WHITECAP RESOURCES INC.
BALANCE SHEET

As at (CAD $000s)	**December 31, 2013**	December 31, 2012
Assets		
Current Assets		
Cash	**-**	12
Accounts receivable	**55,167**	45,820
Deposits and prepaid expenses	**2,707**	1,835
Risk management contracts [Notes 4 & 5]	**-**	10,663
Assets held for sale [Note 10]	**8,921**	23,942
	66,795	82,272
Risk management contracts and other [Notes 4 & 5]	**-**	1,055
Property, plant and equipment [Notes 6 & 7]	**1,854,329**	1,292,966
Exploration and evaluation [Note 8]	**33,635**	33,100
Goodwill [Note 9]	**98,070**	86,385
	2,052,829	1,495,778
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	**68,698**	102,393
Dividends payable	**9,045**	-
Risk management contracts [Notes 4 & 5]	**28,700**	-
Liabilities associated with assets held for sale [Note 10]	**7,330**	2,510
	113,773	104,903
Risk management contracts [Notes 4 & 5]	**6,400**	-
Bank debt [Note 12]	**382,899**	310,700
Decommissioning liability [Note 13]	**119,892**	54,513
Deferred income tax [Note 18]	**148,104**	115,573
	771,068	585,689
Shareholders' Equity		
Share capital [Note 14]	**1,253,127**	827,588
Contributed surplus [Note 14]	**13,687**	15,004
Retained earnings	**14,947**	67,497
	1,281,761	910,089
	2,052,829	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 years ended December 31,

(CAD $000s, except per share amounts)	**2013**	2012
Revenue		
Petroleum and natural gas sales	**467,095**	305,770
Royalties	**(59,758)**	(35,061)
	407,337	270,709
Gain (loss) on risk management contracts [Note 5]	**(57,715)**	31,661
	349,622	302,370
Expenses		
Operating	**71,887**	56,398
Transportation	**17,304**	12,145
General and administrative	**12,057**	9,234
Stock-based compensation	**5,362**	3,876
Transaction costs	**765**	4,416
Interest and financing	**15,493**	11,868
Accretion of asset retirement obligations [Note 13]	**3,081**	1,025
Depletion, depreciation, amortization and impairment [Note 7]	**152,387**	116,096
Exploration and evaluation [Note 8]	**1,681**	3,502
Loss on non-core asset disposition [Note 7]	**5,394**	10,875
	285,411	229,435
Termination fee received [Note 11]	**1,200**	-
Income before income taxes	**65,411**	72,935
Taxes		
Deferred income tax expense [Note 18]	**24,983**	20,464
Net income and other comprehensive income	**40,428**	52,471
Net Income Per Share ($/share) [Note 17]		
Basic	**0.27**	0.46
Diluted	**0.27**	0.45

See accompanying notes to financial statements

WHITECAP RESOURCES INC.
STATEMENT OF CHANGES IN EQUITY
For the years ended December 31

(CAD $000s)	**2013**	2012
Share Capital [Note 14(b)]		
Balance, beginning of year	**827,588**	354,857
Issued on exercise of options/warrants	**23,404**	3,614
Contributed surplus adjustment on exercise of options/warrants	**9,900**	1,808
Shares cancelled	**(245)**	-
Issued on the acquisition of Invicta Energy Corp. (“Invicta”)	**49,965**	-
Flow-through shares issued	**18,187**	-
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	**335,819**	120,008
Share issue costs, net of deferred income tax	**(11,491)**	(5,146)
Balance, end of year	**1,253,127**	827,588
Contributed Surplus [Note 14(f)]		
Balance, beginning of year	**15,004**	10,480
Option-based awards	**7,549**	5,142
Option/warrant exercises	**(9,900)**	(1,808)
Warrants acquired	**-**	1,190
Shares cancelled	**1,034**	-
Balance, end of year	**13,687**	15,004
Retained Earnings		
Balance, beginning of year	**67,497**	15,026
Net income and other comprehensive income	40,428	52,471
Dividends	(92,978)	-
Balance, end of year	**14,947**	67,497

See accompanying notes to financial statements

WHITECAP RESOURCES INC.
STATEMENT OF CASH FLOWS
For the years ended December 31

(CAD $000s)	**2013**	2012
Operating Activities		
Net income for the period	**40,428**	52,471
Items not affecting cash:		
Depletion, depreciation, amortization and impairment	**154,068**	119,598
Deferred income tax expense	**24,983**	20,464
Stock-based compensation	**5,362**	3,876
Non-cash financing expense [Note 13]	**3,081**	1,025
Unrealized (gain) loss on risk management contracts [Note 5]	**45,920**	(18,840)
Loss on non-core asset disposition	**5,394**	10,875
Settlement of decommissioning liabilities [Note 13]	**(484)**	(1,197)
	278,752	188,272
Net change in non-cash working capital items [Note 19]	**1,107**	(14,737)
	279,859	173,535
Financing Activities		
Increase in bank debt	**72,199**	179,897
Option/warrant exercises	**24,192**	-
Dividends	**(92,978)**	-
Issuance of flow-through shares	**20,006**	-
Issuance of share capital, net of share issue costs	**320,465**	116,771
Net change in non-cash working capital items [Note 19]	**9,045**	-
	352,929	296,668
Investing Activities		
Expenditures on property, plant and equipment	**(190,100)**	(246,156)
Net expenditures on property acquisitions	**(380,874)**	(3,842)
Expenditures on corporate acquisitions	**(20,741)**	(234,006)
Net change in non-cash working capital items [Note 19]	**(41,085)**	13,800
	(632,800)	(470,204)
Decrease in cash, during the period	**(12)**	(1)
Cash, beginning of period	**12**	13
Cash, end of period	**-**	12

Cash Interest Paid	**14,210**	11,868

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 Company is focused on providing sustainable monthly dividends and per share growth through a combination of accretive oil-based acquisitions and organic growth on existing and acquired assets.The registered office is located at 500, 222 - 3rd Avenue SW, Calgary, Alberta, Canada, T2P 0B4.

2. BASIS OF PRESENTATION

Statement of Compliance

These financial statements have been prepared in accordance with IFRS as issued by IASB as at and for the year ended December 31, 2013 including 2012 comparative periods. The financial statements were authorized for issue by the Board of Directors on March 18, 2014.

Basis of Measurement

The financial statements have been prepared on the historical cost basis except for derivative financial instruments and share-based transactions which are measured at fair value. The methods used to measure fair values are discussed in Note 4.

Functional and Presentation Currency

The financial statements are presented in Canadian dollars, which is the Company's functional currency.

Use of Estimates and Judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements, and revenues and expenses during the reporting year. Actual results could differ from those estimated.

Oil and natural gas assets are grouped into cash generating units ("CGUs") that have been identified as being the smallest identifiable group of assets that generate cash flows that are independent of cash flows of other assets or groups of assets. The determination of these CGUs was based on management's judgment in regards to shared infrastructure, geographical proximity, commodity type and similar exposure to market risk and materiality.

Estimates of future cash flows used in the calculation of the recoverable amount are based on reserve evaluation reports prepared by independent petroleum reservoir engineers. Discounted future net cash flows are based on forecasted commodity prices and costs over the expected economic life of the reserves and discounted using market-based rates to reflect a market participant's view of the risks associated with the assets.

Management's determination of whether a transaction constitutes a business combination or asset acquisition is determined based on the criteria in IFRS 3.

Amounts recorded for decommissioning costs and the related accretion expense requires the use of estimates with respect to the amount and timing of asset retirements, site remediation and related cash flows, as well as the selection of a risk-free discount rate.

The estimated fair values of derivative instruments resulting in financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Estimated depletion, depreciation and amortization charges are based on estimates of oil and gas reserves that the Company expects to recover in the future and the future development costs required to produce the reserves.

Compensation costs accrued for long-term stock-based compensation plans, including stock options and warrants, are subject to the estimation of what the ultimate payout will be using pricing models such as the

Black-Scholes model, which is based on significant assumptions such as volatility, forfeiture and expected term.

The Company's performance share awards are subject to estimation relating to the performance multiplier, which will determine the ultimate equity payout at the vesting date. 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 for a particular period and the Board of Directors' discretion. Assumptions on the forfeiture rate at the time of grant are also subject to management estimates.

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty.

The impairment calculation is based on estimates of proved plus probable reserves, production rates, oil and gas prices, future costs and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the impact on the financial statements of future periods could be material.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

Jointly Controlled Operations

Substantially all of the Company's exploration and production activities are conducted under joint operating agreements, whereby two or more parties jointly control the assets. These financial statements reflect only the Company's share of these jointly controlled assets and, once production commences, a proportionate share of the relevant revenue and related costs.

Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired, or when the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported on the balance sheet when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Cash, account receivable, loans and other receivables

Cash and cash equivalents comprise cash on hand and other short-term highly liquid investments. Account receivables, loans and other receivables, which are non-derivative financial assets that have fixed or determinable payment terms and are not quoted in an active market, are classified as loans and receivables. They are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets.

A provision for impairment of account receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or significant delinquency in payments are considered indicators that a receivable is impaired.

Financial derivative instruments

Financial derivative instruments are included in current assets/liabilities except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets/liabilities. The Company has not designated any of its financial derivative contracts as effective accounting hedges and, accordingly, fair values its financial derivative contracts with the resulting gains and losses recorded in net income.

Accounts payable, accrued liabilities and bank debt

These financial instruments are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within

one year or less.

Impairment of financial assets
At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss, as follows:

(i) Financial assets carried at amortized cost: The amount of the impairment is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of comprehensive income.

(ii) Available-for-sale financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of comprehensive income.

Oil and Gas Exploration and Evaluation Expenditures
Oil and gas exploration and evaluation ("E&E") expenditures are accounted for in accordance with IFRS 6, *Exploration for and Evaluation of Mineral Resources*, whereby costs associated with the exploration for and evaluation of oil and gas reserves are accumulated on an area-by-area basis and are capitalized as either tangible or intangible E&E assets when incurred. Costs incurred in advance of land acquisition are charged to the statement of comprehensive income; however, all other costs, including directly attributable general and administrative costs, are added to E&E assets.

When an area is determined to be technically feasible and commercially viable, the accumulated costs are tested for impairment and transferred to property, plant and equipment. When an area is determined not to be technically feasible and commercially viable or the Company decides not to continue to work in the area, the unrecoverable costs are recognized on the statement of comprehensive income.

No depletion or depreciation is provided for E&E assets.

Property, Plant and Equipment ("PP&E")
PP&E, which includes oil and natural gas development and production assets, represents costs incurred in developing oil and natural gas reserves and maintaining or enhancing production from such reserves. Future decommissioning costs, related to producing assets, are also capitalized to PP&E. PP&E is carried at cost, less accumulated depletion, depreciation and amortization and accumulated impairment losses.

Gains and losses on disposal of PP&E are determined as the difference between proceeds from disposal and the carrying amount of the asset sold and is recognized as a gain or loss on disposal on the statement of comprehensive income.

Depletion, Depreciation and Amortization ("DD&A")
The net carrying value of the intangible oil and gas assets is depleted using the unit-of-production method based on estimated proven and probable oil and natural gas reserves, taking into account the future development costs required to produce the reserves.

Proven and probable reserves are determined by independent engineers in accordance with Canadian National Instrument 51-101. Production and reserves of natural gas are converted to equivalent barrels of crude oil on the basis of six thousand cubic feet of gas to one barrel of oil. Changes in estimates used in prior periods, such as proved and probable reserves, that affect the unit-of-production calculations are dealt with on a prospective basis.

Assets Held for Sale
Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is met when the sale is highly probable and the asset is available for immediate sale in its present condition. For the sale to be highly probable, management must be committed to a plan to sell the asset and an active program to locate a buyer and complete the plan must have been initiated. The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value and the sale should be expected to be completed within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of the carrying amount and fair value less costs of disposal, with impairments recognized in the statement of income in the period measured. Non-current assets held for sale are presented in current assets and liabilities within the balance sheet. Assets held for sale are not depleted, depreciated or amortized.

Goodwill
The Company records goodwill relating to a business combination when the purchase price exceeds the fair value of the net identifiable assets and liabilities of the acquired business. Goodwill is reported at cost less any impairment and is not amortized. Goodwill is evaluated when facts and circumstances indicate that it is impaired, or at least on an annual basis. Goodwill impairments are not reversed.

Impairment
The carrying amounts of PP&E are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the estimated recoverable amount is calculated. For the purpose of impairment testing, PP&E assets are grouped together into the smallest group of assets that generates cash inflows that are largely independent of the cash flows of other assets or group of assets. The recoverable amount of an asset or CGU is the greater of its fair value less costs of disposal ("FVLCD") and its value in use ("VIU"). FVLCD is the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal or in the case of a lack of comparable transactions, based upon discounted after tax cash flows. VIU is determined by estimating the present value of the future net cash flows expected to be derived from the continued use of the asset or cash generating unit. An impairment loss is recognized in the statement of comprehensive income if the carrying amount of an asset or CGU exceeds its estimated recoverable amount.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability, or indicators suggest that the carrying amount exceeds the recoverable amount. E&E assets are tested for impairment immediately prior to costs being transferred to PP&E. Exploration and evaluation assets are tested for impairment at the CGU level by referencing the fair value of current arm's length transactions in the market to the carrying amount of E&E assets. Impairments of E&E assets are reversed when there has been a subsequent increase in the recoverable amount, but only to the extent of what the carrying amount would have been had no impairment been recognized.

The recoverable amount of goodwill is determined as the fair value less costs of disposal using a discounted cash flow method. Goodwill is evaluated at a corporate level as the business combinations giving rise to goodwill do not have specifically identifiable benefits to any one CGU. Furthermore, management does not track or manage goodwill at a CGU level.

Impairment losses previously recognized are assessed at each reporting date for indications that the loss has decreased or no longer exists. An impairment loss is reversed to the extent that the asset's new carrying amount does not exceed the original carrying amount, net of related accumulated depletion, depreciation and amortization, if there has been an increase in the estimate of the recoverable amount. An impairment loss in respect of goodwill is not reversed.

Business Combinations
Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date. The excess of the cost of the acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets acquired, the difference is recognized immediately in net income (loss). Transaction costs associated with a business combination are expensed as incurred.

Decommissioning Liability
Decommissioning liabilities include present obligations where the Company will be required to retire tangible long-lived assets. Decommissioning liabilities are measured at the present value of the expenditure expected to be incurred using the relevant risk-free rate. The associated cost is capitalized as part of the cost of the related long-lived asset. Changes in the estimated obligation resulting from revisions to

estimated timing, amount of cash flows, or changes in the discount rate are recognized as a change in the decommissioning liability.

Amortization of decommissioning costs is included in depreciation, depletion and amortization in the statement of comprehensive income. Increases resulting from the passage of time are recorded as financing charges in the statement of comprehensive income.

Actual expenditures incurred are charged against the accumulated decommissioning liability.

Borrowing Costs
Borrowing costs attributable to the acquisition, construction or production of assets that require greater than a year to be ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as interest expense in the statement of comprehensive income in the period in which they are incurred.

Share-based compensation
The Company's share-based compensation program consists of stock options and long-term Award Incentive Plan in the form of share awards, which are equity-settled transactions.

The Company has issued options to acquire common shares to directors, officers and employees of the Company. These options are accounted for using the fair-value method which estimates the value of the options at the date of the grant using the Black-Scholes option pricing model. The fair value thus established is recognized as compensation expense over the vesting period of the options with an equivalent increase to contributed surplus. Awards which have vested and exercised are equity settled. A forfeiture rate is estimated on the grant date and is subsequently adjusted to reflect the actual number of options that vest.

Time-based and performance share awards granted under the Award Incentive Plan are accounted for at fair value. Stock-based compensation expense is determined based on the estimated fair value of shares on the date of grant using the Black-Scholes option pricing model. Forfeitures are estimated at the grant date and are subsequently adjusted to reflect actual forfeitures. The expense is recognized on a straight–line basis over the vesting period, with a corresponding increase to contributed surplus. The Company capitalizes the portion of stock-based compensation directly attributable to development activities, with a corresponding decrease to stock-based compensation expense.

Certain share awards are strictly time-based, with the full amount of the grant vesting after a period of three years from the grant date. Certain share 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 for a particular period and the Board of Directors' discretion.

Flow-through shares
Periodically, the Company finances a portion of its exploration and development activities through the issuance of flow-through shares. Under the terms of the flow-through share agreements, the tax attributes of the related expenditures are renounced to subscribers. The stated capital recorded on flow-through share issuances is equal to the estimated fair value of the common shares, exclusive of the flow-through component, on the date of issue. The difference between the gross proceeds received and the stated capital recorded is a liability ("flow-through share liability") until qualifying expenditures are incurred. When the expenditures are incurred, the resulting deferred tax liability is recorded through income tax expense less the reversal of the flow-through share liability previously reported.

Income Tax
Income tax comprises current and deferred taxes. Income tax is recognized in the statement of comprehensive income except to the extent that it relates to items recognized directly in other comprehensive income or elsewhere in shareholders' equity, in which case the related income tax expense or recovery is also recognized directly in other comprehensive income or elsewhere in shareholders' equity.

Current tax expense is the expected cash tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax expense and related liability is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to continue to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Tax on income in interim periods is accrued using the tax rate that would be applicable to expected total annual earnings.

Revenue
Revenue from the sale of crude oil, natural gas and natural gas liquids ("NGLs") is recorded when the risks and rewards of ownership of the product is transferred to the buyer which is usually when legal title passes to the external party. This is generally at the time product enters the pipeline. Royalty income is recognized as it accrues in accordance with the terms of the overriding royalty agreements.

Share Capital
Proceeds from the issuance of common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Net Income/Loss Per Share
Net income/loss per share is calculated by dividing the net income for the period by the weighted average number of common shares outstanding during the period.

Diluted net income/loss per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The Company's potentially dilutive common shares comprise stock options, warrants and share awards granted to employees and directors. The number of shares included with respect to options, warrants and share awards is computed using the treasury stock method.

ACCOUNTING STANDARDS AND AMENDMENTS ISSUED BUT NOT YET ADOPTED
The Company has assessed the impact of the following standards which, are to be adopted for fiscal years beginning January 1, 2014 with earlier adoption permitted. A brief description of the new standard is listed below:

In May 2013, the IASB issued IFRIC 21 "Levies," which was developed by the IFRS Interpretations Committee ("IFRIC"). IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that no liability should be recognized before the specified minimum threshold to trigger that levy is reached. IFRIC 21 is required to be adopted retrospectively for fiscal years beginning January 1, 2014, with earlier adoption permitted. IFRIC 21 will be applied by the Company on January 1, 2014 and the adoption may have an impact on the Company's accounting for production and similar taxes, which do not meet the definition of an income tax in IAS 12 "Income Taxes." the Company is currently assessing and quantifying the effect on its financial statements.

Changes in Accounting Policies
As of January 1, 2013, the Company adopted several new IFRS standards and amendments in accordance with the transitional provisions of each standard. A brief description of each new standard and its impact on the Company's financial statements follows below:

- IFRS 10 "Consolidated Financial Statements" supersedes IAS 27 "Consolidation and Separate Financial Statements" and SIC-12 "Consolidation – Special Purpose Entities." This standard provides a single model to be applied in control analysis for all investees, including special purpose entities. The retrospective adoption of this standard does not have any impact on the Company's financial statements.

- IFRS 11 "Joint Arrangements" divides joint arrangements into two types, joint operations and joint ventures each with their own accounting model. All joint arrangements are required to be reassessed on transition to IFRS 11 to determine their type to apply the appropriate accounting.

The retrospective adoption of this standard does not have a material impact on the Company's financial statements.

- IFRS 12 "Disclosure of Interests in Other Entities" combines in a single standard the disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities. The retrospective adoption of the annual disclosure requirements of this standard does not have any impact on the Company's annual financial statements.

- IFRS 13 "Fair Value Measurement" 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. The adoption of this standard requires the revaluation of certain derivative financial liabilities on the Company's consolidated balance sheets to reflect an appropriate amount of risk of non-performance by the Company. The standard also requires additional annual fair value disclosures, as well as additional interim disclosures, as per IAS 34. The prospective adoption of this standard does not have a material impact on the Company's financial statements.

- IAS 27 "Separate Financial Statements" has been amended as a result of changes to IFRS 10. The retrospective adoption of these amendments does not have any impact on the Company's financial statements.

- IAS 28 "Investments in Associates and Joint Ventures" has been amended as a result of changes to IFRS 10 and IFRS 11. The retrospective adoption of these amendments does not have any impact on the Company's financial statements.

- The amendments to IAS 32 "Financial Instruments: Presentation" clarify the current requirements for offsetting financial instruments. The amendments to IFRS 7 "Financial Instruments: Disclosures" develop common disclosure requirements for financial assets and financial liabilities that are offset in the financial statements, or that are subject to enforceable master netting arrangements or similar agreements. The Company retrospectively adopted the amendments to both standards on January 1, 2013. The application of these amendments does not have any impact on the Company's financial statements, other than increasing the level of disclosures provided in the notes to the financial statements.

- IAS 36, Amendments, Recoverable Amount Disclosures for Non-Financial Assets, was published in May 2013. The amendments were issued to reverse the unintended requirement in IFRS 13, Fair Value Measurement, to disclose the recoverable amount of every CGU to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, the recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed. The amendments were required to be applied retrospectively for years beginning on or after January 1, 2014, with early adoption allowed. Whitecap has elected to early adopt these amendments effective January 1, 2013.

4. DETERMINATION OF FAIR VALUES

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 reporting date.

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 December 31, 2013 and December 31, 2012, the fair value of these balances approximated their carrying value.

(iii) Derivatives:
The fair value of financial derivatives are recurring measurements and are determined whenever possible based on observable market data. If not available, the company uses third-party models and valuation methodologies that utilize observable market data including forward commodity prices and interest rates to estimate the fair value of financial derivatives. In addition to market information, the company incorporates transaction specific details that market participants would utilize in a fair value measurement, including the impact of non-performance risk. The valuation technique used has not changed.

(iv) Stock options, warrants and share awards:
The fair values of stock options, warrants and share awards are 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 INSTRUMENTS AND RISK MANAGEMENT

Financial Assets and Financial Liabilities Subject to Offsetting

Financial assets and liabilities are only offset if Whitecap has the current legal right to offset and intends to settle on a net basis or settle the asset and liability simultaneously. Whitecap offsets risk management assets and liabilities when the counterparty, commodity, currency and timing of settlement are the same.

The gross amount of the financial liabilities related to risk management contracts was $35.1 million for the year ended December 31, 2013. No amounts were offset at December 31, 2013.

The gross amount of the financial assets related to risk management contracts was $10.7 million for the year ended December 31, 2012. No amounts were offset at December 31, 2012.

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:

	December 31, 2013	December 31, 2012
Cash	-	12
Accounts receivable and other	55,167	45,820
Risk management contracts	-	10,663
	55,167	56,495

Joint interest receivables are typically collected within one to three months following production. The majority of the credit exposure on accounts receivable at December 31, 2013 pertains to accrued revenue for December 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. The Company monitors the exposure to any single counterparty along with its financial position. If it is deemed that a counterparty has become materially weaker, the Company will work to reduce the credit exposure to that counterparty. At December 31, 2013, one commodity purchaser and marketing company accounted for approximately 25 percent of the total accounts receivable balance and is not considered a credit risk.

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 December 31, 2013, there was $1.6 million (December 31, 2012 – $1.4 million) of receivables aged over 90 days. Subsequent to December 31, 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 December 31, 2013:

($000s)	<1 year	1 to 2 years	Total
Accounts payable and accrued liabilities	68,698	-	68,698
Dividends payable	9,045	-	9,045
Liabilities associated with assets held for sale	7,330	-	7,330
Bank debt	-	382,899	382,899
Risk management contracts	28,700	6,400	35,100
Total financial liabilities	113,773	389,299	503,072

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

At December 31, 2013 Whitecap had the following risk management contracts outstanding with a mark-to-market liability value of $35.1 million:

($000s)	Fair value as at December 31, 2013
Current Liabilities	
Crude Oil	(27,900)
Natural Gas	(800)
Total Current Liabilities	(28,700)
Long-term Liabilities	
Crude Oil	(3,000)
Natural Gas	(200)
Interest	(3,200)
Total fair value	(35,100)

At December 31, 2012 Whitecap had the following risk management contracts outstanding with a mark-to-market asset value of $10.7 million:

($000s)	Fair value as at December 31, 2012
Current Assets	
Crude Oil	10,107
Natural Gas	421
Interest	135
Total Current Liabilities	10,663
Long-term Assets	
Crude Oil	65
Total fair value	10,728

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 December 31, 2013, the Company assesses the effects of movement in commodity prices on net income

before tax. 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 prices would result in a decrease of $51.6 million to the unrealized loss on risk management contracts. A 10 percent decrease in commodity prices would result in an increase of $51.5 million to the unrealized loss on risk management contracts.

At December 31, 2013 the following light oil and natural gas risk management contracts were outstanding with a mark-to-market liability value of $31.9 million.

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)
2014	10,500	94.93	-	-
2014 January - February	250	-	100.80	90.00
2015	4,000	92.68	-	-

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

Contracts acquired and entered into subsequent to December 31, 2013[1]

Term	Contract	Volume (bbl/d)	Average Swap Price ($/bbl)
2014 January - June	Swap	1,000	99.25
2014 January - July	Swap	250	100.75
2014 April - December	Swap	1,000	107.25
2014 August - December	Swap	250	100.08
2014	Swap	650	98.82
2015 January - June	Swap	2,000	99.03
2015	Swap	4,000	98.49
2016	Swap	1,000	95.05

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)
2014	Swap	19,000	3.57
2015	Swap	5,000	3.51

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

Contracts entered into subsequent to December 31, 2013[1]

Term	Contract	Volume (GJ/d)	Average Swap Price ($/GJ)
2014 February - December	Swap	5,000	3.84
2014 July - December	Swap	8,500	4.35
2015 January - June	Swap	2,500	4.12
2015	Swap	10,000	3.83
2016	Swap	5,000	3.51

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)
2014	Swap	27,156	55.34
2015	Swap	26,280	51.26
2016	Swap	8,784	52.51

Interest Rate Risk
The Company is exposed to fluctuations in interest rates on its bank debt. The credit facility consists of a $375 million revolving production facility, a $25 million revolving operating facility and a $200 million term loan facility. The revolving production and revolving operating facility bear interest at the bank's prime lending or bankers' acceptance rates plus applicable margins. The term loan facility has a fixed interest rate. Changes in interest rates could result in an increase or decrease in the amount Whitecap pays to service the variable interest rate debt.

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 December 31, 2013 were to have increased or decreased by 25 basis points it is estimated that the Company's net income before tax would change by approximately $0.5 million (2012 - $0.8 million). This assumes that the change in interest rate is effective from the beginning of the year and the amount of floating rate debt is as at December 31, 2013.

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 in interest rates would result in an increase to net income before tax of $9.7 million. A one percent decrease in interest rates would result in a decrease to net income of $8.3 million. At December 31, 2013 the following interest rate contracts were outstanding with a mark-to-market liability value of $3.2 million (2012 – asset value of $0.1 million).

Interest Rate Contracts

Term		Amount ($000s)	Fixed Rate (%)	Index
03-Oct-13	03-Oct-18	200,000	2.45	CDOR
03-Dec-13	03-Dec-14	100,000	1.22	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)	December 31, 2013	December 31, 2012
Current assets	66,795	71,609
Current liabilities	(85,073)	(104,903)
Working capital deficit[(1)]	(18,278)	(33,294)
Bank debt	382,899	310,700
Shareholders' equity	1,281,761	910,089

Note:
(1) Excluding risk management contracts.

6. ACQUISITIONS
2013 Acquisitions
The net income or loss since the closing dates of the corporate and property acquisitions listed below are included in the statement of comprehensive income. However, the net income or loss has not been disclosed separately as it is not readily determinable.

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 surplus 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 potential future cash flows derived from drilling and exploitation opportunities and the strategic benefit and synergies that an increased presence in west central Saskatchewan would bring to the Company.

The transaction closed on April 30, 2013 and had the acquisition been acquired as of January 1, 2013, an additional $5.1 million in revenue (net of royalties) would have been recognized. Pro forma information is not necessarily representative of future revenues and operations. The revenue and operating income contributed since being acquired are not readily 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) Eagle Lake 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 a business combination under IFRS 3. The transaction closed on May 22, 2013 and the revenue and net income contributed for the pre- and post-acquisition periods are not readily determinable. Pro forma information is not necessarily representative of future revenues and operations.

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

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

c) Valhalla and Garrington property acquisition

The Company acquired additional Montney light oil assets in the Valhalla area and Cardium light oil assets in the Garrington area of west central Alberta. The property acquisition was accounted for as a business combination under IFRS 3. The transaction closed on July 31, 2013 and the revenue and net income contributed for the pre- and post-acquisition periods are not readily determinable. Pro forma information is not necessarily representative of future revenues and operations.

Net assets acquired ($000s):	
Petroleum and natural gas properties	173,600
Decommissioning liability	(6,911)
	166,689

Cash consideration:	
Total consideration	**166,689**

d) Garrington and Eagle Lake property acquisition

The Company acquired additional Cardium light oil assets in the Garrington area of west central Alberta and a working interest consolidation of its Eagle Lake Viking unit. The property acquisition was accounted for as a business combination under IFRS 3. The transaction closed on October 28, 2013 and the revenue and net income contributed for the pre- and post-acquisition periods are not readily determinable. Pro forma information is not necessarily representative of future revenues and operations.

Net assets acquired ($000s):	
Petroleum and natural gas properties	90,000
Decommissioning liability	(3,107)
	86,893

Cash consideration:	
Total consideration	**86,893**

e) Other property acquisitions

Over the course of 2013, 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. The revenue and net income contributed for the pre- and post-acquisition periods are not readily determinable. Pro forma information is not necessarily representative of future revenues and operations.

Net assets acquired ($000s):	
Petroleum and natural gas properties	36,784
Decommissioning liability	(716)
	36,068

Cash consideration:	
Total consideration	**36,068**

2012 Acquisitions

a) Compass Petroleum Ltd.

On February 10, 2012, Whitecap acquired all the issued and outstanding shares of Compass for an aggregate purchase price of approximately $123.9 million which included $14.0 million payable in cash, assumed debt and working capital deficit of $3.9 million and 10.9 million common shares issued. The common shares issued were valued using the share price of Whitecap on February 10, 2012 of $9.74 per share.

The transaction closed on February 10, 2012 and had the acquisition been acquired as of January 1, 2012, an additional $3.2 million in revenue (net of royalties) would have been recognized. Net income is not readily determinable. The revenue and operating income contributed since being acquired are not readily determinable.

Net assets acquired[1] ($000s):	
Working capital deficit	(3,943)
Petroleum and natural gas properties	116,996
Exploration and evaluation assets	5,557
Goodwill	12,067
Risk management asset	286
Decommissioning liability	(2,893)
Deferred income tax	(8,074)
	119,996

Consideration:	
Issuance of shares	106,020
Cash consideration	13,976
Total consideration	**119,996**

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) Midway Energy Ltd.

On April 20, 2012, Whitecap acquired all the issued and outstanding shares of Midway for an aggregate purchase price of approximately $489.2 million which included $111.4 million payable in cash, assumed debt and working capital deficit of $131.4 million and 32.1 million common shares issued. The common shares issued were valued using the share price of Whitecap on April 20, 2012 of $7.68 per share.

The transaction closed on April 20, 2012 and had the acquisition been acquired as of January 1, 2012, an additional $10.4 million in revenue (net of royalties) would have been recognized. Net income is not readily determinable. The revenue and operating income contributed since being acquired are not readily determinable.

Net assets acquired[1] ($000s):	
Working capital deficit	(6,108)
Petroleum and natural gas properties	509,161
Exploration and evaluation assets	13,908
Goodwill	31,223
Long-term debt	(125,281)
Risk management liability	(3,090)
Decommissioning liability	(12,016)
Deferred income tax	(48,827)
	358,970

Consideration:	
Issuance of shares	246,427
Warrants assumed	1,190
Cash consideration	111,353
Total consideration	**358,970**

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.

c) Property acquisitions

In 2012, the Company acquired strategic properties and working interests that complement the existing assets in the west central area of Alberta and west central area of Saskatchewan. The property acquisitions were accounted for as business combinations under IFRS 3. Had the properties been acquired as of January 1, 2012, an additional $4.2 million in revenue (net of royalties) would have been recognized. Net income is not readily determinable. The revenue and operating income contributed since being acquired are not readily determinable.

Net assets acquired ($000s):	
Petroleum and natural gas properties	22,588
Exploration and evaluation assets	10,110
Decommissioning liability	(830)
	31,868

Consideration:	
Total consideration	**31,868**

7. PROPERTY, PLANT AND EQUIPMENT

Net book value ($000s)	December 31, 2013	December 31, 2012
Petroleum and natural gas properties	2,174,866	1,466,861
Other assets	890	783
Property, plant and equipment, at cost	2,175,756	1,467,644
Less: accumulated depletion, depreciation, amortization and impairment	(321,427)	(174,678)
Total net carrying amount	1,854,329	1,292,966

Cost ($000s)	Oil and natural gas properties	Other assets	Total
Balance at December 31, 2011	608,891	353	609,244
Additions	291,379	430	291,809
Corporate acquisitions	626,157	-	626,157
Transfer to assets held for sale	(23,190)	-	(23,190)
Disposals	(36,376)	-	(36,376)
Balance at December 31, 2012	1,466,861	783	1,467,644
Additions	261,468	107	261,575
Property acquisitions	375,379	-	375,379
Corporate acquisition	64,991	-	64,991
Transfer from evaluation and exploration assets	30,144	-	30,144
Transfer to assets held for sale	(12,578)	-	(12,578)
Disposals	(11,399)	-	(11,399)
Balance at December 31, 2013	2,174,866	890	2,175,756

Loss on non-core asset dispositions

The Company disposed of non-core properties previously classified as an asset held for sale for cash proceeds of $17.2 million (2012 – $28.9 million) which resulted in a non-cash loss recorded on the statement of comprehensive income of $3.7million (2012 – $10.9 million).

The Company also sold non-core assets in west central Alberta for cash consideration of $7.8 million. The resulting non-cash loss of $1.7 million is recorded on the statement of comprehensive income.

Depletion, depreciation and amortization ($000s)	Oil and natural gas properties	Other assets	Total
Balance at December 31, 2011	59,891	192	60,083
Depletion, depreciation and amortization	115,948	148	116,096
Disposal	(1,501)	-	(1,501)
Balance at December 31, 2012	174,338	340	174,678
Depletion, depreciation and amortization	149,316	171	149,487
Transfer to assets held for sale	(1,979)	-	(1,979)
Impairment	2,900	-	2,900
Disposal	(3,659)	-	(3,659)
Balance at December 31, 2013	320,916	511	321,427

At December 31, 2013, the Company determined that the carrying amount of the Minors CGU exceeded its recoverable amount, which was calculated as the fair value less costs of disposal. The fair value less costs of disposal was determined with a discounted cash flow approach based on 2013 year-end reserves

and market commodity prices. Whitecap used a risk-adjusted discount rate of 10% to determine the fair value at the measurement date (Level 3 fair value inputs). The impairment was attributed to PP&E and, as a result, an impairment loss of $1.9 million was recorded. The impairment was a result of revised estimates to the decommissioning liabilities.

An additional $1.0 million impairment loss was recorded on the assets classified as held for sale at December 31, 2013 (refer to note 10). The impairment was a result of the carrying amount of the assets held for sale exceeding its recoverable amount, which was determined as the fair value less costs of disposal. The fair value measurement was determined using estimates of expected proceeds on disposition based on initial marketing efforts.

At December 31, 2013, $43.7 million of salvage value (2012 – $23.5 million) was excluded from the depletion calculation. Future development costs of $839.8 million (2012 – $513.1 million) were included in the depletion calculation. The Company capitalized $5.4 million (2012 – $3.3 million) of administrative costs directly relating to development activities which includes $2.2 million (2012 – $1.3 million) of stock-based compensation.

8. EXPLORATION AND EVALUATION

($000s)	December 31, 2013	December 31, 2012
Exploration and evaluation assets	39,719	37,503
Less: accumulated land expiries and write-offs	(6,084)	(4,403)
Total net carrying amount	33,635	33,100

($000s)	Undeveloped Land
Balance at December 31, 2011	16,309
Property acquisitions	10,110
Corporate acquisitions	19,465
Disposal	(6,158)
Transfers to property, plant and equipment	(1,471)
Transfer to assets held for sale	(752)
Balance at December 31, 2012	37,503
Property acquisitions	32,043
Corporate acquisitions	1,459
Disposal	(1,142)
Transfers to property, plant and equipment	(30,144)
Balance at December 31, 2013	39,719

Accumulated land expiries and write-offs ($000s)	Total
Balance at December 31, 2011	901
Land expiries and write-offs	3,502
Balance at December 31, 2012	4,403
Land expiries and write-offs	1,681
Balance at December 31, 2013	6,084

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, 2011	43,095
Compass acquisition	12,067
Midway acquisition	31,223
Balance at December 31, 2012	86,385
Invicta acquisition [Note 6(a)]	11,685
Balance at December 31, 2013	98,070

The recoverable amount of goodwill is determined as the fair value less costs of disposal using a discounted cash flow method. The Company's key assumptions used in determining the fair value less costs of disposal include a discount rate, future commodity prices, operating costs and capital expenditures of the Company. The values of these assumptions have been assigned based on external reserve and market price information, as well as past experience of Whitecap.

There have been no changes to the valuation technique during the year. The fair value measurement of the Company's goodwill has a fair value hierarchy of Level 3.

10. ASSETS HELD FOR SALE

At December 31, 2013, the Company classified certain non-core assets as held for sale. The recoverable amount of the designated assets classified as held for sale is equal to the fair value less costs of disposal of the assets. The fair value measurement was determined using estimates of expected proceeds on disposition based on initial marketing efforts. The associated liabilities relating to the decommissioning liabilities of $7.3 million have been reclassified to current liabilities and are recorded using a risk-free rate. The disposition is expected to close within one year from the balance sheet date.

In the fourth quarter of 2013, Whitecap sold all of the south east Saskatchewan oil and gas properties that were classified as assets held for sale at December 31, 2012. The assets were sold for consideration of $17.2 million. A loss of $3.7 million, related to the sale, was recognized in the statement of comprehensive income.

11. TERMINATION FEE

During the period the Company received a $1.2 million break-fee pursuant to the termination of a purchase and sale agreement between the Company and a third party.

12. CREDIT FACILITIES

As at December 31, 2013, the Company had a $600 million credit facility with a syndicate of Canadian banks. The credit facility consists of a $375 million revolving production facility, a $25 million revolving operating facility and a $200 million term loan facility. The revolving facilities may be extended for a further 364-day revolving period upon the request of Whitecap, subject to approval by the banks. At the end of the revolving period, being May 29, 2014, the extendible revolving credit facility converts into a 366-day term loan if not renewed. The credit facility provides that advances may be made by way of direct advances, banker's acceptances or letters of credit/guarantees. The credit facility bears interest at the bank's prime lending or bankers' acceptance rates plus applicable margins. The applicable margin charged by the bank is dependent upon the Company's debt to earnings before interest, taxes, depreciation and amortization "EBITDA" ratio for the most recent quarter. The banker's acceptances bear interest at the applicable banker's acceptance rate plus an explicit stamping fee based upon the Company's Debt to EBITDA ratio. The credit facilities are secured by a fixed and floating charge debenture on the assets of the Company. The term loan facility matures on October 3, 2018 and has a fixed interest rate of 5.3%.

The credit facility has two financial covenants, whereby the Company's ratio of Debt to EBITDA shall not exceed 4.0:1.0 and the ratio of EBITDA/interest expense shall not be less than 3.5:1.0. The EBITDA used in the covenant calculation is adjusted for non-cash items, transaction costs and extraordinary and non-recurring items. The debt used in the covenant calculation shall include bank indebtedness, letters of credit, and distributions declared. As of December 31, 2013, the Company was compliant with all covenants provided for in the lending agreement. The next review is scheduled on or before May 29, 2014.

13. DECOMMISSIONING LIABILITY

($000s)	
Balance, December 31, 2011	23,259
Liabilities incurred	5,161
Liabilities acquired	15,739
Liabilities settled	(1,197)
Liabilities disposed	(1,301)
Transfer to assets held for sale	(2,510)
Revaluation of liabilities acquired[(1)]	12,870
Revision in estimates	1,467
Accretion expense	1,025
Balance, December 31, 2012	54,513
Liabilities incurred	4,926
Liabilities acquired	24,588
Liabilities settled	(484)
Liabilities disposed	(49)
Transfer to assets held for sale	(7,330)
Revaluation of liabilities acquired[(1)]	25,447
Revision in estimates	15,200
Accretion expense	3,081
Balance at December 31, 2013	119,892

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 3.1 percent (2.3 percent in 2012) and inflation rate of 2.0 percent (2.0 percent in 2012). The total undiscounted amount of the estimated cash flows required to settle the obligations was $174.6 million (2012 – $74.4 million). The expected timing of payment of the cash flows required for settling the obligations extends up to 44 years.

14. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without nominal or par value.

b) Issued and outstanding

(000s)	Shares	$
Balance, December 31, 2011	72,191	354,857
Issued on exercise of options/warrants	855	3,614
Contributed surplus adjustment on exercise of options/warrants	-	1,808
Issued on the acquisition of Compass[(1)]	10,885	106,020
Issued for cash through public prospectus offering[(2)]	11,882	120,008
Issued on the acquisition of Midway[(3)]	32,087	246,427
Share issue costs, net of deferred income tax	-	(5,146)
Balance, December 31, 2012	127,900	827,588
Issued on exercise of options/warrants	4,739	23,404
Contributed surplus adjustment on exercise of options/warrants	-	9,900
Shares cancelled[(4)]	(36)	(245)
Issued on the acquisition of Invicta[(5)]	4,832	49,965
Flow-through shares issued[(6)]	1,875	18,187
Issued for cash through public prospectus offering[(7)]	32,982	335,819
Share issue costs, net of deferred income tax		(11,491)
Balance at December 31, 2013	172,292	1,253,127

Notes:

(1) On February 10, 2012, as part of the Compass acquisition 10.9 million Whitecap shares were issued to Compass shareholders as part of the transaction. The common shares issued were valued using the share price of Whitecap on February 10, 2012 of $9.74 per share.

(2) On March 19, 2012, the Company completed a bought deal finance offering of 5.9 million units of Whitecap common shares at a price of $20.20 per subscription receipt for total gross proceeds of $120.0 million. Each unit was comprised of one subscription receipt at a price of $10.10 per subscription receipt and one common share at a price of $10.10 per common share. Each subscription receipt represented the right to acquire, without payment of additional consideration or further action, one common share upon closing of the previously announced plan of arrangement with Midway. Concurrent with the close of Midway on April 20, 2012, the subscription receipts were exchanged for Whitecap common shares.

(3) On April 20, 2012, as part of the Midway acquisition 32.1 million Whitecap shares were issued to Midway shareholders as part of the transaction. The common shares issued were valued using the share price of Whitecap on April 20, 2012 of $7.68 per share.

(4) The arrangement agreement between 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. During the year, 35,628 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 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.

(5) On April 30, 2013, as part of the Invicta acquisition 4.8 million Whitecap shares were issued to Invicta shareholders as part of the transaction. The common shares issued were valued using the share price of Whitecap on April 30, 2013 of $10.34 per share.

(6) On May 16, 2013, the Company issued 1.9 million common shares on a CDE flow-through basis at a price of $10.67 per flow-through common share on a non-brokered, private placement basis for gross proceeds of approximately $20.0 million.

(7) On May 16, 2013, the Company completed a bought deal finance offering of approximately 9.3 million Whitecap shares at a price of $9.70 per common share for gross proceeds of approximately $90.0 million. The Company also granted the underwriters an over-allotment option, which was exercised for approximately an additional 1.1 million common shares at a price of $9.70 per common share, for additional gross proceeds of $10.8 million. 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. The proceeds from the sale of the subscription receipts were held in escrow pending the completion of the Valhalla and Garrington property acquisition. Upon closing of the acquisition on July 31, 2013, each subscription receipt converted to one common share of Whitecap. On November 13, 2013, the Company closed a bought deal finance offering of approximately 5.4 million Whitecap shares at a price of $12.00 per common share for gross proceeds of approximately $65 million.

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.

The fair value of share awards is determined at the date of grant using the Black-Scholes option pricing model and, for performance awards, an estimated payout multiplier. The amount of compensation expense is reduced by an estimated forfeiture rate on the grant date, which has been estimated at 4.0% of outstanding share awards. The forfeiture rate is adjusted to reflect the actual number of shares that vest. Fluctuations in compensation expense may occur due to changes in estimating the outcome of the performance conditions. Upon the exercise of the awards, the associated amount in contributed surplus is recorded as an increase to share capital.

The estimated weighted average fair value for share awards at the measurement date is $10.98 per award granted during the year ended December 31, 2013.

(000s except per share amounts)	Number of Time-based Awards	Number of Performance Awards	Total Awards
Balance, December 31, 2012	-	-	-
Granted	534	1,537	2,071
Forfeited	(8)	(7)	(15)
Balance at December 31, 2013	526	1,530	2,056

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, 2011	3,924	4.59
Granted	2,196	7.37
Exercised	(808)	4.33
Forfeited/expired	(162)	6.15
Balance, December 31, 2012	5,150	5.76
Exercised	(2,124)	4.25
Forfeited	(105)	6.54
Balance at December 31, 2013	2,921	6.82

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	24	0.39	3.00	24	3.00
3.50 – 5.99	546	1.68	5.53	282	5.45
6.00 – 10.00	2,351	2.16	7.16	587	7.08
2.00 – 10.00	2,921	2.06	6.82	893	6.46

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 $0.61 cash dividends and the exercise price of the performance warrant has been adjusted to $2.36 to reflect the dividends declared.

(000s except per share amounts)	Number of Warrants	Weighted Average Exercise Price ($)
Balance, December 31, 2011	1,597	2.50
Assumed	1,379[(1)]	8.33[(1)]
Exercised	(46)	2.50
Balance, December 31, 2012	2,930	5.24
Exercised	(1,254)	2.45
Exercised[(1)]	(1,361)	8.33
Expired[(1)]	(18)	8.33
Balance at December 31, 2013	297	2.36

Note:

(1) 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 issued. The remaining purchase warrants expired on February 15, 2013.

Exercise Price ($)	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price ($/share)	Number Exercisable	Weighted Average Exercise Price ($/share)
2.36	297	1.5	2.36	297	2.36

f) Contributed surplus

($000s)	
Balance, December 31, 2011	10,480
Stock-based compensation	5,142
Warrants assumed	1,190
Option exercises	(1,632)
Warrant exercises	(176)
Balance, December 31, 2012	15,004
Stock-based compensation	7,549
Option exercises	(3,572)
Warrant exercises[(1)]	(6,328)
Shares cancelled[(2)]	1,034
Balance at December 31, 2013	13,687

Notes:

(1) 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 issued. The remaining purchase warrants expired on February 15, 2013.

(2) The arrangement agreement between 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. During the year, 35,628 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 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.

15. EXECUTIVE COMPENSATION

($000s)	Twelve months ended December 31, 2013	2012
Salaries and bonuses	3,499	2,269
Stock-based compensation	2,552	1,085
	6,051	3,354

Executive compensation relates to amounts paid in salary expense and non-cash share-based compensation to the seven officers and seven directors of the Company.

16. EXPENSES BY NATURE

($000s)	Twelve months ended December 31, 2013	2012
Salaries and benefits	13,458	10,869
Professional services	2,262	1,964
Building leases	1,606	1,091
Other	3,078	2,713
Overhead recoveries	(5,113)	(5,370)
Capitalized salaries	(3,234)	(2,033)
	12,057	9,234

17. PER SHARE RESULTS

(000s except per share amounts)	Twelve months ended December 31, 2013	2012
Per share income		
Basic	$0.27	$0.46
Diluted	$0.27	$0.45
Weighted average shares outstanding		
Basic	150,189	113,102
Diluted(1)	151,914	115,484

Note:
(1) At December 31, 2013, 2.1 million share awards were excluded from the diluted weighted average shares calculation as they were anti-dilutive.

18. INCOME TAXES

Income taxes for the years ended December 31, 2013 and 2012 are as follows:

Deferred tax:

($000s)	2013	2012
Origination and reversal of timing differences	21,800	20,464
Impact of flow through share renouncement	3,183	-
Income tax expense	24,983	20,464

The tax on the Company's profit before tax differs from the amount that would arise using the weighted average tax rate applicable to profits of the entity as follows:

($000s)	Twelve months ended December 31, 2013	2012
Profit before tax at statutory rate	16,637	18,378
Increase (decrease) resulting from		
Change in statutory rate and other	234	933
Return to provision true-up	3,385	-
Non-deductible stock-based compensation	1,351	977
Non-deductible transaction costs	193	176
Impact of flow through share renouncement	3,183	-
Income tax expense	24,983	20,464

The weighted average applicable tax rate was 25.1 percent (2012 – 25.1 percent).

The analysis of deferred tax assets and deferred tax liabilities is as follows:

($000s)	December 31, 2013	December 31, 2012
Deferred tax assets		
To be recovered after more than 12 months	(63,232)	(39,200)
To be recovered within 12 months	-	-
Deferred tax liabilities		
To be recovered after more than 12 months	211,336	154,773
To be recovered within 12 months	-	-
Deferred tax liability (net)	148,104	115,573

Deferred tax liabilities / (assets)

($000s)	Capital assets in excess of tax value	Risk management asset / (liability)	Decomm-issioning liability	Non-capital loss carry forward	Share issue costs	Total
At December 31, 2011	58,440	(1,430)	(5,839)	(8,484)	(2,774)	39,913
Charged / (credited) to the income statement	17,247	4,809	6	(2,710)	1,112	20,464
Charged / (credited) directly to equity	-	-	-	-	(1,720)	(1,720)
Corporate acquisition	71,468	(688)	(3,927)	(9,484)	(460)	56,909
Other	5,432	-	(5,432)	-	7	7
At December 31, 2012	152,587	2,691	(15,192)	(20,678)	(3,835)	115,573
Charged / (credited) to the income statement	27,041	(11,528)	(652)	4,810	2,129	21,800
Charged / (credited) directly to equity	-	-	-	-	(3,854)	(3,854)
Corporate acquisition	10,735	26	(219)	(911)	-	9,631
Change in estimate of decommissioning liabilities	16,749	-	(16,968)	-	-	(219)
Impact of flow through shares	5,022	-	-	-	-	5,022
Other	(777)	-	1,093	(153)	(12)	151
At December 31, 2013	211,357	(8,811)	(31,938)	(16,932)	(5,572)	148,104

The following gross deductions are available for deferred income tax purposes:

($000s)	December 31, 2013	December 31, 2012
Undepreciated capital cost	179,530	169,147
Canadian development expense	353,438	381,611
Canadian exploration expense	4,649	17,909
Canadian oil and gas property expense	513,220	172,645
Non-capital loss carry forward	67,439	82,974
Share issue costs	22,179	15,310
Total	1,140,455	839,596

At December 31, 2013, the Company has non-capital losses of $67.4 million that expire between 2025 and 2030.

19. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Twelve months ended December 31,	
	2013	2012
Accounts receivable	(4,581)	4,664
Prepaid and deposits	(1,044)	(3)
Accounts payable and accrued liabilities	(25,308)	(5,598)
Change in non-cash working capital	(30,933)	(937)
Related to:		
Operating activities	1,107	(14,737)
Financing activities	9,045	-
Investing activities	(41,085)	13,800

20. COMMITMENTS

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

($000s)	2014	2015	2016	2017+	Total
Operating lease - office building	2,368	2,279	2,259	1,318	8,224
Transportation agreements	3,448	3,682	3,742	10,339	21,211
Total	5,816	5,961	6,001	11,657	29,435

Flow-through shares

On May 16, 2013, the Company issued 1.9 million flow-through common shares for gross proceeds of $20.0 million. The Company has fulfilled its obligation to incur $20.0 million of eligible flow-through expenditures prior to December 31, 2013.

21. RELATED PARTY TRANSACTIONS

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 is terminated 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 Whitecap has full recourse to the other assets of the employee for the amount outstanding.

The Company has retained the law firm of Burnet, Duckworth and Palmer LLP (“BDP”) to provide Whitecap with legal services. A director of Whitecap is a partner of this firm. During the year ended December 31, 2013, the Company incurred $0.9 million for legal fees and disbursements. These amounts have been recorded at the amounts that have been agreed upon by the two parties. The Company expects to retain the services of BDP from time to time. As of December 31, 2013 no payable balance was outstanding.

22. SUBSEQUENT EVENTS

On January 6, 2014, the Company closed the acquisition of Home Quarter Resources Ltd. ("Home Quarter") by acquiring all of the issued and outstanding common shares of Home Quarter through the issuance of 27.5 million Whitecap common shares and the assumption of Home Quarter's working capital surplus of approximately $3.0 million. Home Quarter was a light oil-weighted energy company with operations primarily in the Kindersley (Whiteside) area of west central Saskatchewan which immediately offsets Whitecap's lands and Viking production in Kindersley (Lucky Hills).

The preliminary purchase price allocation of the acquisition is as follows:

Net assets acquired[(1)] ($000s):	
Working capital	2,998
Risk management contracts	(1,857)
Petroleum and natural gas properties	377,621
Exploration and evaluation	19,860
Goodwill	34,487
Decommissioning liability	(4,918)
Deferred income tax	(82,085)
	346,106

Consideration:	
Share consideration	346,106
Total consideration	**346,106**

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.

The Company increased the monthly dividend to $0.0567 per share ($0.68 per share annualized) starting with the January 2014 dividend payable in February 2014.

Subsequent to December 31, 2013, the Company entered into an agreement to purchase certain strategic light oil assets focused primarily in Whitecap's Pembina Cardium / West Central core area, as well as at Boundary Lake in northeast BC, which is located just northwest of its core Valhalla area. Total net consideration is $692.7 million after giving effect to the disposition of certain Nisku natural gas production and related facilities located in the Pembina area to Keyera Corp. for $113 million and deducting estimated purchase price adjustments of $49.4 million at closing (the "Acquisition"). The Acquisition is expected to close on or before May 1, 2014. In conjunction with the acquisitions, the Company announced a bought deal finance offering of approximately 44.6 million subscription receipts at a price of $11.20 per subscription receipt for gross proceeds of approximately $500 million. Closing of the financing is expected to be on or about April 8, 2014.

Whitecap's Board of Directors has approved a 10% increase to our monthly dividend from $0.0567 to $0.0625 per share, subject to the closing of the Acquisition and based on the closing date of early May 2014, the dividend increase is expected to start with our May 2014 dividend payable in June 2014.

Whitecap has also entered into a separate agreement to acquire a private oil and gas company with assets in northern Alberta for a purchase price of approximately $107 million, subject to adjustments. This acquisition is expected to close on or before April 30, 2014.