

WHITECAP RESOURCES INC.

**Notice of Annual Meeting of Shareholders
to be held on Thursday, May 1, 2014**

The annual meeting of the shareholders of Whitecap Resources Inc. will be held in the Lecture Theatre of the Metropolitan Conference Centre, 333 – 4th Avenue S.W., Calgary, Alberta on Thursday, May 1, 2014 at 10:30 a.m. (Calgary time) to:

1. receive and consider our financial statements for the year ended December 31, 2013, together with the report of the auditors and the report of our board of directors;
2. fix the number of directors to be elected at the meeting at seven members;
3. elect seven directors;
4. appoint the auditors and authorize the directors to fix their remuneration as such; and
5. transact such other business as may properly be brought before the meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the meeting are set forth in the information circular – proxy statement accompanying this notice.

If you are unable to attend the meeting in person, you are requested to complete, date and sign the enclosed form of proxy and deposit it with our Corporate Secretary, c/o Olympia Trust Company, Suite 2300, 125 – 9th Avenue S.E., Calgary, Alberta, T2G 0P6, or deliver it by fax to (403) 265-1455. In order to be valid and acted upon at the meeting, forms of proxy must be returned to the aforesaid address not less than 48 hours before the time for holding the meeting or any adjournment thereof. You may also vote via the internet at <https://secure.olympiatrust.com/proxy/> not less than 48 hours before the time for holding the meeting or any adjournment thereof. If a shareholder receives more than one proxy form because such shareholder owns our common shares registered in different names or addresses, each proxy form should be completed and returned. See the information circular - proxy statement for further instructions on internet voting.

Only shareholders of record at the close of business on March 21, 2014, will be entitled to vote at the meeting, unless that shareholder has transferred any shares subsequent to that date and the transferee shareholder, not later than 10 days before the meeting, establishes ownership of the shares and demands that the transferee's name be included on the list of shareholders entitled to vote at the meeting.

DATED at Calgary, Alberta this 26th day of March, 2014.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "Grant B. Fagerheim"

Grant B. Fagerheim
President and Chief Executive Officer

WHITECAP RESOURCES INC.

Information Circular – Proxy Statement
for the Annual Meeting to be held on Thursday, May 1, 2014

Solicitation of Proxies

This information circular - proxy statement is furnished in connection with the solicitation of proxies for use at the annual meeting of our shareholders to be held on Thursday, May 1, 2014 in the Lecture Theatre at the Metropolitan Conference Centre, 333 – 4th Avenue S.W., Calgary, Alberta T2P 0H9 at 10:30 a.m. (Calgary time) and any adjournment thereof. Forms of proxy must be addressed to and reach our Corporate Secretary, c/o Olympia Trust Company, Suite 2300, 125 – 9th Avenue S.E., Calgary, Alberta, T2G 0P6, or by fax to (403) (403) 265-1455 not less than 48 hours before the time for holding the meeting or any adjournment thereof. Registered shareholders may also use the internet at <https://secure.olympiatrust.com/proxy/> to vote their shares. Votes by internet must be received not less than 48 hours before the time for holding the meeting or any adjournment thereof. The website may also be used to appoint a proxy holder to attend and vote at the meeting on the shareholder's behalf and to convey a shareholder's voting instructions.

Only shareholders of record at the close of business on March 21, 2014, will be entitled to vote at the meeting, unless that shareholder has transferred any shares subsequent to that date and the transferee shareholder, not later than 10 days before the meeting, establishes ownership of the shares and demands that the transferee's name be included on the list of shareholders entitled to vote at the meeting.

The instrument appointing a proxy must be in writing and must be executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation.

The persons named in the enclosed instrument of proxy are our officers. **As a shareholder you have the right to appoint a person or company, who need not be a shareholder, to represent you at the meeting. To exercise this right you should insert the name of the desired representative in the blank space provided in the instrument of proxy and strike out the other name.**

Advice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to you if you do not hold your common shares in your own name. Only proxies deposited by shareholders whose names appear on our records as the registered holders of common shares can be recognized and acted upon at the meeting. If your common shares are listed in your account statement provided by your broker, then, in almost all cases, those common shares will not be registered in your name on our records. Such common shares will likely be registered under the name of your broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co., the registration name for The CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms. Common shares held by your broker or their nominee can only be voted upon your instructions. Without specific instructions, your broker or their nominee is prohibited from voting your shares.

Applicable regulatory policy requires your broker to seek voting instructions from you in advance of the meeting. Every broker has its own mailing procedures and provides its own return instructions, which you should carefully follow in order to ensure that your shares are voted at the meeting. We intend to pay for intermediaries to deliver proxy-related materials to the beneficial owners of our common shares.

Often, the form of proxy supplied by your broker is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on your behalf. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge mails a scannable voting instruction form in lieu of the form of proxy. You are asked to complete and return the voting instruction form to them by mail or facsimile. Alternately, you can call their toll-free telephone number to vote your shares. They then tabulate the results of all instructions received

and provide appropriate instructions respecting the voting of shares to be represented at the meeting. If you receive a voting instruction form from Broadridge it cannot be used as a proxy to vote shares directly at the meeting as the proxy must be returned (or otherwise reported as provided in the voting instruction form) to Broadridge well in advance of the meeting in order to have the shares voted.

Notice-And-Access

We have elected to use the "notice-and-access" provisions under National Instrument 54-101 *Communications with Beneficial Owners of Securities of a Reporting Issuer* for the meeting in respect of the mailing of our meeting materials, annual financial statements and management's discussion and analysis to the non-registered holders of our common shares but not to the registered holders of our common shares. The notice-and-access provisions are a set of rules developed by the Canadian Securities Administrators that reduce the volume of materials that must be physically mailed to shareholders by allowing a reporting issuer to post its meeting materials and information circular and related materials online.

We have also elected to use procedures known as "stratification" in relation to our use of the notice-and-access provisions. Stratification occurs when we, while using the notice-and-access provisions provide a paper copy of our information circular and, if applicable, a paper copy of our financial statements and related management's discussion and analysis, to some but not all of our shareholders together with the notice of meeting. In relation to the meeting, our registered shareholders will receive a paper copy of the notice of the meeting, this information circular, a form of proxy and our financial statements and related management's discussion and analysis whereas non-registered holders of our common shares will receive a notice-and-access notification and a voting instruction form. In addition, a paper copy of our financial statements and related management's discussion in respect of our most recent financial year will be mailed to those shareholders who do not hold their common shares in their own name but who have previously requested to receive paper copies of our financial information.

Revocability of Proxy

You may revoke your proxy at any time prior to a vote. If you, or the person you give your proxy, attend personally at the meeting, you or such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation. To be effective the instrument in writing must be deposited either at our head office, at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of the meeting on the day of the meeting, or any adjournment thereof.

Persons Making the Solicitation

This solicitation is made on behalf of our management. We will bear the costs incurred in the preparation and mailing of the form of proxy, notice of annual meeting and this information circular – proxy statement. In addition to mailing forms of proxy, proxies may be solicited by personal interviews, or by other means of communication, by our directors, officers and employees who will not be remunerated therefor.

Exercise of Discretion by Proxy

The common shares represented by proxy in favour of management nominees will be voted or withheld from voting on any poll at the meeting. Where you specify a choice with respect to any matter to be acted upon, the shares will be voted on any poll in accordance with the specification so made. **If you do not provide instructions, your shares will be voted in favour of the matters to be acted upon as set out herein.** The persons appointed under the form of proxy, which we have furnished, are conferred with discretionary authority with respect to amendments or variations of those matters specified in the form of proxy and notice of annual meeting and with respect to any other matters which may properly be brought before the meeting or any adjournment thereof. At the time of printing this information circular – proxy statement, we know of no such amendment, variation or other matter.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

We are authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, without nominal or par value. As at March 21, 2014 there were 199,956,424 common shares and no preferred shares issued and outstanding. As a holder of common shares you are entitled to one vote for each common share you own.

Based on information supplied to them, to the knowledge of our directors and executive officers, as at March 21, 2014, no person or company beneficially owns, or controls or directs, directly or indirectly, more than 10% of our common shares.

MATTERS TO BE ACTED UPON AT THE MEETING

Election of Directors

As of the date hereof, our board of directors consists of seven members. Management is soliciting proxies, in the accompanying applicable form of proxy, for an ordinary resolution in favour of fixing our board at seven members, and in favour of the election as directors of the seven nominees set forth below:

Grant B. Fagerheim
Gregory S. Fletcher
Glenn A. McNamara
Murray K. Mullen
Stephen C. Nikiforuk
Kenneth S. Stickland
Grant A. Zawalsky

Each director elected will hold office until the next annual meeting of our shareholders or until his successor is duly elected or appointed, unless his office is earlier vacated.

It is the intention of our management designees, if named as proxy, to vote "**FOR**" the election of the proposed nominees to our board of directors unless otherwise directed. Management does not contemplate that any of the nominees will be unable to serve as a director. In the event that a vacancy among such nominees occurs because of death or for any reason prior to the meeting, the form of proxy will not be voted with respect to such vacancy.

The following is a brief description of the proposed nominees, including their principal occupation for the past five years, all positions and offices with us (or a predecessor of us) held by them and the number of common shares that they have advised are beneficially owned or controlled or directed, by them directly or indirectly as at December 31, 2013.

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed ⁽²⁾		Options, Share Awards and Warrants		Total Market Value of Common Shares, Options, Share Awards and Warrants ⁽¹⁾	
			2013	2012	2013	2012	2013	2012
Grant B. Fagerheim Calgary, Alberta	55	2009	2,486,430	2,127,106	427,841	857,494	\$35,831,015	\$22,914,015
Member of: - Reserves Committee - Health, Safety and Environment Committee	<p>Mr. Fagerheim has over 30 years of diverse experience in both the upstream and downstream areas of the oil and gas business and is currently our President and Chief Executive Officer. Prior to establishing us in June 2008, Mr. Fagerheim was the President and Chief Executive Officer and a Director of Cadence Energy Inc. (formerly, Kereco Energy Ltd.), a public oil and gas company, from January 2005 to September 2008.</p> <p>Mr. Fagerheim received his Bachelor's degree in Education (Economics Minor) from the University of Calgary in 1983 and attended the Executive MBA at Queen's University in 1995.</p> <p>Mr. Fagerheim currently sits on the board of directors of PRD Energy Inc., a public oil and gas company.</p>							

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed ⁽²⁾		Options, Share Awards and Warrants		Total Market Value of Common Shares, Options, Share Awards and Warrants ⁽¹⁾	
			2013	2012	2013	2012	2013	2012
Gregory S. Fletcher Calgary, Alberta	65	2010	36,243	25,000	44,000	66,000	\$821,152	\$452,830
Member of: - Audit Committee - Reserves Committee	<p>Mr. Fletcher has over 40 years of experience in the oil and gas industry and is currently President of Sierra Energy Inc., a private oil and gas production company that he founded in 1997.</p> <p>Mr. Fletcher holds a BSc. in Geology and has completed the Directors' Education Program sponsored by the Institute of Corporate Directors offered at the Haskayne School of Business at the University of Calgary.</p> <p>Mr. Fletcher currently sits on the board of directors of Calfrac Well Services Ltd. and Total Energy Services Inc., both public oil and gas service companies, and Peyto Exploration & Development Corp., a public oil and gas company.</p>							

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed ⁽²⁾		Options, Share Awards and Warrants		Total Market Value of Common Shares, Options, Share Awards and Warrants ⁽¹⁾	
			2013	2012	2013	2012	2013	2012
Glenn A. McNamara Calgary, Alberta	61	2010	80,000	40,000	27,256	73,213	\$1,255,301	\$828,603
Member of: - Corporate Governance and Compensation Committee (chair) - Reserves Committee (chair)	<p>Mr. McNamara is the Chief Executive Officer and a director of Petromanas Energy Inc., a public oil and gas company. From August 2005 to August 2010, he was the President of BG Canada (part of the BG Group PLC, a public gas company with its head office in the United Kingdom, trading on the London Stock Exchange). Prior thereto he was the President of ExxonMobil Canada Energy (a wholly-owned subsidiary of ExxonMobil).</p> <p>Mr. McNamara received his MBA from the University of Calgary in 1988, and a B.Sc. in Mining Engineering from the University of Alberta in 1978. Mr. McNamara is a Member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta and past Governor of the Canadian Association of Petroleum Producers.</p>							

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed ⁽²⁾		Options, Share Awards and Warrants		Total Market Value of Common Shares, Options, Share Awards and Warrants ⁽¹⁾	
			2013	2012	2013	2012	2013	2012
Murray K. Mullen Calgary, Alberta	58	2012	28,445	7,825	68,000	60,000	\$773,865	\$141,486
Member of: - Corporate Governance and Compensation Committee - Health, Safety and Environment Committee (chair)	Mr. Mullen, is the Chairman of the Board and Chief Executive Officer of Mullen Group Ltd. (a public transportation company), positions he has held since 2001. Mr. Mullen joined the Mullen Group of companies in 1977 after graduating from the University of Calgary with a Bachelor of Arts (Economics) degree and has been a key architect of Mullen Group's overall business strategy and growth since it became public in 1993.							

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed ⁽²⁾		Options, Share Awards and Warrants		Total Market Value of Common Shares, Options, Share Awards and Warrants ⁽¹⁾	
			2013	2012	2013	2012	2013	2012
Stephen C. Nikiforuk Calgary, Alberta	45	2009	92,592	63,843	19,851	44,300	\$1,348,873	\$808,070
Member of: - Audit Committee (chair)	Mr. Nikiforuk has been the President of MyOwnCFO Professional Corporation since October 2011 and was President of MyOwnCFO Inc. from July 2009 to June 2012, both private companies. He was the Corporate Business Manager of 1173373 Alberta Ltd. (a private company) from July 2009 to July 2011 and the Vice President, Finance and Chief Financial Officer of Cadence Energy Inc. (formerly Kereco Energy Ltd.) a public oil and gas company, from January 2005 to March 2008. Mr. Nikiforuk received his Bachelor's degree in Business Administration, majoring in Accounting from Saint Francis Xavier University in 1991 and is an active Chartered Accountant. Mr. Nikiforuk is also a director of CanAir Nitrogen Inc. and InPlay Oil Corp., both private companies.							

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed ⁽²⁾		Options, Share Awards and Warrants		Total Market Value of Common Shares, Options, Share Awards and Warrants ⁽¹⁾	
			2013	2012	2013	2012	2013	2012
Kenneth S. Stickland⁽³⁾ Calgary, Alberta	60	2013	5,178	-	8,000	-	\$166,570	-
Member of: - Audit Committee - Corporate Governance and Compensation Committee	Mr. Stickland is an independent businessman. He was Chief Business Development Officer of TransAlta Corporation, a publicly traded electricity generating and marketing company, from December 2012 to February 2014. From September 2001 to December 2012, he was Chief Legal and Business Development Officer of TransAlta Corporation and from May 2009 to September 2011, he was Chief Legal Officer of TransAlta Corporation. Mr. Stickland is also a director of Trinidad Drilling Ltd.							

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed ⁽²⁾		Options, Share Awards and Warrants		Total Market Value of Common Shares, Options, Share Awards and Warrants ⁽¹⁾	
			2013	2012	2013	2012	2013	2012
Grant A. Zawalsky Calgary, Alberta	54	2009	229,544	183,194	24,553	68,860	\$3,111,076	\$2,052,900
Member of: - Health, Safety and Environment Committee	<p>Mr. Zawalsky is Managing Partner at Burnet, Duckworth & Palmer LLP, Barristers and Solicitors. Mr. Zawalsky has been a Partner of Burnet, Duckworth & Palmer LLP since 1994.</p> <p>Mr. Zawalsky holds a Bachelor of Commerce degree and LL.B. from the University of Alberta and is a member of the Law Society of Alberta.</p> <p>Mr. Zawalsky currently sits on the board of directors of a number of public and private companies in the oil and gas industry including Endurance Energy Ltd., Northpoint Resources Ltd., NuVista Energy Ltd., Range Royalty Management Ltd. (general partner of Range Royalty Limited Partnership), Spur Resources Ltd. and Zargon Oil & Gas Ltd. and is Corporate Secretary of ARC Resources Ltd., Bonavista Energy Corporation, RMP Energy Inc. and Rock Energy Ltd.</p>							

Notes:

- (1) The "Total Market Value of Common Shares, Options, Share Awards and Warrants" for 2013 is the sum of (i) the number of common shares held by each nominee as of December 31, 2013 multiplied by the closing price of the common shares on the Toronto Stock Exchange on such date of \$12.64; (ii) the value of unexercised in-the-money options of each nominee based on the number of common shares issuable upon exercise of the options held by the nominee as of December 31, 2013 multiplied by the difference between the closing price of the common shares on the Toronto Stock Exchange on such date of \$12.64 and the exercise price of the applicable option; (iii) the value of share awards of each nominee based on the number of common shares issuable upon exercise of the share awards held by the nominee as of December 31, 2013 multiplied by the closing price of the common shares on the Toronto Stock Exchange on such date of \$12.64; and (iv) the value of unexercised warrants of each nominee based on the number of common shares issuable upon exercise of the warrants held by the nominee as of December 31, 2013 multiplied by the difference between the closing price of the common shares on the Toronto Stock Exchange on such date of \$12.64 and the exercise price of the applicable warrant. The number of common shares issuable pursuant to share awards does not include the dividend equivalents that will accumulate on the underlying grants and assumes a payout multiplier of 1x for performance awards. The "Total Market Value of Common Shares, Options, Share Awards and Warrants" for 2012 is the sum of (i) the number of common shares held by each nominee as of December 31, 2012 multiplied by the closing price of the common shares on the last trading day on the Toronto Stock Exchange prior to such date of \$8.65; (ii) the value of unexercised in-the-money options of each nominee based on the number of common shares issuable upon exercise of the options held by the nominee as of December 31, 2012 multiplied by the difference between the closing price of the common shares on the last trading day on the Toronto Stock Exchange to such date of \$8.65 and the exercise price of the applicable option; and (iii) the value of unexercised warrants of each nominee based on the number of common shares issuable upon exercise of the warrants held by the nominee as of December 31, 2012 multiplied by the difference between the closing price of the common shares on the last trading day on the Toronto Stock Exchange prior to such date of \$8.65 and the exercise price of the applicable warrant. No share awards were outstanding in 2012.
- (2) The information as to voting securities beneficially owned, directly or indirectly, is based upon information furnished to us by the nominees as at December 31, 2013 and December 31, 2012.
- (3) Mr. Stickland joined our board of directors in June of 2013.
- (4) As of March 21, 2014, our directors beneficially owned or controlled or directed, directly or indirectly, the following number of common shares: (i) Mr. Fagerheim: 2,496,430; (ii) Mr. Fletcher: 59,576; (iii) Mr. McNamara: 80,000; (iv) Mr. Mullen: 28,445; (v) Mr. Nikiforuk: 92,592; (vi) Mr. Stickland: 5,225; (vii) Mr. Zawalsky: 617,019.

Additional Disclosure Relating to Proposed Directors

Except as otherwise disclosed herein, none of our directors (nor any personal holding company of any of such persons) is, as of the date hereof, or was within ten years before the date hereof, a director, chief executive officer or chief financial officer of any company (including us), that was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**") that was issued while the director was acting in the capacity as director,

chief executive officer or chief financial officer; or was subject to an Order that was issued after the director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as otherwise disclosed herein, none of our directors (nor any personal holding company of any of such persons) is, as of the date hereof, or has been within the ten years before the date hereof, a director or executive officer of any company (including us) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. In addition, none of our directors (nor any personal holding company) or any such person has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director other than Mr. Zawalsky who was formerly a director of Efficient Energy Resources Ltd. (a private electrical generation company) which agreed to the voluntary appointment of a receiver in 2005, and Mr. Fagerheim who was formerly a director of The Resort at Copper Point Ltd. (a private real estate development company) which was placed in receivership in February 2009.

None of our directors (nor any personal holding company of any of such persons) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

As of the date hereof, our directors and officers beneficially own or control or direct, directly or indirectly, approximately 5.1 million common shares representing approximately 2.6% of our outstanding common shares. These directors and officers also hold an aggregate of 0.8 million options to acquire common shares at a weighted average exercise price of approximately \$6.08 per common share, 0.8 million share awards and 0.2 million warrants to acquire common shares with an exercise price of \$2.36.

Majority Voting for Directors

Our board has adopted a policy stipulating that if the votes in favour of the election of a director nominee at a shareholders' meeting represent less than a majority of our common shares voted and withheld, the nominee will submit his resignation promptly after the meeting, for the corporate governance and compensation committee's consideration. The corporate governance and compensation committee's will make a recommendation to the board after reviewing the matter, and the board's decision to accept or reject the resignation offer will be disclosed to the public within 90 days of the applicable shareholders' meeting. Resignations are expected to be accepted except in situations where extenuating circumstances would warrant the applicable director to continue to serve as a board member. The nominee will not participate in any committee or board deliberations on the resignation offer. The policy does not apply in circumstances involving contested director elections.

Appointment of Auditors

Management is soliciting proxies, in the accompanying form of proxy, in favour of the appointment of the firm of PricewaterhouseCoopers LLP, Chartered Accountants, of Suite 3100, 111, 5th Avenue SW, Calgary, Alberta, T2P 5L3, as our auditors, to hold office until the next annual meeting of our shareholders and to authorize the directors to fix their remuneration as such. PricewaterhouseCoopers LLP has been our auditors since October, 2009.

DIRECTORS' COMPENSATION

Director Compensation

Our board of directors, through the corporate governance and compensation committee, is responsible for the development and implementation of a compensation plan for our directors who are not also officers. We do not pay any compensation to officers for acting as a director. For information concerning the compensation paid to Mr. Fagerheim who is also our President and Chief Executive Officer, see "*Executive Compensation*".

The main objectives of our compensation plan for directors are to attract and retain the services of the most qualified individuals and to compensate the directors in a manner that is commensurate with the risks and responsibilities assumed in board and committee membership and at a level that is similar to the compensation paid to directors of a peer group of oil and gas companies. In addition, our philosophy of using compensation to foster a culture of ownership also extends to our director compensation policies. Our board of directors believes it is important that directors demonstrate their commitment to our stewardship through share ownership.

We currently pay our outside directors a retainer of \$7,500 per quarter for their roles on our board and board committees. Outside directors are also reimbursed for their out-of-pocket expenses incurred in carrying out their duties as directors.

As at December 31, 2013, our outside directors held an aggregate of 0.1 million options to acquire common shares and 0.1 million share awards which represented less than 1% of our issued and outstanding common shares as at such date. For information regarding the outstanding options and share awards held by our independent directors, see "*Directors' Outstanding Option-Based and Share-Based Awards*" and "*Directors' Incentive Plan Awards – Value Vested or Earned During the Year*" below.

Directors' Summary Compensation Table

The following table sets forth for the year ended December 31, 2013, information concerning the compensation paid to our outside directors.

Name	Fees earned (\$)	Option-based awards ⁽¹⁾ (\$)	Share-based awards ⁽²⁾ (\$)	Total (\$)
Gregory S. Fletcher	30,000	-	87,520	117,520
Glenn A. McNamara	30,000	-	87,520	117,520
Murray K. Mullen	30,000	-	87,520	117,520
Stephen C. Nikiforuk	30,000	-	87,520	117,520
Kenneth S. Stickland ⁽³⁾	16,875	-	87,520	104,395
Grant A. Zawalsky ⁽⁴⁾	30,000	-	87,520	117,520

Notes:

- (1) There were no option-based awards granted in 2013. See "*Directors Outstanding Option-Based and Share-Based Awards*" which reflect the value at December 31, 2013.
- (2) This column reflects the grant date fair value of the performance-based awards, computed in accordance with International Financial Reporting Standards 2 Share-based Payment ("**IFRS 2**"). We used IFRS 2 as our methodology for computing grant date fair value for purposes of consistency with our financial statements. We calculated the grant date fair value as the closing market price of our common shares on the date of grant. The performance-based awards vest three years from the grant date. This calculation assumes a payout multiplier of 1x for the performance awards and does not include the value of the dividend equivalents received on the performance awards. **The actual value realized pursuant to such performance awards may be greater or less than the indicated value.** See "*Directors Outstanding Option-Based and Share-Based Awards*" which reflect the value at December 31, 2013.
- (3) Mr. Stickland was appointed to our board of directors in June of 2013.
- (4) Mr. Zawalsky is a partner at the law firm of Burnet, Duckworth & Palmer LLP, which also receives fees for the provision of legal services to us.

Directors' Outstanding Option-Based and Share-Based Awards

The following tables set forth all option-based and share-based awards outstanding at the end of the year ended December 31, 2013 for each of our outside directors.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of shares that have not vested (#)	Estimated payout value of awards that have not vested ⁽²⁾ (\$)
Gregory S. Fletcher	20,000	4.79	Nov. 1, 2014	157,000	8,000	101,120
	5,000	6.13	June 22, 2015	32,550		
	3,000	5.61	October 7, 2015	21,090		
	8,000	6.23	July 3, 2016	51,280		
Glenn A. McNamara	5,554	3.00	June 1, 2014	53,541	8,000	101,120
	3,702	6.13	June 22, 2015	24,100		
	2,000	5.61	October 7, 2015	14,060		
	8,000	6.23	July 3, 2016	51,280		
Murray K. Mullen	60,000	7.42	August 20, 2016	313,200	8,000	101,120
Stephen C. Nikiforuk	1,851	6.13	June 22, 2015	12,050	8,000	101,120
	2,000	5.61	October 7, 2015	14,060		
	8,000	6.23	July 3, 2016	51,280		
Kenneth S. Stickland	-	-	-	-	8,000	101,120
Grant A. Zawalsky	5,553	6.13	June 22, 2015	36,150	8,000	101,120
	3,000	5.61	October 7, 2015	21,090		
	8,000	6.23	July 3, 2016	51,280		

Notes:

- (1) Calculated based on the difference between the market price of our common shares at December 31, 2013 (\$12.64) and the exercise price of the options.
- (2) Calculated by multiplying the number of performance awards by the market price of our common shares at December 31, 2013 (\$12.64). This calculation assumes a payout multiplier of 1x for the performance awards and does not include the value of the dividend equivalents received on the performance awards.

Directors' Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each of our outside directors, the value of option-based and share-based awards, which vested during the year ended December 31, 2013. We did not have a non-equity incentive compensation plan in 2013 for our directors.

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards – Value vested during the year (\$)
Gregory S. Fletcher	144,761	-
Glenn A. McNamara	69,973	-
Murray K. Mullen	75,600	-
Stephen C. Nikiforuk	25,874	-
Kenneth S. Stickland	-	-
Grant A. Zawalsky	25,874	-

Note:

- (1) Calculated based on the difference between the market price of our common shares on the vesting date and the exercise price of the options multiplied by the number of common shares vesting on that date.

Meeting Attendances

The following is a summary of attendance of our directors at meetings of our board of directors and its committees for 2013.

Name	Board Meetings Attended	Audit Committee Meetings Attended	Reserves Committee Meetings Attended	Corporate Governance and Compensation Committee Meetings Attended	Health, Safety and Environment Committee Meetings Attended
Grant B. Fagerheim	13/13	-	1/2	-	n/a
Gregory S. Fletcher	13/13	4/4	2/2	-	n/a
Glenn A. McNamara	12/13	-	2/2	3/3	n/a
Murray K. Mullen	13/13	-	-	3/3	n/a
Stephen C. Nikiforuk	13/13	4/4	-	-	n/a
Kenneth S. Stickland ⁽¹⁾	8/8	2/2	-	-	n/a
Grant A. Zawalsky ⁽²⁾	12/13	-	-	3/3	n/a

Notes:

- (1) Mr. Stickland was appointed to our board of directors in June of 2013.
- (2) Mr. Zawalsky was absent from this meeting due to a conflict of interest in connection with the matters to be discussed.

EXECUTIVE COMPENSATION

For the year ended December 31, 2013 our named executive officers ("NEOs"), were Mr. Fagerheim, our President and Chief Executive Officer, Mr. Kang, our Vice President, Finance and Chief Financial Officer, Mr. Mombourquette, our Vice President, Business Development, Mr. Dunlop, our Vice President, Engineering, and Mr. Armstrong, our Vice President, Production and Operations.

Compensation Discussion and Analysis

We have developed an executive compensation strategy built on offering a competitive compensation package, which is oriented toward developing a culture of ownership by providing long-term equity-based incentives. As a result, the awarding of share awards is a significant component of our executive compensation. This approach is based on the assumption that our share price performance over the long-term is an important indicator of long-term performance.

Our compensation philosophy is based on the following fundamental principles:

- Our compensation programs must be aligned with shareholder interests by aligning the goals of executives with maximizing long-term shareholder value.
- Our compensation to NEOs must be performance sensitive by linking compensation to our operating and market performance.
- Our compensation programs must be market competitive in terms of value and structure in order to retain existing employees who are performing according to their objectives and to attract new individuals of the highest calibre.

The objectives of our executive compensation program were developed based on the above-mentioned compensation philosophy as follows:

- To attract and retain a high quality management and employee team and to motivate performance by aligning a significant portion of the compensation to enhancement in share value and to encourage all employees to become significant shareholders.
- To evaluate executive performance on the basis of key measurements that correlate to long-term shareholder value.
- To tie compensation directly to those measurements and rewards based on achieving and exceeding predetermined objectives.

In establishing our executive compensation program the corporate governance and compensation committee also considers the implication of the risks associated with our compensation program, including:

- The risk of executives taking inappropriate or excessive risks.
- The risk of inappropriate focus on achieving short term goals at the expense of long term return to shareholders.
- The risk of encouraging aggressive accounting practises.
- The risk of excessive focus on financial returns and operational goals at the expense of regulatory, environmental and health and safety.

While no program can fully mitigate these risks we believe that many of these risks are mitigated by:

- Weighting our long term incentives towards share ownership and vesting our long term incentives over a number of years.
- Establishing a uniform incentive program for all executive officers and employees.
- Avoiding narrowly focused performance goals which may encourage loss of focus on providing long term shareholder return and retaining adequate discretion to insure that the corporate governance and compensation committee and board retain their business judgment in assessing actual performance.
- Establishing a strong "tone at the top" for accounting, regulatory, environmental and health and safety compliance.

Compensation Decision-Making Process

Our corporate governance and compensation committee assists our board of directors in fulfilling its responsibilities by monitoring our compensation plans and practices and ensuring their congruence with our objectives and goals by assessing and making recommendations regarding compensation, benefits, short and long-term incentive programs and employee retention. Our corporate governance and compensation committee is currently composed of three directors, Mr. McNamara (Chairman), Mr. Mullen and Mr. Stickland. All of the members of our corporate governance and compensation committee are independent directors. A summary of the mandate of the corporate governance and compensation committee is set forth under "*Corporate Governance Disclosure*". All of our current and proposed corporate governance and compensation committee members have served as a senior executive officer and/or director of numerous organizations and have direct experience in executive and corporate compensation programs. Reference should be made to each proposed member's biography found under "*Election of Directors*" above.

Our Chief Executive Officer presents recommendations to the corporate governance and compensation committee regarding salary adjustments and bonuses for all of our staff, including the NEOs. The focus of the discussion is on the individual executive salaries, bonuses and long-term incentive awards with a review of the aggregate level of

salary, bonuses and long-term incentive awards for the balance of the staff. The corporate governance and compensation committee makes specific recommendations to our board on our Chief Executive Officer's salary, bonus payments and long-term incentive awards. The corporate governance and compensation committee also recommends the salaries, bonus and long-term incentive awards payments of all other officers.

Our board reviews all recommendations of the corporate governance and compensation committee before final approval. Any director who is also an officer is excused from the directors' meeting during any discussion of their compensation.

Components of Compensation Plan

Our executive compensation program provides a balanced set of components designed to deliver the objectives of our compensation philosophy. The salary component provides a base of secure compensation necessary to attract and retain executive talent but is typically lower than the median of the peer group data for executives, our peer group being junior oil and gas companies with similar market capitalization and production levels. The variable components, bonus and long-term incentives are designed to balance short-term performance with our long-term interests and motivate the superior performance of both. The long-term incentive plan also aligns NEOs with shareholders and helps retain executive talent. In determining base salary, bonuses and long-term incentive awards, our corporate governance and compensation committee uses the executive's current level of compensation as the starting point. Our corporate governance and compensation committee then considers overall corporate performance, performance across a number of operating measures including but not limited to production, cash flow and reserves growth per share, to evaluate the execution of our business strategy and other subjective elements.

Summary Compensation of NEO's

The following table sets forth for the years ended December 31, 2013, December 31, 2012 and December 31, 2011, information concerning the actual compensation paid to our NEO's.

Name and principal position	Year	Salary (\$)	Non-equity incentive plan compensation (\$)		Option-based awards ⁽²⁾ (\$)	Share-based awards ⁽³⁾ (\$)	All other compensation	Total compensation (\$)
			Annual incentive plans ⁽¹⁾	Long-term incentive plans				
Grant B. Fagerheim President and Chief Executive Officer	2013	270,000	335,000	-	-	1,969,200	-	2,574,200
	2012	235,000	150,000	-	177,819	-	-	562,819
	2011	182,250	40,000	-	428,976	-	-	651,226
Joel Armstrong Vice President, Production and Operations	2013	225,000	200,000	-	-	1,094,000	-	1,519,000
	2012	185,000	77,500	-	118,546	-	-	381,046
	2011	151,250	20,000	-	239,157	-	-	410,407
Darin Dunlop Vice President, Engineering	2013	225,000	200,000	-	-	1,094,000	-	1,519,000
	2012	185,000	85,000	-	118,546	-	-	388,546
	2011	150,000	32,500	-	241,892	-	-	424,392
Thanh Kang Vice President, Finance and Chief Financial Officer	2013	240,000	220,000	-	-	1,312,800	-	1,772,800
	2012	200,000	100,000	-	118,546	-	-	418,546
	2011	156,750	40,000	-	244,627	-	-	441,377
David Mombourquette Vice President, Business Development	2013	225,000	200,000	-	-	1,094,000	-	1,519,000
	2012	185,000	85,000	-	118,546	-	-	388,546
	2011	149,250	30,000	-	284,560	-	-	463,810

Notes:

(1) Represents amounts paid in the year.

- (2) Based on the fair value of the applicable options on the date of grant. The fair value of each option granted is determined on the date of grant using the Black-Scholes option pricing model. There were no options granted in 2013. In the pricing model for options, the risk free interest rate was (1.2% - 2012 and 1.7% - 2011); volatility was (47% - 2012 and 51% - 2011); an average expected life of (4 years - 2012 and 4 years - 2011); and an estimated forfeiture rate of (3.7% - 2012 and 3.4% - 2011). **These amounts are not necessarily reflective of actual amounts that may be realized on exercise.** See "*Outstanding Option-Based and Share-Based Awards*" which reflect the value at December 31, 2013.
- (3) This column reflects the grant date fair value of the performance-based awards, computed in accordance with IFRS 2. We used IFRS 2 as our methodology for computing grant date fair value for purposes of consistency with our financial statements. We calculated the grant date fair value as the closing market price of our common shares on the date of grant. The performance-based awards vest three years from the grant date. This calculation assumes a payout multiplier of 1x for the performance awards and does not include the value of the dividend equivalents received on the performance awards. The actual value realized pursuant to such performance awards may be greater or less than the indicated value.

Base Salary

In setting base salaries, our corporate governance and compensation committee reviews executive compensation of comparable organizations in the oil and gas industry. Historically we have encouraged an executive compensation philosophy where a significant component of compensation is variable and salaries that are below market medians. This philosophy reflects our focus on control of general and administrative cash costs and emphasis on executive compensation being linked to share performance. Salaries of senior executive officers reflect market conditions and levels of responsibility.

The following table summarizes annual base salaries for our NEO's at December 31, 2013 and December 31, 2012.

Name and principal position	2013 Base Salary (\$)	2012 Base Salary (\$)	Increase
Grant B. Fagerheim President and Chief Executive Officer	270,000	235,000	15%
Joel Armstrong Vice President, Production and Operations	225,000	185,000	22%
Darin Dunlop Vice President, Engineering	225,000	185,000	22%
Thanh Kang Vice President, Finance and Chief Financial Officer	240,000	200,000	20%
David Mombourquette Vice President, Business Development	225,000	185,000	22%

Bonuses

Cash bonuses are performance based, and determined on both targeted individual and corporate performance-based including per share growth in cash flow, production and reserves in addition to cash flow netback per boe relative to our peer group. Bonuses are intended to reward performance by our executive officers in the achievement of our strategic goals and objectives.

Long-term Incentives

Our long-term incentives currently consist of our award incentive plan and our stock option plan. Our award incentive program was put in place in 2013 and has replaced our stock option plan as our primary form of long-term compensation incentive. Our stock option plan will remain in place until such time as all outstanding stock options granted thereunder have been exercised, cancelled or expired (which we expect to occur between December 1, 2015 and December 1, 2016) although we will not make any further grants under our stock option plan.

Award Incentive Plan

Our award incentive plan is of a full-value award plan pursuant to which time-based awards and performance awards may be granted to our directors, officers, employees and other service providers. Listed below is a summary of the principal terms of our award incentive plan. A copy of our award incentive plan has been filed and is available on the SEDAR website at www.sedar.com.

The principal purposes of the plan are: (i) to retain and attract the qualified directors, officers, employees and other service providers that we require; (ii) to promote a proprietary interest in us by such persons and to encourage such persons to remain in our employ and put forth maximum efforts for the success of our business; and (iii) to focus our management on operating and financial performance and long-term total shareholder return.

Incentive-based compensation is an integral component of our compensation package. The attraction and retention of qualified directors, officers, employees and other service providers has been identified as one of the key risks to our long-term strategic growth plan. Our award incentive plan is intended to maintain our competitiveness within the Canadian oil and gas industry to facilitate the achievement of our long-term goals. In addition, this incentive-based compensation is intended to reward our directors, officers, employees and other service providers for meeting certain predefined operational and financial goals which have been identified for increasing long-term total shareholder return.

Our award incentive plan is administered by our board of directors, although the board has the authority to appoint a committee of the board of directors to administer the plan.

The maximum number of common shares reserved for issuance from time to time pursuant to outstanding awards under the plan shall not exceed 6.5% of the aggregate number of our issued and outstanding common shares (including common shares issuable upon exchange of exchangeable shares and other fully paid securities of us and our affiliates exchangeable into common shares) ("**Total Common Shares**"), less the number of common shares reserved for issuance for stock options outstanding from time to time under our stock option plan. The aggregate number of awards granted to any single grantee may not exceed 1% of the Total Common Shares. In addition: (i) the number of common shares issuable to insiders at any time, under all of our security based compensation arrangements, may not exceed 10% of the Total Common Shares; and (ii) the number of common shares issued to insiders, within any one year period, under all of our security based compensation arrangements, may not exceed 10% of the Total Common Shares.

Our plan also limits the number of common shares issuable pursuant to non-management directors, in aggregate, to a maximum of 0.25% of the Total Common Shares and the value of all awards granted to any non-management director during a calendar year, as calculated on the date of grant, cannot exceed \$100,000 (for purposes of monitoring compliance with these limitations, a payout multiplier of 1x will be assumed for any performance-based awards).

Under the terms of the plan, we may grant time-based awards or performance-based awards. In determining the persons to whom awards may be granted, the number of common shares to be covered by each award and the allocation of the award between time-based awards and performance-based awards, our board of directors may take into account such factors as it shall determine in its sole discretion, including any one or more of the following factors:

- compensation data for comparable benchmark positions among our peer comparison group;
- the duties, responsibilities, position and seniority of the grantee;
- various corporate performance measures for the applicable period compared with internally established performance measures approved by our board and/or similar performance measures of members of our peer comparison group for such period;
- the individual contributions and potential contributions of the grantee to our success;

- any bonus payments paid or to be paid to the grantee in respect of his or her individual contributions and potential contributions to our success;
- the fair market value or current market price of our common shares at the time of such award; and
- such other factors as our board of directors deems relevant in its sole discretion in connection with accomplishing the purposes of the plan.

Each time-based award entitles the holder to an amount computed by the value of a notional number of common shares designated in the award (plus dividend equivalents) on the third anniversary of the date of grant (or such earlier or later dates as may be determined by our board). Each performance-based award entitles the holder to an amount computed by the value of a notional number of common shares designated in the award (plus dividend equivalents) multiplied by a payout multiplier on the third anniversary of the date of grant (or such earlier or later dates as may be determined by our board).

The payout multiplier for performance-based awards is determined by our board based on an assessment of the achievement of predefined corporate performance measures in respect of the applicable period. These corporate performance measures may include: relative total shareholder return; activities related to our growth; average production volumes; unit costs of production; total proved reserves; health, safety and environmental performance; the execution of our strategic plan and such additional measures as our board of directors considers appropriate in the circumstances. The payout multiplier for a particular period will be determined by our board from time to time but is initially expected to be one of 0x (for fourth quartile ranking), 1x (for third quartile ranking), 1.5x (for second quartile ranking) or 2x (for first quartile ranking).

The payment date of awards will be extended as a result of trading blackouts and, unless otherwise determined by our board, for certain leaves of absences. Notwithstanding any provision of the plan, no payment date in respect of any award may occur after December 15th of the third year following the year in which the award was granted.

In the event of a change of control, the payment dates of applicable outstanding awards will be accelerated to the closing date of the change of control and the payout multiplier applicable to any performance-based awards will be determined by our board.

On the payment date, we have, in our sole and absolute discretion, the option of settling the value of the notional common shares underlying the award, by any of the following methods or by a combination of such methods: (i) payment in common shares issued from treasury; (ii) payment in cash; or (iii) payment in common shares acquired by us on the Toronto Stock Exchange. We will not determine whether the payment method will take the form of cash or common shares until the payment date, or some reasonable time prior thereto and a holder of an award will not have any right to demand be paid in, or receive, common shares in connection with an award, at any time.

The plan does not contain any provisions for financial assistance by us in respect of any awards granted thereunder.

Unless otherwise determined by our board or unless otherwise provided in an award agreement pertaining to a particular award or any written employment or consulting agreement, the following provisions apply in the event that a holder ceases to be a director, officer, employee or other service provider:

Death or Disability – In the case of the death or disability of a holder, all outstanding awards have been made and which have vested shall be terminated on earlier of: (i) the expiry date of the applicable award; and (ii) date that is six months from the date of death or disability. All awards which have not vested at the date of death or disability shall immediately terminate and, our President and Chief Executive Officer in the case of a holder who is not a director or officer, and our board in all other cases, taking into consideration the performance of such grantee and our performance since the date of grant of the award(s), may determine the payout multiplier to be applied to any performance awards held by the holder.

Other Termination –In all other cases, all outstanding awards which have vested shall be terminated and all rights to receive common shares thereunder shall be forfeited by the holder effective as of the date that is 30 days from the cessation date, provided that, upon the termination of any employee for cause, our board may, in its sole discretion, determine that all outstanding vested awards shall immediately terminate and become null and void. All awards which have not vested at the cessation date shall immediately terminate and become null and void.

Except in the case of death, the right to receive common shares pursuant to an award granted to a holder may only be exercised personally. Except as otherwise provided in the plan, no assignment, sale, transfer, pledge or charge of an award, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such award whatsoever in any assignee or transferee and, immediately upon any assignment, sale, transfer, pledge or charge or attempt to assign, sell, transfer, pledge or charge, such award shall terminate and be of no further force or effect.

The plan and any awards granted pursuant thereto may, subject to any required approval of the Toronto Stock Exchange, be amended, modified or terminated without the approval of our shareholders. Notwithstanding the foregoing, the plan or any award may not be amended without the approval of our shareholders to: (a) increase the percentage of common shares reserved for issuance pursuant to awards in excess of the 6.5% limit currently prescribed; (b) extend the expiry date of any awards held by insiders; (c) permit a grantee to transfer awards to a new beneficial holder other than for estate settlement purposes; (d) change the limitations on the granting of awards described above; and (e) change the amending provision of the plan.

The plan contains anti-dilution provisions which allow our board to make such adjustments to the plan, to any awards as our board may, in its sole discretion, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to holders thereunder.

Stock Option Plan

Our long-term incentives currently consist of our award incentive plan and our stock option plan. Our award incentive program was put in place in 2013 and has replaced our stock option plan as our primary form of long-term compensation incentive. Our stock option plan will remain in place until such time as all outstanding stock options granted thereunder have been exercised, cancelled or expired (which we expect to occur between December 1, 2015 and December 1, 2016) although we will not make any further grants under our stock option plan. A copy of the stock option plan has been filed and is available on the SEDAR website at www.sedar.com.

The number of common shares issuable pursuant to our stock option plan to any one person may not exceed 5% of our outstanding common shares. The number of common shares reserved for issuance at any time or issued within one year, pursuant to the plan and all of our other established or proposed share compensation arrangements to insiders will not exceed 10% of our outstanding common shares and the number of common shares issuable within one year, pursuant to our stock option plan and all of our other established or proposed share compensation arrangements to any one insider and such insider's associates shall not exceed 10% of the outstanding common shares. In addition, the number of common shares issuable pursuant to our stock option plan to non-management directors is limited to a maximum of 1% of the outstanding common shares.

All options awarded pursuant to our stock option plan will expire on a date as determined at the time of the grant provided that no stock option may be exercised beyond six years from the time of the grant.

Options are issued at an exercise price equal to the volume weighted average trading price of the common shares for the five trading days prior to the date of grant. Any stock options which have not been exercised by the expiry date will expire and become null and void. If the expiry date of any option falls within any blackout period imposed by our board or within ten business days following the end of any blackout period, then the expiry date of such options shall be extended to the date that is ten business days following the end of such blackout period. Unless approved by our board of directors, no options may be exercised by an optionee during a blackout period. The stock option plan does not provide for any financial assistance to be provided by us to facilitate the exercise of an option.

If an optionee ceases to be a director, officer or employee of us or ceases to be providing services to us on an ongoing basis for any reason whatsoever, including without limitation resignation, dismissal or otherwise, but excluding the optionee's death, the optionee may, prior to the expiry date and within 30 days from the date of ceasing to be a director, officer or an employee or ceasing to provide services to us on an ongoing basis, exercise the stock options which are vested within such period, after which time the stock option shall terminate. If an optionee dies prior to the expiry date, the optionee's legal representative may, within six months from the optionee's death and prior to the expiry date, exercise the stock options which are vested within such period, after which time any remaining stock options shall terminate. If there is a "change of control" as defined in the stock option agreement all outstanding stock options vest prior to the date of the change of control. All options granted pursuant to the stock option plan are not assignable.

Optionees have the right (the "**Put Right**") to request that we purchase each of their vested options for a price equal to the difference, if positive, between the market price of our common shares on the day of receipt of notice of exercise of the Put Right and the exercise price of the option. We have the discretion to not accept any exercise of the Put Right. No Put Rights were exercised in 2013.

In addition, each optionee that exercises the Put Right may purchase common shares from treasury with the proceeds of the exercise of the Put Right at the market price of our common shares. In certain circumstances as set forth in the stock option plan, an optionee that exercises the Put Right may purchase common shares from us, which may, at our election, be issued on a flow-through basis under the *Income Tax Act* (Canada). The maximum number of common shares available under the Put Right is currently set at 700,000 common shares.

Our board of directors can amend or discontinue the stock option plan or options granted thereunder at any time without shareholder approval, provided any amendment to the stock option plan that requires approval of any stock exchange on which our common shares are listed for trading may not be made without approval of such stock exchange. However, without the prior approval of the shareholders, as may be required by such exchange, we may not make any amendment to the stock option plan or stock options granted thereunder to: (a) increase the percentage of common shares issuable on exercise of outstanding options at any time; (b) reduce the exercise price of any outstanding stock options or in respect of the cancellation or re-issuance of stock options; (c) extend the term of any outstanding stock option beyond the original expiry date of such stock option unless such extension is due to a blackout period being in effect; (d) increase the maximum limit on the number of securities that may be issued to insiders; (e) amend the limits on grants of options to non-management directors; (f) change participants eligible to receive options under the stock option plan to permit the introduction or re-introduction of non-employee directors on a discretionary basis; (g) permit an optionee to transfer or assign options to a new beneficial holder, other than for estate settlement purposes; or (h) amend the amendment clause. In addition, no amendment to the stock option plan or stock options granted pursuant to the stock option plan may be made without the consent of the optionee, if it adversely alters or impairs any stock option previously granted to such optionee under the stock option plan.

Outstanding Option-Based and Share-Based Awards

The following table sets forth for each NEO, all option-based and share-based awards outstanding at the end of the year ended December 31, 2013.

Name	Option-based Awards			Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of shares that have not vested (#)	Estimated payout value of awards that have not vested ⁽²⁾ (\$)
Grant B. Fagerheim	31,467	6.13	June 22, 2015	204,850	180,000	2,275,200
	33,334	5.61	October 7, 2015	234,338		
	50,000	6.23	July 3, 2016	320,500		
Joel Armstrong	25,000	6.13	June 22, 2015	162,750	100,000	1,264,000
	50,000	5.61	October 7, 2015	351,500		
	50,000	6.23	July 3, 2016	320,500		
Darin Dunlop	26,000	6.13	June 22, 2015	169,260	100,000	1,264,000
	50,000	5.61	October 7, 2015	351,500		
	50,000	6.23	July 3, 2016	320,500		
Thanh Kang	18,000	6.13	June 22, 2015	117,180	120,000	1,516,800
	33,334	5.61	October 7, 2015	234,338		
	50,000	6.23	July 3, 2016	320,500		
David Mombourquette	13,867	6.13	June 22, 2015	90,274	100,000	1,264,000
	33,334	5.61	October 7, 2015	234,338		
	33,334	6.23	July 3, 2016	213,671		

Notes:

- (1) Calculated based on the difference between the market price of our common shares at December 31, 2013 (\$12.64) and the exercise price of the options.
- (2) Calculated by multiplying the number of performance awards by the market price of our common shares at December 31, 2013 (\$12.64). This calculation assumes a payout multiplier of 1x for the performance awards and does not include the value of the dividend equivalents received on the performance awards.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each NEO, the value of option-based and share-based awards which vested during the year ended December 31, 2013. We did not have a non-equity incentive compensation plan in 2013.

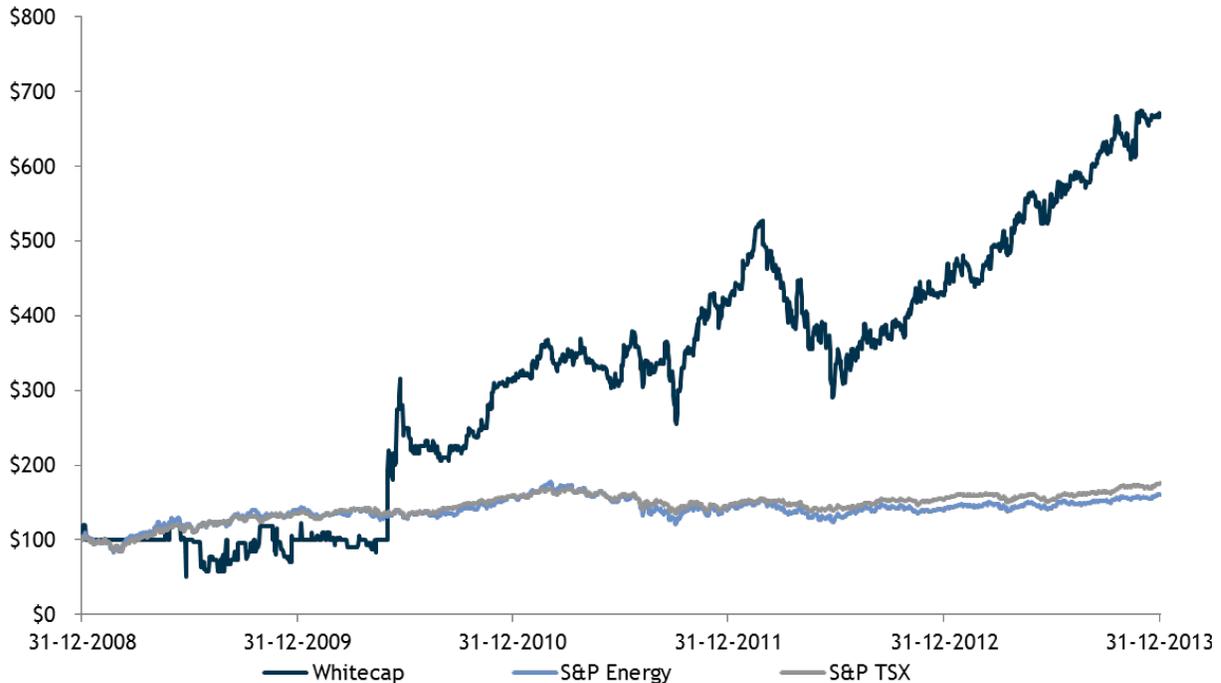
Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards – Value vested during the year
Grant B. Fagerheim	349,320	-
Joel Armstrong	479,309	-
Darin Dunlop	216,167	-
Thanh Kang	217,583	-
David Mombourquette	238,267	-

Note:

- (1) The amounts shown reflect the aggregate dollar value that would have been realized if the options had been exercised on the applicable vesting date. The values are calculated as the difference between the closing price of our common shares on the vesting date and the exercise price of the options multiplied by the number of common shares vesting on that date.

Performance Graph

The following graph compares on a yearly basis the accumulative total shareholders' return from December 31, 2008 to December 31, 2013 of \$100 invested in our common shares (after giving effect to Spitfire transaction and the share consolidation) versus the total return of \$100 invested in the S&P/TSX Energy Index and the S&P/TSX Composite Index, with all dividends reinvested.



	<u>31-Dec-08</u>	<u>31-Dec-09</u>	<u>31-Dec-10</u>	<u>31-Dec-11</u>	<u>31-Dec-12</u>	<u>31-Dec-13</u>
Whitecap	\$100	\$100	\$317	\$415	\$433	\$669
S&P TSX Energy Index	\$100	\$142	\$158	\$135	\$128	\$145
S&P TSX Composite Index	\$100	\$135	\$159	\$145	\$155	\$176

Note:

- (1) From December 31, 2008 to June 25, 2010 this table reflects to trading of Spitfire Energy Ltd.'s common shares and after June 20, 2010 the trading in our common shares.

Salaries and bonuses for our executive officers are based in part on the achievement of certain pre-determined performance metrics at the beginning of each fiscal year. The achievement of these objectives is measured against corporate and individual targets, as described earlier, and does not necessarily track the changes in the market value of our common shares.

Our long-term incentive plans are designed to align the interests of employees, including NEO's, with shareholders by linking a component of compensation to our common share performance.

Securities Authorized for Issuance Under Equity Compensation Plans

The following sets forth information in respect of securities authorized for issuance under our equity compensation plans as at December 31, 2013.

Plan Category	Number of securities to be issued upon exercise of outstanding options and share awards ⁽²⁾ (a)	Weighted average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders ⁽¹⁾	4,976,944	\$6.82	6,222,003
Equity compensation plans not approved by securityholders	-	-	-
Total	4,976,944	\$6.82	6,222,003

Notes:

- (1) The only compensation plans under which any of our equity securities may be issued is our stock option plan and award incentive plan. These plans reserve for issuance a maximum of 6.5% of our issued and outstanding common shares at any given time.
- (2) The number of common shares issuable pursuant to the award incentive plan does not include the dividend equivalents that will accumulate on the underlying grants and assumes a payout multiplier of 1x for the performance awards.

Employment Contracts

We have entered into employment agreements with each of our NEOs. Pursuant to such employment agreements, each individual is entitled to: (i) an annual base salary and benefits; (ii) discretionary bonuses as determined by our board; and (iii) stock options and share awards. Under each agreement, we have agreed to compensate each NEO in the event of the termination of employment: (i) for any reason except just cause, voluntary retirement, voluntary resignation, death of the NEO or permanent incapacity, and (ii) if the executive terminates employment by giving thirty days' notice to us within ninety (90) days of a change of control.

Assuming that the triggering event occurred on December 31, 2013 for the scenarios outlined in the paragraph above: (a) Mr. Fagerheim would be entitled to receive \$459,000.00 (being 18 months' of salary plus 20% of salary in lieu of benefits); (b) Mr. Kang would be entitled to receive \$288,000.00 (being 12 months' of salary plus 20% of salary in lieu of benefits); (c) Messrs. Mombourquette, Armstrong and Dunlop would each be entitled to receive \$270,000.00 (being 12 months' of salary plus 20% of salary in lieu of benefits). In addition, all of the executives' unvested stock options and share awards would become fully vested upon a change of control, the impact of which has been quantified in the section entitled "*Outstanding Option-Based and Share-Based Awards*".

Each of the employment agreements provide that the executive shall not during the term of his employment and thereafter disclose any of our confidential information. The executive continues to owe us a duty of loyalty, good faith and avoidance of conflict of duty following termination of his employment.

Short Selling and Restrictions

Our directors and officers are prohibited from knowingly selling, directly or indirectly, a common share or other security of us if such person selling such security does not own or has not fully paid for the security to be sold. Directors and officers shall not, directly or indirectly, buy or sell a call or put in respect of a common share or other security of us. Notwithstanding these prohibitions, directors and officers may sell a common share which such person does not own if such person owns another security convertible into common shares or an option or right to acquire common shares sold and, within 10 days after the sale, such person: (i) exercises the conversion privilege, option or right and delivers the common share so associated to the purchaser; or (ii) transfers the convertible security, option or right, if transferable to the purchaser.

CORPORATE GOVERNANCE DISCLOSURE

Effective June 30, 2005, as amended effective December 31, 2007 and March 17, 2008, National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101") and National Policy 58-201 – *Corporate Governance Guidelines* ("NP 58-201") were adopted in each of the provinces and territories of Canada. NI 58-101 requires issuers to disclose the corporate governance practices that they have adopted. NP 58-201 provides guidance on corporate governance practices.

Our board of directors believes that good corporate governance improves corporate performance and benefits all shareholders. The following sets out our approach to corporate governance and addresses our compliance with NI 58-101.

Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with us. A "material relationship" is a relationship which could, in the view of our board, be reasonably expected to interfere with the exercise of a director's independent judgment.

Our management has been delegated the responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on our business in the ordinary course, managing cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. Our board facilitates its independent supervision over management by reviewing and approving long-term strategic, business and capital plans, material contracts and business transactions, and all debt and equity financing transactions. Through the audit committee, our board examines the effectiveness of our internal control processes and information systems.

The independent members of our board are Gregory S. Fletcher, Glenn A. McNamara, Murray K. Mullen, Stephen C. Nikiforuk, Kenneth S. Stickland and Grant A. Zawalsky. Grant B. Fagerheim is a non-independent director since he is also our President and Chief Executive Officer. A majority of our board is independent.

With respect to Mr. Zawalsky, although the law firm of which he is a partner provides legal services to us, we have determined that he was independent of us after considering such matters as the magnitude of his personal holdings of shares, the annual billings of his law firm to us and his involvement with other issuers.

Although our independent directors do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance, in accordance with the mandate of the board as well, at the end of or during each meeting of our board, the members of our management who are present at such meeting leave the meeting in order that the independent directors can discuss any necessary matters without management being present. Since the beginning of our most recently completed financial year, our independent directors have held two such meetings.

Our Chairman, Mr. Grant B. Fagerheim, is not considered independent and we currently have not appointed a lead director. However, our board believes that it is able to effectively function independently of management and meets its obligations and responsibilities, including those matters set forth in the mandate of the board.

Board Mandate

The mandate of our board is attached as Appendix "A".

Position Descriptions

Our board has approved written position descriptions or terms of reference for our chairman and the chairman of each of our audit committee, our corporate governance and compensation committee and our reserves committee. Our board has developed a written position description for our Chief Executive Officer.

The following directors are presently directors of other reporting issuers (or the equivalent):

Director	Names of Other Issuers
Grant B. Fagerheim	PRD Energy Inc.
Gregory S. Fletcher	Calfrac Well Services Ltd, Total Energy Services Inc. and Peyto Exploration & Development Corp.
Glenn A. McNamara	Petromanas Energy Inc.
Murray K. Mullen	Mullen Group Ltd.
Stephen C. Nikiforuk	None
Kenneth S. Stickland	Trinidad Drilling Ltd.
Grant A. Zawalsky	NuVista Energy Ltd. and Zargon Oil & Gas Ltd.

Orientation and Continuing Education

While we do not currently have a formal orientation and educational program for new recruits to our board, we provide such orientation and education on an informal basis. We provide new board members with our corporate policies, historical information about us, as well as information on our performance and our strategic plan with an outline of the general duties and responsibilities entailed in carrying out their duties. Our board believes that these procedures are a practical and effective approach in light of our particular circumstances, including our size and limited turnover of the directors and the experience and expertise of the members of our board.

No formal continuing education program currently exists for our directors; however, we encourage directors to attend, enrol in or participate in courses and/or seminars dealing with financial literacy, corporate governance and related matters. Each director has the responsibility for ensuring that he maintains the skill and knowledge necessary to meet his obligations as a director.

Ethical Business Conduct

Our board has adopted a Code of Business Conduct and Ethics (the "**Code**"), a copy of which is available to review at www.sedar.com. It is expected that each of our officer's and director's will confirm his or her understanding, acceptance and compliance of the Code on an annual basis. Any reports of variance from the Code will be reported to our board.

Our board has also adopted a Whistleblower Policy which provides employees with the ability to have procedures in place to address the confidential, anonymous submission by employees of concerns regarding accounting, internal accounting controls or auditing matters, or to address the receipt, retention and treatment of concerns regarding accounting, internal accounting controls or auditing matters. Our board believes that providing a forum for employees to raise concerns about ethical conduct and treating all complaints with the appropriate level of seriousness fosters a culture of ethical conduct.

In accordance with the *Business Corporations Act* (Alberta), directors who are party to, or are a director or officer of a person which is a party to, a material contract or material transaction or a proposed material contract or a proposed material transaction with us are required to disclose the nature and extent of their interest and not to vote on any resolution to approve the contract or transaction. In addition, in certain cases, an independent committee of our board may be formed to deliberate on such matters in the absence of the interested party.

Nomination of Directors

Our board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out our board's duties effectively and to maintain a diversity of views and experience.

Our corporate governance and compensation committee acts as the nominating committee of our board and reviews the size and composition of our board and nominating functions are then performed by the board as a whole. However, this policy is reviewed annually. Our corporate governance and compensation committee, which is responsible for nominating directors, is comprised of a majority of independent directors.

Board Committees

Our board has four committees: an Audit Committee, a Corporate Governance and Compensation Committee, a Reserves Committee and a Health, Safety and Environment Committee.

Audit Committee

Our audit committee is currently comprised of Stephen C. Nikiforuk (Chairman), Gregory S. Fletcher and Kenneth S. Stickland. All of the members of our audit committee are independent (as such term is defined in National Instrument 51-110 – *Audit Committees*) and financially literate. A copy of our audit committee mandate and terms of reference is available for review in our annual information form.

Corporate Governance and Compensation Committee

Our corporate governance and compensation committee is currently comprised of Glenn A. McNamara (Chairman), Murray K. Mullen and Kenneth S. Stickland. All of the members of our compensation committee are "independent" (as such term is defined in NI 58-101). The primary responsibility of this committee is to assist our board in fulfilling its responsibility by reviewing matters relating to corporate governance and our human resource policies and compensation of our directors, officers and employees.

Subject to the powers and duties of the board, the committee is required under its charter to perform the following duties:

Corporate Governance Matters

- annually review the mandates of the board and its committees and recommend to the board such amendments to those mandates as the committee believes are necessary or desirable;
- considering and, if thought fit, approving requests from directors or committees of directors of the engagement of special advisors from time to time;
- preparing and recommending to the board annually a statement of corporate governance practices to be included in our annual report or information circular as required by the Toronto Stock Exchange and any other regulatory authority;
- making recommendations to the board as to which directors should be classified as "independent directors", "related" directors or "unrelated" directors pursuant to any such report or circular;
- reviewing on a periodic basis the composition of the board and ensuring that an appropriate number of independent directors sit on the board, analyzing the needs of the board and recommending nominees who meet such needs;
- assessing, at least annually, the effectiveness of the board as a whole, the committees of the board and the contribution of individual directors, including considering the appropriate size of the board;
- recommending suitable candidates for nominees for election or appointment as directors, and recommending the criteria governing the overall composition of the board and governing the desirable individual characteristics for directors;

- as required, developing, for approval by the board, an orientation and education program for new recruits to the board;
- acting as a forum for concerns of individual directors in respect of matters that are not readily or easily discussed in a full board meeting, including the performance of management or individual members of management or the performance of the board or individual members of the board;
- developing and recommending to the board for approval and periodic review structures and procedures designed to ensure that the board can function effectively and independently of management;
- reviewing and considering the engagement at our expense of professional and other advisors by any individual director when so requested by any such director;
- establishing, reviewing and updating periodically a Code of Business Conduct and Ethics (the "Code") and ensure that management has established a system to monitor compliance with this code; and
- reviewing management's monitoring of our compliance with the organization's Code.

Compensation Matters

- reviewing the compensation philosophy and remuneration policy for our employees and to recommend to the board changes to improve our ability to recruit, retain and motivate employees;
- reviewing and recommending to the board compensation to be paid to members of the board;
- reviewing and recommending to the board performance objectives and the compensation package for the Chief Executive Officer;
- reviewing and recommending to the board, on the recommendation of the Chief Executive Officer, the compensation and benefits package for our senior management positions;
- reviewing management's recommendations for proposed stock option or share purchase plans and make recommendations in respect thereof to the board;
- determining and recommending for approval of the board in conjunction with the Chief Executive Officer bonuses to be paid to our officers and employees and to establish targets or criteria for the payment of such bonuses, if appropriate; and
- preparing and submitting a report of the committee for inclusion of annual disclosure required by applicable securities laws to be made by us including the report required to be included in our information circular – proxy statement.

Reserves Committee

The members of our reserves committee are Glenn A. McNamara (Chairman), Gregory S. Fletcher and Grant B. Fagerheim. A majority of the members of our reserves committee are "independent" (as such term is defined in NI 58-101).

Our board has delegated to the reserves committee responsibility for matters set forth in respect of the responsibilities of the board in relation to National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"). These responsibilities include, but are not limited to:

- reviewing our procedures relating to the disclosure of information with respect to oil and gas activities including reviewing its procedures for complying with its disclosure requirements and restrictions set forth under NI 51-101 and applicable securities requirements;
- reviewing our procedures for providing information to the independent evaluator;
- meeting, as considered necessary, with management and the independent evaluator to determine whether any restrictions placed by management affect the ability of the evaluator to report without reservation on the Reserves Data (as defined in NI 51-101) (the "Reserves Data") and to review the Reserves Data and the report of the independent evaluator thereon (if such report is provided);
- reviewing the appointment of the independent evaluator and, in the case of any proposed change to such independent evaluator, determining the reason therefor and whether there have been any disputes with management;
- providing a recommendation to the board as to whether to approve the content or filing of the statement of the Reserves Data and other information that may be prescribed by applicable securities requirements including any reports of the independent engineer and of management in connection therewith;
- reviewing our procedures for reporting other information associated with oil and gas producing activities; and
- generally reviewing all matters relating to the preparation and public disclosure of estimates of our reserves.

Health, Safety and Environment Committee

The members of our health, safety and environment committee are Murray K. Mullen (Chairman), Grant B. Fagerheim and Grant A. Zawalsky. A majority of the members of our health, safety and environment committee are "independent" (as such term is defined in NI 58-101).

Our board has delegated to the health, safety and environment committee the responsibility to review, report and make recommendations to the board on the development and implementation of our policies, standards and practices with respect to health, safety and environment.

Assessments

Our corporate governance and compensation committee is responsible for assessing the effectiveness of our board as a whole, the committees of our board, the appointments to those committees and the mandates thereof. While no formal evaluation has been conducted to date, the committee has relied on informal evaluation of the effectiveness through both formal and informal communications with board members and through participation with other board members on committees and matters relating to the board. This methodology has been both responsive and practical given the size of our board.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

In October 2012, the Company advanced \$1.0 million as loans to certain officers and employees, excluding the Chief Executive Officer, to finance the purchase of Whitecap common shares through the facilities of the Toronto Stock Exchange. The loans are non-interest bearing. 50% of the amount of each loan is repayable on April 1, 2014 and the balance is repayable on October 1, 2014. If the employee's employment with us is terminated or ceases for any reason, the full amount of the loan is due and payable within 30 days. Each loan is secured by the common shares acquired with the loan proceeds and we have full recourse to the other assets of the employee for the amount outstanding.

The following table sets forth the indebtedness of any director or executive officer, or any associate of any such director or executive officer to us at any time since the beginning of our most recently completed financial year.

Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs						
Name and Principal Position	Involvement of Company	Largest Amount Outstanding During 2013 (\$)	Amount Outstanding as at March 27, 2014 (\$)	Financial Assisted Securities Purchases During 2013 (common shares)	Security for Indebtedness (common shares)	Amount Forgiven During 2013 (\$)
Joel Armstrong Vice President, Production and Operations	Lender	85,000	85,000	-	11,000	-
Daniel Christensen Vice President, Exploration	Lender	120,000	120,000	-	15,600	-
Darin Dunlop Vice President, Engineering	Lender	120,000	120,000	-	15,900	-
Thanh Kang Vice President, Finance and Chief Financial Officer	Lender	94,000	94,000	-	13,600	-
Gary Lebsack Vice President, Land	Lender	120,000	120,000	-	16,000	-
Total		539,000	539,000	-	72,100	

OTHER MATTERS COMING BEFORE THE MEETING

Management knows of no other matters to come before the meeting other than those referred to in the accompanying notice of annual meeting. Should any other matters properly come before the meeting, the common shares represented by proxy solicited by this information circular – proxy statement will be voted on such matters in accordance with the best judgment of the person voting such proxy.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

None of our directors or officers, or any person who has held such a position since the beginning of the our last completed financial year, nor any nominee for election as a director, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the meeting other than as disclosed herein.

INTEREST OF INFORMED PERSONS AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed elsewhere herein and set forth below, none of our directors, officers, principal shareholders, or informed persons (as defined in National Instrument 51-102), and no associate or affiliate of any of them, has or has had any material interest in any transaction since the commencement of our most recently completed financial year or in any proposed transactions which has materially affected or would materially affect us.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Our auditors are PricewaterhouseCoopers LLP, Chartered Accountants, Suite 3100, 111 – 5th Avenue S.W., Calgary, Alberta, T2P 5L3.

The transfer agent and registrar for our common shares is Olympia Trust Company at its principal office in Calgary, Alberta.

ADDITIONAL INFORMATION

Financial information is provided in our comparative audited financial statements and related management's discussion and analysis for the year ended December 31, 2013. To receive a copy of these financial statements and related management's discussion and analysis please contact us at Suite 500, 222 – 3rd Avenue S.W., Calgary, Alberta T2P 0B4. This information and additional information relating to us may also be accessed on our website at www.wcap.ca or on SEDAR at www.sedar.com.

APPENDIX "A"



MANDATE OF THE BOARD OF DIRECTORS

The Board of Directors (the "**Board**") of Whitecap Resources Inc. (the "**Corporation**") is responsible for the stewardship of the Corporation, and any subsidiaries and partnerships of Whitecap Resources Inc. (collectively, "**Whitecap**"). In discharging its responsibility, the Board will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and will act honestly and in good faith with a view to the best interests of Whitecap. In general terms, the Board will:

- in consultation with the chief executive officer of the Corporation (the "**CEO**"), define the principal objectives of Whitecap;
- supervise the management of the business and affairs of Whitecap with the goal of achieving Whitecap's principal objectives as defined by the Board;
- discharge the duties imposed on the Board by applicable laws; and
- for the purpose of carrying out the foregoing responsibilities, take all such actions as the Board deems necessary or appropriate.

Without limiting the generality of the foregoing, the Board will perform the following duties:

Strategic Direction and Capital and Financial Plans

- require the CEO to present annually to the Board a longer range strategic plan and a shorter range business plan for Whitecap's business, which plans must:
 - be designed to achieve Whitecap's principal objectives;
 - identify the principal strategic and operational opportunities and risks of Whitecap's business; and
 - be approved by the Board as a pre-condition to the implementation of such plans;
- review progress towards the achievement of the goals established in the strategic, operating and capital plans;
- identify the principal risks of Whitecap's business and take all reasonable steps to ensure the implementation of the appropriate systems to manage these risks;
- approve the annual operating and capital plans;
- approve acquisitions and dispositions in excess of which require approval pursuant to expenditure limits established by the Board;
- approve the establishment of credit facilities; and

- approve issuances of additional common shares, other securities and other instruments to the public.

Monitoring and Acting

- monitor Whitecap's progress towards achieving its goals, and to revise and alter its direction through management in light of changing circumstances;
- monitor overall human resources policies and procedures, including compensation and succession planning;
- appoint the CEO and determine the terms of the CEO's employment with Whitecap;
- ensure systems are in place for the implementation and integrity of Whitecap's internal control and management information systems;
- evaluate the performance of the CEO on an ongoing basis through the in camera session held at the end of each regularly scheduled Board meeting;
- in consultation with the CEO, establish the limits of management's authority and responsibility in conducting Whitecap's business;
- in consultation with the CEO, appoint all officers of Whitecap and approve the terms of each officer's employment with Whitecap;
- develop a system under which succession to senior management positions will occur in a timely manner;
- approve any proposed significant change in the management organization structure of Whitecap;
- approve all retirement plans for officers and employees of Whitecap;
- in consultation with the CEO, establish a disclosure policy for Whitecap;
- generally provide advice and guidance to management; and
- approve all matters relating to a takeover bid for the securities of Whitecap.

Finances and Controls

- review Whitecap's systems to manage the risks of Whitecap's business and, with the assistance of management, Whitecap's auditors and others (as required), evaluate the appropriateness of such systems;
- monitor the appropriateness of Whitecap's capital structure;
- ensure that the financial performance of Whitecap is properly reported to shareholders, other security holders and regulators on a timely and regular basis;
- in consultation with the CEO, establish the ethical standards to be observed by all officers and employees of Whitecap and use reasonable efforts to ensure that a process is in place to monitor compliance with those standards;
- require that the CEO institute and monitor processes and systems designed to ensure compliance with applicable laws by Whitecap and its officers and employees;
- require the CEO institute, and maintain the integrity of, internal control and information systems, including maintenance of all required records and documentation;

- approve material contracts to be entered into by the Corporation;
- recommend to shareholders of Whitecap a firm of chartered accountants to be appointed as Whitecap's auditors;
- ensure Whitecap's oil and gas reserve report fairly represents the quantity and value of corporate reserves in accordance with generally accepted engineering principles and applicable securities laws; and
- take reasonable actions to gain reasonable assurance that all financial information made public by Whitecap (including Whitecap's annual and quarterly financial statements) is accurate and complete and represents fairly the Corporation's financial position and performance.

Governance

- selecting nominees for election to the Board;
- facilitate the continuity, effectiveness and independence of the Board by, amongst other things:
 - appointing a Chairman of the Board;
 - appointing from amongst the directors an audit committee and such other committees of the Board as the Board deems appropriate;
 - defining the mandate of each committee of the Board;
 - ensuring that processes are in place and are utilized to assess the effectiveness of the Chairman of the Board, the Board as a whole, each committee of the Board and each director; and
 - establishing a system to enable any director to engage an outside advisor at the expense of Whitecap;
- review annually the composition of the Board and its committees and assess Directors' performance on an ongoing basis, and propose new members to the Board; and
- review annually the adequacy and form of the compensation of directors.

Delegation

- the Board may delegate its duties to, and receive reports and recommendations from, any committee of the Board to the extent permitted by the *Business Corporations Act (Alberta)*.

Composition

- the Board should be composed of at least 4 individuals elected by the shareholders at the annual meeting;
- a majority of Board members should be "independent" directors (within the meaning of National Instrument 58-101) and free from any business or other relationship that could impair the exercise of independent judgment;
- members should have or obtain sufficient knowledge of Whitecap and the oil and gas business to assist in providing advice and counsel on relevant issues; and
- board members should offer their resignation from the Board to the Chairman of the Board following:
 - change in personal circumstances which would reasonably interfere with the ability to serve as a director; and
 - change in personal circumstances which would reasonably reflect poorly on Whitecap (for example, finding by a Court of fraud, or conviction under Criminal Code or securities legislation).

Meetings

- the Board shall meet at least four times per year and/or as deemed appropriate by the Board Chair;
- the Board shall meet at the end of its regular quarterly meetings without members of management being present;
- minutes of each meeting shall be prepared;
- the CEO and Chief Financial Officer shall be available to attend all meetings of the Board upon invitation by the Board; and
- Vice-Presidents and such other staff as appropriate to provide information to the Board shall attend meetings at the invitation of the Board.

Authority

- the Board shall have the authority to review any corporate report or material and to investigate activity of Whitecap and to request any employees to cooperate as requested by the Board; and
- the Board may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of Whitecap.