

**Whitecap Resources Inc. Acquisition of Compass Petroleum Ltd. on February 10, 2012  
Tax Reporting Statement Under Section 6045B of the Internal Revenue Code**

Effective January 1, 2011, issuers of corporate stock must begin reporting corporate actions that affect stock basis, including but not limited to mergers, stock splits, stock dividends, recapitalizations and distributions in excess of cumulative earnings and profits. The following is intended to meet the requirements of public disclosure pursuant to Treasury Regulations §§1.6045B-1(a)(3) and (b)(4).

**Issuer:**

Compass Petroleum Ltd.

**Description of Organizational Action:**

On February 10, 2012, Whitecap Resources Inc. (“Whitecap”) acquired Compass Petroleum Limited (“Compass”) in a transaction pursuant to which the Compass shareholders exchanged their Compass common stock for a combination of cash and Whitecap stock. Specifically, upon consummation of the arrangement, for each Compass share exchanged, Compass shareholders were entitled to receive either (i) 0.205 Whitecap shares or (ii) cash of \$1.60. However, under the terms of the arrangement, Whitecap was not obligated to pay more than \$20 million nor issue more than 10,885,034 Whitecap shares; to the extent either of those limits would otherwise have been exceeded, the amount distributed to Compass shareholders was adjusted proportionately.

**Securities Involved:**

Compass Petroleum Ltd. common shares  
CUSIP: 20451H104  
TSX Venture symbol: CPO

Whitecap Resources Inc. common shares  
CUSIP: 96467A2002  
TSX symbol: WCP

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**Effect of the Action:**

The acquisition of Compass by Whitecap likely qualified as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the “Code”). As such, in general, the federal income tax consequences to the Compass shareholders who are subject to taxation in the United States would be determined under Code Sections 354, 356, 358 and 1221.

In general, a United States shareholder of Compass will recognize gain (but not loss) on the exchange of Compass shares for Whitecap shares pursuant to the arrangement. The gain recognized will be lesser of (i) the amount of cash received in the arrangement with respect to such stock and (ii) the excess, if any, of (a) the sum of the amount of such cash and the fair market value of the Whitecap stock received pursuant to the Arrangement over (b) the U.S. shareholder’s tax basis in its Compass shares. Any gain recognized generally will be long-term capital gain if, as of the date of the arrangement, the shares of Compass stock exchanged in the arrangement were held for more than one year, unless the receipt of cash has the effect of a distribution of a dividend under the provisions of the Internal Revenue Code, in which case such gains will be treated as a dividend to the extent of such U.S. shareholder’s ratable share of the undistributed earnings and profits of Compass. U.S. shareholders should consult their tax advisors as to the possibility that all or a portion of any cash received pursuant to the arrangement will be treated as a dividend.

Such shareholder’s aggregate tax basis in the Whitecap shares received will be equal to the shareholder’s adjusted basis in the Compass shares exchanged, less the amount of money received. Such shareholder’s holding period for the Whitecap shares received will include the shareholder’s holding period for the Compass shares exchanged.

Compass shareholders who held Compass shares with differing bases or holding periods should consult their tax advisors with regard to identifying the bases or holding periods of the particular Whitecap shares received in the arrangement.

Shareholders are urged to consult their own tax advisors with respect to the tax consequences of the merger (including their basis in the shares of Compass stock received in the transaction) taking into account their particular circumstances.

The information in this document does not constitute tax advice and is not intended or written to be used, and cannot be used, for purposes of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending any transaction or matter addressed herein.