WHITECAP RESOURCES INC.
BALANCE SHEET
(unaudited)

As at (CAD $000s)	**June 30, 2013**	December 31, 2012
Assets		
Current Assets		
Cash	**19**	12
Accounts receivable	**49,282**	45,820
Deposits and prepaid expenses	**19,999**	1,835
Risk management contracts [Notes 4 & 5]	**-**	10,663
Assets held for sale [Note 10]	**23,309**	23,942
	92,609	82,272
Risk management contracts and other [Notes 4 & 5]	**-**	1,055
Property, plant and equipment [Notes 6 & 7]	**1,531,366**	1,292,966
Exploration and evaluation [Note 8]	**44,699**	33,100
Goodwill [Note 9]	**98,070**	86,385
	1,766,744	1,495,778
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	**71,004**	102,393
Dividends payable	**7,454**	-
Risk management contracts [Notes 4 & 5]	**11,233**	-
Liabilities associated with assets held for sale [Note 10]	**2,445**	2,510
	92,136	104,903
Risk management contracts [Notes 4 & 5]	**1,867**	-
Bank debt [Note 11]	**369,680**	310,700
Decommissioning liability [Note 12]	**84,747**	54,513
Deferred income tax	**133,249**	115,573
	681,679	585,689
Shareholders' Equity		
Share capital [Note 13]	**1,022,497**	827,588
Contributed surplus [Note 13]	**10,496**	15,004
Retained earnings	**52,072**	67,497
	1,085,065	910,089
	1,766,744	1,495,778

See accompanying notes to financial statements

Approved on behalf of the Board:

(signed) *"Stephen C. Nikiforuk"*

Stephen C. Nikiforuk
Director

(signed) *"Grant B. Fagerheim"*

Grant B. Fagerheim
Director

WHITECAP RESOURCES INC.
STATEMENT OF COMPREHENSIVE INCOME
For the three and six months ended June 30
(unaudited)

	Three months ended June 30		Six months ended June 30	
(CAD $000s, except per share amounts)	**2013**	2012	**2013**	2012
Revenue				
Petroleum and natural gas sales	**105,320**	69,565	**205,560**	126,547
Royalties	**(13,261)**	(8,651)	**(24,479)**	(15,609)
	92,059	60,914	**181,081**	110,938
Gain (loss) on risk management contracts [Note 5]	**(470)**	31,794	**(21,387)**	30,654
	91,589	92,708	**159,694**	141,592
Expenses				
Operating	**16,405**	14,730	**33,468**	25,066
Transportation	**4,281**	2,804	**7,732**	4,912
General and administrative	**2,861**	2,338	**5,643**	3,905
Stock-based compensation	**1,147**	742	**1,871**	1,523
Transaction costs	**322**	2,650	**322**	3,214
Interest and financing	**4,087**	3,750	**7,906**	5,358
Depletion, depreciation and amortization [Note 7]	**35,426**	29,076	**67,365**	49,358
Exploration and evaluation [Note 8]	**192**	673	**544**	1,469
	64,721	56,763	**124,851**	94,805
Net income before income taxes	**26,868**	35,945	**34,843**	46,787
Taxes				
Deferred income tax expense	**6,725**	9,409	**9,113**	12,573
Net income and other comprehensive income	**20,143**	26,536	**25,730**	34,214
Net Income Per Share ($/share) [Note 13]				
Basic	**0.14**	0.22	**0.19**	0.35
Diluted	**0.14**	0.22	**0.19**	0.34

See accompanying notes to financial statements

WHITECAP RESOURCES INC.
STATEMENT OF CHANGES IN EQUITY
For the six months ended June 30
(unaudited)

(CAD $000s)	**2013**	2012
Share Capital [Note 12(b)]		
Balance, beginning of year	**827,588**	354,857
Issued on exercise of options/warrants	**19,639**	185
Contributed surplus adjustment on exercise of options/warrants	**8,369**	67
Shares cancelled	**(253)**	-
Issued on the acquisition of Invicta Energy Corp. ("Invicta")	**49,965**	-
Flow-through shares issued	**19,556**	-
Issued on the acquisition of Compass Petroleum Ltd. ("Compass")	**-**	106,020
Issued on the acquisition of Midway Energy Ltd. ("Midway")		246,427
Issued for cash through public prospectus offering	**100,812**	120,008
Share issue costs, net of deferred income tax	**(3,179)**	(5,089)
Balance, end of period	**1,022,497**	822,475
Contributed Surplus [Note 12(f)]		
Balance, beginning of year	**15,004**	10,480
Option-based awards	**2,791**	2,295
Option/warrant exercises	**(8,369)**	(67)
Warrants acquired	**-**	1,190
Shares cancelled	**1,070**	-
Balance, end of period	**10,496**	13,898
Retained Earnings		
Balance, beginning of year	**67,497**	15,026
Net income	**25,730**	34,214
Dividends	**(41,155)**	-
Balance, end of period	**52,072**	49,240

See accompanying notes to financial statements

WHITECAP RESOURCES INC.
STATEMENT OF CASH FLOWS
For the three and six months ended June 30
(unaudited)

	Three months ended June 30		Six months ended June 30	
(CAD $000s)	**2013**	2012	**2013**	2012
Operating Activities				
Net income for the period	**20,143**	26,536	**25,730**	34,214
Items not affecting cash:				
Depletion, depreciation and amortization	**35,618**	29,749	**67,909**	50,827
Deferred income tax expense	**6,725**	9,409	**9,113**	12,573
Stock-based compensation	**1,147**	742	**1,871**	1,523
Non-cash financing expense [Note 12]	**634**	278	**966**	447
Unrealized (gain) loss on risk management contracts [Note 5]	**1,087**	(29,232)	**23,920**	(29,395)
Settlement of decommissioning liabilities [Note 12]	**(230)**	(66)	**(296)**	(533)
	65,124	37,416	**129,213**	69,656
Net change in non-cash working capital items [Note 14]	**(9,221)**	(26,588)	**(13,972)**	(23,908)
	55,903	10,828	**115,241**	45,748
Financing Activities				
Increase (decrease) in bank debt	**33,785**	214,979	**58,980**	194,544
Option/warrant exercises	**4,477**	-	**20,456**	-
Dividends	**(21,644)**	-	**(41,155)**	-
Issuance of flow-through shares	**19,556**	-	**19,556**	-
Issuance of share capital, net of share issue costs	**96,603**	57,998	**96,603**	113,399
Net change in non-cash working capital items [Note 14]	**931**	-	**7,454**	-
	133,708	272,977	**161,894**	307,943
Investing Activities				
Expenditures on property, plant and equipment	**(27,940)**	(39,775)	**(102,556)**	(103,540)
Net expenditures on property acquisitions	**(116,585)**	(3,087)	**(118,723)**	(8,921)
Expenditures on corporate acquisitions	**(20,741)**	(224,701)	**(20,741)**	(234,006)
Net change in non-cash working capital items [Note 14]	**(24,344)**	(16,241)	**(35,108)**	(7,225)
	(189,610)	(283,804)	**(277,128)**	353,692
Increase (decrease) in cash, during the period	**1**	1	**7**	(1)
Cash, beginning of period	**18**	11	**12**	13
Cash, end of period	**19**	12	**19**	12
Cash Interest Paid	**3,453**	3,472	**6,940**	4,911

See accompanying notes to financial statements

1. NATURE OF BUSINESS

Whitecap Resources Inc. (also referred to herein as "Whitecap" or "the Company") is engaged in the acquisition, development, optimization and production of crude oil and natural gas in western Canada. The registered office is located at 500, 222 - 3rd Avenue SW, Calgary, Alberta, Canada, T2P 0B4.

2. BASIS OF PRESENTATION

Statement of Compliance

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles, specifically International Accounting Standard 34 Interim Financial Reporting as issued by the International Accounting Standards Board. They are condensed as they do not include all of the information required for full annual financial statements, and they should be read in conjunction with the financial statements for the year ended December 31, 2012.

The policies applied in these interim financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as at August 6, 2013, the date the Audit Committee approved these statements on behalf of the Board of Directors.

3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim financial statements follow the same accounting policies as the most recent annual audited financial statements. The interim financial statements note disclosures do not include all of those required by IFRS applicable for annual financial statements. Accordingly, these interim financial statements should be read in conjunction with the Company's audited financial statements for the period ended December 31, 2012.

The Company has adopted IFRS 13, Fair Value Measurement beginning January 1, 2013. This standard defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. This standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

4. DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) PP&E and E&E assets:

The fair value of PP&E recognized in a business combination is based on market values. The market value of property, plant and equipment is the estimated amount for which PP&E could be exchanged on the acquisition date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of oil and natural gas interests (included in PP&E) are estimated with reference to the discounted cash flows expected to be derived from oil and natural gas production based on externally prepared reserve reports. The market value of E&E assets are estimated with reference to the market values of current arm's length transactions in comparable locations.

(ii) Cash, deposits and prepaid expenses, accounts receivable, bank debt, dividends payable, accounts payable and accrued liabilities:
The fair value of cash, deposits and prepaid expenses, accounts receivable, bank debt, dividends payable, accounts payable and accrued liabilities is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. As at June 30, 2013 and December 31, 2012, the fair value of these balances approximated their carrying value.

(iii) Derivatives:
The fair value of forward contracts and swaps are recurring measurements as at the balance sheet date and is determined by the difference between the contracted prices and published forward price curves using the remaining contracted oil and natural gas volumes.

(iv) Stock options and share awards:
The fair value of employee stock options is measured using a Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instruments, expected dividends, and the risk-free interest rate.

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The carrying value of cash, accounts receivable, bank debt, dividends payable, accounts payable and accrued liabilities included in the balance sheet approximate fair value due to the short-term nature of those instruments or the indexed rate of interest on the bank debt. The fair value measurement of the risk management contracts has a fair value hierarchy of Level 2.

5. FINANCIAL RISK MANAGEMENT

Credit Risk

Credit risk is the risk of financial loss to Whitecap if a partner or counterparty to a product sales contract or financial instrument fails to meet its contractual obligations. Whitecap is exposed to credit risk with respect to its cash, accounts receivable and risk management contracts. Most of Whitecap's accounts receivable relate to oil and natural gas sales or joint interest billings and are subject to typical industry credit risks. Whitecap manages this credit risk as follows:

- By entering into sales contracts with only established creditworthy counterparties as verified by a third party rating agency, through internal evaluation or by requiring security such as letters of credit;
- By limiting exposure to any one counterparty; and
- By restricting cash equivalent investments and risk management transactions to counterparties that, at the time of transaction, are not less than investment grade.

The maximum exposure to credit risk is as follows:

	June 30, 2013	December 31, 2012
Cash	19	12
Accounts receivable	49,282	45,820
Accounts receivable – other	-	1,000
Risk management contracts	-	10,663
	49,301	57,495

The majority of the credit exposure on accounts receivable at June 30, 2013 pertains to accrued revenue for June 2013 production volumes. Whitecap transacts with a number of oil and natural gas marketing companies and commodity end users ("commodity purchasers"). Commodity purchasers and marketing companies typically remit amounts to Whitecap by the 25th day of the month following production. Joint interest receivables are typically collected within one to three months following production. At June 30, 2013, no one counterparty accounted for more than 25 percent of the total accounts receivable balance.

Whitecap has not experienced any material credit loss in the collection of receivables during 2013.

When determining whether amounts that are past due are collectable, management assesses the creditworthiness and past payment history of the counterparty, as well as the nature of the past due amount. Whitecap considers all amounts greater than 90 days to be past due. As at June 30, 2013, there was $1.0 million (December 31, 2012 – $1.4 million) of receivables aged over 90 days. Subsequent to June 30, 2013, approximately $0.5 million (December 31, 2012 – $0.7 million) has been collected and the remaining balance is not considered to be a credit risk.

Liquidity Risk

Liquidity risk is the risk that Whitecap will not be able to meet its financial obligations as they become due. Whitecap actively manages its liquidity through cash, debt and equity management strategies. Such strategies include continuously monitoring forecasted and actual cash flows from operating, financing and investing activities, available credit under existing banking arrangements and opportunities to issue additional common shares. Whitecap actively monitors its credit and working capital facilities to ensure that it has sufficient available funds to meet its dividend payments and financial requirements at a reasonable cost. Management believes that future funds generated from these sources will be adequate to settle Whitecap's financial liabilities.

The following table details Whitecap's financial liabilities as at June 30, 2013:

($000s)	<1 year	1 to 2 years	Total
Accounts payable and accrued liabilities	71,004	-	71,004
Dividends payable	7,454	-	7,454
Liabilities associated with assets held for sale	2,445	-	2,445
Bank debt	-	369,680	369,680
Risk management contracts	11,233	1,867	13,100
Total financial liabilities	92,136	371,547	463,683

The following table details Whitecap's financial liabilities as at December 31, 2012:

($000s)	<1 year	1 to 2 years	Total
Accounts payable and accrued liabilities	102,393	-	102,393
Liabilities associated with assets held for sale	2,510	-	2,510
Bank debt	-	310,700	310,700
Total financial liabilities	104,903	310,700	415,603

Market Risk

Commodity Price Risk

The Company's operational results and financial condition are largely dependent on the commodity price received for its oil and natural gas production. Commodity prices have fluctuated widely in recent years due to global and regional factors including supply and demand fundamentals, inventory levels, weather, economic and geopolitical factors.

Whitecap manages the risks associated with changes in commodity prices by entering into a variety of risk management contracts. Due to changes in the fair value of risk management contracts in place at June 30, 2013, the Company assesses the effects of movement in commodity prices on net income before tax, with all other variables held constant. When assessing the potential impact of these commodity price changes, the Company believes 10 percent volatility is a reasonable measure. A 10 percent increase in commodity price volatility would result in a negative impact of $49.2 million, whereas a 10 percent decrease would result in a positive impact of $47.9 million.

At June 30, 2013 the following light oil and natural gas risk management contracts were outstanding with a mark-to-market liability value of $13.6 million and mark-to-market asset value of $0.5 million, respectively.

Financial WTI Crude Oil Derivative Contracts – Canadian Dollar[(1)]

Term	Volume (bbl/d)	Average Swap Price ($/bbl)	Average Collar Sold Call Price ($/bbl)	Average Collar Bought Put Price ($/bbl)	Average Bought Put Price ($/bbl)	Average Put Premium ($/bbl)
2013 July-December[(2)(3)]	8,900	97.20	-	-	-	-
2013 July-December	250	-	100.80	90.00		
2014	8,000	93.65	-	-	-	-
2014 January - February	250	-	100.80	90.00		
2015	2,000	90.52	-	-	-	-

Notes:
(1) Volumes and prices reported are the weighted average volumes and prices for the period.
(2) Concurrent with entering into a 400 bbl/d swap at $103.10, the Company sold a put at $74.60 WTI for 400 bbls/d in 2013.
(3) The counterparty has the option on November 30, 2013 to extend a 1,000 bbl/d swap at $100.85 to December 31, 2014.

Contracts entered subsequent to June 30, 2013[(1)]

Term	Volume (bbl/d)	Average Swap Price ($/bbl)	Average Collar Sold Call Price ($/bbl)	Average Collar Bought Put Price ($/bbl)	Average Bought Put Price ($/bbl)	Average Put Premium ($/bbl)
2013 July-December	2,000	-	-	-	101.75	1.75
2014	2,000	99.00	-	-	-	-

Note:
(1) Volumes and prices reported are the weighted average volumes and prices for the period.

Financial WTI Crude Oil Differential Derivative Contracts – US dollar[(1)]

Term	Volume (bbl/d)	Contract	Basis	Fixed Differential ($/bbl)
2013 July-September	1,000	Swap	MSW	(5.25)

Note:
(1) Volumes and prices reported are the weighted average volumes and prices for the period.

Financial Natural Gas Derivative Contracts – Canadian Dollar[(1)]

Term	Contract	Volume (GJ/d)	Average Swap Price ($/GJ)
2013 July-December	Swap	17,200	3.16
2014	Swap	5,000	3.50

Note:
(1) Volumes and prices reported are the weighted average volumes and prices for the period.

Financial Power Derivative Contracts – Canadian Dollar

Term	Contract	Volume (MW/h)	Fixed Rate ($/MW/h)
2013 July-December	Swap	9,274	62.99
2014	Swap	18,396	55.24

Interest Rate Risk

The Company is exposed to fluctuations in interest rates on its bank debt. Changes to interest rates would impact the Company's future cash flows. Interest rate risk is mitigated through short-term fixed rate borrowings using banker's acceptances and interest rate swaps. If interest rates applicable to floating rate debt at June 30, 2013 were to have increased by 25 basis points (0.25 percent) it is estimated that the Company's annual cash flows would decrease approximately $0.9 million (2012 - $0.8 million).

When assessing the potential impact of interest rate changes on the Company's interest rate swaps, the Company believes one percent interest rate volatility is a reasonable measure. A one percent increase or decrease in interest rate volatility would result in an impact of $0.1 million.

Interest Rate Contracts

Term		Amount ($000s)	Fixed Rate (%)	Index
01-Jul-13	31-Oct-13	100,000	1.06	CDOR

Foreign Exchange Risk

The Company is exposed to the risk of changes in the Canadian/U.S. dollar exchange rate on sales of commodities that are denominated in U.S. dollars or directly influenced by U.S. dollar benchmark prices. Foreign exchange risk is mitigated by entering into Canadian dollar denominated commodity risk management contracts.

Capital Management

The Company's policy is to maintain a strong capital base for the objectives of maintaining financial flexibility, creditor and market confidence and to sustain the future development of the business. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying petroleum and natural gas assets. The Company considers its capital structure to include shareholders' equity, bank debt and working capital.

The following is a breakdown of the Company's capital structure:

($000s)	June 30, 2013	December 31, 2012
Current assets	92,609	71,609
Current liabilities	(80,903)	(104,903)
Working capital deficit[1]	11,706	(33,294)
Bank debt	369,680	310,700
Shareholders' equity	1,085,065	910,089

Note:
(1) Excluding risk management contracts.

6. ACQUISITIONS

a) Invicta Energy Corp. acquisition

On April 30, 2013, Whitecap acquired all the issued and outstanding shares of Invicta for an aggregate purchase price of approximately $67.8 million which included $0.2 million payable in cash, assumed debt and working capital deficit of $17.6 million and 4.8 million common shares issued. The common shares issued were valued using the share price of Whitecap on April 30, 2013 of $10.34 per share. The goodwill recognized on acquisition is attributed to the expected future cash flows derived from unbooked possible reserves.

The transaction closed on April 30, 2013 and had the acquisition been acquired as of January 1, 2013, an additional $4.1 million in operating income (revenue net of royalties, operating expenses and transportation) would have been recognized. Net income is not readily determinable. Pro forma information is not necessarily representative of future revenues and operations.

The income or loss relating to the properties acquired since their acquisition dates included in the statement of comprehensive income has not been disclosed separately as it is not determinable.

Net assets acquired[1] ($000s):	
Working capital	1,413
Risk management contracts	102
Petroleum and natural gas properties	64,991
Exploration and evaluation	1,459
Goodwill	11,685
Bank debt	(19,000)
Decommissioning liability	(873)
Deferred income tax	(9,593)
	50,184

Consideration:	
Cash consideration	219
Share consideration	49,965
Total consideration	**50,184**

Note:
(1) The above amounts are estimates, which were made by management at the time of the preparation of these financial statements based on information then available. Amendments may be made to these amounts as values subject to estimate are finalized.

b) Dodsland property acquisition

The Company acquired additional Viking light oil assets in the Dodsland area of west central Saskatchewan. The property acquisition was accounted for as business combinations under IFRS 3. The transaction closed on May 22, 2013 and had the property been acquired as of January 1, 2013, an additional $7.7 million in operating income would have been recognized. Net income is not readily determinable. Pro forma information is not necessarily representative of future revenues and operations.

The income or loss relating to the properties acquired since their acquisition dates included in the statement of comprehensive income has not been disclosed separately as it is not determinable.

Net assets acquired ($000s):	
Petroleum and natural gas properties	110,000
Decommissioning liability	(10,743)
	99,257

Cash consideration:	
Total consideration	**99,257**

c) Other property acquisitions

The Company acquired strategic tuck-in properties and working interests that complement the existing assets in west central Alberta and west central Saskatchewan. The property acquisitions were accounted for as business combinations under IFRS 3. Had the properties been acquired as of January 1, 2013, an additional $0.1 million in operating income would have been recognized. Net income is not readily determinable. Pro forma information is not necessarily representative of future revenues and operations.

The income or loss relating to the properties acquired since their acquisition dates included in the statement of comprehensive income has not been disclosed separately as it is not determinable.

Net assets acquired ($000s):	
Petroleum and natural gas properties	10,855
Decommissioning liability	(97)
	10,758

Cash consideration:	
Total consideration	**10,758**

7. PROPERTY, PLANT AND EQUIPMENT

Net book value ($000s)	June 30, 2013	December 31, 2012
Petroleum and natural gas properties	1,772,561	1,466,861
Other assets	848	783
Property, plant and equipment, at cost	1,773,409	1,467,644
Less: accumulated depletion, depreciation and amortization	(242,043)	(174,678)
Total net carrying amount	1,531,366	1,292,966

Cost ($000s)	Oil and natural gas properties	Other assets	Total
Balance at December 31, 2012	1,466,861	783	1,467,644
Additions	132,037	65	132,102
Property acquisitions	109,494	-	109,494
Transfer from E&E	666	-	666
Transfer from assets held for sale	633	-	633
Corporate acquisition	64,991	-	64,991
Disposals	(2,121)	-	(2,121)
Balance at June 30, 2013	1,772,561	848	1,773,409

Depletion, depreciation and amortization ($000s)	Oil and natural gas properties	Other assets	Total
Balance at December 31, 2012	174,338	340	174,678
Depletion, depreciation and amortization	67,248	117	67,365
Balance at June 30, 2013	241,586	457	242,043

At June 30, 2013, $36.6 million of salvage value (2012 – $13.0 million) was excluded from the depletion calculation. Future development costs of $586.6 million (2012 – $254.5 million) were included in the depletion calculation. The Company capitalized $3.0 million (2012 - $1.0 million) of administrative costs directly relating to development activities which includes $0.9 million (2012 - $0.3 million) of stock-based compensation.

8. EXPLORATION AND EVALUATION

($000s)	June 30, 2013	December 31, 2012
Exploration and evaluation assets	49,646	37,503
Less: accumulated land expiries and write-offs	(4,947)	(4,403)
Total net carrying amount	44,699	33,100

($000s)	Undeveloped Land
Balance at December 31, 2012	37,503
Property acquisitions	11,586
Corporate acquisitions	1,459
Disposal	(236)
Transfers to property, plant and equipment	(666)
Balance at June 30, 2013	49,646

Land expiries and write-offs ($000s)	Total
Balance at December 31, 2012	4,403
Land expiries and write-offs	544
Balance at June 30, 2013	4,947

E&E assets consist of the Company’s exploration projects which are pending the determination of proven or probable reserves. Additions represent the Company’s share of costs acquired or incurred on E&E assets during the period.

9. GOODWILL

($000s)	Total
Balance at December 31, 2012	86,385
Invicta acquisition [note 6(a)]	11,685
Balance at June 30, 2013	98,070

10. ASSETS HELD FOR SALE

The Company has committed to selling a portion of its non-core assets and has initiated an active marketing program to complete the sale. The designated assets classified as held for sale represent the lower of its carrying amount and the fair value less costs to sell of these assets. The associated liabilities relating to asset retirement obligation of $2.4 million have been reclassified to current liabilities.

11. CREDIT FACILITIES

As at June 30, 2013, the Company had a $520 million 364-day revolving credit facility with a syndicate of Canadian banks. The facility is available on a revolving basis for a period until May 29, 2014 and then for a further year under the term out provisions. Such initial term out date may be extended for further 364-day periods at the request of the Company, subject to approval by the banks. The credit facility provides that advances may be made by way of direct advances, banker's acceptances or letters of credit/guarantees. Direct advances bear interest at the bank's prime lending rate plus an applicable margin for Canadian dollar advances. The applicable margin charged by the bank is dependent upon the Company's net debt to annualized most recent quarter's funds from operations ratio. The banker's acceptances bear interest at the applicable banker's acceptance rate plus an explicit stamping fee based upon the Company's net debt to annualized most recent quarter's funds from operations ratio. The credit facilities are secured by a fixed and floating charge debenture on the assets of the Company. As of June 30, 2013, the Company was compliant with all covenants provided for in the lending agreement.

12. DECOMMISSIONING LIABILITY

($000s)	
Balance, December 31, 2012	54,513
Liabilities incurred	2,409
Liabilities acquired	11,713
Liabilities settled	(296)
Revaluation of liabilities acquired(1)	12,572
Revision in estimates	2,870
Accretion expense	966
Balance at June 30, 2013	84,747

Note:
(1) Revaluation of liabilities acquired is the revaluation of acquired decommissioning liabilities at the end of the period using the risk-free discount rate. At the date of acquisition, acquired decommissioning liabilities are fair valued.

The Company's decommissioning liability results from its ownership interest in oil and natural gas assets including well sites and gathering systems. The total decommissioning liability is estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon these wells and facilities and the estimated timing of the costs to be incurred in future years. Revision in estimates is mainly attributed to changes in future decommissioning costs and the period end risk-free discount rate. The key assumptions, on which the carrying amount of the decommissioning liability is based, include a risk-free rate of 2.9 percent and inflation rate of 2.0 percent. The total undiscounted amount of the estimated cash flows required to settle the obligations was $117.1 million (2012 – $40.0 million). The expected timing of payment of the cash flows required for settling the obligations extends up to 43 years.

13. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without nominal or par value.

b) Issued and outstanding

(000s)	Shares	$
Balance, December 31, 2012	127,900	827,588
Issued on exercise of options/warrants	4,110	19,639
Contributed surplus adjustment on exercise of options/warrants	-	8,369
Shares cancelled[(1)]	(36)	(253)
Issued on the acquisition of Invicta	4,832	49,965
Flow-through shares issued	1,875	19,556
Issued for cash through public prospectus offering	10,393	100,812
Share issue costs, net of deferred income tax	-	(3,179)
Balance at June 30, 2013	149,074	1,022,497

Under the terms of the flow-through share agreement, the income tax attributes of the related expenditures are renounced to the subscribers. In accordance with income tax legislation, the Company renounces deductions related to resource expenditures to the extent that they have been financed through the issuance of flow-through shares. A deferred liability is recognized for the premium on the flow-through shares and is subsequently reversed as the Company incurs qualifying expenditures. Any difference between the deferred liability set up for the premium on the flow-through shares and the tax effect on the renounced expenditures is recognized in the statement of comprehensive income.

c) Award Incentive Plan

The Company implemented an award incentive plan effective April 30, 2013. The award incentive plan has time-based awards and performance awards which may be granted to the directors, officers and employees of the Company. The maximum number of common shares issuable under the plan shall not at any time exceed 6.5 percent of the total common shares less the aggregate number of common shares reserved for issuance pursuant to the outstanding stock options. All share awards vest 3 years from date of grant.

Each time-based award entitles the holder to be issued the number of common shares designated in the time-based award (plus dividend equivalents) with such common shares to be issued three years from the date of grant. Certain awards have been granted with a performance multiplier. This multiplier, ranging from zero to two, will be applied at exercise and is dependent on the performance of the Company relative to pre-defined corporate performance measures set by the board of directors for the associated period.

A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of shares that vest. Awards are measured at fair value on the date of grant, and the resulting stock-based compensation expense is recognized on a straight-line basis over the vesting period. Upon the exercise of the awards, the associated amount in contributed surplus is recorded as an increase to share capital.

(000s except per share amounts)	Number of Time-based Awards	Number of Performance Awards	Total Awards
Balance, December 31, 2012	-	-	-
Granted	498	1,496	1,994
Balance at June 30, 2013	498	1,496	1,994

d) Option-based awards

Under the Stock Option Plan, the Board of Directors may grant to any director, officer, employee or consultant, options to acquire common shares of the Company. Stock options granted under the stock option plan have a term of four years to expiry. Vesting is determined by the Company's Board of Directors. Currently, all of the options granted vest equally over a three year period commencing on the first anniversary date of the grant. Each stock option granted permits the holder to purchase one common share of the Company at the stated exercise price.

With the adoption of the new award incentive plan there will be no further stock options granted and the remaining outstanding options will be either exercised or forfeited.

(000s except per share amounts)	Number of Options	Weighted Average Exercise Price ($)
Balance, December 31, 2012	5,150	5.76
Exercised	(1,520)	3.48
Forfeited	(29)	5.68
Balance at June 30, 2013	3,601	6.72

Exercise Price ($)	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price ($/share)	Number Exercisable	Weighted Average Exercise Price ($/share)
2.00 – 3.49	80	0.8	2.91	80	2.91
3.50 – 5.99	696	2.1	5.46	84	5.29
6.00 – 10.00	2,825	2.6	7.13	507	7.48
2.00 – 10.00	3,601	2.5	6.72	671	6.66

e) Warrants

On June 25, 2010, the Company completed a $7.75 million non-brokered private placement of 1.6 million units at a price of $2.50 per unit, with each unit comprised of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of $2.50 for a period of five years and 1.5 million common shares at a price of $2.50 per common share. All performance warrants met their vesting requirements in 2010. Pursuant to the performance warrant agreement, each warrant is subject to adjustment when the Company issues dividends to common shareholders. In 2013, the Company declared $0.30 cash dividends and the exercise price of the performance warrant has been adjusted to $2.43 to reflect the dividends declared.

(000s except per share amounts)	Number of Warrants	Weighted Average Exercise Price ($)
Balance, December 31, 2012	2,930	5.24
Exercised	(1,229)	2.45
Exercised(2)	(1,361)	8.33
Expired(2)	(18)	8.33
Balance at June 30, 2013	322	2.43

Exercise Price ($)	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price ($/share)	Number Exercisable	Weighted Average Exercise Price ($/share)
2.43	322	2.0	2.43	322	2.43

f) Contributed surplus

($000s)	
Balance, December 31, 2012	15,004
Stock-based compensation	2,791
Option exercises	(7,179)
Warrant exercises[2]	(1,190)
Shares cancelled[1]	1,070
Balance at June 30, 2013	10,496

Notes:

(1) The arrangement agreement of Spry Energy Ltd. ("Spry") and Golden Eagle Energy Inc. in 2007 included a "sunset clause" which provided that untendered shares and cash positions would be surrendered to the Company after four years from the closing date of the transaction. On January 29, 2013, 36,296 common shares of the Company previously held in trust for untendered shareholders were cancelled and $0.8 million of cash was returned to Whitecap. The cancellation of the 36,296 common shares was recorded as a reduction of capital stock and an increase in contributed surplus. The amount represents the cash portion which was returned and cancelled shares valued as of the transaction close with Spry on April 20, 2011.

(2) In connection with the acquisition of Midway, Whitecap entered into a supplemental warrant indenture whereby it assumed the obligations of Midway in respect of 3.0 million outstanding share purchase warrants that were issued in connection with a private placement completed in February 2012. As a result, each previously outstanding warrant to acquire a class A common share of Midway entitled the holder thereof to acquire 0.4802 of a Whitecap common share at a price of $4.00 per 0.4802 of a common share ($8.33 per whole Whitecap common share). In the first quarter of 2013, 2.8 million purchase warrants were exercised resulting in 1.4 million Whitecap common shares. The remaining purchase warrants expired on February 15, 2013.

13. PER SHARE RESULTS

	Three months ended June 30,		Six months ended June 30,	
(000s except per share amounts)	2013	2012	2013	2012
Per share income				
Basic	0.14	0.22	0.19	0.35
Diluted	0.14	0.22	0.19	0.34
Weighted average shares outstanding				
Basic	140,239	118,730	134,987	98,851
Diluted	142,162	120,968	136,972	101,348

14. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital, excluding bank debt:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Accounts receivable	6,400	789	1,131	13,802
Prepaid and deposits	(17,720)	(600)	(18,164)	(649)
Accounts payable and accrued liabilities	(21,314)	(43,018)	(24,593)	(44,286)
Change in non-cash working capital	(32,634)	(42,829)	(41,626)	(31,133)
Related to:				
Operating activities	(9,221)	(26,588)	(13,972)	(23,908)
Financing activities	931	-	7,454	-
Investing activities	(24,344)	(16,241)	(35,108)	(7,225)

15. COMMITMENTS

The Company is committed to future payments under the following agreements:

($000s)	2013	2014	2015	2016+	Total
Operating lease - office building	880	2,038	1,561	1,563	6,042

Flow through shares
On May 16, 2013, the Company issued $1.8 million flow through common shares for gross proceeds of $20.0 million. The Company has an obligation to incur $20.0 million of eligible flow-through expenditures prior to December 31, 2013.

16. SUBSEQUENT EVENTS

On July 18, 2013, the Company completed a bought deal finance offering of approximately 17.2 million subscription receipts at a price of $9.90 per subscription receipt for gross proceeds of approximately $170.0 million. On July 31, 2013, concurrent with the Company closing the acquisition of certain strategic light oil assets located predominately in its core areas of Valhalla and Garrington for $173.6 million, the subscription receipts were each exchanged for one Whitecap common share for no additional consideration.

The Company’s board of directors approved a 5 percent increase to the monthly dividend to $0.0525 per share starting with the October 2013 dividend payable in November 2013.