WHITECAP RESOURCES INC.
BALANCE SHEET
(unaudited)

As at (CAD $000s)	**March 31, 2012**	December 31, 2011
Assets		
Current Assets		
Cash	**11**	13
Accounts receivable	**29,947**	32,753
Deposits and prepaid expenses	**1,322**	1,241
	31,280	34,007
Property, plant and equipment [Notes 6 & 7]	**717,574**	549,161
Exploration and evaluation [Notes 6 & 8]	**21,940**	15,408
Goodwill [Notes 6 & 9]	**52,885**	43,095
	823,679	641,671
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	**77,320**	62,014
Risk management contracts [Notes 4 & 5]	**4,869**	5,318
	82,189	67,332
Bank debt [Note 10]	**110,371**	130,804
Decommissioning liability [Note 11]	**29,449**	23,259
Deferred income tax	**49,954**	39,913
	271,963	261,308
Shareholders' Equity		
Share capital [Note 12]	**517,530**	354,857
Contributed surplus [Note 12]	**11,482**	10,480
Retained earnings	**22,704**	15,026
	551,716	380,363
	823,679	641,671

Subsequent events [Note 16]
See accompanying notes to financial statements

Approved on behalf of the Board:

(signed) "Stephen C. Nikiforuk"

Stephen C. Nikiforuk
Director

(signed) "Grant B. Fagerheim"

Grant B. Fagerheim
Director

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

(CAD $000s, except per share amounts)	**2012**	2011
Revenue		
Petroleum and natural gas sales	**56,652**	16,245
Royalties	**(6,958)**	(2,496)
Other income	**330**	114
	50,024	13,863
Loss on risk management contracts [Note 5]	**(1,140)**	(2,610)
	48,884	11,253
Expenses		
Operating	**10,336**	3,418
Transportation	**2,108**	488
General and administrative	**1,567**	706
Stock-based compensation	**781**	198
Transaction costs	**564**	-
Interest and financing	**1,608**	545
Depletion, depreciation and amortization [Notes 7 & 8]	**21,078**	5,806
	38,042	11,161
Net income before income taxes	**10,842**	92
Taxes		
Deferred income tax expense	**3,164**	42
Net income and other comprehensive income	**7,678**	50
Retained earnings (deficit), beginning of period	**15,026**	(10,486)
Retained earnings (deficit), end of period	**22,704**	(10,436)
Net income per share ($/share) [Note 13]		
Basic	**0.10**	0.00
Diluted	**0.09**	0.00

See accompanying notes to financial statements

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

(CAD $000s)	**2012**	2011
Share Capital [Note 12(b)]		
Balance, beginning of year	**354,857**	153,228
Issued on exercise of options/warrants	**167**	5
Contributed surplus adjustment on exercise of options/warrants	**55**	8
Issued for cash through public prospectus offering	**60,004**	-
Issued on the acquisition of Compass Petroleum Inc.(“Compass”)	**106,020**	-
Share issue costs, net of deferred income tax	**(3,573)**	(2,648)
Balance, end of period	**517,530**	150,593
Contributed Surplus [Note 12(e)]		
Balance, beginning of year	**10,480**	8,036
Option-based awards	**1,057**	278
Option/warrant exercises	**(55)**	(8)
Balance, end of period	**11,482**	8,306
Retained earnings (deficit)		
Balance, beginning of year	**15,026**	(10,486)
Net income	**7,678**	50
Balance, end of period	**22,704**	(10,436)

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

(CAD $000s)	**2012**	2011
Operating activities		
Net income for the period	**7,678**	50
Items not affecting cash:		
Depletion, depreciation and amortization	**21,078**	5,806
Deferred income tax expense	**3,164**	42
Stock-based compensation	**781**	198
Non-cash financing expense [Note 11]	**169**	67
Unrealized (gain) loss on risk management contracts [Note 5]	**(163)**	2,123
Settlement of decommissioning liabilities [Note 11]	**(466)**	-
	32,241	8,286
Net change in non-cash working capital items [Note 14]	**2,679**	1,007
	34,920	9,293
Financing Activities		
Increase (decrease) in bank debt	**(20,435)**	40,400
Issuance of share capital, net of share issue costs	**55,401**	(3,548)
	34,966	36,852
Investing activities		
Expenditures on property, plant and equipment	**(63,767)**	(21,695)
Net expenditures on property acquisitions	**(5,833)**	(25,178)
Expenditures on corporate acquisitions [Note 6]	**(9,304)**	-
Net change in non-cash working capital items [Note 14]	**9,016**	729
	(69,888)	(46,144)
Increase (decrease) in cash, during the period	**(2)**	1
Cash, beginning of period	**13**	10
Cash, end of period	**11**	11

Cash interest paid	**1,439**	478

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.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles, specifically International Accounting Standard 34 Interim Financial Reporting as issued by the International Accounting Standards Board. They are condensed as they do not include all of the information required for full annual financial statements, and they should be read in conjunction with the financial statements for the year ended December 31, 2011.

The policies applied in these condensed interim financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as at May 7, 2012, the date the Audit Committee approved these statements on behalf of the Board of Directors.

3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim financial statements follow the same accounting policies as the most recent annual audited financial statements. The interim financial statements note disclosures do not include all of those required by IFRS applicable for annual financial statements. Accordingly, these interim financial statements should be read in conjunction with the Company's audited financial statements for the period ended December 31, 2011.

4. DETERMINATION OF FAIR VALUES

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

(i) PP&E and E&E assets:
The fair value of PP&E recognized in a business combination is based on market values. The market value of property, plant and equipment is the estimated amount for which PP&E could be exchanged on the acquisition date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of oil and natural gas interests (included in PP&E) and E&E 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 and other receivables, bank debt 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, 2012 and December 31, 2011, 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 debt and trade and other payables included in the balance sheet approximate fair value due to the short term nature of those instruments or the indexed rate of interest on the bank debt. The fair value measurement of the risk management contracts has a fair value hierarchy of Level 2.

5. FINANCIAL RISK MANAGEMENT

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, 2012:

($000s)	<1 year	1 to 2 years	Total
Accounts payable and accrued liabilities	77,320	-	77,320
Bank debt	-	110,371	110,371
Risk management contracts	4,869	-	4,869
Total financial liabilities	82,189	110,371	192,560

The following table details Whitecap's financial liabilities as at December 31, 2011:

($000s)	<1 year	1 to 2 years	Total
Accounts payable and accrued liabilities	62,014	-	62,014
Bank debt	-	130,804	130,804
Risk management contracts	5,318	-	5,318
Total financial liabilities	67,332	130,804	198,136

Market Risk

Commodity Price Risk

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

Whitecap manages the risks associated with changes in commodity prices by entering into a variety of risk management contracts. Due to changes in the fair value of risk management contracts in place at March 31, 2012, the Company assesses the effects of movement in commodity prices on net income before tax, with all other variables held constant. When assessing the potential impact of these commodity price changes, the Company believes 10 percent volatility is a reasonable measure. A 10 percent increase in commodity price volatility would result in a negative impact of $15.0 million, where as a 10 percent decrease would result in a positive impact of $11.5 million.

At March 31, 2012 the following risk management contracts were outstanding with a mark-to-market liability value of $4.9 million:

Financial WTI Crude Oil Contracts

Term		**Contract**	**Volume (bbl/d)**	**Sold Swap Price ($/bbl)**	**Index**
01-Apr-12	30-Jun-12	Swap	200	90.00	C$WTI
01-Apr-12	30-Jun-12	Swap	200	90.00	C$WTI
01-Apr-12	30-Jun-12	Swap	200	95.00	C$WTI
01-Apr-12	30-Jun-12	Swap	400	101.75	C$WTI
01-Apr-12	30-Jun-12	Swaption(1)	200	91.00	C$WTI
01-Apr-12	30-Jun-12	Swaption(2)	200	96.25	US$WTI
01-Apr-12	31-Dec-12	Swap	200	106.50	C$WTI
01-Apr-12	31-Dec-12	Swap	200	102.49	C$WTI
01-Apr-12	31-Dec-12	Swap	200	102.65	C$WTI
01-Apr-12	31-Dec-12	Swap	400	100.44	C$WTI
01-Apr-12	31-Dec-12	Swap	100	100.70	C$WTI
01-Apr-12	31-Dec-12	Swap	100	103.15	C$WTI
01-Apr-12	31-Dec-12	Swap	200	102.35	C$WTI
01-Apr-12	31-Dec-12	Swap	200	97.50	C$WTI
01-Apr-12	31-Dec-12	Swap	100	100.65	C$WTI
01-Apr-12	31-Dec-12	Swap	500	109.00	C$WTI
01-Jul-12	30-Jun-13	Swap	500	102.52	C$WTI
01-Jan-13	31-Dec-13	Swap	500	106.38	C$WTI

Term		**Contract**	**Volume (bbl/d)**	**Bought Put Price ($/bbl)**	**Sold Call Price ($/bbl)**	**Index**
01-Apr-12	31-Dec-12	Enhanced Collar(3)	600	80.00	108.00	C$WTI

Financial Natural Gas Derivative Contracts

Term		Contract	Volume (GJ/d)	Sold Swap Price ($/GJ)	Index
01-Apr-12	31-Oct-12	Swap	500	4.02	AECO
01-Apr-12	31-Dec-12	Swap	2,500	2.77	AECO
01-Apr-12	31-Dec-12	Swap	2,500	2.76	AECO
01-Jan-13	31-Dec-13	Swap	1,250	2.77	AECO
01-Jan-13	31-Dec-13	Swap	1,250	2.76	AECO

Financial Power Derivative Contracts

Term		Volume (MWh)	Average Swap Price ($/MWh)	Index
01-Apr-12	31-Dec-12	2,196	65.00	AESO

Subsequent to March 31, 2012, the Company entered into the following risk management contracts:

Financial WTI Crude Oil Contracts

Term		Contract	Volume (bbl/d)	Sold Swap Price ($/bbl)	Index
01-May-12	31-Dec-12	Swap(4)	300	92.00	C$WTI
01-May-12	31-Dec-12	Swap(4)	200	107.00	C$WTI
01-Jul-12	31-Dec-12	Swap(5)	400	103.10	C$WTI
01-May-12	28-Feb-13	Swap(4)	300	102.00	C$WTI
01-May-12	28-Feb-13	Swap(4)	300	95.00	C$WTI
01-Jan-13	31-Dec-13	Swap	500	103.70	C$WTI
01-Jan-13	31-Dec-13	Swap	500	102.60	C$WTI

Term		Contract	Volume (bbl/d)	Bought Put Price ($/bbl)	Sold Call Price ($/bbl)	Index
01-May-12	31-Mar-13	Collar(4)	300	95.00	105.40	C$WTI

Notes:

(1) The counterparty has the option on June 29, 2012 to extend the risk management contract to December 31, 2012 at $91.00 C$WTI for 200 bbl/d. To optimize the swaption, subsequent to the quarter end, the Company sold a call at $100.00/bbl and purchased a call at $95.00/bbl for 200bbl/d for the second half of 2012 to increase the Company's upside participation.

(2) The counterparty has the option on June 29, 2012 to extend the risk management contract to December 31, 2012 at $96.25 US$WTI for 200 bbl/d. To optimize the swaption, subsequent to the quarter end, the Company sold a call at $100.00/bbl and purchased a call at $95.00/bbl for 200bbl/d for the second half of 2012 to increase the Company's upside participation.

(3) Between the period of April to December, for monthly settlements at or above the ceiling price of $108.00/bbl, 1,200 bbl/d of volume will be settled for that month at an average price of $94.00/bbl.

(4) Acquired from the Midway Energy Ltd. acquisition. (See Note 16)

(5) Concurrent with entering into the swap, the Company sold a put at C$74.60 WTI for 400 bbls/d in 2013.

Interest Rate Risk

The Company is exposed to fluctuations in interest rates on its bank debt. Changes to interest rates would impact the Company's future cash flows. Interest rate risk is mitigated through short-term fixed rate borrowings using banker's acceptances and interest rate swaps. If interest rates applicable to floating rate debt at March 31, 2012 were to have increased by 25 basis points (0.25 percent) it is estimated that the Company's annual cash flows would decrease approximately $0.3 million (2011 - $0.1 million).

When assessing the potential impact of interest rate changes on the Company's interest rate swap, the Company believes one percent interest rate volatility is a reasonable measure. A one percent increase in interest rate volatility would result in a negative impact of $0.5 million whereas a one percent decrease would result in a positive impact of $0.4 million.

Interest Rate Contracts

Term		Amount C$($000s)	Fixed Rate (%)	Index
01-Apr-12	31-Oct-12	90,000	1.02	CDOR

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

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

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

($000s)	March 31, 2012	December 31, 2011
Current assets	31,280	34,007
Current liabilities	(77,320)	(62,014)
Working capital deficit (excluding risk management contracts)	(46,040)	(28,007)
Bank debt	110,371	130,804
Shareholders' equity	551,716	380,363

6. ACQUISITIONS

(a) Compass Petroleum Ltd. ("Compass")

On February 10, 2012, Whitecap acquired all the issued and outstanding shares of Compass for an aggregate purchase price of approximately $121.6 million which included $14.0 million payable in cash, assumed debt and working capital deficit of $1.7 million and 10.9 million common shares issued. The common shares issued were valued using the share price of Whitecap on February 10, 2012 of $9.74 per share.

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

The income or loss relating to Compass since the acquisition date included in the statement of comprehensive income (loss) has not been disclosed separately as it is not readily determinable.

Net assets acquired[1] ($000s):	
Working capital deficit	(1,666)
Petroleum and natural gas properties	116,996
Exploration and evaluation assets	5,557
Goodwill	9,790
Risk management asset	286
Decommissioning liability	(2,893)
Deferred income tax	(8,074)
	119,996

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

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

(b) Property acquisitions

The Company acquired strategic properties and working interests that complement the existing assets in the West Central area of Alberta. The property acquisitions were accounted for as business combinations under IFRS 3. The transaction close dates on the significant properties acquired were January 31, 2012 for $2.5 million and March 6, 2012 for $3.1 million. Had the properties been acquired as of January 1, 2012, an additional $0.1 million in revenue (net of royalties) would have been recognized. Net income is not readily determinable.

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

Net assets acquired ($000s):	
Petroleum and natural gas properties	5,875
Decommissioning liability	(56)
	5,819

Consideration:	
Total consideration	**5,819**

7. PROPERTY, PLANT AND EQUIPMENT

Net book value ($000s)	March 31, 2012	December 31, 2011
Petroleum and natural gas properties	799,263	609,792
Other assets	373	353
Property, plant and equipment, at cost	799,636	610,145
Less: accumulated depletion, depreciation and amortization	(82,062)	(60,984)
Total net carrying amount	717,574	549,161

Cost ($000s)	Oil and natural gas properties	Other assets	Total
Balance at December 31, 2011	609,792	353	610,145
Acquisitions	122,871	-	128,428
Additions	66,642	20	61,105
Disposals	(42)	-	(42)
Balance at March 31, 2012	799,263	373	799,636

Depletion, depreciation, and amortization ($000s)	Oil and natural gas properties	Other assets	Total
Balance at December 31, 2011	60,792	192	60,984
Depletion, depreciation and amortization	21,057	21	21,078
Balance at March 31, 2012	81,849	213	82,062

At March 31, 2012, $13.0 million of salvage value (2011 – $10.2 million) was excluded from the depletion calculation. Future development costs of $254.5 million (2011 – $272.5 million) were included in the depletion calculation. The Company capitalized $1.0 million (2011 - $1.8 million) of administrative costs directly relating to development activities which includes $0.3 million (2011 - $0.7 million) of stock-based compensation.

8. EXPLORATION AND EVALUATION

($000s)	March 31, 2012	December 31, 2011
Exploration and evaluation assets	21,940	15,408
Total net carrying amount	21,940	15,408

($000s)	Undeveloped Land
Balance at December 31, 2011	15,408
Additions	2,149
Acquisitions	5,557
Disposals / land expiries	(795)
Transfers to property, plant and equipment	(379)
Balance at March 31, 2012	21,940

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

9. GOODWILL

($000s)	
Balance at December 31, 2011	43,095
Compass acquisition (Note 6)	9,790
Balance at March 31, 2012	52,885

10. CREDIT FACILITIES

As at March 31, 2012, the Company had a $250 million 364-day revolving credit facility with a syndicate of Canadian banks. The facility is available on a revolving basis for a period until May 31, 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 funds from operations ratio. The banker's acceptances bear interest at the applicable banker's acceptance rate plus an explicit stamping fee based upon the Company's net debt to annualized most recent quarter's funds from operations ratio. The credit facilities are secured by a fixed and floating charge debenture on the assets of the Company. As of March 31, 2012, the Company was compliant with all covenants provided for in the lending agreement. The borrowing base is subject to a semi-annual review by the bank with the next review scheduled on or before May 31, 2012.

11. DECOMMISSIONING LIABILITY

($000s)	
Balance, December 31, 2011	23,259
Liabilities incurred	976
Liabilities acquired	3,010
Liabilities disposed	-
Liabilities settled	(466)
Revision in estimates	2,501
Accretion expense	169
Balance, March 31, 2012	29,449

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 2.6 percent and inflation rate of 2.0 percent. The total undiscounted amount of the estimated cash flows required to settle the obligations was $40.0 million (2011 – $31.4 million). The expected timing of payment of the cash flows required for settling the obligations extends up to 45 years.

12. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without nominal or par value.

b) Issued and outstanding

(000s)	Shares	$
Balance, December 31, 2011	72,191	354,857
Issued on exercise of options/warrants	39	167
Contributed surplus adjustment on exercise of options/warrants	-	55
Issued on the acquisition of Compass Petroleum Inc.[1]	10,885	106,020
Issued for cash through public prospectus offering[2]	5,941	60,004
Share issue costs, net of deferred income tax	-	(3,573)
Balance, March 31, 2012	89,056	517,530

Notes:

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

(2) On March 19, 2012, the Company completed a bought deal finance offering of 5.9 million units of Whitecap common shares at a price of $20.20 per subscription receipt for total gross proceeds of $120.0 million. Each unit is comprised of one subscription receipt at a price of $10.10 per subscription receipt and one common share at a price of $10.10 per common share. Each subscription receipt represents the right to acquire, without payment of additional consideration or further action, one common share upon closing of the previously announced plan of arrangement with Midway Energy Ltd. (See subsequent events note 16).

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, 2011	3,924	4.59
Granted	388	9.38
Exercised	(39)	4.32
Forfeited	(36)	6.32
Balance, March 31, 2012	4,237	5.01

Exercise Price ($)	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise price ($/share)	Number Exercisable	Weighted Average Exercise Price ($/share)
2.00 - 2.99	1,168	1.47	2.40	740	2.40
3.00 - 4.49	417	2.16	3.00	139	3.00
4.50 – 10.00	2,652	3.19	6.48	138	5.75
2.00 – 10.00	4,237	2.61	5.01	1,017	2.94

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:

	2012	2011
Risk-free interest rate	1.2%	1.7%
Expected life (year)	4	4
Expected volatility	47%	51%
Forfeiture rate	3.7%	3.4%
Fair value ($/option)	$3.98	$3.13

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.

(000s except per share amounts)	Number of Warrants	Weighted Average Exercise Price ($)
Balance, December 31, 2011	1,597	2.50
Exercised	-	-
Balance, March 31, 2012	1,597	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	1,597	3.3	2.50	1,597	2.50

e) Contributed Surplus

($000s)	
Balance, December 31, 2011	10,480
Stock-based compensation	1,057
Option exercises	(55)
Warrant exercises	-
Balance, March 31, 2012	11,482

13. PER SHARE RESULTS

	Three months ended March 31,	
(000s except per share amounts)	2012	2011
Per share income		
Basic	0.10	0.00
Diluted	0.09	0.00
Weighted average shares outstanding		
Basic	78,971	41,827
Diluted	81,693	43,819

14. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Three months ended March 31,	
	2012	2011
Accounts receivable	13,015	(1,340)
Prepaid and deposits	(49)	(194)
Accounts payable and accrued liabilities	(1,271)	3,270
Change in non-cash working capital	11,695	1,736
Related to:		
Operating Activities	2,679	1,007
Investing Activities	9,016	729

15. COMMITMENTS

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

($000s)	2012	2013	2014	2015+	Total
Operating lease - office building	721	951	951	1,886	4,509

16. SUBSEQUENT EVENTS

Acquisition of Midway Energy Ltd. (“Midway”)

On April 20, 2012, Whitecap successfully closed the previously announced plan of arrangement with Midway. Whitecap acquired all of the issued and outstanding class A common shares of Midway for

$111.4 million in cash, the issuance of an aggregate of 32.1 million common shares of Whitecap and the assumption of Midway's debt. In connection with the arrangement, Whitecap entered into a supplemental warrant indenture whereby it assumed the obligations of Midway in respect of Midway's previously outstanding 2.8 million share purchase warrants which expire on February 15, 2013, that were issued by Midway in connection with a private placement completed in February 2012. As a result of such, each previously outstanding warrant to acquire a class A common share of Midway will now entitle the holder thereof to acquire 0.4802 of a Common Share at a price of $4.00 per 0.4802 of a common share ($8.33 per whole common share).

Concurrent with the Midway closing, the borrowing base of Whitecap's syndicated credit facility has been increased from $250 million to $400 million. The next review is scheduled on or before May 31, 2013. Additionally, concurrent with closing of the acquisition of Midway, each previously outstanding subscription receipt was exchanged for one common share and the proceeds from the sale of the subscription receipts were released from escrow to the Company to partially fund the acquisition of Midway.