

WHITECAP RESOURCES INC.
CONSOLIDATED BALANCE SHEET
(unaudited)

As at (CAD \$000s)	March 31 2017	December 31 2016
Assets		
Current Assets		
Accounts receivable	119,059	102,168
Deposits and prepaid expenses	7,932	8,998
Risk management contracts [Notes 4 & 5]	4,546	28
	131,537	111,194
Property, plant and equipment [Notes 6 & 7]	4,746,198	4,699,548
Exploration and evaluation [Note 8]	12,891	14,115
Investment in limited partnership [Note 9]	13,423	13,625
Goodwill [Note 10]	122,682	122,682
Risk management contracts [Notes 4 & 5]	1,558	-
Deferred income tax	175,779	173,776
	5,204,068	5,134,940
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	176,415	147,768
Dividends payable	8,599	8,583
Risk management contracts [Notes 4 & 5]	44,798	75,065
	229,812	231,416
Risk management contracts [Notes 4 & 5]	27,288	49,393
Long-term debt [Note 11]	790,205	773,395
Decommissioning liability [Note 12]	619,545	609,729
Deferred income tax	364,542	338,814
	2,031,392	2,002,747
Shareholders' Equity		
Share capital [Note 13]	3,461,008	3,452,671
Contributed surplus [Note 13]	38,806	40,412
Deficit	(327,138)	(360,890)
	3,172,676	3,132,193
	5,204,068	5,134,940

Commitments (Note 16)

See accompanying notes to the consolidated 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.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three months ended March 31
(unaudited)

(CAD \$000s, except per share amounts)	2017	2016
Revenue		
Petroleum and natural gas sales	240,175	112,106
Royalties	(35,811)	(14,665)
Petroleum and natural gas sales, net of royalties	204,364	97,441
Net gain on commodity and foreign exchange contracts [Note 5]	51,520	44,587
	255,884	142,028
Expenses		
Operating	51,696	35,546
Transportation	6,207	3,496
General and administrative	6,690	5,283
Stock-based compensation [Note 13]	4,613	7,452
Transaction costs	-	100
Interest and financing	8,202	8,920
Accretion of decommissioning liabilities [Note 12]	3,509	2,315
Depletion, depreciation and amortization [Note 7]	91,788	75,563
Exploration and evaluation [Note 8]	867	2,488
Net gain on asset dispositions [Note 7]	(944)	(4,577)
	172,628	136,586
Income before income taxes	83,256	5,442
Taxes		
Deferred income tax expense	23,725	3,837
Net income and other comprehensive income	59,531	1,605
Net Income Per Share (\$/share) [Note 14]		
Basic	0.16	0.01
Diluted	0.16	0.01

See accompanying notes to the consolidated financial statements

WHITECAP RESOURCES INC.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three months ended March 31
(unaudited)

(CAD \$000s)	2017	2016
Share Capital [Note 13(b)]		
Balance, beginning of year	3,452,671	2,881,762
Issued for cash through public prospectus offering	-	95,013
Share issue costs, net of deferred income tax	-	(3,414)
Issued on exercise of options	-	127
Contributed surplus adjustment on exercise of options	-	48
Contributed surplus adjustment on vesting of share awards	8,337	-
Balance, end of period	3,461,008	2,973,536
Contributed Surplus [Note 13(d)]		
Balance, beginning of year	40,412	39,971
Award incentive plan and option-based awards	6,731	11,174
Option exercises	-	(48)
Share award vesting	(8,337)	-
Balance, end of period	38,806	51,097
Deficit		
Balance, beginning of year	(360,890)	(415,117)
Net income and other comprehensive income	59,531	1,605
Dividends	(25,779)	(41,854)
Balance, end of period	(327,138)	(455,366)

See accompanying notes to the consolidated financial statements

WHITECAP RESOURCES INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the three months ended March 31
(unaudited)

(CAD \$000s)	2017	2016
Operating Activities		
Net income for the period	59,531	1,605
Items not affecting cash:		
Depletion, depreciation and amortization [Note 7]	91,788	75,563
Exploration and evaluation [Note 8]	867	2,488
Deferred income tax expense	23,725	3,837
Stock-based compensation [Note 13]	4,613	7,452
Accretion of decommissioning liabilities [Note 12]	3,509	2,315
Unrealized gain on risk management contracts [Note 5]	(58,448)	(20,786)
Net gain on asset dispositions [Note 7]	(944)	(4,577)
Settlement of decommissioning liabilities [Note 12]	(406)	(218)
Net change in non-cash working capital items [Note 15]	(9,137)	15,700
	115,098	83,379
Financing Activities		
Increase (decrease) in long-term debt	16,810	(121,655)
Option exercises	-	127
Dividends	(25,779)	(41,854)
Issuance of share capital, net of share issue costs	-	90,339
Net change in non-cash working capital items [Note 15]	16	(6,998)
	(8,953)	(80,041)
Investing Activities		
Expenditures on property, plant and equipment	(124,096)	(45,325)
Expenditures on property acquisitions	(4,353)	(3,789)
Cash from property dispositions	143	72,054
Partnership investment income received [Note 9]	202	254
Net change in non-cash working capital items [Note 15]	21,959	(26,532)
	(106,145)	(3,338)
Change in cash, during the period	-	-
Cash, beginning of period	-	-
Cash, end of period	-	-
Cash Interest Paid	6,387	8,271

See accompanying notes to the consolidated financial statements

1. NATURE OF BUSINESS

Whitecap Resources Inc. (also referred to herein as “Whitecap” or the “Company”) is a Calgary based oil and gas company that is engaged in the business of acquiring, developing and holding interests in petroleum and natural gas properties and assets. Whitecap's common shares are traded on the Toronto Stock Exchange under the symbol WCP. The Company's principal place of business is located at 3800, 525 – 8th Avenue SW, Calgary, Alberta, Canada, T2P 1G1.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, specifically International Accounting Standard (“IAS”) 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 consolidated financial statements, and they should be read in conjunction with the financial statements for the year ended December 31, 2016.

The policies applied in these condensed interim consolidated financial statements are based on International Financial Reporting Standards (“IFRS”) issued and outstanding as at May 2, 2017, the date the Board of Directors approved these statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim consolidated financial statements follow the same accounting policies as the most recent annual audited consolidated financial statements. The interim consolidated financial statements note disclosures do not include all of those required by IFRS applicable for annual consolidated financial statements. Accordingly, these interim consolidated financial statements should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2016.

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.

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 for commodity, interest and foreign exchange contracts are based on inputs including quoted forward prices for commodities, forward interest rates and forward exchange rates, respectively, 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 deposits, 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. The fair value measurement of PP&E, goodwill, and the investment in limited partnership have a fair value hierarchy of Level 3. The Company's finance department is responsible for performing the valuation of financial instruments, including the calculation of Level 3 fair values. Refer to Notes 7, 9 and 10 for changes in the Company's Level 3 investments.

a) Property, Plant and Equipment (“PP&E”) and Exploration and Evaluation (“E&E”) assets

The fair value of PP&E recognized is based on market values. The market value of PP&E 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 generally estimated with reference to the discounted cash flows expected to be derived from oil and natural gas production based on internally and externally prepared reserve reports. The risk-adjusted discount rate is specific to the asset with reference to general market conditions. The market value of E&E assets are estimated with reference to the market values of current arm's length transactions in comparable locations.

b) Deposits, Accounts Receivable, Bank Debt, Dividends Payable, Accounts Payable and Accrued Liabilities

The fair value of deposits, 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 March 31, 2017 and December 31, 2016, the fair value of these balances approximated their carrying value.

c) 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, forward interest rates and forward exchange 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.

d) Stock Options and Share Awards

The fair values of stock options 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.

e) Investment in Limited Partnership

The fair value of the investment in limited partnership is based on the Company's share of the fair value of the limited partnership's cash, accounts receivable, prepaid expenses and deposits, risk management contracts, loan to parent, PP&E, accounts payable and accrued liabilities and decommissioning obligations. The fair values are determined using the methods in the preceding paragraphs as applicable.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) 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 following table summarizes the gross asset and liability positions of the Company's financial derivatives by counterparty that are offset on the balance sheet as at March 31, 2017 and December 31, 2016:

(\$000s)	March 31, 2017			December 31, 2016		
	Asset	Liability	Net	Asset	Liability	Net
Gross amount	7,131	(73,113)	(65,982)	1,804	(126,234)	(124,430)
Amount offset	(1,027)	1,027	-	(1,776)	1,776	-
Net amount	6,104	(72,086)	(65,982)	28	(124,458)	(124,430)

b) 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:

	March 31, 2017	December 31, 2016
Accounts receivable	119,059	102,168
Risk management contracts	6,104	28
	125,163	102,196

Joint interest receivables are typically collected within one to three months following production. The majority of the credit exposure on accounts receivable at March 31, 2017 pertains to accrued revenue for March 2017 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 March 31, 2017, two commodity purchasers and marketing companies accounted for approximately 20 percent and 11 percent of the total accounts receivable balance and are not considered a credit risk.

Whitecap has not previously experienced any material credit loss in the collection of accounts receivable.

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 March 31, 2017, there was \$0.8 million (December 31, 2016 – \$0.8 million) of receivables aged over 90 days. Subsequent to March 31, 2017, approximately \$0.2 million (December 31, 2016 – \$0.6 million) has been collected and the remaining balance is not considered to be a credit risk.

c) 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 March 31, 2017:

(\$000s)	<1 year	1 to 2 years	2+ years	Total
Accounts payable and accrued liabilities	176,415	-	-	176,415
Dividends payable	8,599	-	-	8,599
Long-term debt ⁽¹⁾	20,502	423,983	403,764	848,249
Risk management contracts ⁽¹⁾	44,798	27,160	128	72,086
Total financial liabilities	250,314	451,143	403,892	1,105,349

Note:

⁽¹⁾ These amounts include the notional principal and interest payments. Interest rate swaps are included in risk management contracts.

The following table details Whitecap's financial liabilities as at December 31, 2016:

(\$000s)	<1 year	1 to 2 years	2+ years	Total
Accounts payable and accrued liabilities	147,768	-	-	147,768
Dividends payable	8,583	-	-	8,583
Long-term debt ⁽¹⁾	13,522	602,053	186,499	802,074
Risk management contracts ⁽¹⁾	75,065	49,040	353	124,458
Total financial liabilities	244,938	651,093	186,852	1,082,883

Note:

⁽¹⁾ These amounts include the notional principal and interest payments. Interest rate swaps are included in risk management contracts.

d) Market Risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk is composed of commodity price risk, interest rate risk and foreign exchange risk as discussed below.

Whitecap's consolidated balance sheet included the following fair value on risk management assets outstanding:

(\$000s)	March 31 2017	December 31 2016
Current Assets		
Crude oil	2,651	-
Natural gas	1,895	-
Interest	-	28
Total current assets	4,546	28
Long-term Assets		
Crude oil	1,558	-
Total long-term assets	1,558	-
Total fair value	6,104	28

Whitecap's consolidated balance sheet included the following fair value on risk management liabilities outstanding:

(\$000s)	March 31 2017	December 31 2016
Current Liabilities		
Crude oil	28,458	51,702
Natural gas	-	3,443
Interest	4,935	5,023
Power	797	582
Foreign exchange	10,608	14,315
Total current liabilities	44,798	75,065
Long-term Liabilities		
Crude oil	18,779	34,957
Interest	2,904	3,786
Power	295	370
Foreign exchange	5,310	10,280
Total long-term liabilities	27,288	49,393
Total fair value	72,086	124,458

Whitecap's net income includes the following realized and unrealized gains (losses) on risk management contracts:

(\$000s)	Three months ended March 31	
	2017	2016
Realized gain (loss) on commodity and foreign exchange contracts	(5,986)	24,486
Unrealized gain on commodity and foreign exchange contracts	57,506	20,101
Net gain on commodity and foreign exchange contracts	51,520	44,587
Realized loss on interest rate contracts ⁽¹⁾	(1,222)	(1,281)
Unrealized gain on interest rate contracts ⁽¹⁾	942	685
Net gain on risk management contracts	51,240	43,991

Note:

⁽¹⁾ The gain (loss) on interest rate risk management contracts is included in interest and financing expense.

i) 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. The Company assesses the effects of movement in commodity prices on income before tax. When assessing the potential impact of these commodity price changes, the Company believes a 10 percent volatility is a reasonable measure. A 10 percent increase or decrease in commodity prices would have resulted in the following unrealized gains (losses) on risk management contracts and impacted net income before tax as follows:

(\$000s)	March 31, 2017	
Impact to Net Income Before Tax	Increase 10%	Decrease 10%
Commodity Price		
Crude Oil	(38,303)	38,876
Natural Gas	(2,660)	2,660
Power	301	(301)
Differential		
Crude oil	5,195	(5,195)

At March 31, 2017, the following risk management contracts were outstanding with an asset fair market value of \$6.1 million and a liability fair market value of \$48.4 million (December 31, 2016 – liability of \$91.1 million):

1) *WTI Crude Oil Derivative Contracts*

Type	Term	Volume (bbls/d)	Sold Call Price (\$/bbl) ⁽¹⁾	Sold Put Price (\$/bbl)	Bought Put Price (\$/bbl)	Swap Price (\$/bbl) ⁽¹⁾
Swap	2017 Apr – Jun	5,000				C\$69.18
Swap	2017 Apr – Dec	3,000				C\$69.07
Swap ⁽²⁾	2017 Apr – Dec	10,450				US\$50.40
Sold put/call ⁽³⁾	2017 Apr – Dec	3,000	US\$85.83	US\$60.00		
Swap	2017 Jul – Dec	1,000				C\$72.01
Collar	2017 Jul – Dec	1,000	C\$82.83		C\$60.00	
Swap	2018	4,000				US\$53.28
Sold put/call ⁽³⁾	2018	3,000	US\$85.83	US\$60.00		

Notes:

(1) Prices reported are the weighted average prices for the period.

(2) 1,500 bbls/d at US\$48.00/bbl and 1,500 bbls/d at US\$48.05/bbl are extendable through 2018 at the option of the counterparties.

(3) In the third quarter of 2015, Whitecap optimized its previous 6,000 bbls/d sold puts with an average strike price of US\$66.68/bbl in 2016 by lowering the strike price to US\$50.00/bbl and concurrently sold 2017 and 2018 put and call options with strike prices of US\$60.00/bbl and US\$85.83/bbl respectively. The optimization was completed on a costless basis.

2) *WTI Crude Oil Differential Derivative Contracts*

Type	Term	Volume (bbls/d)	Basis ⁽¹⁾⁽²⁾	Swap Price (C\$/bbl) ⁽³⁾
Swap	2017 Apr – Jun	1,000	MSW	3.29 ⁽⁴⁾
Swap	2017 Apr – Dec	13,000	MSW	4.27 ⁽⁴⁾
Swap	2017 May – Dec	2,000	MSW	3.81 ⁽⁴⁾
Swap	2017 Jul – Dec	2,000	MSW	3.83
Swap	2018	1,000	MSW	4.95
Swap	2017 Apr – Jun	2,000	WCS	19.44
Swap	2017 Apr – Dec	3,000	WCS	20.48 ⁽⁴⁾
Swap	2017 May – Dec	2,000	WCS	19.03
Swap	2017 Jul – Dec	3,000	WCS	20.58

Notes:

(1) Mixed Sweet Blend (“MSW”).

(2) Western Canadian Select (“WCS”).

(3) Prices reported are the weighted average prices for the period.

(4) Contracts executed in USD were converted to CAD through a foreign exchange contract.

3) Natural Gas Derivative Contracts

Type	Term	Volume (GJ/d)	Swap Price (\$/GJ) ⁽¹⁾
Swap	2017 Apr – Jun	7,500	2.72
Swap	2017 Apr – Dec	25,000	2.92
Swap	2017 Jul – Sep	5,000	2.51
Swap	2017 Jul – Dec	3,000	3.32

Note:

(1) Prices reported are the weighted average prices for the period.

4) Power Derivative Contracts

Type	Term	Volume (MWh's)	Fixed Rate (\$/MWh) ⁽¹⁾
Swap	2017 Apr – Dec	39,600	43.15
Swap	2018	43,800	47.19
Swap	2019	8,760	43.30

Note:

(1) Prices reported are the weighted average prices for the period.

5) Contracts entered into subsequent to March 31, 2017

a) WTI Crude Oil Differential Derivative Contracts

Type	Term	Volume (bbls/d)	Basis ⁽¹⁾	Swap Price (C\$/bbl) ⁽²⁾
Swap	2018	2,000	MSW	4.55

Notes:

(1) Mixed Sweet Blend ("MSW").

(2) Prices reported are the weighted average prices for the period.

ii) Interest Rate Risk

The Company is exposed to interest rate risk on its credit facility. The credit facility consists of a \$678 million revolving production facility, a \$50 million revolving operating facility and a \$372 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. Changes in interest rates could result in an increase or decrease in the amount Whitecap pays to service the variable interest rate debt. The Company mitigates its exposure to interest rate changes by entering into interest rate swap transactions.

If interest rates applicable to floating rate debt at March 31, 2017 were to have increased or decreased by 25 basis points it is estimated that the Company's income before tax would change by approximately \$0.1 million for the three months ended March 31, 2017 (\$0.2 million for the three months ended March 31, 2016). This assumes that the change in interest rate is effective from the beginning of the quarter and the amount of floating rate debt is as at March 31, 2017.

When assessing the potential impact of forward interest rate changes on the Company's interest rate swaps, the Company believes an interest rate volatility of 25 basis points is a reasonable measure. A 25 basis point increase or decrease in forward interest rates would have resulted in the following unrealized gain (loss) on risk management contracts and impacted net income before tax as follows:

(\$000s)		March 31, 2017
Impact to Net Income Before Tax	Increase 0.25%	Decrease 0.25%
Interest rate swaps	1,800	(1,800)

At March 31, 2017, the following interest rate contracts were outstanding with a liability fair market value of \$7.8 million (December 31, 2016 – asset of \$0.1 million and liability of \$8.8 million):

1) *Interest Rate Contracts*

Type	Term		Amount (\$000s)	Fixed Rate (%)	Index ⁽¹⁾
Swap	03-Oct-13	03-Oct-18	200,000	2.45	CDOR
Swap	01-May-14	01-May-19	200,000	1.97	CDOR

Note:

(1) Canadian Dollar Offered Rate (“CDOR”).

iii) **Foreign Exchange Risk**

The Company is exposed to the risk of changes in the U.S./Canadian dollar exchange rate (“USD/CAD”) on crude oil sales based on U.S. dollar benchmark prices and commodity contracts that are settled in U.S. dollars. Foreign exchange risk is mitigated by entering into Canadian dollar denominated commodity risk management contracts or foreign exchange contracts. The Company assesses the effects of movement in USD/CAD on income before tax. When assessing the potential impact of these USD/CAD changes, the Company believes 0.01 volatility is a reasonable measure. An increase or decrease of 0.01 in USD/CAD would have resulted in the following unrealized gain (loss) on risk management contracts and impacted net income before tax as follows:

(\$000s)		March 31, 2017
Impact to Net Income Before Tax	Increase 0.01	Decrease 0.01
Foreign exchange	(2,560)	2,560

At March 31, 2017, the following foreign exchange contracts were outstanding with a liability fair market value of \$15.9 million (December 31, 2016 – liability of \$24.6 million):

1) *Foreign exchange contracts*

Type	Term	Monthly Notional Amount	USD/CAD ⁽¹⁾
Monthly average rate forward	2017 Apr – Dec	US\$5.0 million	1.2580
Monthly average rate forward	2018 Jan – Jun	US\$6.0 million	1.2436
Monthly average rate forward	2018 Jul – Dec	US\$5.0 million	1.2459

Note:

(1) Rates reported are the weighted average rates for the period.

Type	Term	Monthly Notional Amount	Floor ⁽¹⁾	Ceiling ⁽¹⁾	Conditional Ceiling ^{(1) (2)}
Average rate variable collar	2017 Apr – Dec	US\$11.0 million	1.2482	1.3188	1.2614
Average rate variable collar	2018 Jan – Jun	US\$8.0 million	1.2535	1.3914	1.2858
Average rate variable collar	2018 Jul – Dec	US\$12.0 million	1.2500	1.4353	1.3065

Notes:

(1) Rates reported are the weighted average rates for the period.

(2) If the USD/CAD average monthly rate settles above the ceiling rate the settlement amount is based on the conditional ceiling.

e) **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, long-term debt and working capital.

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

(\$000s)	March 31 2017	December 31 2016
Current assets ⁽¹⁾	(126,991)	(111,166)
Current liabilities ⁽¹⁾	185,014	156,351
Working capital deficiency	58,023	45,185
Long-term debt	790,205	773,395
Net debt	848,228	818,580
Shareholders' equity	3,172,676	3,132,193
Total capitalization	4,020,904	3,950,773

Note:

(1) Excluding risk management contracts.

6. ACQUISITIONS

The revenue and net income or loss for the post-acquisition period of the acquisitions listed below are included in the statement of comprehensive income.

The below amounts are estimates which were made by management at the time of the preparation of these consolidated financial statements based on information then available. Amendments may be made to these amounts as values subject to estimate are finalized.

In the three months ended March 31, 2017, the Company acquired strategic tuck-in properties and working interests that complement existing assets in the Northwest Alberta and British Columbia ("NABC") CGU. The property acquisitions were accounted for as business combinations under IFRS 3.

Net assets acquired (\$000s) ⁽¹⁾	
Petroleum and natural gas properties	7,946
Cash	197
Decommissioning liability	(117)
	8,026

Consideration ⁽¹⁾	
Cash consideration	4,353
Non-cash consideration	3,673
Total consideration	8,026

Note:

(1) On January 26, 2017, the Company closed an asset swap transaction in which \$3.5 million of PP&E assets and \$0.2 million of cash were received in exchange for properties in northwest Alberta. The net book value of the properties disposed of was \$2.7 million.

7. PROPERTY, PLANT AND EQUIPMENT

	March 31 2017	December 31 2016
Net book value (\$000s)		
Petroleum and natural gas properties	6,091,956	5,954,201
Other assets	2,198	2,163
Property, plant and equipment, at cost	6,094,154	5,956,364
Less: accumulated depletion, depreciation, amortization and impairment	(1,347,956)	(1,256,816)
Total net carrying amount	4,746,198	4,699,548

Cost (\$000s)	Oil and natural gas properties	Other assets	Total
Balance at December 31, 2016	5,954,201	2,163	5,956,364
Additions	133,040	35	133,075
Property acquisitions	7,505	-	7,505
Transfer from evaluation and exploration assets	648	-	648
Disposals	(3,438)	-	(3,438)
Balance at March 31, 2017	6,091,956	2,198	6,094,154

a) Non-Core Asset Dispositions

During the three months ended March 31, 2017, the Company recognized a net gain of \$0.9 million (\$4.6 million net gain for the three months ended March 31, 2016). The gain was attributable to an asset swap transaction in which Whitecap disposed of certain non-core producing properties in northwest Alberta for a gain of \$0.9 million.

b) Accumulated Depletion, Depreciation, Amortization and Impairment

Accumulated depletion, depreciation, amortization and impairment (\$000s)	Oil and natural gas properties	Other assets	Total
Balance at December 31, 2016	1,255,212	1,604	1,256,816
Depletion, depreciation and amortization	91,656	132	91,788
Disposals	(648)	-	(648)
Balance at March 31, 2017	1,346,220	1,736	1,347,956

At March 31, 2017, \$191.3 million of salvage value (March 31, 2016 – \$119.5 million) was excluded from the depletion calculation. Future development costs of \$1.9 billion (March 31, 2016 – \$1.5 billion) were included in the depletion calculation. The Company capitalized \$4.5 million (March 31, 2016 – \$4.8 million) of administrative costs directly relating to development activities which includes \$2.1 million (March 31, 2016 – \$3.7 million) of stock-based compensation.

c) Impairment Test of Property, Plant and Equipment

There were no indicators of impairment at March 31, 2017.

8. EXPLORATION AND EVALUATION

(\$000s)	March 31 2017	December 31 2016
Exploration and evaluation assets	39,815	40,172
Less: accumulated land expiries and write-offs	(26,924)	(26,057)
Total net carrying amount	12,891	14,115

(\$000s)	Undeveloped Land
Balance at December 31, 2016	40,172
Property acquisitions	441
Disposals	(150)
Transfer to property, plant and equipment	(648)
Balance at March 31, 2017	39,815

(\$000s)	Accumulated land expiries and write-offs
Balance at December 31, 2016	26,057
Land expiries and write-offs	867
Balance at March 31, 2017	26,924

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

a) Impairment Test of Exploration and Evaluation

There were no indicators of impairment at March 31, 2017.

9. INVESTMENT IN LIMITED PARTNERSHIP

(\$000s)	March 31 2017	December 31 2016
Investment in limited partnership, beginning of period	13,625	24,256
Unrealized loss on investment	-	(9,787)
Partnership distributions	(202)	(844)
Investment in limited partnership, end of period	13,423	13,625

On June 26, 2014, the Company acquired a 10% interest in an oil and gas limited partnership. The investment is recorded at fair value and any subsequent gains or losses recorded in net income. At March 31, 2017, the investment is recorded at a fair value of \$13.4 million which was \$29.4 million less than the original cost of the investment. See Note 4 - "Determination of Fair Values" for additional information regarding the Company's Level 3 investment. The Company's key assumptions used in determining the fair value include reserves, discount rate, future commodity prices, operating costs and capital expenditures. Refer to Note 4 - "Determination of Fair Values" for a description of the methodology used in the determination of fair values.

10. GOODWILL

At March 31, 2017, the Company had goodwill of \$122.7 million (December 31, 2016 - \$122.7 million). The recoverable amount of goodwill is determined as the fair value less costs of disposal using a discounted cash flow method and is assessed at the corporate level. The Company's key assumptions used in determining the fair value less costs of disposal include reserves, discount rate, future commodity prices, operating costs and capital expenditures of the Company. The values of these assumptions have been assigned based on internal and external reserve and market price information. The fair value measurement of the Company's goodwill is designated Level 3 on the fair value hierarchy. Refer to Note 4 - "Determination of Fair Values" for a description of the methodology used in the determination of fair values.

a) Impairment Test of Goodwill

There were no indicators of impairment at March 31, 2017.

11. LONG-TERM DEBT

(\$000s)	March 31 2017	December 31 2016
Bank debt	590,479	773,395
Senior secured notes	199,726	-
Long-term debt	790,205	773,395

a) Bank Debt

As at March 31, 2017, the Company had a \$1.1 billion credit facility with a syndicate of Canadian banks. The credit facility consists of a \$678 million revolving production facility, a \$50 million revolving operating facility and a \$372 million term loan facility. At the end of the revolving period, being April 29, 2018, the revolving credit facility converts into a 366-day term loan if not renewed. The revolving facilities may be extended for a further 364-day revolving period upon the request of Whitecap, 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. 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 bankers' 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 first \$188 million term loan facility matures on October 3, 2018 and has an effective interest rate of 5.3%. The second \$184 million term loan facility matures on May 1, 2019 and has an effective interest rate of 4.7%.

The credit facility has two financial covenants, whereby the Company's ratio of Debt to EBITDA shall not exceed 4.00:1.00 and the ratio of EBITDA to interest expense shall not be less than 3.50:1.00. 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 includes bank indebtedness, letters of credit, and dividends declared. As of March 31, 2017, the Company was compliant with all covenants provided for in the lending agreement. The next review is scheduled to be completed by April 29, 2018.

b) Senior Secured Notes

On January 5, 2017, the Company closed an issuance of \$200 million senior secured notes which have an annual coupon rate of 3.46% and mature on January 5, 2022. The notes were issued by way of a private placement, pursuant to a note purchase and private shelf agreement, and rank equally with Whitecap's obligations under its credit facility.

The senior secured notes are subject to the same Debt to EBITDA ratio and EBITDA to interest expense ratio described under the credit facility. The Company is subject to a third financial covenant in the senior secured note agreement, whereby Whitecap's borrowing base may not be less than \$750 million. As of March 31, 2017, the Company was compliant with all covenants provided for in the lending agreement.

12. DECOMMISSIONING LIABILITY

(\$000s)	
Balance at December 31, 2016	609,729
Liabilities incurred	5,145
Liabilities acquired	117
Liabilities settled	(406)
Liabilities disposed	(115)
Revaluation of liabilities acquired ⁽¹⁾	748
Change in estimate	818
Accretion expense	3,509
Balance at March 31, 2017	619,545

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. The key assumptions, on which the carrying amount of the decommissioning liability is based, include a risk-free rate of 2.3 percent (2.3 percent at December 31, 2016) and inflation rate of 2.0 percent (2.0 percent at December 31, 2016). The total undiscounted amount of the estimated cash flows required to settle the obligations was \$1.1 billion (December 31, 2016 – \$1.1 billion). The expected timing of payment of the cash flows required for settling the obligations extends up to 49 years.

13. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without nominal or par value.

b) Issued and outstanding

(000s)	Shares	\$
Balance at December 31, 2016	368,351	3,452,671
Issued on share award vesting	694	-
Contributed surplus adjustment on vesting of share awards	-	8,337
Balance at March 31, 2017	369,045	3,461,008

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 3.755 percent of the total common shares outstanding. Vesting is determined by the Company's Board of Directors. Currently, time-based and performance share awards issued to employees of the Company vest three years from date of grant. Time-based awards issued to directors and performance awards issued to officers of the Company vest in two tranches with one half of time-based awards vesting February 1 of the third year following grant date and one half vesting October 1 of the third year following the grant date.

Each time-based award may entitle the holder to be issued the number of common shares designated in the time-based award plus dividend equivalents. Performance awards are also subject to a performance multiplier. This multiplier, ranging from zero to two, will be applied at vesting 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.

Based on the terms of the Award Incentive Plan, the fair value of share awards is equal to the underlying share price on grant date and, for performance awards, adjusted by 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 vesting 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 \$10.70 per award granted during the period ended March 31, 2017.

(000s)	Number of Time-based Awards	Number of Performance Awards ⁽¹⁾	Total Awards
Balance at December 31, 2016	1,018	3,017	4,035
Granted	35	48	83
Forfeited	(13)	(13)	(26)
Vested	(79)	(307)	(386)
Balance at March 31, 2017	961	2,745	3,706

Note:

⁽¹⁾ Based on underlying awards before performance multiplier.

d) Contributed Surplus

(\$000s)	
Balance at December 31, 2016	40,412
Stock-based compensation	6,731
Share award vesting	(8,337)
Balance at March 31, 2017	38,806

14. PER SHARE RESULTS

(000s except per share amounts)	Three months ended	
	2017	March 31 2016
Per share income (\$/share)		
Basic	\$0.16	\$0.01
Diluted	\$0.16	\$0.01
Weighted average shares outstanding		
Basic	368,734	303,205
Diluted ⁽¹⁾	371,460	305,551

Note:

⁽¹⁾ For the three months ended March 31, 2017, 0.1 million share awards (March 31, 2016 – 1.2 million share awards and 0.1 million options) were excluded from the diluted weighted average shares calculation as they were anti-dilutive.

15. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital, excluding long-term debt and acquired working capital:

(\$000s)	Three months ended	
	2017	March 31 2016
Accounts receivable	(16,891)	11,579
Deposits and prepaid expenses	1,066	(217)
Accounts payable and accrued liabilities	28,647	(22,194)
Dividend payable	16	(6,998)
Change in non-cash working capital	12,838	(17,830)
Related to:		
Operating activities	(9,137)	15,700
Financing activities	16	(6,998)
Investing activities	21,959	(26,532)

16. COMMITMENTS

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

(\$000s)	2017	2018	2019	2020+	Total
Operating leases	10,742	15,379	16,111	112,748	154,980
Transportation agreements	16,706	14,441	9,780	20,590	61,517
Total	27,448	29,820	25,891	133,338	216,497

17. RELATED PARTY TRANSACTIONS

The Company has retained the law firm of Burnet, Duckworth & Palmer LLP (“BD&P”) to provide Whitecap with legal services. A director of Whitecap is a partner of this firm. During the three months ended March 31, 2017, the Company incurred \$0.1 million for legal fees and disbursements (\$0.1 million for the three months ended March 31, 2016). 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 BD&P from time to time. As of March 31, 2017 a payable balance of \$0.1 million (nil – March 31, 2016) was outstanding.

18. INVESTMENTS IN SUBSIDIARIES

The Company has the following material subsidiaries, each owned 100% directly, at March 31, 2017:

Name of Subsidiary	Jurisdiction of Incorporation or Formation
Whitecap Energy Inc.	Canada
Whitecap Resources Partnership	Canada