition Proposal, including, without limitation, by way of furnishing information;
  - (ii) withdraw or modify, or propose to withdraw or modify, in any manner adverse to Whitecap, the approval of the Business Combination by the TORC Board or the TORC Board Recommendation;
  - (iii) enter into or participate in any negotiations or any discussions regarding an Acquisition Proposal, or furnish or provide access to any information with respect to its securities, business, properties, operations or conditions (financial or otherwise) in connection with or in furtherance of an Acquisition Proposal, or otherwise cooperate in any way with, or assist or knowingly participate in, facilitate or encourage, any effort or attempt of any other Person to do or seek to do any of the foregoing;
  - (iv) release, waive, or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to release, waive or otherwise forbear in respect of, any rights or other benefits under any confidentiality agreements to which TORC is a party, including, without limitation, any "standstill provisions" thereunder; or
  - (v) accept, recommend, approve, agree to, endorse or propose publicly to accept, recommend, approve, agree to or endorse any Acquisition Proposal;

provided, however, that notwithstanding any other provision hereof, TORC and its Representatives may:

- (vi) enter into, or participate in, any discussions or negotiations with a third party who (without any solicitation, initiation or encouragement, directly or indirectly, after the date of this Agreement, by TORC or any of its Representatives) seeks to initiate such discussions or negotiations and, subject to execution of a confidentiality agreement substantially similar to the Confidentiality Agreement (provided that such confidentiality agreement shall provide for the disclosure thereof, along with the information provided thereunder, to Whitecap), may furnish to such third party information concerning TORC and its business, affairs, properties and assets, in each case if, and only to the extent that:
  - (A) the third party has first made an unsolicited written *bona fide* Acquisition Proposal and the TORC Board determines in good faith: (1) that funds or other consideration necessary for the consummation of such Acquisition Proposal are available or, in each case as demonstrated to the TORC Board, acting in good faith, that adequate financing arrangements will be in place to ensure that the third party will have the

funds necessary for the consummation of the Acquisition Proposal, if any; (2) after consultation with its financial advisor, that the Acquisition Proposal would or would be reasonably likely to, if consummated in accordance with its terms (but not assuming away any risks of non-completion), result in a transaction financially superior for the TORC Shareholders than the transaction contemplated by this Agreement in its current form (including taking into account any modifications to this Agreement proposed by Whitecap as contemplated by subsection 3.4(d)); and (3) after receiving the advice of outside legal counsel, as reflected in minutes of the TORC Board, that the taking of such action is necessary for the TORC Board in the discharge of its fiduciary duties under Applicable Laws (a "**Superior Proposal**"); and

- (B) prior to furnishing such information to or entering into or participating in any such negotiations or initiating any discussions with such third party, TORC provides notice to Whitecap to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such Person or entity and provides to Whitecap the information required to be provided under subsection 3.4(d); or
  - (vii) comply with Division 3 of National Instrument 62-104 — *Take-Over Bids and Issuer Bids* and similar provisions under Applicable Canadian Securities Laws relating to the provision of directors' circulars and make appropriate disclosure with respect thereto to its securityholders; and
  - (viii) withdraw any approval or recommendation contemplated by subsection 3.4(b)(ii) and accept, recommend, approve or enter into an agreement to implement a Superior Proposal, but only if prior to such acceptance, recommendation, approval or implementation, TORC has complied with its obligations set forth in Section 3.4(d) and terminates this Agreement in accordance with Section 8.1(f) and concurrently therewith pays the amount required by Section 6.1.
- (c) TORC shall promptly (and in any event within 24 hours of receipt by TORC) notify Whitecap (at first orally and then in writing) of any Acquisition Proposal (or any amendment thereto) or any request for non-public information relating to TORC, its assets, or any amendments to the foregoing received by TORC. Such notice shall include a copy of any written Acquisition Proposal (and any amendment thereto) received by TORC or, if no written Acquisition Proposal has been received, a description of the material terms and conditions of, and the identity of the Person making any inquiry, proposal, offer or request (to the extent then known by TORC). TORC shall also provide such further and other details of the Acquisition Proposal or any amendment thereto as Whitecap may reasonably request (to the extent then known by TORC). TORC shall keep Whitecap fully informed of the status, including any change to material terms, of any Acquisition Proposal or any amendment thereto, shall respond promptly to all reasonable inquiries by Whitecap with respect thereto, and shall provide to Whitecap copies of all material correspondence and other written material sent to or provided to TORC by any Person in connection with such inquiry, proposal, offer or request or sent or provided by TORC to Person in connection with such inquiry, proposal, offer or request.
- (d) Following receipt of a Superior Proposal, TORC shall give Whitecap, orally and in writing, at least 72 hours advance notice of any decision by the TORC Board to accept, recommend, approve or enter into an agreement to implement a Superior Proposal, which notice shall confirm that the TORC Board has determined that such Acquisition Proposal constitutes a Superior Proposal, shall

identify the third party making the Superior Proposal and shall provide a true and complete copy thereof and any amendments thereto. During the 72 hour period commencing on the delivery of such notice, TORC agrees not to accept, recommend, approve or enter into any agreement to implement such Superior Proposal and not to release the party making the Superior Proposal from any standstill provisions (which, for greater certainty, shall not prevent the party making the Superior Proposal from making any Acquisition Proposal to the TORC Board that is not solicited, initiated, encouraged or knowingly facilitated by TORC) and shall not withdraw, redefine, modify or change its recommendation in respect of the Business Combination. In addition, during such 72 hour period, TORC shall, and shall cause its financial and legal advisors to, negotiate in good faith with Whitecap and its financial and legal advisors to make such adjustments in the terms and conditions of this Agreement and the Business Combination as would enable TORC to proceed with the Business Combination, as amended, rather than the Superior Proposal. In the event Whitecap confirms in writing its commitment to amend this Agreement to provide that the TORC Shareholders shall receive a value per TORC Share equal to or having a value greater than the value per TORC Share provided in the Superior Proposal and so advises the TORC Board prior to the expiry of such 72 hour period, the TORC Board shall not accept, recommend, approve or enter into any agreement to implement such Superior Proposal and shall not release the party making the Superior Proposal from any standstill provisions (which, for greater certainty, shall not prevent the party making the Superior Proposal from making any Acquisition Proposal to the TORC Board that is not solicited, initiated, encouraged or knowingly facilitated by TORC) and shall not withdraw, redefine, modify or change the TORC Board Recommendation. Notwithstanding the foregoing, and for greater certainty, Whitecap shall have no obligation to make or negotiate any changes to this Agreement in the event that TORC is in receipt of a Superior Proposal. TORC acknowledges that each successive material modification of any Superior Proposal shall constitute a new Superior Proposal for purposes of the requirement under this subsection 3.4(d) to initiate a new 72 hour notice period.

- (e) The TORC Board shall reaffirm the TORC Board Recommendation by news release promptly, and in any event within 72 hour of being requested to do so by Whitecap (or in the event that the TORC Meeting to approve the Business Combination is scheduled to occur within such 72 hour period, prior to the scheduled date of such meeting), in the event that (i) any Acquisition Proposal is publicly announced unless the TORC Board has determined that such Acquisition Proposal constitutes a Superior Proposal in accordance with this Section 3.4; or (ii) the Parties have entered into an amended agreement pursuant to subsection 3.4(d) that results in any Acquisition Proposal not being a Superior Proposal.
- (f) Whitecap agrees that all information that may be provided to it by TORC with respect to any Superior Proposal pursuant to this Section 3.4 shall be treated as if it were "Evaluation Material" as that term is defined in the Confidentiality Agreement and such information shall not be disclosed or used except in accordance with the Confidentiality Agreement or in order to enforce its rights under this Agreement in legal proceedings.
- (g) Each Party shall ensure that its Representatives are aware of the provisions of this Section 3.4. Whitecap shall be responsible for any breach of this Section 3.4 by its Representatives and TORC shall be responsible for any breach of this Section 3.4 by its Representatives.

### **3.5 Access to Information**

- (a) From and after the date hereof until the Effective Time or the termination of this Agreement, TORC shall, upon reasonable notice, provide Whitecap and its representatives access, during normal business hours and at such other time or times as Whitecap may reasonably request, to its premises

(including field offices and sites), books, contracts, records, computer systems, properties, employees and management personnel and shall furnish promptly to Whitecap all information concerning its business, properties and personnel as Whitecap may reasonably request in order to permit Whitecap to be in a position to expeditiously and efficiently integrate the business and operations of TORC with those of Whitecap immediately upon but not prior to the Effective Date. From and after the date hereof until the Effective Time or the termination of this Agreement, TORC agrees to keep Whitecap fully apprised in a timely manner of every circumstance, action, occurrence or event occurring or arising after the date hereof that would be relevant and material to a prudent operator of the business and operations of TORC. From and after the date hereof until the Effective Time or the termination of this Agreement, TORC shall confer with Whitecap prior to taking action (other than in emergency situations) with respect to any material operational matters involved in its business and Whitecap representatives may attend at and participate in all weekly operations meetings held by TORC.

- (b) Without limiting the generality of any of the other provisions of this Agreement, TORC shall make available to Whitecap all land, legal, title documents and related files, geologic maps, well files and well logs, books, papers, financial information and pertinent documents or agreements.
- (c) In addition, TORC agrees to:
  - (i) give the legal and professional representatives and agents of Whitecap full access to TORC's books, records and documents, provided that TORC is satisfied, acting reasonably, that the confidentiality of the subject matter of the disclosure can be maintained in accordance herewith; and
  - (ii) endeavour to include in the information furnished to Whitecap, or obtained by Whitecap in the course of the aforesaid investigations, all information which would reasonably be considered to be relevant for the purposes of Whitecap's investigation and not knowingly withhold any information which would make anything contained in the information delivered erroneous or misleading.
- (d) The Parties acknowledge and agree that all information provided by TORC to Whitecap pursuant to this Section 3.5 shall remain subject to the provisions of the Confidentiality Agreement.
- (e) Nothing in this Article 3 shall require TORC to disclose information that it is prohibited from disclosing pursuant to a written confidentiality agreement or confidentiality provision of an agreement with a third party.

## ARTICLE 4 REPRESENTATIONS AND WARRANTIES

### 4.1 Representations and Warranties of TORC

TORC hereby makes the representations and warranties set out in this Section 4.1 to and in favour of Whitecap and acknowledges that Whitecap is relying upon such representations and warranties in connection with the matters contemplated by this Agreement.

- (a) **Standing:** It is and each of its subsidiaries is a valid corporation, subsisting under the laws of its jurisdiction of formation with the necessary corporate power and capacity to conduct its business in the jurisdiction(s) where its assets are located.

- (b) **Registration:** Each of TORC and its subsidiaries is duly registered to carry on business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a material adverse effect on TORC.
- (c) **Requisite Authority:** TORC has the requisite corporate authority to enter into this Agreement and the Whitecap Support Agreements and to carry out its obligations hereunder and thereunder. The execution and delivery of this Agreement and the Whitecap Support Agreements, and the consummation by TORC of the transactions contemplated hereunder and thereunder, have been duly authorized by the TORC Board and, subject to the approval of the Business Combination Resolution by TORC Shareholders and the approval of the Circular and matters relating to the TORC Meeting by the TORC Board, no other corporate proceedings on the part of TORC are necessary to authorize this Agreement or the Business Combination. This Agreement and the Whitecap Support Agreements have been duly executed and delivered by TORC and constitute legal, valid and binding obligations of TORC enforceable against it in accordance with the terms thereof, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other Applicable Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.
- (d) **No Conflicts or Defaults:** Neither the execution and delivery of this Agreement by TORC, the consummation by TORC of the transactions contemplated by this Agreement nor compliance by TORC with any of the provisions hereof will, subject to obtaining the approval of the TORC Shareholders: (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any Encumbrance upon any of the properties or assets of TORC under, any of the terms, conditions or provisions of (A) the articles or bylaws of TORC or other constating documents of TORC or its subsidiaries, or (B) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which TORC or its subsidiaries is a party or to which it, or its properties or assets, may be subject or by which TORC or its subsidiaries is bound (subject to obtaining the consent of TORC's lenders); or (ii) violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation in Canada applicable to TORC or its subsidiaries (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations which, or any consents, approvals or notices which if not given or received, would not have any material adverse effect on TORC or materially impede the ability of TORC to consummate the transactions contemplated by this Agreement); or (iii) cause a suspension or revocation of any authorization for the consent, approval or license currently in effect which would have a material adverse effect on TORC.
- (e) **Consents:** Other than in connection with or in compliance with the provisions of Applicable Laws in relation to the completion of the Business Combination, the Competition Act Approval, the consent of TORC's lender and the obtaining of the approval of the TORC Shareholders or which are required to be filed post-Arrangement:
- (i) there is no legal impediment to TORC's consummation of the transactions contemplated by this Agreement; and
  - (ii) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary by TORC in connection with the

consummation of the Business Combination, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals, which, if not received, would not materially impede the ability of TORC to consummate the transactions contemplated by this Agreement.

- (f) **Subsidiaries:** As at the date hereof, TORC has no material subsidiaries and no other equity or ownership interests in any other corporation, partnership or trust.
- (g) **Authorized and Issued Share Capital:** TORC has authorized an unlimited number of TORC Shares and an unlimited number of preferred shares. As at the date hereof, 222,629,911 TORC Shares and no preferred shares are issued and outstanding. As of the date hereof, there are no other outstanding securities of TORC or options, warrants, rights of conversion or exchange privileges or other securities entitling anyone to acquire any securities of TORC or any other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by TORC of any securities other than 5,969,136 TORC Share Awards. All outstanding TORC Shares have been duly authorized and validly issued, and are fully paid and non-assessable and are not subject to, nor have they been issued in violation of, any pre-emptive rights.
- (h) **Public Record:** The information and statements set forth in the TORC Public Record were true, correct, and complete and did not contain any material misrepresentation, as of the date of such information or statements, and TORC has not filed any material change reports which continue to be confidential.
- (i) **Business of TORC:**
  - (i) TORC has all requisite power and authority to carry on its businesses as presently conducted.
  - (ii) Except as would not reasonably be expected to create a material adverse effect on TORC, TORC is not a party to or bound or affected by any commitment, agreement, judgment, injunction, order, decree or document binding upon TORC, containing any covenant expressly prohibiting, restricting or limiting its freedom or ability to: (a) compete in any line of business or geographic region; (b) transfer or move any of its assets or operations; or (c) conduct any business practice of TORC, as now conducted.
- (j) **Conduct of Business:** Since October 1, 2020:
  - (i) there has not been any material adverse change respecting TORC from the position set forth in the TORC Financial Statements;
  - (ii) there have been no material facts, transactions, events or occurrences which, to the knowledge of TORC, could reasonably be expected to result in a material adverse change respecting TORC;
  - (iii) each of TORC and its subsidiaries has conducted its business only in the ordinary and normal course, consistent with past practice; and
  - (iv) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to TORC has been incurred by TORC or its subsidiaries other than in the ordinary and normal course of business, consistent with past practice.

- (k) **No Lawsuits or Claims:** As of the date of this Agreement, it has not received notice of any Claims in existence, contemplated, nor, to its knowledge, pending or threatened against it to seek to prevent the consummation of the Business Combination.
- (l) **Proceedings:** There are no material actions, suits, proceedings or investigations pending or, to the knowledge of TORC, threatened, affecting or that would reasonably be expected to affect TORC or any of its subsidiaries or any of its properties or assets at law or equity or before or by any court or Governmental Authority which action, suit, proceeding or investigation involves a reasonable possibility of any judgment against or liability of the TORC or any of its subsidiaries. None of TORC or any of its subsidiaries is subject to any outstanding order, writ, injunction or decree that has had or would have a material adverse effect on TORC or would significantly impede the ability of TORC to consummate the Arrangement.
- (m) **Compliance with Anti-Corruption Legislation:** It and its subsidiaries have not directly or indirectly, (i) made or authorized any contribution, payment or gift of funds or property to any official, employee or agent of any Governmental Authority, authority or instrumentality of any jurisdiction or (ii) made any contribution to any candidate for public office, in either case, where either the payment or the purpose of such contribution, payment or gift was, is, or would be prohibited under the *U.S. Foreign Corrupt Practices Act of 1977*, as amended, or the Canada Corruption of Foreign Public Officials Act, or the rules and regulations promulgated thereunder or under any other applicable legislation of any jurisdiction covering a similar subject matter.
- (n) **Compliance with Anti-Money Laundering Laws:** Its operations and the operations of its subsidiaries are, and have been conducted at all times, in compliance with applicable financial recordkeeping and reporting requirements and applicable money laundering laws and no action, suit or proceeding by or before any court, Governmental Authority or arbitrator involving it or any of its subsidiaries with respect to the or the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) or the rules and regulations promulgated thereunder or under any other applicable legislation of any jurisdiction covering a similar subject matter, is pending or, to its knowledge, threatened.
- (o) **Broker:** Except as set forth in the TORC Disclosure Letter, TORC has not retained any financial advisor, broker, agent or finder, or paid or agreed to pay or have Whitecap pay any financial advisor, broker, agent or finder on account of this Agreement or the Business Combination, any transaction contemplated hereby or any transaction presently ongoing or contemplated. TORC has delivered to Whitecap true and current copies of all agreement(s) between TORC and such financial advisers which could give rise to the payment of any fees to such financial advisers and such agreement(s) accurately reflect the fees payable to such financial advisers.
- (p) **Minute Books:** The corporate records and minute books, books of account and other records of TORC (whether of a financial or accounting nature or otherwise) and its subsidiaries have been maintained in accordance with, in all material respects, all applicable statutory requirements and prudent business practice and will be complete and accurate in all material respects as at the Effective Date.
- (q) **Guarantees:** Other than the indemnification of directors and officers of TORC pursuant to Applicable Laws, the corporate by-laws, customary indemnities in favour of TORC's bankers and the financial advisors and agreements entered into in the ordinary course of business, including letters of credit issued pursuant to, liabilities, and performance obligations under, the Marketing and Midstream Agreements, or as may be imposed on TORC in its capacity as a working interest owner under any of its leases and other title and operating documents or pursuant to Applicable

Laws upon the default or insolvency of a third party working interest owner, TORC has not guaranteed, endorsed, assumed, indemnified or accepted any responsibility for, and do not and will not guarantee, endorse, assume, indemnify or accept any responsibility for, contingently or otherwise, any Indebtedness or the performance of any obligation of any other Person.

- (r) **Shareholder Agreements etc.:** Other than as described in the TORC Disclosure Letter:
- (i) there are no unanimous shareholder agreements and, to its knowledge, there are no shareholders' agreements, voting agreements, investors' rights agreements or other agreements in force or effect as of the date hereof or will be on the Effective Date which in any manner affects or will affect the voting or control of any of its securities or that materially affects or materially will affect the control of TORC; and
  - (ii) there are no rights of first refusal or similar rights restricting the issuance or transfer of the TORC Shares contained in any shareholder, partnership, joint venture or similar agreements that TORC is a party to or by which it is bound or pursuant to existing financing arrangements of TORC and, there are no outstanding contractual or other obligations of TORC to repurchase, redeem or otherwise acquire any of its securities.
- (s) **Confidentiality Agreements:** All agreements entered into by TORC with Persons other than Whitecap regarding the confidentiality of information provided to such Persons or reviewed by such Persons with respect to the sale of TORC or a substantial portion of its assets or any other business combination or similar transaction with any other party pursuant to which TORC has provided confidential information to such other parties are in substantially the form of the Confidentiality Agreement and TORC has not, as at the date hereof, waived the standstill or other provisions of any such agreements.
- (t) **Related Party Transactions:** No director, officer, insider or other non-arm's length party to TORC or its subsidiaries (or any associate or affiliate thereof) has any right, title or interest in (or the right to acquire any right, title or interest in) any royalty interest, carried interest, participation interest or any other interest whatsoever which are based on production from or in respect of any properties of TORC or its subsidiaries. No director, officer, insider or other non-arm's length party of TORC or its subsidiaries is indebted to TORC or its subsidiaries.
- (u) **Employee Matters:**
- (i) Other than the TORC Employee Change of Control Payments and the TORC Obligations as described in the TORC Disclosure Letter, there are no payments owing or that will become owing in connection with the Business Combination to directors, officers, employees and consultants (not including financial advisors) of TORC under any contract settlements, bonus plans, equity or non-equity incentive compensation plans, retention arrangements, change of control agreements or severance obligations (whether resulting from termination or alteration of duties).
  - (ii) The TORC Disclosure Letter sets forth a correct and complete list (the "**Employment Information**") of each employee, director, independent contractor, consultant and agent of TORC who currently provides services to TORC, whether actively at work or not, their salaries, wage rates, commissions and consulting fees, bonus arrangements, benefits, positions, status as full-time or part-time employees, location of employment, length of service and expected severance amount. Except as set out in the Employment Information, no such Person has any agreement as to length of notice or severance payment required to

terminate his or her employment, other than such as results by Applicable Laws from the employment of an employee without an agreement as to notice or severance.

- (iii) TORC is in material compliance with all Applicable Laws respecting service providers, including with respect to employment standards, occupational health and safety, human rights, labour relations and workers' compensation, and there are no outstanding or, to the knowledge of TORC, threatened Claims against TORC by or on behalf of any employee or contractor, or former employee or contractor.
- (iv) None of the TORC subsidiaries have any employees, independent contractor or consultants.
- (v) Other than as disclosed in the TORC Disclosure Letter, no employee of TORC is on a leave of absence other than a regularly scheduled vacation.
- (vi) There are no Claims against TORC, or to the knowledge of TORC, threatened to be brought or filed, by or with any Governmental Authority or arbitrator in connection with the employment of any employees or former employees, contractors or former contractors including any Claim relating to unfair labour practices, employment discrimination, harassment, retaliation, pay equity, employment insurance or any other employment-related matter arising under Applicable Laws.
- (vii) There are no disputes, grievances, controversy, Claims, pending Claims nor, to the knowledge of TORC, threatened Claims pursuant to any Laws relating to the employees or former employees or contractors or former contractors of TORC (or any Person acting on behalf of such individuals), including pursuant to Applicable Laws regarding employment standards, human rights, labour relations, occupational health and safety, workers' compensation, accessibility, privacy, or pay equity. There are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing pursuant to any workplace safety and insurance legislation relating to the employees and contractors, or any former employees or contractors, and all workers' compensation premiums in respect of the Employees have been paid.
- (viii) To the knowledge of TORC, all individuals who are or were performing consulting or other services for TORC are or were correctly classified under all Applicable Laws by TORC as either "independent contractors" or "employees" as the case may be, and TORC has not received any notice from any Governmental Authority disputing such classification.
- (ix) There is no collective agreement, letter of understanding or other legally binding commitment with or to any labour union, trade union or employee organization or group which might qualify as a trade union with respect to the Employees.
- (x) As of the date hereof, there is no strike, labour dispute, work slowdown or work stoppage ongoing or to TORC's knowledge threatened against TORC by its employees or contractors, nor has there been any such strike, labour dispute, work slowdown or work stoppage within the last three years. TORC is not currently engaged in any labour negotiation that may be expected to have a material adverse effect.
- (xi) With respect to any employee or contractor of TORC whose employment or relationship has been terminated within two years prior to the date hereof, all amounts owing have been paid and to the knowledge of TORC, no such former employee or independent contractor

has any legal basis to make any claim for further payment, whether in respect of salary, benefits, severance or termination payment or otherwise.

- (xii) The Employee Information lists all material written and oral benefit plans for the benefit of the current and former employees, officers or directors of TORC that are currently maintained, sponsored or funded by TORC for the benefit of the employees whether funded or unfunded, insured or self-insured, registered or unregistered, other than plans established pursuant to statute (collectively the "**TORC Benefit Plans**").
  - (xiii) TORC has furnished to Whitecap copies of all TORC Benefit Plans, together with current employee booklets and, where applicable, related trust or other funding agreements and actuarial reports most recently filed with the applicable Governmental Authority.
  - (xiv) Except as would not reasonably be likely to result in a material adverse effect, each TORC Benefit Plan has been administered and funded in accordance with all Applicable Laws and the terms of the applicable TORC Benefit Plan.
  - (xv) Except as required by Applicable Laws or as may occur in the ordinary course of business, (i) no amendments or improvements to any TORC Benefit Plan have been promised by TORC or any of its subsidiaries to any employees that are still outstanding; and (ii) no amendments or improvements to any TORC Benefit Plan will be made or promised by TORC or any of its subsidiaries to any employees prior to the Effective Time.
- (v) **Insurance:** TORC is insured against all such losses and risks and in such amounts as are prudent and customary in the oil and gas exploration and production business in the jurisdictions in which it operates; all policies of insurance insuring TORC or its businesses, assets, employees, officers and directors are in full force and effect. TORC is not in default with respect to any of the provisions contained in any such insurance policy and has not failed to give any notice or present any material claim under any such insurance policy in due and timely fashion.
- (w) **Taxes:** Except as provided for in the TORC Financial Statements or as otherwise disclosed in the TORC Disclosure Letter,
- (i) TORC is a taxable Canadian corporation for purposes of the Tax Act.
  - (ii) TORC has, and on the Effective Date will have, duly and on a timely basis prepared and filed all Tax Returns required to be filed by it, and such Tax Returns are, or will be, true, complete and correct in all material respects.
  - (iii) TORC has duly and timely paid all material Taxes, including all instalments on account of Taxes for the current year that are due and payable by it whether or not assessed by the appropriate Governmental Authority.
  - (iv) TORC has withheld from any amount paid or credited to any Person, including its officers and directors and any non resident of Canada, the amount of all Taxes required by Applicable Laws to be withheld from any amount and duly and in a timely manner remitted the same to the appropriate Governmental Authority.
  - (v) There are no material Encumbrances on any of the assets of TORC for unpaid Taxes (other than in respect of Taxes not yet due and payable).

- (vi) All Tax Returns and all material written communications to or from any Governmental Authority relating to the Taxes of TORC that have been made available to Whitecap, were true, correct and complete in all material respects.
- (vii) None of sections 78, 80, 80.01 to 80.04, 160 or 191.3 of the Tax Act, or any equivalent provision of the Tax legislation of any province or any other jurisdiction, have applied or will apply to TORC at any time up to and including the Effective Date.
- (viii) TORC has collected all amounts on account of any sales or transfer taxes, including goods and services, harmonized sales and provincial or territorial sales taxes, required by Applicable Laws to be collected by it and has duly and timely remitted to the appropriate Governmental Authority any such amounts required by Applicable Laws to be remitted by it.

and, as of the date hereof:

- (ix) To the knowledge of TORC, there are no matters that are the subject of any audit, investigation, objection, appeal, legal proceedings or agreement with any Governmental Authority relating to claims for Taxes now in progress, pending or threatened against TORC in respect of Taxes;
  - (x) there are no agreements, waivers or other arrangements providing for an extension of time with respect to the assessment or reassessment of any Tax or the filing of any Tax Returns or Tax elections by, or the payment of any Tax by, TORC; and
  - (xi) TORC does not have any outstanding obligations to incur and/or renounce any Canadian exploration expenditures or Canadian development expenditures to any purchaser of the shares of TORC that have not yet been fully expended and renounced
- (x) **Material Agreements:** Other than this Agreement, TORC has not entered into any material agreements which are required to be filed by TORC under National Instrument 51-102 – *Continuous Disclosure Obligations*, except for those agreements which have been so filed by TORC.
- (y) **Absence of Undisclosed Liabilities:** TORC has no material obligations or liabilities of any nature (matured or unmatured, fixed or contingent), other than:
- (i) those set forth or adequately provided for in the most recent statement of financial position and associated notes thereto included in the TORC Financial Statements (the "**TORC Balance Sheet**");
  - (ii) those incurred in the ordinary course of business and not required to be set forth in the TORC Balance Sheet under IFRS;
  - (iii) those disclosed in the TORC Disclosure Letter and incurred in the ordinary course of business since the date of the TORC Balance Sheet and consistent with past practice; and
  - (iv) those incurred in connection with the execution of this Agreement.

- (z) **Certain Contracts and Agreements:** TORC is not a party to any Contract or agreement to merge or consolidate with any other Person, to acquire substantially all of the assets or shares of any other Person or to sell all or any material part of its assets or properties.
- (aa) **Off-Balance Sheet Arrangements:** TORC (on a consolidated basis) is not a party to any off-balance sheet arrangements, as that term is understood under IFRS that would in the aggregate have a material adverse effect on TORC.
- (bb) **Title to Assets:** Although TORC does not warrant title to any of its assets, it does represent and warrant that:
- (i) It does not have reason to believe that TORC does not have title to or the irrevocable right to produce and sell its petroleum, natural gas and related hydrocarbons (for the purposes of this clause, the foregoing are referred to as the "**TORC Interests**") and does represent and warrant that, to the knowledge of TORC, the TORC Interests are free and clear of adverse claims created by, through or under TORC, except as disclosed in the TORC Public Record, related to bank financing or those arising in the ordinary course of business, and, to the knowledge of TORC, TORC holds the TORC Interests under valid and subsisting leases, licenses, permits, concessions, concession agreements, contracts, subleases, reservations or other agreements, except where the failure to so hold the TORC Interests would not have a material adverse effect upon TORC; and
  - (ii) it is not aware of any defects, failures or impairments in the title of TORC to its oil and natural gas properties, whether or not an action, suit, proceeding or inquiry is pending or threatened and whether or not discovered by any third party, which in aggregate could have a material adverse effect on: (i) the quantity and pre-tax present worth values of the oil and natural gas reserves of TORC shown in the TORC Reserves Report; (ii) the current production of TORC; or (iii) the current cash flow of TORC.
- (cc) **Reserves Report:** TORC has no reason to believe that the TORC Reserves Report was not accurate in all material respects as at the effective date of such report, and, except for any impact of changes in commodity prices, which may or may not be material, TORC has no knowledge of a material adverse change in the production, costs, price, reserves, estimates of future net production revenues or other relevant information from that disclosed in the TORC Reserves Report. TORC has provided to Sproule all material information concerning land descriptions, well data, facilities and infrastructure, ownership and operations, future development plans and historical technical and operating data respecting the principal oil and natural gas assets of TORC, in each case as at the effective date of such report, and, in particular, all material information respecting the interests of TORC in its principal oil and natural gas assets and royalty burdens and net profits interest burdens thereon and such information was accurate and correct in all material respects as at the respective dates thereof and did not omit any information necessary to make any such information provided not misleading as at the respective dates thereof and there has been no material adverse change in any of the material information so provided since the date thereof.
- (dd) **Processing and Transportation Commitments:** The TORC Disclosure Letter contains a complete and accurate list of all of the third party processing and transportation agreements of TORC which cannot be terminated within 90 days or less without a material penalty. Other than as set forth in the TORC Disclosure Letter, TORC has no material third party processing or transportation agreements or any obligations to deliver sales volumes to any other Person which cannot be terminated in 90 days or less without a material penalty.

- (ee) **Receipt of Revenues:** To the knowledge of TORC, TORC has been receiving the share of the net proceeds of production from its assets attributable to its interest in such assets and no Person has provided TORC with written notice of, nor does TORC have any knowledge of, a Claim by any Person that TORC is not entitled to such amounts, with the possible exception of: (i) Claims of accounting errors which do not challenge the percentage share of revenues to which it is entitled and which are not material; and (ii) Claims subject to resolution through insolvency, receivership, or bankruptcy proceedings involving third parties.
- (ff) **Outstanding AFEs:** Except as disclosed in the TORC Disclosure Letter there is no authorization for expenditure, cash call or similar approval approved by TORC pursuant to which TORC will be obliged to a third party to make or advance money in respect of expenditures with respect to TORC's assets or properties, TORC's outstanding share of which is reasonably expected to exceed one hundred thousand dollars (\$100,000).
- (gg) **Seismic:** All fees in respect of seismic and well data (including those payable on a change of control or transfer) in respect of which TORC (or the relevant operator) has a licence, that were payable prior to the date hereof have been duly paid.
- (hh) **Environmental:** Except as disclosed in the TORC Disclosure Letter, as at the date of this Agreement:
- (i) TORC and its subsidiaries have not received any orders or directives that relate to Environmental Matters in respect of any of their assets from any Governmental Authority under any Environmental Law that require any material work, repairs, construction or capital expenditures with respect to such assets operated by TORC or its subsidiaries where such orders or directives have not been complied with in all material respects;
  - (ii) TORC and its subsidiaries have not received any demands or notices from any Governmental Authority issued under any Environmental Law with respect to the material breach of any Environmental Law applicable to the assets operated by TORC or its subsidiaries including in respect of a Release, the use, storage, treatment, transportation, handling or disposition of Environmental contaminants, or the protection of the Environment, which demand or notice remains outstanding on the date hereof and would require material expenditures to remedy;
  - (iii) Except to the extent that any violation or other matter referred to in this subparagraph does not have a material adverse effect on TORC, in respect of TORC and its subsidiaries:
    - (A) it is not in violation of any Environmental Laws;
    - (B) it has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws;
    - (C) it has not failed to report to the proper federal, provincial, municipal or other political subdivision, government, department, commission, board, bureau, agency or instrumentality, domestic or foreign the occurrence of any event which is required to be so reported by any Environmental Law; and
    - (D) it holds all licenses, permits and approvals required under any Environmental Laws in connection with the operation of its business and the ownership and use of its

assets, all such licenses, permits and approvals are in full force and effect, and except for notifications and conditions of general application to assets of reclamation obligations under legislation in Saskatchewan and any other jurisdiction in which it conducts its business, neither TORC nor its subsidiaries has received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, or any license, permit or approval issued pursuant thereto, or that any license, permit or approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated.

(ii) **Major Facilities:** To TORC's knowledge, TORC has good and valid title to, or a valid and enforceable leasehold interest in, its material facilities and infrastructure.

(jj) **Tangible Property:** The tangible depreciable property used or intended for use in connection with the oil and natural gas assets of TORC and its subsidiaries:

(i) for which TORC or its subsidiaries was or is operator, was or has been constructed, operated and maintained in accordance with good and prudent oil and natural gas industry practices in Canada and all Applicable Laws during all periods in which TORC or its subsidiaries was operator thereof and is in good condition and repair, ordinary wear and tear excepted, and is useable in the ordinary course of business; and

(ii) for which TORC or its subsidiaries was not or is not operator, to the knowledge of TORC, was or has been constructed, operated and maintained in accordance with good and prudent oil and natural gas industry practices in Canada and all Applicable Laws during all periods in which none of TORC or its subsidiaries was operator thereof and is in good condition and repair, ordinary wear and tear excepted, and is useable in the ordinary course of business,

except to the extent that such non-compliance with prudent oil and natural gas industry practices or Applicable Laws would not in the aggregate have a material adverse effect on TORC.

(kk) **No Areas of Mutual Interest or Purchase Rights:** Except as set forth in the TORC Disclosure Letter:

(i) there are no active areas of mutual interest provisions or areas of exclusion in any of the Contracts or otherwise to which any of TORC's assets are subject; and

(ii) there are no rights of first refusal, pre-emptive purchase rights or similar rights applicable to any of TORC's assets that apply to or are triggered as a result of the Business Combination,

that would in the aggregate have a material adverse effect on TORC.

(ll) **Take or Pay and Offset Obligations:** Except as disclosed in TORC Disclosure Letter:

(i) TORC has no take or pay obligations;

(ii) TORC has not received any offset notices under the terms of any lease that remain outstanding in any material respect; and

- (iii) TORC has not received any advance payments for petroleum or services not already delivered or provided prior to receipt of payment,

that would in the aggregate have a material adverse effect on TORC.

- (mm) **Swaps:** Except as disclosed in the TORC Financial Statements or the TORC Disclosure Letter, TORC does not currently have outstanding Derivative Contracts that would in the aggregate have a material adverse effect on TORC.
- (nn) **Royalties Paid:** To the knowledge of TORC and except to the extent that the failure to pay would not in the aggregate have a material adverse effect on TORC, all royalties payable, or performable, as the case may be, on or prior to the date hereof under, with respect to, or on account of, any direct or indirect assets have been: (i) duly paid in a timely manner; (ii) duly performed; or (iii) provided for in the accounts of TORC.
- (oo) **Joint Venture or Royalty Audits:** There are no ongoing (i) joint venture audits by a third party, or (ii) royalty audits by any owner that would individually or in aggregate have a material adverse effect on TORC.
- (pp) **Possession of Necessary License and Permits:** TORC has obtained and is in compliance with all material licences, permits, approvals, certificates, consents, orders, grants, procedures, standards and other authorizations of or from any Governmental Authority that are applicable to or held by TORC, or are necessary to conduct its business as it is now being conducted, and all such licences, permits, approvals, certificates, consents, orders, grants, procedures, standards and other authorizations are valid and subsisting.
- (qq) **Production Allowables:** None of the wells in which TORC or its subsidiaries holds an interest has been produced in excess of applicable production allowables imposed by any Applicable Laws or any Governmental Authority and TORC does not have any knowledge of any impending change in production allowables imposed by any Applicable Law or any Governmental Authority that may be applicable to any of the wells in which any of them holds an interest, other than changes of general application in the jurisdiction in which such wells are situate except to the extent that such non-compliance or changes would not in the aggregate have a material adverse effect on TORC.
- (rr) **Production Penalties:** Neither TORC nor its subsidiaries have received notice of any production penalty or similar production restriction of any nature imposed or to be imposed by any Governmental Authority and, to TORC's knowledge, none of the wells in which either of them holds an interest is subject to any such penalty or restriction except to the extent that any such penalty or restriction would not have a material adverse effect on TORC.
- (ss) **Leases and Title Documents:**
  - (i) Neither TORC nor its subsidiaries has received notice of any default under any of the leases and other title and operating documents or any other agreement or instrument pertaining to its oil and natural gas assets to which it is a party or by or to which it or any such assets are bound or subject except to the extent that such defaults would not in the aggregate have a material adverse effect on TORC.
  - (ii) To the knowledge of TORC:

- (A) Each of TORC and its subsidiaries is in good standing under all, and is not in default under any; and
  - (B) there is no existing condition, circumstance or matter which constitutes or which, with the passage of time or the giving of notice, would constitute a default under any,
  - (C) leases and other title and operating documents or any other agreements and instruments pertaining to its oil and natural gas assets to which it is a party or by or to which it or such assets are bound or subject and, to the knowledge of TORC, all such leases, title and operating documents and other agreements and instruments are in good standing and in full force and effect and none of the counterparties to such leases, title and operating documents and other agreements and instruments is in default thereunder except to the extent that such defaults would not in the aggregate have a material adverse effect on TORC.
- (tt) **Financial Statements:** The TORC Financial Statements fairly present, in accordance with IFRS, the financial position and condition of TORC at the dates thereof and the results of the operations of TORC for the periods then ended and reflect in accordance with IFRS, all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of TORC as at the dates thereof and have been prepared in conformity with IFRS applied on a consistent basis throughout the periods involved.
- (uu) **Internal Controls and Disclosure Controls:**
- (i) TORC and its subsidiaries maintain "internal control over financial reporting" (as such term is defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*), such internal control over financial reporting and procedures are effective and TORC and its subsidiaries are not aware of any material weakness in their internal control over financial reporting.
  - (ii) TORC and its subsidiaries maintain "disclosure controls and procedures" (as such term is defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, and such disclosure controls and procedures are effective.
- (vv) **Transfer Agent:** Computershare Trust Company of Canada has been duly appointed as transfer agent and registrar for TORC's Shares.
- (ww) **Absence of Restrictions by Securities Commissions:** No securities commission, stock exchange or similar securities regulatory authority has issued any order which is currently outstanding preventing or suspending trading in any of TORC's securities and, no such proceeding is, to the knowledge of TORC, pending or contemplated or threatened.
- (xx) **Listing:** The issued and outstanding common shares of TORC are listed and posted for trading on the TSX and TORC is not in default of its listing requirements on the TSX in any material respect.
- (yy) **Cease Trade Order:** No securities commission or similar regulatory authority, or stock exchange in Canada has issued any order which is currently outstanding preventing or suspending trading in any securities of TORC, no such proceeding is, to the knowledge of TORC, pending, contemplated or threatened and TORC is not, to its knowledge, in default of any requirement of any Applicable Canadian Securities Laws.

- (zz) **Reporting Issuer:** TORC is a "reporting issuer" (within the meaning of Applicable Securities Laws) in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia and Newfoundland and TORC has not received any correspondence or notice from a securities commission or similar securities regulatory authority in any of the provinces or territories of Canada concerning a review of any of TORC's continuous disclosure documents in respect of which any matters remain outstanding.
- (aaa) **Withheld Information:** To the knowledge of TORC, TORC has not withheld from Whitecap any material information or documents concerning TORC, its subsidiaries or their assets or liabilities during the course of Whitecap's review of TORC, its subsidiaries and their assets. No representation or warranty contained in this Agreement or other disclosure document provided or to be provided to Whitecap by TORC pursuant to this Agreement contains or will contain any untrue statement of a material fact or omits to state a material fact which is necessary in order to make the statements herein or therein not misleading.
- (bbb) **Net Debt:** As at November 1, 2020, the TORC Net Debt did not exceed the amount disclosed in the TORC Disclosure Letter.
- (ccc) **TORC Transaction Costs:** TORC has disclosed in the TORC Disclosure Letter TORC's bona fide good faith estimate of each component of the TORC Transaction Costs and the TORC Transaction Costs will not exceed the aggregate as disclosed in the TORC Disclosure Letter.

#### 4.2 Representations and Warranties of Whitecap

Whitecap hereby makes the representations and warranties set out in this Section 4.2 to, and in favour of, TORC and acknowledges that TORC is relying upon such representations and warranties in connection with the matters contemplated by this Agreement. The Parties also acknowledge and agree that all of the representations and warranties provided by Whitecap in this Section 4.2 to, and in favour of, TORC, are stated as of the date hereof and shall not be considered to be untrue in any respect as of the Effective Time as a result of any matter that results from, or affects Whitecap due to, the completion of the NAL Transaction.

- (a) **Standing:** It is and each of its subsidiaries is a valid corporation, subsisting under the laws of its jurisdiction of formation with the necessary corporate power and capacity to conduct its business in the jurisdiction(s) where its assets are located.
- (b) **Registration:** Each of Whitecap and its subsidiaries is duly registered to carry on business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a material adverse effect on Whitecap.
- (c) **Requisite Authority:** Whitecap has the requisite corporate authority to enter into this Agreement, the TORC Support Agreements, the Area of Exclusion Agreements and the Hold Period Agreements and to carry out its obligations hereunder and thereunder. The execution and delivery of this Agreement, the TORC Support Agreements, the Area of Exclusion Agreements and the Hold Period Agreements, and the consummation by Whitecap of the transactions contemplated hereunder and thereunder, have been duly authorized by the Whitecap Board and, subject to the approval of the Share Issuance Resolution by Whitecap Shareholders and the approval of the Circular and matters relating to the Whitecap Meeting by the Whitecap Board, no other corporate proceedings on the part of Whitecap are necessary to authorize this Agreement or the Business Combination. This Agreement and the TORC Support Agreements have been duly executed and

delivered by Whitecap and constitute legal, valid and binding obligations of Whitecap enforceable against it in accordance with the terms thereof, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other Applicable Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.

- (d) **Execution and Enforceability:** This Agreement has been duly executed and delivered by Whitecap and constitutes a legal, valid and binding obligation of Whitecap enforceable against Whitecap in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Laws relating to or affecting creditors' rights generally and to general principles of equity.
- (e) **No Conflicts or Defaults:** Neither the execution and delivery of this Agreement by Whitecap, the consummation by Whitecap of the transactions contemplated by this Agreement nor compliance by Whitecap with any of the provisions hereof will, subject to obtaining the approval of the Whitecap Shareholders: (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any Encumbrance upon any of the properties or assets of Whitecap under, any of the terms, conditions or provisions of (A) the articles or bylaws of Whitecap or other constating documents of Whitecap or its subsidiaries, or (B) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Whitecap or its subsidiaries is a party or to which it, or its properties or assets, may be subject or by which Whitecap or its subsidiaries is bound (subject to obtaining the consent of Whitecap's lenders); or (ii) violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation in Canada applicable to Whitecap or its subsidiaries (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations which, or any consents, approvals or notices which if not given or received, would not have any material adverse effect on Whitecap or materially impede the ability of Whitecap to consummate the transactions contemplated by this Agreement); or (iii) cause a suspension or revocation of any authorization for the consent, approval or license currently in effect which would have a material adverse effect on Whitecap.
- (f) **Consents:** Other than in connection with or in compliance with the provisions of Applicable Laws in relation to the completion of the Business Combination, the Competition Act Approval, the approval of the TSX, the consent of Whitecap's lender and the obtaining of the approval of the Whitecap Shareholders or which are required to be filed post-Arrangement:
  - (i) there is no legal impediment to Whitecap's consummation of the transactions contemplated by this Agreement; and
  - (ii) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary by Whitecap in connection with the consummation of the Business Combination, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals, which, if not received, would not materially impede the ability of Whitecap to consummate the transactions contemplated by this Agreement.
- (g) **Subsidiaries:** As at the date hereof, Whitecap has no material subsidiaries other than as disclosed in the Whitecap Public Record.

- (h) **Authorized and Issued Share Capital:** Whitecap has authorized an unlimited number of Whitecap Shares and an unlimited number of preferred shares. As at the date hereof, 408,319,169 Whitecap Shares and no preferred shares are issued and outstanding. As of the date hereof, there are no other outstanding securities of Whitecap or options, warrants, rights of conversion or exchange privileges or other securities entitling anyone to acquire any securities of Whitecap or any other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Whitecap of any securities other than 8,398,049 Whitecap Share Awards. All outstanding Whitecap Shares have been duly authorized and validly issued, and are fully paid and non-assessable and are not subject to, nor have they been issued in violation of, any pre-emptive rights. There are no rights of first refusal or similar rights restricting the issuance or transfer of the Whitecap Shares contained in any shareholder, partnership, joint venture or similar agreements that Whitecap is a party to or by which it is bound or pursuant to existing financing arrangements of Whitecap and, there are no outstanding contractual or other obligations of Whitecap to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any of its outstanding securities.
- (i) **Public Record:** The information and statements set forth in the Whitecap Public Record were true, correct, and complete and did not contain any material misrepresentation, as of the date of such information or statements, and Whitecap has not filed any material change reports which continue to be confidential.
- (j) **Business of Whitecap:**
- (i) Whitecap has all requisite power and authority to carry on its businesses as presently conducted.
  - (ii) Except as would not reasonably be expected to create a material adverse effect on Whitecap, Whitecap is not a party to or bound or affected by any commitment, agreement, judgment, injunction, order, decree or document binding upon Whitecap, containing any covenant expressly prohibiting, restricting or limiting its freedom or ability to: (a) compete in any line of business or geographic region; (b) transfer or move any of its assets or operations; (c) conduct any business practice of Whitecap, as now conducted; or (d) effect any acquisition of property by Whitecap (including following the Business Combination).
- (k) **Conduct of Business:** Since October 1, 2020:
- (i) there has not been any material adverse change respecting Whitecap from the position set forth in the Whitecap Financial Statements;
  - (ii) there have been no material facts, transactions, events or occurrences which, to the knowledge of Whitecap, could reasonably be expected to result in a material adverse change respecting Whitecap;
  - (iii) each of Whitecap and its subsidiaries has conducted its business only in the ordinary and normal course, consistent with past practice; and
  - (iv) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to Whitecap has been incurred by Whitecap or its subsidiaries other than in the ordinary and normal course of business, consistent with past practice.

- (l) **No Lawsuits or Claims:** As of the date of this Agreement, it has not received notice of any Claims in existence, contemplated, nor, to its knowledge, pending or threatened against it to seek to prevent the consummation of the Business Combination.
- (m) **Proceedings:** There are no material actions, suits, proceedings or investigations pending or, to the knowledge of Whitecap, threatened, affecting or that would reasonably be expected to affect Whitecap or any of its subsidiaries or any of its properties or assets at law or equity or before or by any court or Governmental Authority which action, suit, proceeding or investigation involves a reasonable possibility of any judgment against or liability of the Whitecap or any of its subsidiaries. None of Whitecap or any of its subsidiaries is subject to any outstanding order, writ, injunction or decree.
- (n) **Compliance with Anti-Corruption Legislation:** It and its subsidiaries have not directly or indirectly, (i) made or authorized any contribution, payment or gift of funds or property to any official, employee or agent of any Governmental Authority, authority or instrumentality of any jurisdiction or (ii) made any contribution to any candidate for public office, in either case, where either the payment or the purpose of such contribution, payment or gift was, is, or would be prohibited under the U.S. Foreign Corrupt Practices Act of 1977, as amended, or the Canada Corruption of Foreign Public Officials Act, or the rules and regulations promulgated thereunder or under any other applicable legislation of any jurisdiction covering a similar subject matter.
- (o) **Compliance with Anti-Money Laundering Laws:** Its operations and the operations of its subsidiaries are, and have been conducted at all times, in compliance with applicable financial recordkeeping and reporting requirements and applicable money laundering laws and no action, suit or proceeding by or before any court, Governmental Authority or arbitrator involving it or any of its subsidiaries with respect to the or the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) or the rules and regulations promulgated thereunder or under any other applicable legislation of any jurisdiction covering a similar subject matter, is pending or, to its knowledge, threatened..
- (p) **Minute Books:** The corporate records and minute books, books of account and other records of TORC (whether of a financial or accounting nature or otherwise) and its subsidiaries have been maintained in accordance with, in all material respects, all applicable statutory requirements and prudent business practice.
- (q) **Guarantees:** Other than the indemnification of directors and officers of Whitecap pursuant to Applicable Laws, the corporate by-laws, customary indemnities in favour of Whitecap's bankers and the financial advisors and agreements entered into in the ordinary course of business, including letters of credit issued pursuant to, liabilities, and performance obligations under, the Marketing and Midstream Agreements, or as may be imposed on Whitecap in its capacity as a working interest owner under any of its leases and other title and operating documents or pursuant to Applicable Laws upon the default or insolvency of a third party working interest owner, Whitecap has not guaranteed, endorsed, assumed, indemnified or accepted any responsibility for, and do not and will not guarantee, endorse, assume, indemnify or accept any responsibility for, contingently or otherwise, any Indebtedness or the performance of any obligation of any other Person.
- (r) **Shareholder Agreements etc.:** Except to the extent contemplated in the agreements in respect of the NAL Acquisition:
  - (i) there are no unanimous shareholder agreements and, to its knowledge, there are no shareholders' agreements, voting agreements, investors' rights agreements or other

agreements in force or effect as of the date hereof or will be on the Effective Date which in any manner affects or will affect the voting or control of any of its securities or that materially affects or materially will affect the control of Whitecap; and

- (ii) there are no rights of first refusal or similar rights restricting the issuance or transfer of the Whitecap Shares contained in any shareholder, partnership, joint venture or similar agreements that Whitecap is a party to or by which it is bound or pursuant to existing financing arrangements of Whitecap and, there are no outstanding contractual or other obligations of Whitecap to repurchase, redeem or otherwise acquire any of its securities.
- (s) **Related Party Transactions:** No director, officer, insider or other non-arm's length party to Whitecap or its subsidiaries (or any associate or affiliate thereof) has any right, title or interest in (or the right to acquire any right, title or interest in) any royalty interest, carried interest, participation interest or any other interest whatsoever which are based on production from or in respect of any properties of Whitecap or its subsidiaries. No director, officer, insider or other non-arm's length party of Whitecap or its subsidiaries is indebted to Whitecap or its subsidiaries.
- (t) **Employee Matters:** Whitecap is in material compliance with all Applicable Laws respecting employees and service providers, including with respect to employment standards, occupational health and safety, human rights, labour relations and workers' compensation, and there are no outstanding or, to the knowledge of Whitecap, threatened Claims against Whitecap by or on behalf of any employee or contractor or former employee or contractor.
- (u) **Insurance:** Whitecap is insured against all such losses and risks and in such amounts as are prudent and customary in the oil and gas exploration and production business in the jurisdictions in which it operates; all policies of insurance insuring Whitecap or its businesses, assets, employees, officers and directors are in full force and effect. Whitecap is not in default with respect to any of the provisions contained in any such insurance policy and has not failed to give any notice or present any material claim under any such insurance policy in due and timely fashion.
- (v) **Taxes:** Except as provided for in the Whitecap Financial Statements:
  - (i) Whitecap is a taxable Canadian corporation for purposes of the Tax Act.
  - (ii) Whitecap has, and on the Effective Date will have, duly and on a timely basis prepared and filed all Tax Returns required to be filed by it, and such Tax Returns are, or will be, true, complete and correct in all material respects.
  - (iii) Whitecap has duly and timely paid all material Taxes, including all instalments on account of Taxes for the current year that are due and payable by it whether or not assessed by the appropriate Governmental Authority,
  - (iv) Whitecap has withheld from any amount paid or credited to any Person, including its officers and directors and any non-resident of Canada, the amount of all Taxes required by Applicable Laws to be withheld from any amount and duly and in a timely manner remitted the same to the appropriate Governmental Authority.
  - (v) There are no material Encumbrances on any of the assets of Whitecap for unpaid Taxes (other than in respect of Taxes not yet due and payable).

- (vi) None of sections 78, 80, 80.01 to 80.04, 160 or 191.3 of the Tax Act, or any equivalent provision of the Tax legislation of any province or any other jurisdiction, have applied or will apply to Whitecap at any time up to and including the Effective Date.
- (vii) Whitecap has collected all amounts on account of any sales or transfer taxes, including goods and services, harmonized sales and provincial or territorial sales taxes, required by Applicable Laws to be collected by it and has duly and timely remitted to the appropriate Governmental Authority any such amounts required by Applicable Laws to be remitted by it.

and, as of the date hereof:

- (viii) to the knowledge of Whitecap, there are no matters that are the subject of any audit, investigation, objection, appeal, legal proceedings or agreement with any Governmental Authority relating to claims for Taxes now in progress, pending or threatened against Whitecap in respect of Taxes;
  - (ix) there are no agreements, waivers or other arrangements providing for an extension of time with respect to the assessment or reassessment of any Tax or the filing of any Tax Returns or Tax elections by, or the payment of any Tax by, Whitecap; and
  - (x) Whitecap does not have any outstanding obligations to incur and/or renounce any Canadian exploration expenditures or Canadian development expenditures to any purchaser of the shares of Whitecap that have not yet been fully expended and renounced.
- (w) **Material Agreements:** Other than this Agreement, Whitecap has not entered into any material agreements which are required to be filed by Whitecap under National Instrument 51-102 – *Continuous Disclosure Obligations*, except for those agreements which have been so filed by Whitecap.
- (x) **Absence of Undisclosed Liabilities:** Whitecap has no material obligations or liabilities of any nature (matured or unmatured, fixed or contingent), other than:
- (i) those set forth or adequately provided for in the most recent statement of financial position and associated notes thereto included in the Whitecap Financial Statements (the "**Whitecap Balance Sheet**");
  - (ii) those incurred in the ordinary course of business and not required to be set forth in the Whitecap Balance Sheet under IFRS;
  - (iii) those incurred in the ordinary course of business since the date of the Whitecap Balance Sheet and consistent with past practice; and
  - (iv) those incurred in connection with the execution of this Agreement.
- (y) **Certain Contracts and Agreements:** Except the NAL Transaction, as of the date hereof, Whitecap is not a party to any Contract or agreement to merge or consolidate with any other Person, to acquire substantially all of the assets or shares of any other Person or to sell all or any material part of its assets or properties.

- (z) **Off-Balance Sheet Arrangements:** Whitecap (on a consolidated basis) is not a party to any off-balance sheet arrangements, as that term is understood under IFRS that would in aggregate have a material adverse effect on Whitecap.
- (aa) **Title to Assets:** Although Whitecap does not warrant title to any of its assets, it does represent and warrant that:
- (i) It does not have reason to believe that Whitecap does not have title to or the irrevocable right to produce and sell its petroleum, natural gas and related hydrocarbons (for the purposes of this clause, the foregoing are referred to as the "**Whitecap Interests**") and does represent and warrant that, to the knowledge of Whitecap, the Whitecap Interests are free and clear of adverse claims created by, through or under Whitecap, except as disclosed in the Whitecap Public Record, related to bank financing or those arising in the ordinary course of business, and, to the knowledge of Whitecap, Whitecap holds the Whitecap Interests under valid and subsisting leases, licenses, permits, concessions, concession agreements, contracts, subleases, reservations or other agreements, except where the failure to so hold the Whitecap Interests would not have a material adverse effect upon Whitecap; and
  - (ii) it is not aware of any defects, failures or impairments in the title of Whitecap to its oil and natural gas properties, whether or not an action, suit, proceeding or inquiry is pending or threatened and whether or not discovered by any third party, which in aggregate could have a material adverse effect on: (i) the quantity and pre-tax present worth values of the oil and natural gas reserves of Whitecap shown in the Whitecap Reserves Report; (ii) the current production of Whitecap; or (iii) the current cash flow of Whitecap.
- (bb) **Reserves Report:** Whitecap has no reason to believe that the Whitecap Reserves Report was not accurate in all material respects as at the effective date of such report, and, except for any impact of changes in commodity prices, which may or may not be material, Whitecap has no knowledge of a material adverse change in the production, costs, price, reserves, estimates of future net production revenues or other relevant information from that disclosed in the Whitecap Reserves Report. Whitecap has provided to McDaniel all material information concerning land descriptions, well data, facilities and infrastructure, ownership and operations, future development plans and historical technical and operating data respecting the principal oil and natural gas assets of Whitecap, in each case as at the effective date of such report, and, in particular, all material information respecting the interests of Whitecap in its principal oil and natural gas assets and royalty burdens and net profits interest burdens thereon and such information was accurate and correct in all material respects as at the respective dates thereof and did not omit any information necessary to make any such information provided not misleading as at the respective dates thereof and there has been no material adverse change in any of the material information so provided since the date thereof.
- (cc) **Receipt of Revenues:** To the knowledge of Whitecap, Whitecap has been receiving the share of the net proceeds of production from its assets attributable to its interest in such assets and no Person has provided Whitecap with written notice of, nor does Whitecap have any knowledge of, a Claim by any Person that Whitecap is not entitled to such amounts, with the possible exception of: (i) Claims of accounting errors which do not challenge the percentage share of revenues to which it is entitled and which are not material; and (ii) Claims subject to resolution through insolvency, receivership, or bankruptcy proceedings involving third parties.

- (dd) **Outstanding AFEs:** There is no authorization for expenditure, cash call or similar approval approved by Whitecap pursuant to which Whitecap will be obliged to a third party to make or advance money in respect of expenditures with respect to Whitecap's assets or properties, Whitecap's outstanding share of which is reasonably expected to exceed one hundred thousand dollars (\$100,000) that would in aggregate a material adverse effect on Whitecap,.
- (ee) **Environmental:** As at the date of this Agreement:
- (i) Whitecap and its subsidiaries have not received any orders or directives that relate to Environmental Matters in respect of any of their assets from any Governmental Authority under any Environmental Law that require any material work, repairs, construction or capital expenditures with respect to such assets operated by Whitecap or its subsidiaries where such orders or directives have not been complied with in all material respects;
  - (ii) Whitecap and its subsidiaries have not received any demands or notices from any Governmental Authority issued under any Environmental Law with respect to the material breach of any Environmental Law applicable to the assets operated by Whitecap or its subsidiaries including in respect of a Release, the use, storage, treatment, transportation, handling or disposition of Environmental contaminants, or the protection of the Environment, which demand or notice remains outstanding on the date hereof and would require material expenditures to remedy;
  - (iii) Except to the extent that any violation or other matter referred to in this subparagraph does not have a material adverse effect on Whitecap, in respect of Whitecap and its subsidiaries:
    - (A) it is not in violation of any Environmental Laws;
    - (B) it has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws;
    - (C) it has not failed to report to the proper federal, provincial, municipal or other political subdivision, government, department, commission, board, bureau, agency or instrumentality, domestic or foreign the occurrence of any event which is required to be so reported by any Environmental Law; and
    - (D) it holds all licenses, permits and approvals required under any Environmental Laws in connection with the operation of its business and the ownership and use of its assets, all such licenses, permits and approvals are in full force and effect, and except for notifications and conditions of general application to assets of reclamation obligations under legislation in Saskatchewan and any other jurisdiction in which it conducts its business, neither Whitecap nor its subsidiaries has received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, or any license, permit or approval issued pursuant thereto, or that any license, permit or approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated.
- (ff) **Major Facilities:** To Whitecap's knowledge, Whitecap has good and valid title to, or a valid and enforceable leasehold interest in, its material facilities and infrastructure.

(gg) **Tangible Property:** The tangible depreciable property used or intended for use in connection with the oil and natural gas assets of Whitecap and its subsidiaries:

- (i) for which Whitecap or its subsidiaries was or is operator, was or has been constructed, operated and maintained in accordance with good and prudent oil and natural gas industry practices in Canada and all Applicable Laws during all periods in which Whitecap or its subsidiaries was operator thereof and is in good condition and repair, ordinary wear and tear excepted, and is useable in the ordinary course of business; and
- (ii) for which Whitecap or its subsidiaries was not or is not operator, to the knowledge of Whitecap, was or has been constructed, operated and maintained in accordance with good and prudent oil and natural gas industry practices in Canada and all Applicable Laws during all periods in which none of Whitecap or its subsidiaries was operator thereof and is in good condition and repair, ordinary wear and tear excepted, and is useable in the ordinary course of business,

except to the extent that such non-compliance with prudent oil and natural gas industry practices or Applicable Laws would not in the aggregate have a material adverse effect on Whitecap.

(hh) **No Areas of Mutual Interest or Purchase Rights:**

- (i) there are no active areas of mutual interest provisions or areas of exclusion in any of the Contracts or otherwise to which any of Whitecap's assets are subject; and
- (ii) there are no rights of first refusal, pre-emptive purchase rights or similar rights applicable to any of Whitecap's assets that apply to or are triggered as a result of the Business Combination,

that would in aggregate have a material adverse effect on Whitecap.

(ii) **Take or Pay and Offset Obligations:**

- (i) Whitecap has no take or pay obligations;
- (ii) Whitecap has not received any offset notices under the terms of any lease that remain outstanding in any material respect; and
- (iii) Whitecap has not received any advance payments for petroleum or services not already delivered or provided prior to receipt of payment,

that would in aggregate have a material adverse effect on Whitecap

(jj) **Swaps:** Except as disclosed in the Whitecap Financial Statements, Whitecap does not currently have outstanding Derivative Contracts that would in aggregate have a material adverse effect on Whitecap.

(kk) **Royalties Paid:** To the knowledge of Whitecap and except to the extent that the failure to pay would not in the aggregate have a material adverse effect on Whitecap, all royalties payable in respect of its assets and other payments and obligations due and payable, or performable, as the case may be, on or prior to the date hereof under, with respect to, or on account of, any direct or

indirect assets have been: (i) duly paid in a timely manner; (ii) duly performed; or (iii) provided for in the accounts of Whitecap.

- (ll) **Joint Venture or Royalty Audits:** There are no ongoing (i) joint venture audits by a third party, or (ii) royalty audits by any owner that would individually or in aggregate have a material adverse effect on Whitecap.
- (mm) **Possession of Necessary License and Permits:** Whitecap has obtained and is in compliance with all material licences, permits, approvals, certificates, consents, orders, grants, procedures, standards and other authorizations of or from any Governmental Authority that are applicable to or held by Whitecap, or are necessary to conduct its business as it is now being conducted, and all such licences, permits, approvals, certificates, consents, orders, grants, procedures, standards and other authorizations are valid and subsisting.
- (nn) **Production Allowables:** None of the wells in which Whitecap or its subsidiaries holds an interest has been produced in excess of applicable production allowables imposed by any Applicable Laws or any Governmental Authority and Whitecap does not have any knowledge of any impending change in production allowables imposed by any Applicable Law or any Governmental Authority that may be applicable to any of the wells in which any of them holds an interest, other than changes of general application in the jurisdiction in which such wells are situate except to the extent that such non-compliance or changes would not in the aggregate have a material adverse effect on Whitecap.
- (oo) **Production Penalties:** Neither Whitecap nor its subsidiaries have received notice of any production penalty or similar production restriction of any nature imposed or to be imposed by any Governmental Authority and, to Whitecap's knowledge, none of the wells in which either of them holds an interest is subject to any such penalty or restriction except to the extent that any such penalty or restriction would not have a material adverse effect on Whitecap.
- (pp) **Leases and Title Documents:**
  - (i) Neither Whitecap nor its subsidiaries has received notice of any default under any of the leases and other title and operating documents or any other agreement or instrument pertaining to its oil and natural gas assets to which it is a party or by or to which it or any such assets are bound or subject except to the extent that such defaults would not in the aggregate have a material adverse effect on Whitecap.
  - (ii) To the knowledge of Whitecap:
    - (A) Each of Whitecap and its subsidiaries is in good standing under all, and is not in default under any; and
    - (B) there is no existing condition, circumstance or matter which constitutes or which, with the passage of time or the giving of notice, would constitute a default under any,
    - (C) leases and other title and operating documents or any other agreements and instruments pertaining to its oil and natural gas assets to which it is a party or by or to which it or such assets are bound or subject and, to the knowledge of Whitecap, all such leases, title and operating documents and other agreements and instruments are in good standing and in full force and effect and none of the

counterparties to such leases, title and operating documents and other agreements and instruments is in default thereunder except to the extent that such defaults would not in the aggregate have a material adverse effect on Whitecap.

- (qq) **Financial Statements:** The Whitecap Financial Statements fairly present, in accordance with IFRS, the financial position and condition of Whitecap at the dates thereof and the results of the operations of Whitecap for the periods then ended and reflect in accordance with IFRS, all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Whitecap as at the dates thereof and have been prepared in conformity with IFRS applied on a consistent basis throughout the periods involved.
- (rr) **Internal Controls and Disclosure Controls:**
  - (i) Whitecap and its subsidiaries maintain "internal control over financial reporting" (as such term is defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*), such internal control over financial reporting and procedures are effective and Whitecap and its subsidiaries are not aware of any material weakness in their internal control over financial reporting.
  - (ii) Whitecap and its subsidiaries maintain "disclosure controls and procedures" (as such term is defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, and such disclosure controls and procedures are effective.
- (ss) **Transfer Agent:** Odyssey Trust Company has been duly appointed as transfer agent and registrar for Whitecap's Shares.
- (tt) **Absence of Restrictions by Securities Commissions:** No securities commission, stock exchange or similar securities regulatory authority has issued any order which is currently outstanding preventing or suspending trading in any of Whitecap's securities and, no such proceeding is, to the knowledge of Whitecap, pending or contemplated or threatened.
- (uu) **Listing:** The issued and outstanding common shares of Whitecap are listed and posted for trading on the TSX and Whitecap is not in default of its listing requirements on the TSX in any material respect.
- (vv) **Cease Trade Order:** No securities commission or similar regulatory authority, or stock exchange in Canada has issued any order which is currently outstanding preventing or suspending trading in any securities of Whitecap, no such proceeding is, to the knowledge of Whitecap, pending, contemplated or threatened and Whitecap is not, to its knowledge, in default of any requirement of any Applicable Canadian Securities Laws.
- (ww) **Reporting Issuer:** Whitecap is a "reporting issuer" (within the meaning of Applicable Securities Laws) in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia and Newfoundland and Whitecap has not received any correspondence or notice from a securities commission or similar securities regulatory authority in any of the provinces or territories of Canada concerning a review of any of Whitecap's continuous disclosure documents in respect of which any matters remain outstanding.
- (xx) **Investment Canada Act:** Whitecap is a "Canadian" within the meaning of the Investment Canada Act.

- (yy) **Withheld Information:** To the knowledge of Whitecap, Whitecap has not withheld from TORC any material information or documents concerning Whitecap, its subsidiaries or their assets or liabilities during the course of TORC's review of Whitecap, its subsidiaries and their assets. No representation or warranty contained in this Agreement or other disclosure document provided or to be provided to TORC by Whitecap pursuant to this Agreement contains or will contain any untrue statement of a material fact or omits to state a material fact which is necessary in order to make the statements herein or therein not misleading.

### 4.3 Privacy Issues

- (a) For the purposes of this Section 4.3 the following definitions shall apply:
- (i) "**applicable privacy laws**" means any and all Applicable Laws relating to privacy and the collection, use and disclosure of Personal Information in all applicable jurisdictions, including but not limited to *the Personal Information Protection and Electronic Documents Act* (Canada) and/or any comparable provincial Law including the *Personal Information Protection Act* (Alberta).
  - (ii) "**authorized authority**" means, in relation to any Person, transaction or event, any (a) federal, provincial, municipal or local governmental body (whether administrative, legislative, executive or otherwise), both domestic and foreign, (b) agency, authority, commission, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, (c) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions, and (d) other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such Person, transaction or event.
  - (iii) "**Personal Information**" means information about an identifiable individual transferred to one Party by another Party in accordance with this Agreement and/or as a condition of the Business Combination.
- (b) The Parties hereto acknowledge that they are responsible for compliance at all times with applicable privacy laws which govern the collection, use and disclosure of Personal Information acquired by or disclosed to either Party pursuant to or in connection with this Agreement (the "**Disclosed Personal Information**").
- (c) Neither Party shall use the Disclosed Personal Information for any purposes other than those related to the performance of this Agreement and the completion of the Business Combination.
- (d) Each Party acknowledges and confirms that the disclosure of Personal Information is necessary for the purposes of determining if the Parties shall proceed with the Business Combination, and that the disclosure of Personal Information relates solely to the carrying on of the business and the completion of the Business Combination.
- (e) Each Party acknowledges and confirms that it has and shall continue to employ appropriate technology and procedures in accordance with applicable law to prevent accidental loss or corruption of the Disclosed Personal Information, unauthorized input or access to the Disclosed Personal Information, or unauthorized or unlawful collection, storage, disclosure, recording,

copying, alteration, removal, deletion, use or other processing of such Disclosed Personal Information.

- (f) Each Party shall at all times keep strictly confidential all Disclosed Personal Information provided to it, and shall instruct those employees or advisors responsible for processing such Disclosed Personal Information to protect the confidentiality of such information in a manner consistent with the Parties' obligations hereunder. Each Party shall ensure that access to the Disclosed Personal Information shall be restricted to those employees or advisors of the respective Party who have a bona fide need to access to such information in order to complete the Business Combination.
- (g) Each Party shall promptly notify the other Party to this Agreement of all inquiries, complaints, requests for access, and claims of which the Party is made aware in connection with the Disclosed Personal Information. The Parties shall fully co-operate with one another, with the Persons to whom the Personal Information relates, and any authorized authority charged with enforcement of applicable privacy laws, in responding to such inquiries, complaints, requests for access, and claims.
- (h) Upon the expiry or termination of this Agreement, or otherwise upon the reasonable request of either Party, the counterparty shall forthwith cease all use of the Personal Information acquired by the counterparty in connection with this Agreement and shall return to the Party or, at the Party's request, destroy in a secure manner, the Disclosed Personal Information (and any copies).

## **ARTICLE 5 CONDITIONS PRECEDENT**

### **5.1 Mutual Conditions Precedent**

The respective obligations of the Parties to consummate the transactions contemplated by this Agreement, and in particular the completion of the Business Combination, are subject to the satisfaction, on or before the Effective Time, or such other time specified, of the following conditions, each of which may only be waived by the mutual written consent of both Parties without prejudice to each Party's right to rely on any other of such conditions:

- (a) the Interim Order and Final Order shall have been granted in form and substance satisfactory to each of Whitecap and TORC, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to Whitecap or TORC, acting reasonably, on appeal or otherwise;
- (b) the Business Combination Resolution, in the form and substance reasonably satisfactory to each of TORC and Whitecap, shall have been approved by the TORC Shareholders at the TORC Meeting in accordance with the Interim Order;
- (c) the Share Issuance Resolution, in the form and substance reasonably satisfactory to each of TORC and Whitecap, shall have been approved by the Whitecap Shareholders at the Whitecap Meeting;
- (d) the Effective Date shall have occurred on or before the Outside Date;
- (e) the TSX shall have conditionally approved the issuance of all of the Whitecap Shares issuable to TORC Shareholders pursuant to the Business Combination subject only to customary conditions reasonably expected to be satisfied;

- (f) all required regulatory, governmental and third party approvals and consents necessary for the completion of the Business Combination, excluding the consent of TORC's lenders under its credit facility, shall have been obtained on terms and conditions satisfactory to TORC and Whitecap, each acting reasonably;
- (g) the Competition Act Approval shall have been obtained on terms and conditions satisfactory to each of Whitecap and TORC, acting reasonably; and
- (h) no action shall have been taken under any existing Applicable Law or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any court, department, commission, board, regulatory body, government or Governmental Authority or similar agency, domestic or foreign, that:
  - (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Business Combination or any other transactions contemplated by this Agreement; or
  - (ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated by this Agreement.

The foregoing conditions are for the mutual benefit of the Parties and may be asserted by either Party regardless of the circumstances and may be waived by any Party (with respect to such Party) in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights that such Party may have.

## **5.2 Additional Conditions to Obligations of Whitecap**

The obligation of Whitecap to consummate the transactions contemplated by this Agreement, and in particular to complete the Business Combination, is subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (a) TORC shall have fulfilled and complied with in all material respects each of its covenants herein to be performed, fulfilled or complied with on or before the Effective Time, and TORC shall have provided to Whitecap a certificate of two senior officers of TORC satisfactory to Whitecap, acting reasonably, certifying, on behalf of TORC, as to such compliance and Whitecap shall have no actual knowledge to the contrary;
  - (i) the representations and warranties in Section 4.1(c),(d),(e),(g.), (bbb) and (ccc) shall be true and correct in all respects as of the date hereof and as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak of an earlier date, the accuracy of which shall be determined as of such earlier date), except for such failures to be true and correct that are *de minimis*;
  - (ii) the representations and warranties in Section 4.1(h), (j), (y), (w), (z), (cc), (hh) and (uu) shall be true and correct in all material respects as of the date hereof and as of the Effective Date as if made on and as of such date; and
  - (iii) all other representations and warranties of TORC set forth in this Agreement shall be true and correct as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date, the accuracy of which shall be determined as of that specified date), except where any failure or failures of such representations and warranties in the aggregate to be so true and correct would not result

in, or would not reasonably be expected to result in, a material adverse effect in respect of TORC and its subsidiaries (taken as a whole) (and, for this purpose, any concept of materiality shall be ignored),

and TORC shall have provided to Whitecap a certificate of two senior officers of TORC satisfactory to Whitecap, acting reasonably, certifying as to such matters on behalf of TORC on the Effective Date;

- (b) TORC shall have furnished Whitecap with:
  - (i) certified copies of the resolutions duly passed by the board of directors of TORC approving this Agreement and the consummation of the transactions contemplated by this Agreement; and
  - (ii) a certified copy of the Business Combination Resolution;
- (c) no material adverse change respecting TORC shall have occurred;
- (d) no act, action, suit, proceeding, objection or opposition shall have been taken against or affecting TORC before or by any domestic or foreign court, tribunal or governmental agency or other regulatory or administrative agency or commission by any elected or appointed public official or private Person in Canada or elsewhere, whether or not having the force of Law and no Law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of Law) shall have been enacted, promulgated, amended or applied, which in the sole judgment of Whitecap, acting reasonably, in either case has had or, if the Business Combination was consummated, would result in a material adverse change respecting TORC or would materially impede the ability of the Parties to complete the Business Combination;
- (e) Whitecap shall be reasonably satisfied that, prior to the Effective Time, all of the outstanding TORC Share Awards shall have been settled in accordance with Section 2.8;
- (f) on the Effective Date, each of the directors and officers of TORC and any of its subsidiaries shall have provided their resignations and shall have delivered mutual releases in favour of TORC and Whitecap, in a form and substance satisfactory to Whitecap, acting reasonably, and any persons entitled to a payment from TORC for TORC Employee Obligations shall have delivered releases in favour of TORC and Whitecap, in a form and substance satisfactory to Whitecap, acting reasonably;
- (g) the Area of Exclusion Agreements have been entered into and delivered to Whitecap by each of the individuals set forth in the TORC Disclosure Letter;
- (h) the Hold Period Agreements have been entered into and delivered to Whitecap by each of the directors and executive officers of TORC;
- (i) holders of not more than 5% of the issued and outstanding TORC Shares shall have exercised such rights of dissent;
- (j) the TORC Net Debt as at November 1, 2020 shall not have been greater than as disclosed in the TORC Disclosure Letter; and
- (k) the TORC Transaction Costs shall not be greater than \$13.5 million.

The conditions in this Section 5.2 are for the exclusive benefit of Whitecap and may be asserted by Whitecap regardless of the circumstances or may be waived by Whitecap in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Whitecap may have.

### **5.3 Additional Conditions to Obligations of TORC**

The obligation of TORC to consummate the transactions contemplated by this Agreement, and in particular to complete the Business Combination, is subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (a) Whitecap shall have fulfilled and complied with in all material respects each of its covenants herein to be performed, fulfilled or complied with on or before the Effective Time, and Whitecap shall have provided to TORC a certificate of two senior officers of Whitecap satisfactory to TORC, acting reasonably, certifying, on behalf of Whitecap, as to such compliance;
  - (i) the representations and warranties in Section 4.2(c),(e),(f) and (h) shall be true and correct in all respects as of the date hereof and as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak of an earlier date, the accuracy of which shall be determined as of such earlier date), except for such failures to be true and correct that are *de minimis*;
  - (ii) the representations and warranties in Section 4.2(i), (k), (v), (x), (y), (bb), (ee) and (rr) shall be true and correct in all material respects as of the date hereof and as of the Effective Date as if made on and as of such date; and
  - (iii) all other representations and warranties of Whitecap set forth in this Agreement shall be true and correct as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date, the accuracy of which shall be determined as of that specified date), except where any failure or failures of such representations and warranties in the aggregate to be so true and correct would not result in, or would not reasonably be expected to result in, a material adverse effect in respect of Whitecap and its subsidiaries (taken as a whole) (and, for this purpose, any concept of materiality shall be ignored),

and Whitecap shall have provided to TORC a certificate of two senior officers of Whitecap satisfactory to TORC, acting reasonably, certifying as to such matters on behalf of Whitecap on the Effective Date;

- (b) Whitecap shall have furnished TORC with:
  - (i) certified copies of the resolutions duly passed by the Whitecap Board approving the execution and delivery of this Agreement and the performance by Whitecap of its obligations under this Agreement and the consummation of the transactions contemplated by this Agreement; and
  - (ii) certified copies of the Share Issuance Resolution;
- (c) no material adverse change respecting Whitecap shall have occurred;
- (d) Whitecap shall have irrevocably deposited such number of Whitecap Shares with the Depository as required in order to issue the requisite number of Whitecap Shares to the TORC Shareholders in

accordance with the Plan of Arrangement and Whitecap shall have irrevocably directed the Depository to distribute Whitecap Shares to the TORC Shareholders in accordance with the terms of the Plan of Arrangement;

- (e) on the Effective Date, TORC shall be satisfied, acting reasonably, that the Whitecap Shares issued to TORC Shareholders pursuant to the Business Combination shall have been conditionally accepted for listing on the TSX, subject only to the filing of documentation that cannot be filed prior to the Effective Date; and
- (f) no act, action, suit, proceeding, objection or opposition shall have been threatened against or affecting Whitecap before or by any domestic or foreign court, tribunal or governmental agency or other regulatory or administrative agency or commission by any elected or appointed public official or private Person in Canada or elsewhere, whether or not having the force of Law and no Law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of Law) shall have been enacted, promulgated, amended or applied, which in the sole judgment of TORC, acting reasonably, in either case has had or, if the Business Combination was consummated, would result in a material adverse change respecting Whitecap or would materially impede the ability of the Parties to complete the Business Combination.

The conditions in this Section 5.3 are for the exclusive benefit of TORC and may be asserted by TORC regardless of the circumstances or may be waived by TORC in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which TORC may have.

#### **5.4 Notice and Effect of Failure to Comply with Covenants or Conditions**

- (a) Each Party shall give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof to the Effective Date of any event or state of facts which occurrence or failure would, or would be likely to, (i) cause any of the representations or warranties of such Party contained herein to be untrue or inaccurate in any material respect, or (ii) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any Party hereunder; provided, however, that no such notification shall affect the representations or warranties of the Parties or the conditions to the obligations of the Parties hereunder.
- (b) If any of the conditions precedents set forth in Sections 5.1, 5.2 or 5.3 hereof will not be complied with or waived by the parties for whose benefit such conditions are provided on or before the date required for the performance thereof, then a Party for whose benefit the condition precedent is provided may, in addition to any other remedies they may have at Law or equity, rescind and terminate this Agreement as provided for in Section 8.1 hereof provided that, prior to the filing of the Articles of Arrangement, the Party intending to rely thereon has delivered a written notice to the other Party specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the non-fulfillment of the applicable conditions precedent and shall provide in such notice that the other Party shall be entitled to cure any breach of a covenant or representation and warranty or other matters within five Business Days after receipt of such notice (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside date). More than one such notice maybe delivered by a Party.

## 5.5 Satisfaction of Conditions

The conditions set out in this Article 5 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the Parties, Articles of Arrangement are filed under the ABCA to give effect to the Business Combination.

## ARTICLE 6 TERMINATION AMOUNTS AND OTHER ARRANGEMENTS

### 6.1 Whitecap Termination Amount

If at any time after the execution of this Agreement:

- (a) the TORC Board: (A) fails to make any of the recommendations or determinations referred to in subsection 2.4(b) in a manner adverse to Whitecap; (B) withdraws, modifies or changes any of the recommendations or determinations referred to in subsection 2.4(b) in a manner adverse to Whitecap; (C) does not submit the Business Combination to the TORC Shareholders at the TORC Meeting for their approval; or (D) resolves to do any of the foregoing;
- (b) a *bona fide* Acquisition Proposal (or a *bona fide* intention to make one) is proposed, offered or made to TORC or the TORC Shareholders prior to the date of the TORC Meeting and remains outstanding at the time of the TORC Meeting, and the TORC Shareholders do not approve the Business Combination in accordance with either Section 2.2 or Section 2.3 of this Agreement, or the Business Combination is not submitted for their approval and such Acquisition Proposal, as originally proposed or amended (or any other Acquisition Proposal that is announced, proposed, offered or made to TORC or the TORC Shareholders prior to the expiry of the first Acquisition Proposal) is completed within twelve months of the date such Acquisition Proposal is proposed, offered or made;
- (c) the TORC Board or TORC, as applicable, accepts, recommends, approves or enters into an agreement to implement a Superior Proposal or proposes publicly to accept, recommend, approve, agree to, endorse or enter into an agreement to implement a Superior Proposal;
- (d) the TORC Board fails to publically reaffirm any of its recommendations or determinations referred to in subsection 2.2(a) in the manner and within the time period set out in subsection 3.4(e); or
- (e) TORC breaches any of its representations, warranties or covenants made in this Agreement, which breach, individually or in the aggregate, causes or would reasonably be expected to cause a material adverse change respecting TORC or materially impedes the completion of the Business Combination, provided that TORC shall have been given written notice of and five Business Days to cure any such breach by Whitecap and such breach shall not have been cured (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date);

(each of the above being a "**Whitecap Damages Event**"), then in the event of the termination of this Agreement pursuant to subsection 8.1(d) or 8.1(f) and provided that no event of the nature set out in Section 6.2 has occurred, TORC shall pay to Whitecap \$20 million in consideration for the disposition of Whitecap's rights under this Agreement in immediately available funds to an account designated by Whitecap within one Business Day after the first to occur of the events described above, and after such event, but prior to payment of such amount, TORC shall be deemed to hold such funds in trust for Whitecap. TORC shall only be obligated to pay a maximum of \$20 million pursuant to this Section 6.1.

## 6.2 TORC Termination Amount

If, at any time after the execution of this Agreement,

- (a) the Whitecap Board: (A) fails to make any of the recommendations or determinations referred to in subsection 2.3(a) in a manner adverse to TORC; (B) withdraws, modifies or changes any of the recommendations or determinations referred to in subsection 2.3(a) in a manner adverse to TORC; or (C) resolves to do any of the foregoing; or
- (b) Whitecap breaches any of its representations, warranties or covenants made in this Agreement, which breach, individually or in the aggregate, causes or would reasonably be expected to cause a material adverse change respecting Whitecap or materially impedes the completion of the Business Combination, provided that TORC shall have been given written notice of and five Business Days to cure any such breach by Whitecap and such breach shall not have been cured (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date);

each of the above being a "**TORC Damages Event**"), then in the event of the termination of this Agreement pursuant to subsection 8.1(e) and provided that no event in the nature of Section 6.1 has occurred, Whitecap shall pay to TORC \$20 million in consideration for the disposition of TORC's rights under this Agreement in immediately available funds to an account designated by TORC. Such payment shall be made within one Business Day of the occurrence of the TORC Damages Event and after such event, but prior to payment of such amount, Whitecap shall be deemed to hold such funds in trust for TORC. Whitecap shall only be obligated to pay a maximum of \$20 million pursuant to this Section 6.2.

In the event that this Agreement is terminated pursuant to the exercise by TORC or Whitecap of their respective termination rights pursuant to Section 8.1(b)(ii) then Whitecap shall pay to TORC an amount equal to \$500,000 within one Business Day of such termination.

## 6.3 Liquidated Damages

Each of Whitecap and TORC acknowledges that the agreements contained in this Article 6 are an integral part of the transactions contemplated in this Agreement and that, without those agreements, the Parties would not enter into this Agreement.

Each of Whitecap and TORC acknowledges that the payment of the amounts set out in Sections 6.1 or 6.2: (i) is a payment of liquidated damages which are a genuine pre-estimate of the damages which Whitecap or TORC, as applicable, shall suffer or incur as a result of the event giving rise to such damages and resultant termination of this Agreement and is not a penalty; and (ii) represents consideration for the disposition by the payee of its rights under this Agreement. Whitecap and TORC each irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. For greater certainty, Whitecap and TORC agree that payment of the amount pursuant to Section 6.1 or 6.2, as applicable, is the sole monetary remedy of Whitecap or TORC, as applicable, hereunder; provided, however, that this limitation shall not apply in the event of fraud or intentional breach of this Agreement by either of the Parties. Additionally, nothing herein shall preclude Whitecap or TORC from seeking injunctive relief to restrain any breach or threatened breach of the covenants or agreements set forth in this Agreement, the Confidentiality Agreement, or otherwise to obtain specific performance of any of such act, covenants or agreements, without the necessity of posting bond or security in connection therewith.

**ARTICLE 7  
AMENDMENT**

**7.1 Amendment**

This Agreement may, at any time and from time to time before or after the holding of the TORC Meeting, be amended by written agreement of the Parties without, subject to Applicable Laws, further notice to, or authorization from, their respective shareholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of Whitecap or TORC hereunder;
- (b) waive any inaccuracies in, or modify, any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with, or modify, any of the covenants contained herein and waive or modify performance of any of the obligations of Whitecap or TORC hereunder; or
- (d) waive satisfaction of, or modify, any of the conditions precedent set out herein;

provided that no such amendment reduces or adversely affects the consideration to be received by the TORC Shareholders without approval by the TORC Shareholders given in the same manner as required for the approval of the Business Combination.

**ARTICLE 8  
TERMINATION**

**8.1 Termination**

This Agreement may be terminated at any time prior to the Effective Date:

- (a) by mutual written consent of Whitecap and TORC;
- (b) by either Whitecap or TORC if: (i) the TORC Shareholders fail to approve the Business Combination Resolution by the requisite vote at the TORC Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order; (ii) the Whitecap Shareholders fail to approve the Share Issuance Resolution by the requisite vote at the Whitecap Meeting (including any adjournment or postponement thereof); and (iii) approval of the Final Order from the Court is not obtained on or prior to the Outside Date except that the right to terminate this Agreement under this subsection 8.1(b)(iii) shall not be available to any Party whose failure to fulfill any of its obligations has been the cause of, or resulted in, the failure of the approval of the Final Order to occur by such date;
- (c) by either Party as provided in subsection 5.4(b), provided that the failure to satisfy the particular condition precedent being relied upon as a basis for termination of this Agreement did not occur as a result of a breach by the Party seeking to rely on the condition precedent of any of its covenants or obligations under the Agreement;
- (d) by Whitecap upon the occurrence of a Whitecap Damages Event, as provided in Section 6.1;
- (e) by TORC upon the occurrence of a TORC Damages Event, as provided in Section 6.2; or

- (f) by TORC upon the occurrence of a Whitecap Damages Event, as set out in Section 6.1(c), and the payment by TORC to Whitecap of the amount specified in Section 6.1, provided that TORC has complied with its obligations set out in Section 3.4.

In the event of the termination of this Agreement in the circumstances set out in this Section 8.1, this Agreement shall forthwith become void and be of no further force or effect and no Party shall have any liability or further obligation to the other hereunder except with respect to the obligations set out in any of Article 6, Article 9 and Article 10, all of which shall survive such termination. For greater certainty, the termination of this Agreement pursuant to this Article 8 shall not affect the rights or obligations of any Party under the Confidentiality Agreement shall remain in full force and effect, subject to any further agreement of the Parties.

Unless otherwise provided herein, the exercise by either Party of any right of termination hereunder shall be without prejudice to any other remedy available to such Party at law or in equity.

## **ARTICLE 9 NOTICES**

### **9.1 Notices**

Any notice that is required to be given pursuant to any provision of this Agreement shall be given or made in writing and shall be delivered personally (including by courier) or sent by facsimile to the Party to whom it is addressed, as follows:

- (a) if to Whitecap, addressed to it at:

Whitecap Resources Inc.  
3800, 525 - 8th Avenue SW  
Eighth Avenue Place, East Tower  
Calgary, Alberta, T2P 1G1

Attention: Grant B. Fagerheim  
Facsimile: (403) 266-6975

with a copy to:

Burnet, Duckworth & Palmer LLP  
2400, 525 – 8 Avenue SW  
Calgary, Alberta, T2P 1G1

Attention: Shannon Gangl  
Facsimile: (403) 260-0332

TORC Oil & Gas Ltd.  
Suite 1800 Eighth Avenue Place  
525 – 8th Avenue SW  
Calgary, Alberta, T2P 1G1

Attention: Brett Herman  
Facsimile: (403) 930-4159

with a copy to:

McCarthy Tetrault LLP  
4000, 421 - 7<sup>th</sup> Avenue SW  
Calgary, Alberta, T2P 4K9

Attention: Gordon Cameron  
Facsimile: (403) 260-3501

or to such other address as a Party may, from time to time, advise to the other Party by notice in writing. The date or time of receipt of any such notice shall be deemed to be the date of delivery or the time such facsimile is received.

## **ARTICLE 10 GENERAL**

### **10.1 Assignment and Enurement**

This Agreement shall be binding upon and enure to the benefit of the Parties and their respective successors and assigns; provided that this Agreement may not be assigned by either Party without the prior written consent of the other Party.

### **10.2 Disclosure**

Each Party shall obtain the prior consent, not to be unreasonably withheld, of the other Party prior to issuing or permitting any director, officer, employee or agent to issue, any press release or other written statement with respect to this Agreement or the transactions contemplated by this Agreement. Notwithstanding the foregoing, if either Party is required by Law or administrative regulation to make any disclosure relating to the transactions contemplated by this Agreement, such disclosure may be made, but that Party shall consult with the other Party as to the wording of such disclosure prior to it being made.

### **10.3 Costs**

Except as contemplated herein, each Party covenants and agrees to bear its own costs and expenses in connection with the transactions contemplated by this Agreement. Whitecap and TORC shall incur and bear equally the filing fees payable for the applications made under the Competition Act in respect of the transactions contemplated herein.

### **10.4 Severability**

If any one or more of the provisions (or any part thereof) of this Agreement is determined to be invalid, illegal or unenforceable in any respect in any jurisdiction, such provision or provisions (or part or parts thereof) shall be, and shall be conclusively deemed to be, as to such jurisdiction, severable from the balance of this Agreement and:

- (a) the validity, legality or enforceability of the remaining provisions of this Agreement will not in any way be affected or impaired by the severance of the provisions (or parts thereof) so severed; and
- (b) the invalidity, illegality or unenforceability of any provision (or part thereof) of this Agreement in any jurisdiction shall not affect or impair such provision (or part thereof) or any other provisions of this Agreement in any other jurisdiction.

**10.5 Further Assurances**

Each Party hereto shall, from time to time and at all times hereafter, at the request of the other Party, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments as the other Party may reasonably request in order to fully perform and carry out the terms and intent of this Agreement.

**10.6 Time of Essence**

Time shall be of the essence of this Agreement.

**10.7 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and the Parties hereto irrevocably attorn to the jurisdiction of the courts of the Province of Alberta in respect of all disputes arising under or in relation to this Agreement.

**10.8 Waiver**

No waiver by a Party shall be effective unless it is set out in a written instrument signed by such Party and any waiver shall affect only the matter, and the occurrence thereof, specifically identified in the applicable written instrument and shall not extend to any other matter or occurrence.

**10.9 Third Party Beneficiaries**

The provisions of Section 2.10, subsection 3.1(i) and subsection 3.2(s) are: (i) intended for the benefit of all present and former directors and officers of TORC, as and to the extent applicable in accordance with their terms, and shall be enforceable by each of such Persons and his or her heirs, executors, administrators and other legal representatives (collectively, the "**Third Party Beneficiaries**") and Whitecap shall hold the rights and benefits of Section 2.10, subsection 3.1(i) and subsection 3.2(s) in trust for and on behalf of the Third Party Beneficiaries and Whitecap hereby accepts such trust and agrees to hold the benefit of and enforce performance of such covenants on behalf of the Third Party Beneficiaries, and (ii) are in addition to, and not in substitution for, any other rights that the Third Party Beneficiaries may have by contract or otherwise.

**10.10 Counterparts**

This Agreement may be executed in counterparts and by facsimile or portable document format (PDF), each of which shall be deemed an original, and all of which together constitute one and the same instrument.

**[The remainder of this page has intentionally been left blank]**

**IN WITNESS WHEREOF** the Parties have executed this Agreement as of the date first above written.

**WHITECAP RESOURCES INC.**

By: *(signed)* "Grant B. Fagerheim" \_\_\_\_\_

By: *(signed)* "Thanh Kang" \_\_\_\_\_

**TORC OIL & GAS LTD.**

By: *(signed)* "Brett Herman" \_\_\_\_\_

**SCHEDULE "A"**  
**PLAN OF ARRANGEMENT UNDER SECTION 193**  
**OF THE**  
***BUSINESS CORPORATIONS ACT (ALBERTA)***  
**ARTICLE 1**  
**INTERPRETATION**

**1.1 Definitions**

In this Plan, the following defined terms have the meanings hereinafter set forth:

- (a) "**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9;
- (b) "**Articles of Arrangement**" means the articles of arrangement in respect of the Plan of Arrangement required under subsection 193(10) of the ABCA to be filed with the Registrar after the Final Order has been made, to give effect to the Business Combination;
- (c) "**Business Combination**", "herein", "hereof", "hereto", "hereunder" and similar expressions mean and refer to the arrangement pursuant to Section 193 of the ABCA, on the terms and subject to the conditions set out in this Plan of Arrangement;
- (d) "**Business Combination Agreement**" means the business combination agreement dated effective as of December 8, 2020 between TORC and Whitecap with respect to the Business Combination and all amendments thereto and amendments and restatements thereof;
- (e) "**Business Combination Resolution**" means, the special resolution in respect of the Business Combination to be considered by the TORC Shareholders at the TORC Meeting;
- (f) "**Business Day**" means, with respect to any action to be taken, any day, other than a Saturday, Sunday or a statutory holiday in the place where such action is to be taken;
- (g) "**Certificate**" means the certificate or other confirmation of filing issued by the Registrar pursuant to subsection 193(11) of the ABCA giving effect to the Plan of Arrangement;
- (h) "**Court**" means the Court of Queen's Bench of Alberta;
- (i) "**Depositary**" means Odyssey Trust Company, or such other Person that may be appointed by Whitecap for the purpose of receiving deposits of certificates or direct registration system advices formerly representing TORC Shares;
- (j) "**Dissent Rights**" mean the rights of dissent granted in Section 4.1 hereof to the registered TORC Shareholders in respect of the Business Combination and the Interim Order;
- (k) "**Dissenting Shareholders**" means registered TORC Shareholders who validly exercise the Dissent Rights provided to them under this Plan of Arrangement and the Interim Order;
- (l) "**Effective Date**" means the date that the Business Combination becomes effective under the ABCA;

- (m) "**Effective Time**" means the time that the Certificate is issued;
- (n) "**Final Order**" means the final order of the Court approving the Business Combination pursuant to subsection 193(9) of the ABCA, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (o) "**Governmental Authority**" means any Canadian or United States federal, provincial, state, municipal or other political subdivision, government, department, commission, board, bureau, agency or instrumentality;
- (p) "**Interim Order**" means the interim order of the Court concerning the Business Combination under Subsection 193(4) of the ABCA, containing declarations and directions with respect to the Business Combination and the holding of the TORC Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (q) "**Letters of Transmittal**" means the letters of transmittal sent to TORC Shareholders pursuant to which TORC Shareholders are required, among other things, to deliver certificates or direct registration system advices representing TORC Shares to the Depository in exchange for the consideration to which the holders of such TORC Shares are entitled under the Business Combination;
- (r) "**Parties**" means, collectively, the parties to the Business Combination Agreement, and "**Party**" means any one of them;
- (s) "**Person**" includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate group, body corporate, corporation, unincorporated association or organization, Governmental Authority, syndicate or other entity, whether or not having legal status;
- (t) "**Plan**" or "**Plan of Arrangement**" means this plan of arrangement, as amended or supplemented from time to time in accordance with the terms hereof, and "hereby", "hereof", "herein", "hereunder", "herewith" and similar terms refer to this plan of arrangement and not to any particular provision of this plan of arrangement;
- (u) "**Registrar**" means the Registrar of Corporations or a Deputy Registrar of Corporations appointed under Section 263 of the ABCA;
- (v) "**Tax Act**" means the *Income Tax Act* (Canada), R.S.C. 1985 (5th Supp.)
- (w) "**TORC**" means TORC Oil & Gas Ltd., a corporation existing under the ABCA;
- (x) "**TORC Meeting**" means the special meeting of TORC Shareholders, which is to be called to permit the TORC Shareholders to consider the Business Combination Resolution and related matters, and any adjournment(s) thereof;
- (y) "**TORC Shareholders**" means the holders from time to time of TORC Shares;
- (z) "**TORC Shares**" means the common shares of TORC, as constituted on the date hereof;
- (aa) "**Whitecap**" means Whitecap Resources Inc., a corporation existing under the ABCA; and

(bb) **"Whitecap Shares"** means the common shares of Whitecap as constituted on the date hereof.

**1.1 Interpretation Not Affected by Headings**

The division of this Plan into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan.

**1.2 Article References**

Unless reference is specifically made to some other document or instrument, all references herein to articles, sections and subsections are to articles, sections and subsections of this Plan.

**1.3 Number and Gender**

Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa, and words importing any gender shall include all genders.

**1.4 Date for Any Action**

If any date on which any action is required to be taken hereunder by either Party is not a Business Day in the place where an action is required to be taken, such action is required to be taken on the next succeeding day which is a Business Day in such place.

**1.5 Statutes**

References in this Plan to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

**1.6 Currency**

Unless otherwise stated, all references in this Plan to sums of money are expressed in lawful money of Canada.

**ARTICLE 2  
BUSINESS COMBINATION AGREEMENT**

**2.1 Plan Part of the Business Combination Agreement**

The Plan is made pursuant to the Business Combination Agreement and is subject to the provisions of, and forms part of, the Business Combination Agreement.

**2.2 Plan Binding**

This Plan, upon the filing of the Articles of Arrangement and the issue of the Certificate, shall become effective at the Effective Time, and shall be binding at and after the Effective Time on: (a) the TORC Shareholders; (b) TORC; (c) Whitecap; and (d) all other Persons.

**2.3 Filing of the Articles of Arrangement**

The Articles of Arrangement and Certificate shall be filed and issued, respectively, with respect to this Arrangement in its entirety. The Certificate shall be conclusive evidence that the

Arrangement has become effective and that each of the provisions of Section 3.1 has become effective in the sequence and at the times set out therein.

### **ARTICLE 3 ARRANGEMENT**

#### **3.1 The Arrangement**

Commencing at the Effective Time, each of the events set out below shall occur, and shall be deemed to occur concurrently, without any further act or formality, except as otherwise provided herein:

- (a) the TORC Shares held by Dissenting Shareholders who have exercised Dissent Rights which remain valid immediately prior to the Effective Time shall be deemed to have been transferred to Whitecap (free and clear of any and all liens, claims and encumbrances), and such Dissenting Shareholders shall cease to have any rights as TORC Shareholders, other than the a debt claim against Whitecap for the amount determined in accordance with Article 4; and
- (b) each outstanding TORC Share (other than TORC Shares held by Dissenting Shareholders whose TORC Shares are transferred pursuant to Section 3.1(a)) shall be transferred to, and acquired by, Whitecap (free and clear of any liens, claims, encumbrances, charges, adverse interests and security interests of any nature or kind whatsoever) in exchange for 0.570 of a Whitecap Share.

#### **3.2 Effect of the Arrangement**

With respect to each TORC Shareholder, other than Dissenting Shareholders, at the Effective Time upon the transfer of TORC Shares from such TORC Shareholder to Whitecap pursuant to Section 3.1:

- (a) such TORC Shareholder shall cease to be a holder of the TORC Shares so transferred and the name of such holder shall be removed from the register of holders of TORC Shares as it relates to the TORC Shares so transferred;
- (b) Whitecap shall become the holder of the TORC Shares so transferred and shall be added to the register of holders of TORC Shares; and
- (c) Whitecap shall allot and issue to such holder the number of Whitecap Shares issuable to such holder on the basis set forth in subsection 3.1(b), and the name of such holder shall be added to the register of holders of the Whitecap Shares.

### **ARTICLE 4 DISSENTING SHAREHOLDERS**

#### **4.1 Dissent Rights**

Each registered TORC Shareholder shall have the right to dissent with respect to the Arrangement, in the same manner as provided for in Section 191 of the ABCA, but as modified by the terms of this Plan and the Interim Order. A Dissenting Shareholder shall, immediately after the step contemplated in subsection 3.1(a), cease to have any rights as a TORC Shareholder and shall only be entitled to be paid by Whitecap the fair value of such Dissenting Shareholder's TORC Shares under the Arrangement net of all withholding or other taxes required to be withheld by Whitecap in accordance with

applicable laws, to the extent applicable. The fair value of the TORC Shares shall be determined as of the close of business on the last Business Day before the day on which the Arrangement is approved by the TORC Shareholders at the TORC Meeting. A Dissenting Shareholder who is entitled to be paid the fair value of his, her or its TORC Shares shall be deemed to have transferred his, her or its TORC Shares (free and clear of all liens, claims, encumbrances, adverse interests and security interests of any nature or kind whatsoever) to Whitecap for cancellation without any further act or formality notwithstanding the provisions of Section 191 of the ABCA. A Dissenting Shareholder who for any reason is not entitled to be paid the fair value of its TORC Shares shall be treated as if such Dissenting Shareholder had participated in the Arrangement on the same basis as a non-dissenting Non-Resident Shareholder that did not elect to be an Exchanging Shareholder in a duly completed Letter of Transmittal, in which case such Person shall be entitled to receive Whitecap Shares which it would have been entitled pursuant to subsection 3.1(b) of this Plan of Arrangement and Whitecap shall issue the Whitecap Shares to which such Person is entitled under the Arrangement. In no event shall Whitecap and TORC or any other Person be required to recognize a Dissenting Shareholder as a TORC Shareholder after the issuance of Whitecap Shares to such Dissenting Shareholder pursuant to subsection 3.1(b) of this Plan of Arrangement. For greater certainty, in addition to any other restrictions in Section 191 of the ABCA, no TORC Shareholder who has voted, or instructed a proxyholder to vote, in favour of the Arrangement shall be entitled to dissent with respect to the Arrangement. In addition, a Dissenting Shareholder may only exercise Dissent Rights in respect of all, and not less than all, of its TORC Shares.

## **ARTICLE 5 OUTSTANDING CERTIFICATES AND PAYMENTS**

### **5.1 Certificates**

From and after the Effective Time, certificates formerly representing TORC Shares shall represent only the right to receive the consideration to which the TORC Shareholders are entitled to receive under the Arrangement.

### **5.2 Deposit of Whitecap Shares**

On the Effective Date, Whitecap shall issue and deliver to the Depositary an irrevocable treasury order authorizing the Depositary, as the registrar and transfer agent for the Whitecap Shares, to issue certificates or make a book-based entry representing the aggregate number of Whitecap Shares to which the TORC Shareholders are entitled in accordance with the terms of the Arrangement. Subject to Section 5.6 hereof, from and after such provision, the Depositary shall be considered to hold such Whitecap Shares for the sole benefit of the TORC Shareholders.

### **5.3 Delivery of Whitecap Shares by the Depositary**

Whitecap shall cause the Depositary to, as soon as practicable following the later of the Effective Date and the date of deposit by a former holder of TORC Shares of a duly completed Letter of Transmittal, the certificates representing such TORC Shares and such other documents and instruments as the Depositary may reasonably require, either:

- (a) forward or cause to be forwarded by first class mail (postage prepaid) to such former holder of TORC Shares at the address specified in the Letter of Transmittal; or
- (b) if requested by such former holder of TORC Shares in the Letter of Transmittal, make available or cause to be made available at the Depositary for pickup by such holder,

the certificates for Whitecap Shares which such holder has the right to receive pursuant to the Arrangement, net of any amounts withheld pursuant to Section 5.8 hereof. Whitecap's transfer agent shall register Whitecap Shares in the name of each former TORC Shareholder entitled thereto or as otherwise instructed in the Letter of Transmittal deposited by such former TORC Shareholder and shall deliver such Whitecap Shares in accordance with this Section 5.3 and the terms and conditions of the Letter of Transmittal.

#### **5.4 Lost Certificates**

If any certificate which, immediately prior to the Effective Time, represented an interest in outstanding TORC Shares has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to have been lost, stolen or destroyed, the Depositary shall deliver in exchange for such lost stolen or destroyed certificate the consideration to which the holder is entitled pursuant to the Arrangement (and any dividends or distributions with respect thereto) as determined in accordance with the Arrangement. The Person who is entitled to receive such consideration shall, as a condition precedent to the receipt thereof, give a bond to each of the Depositary and Whitecap, which bond is in form and substance satisfactory to each of the Depositary and Whitecap or shall otherwise indemnify the Depositary and Whitecap, to the reasonable satisfaction of the Depositary and Whitecap, against any claim that may be made against any of them with respect to the certificate alleged to have been lost, stolen or destroyed.

#### **5.5 Dividends and Distributions**

All dividends or other distributions made in respect of Whitecap Shares to which a former TORC Shareholder is entitled in accordance with the terms of the Arrangement, but for which a certificate representing either the Whitecap Shares has not been delivered to such TORC Shareholder in accordance with this Article 5, shall be paid or delivered to the Depositary to be held in trust for such TORC Shareholder for delivery to such shareholder, net of all applicable withholding and other taxes, upon delivery of the certificate in accordance with this Article 5.

#### **5.6 Failure to Deposit Certificates**

Subject to any applicable laws relating to unclaimed personal property, any certificate formerly representing TORC Shares that is not deposited, together with all other documents required hereunder, on the last Business Day before the third anniversary of the Effective Date and any right or claim to receive Whitecap Shares or other consideration hereunder that remains outstanding on such day shall cease to represent a right or claim by or interest of any kind or nature including the right of a former holder of TORC Shares to receive the consideration for such TORC Shares pursuant to this Plan (and any dividends or other distributions thereon) shall terminate and be deemed to be surrendered and forfeited to Whitecap, for no consideration. In such case, such Whitecap Shares shall be returned to Whitecap for cancellation and any cash (including any dividends or other distributions in respect of such Whitecap Shares) shall be returned to Whitecap.

#### **5.7 Fractional Shares**

Notwithstanding anything herein contained, no fractional Whitecap Shares will be issued. In the event that an TORC Shareholder would otherwise be entitled to a fractional Whitecap Share hereunder, the number of Whitecap Shares issued to such TORC Shareholder shall be rounded up to the next greater whole number of Whitecap Shares if the fractional entitlement is equal to or greater than 0.5 and shall, without any additional compensation, be rounded down to the next lesser whole number of

Whitecap Shares if the fractional entitlement is less than 0.5. In calculating such fractional interests, all TORC Shares registered in the name of a TORC Shareholder or its nominee shall be aggregated.

## **5.8 Withholdings**

Notwithstanding any other provision of this Plan, Whitecap, TORC and the Depositary, as applicable, shall be entitled to deduct or withhold from any amounts otherwise payable or deliverable to any person under the Arrangement such amounts as Whitecap, TORC, or the Depositary, as applicable, determines, acting reasonably, are required to be deducted or withheld with respect to such payment or delivery in accordance with the Tax Act or any provision of federal, provincial, territorial, state, local or foreign tax law, in each case, as amended. To the extent that amounts are so deducted or withheld, such deducted and withheld amounts shall be treated for all purposes as having been paid to the person in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate Governmental Authority. Each of Whitecap, TORC or the Depositary, as applicable, is hereby authorized to sell or otherwise dispose of, on behalf of such person, such portion of any share otherwise deliverable to such person as is necessary to provide sufficient funds to Whitecap, TORC or the Depositary, as the case may be, to enable it to comply with such deduction or withholding requirement and Whitecap, TORC or the Depositary shall notify such person thereof and remit the applicable portion of the net proceeds of such sale to the appropriate taxing authority and, if applicable, any portion of such net proceeds that is not required to be so remitted shall be paid to such person.

## **ARTICLE 6 AMENDMENTS**

### **6.1 Amendment of this Plan**

- (a) Whitecap and TORC may by mutual agreement amend this Plan at any time and from time to time prior to the Effective Time, provided that each such amendment must be: (i) set out in writing; (ii) filed with the Court and, if made following the TORC Meeting, approved by the Court; and (iii) communicated to holders of TORC Shares, if and as required by the Court.
- (b) Other than as may be required under the Interim Order, any amendment to this Plan may be proposed by TORC or Whitecap at any time prior to or at the TORC Meeting (provided that the other Party shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the TORC Meeting, shall become part of this Plan for all purposes.
- (c) Any amendment to this Plan of Arrangement that is approved by the Court following the TORC Meeting shall be effective only if it is consented to by each of Whitecap and TORC and, approved by TORC Shareholders if it adversely affects the TORC Shareholders and such approval is required by the Court or applicable law.
- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Time by Whitecap, provided that such amendment, modification or supplement concerns a matter which, in the reasonable opinion of Whitecap, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of Whitecap or any former TORC Shareholder.

**ARTICLE 7**  
**ADDITIONAL STEPS**

**7.1 Further Acts**

Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out herein.

**SCHEDULE "B"**

**FORM OF TORC SUPPORT AGREEMENT**

## FORM OF TORC SUPPORT AGREEMENT

December 8, 2020

To the Undersigned Securityholder of TORC Oil & Gas Ltd.

Dear Sir / Madame:

**Re: Agreement respecting the Business Combination involving Whitecap Resources Inc. and TORC Oil & Gas Ltd.**

Reference is made to the business combination agreement dated on or about December 8, 2020 (the "**Business Combination Agreement**") between Whitecap Resources Inc. ("**Whitecap**") and TORC Oil & Gas Ltd. ("**TORC**") pursuant to which, among other things, Whitecap has agreed to directly or indirectly purchase all of the issued and outstanding common shares in the capital of TORC ("**TORC Shares**") (including all of the TORC Shares issued upon the settlement of the outstanding restricted awards ("**Restricted Awards**") and performance awards ("**Performance Awards**" and together with the Restricted Awards, the "**TORC Share Awards**") granted under the share award incentive plan of TORC) for the consideration set forth in the Business Combination Agreement.

TORC Shares and TORC Share Awards are collectively referred to herein as the "**TORC Securities**". Capitalized words and phrases used but not defined herein shall have the meaning ascribed to them in the Business Combination Agreement.

We understand that you (the "**Securityholder**") beneficially own or exercise control or direction over, directly or indirectly, the number of TORC Securities set forth on the execution page of this letter agreement (the "**Subject Securities**").

Any references in this letter agreement to TORC Securities owned by the Securityholder shall mean such number of TORC Securities owned by the Securityholder as at the date hereof and, where the context requires, shall include all TORC Shares issued to the Securityholder after the date hereof pursuant to the settlement the outstanding TORC Share Awards held by the Securityholder and any other TORC Securities otherwise acquired.

This letter agreement sets forth the agreement between Whitecap and the Securityholder that the Securityholder agrees to vote the following Securityholder's TORC Securities, to the extent that such securities have voting rights under the Business Combination, in favour of the Business Combination (and in favour of any actions or resolutions required in furtherance of completing the Business Combination) at any meeting of the TORC securityholders, however called, for the purpose of approving the Business Combination and any adjournment or postponement thereof (the "**Meeting**"): (i) all of the Subject Securities; and (ii) any and all other TORC Securities hereafter acquired or controlled by the Securityholder in its personal capacity either directly or indirectly before the date of the Meeting; ((i) and (ii) are together referred to as the "**Securityholder's TORC Securities**"), and to otherwise support the Business Combination, subject to the terms and conditions of this letter agreement.

The Securityholder acknowledges and agrees that the completion of the Business Combination is subject to various conditions as set forth in the Business Combination Agreement, which conditions are for the exclusive benefit of Whitecap and/or TORC, which Whitecap and/or TORC has the right, in its sole discretion, to waive in whole or in part, or to rely on in connection with termination of the Business Combination Agreement and this letter agreement and their respective obligations to complete the Business Combination. Further, the Securityholder acknowledges and agrees that the Business Combination

Agreement may be amended or amended and restated and any such amendment or amendment and restatement shall not in any way affect the obligations of the Securityholder hereunder except as provided in Section 5 hereof. By executing this letter agreement, the Securityholder understands and acknowledges that Whitecap is entering into the Business Combination Agreement in reliance on the Securityholder's execution and delivery of this letter agreement and the terms contained herein, and in consideration for Whitecap entering into the Business Combination Agreement with TORC, each of Whitecap and the Securityholder hereby agrees to be bound by the terms set forth herein.

## **1. Covenants of the Securityholder**

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereof, from the date hereof until the termination of this letter agreement in accordance with Section 5 hereof, the Securityholder hereby covenants and agrees, as follows:

- (a) to vote (or cause to be voted), and provide evidence thereof, including if voting by proxy, to Whitecap within five (5) days prior to the Meeting all of the Securityholder's TORC Securities in favour of all resolutions approving the Business Combination, as contemplated by the Business Combination Agreement, and any actions required in furtherance of the actions contemplated thereby at the Meeting and not withdraw any proxies or change the vote thereof;
- (b) to vote (or to cause to be voted) all of the Securityholder's TORC Securities at any meeting of securityholders of TORC against any resolution or transaction which would in any manner, frustrate, prevent, delay or nullify the Business Combination or any of the other transactions contemplated by the Business Combination Agreement;
- (c) except to the extent permitted hereunder, not take any action of any kind which would cause any of its representations or warranties in this letter agreement to become untrue or which may in any way materially adversely affect the success of the Business Combination, the completion of the Business Combination or the purchase of any TORC Shares (including the TORC Shares issuable upon the settlement of any TORC Share Awards or other TORC securities held by the Securityholder) under the Business Combination;
- (d) promptly notify Whitecap upon any of the Securityholder's representations or warranties in this letter agreement becoming untrue or incorrect in any material respect during the period commencing on the date hereof and expiring at the earlier of the Effective Time and the termination of this letter agreement in accordance with Section 5 hereof, and for the purpose of this provision, each representation and warranty shall be deemed to be given at and as of all times during such period (irrespective of any language which suggests that it is only being given as at the date hereof);
- (e) not to grant or agree to grant any proxy or other right to vote any of the Securityholder's TORC Securities (other than as permitted under subsections 1(a) and 1(b) hereof or in respect of any regularly held annual meeting of TORC with respect to matters that do not affect the Business Combination), or enter into any voting trust, vote pooling or other agreement with respect to the right to vote, call meetings of securityholders or give consents or approval of any kind as to any of the Securityholder's TORC Securities (other than in connection with the performance by the Securityholder of its obligations hereunder);

- (f) not to sell, transfer, assign, convey or otherwise dispose of, or enter into any agreement or understanding relating to the sale, transfer, assignment, conveyance or other disposition of, any of the Securityholder's TORC Securities to any person other than to: (i) Whitecap or any subsidiary of Whitecap (as such term is defined in the *Securities Act* (Alberta)); or (ii) an affiliate or associate (as those terms are defined in the *Securities Act* (Alberta)) of such Securityholder provided that such affiliate or associate first agrees with Whitecap to be bound by the terms hereof;
- (g) notwithstanding Section 1(f) hereof, the Securityholder may sell, assign, convey or otherwise transfer or dispose of any or all of the Securityholder's TORC's Securities to a Related Person provided that such Related Person enters into an agreement with Whitecap on the same terms as this letter agreement, or otherwise agrees with Whitecap to be bound by the provisions hereof or as otherwise consented to by Whitecap, which consent may be arbitrarily withheld. For the purposes hereof, "**Related Person**" means: (i) a spouse, parent, grandparent, brother, sister or child of the Securityholder; (ii) a company or family trust if all of the voting securities of such company are held by, or all the beneficiaries of such trust are, one or more of the persons referred to in clause (i); or (iii) an "associate" or "affiliate" within the meaning of the *Securities Act* (Alberta);
- (h) not to exercise any Dissent Rights or appraisal rights in respect of any resolution approving the Business Combination and not to exercise any other securityholder rights or remedies available at common law or pursuant to the ABCA or applicable securities legislation to delay, hinder, upset or challenge the Business Combination;
- (i) except to the extent permitted hereunder, not to take any action, directly or indirectly, which may reasonably be expected to adversely affect, delay, hinder, upset or challenge the successful completion of the Business Combination or the purchase of any TORC Shares (including the TORC Shares issuable upon the settlement of any TORC Share Awards and any and all other TORC Shares hereafter acquired or controlled by the Securityholder either directly or indirectly before the Effective Date) under the Business Combination; and
- (j) to execute and deliver, or cause to be executed and delivered, such additional or further consents, documents or other instruments as Whitecap may reasonably request for the purpose of effectively carrying out the matters contemplated by this letter agreement.

## 2. Non-Solicitation

The Securityholder agrees that it will not directly or indirectly:

- (a) solicit, assist, initiate or knowingly facilitate or encourage or take any action to solicit or knowingly facilitate, initiate, entertain or encourage any Acquisition Proposal, or engage in any communication regarding the making of any proposal or offer that constitutes or may constitute or may reasonably be expected to lead to an Acquisition Proposal, including, without limitation, by way of furnishing information or access to properties, facilities or books and records of TORC; or
- (b) enter into or participate in any discussions or negotiations regarding an Acquisition Proposal, or furnish to any other person any information with respect to the business, properties, operations, or conditions (financial or otherwise) of TORC in connection with, or performance of an Acquisition Proposal or otherwise cooperate in any way with, or

assist or knowingly participate in, facilitate or encourage, any effort or attempt of any other person to do or seek to do any of the foregoing.

### **3. Representations and Warranties**

The Securityholder represents and warrants to Whitecap that:

- (a) the Securityholder is duly authorized and has the authority to execute and deliver this letter agreement and to carry out the transactions contemplated hereby and this letter agreement is a valid and binding agreement enforceable against the Securityholder in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other applicable laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered;
- (b) neither the execution of this letter agreement by the Securityholder nor the completion by the Securityholder of the transactions contemplated hereby will constitute a violation of or default under, or conflict with, any contract, commitment, agreement, understanding, arrangement or restriction of any kind to which the Securityholder will be a party or by which it will be bound at the time of completion of such transactions;
- (c) (i) the Securityholder is the beneficial owner of or exercises control and direction, directly or indirectly, over the number of TORC Shares and TORC Share Awards, set forth on the execution page of this letter agreement; and (ii) as at the date hereof, the foregoing TORC Shares and TORC Share Awards as set forth on the execution page are the only securities in the capital of TORC (or securities convertible, exchanged or exercisable into TORC Securities) beneficially owned by the Securityholder or over which he, she or it, directly or indirectly, exercises control or direction;
- (d) the TORC Shares beneficially owned by the Securityholder or over which the Securityholder exercises control and direction at the date hereof are held by the Securityholder with valid and marketable title thereto, and the transfer to Whitecap or a subsidiary thereof of such TORC Shares, and any TORC Shares issuable upon the settlement of TORC Share Awards will pass good and marketable title to such shares, free and clear of all claims, liens, charges, encumbrances and security interests;
- (e) other than pursuant to this letter agreement, the TORC Shares (including the TORC Shares issuable upon the settlement of the TORC Share Awards) owned or controlled by the Securityholder are not subject to any securityholder agreements, voting trust or similar agreements or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming a securityholders' agreement, voting trust or other agreement affecting such TORC Shares or any interest therein or right thereto, including, without limitation, the voting of any such securities;
- (f) other than pursuant to this letter agreement, the Securityholder has not previously granted or agreed to grant any proxy or any other right to vote any of the Securityholder's TORC Securities in respect of any meeting of securityholders of TORC that is currently in force, and has not entered into a voting trust, vote pooling or other agreement with respect to his, her or its right to vote, call meetings of securityholders of TORC or give consents or approvals of any kind as to the Securityholder's TORC Securities;

- (g) there are no legal proceedings currently in progress or pending before any Governmental Authority or, to the Securityholder's knowledge, threatened against the Securityholder or any of such Securityholder's affiliates that would materially adversely affect in any manner the ability of the Securityholder to enter into this letter agreement and to perform its obligations hereunder or the title of the Securityholder to any of the Securityholder's TORC Securities, and there is no current and enforceable judgment, decree or order against the Securityholder that would adversely affect in any manner the ability of the Securityholder to enter into this letter agreement and to perform its obligations hereunder or the title of the Securityholder to any of the Securityholder's TORC Securities; and
- (h) no authorization, consent or approval from, or filing, registration, declaration or qualification with, or before, or giving notice to, any person is required to be obtained, given or made in connection with the execution and delivery by the Securityholder of this letter agreement, the performance of the terms hereof by the Securityholder or the consummation of the transactions contemplated hereby by the Securityholder, except for those which have been (or will be with respect to consummation of the Business Combination) duly and unconditionally obtained and are (or will be with respect to consummation of the Business Combination) in full force and effect.

#### **4. Expenses**

Whitecap and the Securityholder agree to pay their own respective expenses incurred in connection with this letter agreement.

#### **5. Termination**

It is understood and agreed that the respective rights and obligations hereunder of Whitecap and the Securityholder shall cease and this letter agreement shall terminate on the earlier of: (a) the Effective Time; (b) the date on which this letter agreement is terminated by the mutual written agreement of the parties hereto; (c) the close of business on the date of the TORC Meeting at which a TORC Shareholder vote is held and the Business Combination Resolution is not approved by the requisite majority of TORC Shareholders; or (d) the date on which the Business Combination Agreement is terminated in accordance with its terms. In addition, this letter agreement may be terminated by the Securityholder by notice in writing to Whitecap if the Business Combination and/or Plan of Arrangement is amended to reduce or change the form of consideration payable to the Securityholder for its TORC Shares pursuant to the Business Combination.

In the event of termination of this letter agreement, this letter agreement shall forthwith be of no further force and effect, except for Sections 4, 7, 8, 11, 12 and 14 and this Section 5, which provisions shall survive the termination of this letter agreement and there shall be no liability on the part of either the Securityholder or Whitecap or any of its affiliates or associates, except to the extent that either such party is in default of its obligations herein contained.

#### **6. Future Amendments**

To the extent that the Business Combination Agreement is amended, modified, restated, replaced or superseded from time to time, all references herein to the Business Combination Agreement shall be to the Business Combination Agreement as amended, modified or restated from time to time or to the agreement which has replaced or superseded it from time to time, and all references to particular sections of the Business Combination Agreement shall be deemed to be references to the analogous provision in the

Business Combination Agreement as amended, modified or restated from time to time or to the agreement which has replaced or superseded it from time to time.

## **7. Assignment**

Except as expressly set forth herein, no party to this letter agreement may assign any of its rights or obligations under this letter agreement without the prior written consent of the other party except that Whitecap may assign its rights and obligations under this letter agreement to any of its affiliates, provided such affiliate executes and delivers a counterpart to this letter agreement pursuant to which it agrees to be bound by the terms of this letter agreement as if it were the purchaser pursuant to the Business Combination, but no such assignment shall relieve Whitecap of its obligations hereunder.

## **8. Disclosure**

Prior to the first public disclosure of the existence and terms and conditions of this letter agreement by Whitecap or TORC or an affiliate thereof, the Securityholder shall not disclose the existence of this letter agreement or any details hereof or the possibility of the Business Combination being effected or any terms or conditions or other information concerning any possible acquisition of the Securityholder's TORC Securities, to any person other than: (i) the Securityholder's advisors (provided that the Securityholder's advisors shall be required to comply with the foregoing disclosure obligations and the Securityholder agrees to be responsible for any breach of such disclosure obligations by any of the Securityholder's advisors); and (ii) TORC and its directors, officers and advisors, without the prior written consent of Whitecap, except to the extent required by applicable law, stock exchange rules or policies of regulatory authorities having jurisdiction which Whitecap after reasonable notice will not consent to, and any disclosure by the Securityholder after the first public disclosure of the existence and terms and conditions of this letter agreement by Whitecap or TORC or an affiliate thereof shall be permitted only to the extent that any such information disclosed by the Securityholder has already been publicly disclosed by one of these parties other than the Securityholder. Notwithstanding anything contained herein or elsewhere, the existence and terms and conditions of this letter agreement may be disclosed by Whitecap and TORC in any press release issued in connection with the execution of the Business Combination Agreement or to the extent required by applicable law.

## **9. Notices**

All notices to be given to a party hereunder shall be in writing and delivered personally, by overnight courier or email transmission, addressed, in the case of the Securityholder, to the address set forth in the signature page of the Securityholder set forth in this letter agreement, and in the case of Whitecap at the following address:

Whitecap Resources Inc.  
3800, 525 8 Avenue SW  
Calgary, AB T2P 1G1

Attention: Grant Fagerheim  
Email: [gfagerheim@wcap.ca](mailto:gfagerheim@wcap.ca)

with a copy to:

Burnet, Duckworth & Palmer LLP  
2400, 525 – 8 Avenue SW  
Calgary, Alberta, T2P 1G1

Attention: Shannon Gangl  
Email: [smg@bdplaw.com](mailto:smg@bdplaw.com)

#### **10. Further Assurances**

The Securityholder shall from time to time and at all times hereafter at the request of Whitecap but without further consideration, do and perform all such further acts, matters and things and execute and deliver all such further documents, deeds, assignments, agreements, notices and writings and give such further assurances as shall be reasonably required for the purpose of giving effect to this letter agreement.

#### **11. Enurement**

This letter agreement will be binding upon and enure to the benefit of Whitecap, the Securityholder and their respective executors, administrators, successors and permitted assigns.

#### **12. Applicable Law**

This letter agreement shall be governed and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein and each of the parties hereto irrevocably attorns to the jurisdiction of the courts of the Province of Alberta.

#### **13. Severability**

If any provision of this letter agreement is determined to be void or unenforceable, in whole or in part, it shall be severable from all other provisions hereof and shall be deemed not to affect or impair the validity of any other provision hereof and each such provision is deemed to be separate and distinct.

#### **14. Enforcement**

The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this letter agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties hereto shall be entitled to an injunction or injunctions without the need for posting of security to prevent breaches of this letter agreement and to enforce specifically the terms and provisions hereof in any court of the Province of Alberta having jurisdiction, this being in addition to any other remedy to which such party is entitled at law or in equity.

#### **15. No Limit on Fiduciary Duty**

Nothing contained in this letter agreement will restrict, limit or prohibit the Securityholder from exercising in his or her capacity as a director or officer (if applicable) his or her fiduciary duties to TORC under applicable law or require the Securityholder in his or her capacity as a director or officer (if applicable) of TORC, to take any action in contravention of, or omit to take any action pursuant to, or otherwise take or refrain from taking any actions which are inconsistent with, instructions or directions of the TORC Board of Directors undertaken in the exercise of its fiduciary duties, in compliance with Section 3.4 of the Business Combination Agreement, provided that nothing in this Section 15 will be deemed to relieve the Securityholder from the Securityholder's obligations under any other provision of this letter agreement other than Sections 1 and 2 hereof to the extent that the actions taken by the Securityholder were taken solely in his or her capacity as a director or officer of TORC and in accordance the foregoing.

**16. Entire Agreement**

This letter agreement supersedes all prior agreements between the parties hereto with respect to the subject matter hereof and contains the entire agreement among the parties with respect to the subject matter hereof. This letter agreement may not be modified or waived, except expressly by an instrument in writing signed by all the parties hereto. No waiver of any provision hereof by any party hereto shall be deemed a waiver by any other party nor shall any such waiver be deemed a continuing waiver of any matter by such party.

**17. Counterparts**

This letter agreement may be signed in counterparts which together shall be deemed to constitute one valid and binding agreement and delivery of such counterparts may be effected by means of facsimile, e-mail or other electronic transmission.

This letter agreement shall be effective and enforceable in accordance with its terms effective as of the date the Business Combination Agreement is executed by the parties thereto.

*[Remainder of page intentionally left blank]*

If you are in agreement with the foregoing, please indicate your acceptance thereof by signing and returning this letter to Whitecap.

Yours truly,

**WHITECAP RESOURCES INC.**

Per: \_\_\_\_\_  
Name:  
Title:

\_\_\_\_\_  
Signature of Securityholder

\_\_\_\_\_  
Name of Securityholder (please print)

\_\_\_\_\_  
Address of Securityholder

\_\_\_\_\_  
Email of Securityholder

\_\_\_\_\_  
Number of TORC Shares beneficially owned by Securityholder,  
or over which Securityholder exercises control

\_\_\_\_\_  
Number of Restricted Awards held by Securityholder

\_\_\_\_\_  
Number of Performance Awards held by Securityholder

**SCHEDULE "C"**

**FORM OF WHITECAP SUPPORT AGREEMENT**

## FORM OF WHITECAP SUPPORT AGREEMENT

\_\_\_\_\_, 2020

To the Undersigned Securityholder of Whitecap Resources Inc.

Dear Sir / Madame:

**Re: Agreement respecting the Business Combination involving Whitecap Resources Inc. and TORC Oil & Gas Ltd.**

Reference is made to the business combination agreement dated on or about December 8, 2020 (the "**Business Combination Agreement**") between Whitecap Resources Ltd. ("**Whitecap**") and TORC Oil & Gas Ltd. ("**TORC**") pursuant to which, among other things, Whitecap has agreed to directly or indirectly purchase all of the issued and outstanding common shares in the capital of TORC (including all of the TORC Shares issued upon the settlement of the outstanding restricted awards and performance awards granted under the share award incentive plan of TORC) for the consideration set forth in the Business Combination Agreement.

Common shares of Whitecap ("**Whitecap Shares**") and restricted share awards of Whitecap ("**Whitecap Share Awards**") granted pursuant to Whitecap's award incentive plan are collectively referred to herein as the "**Whitecap Securities**". Capitalized words and phrases used but not defined herein shall have the meaning ascribed to them in the Business Combination Agreement.

We understand that you (the "**Securityholder**") beneficially own or exercise control or direction over, directly or indirectly, the number of Whitecap Securities set forth on the execution page of this letter agreement (the "**Subject Securities**").

Any references in this letter agreement to Whitecap Securities owned by the Securityholder shall mean such number of Whitecap Securities owned by the Securityholder as at the date hereof and, where the context requires, shall include all Whitecap Shares issued to the Securityholder after the date hereof pursuant to the settlement the outstanding Whitecap Share Awards held by the Securityholder and any other Whitecap Securities otherwise acquired.

This letter agreement sets forth the agreement between TORC and the Securityholder that the Securityholder agrees to vote the following Securityholder's Whitecap Securities, to the extent that such securities have voting rights under the Business Combination, in favour of the Business Combination (and in favour of any actions or resolutions required in furtherance of completing the Business Combination) at any meeting of the Whitecap securityholders, however called, for the purpose of approving the Business Combination and any adjournment or postponement thereof (the "**Meeting**"): (i) all of the Subject Securities; and (ii) any and all other Whitecap Securities hereafter acquired or controlled by the Securityholder in his or her personal capacity either directly or indirectly before the date of the Meeting ((i) and (ii) are together referred to as the "**Securityholder's Whitecap Securities**"), and to otherwise support the Business Combination, subject to the terms and conditions of this letter agreement.

The Securityholder acknowledges and agrees that the completion of the Business Combination is subject to various conditions as set forth in the Business Combination Agreement, which conditions are for the exclusive benefit of Whitecap and/or TORC, which Whitecap and/or TORC has the right, in its sole discretion, to waive in whole or in part, or to rely on in connection with termination of the Business Combination Agreement and this letter agreement and their respective obligations to complete the Business Combination. Further, the Securityholder acknowledges and agrees that the Business Combination

Agreement may be amended or amended and restated and any such amendment or amendment and restatement shall not in any way affect the obligations of the Securityholder hereunder except as provided in Section 4 hereof. By executing this letter agreement, the Securityholder understands and acknowledges that TORC is entering into the Business Combination Agreement in reliance on the Securityholder's execution and delivery of this letter agreement and the terms contained herein, and in consideration for TORC entering into the Business Combination Agreement with Whitecap, each of TORC and the Securityholder hereby agrees to be bound by the terms set forth herein.

## **1. Covenants of the Securityholder**

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereof, from the date hereof until the termination of this letter agreement in accordance with Section 4 hereof, the Securityholder hereby covenants and agrees, as follows:

- (a) to vote (or cause to be voted), and provide evidence thereof, including if voting by proxy, to TORC within five (5) days prior to the Whitecap Meeting all of the Securityholder's Whitecap Securities in favour of all resolutions required in furtherance of completing the Business Combination, including the Amendment Resolution and the Share Issuance Resolution, as contemplated by the Business Combination Agreement, and any actions required in furtherance of the actions contemplated thereby at the Whitecap Meeting and not withdraw any proxies or change the vote thereof;
- (b) to vote (or to cause to be voted) all of the Securityholder's Whitecap Securities at any meeting of securityholders of Whitecap against any resolution or transaction which would in any manner, frustrate, prevent, delay or nullify the Business Combination or any of the other transactions contemplated by the Business Combination Agreement;
- (c) except to the extent permitted hereunder, not take any action of any kind which would cause any of its representations or warranties in this letter agreement to become untrue or which may in any way materially adversely affect the success of the Business Combination, the completion of the Business Combination or the purchase of any Whitecap Shares (including the Whitecap Shares issuable upon the settlement of any Whitecap Share Awards or other Whitecap securities held by the Securityholder) under the Business Combination;
- (d) promptly notify TORC upon any of the Securityholder's representations or warranties in this letter agreement becoming untrue or incorrect in any material respect during the period commencing on the date hereof and expiring at the earlier of the Effective Time and the termination of this letter agreement in accordance with Section 4 hereof, and for the purpose of this provision, each representation and warranty shall be deemed to be given at and as of all times during such period (irrespective of any language which suggests that it is only being given as at the date hereof);
- (e) not to grant or agree to grant any proxy or other right to vote any of the Securityholder's Whitecap Securities (other than as permitted under subsections 1(a) and 1(b) hereof or in respect of any regularly held annual meeting of Whitecap with respect to matters that do not affect the Business Combination), or enter into any voting trust, vote pooling or other agreement with respect to the right to vote, call meetings of securityholders or give consents or approval of any kind as to any of the Securityholder's Whitecap Securities (other than in connection with the performance by the Securityholder of its obligations hereunder);

- (f) not to sell, transfer, assign, convey or otherwise dispose of, or enter into any agreement or understanding relating to the sale, transfer, assignment, conveyance or other disposition of, any of the Securityholder's Whitecap Securities to any person other than to: (i) TORC or any subsidiary of TORC (as such term is defined in the *Securities Act (Alberta)*); or (ii) an affiliate or associate (as those terms are defined in the *Securities Act (Alberta)*) of such Securityholder provided that such affiliate or associate first agrees with TORC to be bound by the terms hereof;
- (g) notwithstanding Section 1(f) hereof, the Securityholder may sell, assign, convey or otherwise transfer or dispose of any or all of the Securityholder's Whitecap Securities to a Related Person provided that such Related Person enters into an agreement with TORC on the same terms as this letter agreement, or otherwise agrees with TORC to be bound by the provisions hereof or as otherwise consented to by TORC, which consent may be arbitrarily withheld. For the purposes hereof, "**Related Person**" means: (i) a spouse, parent, grandparent, brother, sister or child of the Securityholder; (ii) a company or family trust if all of the voting securities of such company are held by, or all the beneficiaries of such trust are, one or more of the persons referred to in clause (i); or (iii) an "associate" or "affiliate" within the meaning of the *Securities Act (Alberta)*;
- (h) except to the extent permitted hereunder, not to take any action, directly or indirectly, which may reasonably be expected to adversely affect, delay, hinder, upset or challenge the successful completion of the Business Combination; and
- (i) to execute and deliver, or cause to be executed and delivered, such additional or further consents, documents or other instruments as Whitecap may reasonably request for the purpose of effectively carrying out the matters contemplated by this letter agreement.

## 2. Representations and Warranties

The Securityholder represents and warrants to TORC that:

- (a) the Securityholder is duly authorized and has the authority to execute and deliver this letter agreement and to carry out the transactions contemplated hereby and this letter agreement is a valid and binding agreement enforceable against the Securityholder in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other applicable laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered;
- (b) neither the execution of this letter agreement by the Securityholder nor the completion by the Securityholder of the transactions contemplated hereby will constitute a violation of or default under, or conflict with, any contract, commitment, agreement, understanding, arrangement or restriction of any kind to which the Securityholder will be a party or by which it will be bound at the time of completion of such transactions;
- (c) (i) the Securityholder is the beneficial owner of or exercises control and direction, directly or indirectly, over the number of Whitecap Shares and Whitecap Share Awards, set forth on the execution page of this letter agreement; and (ii) as at the date hereof, the foregoing Whitecap Shares and Whitecap Share Awards as set forth on the execution page hereof are the only securities in the capital of Whitecap (or securities convertible, exchanged or

exercisable into Whitecap Securities) beneficially owned by the Securityholder or over which he, she or it, directly or indirectly, exercises control or direction;

- (d) other than pursuant to this letter agreement, the Whitecap Shares (including the Whitecap Shares issuable upon the settlement of the Whitecap Share Awards) owned or controlled by the Securityholder are not subject to any securityholder agreements, voting trust or similar agreements or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming a securityholders' agreement, voting trust or other agreement affecting such Whitecap Shares or any interest therein or right thereto, including, without limitation, the voting of any such securities;
- (e) other than pursuant to this letter agreement, the Securityholder has not previously granted or agreed to grant any proxy or any other right to vote any of the Securityholder's Whitecap Securities in respect of any meeting of securityholders of Whitecap that is currently in force, and has not entered into a voting trust, vote pooling or other agreement with respect to his, her or its right to vote, call meetings of securityholders of Whitecap or give consents or approvals of any kind as to the Securityholder's Whitecap Securities;
- (f) there are no legal proceedings currently in progress or pending before any Governmental Authority or, to the Securityholder's knowledge, threatened against the Securityholder or any of such Securityholder's affiliates that would materially adversely affect in any manner the ability of the Securityholder to enter into this letter agreement and to perform its obligations hereunder, and there is no current and enforceable judgment, decree or order against the Securityholder that would adversely affect in any manner the ability of the Securityholder to enter into this letter agreement and to perform its obligations hereunder; and
- (g) no authorization, consent or approval from, or filing, registration, declaration or qualification with, or before, or giving notice to, any person is required to be obtained, given or made in connection with the execution and delivery by the Securityholder of this letter agreement, the performance of the terms hereof by the Securityholder or the consummation of the transactions contemplated hereby by the Securityholder, except for those which have been (or will be with respect to consummation of the Business Combination) duly and unconditionally obtained and are (or will be with respect to consummation of the Business Combination) in full force and effect.

### **3. Expenses**

TORC and the Securityholder agree to pay their own respective expenses incurred in connection with this letter agreement.

### **4. Termination**

It is understood and agreed that the respective rights and obligations hereunder of TORC and the Securityholder shall cease and this letter agreement shall terminate on the earlier of: (a) the Effective Time; (b) the date on which this letter agreement is terminated by the mutual written agreement of the parties hereto; (c) the close of business on the date of the Whitecap Meeting at which a Whitecap Shareholder vote is held and the Share Issuance Resolution is not approved by the requisite majority of Whitecap Shareholders; (d) the date of the TORC Meeting at which a TORC Shareholder vote is held and the Business Combination Resolution is not approved by the requisite majority of TORC Shareholders; and (e) the date on which the Business Combination Agreement is terminated in accordance with its terms.

In the event of termination of this letter agreement, this letter agreement shall forthwith be of no further force and effect, except for Sections 3, 6, 7, 10, 11 and 13 and this Section 4, which provisions shall survive the termination of this letter agreement and there shall be no liability on the part of either the Securityholder or TORC or any of its affiliates or associates, except to the extent that either such party is in default of its obligations herein contained.

## **5. Future Amendments**

To the extent that the Business Combination Agreement is amended, modified, restated, replaced or superseded from time to time, all references herein to the Business Combination Agreement shall be to the Business Combination Agreement as amended, modified or restated from time to time or to the agreement which has replaced or superseded it from time to time, and all references to particular sections of the Business Combination Agreement shall be deemed to be references to the analogous provision in the Business Combination Agreement as amended, modified or restated from time to time or to the agreement which has replaced or superseded it from time to time.

## **6. Assignment**

Except as expressly set forth herein, no party to this letter agreement may assign any of its rights or obligations under this letter agreement without the prior written consent of the other party.

## **7. Disclosure**

Prior to the first public disclosure of the existence and terms and conditions of this letter agreement by Whitecap or TORC or an affiliate thereof, the Securityholder shall not disclose the existence of this letter agreement or any details hereof or the possibility of the Business Combination being effected to any person other than: (i) the Securityholder's advisors (provided that the Securityholder's advisors shall be required to comply with the foregoing disclosure obligations and the Securityholder agrees to be responsible for any breach of such disclosure obligations by any of the Securityholder's advisors); and (ii) Whitecap and its directors, officers and advisors, without the prior written consent of TORC, except to the extent required by applicable law, stock exchange rules or policies of regulatory authorities having jurisdiction which TORC after reasonable notice will not consent to, and any disclosure by the Securityholder after the first public disclosure of the existence and terms and conditions of this letter agreement by TORC or Whitecap or an affiliate thereof shall be permitted only to the extent that any such information disclosed by the Securityholder has already been publicly disclosed by one of these parties other than the Securityholder. Notwithstanding anything contained herein or elsewhere, the existence and terms and conditions of this letter agreement may be disclosed by Whitecap and TORC in any press release issued in connection with the execution of the Business Combination Agreement or to the extent required by applicable law.

## **8. Notices**

All notices to be given to a party hereunder shall be in writing and delivered personally, by overnight courier or email transmission, addressed, in the case of the Securityholder, to the address set forth in the signature page of the Securityholder set forth in this letter agreement, and in the case of TORC at the following address:

TORC Oil & Gas Ltd.  
Suite 1800 Eighth Avenue Place  
525 – 8th Avenue SW  
Calgary, AB T2P 1G1

Attention: Jason Zabinsky  
Email: jzabinsky@torcoil.com

with a copy to:

McCarthy Tetrault LLP  
4000, 421 - 7<sup>th</sup> Avenue SW  
Calgary, Alberta, T2P 4K9

Attention: Gordon Cameron  
Email: GCAMERON@mccarthy.ca

## **9. Further Assurances**

The Securityholder shall from time to time and at all times hereafter at the request of TORC but without further consideration, do and perform all such further acts, matters and things and execute and deliver all such further documents, deeds, assignments, agreements, notices and writings and give such further assurances as shall be reasonably required for the purpose of giving effect to this letter agreement.

## **10. Enurement**

This letter agreement will be binding upon and enure to the benefit of TORC, the Securityholder and their respective executors, administrators, successors and permitted assigns.

## **11. Applicable Law**

This letter agreement shall be governed and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein and each of the parties hereto irrevocably attorns to the jurisdiction of the courts of the Province of Alberta.

## **12. Severability**

If any provision of this letter agreement is determined to be void or unenforceable, in whole or in part, it shall be severable from all other provisions hereof and shall be deemed not to affect or impair the validity of any other provision hereof and each such provision is deemed to be separate and distinct.

## **13. Enforcement**

The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this letter agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties hereto shall be entitled to an injunction or injunctions without the need for posting of security to prevent breaches of this letter agreement and to enforce specifically the terms and provisions hereof in any court of the Province of Alberta having jurisdiction, this being in addition to any other remedy to which such party is entitled at law or in equity.

**14. Entire Agreement**

This letter agreement supersedes all prior agreements between the parties hereto with respect to the subject matter hereof and contains the entire agreement among the parties with respect to the subject matter hereof. This letter agreement may not be modified or waived, except expressly by an instrument in writing signed by all the parties hereto. No waiver of any provision hereof by any party hereto shall be deemed a waiver by any other party nor shall any such waiver be deemed a continuing waiver of any matter by such party.

**15. Counterparts**

This letter agreement may be signed in counterparts which together shall be deemed to constitute one valid and binding agreement and delivery of such counterparts may be effected by means of facsimile, e-mail or other electronic transmission.

This letter agreement shall be effective and enforceable in accordance with its terms effective as of the date the Business Combination Agreement is executed by the parties thereto.

*[Remainder of page intentionally left blank]*

If you are in agreement with the foregoing, please indicate your acceptance thereof by signing and returning this letter to TORC.

Yours truly,

**TORC OIL & GAS LTD.**

Per: \_\_\_\_\_  
Name:  
Title:

\_\_\_\_\_  
Signature of Securityholder

\_\_\_\_\_  
Name of Securityholder (please print)

\_\_\_\_\_  
Address of Securityholder

\_\_\_\_\_  
Email of Securityholder

\_\_\_\_\_  
Number of Whitecap Shares beneficially owned by  
Securityholder, or over which Securityholder exercises control

\_\_\_\_\_  
Number of Whitecap Share Awards held by Securityholder