WHITECAP RESOURCES INC.
BALANCE SHEET
(unaudited)

As at (CAD $000s)	**March 31, 2011**	December 31, 2010 Restated (Note 18)	January 1, 2010 Restated (Note 18)
Assets			
Current Assets			
Cash	**11**	10	5
Accounts receivable [Note 5]	**11,552**	10,212	1,886
Deposits and prepaid expenses	**921**	727	434
Risk management contracts [Note 4 & 5]	**-**	-	24
	12,484	10,949	2,349
Property, plant and equipment [Note 7]	**233,451**	191,984	55,292
Exploration and evaluation [Note 8]	**9,691**	8,960	757
Deferred income tax	**-**	-	932
	255,626	211,893	59,330
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	**26,211**	22,941	2,060
Risk management contracts [Note 4 & 5]	**4,100**	1,977	-
Bank debt	**-**	17,553	10,580
	30,311	42,471	12,640
Bank debt [Note 9]	**57,953**	-	-
Convertible debentures [Note 10]	**-**	-	9,594
Asset retirement obligation [Note 11]	**7,848**	6,730	2,391
Deferred income tax [Note 14]	**11,051**	11,914	-
	107,163	61,115	24,625
Shareholders' Equity			
Share capital [Note 12]	**150,593**	153,228	36,104
Equity component of debentures [Note 10]	**-**	-	425
Contributed surplus [Note 12]	**8,306**	8,036	341
Deficit	**(10,436)**	(10,486)	(2,165)
	148,463	150,778	34,705
	255,626	211,893	59,330

See accompanying notes to financial statements

Approved on behalf of the Board:

Stephen C. Nikiforuk
Director

Grant B. Fagerheim
Director

WHITECAP RESOURCES INC.
STATEMENT OF COMPREHENSIVE INCOME
For the three months ended March 31
(unaudited)

(CAD $000s, except per share amounts)	**2011**	2010
		Restated (Note 18)
Revenue		
Petroleum and natural gas sales	**16,245**	4,468
Royalties	**(2,496)**	(895)
Other income	**114**	31
	13,863	3,604
Gain (loss) on risk management contracts [Note 5]	**(2,610)**	478
	11,253	4,082
Expenses		
Operating	**3,418**	828
Transportation	**488**	176
General and administrative [Note 12(c)]	**904**	658
Interest and financing	**545**	356
Depletion, depreciation and amortization [Note 7]	**5,806**	1,192
	11,161	3,210
Net income before income taxes	**92**	872
Taxes		
Deferred income tax expense [Note 14]	**(42)**	(341)
Net income and other comprehensive income	**50**	531
Deficit, beginning of period	**(10,486)**	(2,165)
Deficit, end of period	**(10,436)**	(1,634)
Net income per share [Note 13]		
Basic and diluted ($/share)	**0.00**	0.03

See accompanying notes to financial statements

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

(CAD $000s)	2011	2010
Share Capital [Note 12(b)]		Restated (Note 18)
Balance, beginning of year	**153,228**	36,104
Issued for cash through private offering	**-**	50
Option-based awards	**5**	-
Contributed surplus adjustment on exercise of warrants	**8**	-
Share issue costs, net of deferred income tax	**(2,648)**	-
Balance, end of period	**150,593**	36,154
Contributed Surplus [Note 12(e)]		
Balance, beginning of year	**8,036**	341
Option-based awards – Options	**278**	286
Warrant exercises	**(8)**	-
Balance, end of period	**8,306**	627
Equity Component of Convertible debenture [Note 10]		
Balance, beginning of year	**-**	425
Balance, end of period	**-**	425
Deficit		
Balance, beginning of year	**(10,486)**	(2,165)
Net income	**50**	531
Balance, end of period	**(10,436)**	(1,634)

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

(CAD $000s)	**2011**	2010
		Restated (Note 18)
Operating activities		
Net income for the period	**50**	531
Items not affecting cash:		
Depletion, depreciation and amortization	**5,806**	1,192
Deferred income tax expense	**42**	341
Stock-based compensation	**198**	246
Non-cash financing expense [Note 10]	**67**	62
Unrealized (gain) loss on risk management contracts [Note 5]	**2,123**	(374)
	8,286	1,998
Net change in non-cash working capital items [Note 15]	**1,007**	(1,534)
	9,293	464
Financing Activities		
Increase in bank debt	**40,400**	706
Issuance of share capital, net of share issue costs	**(3,548)**	50
	36,852	756
Investing activities		
Expenditures on property, plant and equipment	**(21,695)**	(3,722)
Expenditures on property acquisitions	**(25,178)**	(1,584)
Net change in non-cash working capital items [Note 15]	**729**	4,084
	(46,144)	(1,222)
Increase (decrease) in cash, during the period	**1**	(2)
Cash, beginning of period	**10**	5
Cash, end of period	**11**	3

Cash interest paid	**478**	294
Cash taxes paid	**-**	-

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF BUSINESS

Whitecap Resources Inc. (also referred to herein as "Whitecap" or "the Company") is an oil and natural gas exploration, development and production company based and incorporated in Calgary, Alberta, Canada. The Company's operations are in Alberta and Saskatchewan. The registered office is located at 500, 222-3rd Avenue SW, Calgary, Alberta, Canada, T2P 0B4.

On June 25, 2010, the Company completed the reverse takeover of Spitfire Energy Ltd. ("Spitfire") which provided for (i) a recapitalization of the Company through a private placement; (ii) the appointment of a new management team and a new board of directors; (iii) the acquisition of an oil-weighted asset base in southwest Saskatchewan.

On July 1, 2010, Spitfire amalgamated with its wholly-owned subsidiary Whitecap Resources Inc. and changed its name to Whitecap Resources Inc. The comparative financial statements of the Company for the year ended December 31, 2010 include the operating results of Whitecap prior to the reverse takeover and the results of the combined entities after June 25, 2010.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed financial statements should be read in conjunction with the Company's annual audited financial statements for the year ended December 31, 2010, these interim financial statements present Whitecap's initial financial results of operations and financial position under International Financial Reporting Standards ("IFRS") as at and for the three months ended March 31, 2011, including 2010 comparative periods. As a result, they have been prepared in accordance with IFRS 1, "First-time Adoption of International Financial Reporting Standards" and with International Accounting Standard ("IAS") 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB"). These interim financial statements do not include all the necessary annual disclosures in accordance with IFRS. Previously, the Company prepared its interim and annual financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

The preparation of these interim financial statements resulted in selected changes to Whitecap's accounting policies as compared to those disclosed in the Company's annual audited financial statements for the period ended December 31, 2010 issued under Canadian GAAP. A summary of the significant changes to Whitecap's accounting policies is disclosed in Note 18 along with reconciliations presenting the impact of the transition to IFRS for the comparative periods as at January 1, 2010, as at and for the three months ended March 31, 2010, and as at and for the twelve months ended December 31, 2010.

The financial statements were authorized for issue by the Board of Directors on May 9, 2011.

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.

The amounts recorded for the fair value of financial instruments, stock-based compensation, depreciation, depletion, the provision for asset retirement obligations and the provision for deferred taxes are based on estimates. In addition, 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 Assets and 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 reported in 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, trade receivables, loans and other receivables

Cash and cash equivalents comprise cash on hand and other short-term highly liquid investments. Trade 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. The Company's loans and receivables comprise accounts receivable on the balance sheet.

A provision for impairment of trade 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 trade receivable is impaired.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable 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 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 charged to net income as exploration and evaluation expense.

No depletion or depreciation is provided for exploration and evaluation 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 other income or other expense in 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 do not give rise to prior year adjustments and are dealt with on a prospective basis.

Capitalized plant turnarounds and major inspections will be depreciated over a straight-line basis over their estimated useful life. Any remaining costs from a previous turnaround or inspection will be de-recognized. Depreciation rates, useful lives and residual values are reviewed at each reporting date.

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 including E&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 "cash generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its fair value less cost to sell ("FVLCTS") and its value in use ("VIU"). FVLCTS 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. 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.

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to the CGU's that are expected to benefit from the synergies of the combination. Impairment losses recognized in respect of CGU's are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

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.

Asset Retirement Obligation ("ARO")
Asset retirement obligations include present obligations where the Company will be required to retire tangible long-lived assets. ARO is measured at the present value of the expenditure expected to be incurred. 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 ARO liability.

Amortization of asset retirement costs are 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 ARO 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.

Option-based awards
The Company has issued options to acquire common shares to directors, officers, employees and consultants 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.

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 significant 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.

Processing fees charged to other entities for use of facilities owned by the Company are recognized as revenue as they accrue in accordance with the terms of the service agreements. 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 Per Share

Net income 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 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 and warrants granted to employees and directors. The number of shares included with respect to options and warrants is computed using the treasury stock method.

4. DETERMINATION OF FAIR VALUES

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

(i) PP&E and intangible exploration 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) and intangible exploration assets is estimated with reference to the discounted cash flows expected to be derived from oil and natural gas production based on externally prepared reserve reports.

(ii) Cash and cash equivalents, trade receivables, bank overdraft and trade payables:
The fair value of cash and cash equivalents, trade and other receivables, bank overdraft and trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At March 31, 2011 and December 31, 2010, the fair value of these balances approximated their carrying value due to their short term to maturity.

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

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

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

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

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

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

The carrying value of cash and cash equivalents, trade and other receivables, bank loan and trade and other payables included in the balance sheet approximate fair value due to the short term nature of those instruments. The fair value measurement of the risk management contracts has a fair value hierarchy of Level 2.

5. FINANCIAL RISK MANAGEMENT

Credit Risk

Credit risk is the risk of financial loss to Whitecap if a partner or counterparty to a product sales contract or financial instrument fails to meet its contractual obligations. Whitecap is exposed to credit risk with respect to its accounts receivable and risk management contracts. Most of Whitecap's accounts receivable relate to oil and natural gas sales 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 as at March 31, 2011 is as follows:

	March 31, 2011	December 31, 2010
Cash	11	10
Accounts Receivable	11,552	10,212
	11,563	10,222

The majority of the credit exposure on accounts receivable at March 31, 2011 pertains to accrued revenue for March 2011 production volumes. Whitecap transacts with a number of oil and natural gas marketing companies and commodity end users ("commodity purchasers"). Commodity purchasers and marketing companies typically remit amounts to Whitecap by the 25th day of the month following production. Joint interest receivables are typically collected within one to three months following production. At March 31, 2011, no one counterparty accounted for more than 25 percent of the total accounts receivable balance.

Whitecap has not experienced any material credit loss in the collection of receivables during 2011.

When determining whether amounts that are past due are collectable, management assesses the credit worthiness 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, 2011, there was $1.5 million (December 31, 2010 – $0.6 million) of receivables aged over 90 days. Subsequent to March 31, 2011, approximately $1.2 million (December 31, 2010 – $0.5 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 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, 2011:

($000s)	<1 year	1 to 2 years	Total
Accounts payable and accrued liabilities	26,211	-	26,211
Risk management contracts	4,100	-	4,100
Bank debt	-	57,953	57,953
Total financial liabilities	30,311	57,953	88,264

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

Whitecap manages the risks associated with changes in commodity prices by entering into a variety of risk management contracts. The following table illustrates the effects of movement in commodity prices on net income before tax due to changes in the fair value of risk management contracts in place at March 31, 2011, with all other variables held constant. When assessing the potential impact of these commodity price changes, the Company believes 10 percent volatility is a reasonable measure.

($000s impact on net income before tax)	10% increase	10% decrease
Crude oil price	(2,205)	2,128
Natural gas price	(118)	118
	(2,323)	2,246

At March 31, 2011 the following risk management contracts were outstanding with a mark-to-market liability value of $4.1 million:

Type	Volume	Price	Index	Term
Swap	500 bbls/d	C$86.85/bbl	C$WTI	Apr to Jun 2011
Swap	500 bbls/d	C$87.60/bbl	C$WTI	Apr to Dec 2011
Collar	300 bbls/d	C$75.00/bbl floor/ C$100.00/bbl ceiling	C$WTI	Jul to Dec 2011
Swap	2,000 GJ/d	$3.85/GJ	AECO	Apr to Dec 2011

Subsequent to March 31, 2011, the Company entered into the following risk management contracts:

Type	Volume	Price	Index	Term
Swap	400 bbls/d	C$108.00/bbl	C$WTI	May to Jun 2011
Swap	500 bbls/d	C$107.00/bbl	C$WTI	Jul to Dec 2011
Swap	500 bbls/d	C$106.50/bbl	C$WTI	Jan to Dec 2012
Collar	200 bbls/d	C$95.00/bbl floor/ C$119.00/bbl ceiling	C$WTI	Jul to Dec 2011

At March 31, 2011, the following financial power contracts were outstanding:

Type	Volume	Price	Term
Swap	3,506 MWh	$49.60/MWh	Apr 2011 to Dec 2011
Swap	1,139 MWh	$46.06/MWh	Apr 2011 to Dec 2011

Interest Rate Risk
The Company is exposed to fluctuations in interest rates on its bank debt. Interest rate risk is mitigated through short-term fixed rate borrowings using banker's acceptances.

If interest rates applicable to floating rate debt at March 31, 2011 were to have increased by 25 basis points (0.25 percent) it is estimated that the Company's annual cash flows would decrease approximately $0.1 million.

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.

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)	2011	2010
Current assets	12,484	10,949
Current liabilities (excluding risk management contracts)	26,211	22,941
Working capital deficit	(13,727)	(11,992)
Bank debt	57,953	17,553
Shareholders' equity	148,463	150,778

6. ACQUISITIONS

(a) Property acquisitions

In 2011, the Company acquired strategic properties and working interests that complement the existing assets in the Peace River Arch area of Alberta for total cash consideration of $25.0 million. The property acquisitions were accounted for as business combinations under IFRS 3. The Peace River Arch acquisition closed on January 14, 2011. Had the properties been acquired as of January 1, 2011, an additional $1.2 million in net operating revenue and $0.2 million in operating expenses would have been recognized. Net income is not readily determinable.

Net assets acquired ($000s):	
Petroleum and natural gas properties	25,745
Asset retirement obligations	(698)
	25,047

Consideration:	
Total cash consideration	**25,047**

7. PROPERTY, PLANT AND EQUIPMENT

($000s)	March 31, 2011	December 31, 2010
Petroleum and natural gas properties	250,986	203,713
Other assets	279	279
Property, plant and equipment, at cost	251,265	203,992
Less: accumulated depletion, depreciation and amortization	(17,814)	(12,008)
Total net carrying amount	233,451	191,984

Cost

($000s)	Oil and natural gas properties	Other assets	Total
Balance at January 1, 2010	57,378	152	57,530
Acquisitions	97,483	-	97,483
Additions	48,852	127	48,979
Disposals	-	-	-
Balance at December 31, 2010	203,713	279	203,992
Acquisitions	25,178	-	25,178
Additions	22,095	-	22,095
Disposals	-	-	-
Balance at March 31, 2011	250,986	279	251,265

Depletion, depreciation, and amortization

($000s)	Oil and natural gas properties	Other assets	Total
Balance at January 1, 2010	2,200	37	2,237
Depletion, depreciation and amortization	9,708	63	9,771
Disposals	-	-	-
Balance at December 31, 2010	11,908	100	12,008
Depletion, depreciation and amortization	5,785	21	5,806
Disposals	-	-	-
Balance at March 31, 2011	17,693	121	17,814

At March 31, 2011, $3.0 million of salvage value (2010 – $2.5 million) was excluded from the depletion calculation. Future development costs of $109.2 million (2010 – $114.7 million) were included in the depletion calculation. The Company capitalized $0.3 million (2010 - $1.7 million) of administrative costs directly relating to development activities which includes $0.1 million (2010 - $1.1 million) of stock-based compensation.

8. EXPLORATION AND EVALUATION

($000s)	2011	2010
Exploration and evaluation assets	9,691	8,960
Less: amortization and impairment	-	-
Total net carrying amount	9,691	8,960

($000s)	Undeveloped Land	Other intangible assets	Total
Balance at January 1, 2010	757	-	757
Additions	9,517	-	9,517
Disposals / land expiries	(1,314)	-	(1,314)
Transfers to property, plant and equipment	-	-	-
Balance at December 31, 2010	8,960	-	8,960
Additions	812	-	812
Disposals / land expiries	(81)	-	(81)
Transfers to property, plant and equipment	-	-	-
Balance at March 31, 2011	9,691	-	9,691

Exploration and evaluation 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. CREDIT FACILITIES

As at March 31, 2011, the Company had an $85 million 364-day revolving credit facility with a syndicate of Canadian banks. The facility is available on a revolving basis for a period until March 29, 2012 and then for a further year under the term out provisions. Such initial term out date may be extended for further 364-day periods at the request of the Company, subject to approval by the banks. The credit facility provides that advances may be made by way of direct advances, banker's acceptances or letters of credit/guarantees. Direct advances bear interest at the bank's prime lending rate plus an applicable margin for Canadian dollar advances. The applicable margin charged by the bank is dependent upon the Company's net debt to annualized most recent quarter's cash flow ratio. The banker's acceptances bear interest at the applicable banker's acceptance rate plus an explicit stamping fee based upon the Company's net debt to annualized most recent quarter's cash flow ratio. The credit facilities are secured by a fixed and floating charge debenture on the assets of the Company. The borrowing base is subject to a semi-annual review by the bank with the next review scheduled for the fall of 2011.

10. CONVERTIBLE DEBENTURES

On August 10, 2009, the Company issued $10 million principal amount of 8 percent secured convertible debentures. Interest is paid quarterly in arrears and the conversion price for the debentures is $2.88 per share. On December 7, 2010, the holders of the convertible debenture elected to convert the entire principal amount outstanding into approximately 3.5 million common shares. The outstanding debt and equity portion of the convertible debentures were transferred to share capital on conversion, while the remaining financing costs were expensed.

($000s)	Debt Portion	Financing Cost	Total Debt	Equity Portion	Principal Outstanding
Balance, December 31, 2008	9,575	(42)	9,533	425	10,000
Non-cash interest expense	56	5	61	-	-
Balance, December 31, 2009	9,631	(37)	9,594	425	10,000
Non-cash interest expense	132	37	169	-	-
Conversion into common shares	(9,763)	-	(9,763)	(425)	(10,000)
Balance, December 31, 2010	-	-	-	-	-

11. ASSET RETIREMENT OBLIGATIONS

($000s)	
Balance, January 1, 2010	2,391
Liabilities incurred	339
Liabilities acquired	2,419
Revision in estimates	1,439
Accretion expense	142
Balance, December 31, 2010	6,730
Liabilities incurred	424
Liabilities acquired	754
Revision in estimates	(127)
Accretion expense	67
Balance, March 31, 2011	7,848

The Company's asset retirement obligations result from its ownership interest in oil and natural gas assets including well sites and gathering systems. The total asset retirement obligation 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 asset retirement obligation is based, include a risk-free rate of 3.7 percent and inflation rate of 2.0 percent. The total undiscounted amount of the estimated cash flows required to settle the obligations was $13.6 million (2010 – $11.6 million). The expected timing of payment of the cash flows required for settling the obligations ranges from 2 to 47 years.

12. SHARE CAPITAL

On June 25, 2010, as a result of the reverse takeover of Spitfire, each Whitecap share was exchanged for 8.33 Spitfire shares. On July 1, 2010, Spitfire amalgamated with its wholly-owned subsidiary Whitecap and changed its name to Whitecap Resources Inc. On October 18, 2010, Whitecap consolidated its common shares on a 10 to 1 basis. All figures have been presented as if the 8.33 exchange ratio and 10 to 1 share consolidation occurred on January 1, 2009.

a) Authorized

Unlimited number of common shares without nominal or par value.

b) Issued and outstanding

(000s)	Shares	$
Balance, December 31, 2009	15,312	36,104
Issued for cash through private offering	21	50
Reverse takeover bid of Spitfire[1]	3,792	21,236
Issued for cash through private offering[1]	3,100	7,750
Option-based awards	329	881
Contributed surplus adjustment on exercise of stock options	-	235
Issued for cash through public prospectus offering[2]	15,800	80,415
Convertible debenture[3]	3,472	10,188
Share issue costs, net of deferred income tax	-	(3,631)
Balance, December 31, 2010	41,826	153,228
Option-based awards	2	5
Contributed surplus adjustment on exercise of warrants	-	8
Share issue costs, net of deferred income tax	-	(2,648)
Balance, March 31, 2011[4]	41,828	150,593

[1] On June 25, 2010, the Company completed the reverse takeover of Spitfire whereby each shareholder of Whitecap received 8.33 common shares of Spitfire in exchange for each Whitecap share totaling 15.3 million shares. As part of the reverse takeover, Spitfire also completed a $7.75 million non-brokered private placement (the "Private Placement") of 1.6 million units of Spitfire 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. The private placement units and common shares are subject to an 18 month escrow, pursuant to which 25 percent of such security was released from escrow on July 12, 2010 and 25 percent released every six months thereafter. On July 1, 2010, Spitfire amalgamated with its wholly-owned subsidiary Whitecap Resources Inc. and changed its name to Whitecap Resources Inc.

[2] On July 30, 2010, the Company completed a bought deal finance offering of 8.9 million subscription receipts of Whitecap common shares at a price of $4.50 per subscription receipt for total gross proceeds of $40.1 million. Concurrent with the closing of the Onyx acquisition, the outstanding subscription receipts of Whitecap were exchanged for common shares of Whitecap effective July 30, 2010.

On December 22, 2010, the Company completed a bought deal finance offering of 6.9 million subscription receipts of Whitecap common shares at a price of $5.85 per subscription receipt for total gross proceeds of $40.4 million.

[3] On December 7, 2010, the holders of the convertible debenture elected to convert the entire principal amount outstanding into approximately 3.5 million common shares. Refer to note 10 for further details.

[4] On March 8, 2011 the Company announced a plan of arrangement with respect to a business combination with Spry. The transaction was partially funded through a bought deal financing of subscription receipts. As of March 31, 2011, 20.0 million subscription receipts were outstanding at $6.80 per subscription receipt. Each subscription receipt represents the right to acquire without payment of additional consideration or further action, one common share of Whitecap upon the plan of arrangement closing with Spry. Refer to note 17 for further details.

c) 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.

(000s except per share amounts)	Number of Options	Weighted Average Exercise Price ($)
Balance, December 31, 2009	1,393	2.40
Granted	760	3.55
Acquired[(1)]	276	2.75
Exercised	(329)	2.68
Expired[(1)]	(3)	5.58
Forfeited	(83)	2.40
Balance, December 31, 2010	2,014	2.82
Granted	256	6.74
Balance, March 31, 2011	2,270	3.27

(1) Pursuant to the reverse takeover transaction, all outstanding Spitfire options vested upon the close of the transaction and all unexercised options in the period expired on September 24, 2010 in accordance with the Spitfire option agreement.

Exercise Price ($)	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise price ($/share)	Number Exercisable	Weighted Average Exercise Price ($/share)
2.40 - 2.99	1,325	2.5	2.40	442	2.40
3.00 - 4.49	417	3.2	3.00	-	-
4.50 – 7.00	528	3.7	5.65	-	-
2.40 – 7.00	2,270	2.9	3.27	442	2.40

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model with weighted average assumptions for grants in the period is as follows:

	2011	2010
Risk-free interest rate	2.34%	2.15%
Expected life (year)	4	4
Expected volatility	56%	65%
Expected dividend yield	-	-
Fair value ($/option)	$3.14	$1.79

A forfeiture rate of 3.4 percent (2010 - nil) is used when recording stock-based compensation. Included in general and administrative expenses is non-cash stock-based compensation expense, net of the capitalized amounts of $0.2 million (March 31, 2010 – $0.2 million).

d) Warrants

On June 25, 2010, performance warrants were granted to certain employees in conjunction with the reverse take-over of Spitfire. A total of 1.6 million performance warrants were issued, entitling the holders thereof to purchase one common share at a price of $2.50 for a period of 5 years following the date of issuance. The performance warrants will vest and become exercisable as to one-third upon the 20 day weighted average trading price of the common shares (the “Trading Price”) equaling or exceeding $4.00, an additional one-third upon the Trading Price equaling or exceeding $5.00 and a final one-third upon the Trading Price equaling or exceeding $6.00. The performance warrants are measured at their fair value on the date of grant and recognized as an expense over a two year vesting period. All performance warrants met their vesting requirements in 2010.

Pursuant to the reverse take-over of Spitfire, Whitecap assumed 130,000 warrants outstanding for Spitfire shares which entitled each holder to purchase one Spitfire common share at a price of $11.50 per Spitfire share. These warrants expired August 1, 2010 in accordance with the warrant agreement.

(000s except per share amounts)	Number of Warrants	Weighted Average Exercise Price ($)
Balance, December 31, 2009	-	-
Granted	1,600	2.50
Acquired	130	11.50
Expired	(130)	(11.50)
Balance, December 31, 2010	1,600	2.50
Exercised	2	2.50
Balance, March 31, 2011	1,598	2.50

Exercise Price ($)	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price ($/share)	Number Exercisable	Weighted Average Exercise Price ($/share)
2.50	1,598	4.2	2.50	1,598	2.50

The fair value of each warrant granted was estimated on the date of grant using the Black-Scholes option pricing model with weighted average assumptions for grants as follows:

Risk-free interest rate	2.20%
Expected life (years)	5
Expected volatility	65%
Weighted average fair value ($/warrant)	$4.08

e) Contributed Surplus

($000s)	
Balance, December 31, 2009	341
Stock-based compensation – Options	1,407
Stock-based compensation – Warrants	6,523
Option exercises	(235)
Balance, December 31, 2010	8,036
Stock-based compensation – Options	278
Warrant exercises	(8)
Balance, March 31, 2011	8,306

13. PER SHARE RESULTS

(000s except per share amounts)	Three months ended March 31, 2011	2010[1]
Per share income, basic and diluted	0.00	0.03
Weighted average shares outstanding		
Basic	41,827	15,331
Diluted	43,819	15,331

1) Prior period comparatives have been restated to reflect the 8.33 exchange ratio and 10 to 1 share consolidation.

14. INCOME TAXES

The Company's provision for income taxes differs from the result that would be obtained by applying the combined Canadian Federal and Provincial statutory income tax rate of 27 percent (2010 – 28 percent) to income before taxes. This difference results from the following:

	Three months ended March 31,	
($000s)	2011	2010
Computed expected provision for income taxes	25	244
Increase (decrease) resulting from		
Change in statutory rate and other	(36)	28
Non-deductible stock-based compensation	53	69
Income tax expense	42	341

The significant components of the deferred income tax liability are as follows:

($000s)	March 31, 2011	December 31, 2010
Capital assets in excess of tax value	22,515	21,886
Risk management asset	(1,098)	(526)
Asset retirement obligation	(1,970)	(1,697)
Non-capital loss carry forward	(6,325)	(6,460)
Share issue costs	(2,071)	(1,289)
Deferred income tax liability	11,051	11,914

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

($000s)	March 31, 2011	December 31, 2010
Undepreciated capital cost	32,308	26,288
Canadian development expense	44,104	30,824
Canadian exploration expense	6,143	6,062
Canadian oil and gas property expense	69,675	49,510
Non-capital loss carry forward	25,196	25,687
Share issue costs	8,129	5,056
Total	185,555	143,427

At March 31, 2011, the Company has recognized the benefit of tax loss carry forwards of $25.2 million. Tax loss carry forwards of $1.0 million expire in 2028, $9.6 million expire in 2029 and $14.6 million expire in 2030.

15. SUPPLEMENTAL CASH FLOW INFORMATION

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

	2011	2010
Accounts receivable	(1,340)	(1,778)
Prepaid and deposits	(194)	(54)
Accounts payable and accrued liabilities	3,270	4,382
Change in non-cash working capital	1,736	2,550
Related to:		
Operating Activities	1,007	(1,534)
Investing Activities	729	4,084

16. COMMITMENTS

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

($000s)	2011	2012	2013	2014+	Total
Operating lease - office buildings	790	983	959	3,346	6,078

17. SUBSEQUENT EVENTS

On April 20, 2011 the Company announced that it had successfully closed the previously announced plan of arrangement with Spry Energy Ltd. (“Spry”). Pursuant to the arrangement, Whitecap acquired all of the issued and outstanding common shares of Spry for $130.9 million in cash and the issuance of an aggregate of 8.2 million common shares of Whitecap. Whitecap also assumed the debt and working capital of Spry estimated at $36.0 million as at March 1, 2011. The total transaction value is estimated to be $223 million. The acquisition was financed partially through the issuance of 22.0 million subscription receipts at $6.80 per subscription receipt for gross proceeds of $150 million. In conjunction with the closing of the Spry acquisition, 22.0 million subscription receipts used to finance the deal were converted to 22.0 million Whitecap common shares. The Company is in the process of evaluating the fair value of the assets acquired under IFRS to complete the purchase price allocation.

Concurrent with the closing of the Spry Acquisition, the Company’s syndicated credit facility was increased to $145 million. The new facility consists of a $20 million operating line and a $125 million syndicated facility. The facility is a borrowing base facility subject to semi-annual review by the bank, with the next review scheduled for the fall of 2011.

On April 21, 2011 the Company also closed two minor asset acquisitions in West Central Alberta for $8.75 million prior to normal purchase price adjustments. These acquisitions will be accounted for as business combinations under IFRS.

18. TRANSITION TO IFRS

As disclosed in Note 2, these interim financial statements represent Whitecap’s initial presentation of the financial results of operations and financial position under IFRS for the period ended March 31, 2011 in conjunction with the Company’s annual audited financial statements to be issued under IFRS as at and for the year ended December 31, 2011. As a result, these interim financial statements have been prepared in accordance with IFRS 1, “First-time Adoption of International Financial Reporting Standards” and with IAS 34, “Interim Financial Reporting”, as issued by the IASB. Previously, the Company prepared its interim and annual financial statements in accordance with Canadian GAAP.

IFRS 1 requires the presentation of comparative information as at the January 1, 2010 transition date and subsequent comparative periods as well as the consistent and retrospective application of IFRS accounting policies. To assist with the transition, the provisions of IFRS 1 allow for certain mandatory and optional exemptions for first-time adopters to alleviate the retrospective application of all IFRSs.

IFRS 1 exemptions utilized:

- Business combinations – allows the carry forward of Canadian GAAP accounting for business combinations prior to transition date.
- Full cost book value as deemed cost – election to measure oil and gas assets at the date of transition to IFRS.

The following reconciliations present the adjustments made to the Company's Canadian GAAP financial results of operations and financial position to comply with IFRS 1. A summary of the significant accounting policy changes and applicable exemptions are discussed following the reconciliations. Reconciliations include the Company's Balance Sheet as at January 1, 2010, March 31, 2010 and December 31, 2010, and Statements of Comprehensive Income for the three months ended March 31, 2010 and for the twelve months ended December 31, 2010.

IFRS Opening Balance Sheet
As at January 1, 2010

($000s)	Canadian GAAP	IFRS Adjustments ARO	E&E	IFRS
		Note A	Note B	
Assets				
Current Assets				
Cash	5			5
Accounts receivable	1,886			1,886
Deposits and prepaid expenses	434			434
Risk management contracts	24			24
	2,349			2,349
Property, plant and equipment	56,049		(757)	55,292
Exploration and evaluation	-		757	757
Deferred income tax	662	270		932
	59,060	270	-	59,330
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	2,060			2,060
Bank debt	10,580			10,580
	12,640			12,640
Convertible debentures	9,594			9,594
Asset retirement obligation	1,309	1,082		2,391
	23,543	1,082	-	24,625
Shareholders' Equity				
Share capital	36,104			36,104
Equity component of debentures	425			425
Contributed surplus	341			341
Deficit	(1,353)	(812)		(2,165)
	35,517	(812)	-	34,705
	59,060	270	-	59,330

IFRS Balance sheet
As at March 31, 2010

($000s)	Canadian GAAP	IFRS Adjustments ARO	E&E	Bus. Devel. Costs	DD&A	FIT	IFRS
Assets		Note A	Note B	Note E	Note C	Note F	
Current Assets							
Cash	3						3
Accounts receivable	3,744						3,744
Deposits and prepaid expenses	407						407
Risk management contracts	398						398
	4,552						4,552
Property, plant and equipment	59,615	77	(996)	(139)	833	(30)	59,360
Exploration and evaluation			996				996
Deferred income tax	476	271				(156)	591
	64,643	348	-	(139)	833	(186)	65,499
Liabilities							
Current Liabilities							
Accounts payable and accrued liabilities	6,442						6,442
Bank debt	11,286						11,286
	17,728						17,728
Convertible debentures	9,632						9,632
Asset retirement obligation	1,407	1,160					2,567
	28,767	1,160	-	-	-	-	29,927
Shareholders' Equity							
Share capital	36,154						36,154
Equity component of debentures	425						425
Contributed surplus	627						627
Deficit	(1,330)	(812)		(139)	833	(186)	(1,634)
	35,876	(812)	-	(139)	833	(186)	35,572
	64,643	348	-	(139)	833	(186)	65,499

IFRS Balance sheet
As at December 31, 2010

($000s)	Canadian GAAP	IFRS Adjustments ARO	E&E	Transaction Costs	Bus. Devel. Costs	DD&A	FIT	IFRS
Assets		Note A	Note B	Note D	Note E	Note C	Note F	
Current Assets								
Cash	10							10
Accounts receivable	10,212							10,212
Deposits and prepaid expenses	727							727
	10,949							10,949
Property, plant and equipment	196,475	1,507	(8,960)	(310)	(1,470)	5,469	(727)	191,984
Exploration and evaluation	-		8,960					8,960
	207,424	1,507	-	(310)	(1,470)	5,469	(727)	211,893
Liabilities								
Current Liabilities								
Accounts payable and accrued liabilities	22,941							22,941
Risk management contract	1,977							1,977
Bank debt	17,553							17,553
	42,471							42,471
Asset retirement obligation	4,180	2,550						6,730
Deferred income tax	11,719	(270)		(81)			546	11,914
	58,370	2,280	-	(81)	-	-	546	61,115
Shareholders' Equity								
Share capital	151,994			1,234				153,228
Contributed surplus	8,036							8,036
Deficit	(10,976)	(773)	-	(1,463)	(1,470)	5,469	(1,273)	(10,486)
	149,054	(773)	-	(229)	(1,470)	5,469	(1,273)	150,778
	207,424	1,507	-	(310)	(1,470)	5,469	(727)	211,893

Statement of Comprehensive Income
Three months ended March 31, 2010

($000s, except per share amounts)	Canadian GAAP	IFRS Adjustments ARO	Bus. Devel. Costs	DD&A	FIT	IFRS
Revenue		Note A	Note E	Note C	Note F	
Revenue	4,468					4,468
Royalties	(895)					(895)
Other income	31					31
	3,604					3,604
Realized gain on risk management contracts	104					104
Unrealized gain on risk management contracts	374					374
	4,082					4,082
Expenses						
Operating	828					828
Transportation	176					176
General and administrative	519		139			658
Interest and financing	332	24				356
Depletion, depreciation and amortization	2,049	(24)		(833)		1,192
	3,904	-	139	(833)	-	3,210
Net income (loss) before income taxes	178	-	(139)	833	-	872
Taxes						
Deferred income tax expense	(155)				(186)	(341)
Net income and other comprehensive income	23	-	(139)	833	(186)	531
Net income per share						
Basic and diluted ($/share)	0.00					0.03

Statement of Comprehensive Income
Twelve months ended December 31, 2010

($000s, except per share amounts)	Canadian GAAP	IFRS Adjustments					IFRS
		ARO	Transaction Costs	Bus. Devel. Costs	DD&A	FIT	
Revenue		Note A	Note D	Note E	Note C	Note F	
Revenue	25,991						25,991
Royalties	(3,891)						(3,891)
Other income	336						336
	22,436						22,436
Realized gain on risk management contracts	543						543
Unrealized loss on risk management contracts	(2,001)						(2,001)
	20,978						20,978
Expenses							
Operating	6,659						6,659
Transportation	866						866
General and administrative	7,697		1,463	1,470			10,630
Interest and financing	1,984	142					2,126
Depletion, depreciation and amortization	15,421	(181)			(5,469)		9,771
	32,627	(39)	1,463	1,470	(5,469)	-	30,052
Net loss before income taxes	(11,649)	39	(1,463)	(1,470)	5,469	-	(9,074)
Taxes							
Deferred income tax recovery (expense)	2,026					(1,273)	753
Net loss and other comprehensive loss	(9,623)	39	(1,463)	(1,470)	5,469	(1,273)	(8,321)
Net loss per share							
Basic and diluted ($/share)	(0.42)						(0.36)

The following discussion explains the significant differences between Whitecap's Canadian GAAP accounting policies and those applied by the Company under IFRS. IFRS policies have been retrospectively and consistently applied except where specific IFRS 1 optional and mandatory exemptions permitted an alternative treatment upon transition to IFRS for first-time adopters. The descriptive notes below correspond to the adjustments presented in the reconciliations.

IFRS Adjustments

A) Asset Retirement Obligation (ARO)

Under Canadian GAAP, the asset retirement obligation was measured as the estimated fair value of the retirement and decommissioning expenditures expected to be incurred. Liabilities were not remeasured to reflect period end discount rates.

Under IFRS, the asset retirement obligation is measured as the best estimate of the expenditure to be incurred and requires that the asset retirement obligation be remeasured using the period end discount rate.

Under IFRS 1 Whitecap was required to remeasure its asset retirement obligation upon transition to IFRS and recognize the difference in retained earnings. The application of this exemption resulted in a $1.1 million increase to the asset retirement obligation on Whitecap's Balance Sheet as at January 1, 2010 and a corresponding after-tax charge to retained earnings of $0.8 million. Subsequent IFRS remeasurements of the obligation are recorded through property, plant and equipment with an offsetting adjustment to the asset retirement obligation. As at December 31, 2010, excluding the January 1, 2010 adjustment, Whitecap's asset retirement obligation increased by $0.9 million, which primarily reflects the remeasurement of the obligation using a risk free rate of 3.51 percent as at December 31, 2010. The change in discount rate has decreased accretion expense and is reflected in the ARO adjustments in the statement of comprehensive income for the three months ended March 31, 2010 and the twelve months ended December 31, 2010.

B) Exploration and Evaluation ("E&E")

Exploration and evaluation assets at January 1, 2010 were deemed to be $0.8 million, representing the unproved properties balance under Canadian GAAP. This resulted in a reclassification of $0.8 million from property, plant and equipment to exploration and evaluation assets on Whitecap's Balance Sheet as at January 1, 2010. As at December 31, 2010, the Company's exploration and evaluation assets were $9.0 million. The remaining full cost pool was allocated to the development assets pro rata using the estimated proven plus probable reserve values.

Under Canadian GAAP, exploration and evaluation costs were capitalized as property, plant and equipment in accordance with the CICA's full cost accounting guidelines. Under IFRS, Whitecap capitalizes these costs initially as exploration and evaluation assets. Once technical feasibility and commercial viability of the area has been determined, the capitalized costs are transferred from exploration and evaluation assets to property, plant and equipment. Under IFRS, unrecoverable exploration and evaluation costs associated with an area and costs incurred prior to obtaining the legal rights to explore are expensed.

C) Depletion, depreciation and amortization ("DD&A")

Development costs at January 1, 2010 were deemed to be $55.3 million, representing the development assets under Canadian GAAP. Consistent with Canadian GAAP, these costs are capitalized as property, plant and equipment under IFRS. Under Canadian GAAP, development costs were depleted using the unit-of-production method based on estimated proven reserves and calculated for the full cost pool. Under IFRS, development costs are depleted using the unit-of-production method based on estimated proven plus probable reserves and calculated at the established area level. The IFRS 1 exemption permitted Whitecap to allocate development costs to the area level using proved plus probable reserves values for each area as at January 1, 2010. Depleting based on estimated proven plus probable reserves and at an area level under IFRS resulted in a $5.5 million decrease to Whitecap's DD&A expense for the twelve months ended December 31, 2010.

D) Business Combinations
Business combinations have been adjusted to reflect the fair value of shares issued by Whitecap determined at the acquisition date, expensing of transaction costs, and the related tax effects to those adjustments.

(i) Spitfire Energy Ltd. (Reverse takeover)

Net assets acquired ($000s):	
Non-cash working capital deficiency	(8,571)
Petroleum and natural gas properties	34,554
Asset retirement obligations	(635)
Deferred income tax	(4,112)
	21,236

Consideration:	
Issuance of shares	21,236
	21,236

(ii) Onyx 2006 Inc. ("Onyx")

Net assets acquired ($000s):	
Non-cash working capital deficiency	(10,958)
Petroleum and natural gas properties	62,928
Asset retirement obligations	(692)
Deferred income tax	(10,744)
	40,534

Consideration:	
Cash consideration paid	40,534
	40,534

E) Business Development Costs
Costs directly related to the acquisition of properties and businesses were expensed.

F) Income Tax
Deferred income taxes have been adjusted to reflect the tax effect arising from the differences between IFRS and Canadian GAAP. Upon transition to IFRS, the Company recognized a $0.3 million increase in the deferred income tax asset. For the twelve months ended December 31, 2010, the application of the IFRS adjustments as discussed above resulted in a $0.2 million increase to the Company's deferred income tax liability and a corresponding decrease to the Company's net earnings.

Adjustments to the statement of cash flows
The transition from Canadian GAAP to IFRS had no significant impact on cash flows generated by the Company except that, under IFRS, cash flows relating to interest are classified in a consistent manner as operating, investing or financing each period. Under Canadian GAAP, cash flows relating to interest payments were classified as operating.