WHITECAP RESOURCES INC.
CONSOLIDATED BALANCE SHEET
(unaudited)

As at (CAD $000s)	**March 31, 2015**	December 31, 2014
Assets		
Current Assets		
Accounts receivable	**79,429**	89,999
Deposits and prepaid expenses	**3,874**	10,462
Risk management contracts [Notes 4 & 5]	**104,067**	143,176
	187,370	243,637
Property, plant and equipment [Notes 6 & 7]	**3,469,335**	3,375,092
Exploration and evaluation [Note 8]	**26,267**	29,268
Investment in limited partnership [Notes 9]	**32,232**	32,382
Goodwill [Note 10]	**156,539**	156,539
Risk management contracts [Notes 4 & 5]	**23,173**	32,375
	3,894,916	3,869,293
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	**132,534**	126,345
Dividends payable	**15,850**	15,842
Risk management contracts [Notes 4 & 5]	**5,972**	3,811
	154,356	145,998
Risk management contracts [Notes 4 & 5]	**22,556**	16,077
Bank debt [Note 11]	**802,067**	756,564
Decommissioning liability [Note 12]	**316,682**	283,519
Deferred income tax	**128,024**	133,056
	1,423,685	1,335,214
Shareholders' Equity		
Share capital [Note 13]	**2,214,764**	2,213,607
Contributed surplus [Note 13]	**34,917**	21,978
Retained earnings	**221,550**	298,494
	2,471,231	2,534,079
	3,894,916	3,869,293

See accompanying notes to the consolidated financial statements

Approved on behalf of the Board:

(signed) *"Stephen C. Nikiforuk"*

Stephen C. Nikiforuk
Director

(signed) *"Grant B. Fagerheim"*

Grant B. Fagerheim
Director

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

(CAD $000s, except per share amounts)	**2015**	2014
Revenue		
Petroleum and natural gas sales [Note 19]	**132,639**	178,117
Royalties	**(17,766)**	(23,394)
	114,873	154,723
Gain (loss) on risk management contracts [Note 5]	**2,591**	(49,827)
	117,464	104,896
Expenses		
Operating	**36,519**	22,906
Transportation [Note 19]	**5,159**	3,074
General and administrative	**5,143**	3,580
Stock-based compensation	**8,309**	1,641
Transaction costs	**3**	195
Interest and financing	**17,661**	6,912
Accretion of decommissioning liabilities [Note 12]	**1,568**	963
Depletion, depreciation and amortization [Note 7]	**74,268**	53,041
Exploration and evaluation [Note 8]	**3,269**	4,024
Net loss on asset dispositions	**-**	1,870
	151,899	98,206
Income (loss) before income taxes	**(34,435)**	6,690
Taxes		
Deferred income tax expense (recovery)	**(5,032)**	2,150
Net income (loss) and other comprehensive income (loss)	**(29,403)**	4,540
Net Income (Loss) Per Share ($/share) [Note 14]		
Basic	**(0.12)**	0.02
Diluted	**(0.12)**	0.02

See accompanying notes to the consolidated financial statements

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

(CAD $000s)	**2015**	2014
Share Capital [Note 13(b)]		
Balance, beginning of year	**2,213,607**	1,253,127
Issued on the acquisition of a private company	**-**	346,106
Share issue costs, net of deferred income tax	**(3)**	(163)
Issued on exercise of options/warrants	**729**	861
Contributed surplus adjustment on exercise of options/ warrants	**431**	411
Balance, end of period	**2,214,764**	1,600,342
Contributed Surplus [Note 13(f)]		
Balance, beginning of year	**21,978**	13,687
Award incentive plan, option-based awards and warrants	**13,370**	2,294
Option/warrant exercises	**(431)**	(411)
Balance, end of period	**34,917**	15,570
Retained Earnings		
Balance, beginning of year	**298,494**	14,947
Net income (loss) and other comprehensive income (loss)	**(29,403)**	4,540
Dividends	**(47,541)**	(34,010)
Balance, end of period	**221,550**	(14,523)

See accompanying notes to the consolidated financial statements

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

(CAD $000s)	**2015**	2014
Operating Activities		
Net income (loss) for the period	**(29,403)**	4,540
Items not affecting cash:		
Depletion, depreciation and amortization	**74,268**	53,041
Exploration and evaluation	**3,269**	4,024
Deferred income tax expense (recovery)	**(5,032)**	2,150
Stock-based compensation	**8,309**	1,641
Accretion of decommissioning liabilities [Note 12]	**1,568**	963
Unrealized loss on risk management contracts [Note 5]	**56,951**	32,483
Net loss on asset dispositions	**-**	1,870
Settlement of decommissioning liabilities [Note 12]	**(347)**	(153)
	109,583	100,559
Net change in non-cash working capital items [Note 15]	**17,447**	(14,769)
	127,030	85,790
Financing Activities		
Increase in bank debt	**45,503**	63,145
Option/warrant exercises	**729**	861
Dividends	**(47,541)**	(34,010)
Issuance of share capital, net of share issue costs	**(3)**	(213)
Net change in non-cash working capital items [Note 15]	**8**	2,293
	(1,304)	32,076
Investing Activities		
Expenditures on property, plant and equipment	**(76,109)**	(130,763)
Expenditures on property acquisitions net of dispositions	**(55,667)**	(7,458)
Expenditures on corporate acquisitions net of cash acquired	**-**	907
Partnership investment income received	**150**	-
Net change in non-cash working capital items [Note 15]	**5,900**	19,448
	(125,726)	(117,866)
Increase (decrease) in cash, during the period	**-**	-
Cash, beginning of period	**-**	-
Cash, end of period	**-**	-
Cash Interest Paid	**7,702**	4,052

See accompanying notes to the consolidated financial statements

1. NATURE OF BUSINESS

Whitecap Resources Inc. (also referred to herein as "Whitecap" or the "Company") is engaged in the acquisition, development, optimization and production of crude oil and natural gas in western Canada. The Company is focused on providing sustainable monthly dividends and per share growth through a combination of accretive oil-based acquisitions and organic growth on existing and acquired assets. The Company's principal place of business is located at 500, 222 - 3rd Avenue SW, Calgary, Alberta, Canada, T2P 0B4.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, specifically International Accounting Standard ("IAS") 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board. They are condensed as they do not include all of the information required for full annual consolidated financial statements, and they should be read in conjunction with the financial statements for the year ended December 31, 2014.

The policies applied in these condensed interim consolidated financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as at May 5, 2015, the date the Board of Directors approved these statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim consolidated financial statements follow the same accounting policies as the most recent annual audited consolidated financial statements except as discussed below. The interim consolidated financial statements note disclosures do not include all of those required by IFRS applicable for annual consolidated financial statements. Accordingly, these interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the period ended December 31, 2014.

a) Changes in Accounting Policies

There were no changes that had a material effect on the reported loss or net assets of the Company.

b) Standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements listed below that have been issued, but are not yet effective. There are no other standards or interpretations issued, but not yet adopted, that are anticipated to have a material effect on the reported income or net assets of the Company.

i) IFRS 9 *Financial Instruments* ("IFRS 9") (2013 & 2014)

IFRS 9 (2013) significantly revises the existing hedge accounting guidance in IAS 39 *Financial Instruments: Recognition and Measurement* and is intended to align hedging with an entity's risk management strategies. IFRS 9 (2014) incorporates a further amendment to classification categories for financial assets, and includes a new impairment model. IFRS 9 (2013 & 2014) are effective for annual periods beginning on or after January 1, 2018. Whitecap is currently evaluating the impact of the standards on the Company's consolidated financial statements.

ii) IFRS 15 *Revenue from Contracts with Customers ("*IFRS 15")

IFRS 15 was issued in May 2014 and replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. The standard is required to be adopted either retrospectively or using a modified transaction approach for fiscal years beginning on or after January 1, 2017 with earlier adoption permitted. Whitecap is currently evaluating the impact of the standard on the Company's consolidated financial statements.

4. DETERMINATION OF FAIR VALUES

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

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

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

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

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

The carrying value of cash, accounts receivable, bank debt, dividends payable, accounts payable and accrued liabilities included in the balance sheet approximate fair value due to the short-term nature of those instruments or the indexed rate of interest on the bank debt. The fair value measurement of the risk management contracts has a fair value hierarchy of Level 2. The fair value measurement of the investment in limited partnership has a fair value hierarchy of Level 3. The Company's finance department is responsible for performing the valuation of financial instruments, including the calculation of Level 3 fair values. Refer to Note 9 for changes in the Company's Level 3 investments.

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

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

b) Cash, deposits and prepaid expenses, accounts receivable, bank debt, dividends payable, accounts payable and accrued liabilities

The fair value of cash, deposits and prepaid expenses, accounts receivable, bank debt, dividends payable, accounts payable and accrued liabilities is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. As at March 31, 2015 and December 31, 2014, the fair value of these balances approximated their carrying value.

c) Derivatives

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

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

e) Investment in limited partnership
The fair value of the investment in limited partnership is based on the Company's share of the fair value of the limited partnership's PP&E and E&E assets as well as the limited partnership's cash, prepaid expenses, accounts receivable, accounts payable and accrued liabilities. The fair values are determined using the methods in the preceding paragraphs as applicable.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial Assets and Financial Liabilities Subject to Offsetting
Financial assets and liabilities are only offset if Whitecap has the current legal right to offset and intends to settle on a net basis or settle the asset and liability simultaneously. Whitecap offsets risk management assets and liabilities when the counterparty, commodity, currency and timing of settlement are the same. The following table summarizes the gross asset and liability positions of the Company's financial derivatives by counterparty that are offset on the balance sheet as at March 31, 2015 and December 31, 2014:

		March 31, 2015			December 31, 2014	
($000s)	Asset	Liability	Net	Asset	Liability	Net
Gross amount	152,282	(53,570)	98,712	194,107	(38,444)	155,663
Amount offset	(25,042)	25,042	-	(18,556)	18,556	-
Net amount	127,240	(28,528)	98,712	175,551	(19,888)	155,663

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

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

The maximum exposure to credit risk is as follows:

	March 31, 2015	December 31, 2014
Accounts receivable and other	79,429	89,999
Risk management contracts	127,240	175,551
	206,669	265,550

Joint interest receivables are typically collected within one to three months following production. The majority of the credit exposure on accounts receivable at March 31, 2015 pertains to accrued revenue for March 2015 production volumes. Whitecap transacts with a number of oil and natural gas marketing companies and commodity end users ("commodity purchasers"). Commodity purchasers and marketing companies typically remit amounts to Whitecap by the 25th day of the month following production. The Company monitors the exposure to any single counterparty along with its financial position. If it is deemed that a counterparty has become materially weaker, the Company will work to reduce the credit exposure to that counterparty. At March 31, 2015, one commodity purchaser and marketing company accounted for approximately 15 percent of the total accounts receivable balance and is not considered a credit risk.

Whitecap has not experienced any material credit loss in the collection of receivables during 2015.

When determining whether amounts that are past due are collectable, management assesses the creditworthiness and past payment history of the counterparty, as well as the nature of the past due amount. Whitecap considers all amounts greater than 90 days to be past due. As at March 31, 2015, there was $1.2 million (December 31, 2014 – $1.1 million) of receivables aged over 90 days. Subsequent to March 31, 2015, approximately $0.6 million (December 31, 2014 – $0.7 million) has been collected and the remaining balance is not considered to be a credit risk.

c) Liquidity Risk

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

The following table details Whitecap's financial liabilities as at March 31, 2015:

($000s)	<1 year	1 to 2	2+ years	Total
Accounts payable and accrued liabilities	132,534	-	-	132,534
Dividends payable	15,850	-	-	15,850
Bank debt (1)	14,993	421,967	440,318	877,278
Risk management contracts	5,972	22,556	-	28,528
Total financial liabilities	169,349	444,523	440,318	1,054,190

Note:

(1) These amounts include the notional principal and interest payments pursuant to the interest rate swaps, which fix the interest payments on the Company's term loans.

The following table details Whitecap's financial liabilities as at December 31, 2014:

($000s)	<1 year	1 to 2	2+ years	Total
Accounts payable and accrued liabilities	126,345	-	-	126,345
Dividends payable	15,842	-	-	15,842
Bank debt (1)	19,900	376,464	440,318	836,682
Risk management contracts	3,811	16,077	-	19,888
Total financial liabilities	165,898	392,541	440,318	998,757

Note:

(1) These amounts include the notional principal and interest payments pursuant to the interest rate swaps, which fix the interest payments on the Company's term loans.

d) Market Risk

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

($000s)	March 31, 2015	December 31, 2014
Current Assets		
Crude oil	97,845	136,244
Natural gas	6,114	6,932
Interest	76	-
Foreign Exchange	32	-
Total current assets	104,067	143,176
Long-term Assets		
Crude oil	21,331	30,894
Natural gas	1,495	1,481
Interest	63	-
Foreign Exchange	284	-
Total long-term assets	23,173	32,375
Total fair value	**127,240**	**175,551**

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

($000s)	March 31, 2015	December 31, 2014
Current Liabilities		
Power	452	318
Interest	5,501	3,493
Foreign Exchange	19	-
Total current liabilities	5,972	3,811
Long-term Liabilities		
Crude oil	9,075	10,800
Power	756	221
Interest	12,368	5,056
Foreign Exchange	357	-
Total long-term liabilities	22,556	16,077
Total fair value	**28,528**	**19,888**

i) Commodity Price Risk

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

Whitecap manages the risks associated with changes in commodity prices by entering into a variety of risk management contracts. The Company assesses the effects of movement in commodity prices on net income before tax. When assessing the potential impact of these commodity price changes, the Company believes 10 percent volatility is a reasonable measure. A 10 percent increase in commodity prices would result in an increase of $28.8 million to the unrealized loss on risk management contracts. A 10 percent decrease in commodity prices would result in a decrease of $26.6 million to the unrealized loss on risk management contracts.

At March 31, 2015, the following risk management contracts were outstanding with an asset fair market value of $126.8 million and a liability fair market value of $10.3 million:

1) WTI Crude Oil Derivative Contracts

Type	Term	Volume (bbl/d)	Bought Call (US$/bbl)	Sold Call (US$/bbl)	Sold Put Price (US$/bbl)	Average Swap Price (C$/bbl)	[1]
Swap	2015 April - June	4,000				102.27	
Swap	2015 April – December	10,000				97.15	
Swap	2016	6,000				97.71	
Sold put	2016	6,000			66.68		
Collar option	2015 April – December	6,000	78.00	87.32			

Note:
[1] Prices reported are the weighted average prices for the period.

2) WTI Crude Oil Differential Derivative Contracts

Type	Term	Volume (bbl/d)	Basis	Average Swap Price ($/bbl)	[1]
Swap	2015 April – June	5,150	MSW	7.24	
Swap	2015 April – June	2,000	MSW	7.19	[2]
Swap	2015 July – September	1,050	MSW	7.50	[3]

Notes:
[1] Prices reported are the weighted average prices for the period.
[2] 2,000 bbl/day at a fixed MSW price of US$5.75/bbl converted to C$7.19/bbl through a foreign exchange hedge of US$1.0 million from April-June 2015 at USD/CAD 1.25.
[3] 1,050 bbl/day at a fixed MSW price of US$6.00/bbl converted to C$7.50/bbl through a foreign exchange hedge entered subsequent to March 31, 2015 of US$0.6 million from July-September 2015 at USD/CAD 1.25.

3) Natural Gas Derivative Contracts

Type	Term	Volume (GJ/d)	Average Swap Price ($/GJ)	[1]
Swap	2015 April – June	2,500	4.12	
Swap	2015 April – September	5,000	2.79	
Swap	2015 April – October	5,000	2.88	
Swap	2015 April – December	20,000	3.48	
Swap	2015 October - December	5,000	3.03	
Swap	2016	7,500	3.59	

Note:
[1] Prices reported are the weighted average prices for the period.

4) Power Derivative Contracts

Type	Term	Volume (MWh's)	Fixed Rate ($/MWh)	[1]
Swap	2015 April – December	33,000	49.26	
Swap	2016	48,312	48.72	
Swap	2017	26,280	46.25	

Note:
[1] Prices reported are the weighted average prices for the period.

5) Contracts entered into subsequent to March 31, 2015

a) WTI Crude Oil Differential Derivative Contracts

Type	Term	Volume (bbl/d)	Basis	Average Swap Price ($/bbl) [1]
Swap	2015 May	2,000	MSW	4.38 [2]
Swap	2015 June	2,000	MSW	5.94 [2]
Swap	2015 July – December	1,050	MSW	7.38 [2]

Notes:

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

(2) 2,000 bbl/day at a fixed MSW price of US$3.50/bbl converted to C$4.38/bbl, 2,000 bbl/day at a fixed MSW price of US$4.75/bbl converted to C$5.94/bbl and 1,050 bbl/day at a fixed MSW price of US$5.90/bbl converted to C$7.38/bbl through a foreign exchange hedge entered subsequent to March 31, 2015 of US$1.7 million from May-December 2015 at USD/CAD 1.25.

b) Power Derivative Contracts

Type	Term	Volume (MWh's)	Fixed Rate ($/MWh) [1]
Swap	2015 May – December	11,762	33.50
Swap	2016	8,784	36.50
Swap	2017	8,760	41.30

Note:

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

ii) Interest Rate Risk

The Company is exposed to fluctuations in interest rates on its bank debt. The credit facility consists of a $750 million revolving production facility, a $50 million revolving operating facility and a $400 million term loan facility. The revolving production and revolving operating facility bear interest at the bank's prime lending or bankers' acceptance rates plus applicable margins. Changes in interest rates could result in an increase or decrease in the amount Whitecap pays to service the variable interest rate debt.

Interest rate risk is mitigated through short-term fixed rate borrowings using bankers' acceptances and interest rate swaps. If interest rates applicable to floating rate debt at March 31, 2015 were to have increased or decreased by 25 basis points it is estimated that the Company's net income before tax would change by approximately $0.3 million for the three months ended March 31, 2015 ($0.2 million for the three months ended March 31, 2014). This assumes that the change in interest rate is effective from the beginning of the quarter and the amount of floating rate debt is as at March 31, 2015.

When assessing the potential impact of interest rate changes on the Company's interest rate swaps, the Company believes an interest rate volatility of 25 basis points is a reasonable measure. An increase of 25 basis points in interest rates would result in a decrease to the unrealized loss of $4.1 million. A decrease of 25 basis points in interest rates would result in an increase to the unrealized loss of $4.4 million. At March 31, 2015 the following interest rate contracts were outstanding with an asset fair market value of $0.1 million and a liability fair market value of $17.9 million (December 31, 2014 – liability of $8.6 million).

1) Interest Rate Contracts

Type	Term		Amount ($000s)	Fixed Rate (%)	Index
Swap	03-Oct-13	03-Oct-18	200,000	2.45	CDOR
Swap	01-May-14	01-May-19	200,000	1.97	CDOR
Swap	02-Mar-15	02-Mar-17	100,000	0.75	CDOR

iii) 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.

At March 31, 2015 the following foreign exchange contracts were outstanding with an asset fair market value of $0.3 million and a liability fair market value of $0.4 million (December 31, 2014 – nil).

1) Foreign exchange contracts

Type	Term	Amount	USD/CAD [1]
Monthly average rate forward	2016	US$48.0 million	1.274
Monthly average rate forward	2017	US$36.0 million	1.258

Note:
(1) Bank of Canada monthly average noon day rate settlement.

e) Capital Management

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

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

($000s)	March 31, 2015	December 31, 2014
Current assets[1]	(83,303)	(100,461)
Current liabilities[1]	148,384	142,187
Working capital deficiency	65,081	41,726
Bank debt	802,067	756,564
Net debt	867,148	798,290
Shareholders' equity	2,471,231	2,534,079
Total capitalization	3,338,379	3,332,369

Note:
(1) Excluding risk management contracts.

6. ACQUISITIONS

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

The below amounts are estimates, which were made by management at the time of the preparation of these consolidated financial statements based on information then available. Amendments may be made to these amounts as values subject to estimate are finalized. The pro-forma information disclosed below is not necessarily indicative of the actual results that would have been achieved had the business combinations closed on January 1, 2015.

a) 2015 Acquisitions

i) Karr and Gold Creek property acquisition

On January 6, 2015, Whitecap closed the acquisition of certain strategic light oil assets in Whitecap's Deep Basin core area. The property acquisition was accounted for as a business combination under IFRS 3 *Business Combinations* ("IFRS 3").

The light oil assets acquired have contributed revenues of $1.4 million and operating income of $1.0 million since January 6, 2015. Had the acquisition closed on January 1, 2015, estimated contributed revenues would have been $1.5 million and estimated contributed operating income would have been $1.0 million for the three months ended March 31, 2015.

Net assets acquired ($000s):	
Petroleum and natural gas properties	58,039
Decommissioning liability	(2,919)
	55,120

Cash consideration:	
Total consideration	**55,120**

ii) Asset swap and other property acquisitions

In the three months ended March 31, 2015, the Company acquired strategic tuck-in properties and working interests that complement existing assets in west central Alberta and northwest Alberta. The property acquisitions were accounted for as business combinations under IFRS 3.

Net assets acquired ($000s): [(1)]	
Petroleum and natural gas properties	3,663
Cash received in asset swap	1,000
Decommissioning liability	(453)
	4,210

Consideration: [(1)]	
Cash consideration	809
Non-cash consideration	3,401
Total consideration	**4,210**

Note:

(1) On March 24, 2015, the Company closed an asset swap transaction in which $2.4 million of PP&E assets and $1.0 million of cash were exchanged for $3.4 million of the Company's E&E assets. The E&E assets were disposed of at fair value.

7. PROPERTY, PLANT AND EQUIPMENT

Net book value ($000s)	March 31, 2015	December 31, 2014
Petroleum and natural gas properties	4,105,308	3,936,892
Other assets	1,575	1,480
Property, plant and equipment, at cost	4,106,883	3,938,372
Less: accumulated depletion, depreciation, amortization and impairment	(637,548)	(563,280)
Total net carrying amount	3,469,335	3,375,092

Cost ($000s)	Oil and natural gas properties	Other assets	Total
Balance at December 31, 2014	3,936,892	1,480	3,938,372
Additions	109,763	95	109,858
Property acquisitions	57,808	-	57,808
Transfer from evaluation and exploration assets	845	-	845
Balance at March 31, 2015	4,105,308	1,575	4,106,883

a) Depletion, Depreciation and Amortization

Depletion, depreciation and amortization ($000s)	Oil and natural gas properties	Other assets	Total
Balance at December 31, 2014	562,447	833	563,280
Depletion, depreciation and amortization	74,188	80	74,268
Balance at March 31, 2015	636,635	913	637,548

At March 31, 2015, $71.6 million of salvage value (2014 – $46.8 million) was excluded from the depletion calculation. Future development costs of $1,200.3 million (2014 – $801.9 million) were included in the depletion calculation. The Company capitalized $6.1 million (2014 – $1.4 million) of administrative costs directly relating to development activities which includes $5.1 million (2014 – $0.7 million) of stock-based compensation.

b) Impairment test of property, plant and equipment

The recoverable amount of property, plant and equipment is determined as the fair value less costs of disposal using a discounted cash flow method and is assessed at the CGU level. As a result of the decrease in forward benchmark commodity prices at March 31, 2015 compared to December 31, 2014, an impairment test on the Company's PP&E assets was performed.

The following table outlines the forecast benchmark commodity prices used in the impairment calculation of property, plant and equipment at March 31, 2015. Forecast benchmark commodity price assumptions tend to be stable because short-term increases or decreases in prices are not considered indicative of long-term price levels, but are nonetheless subject to change. The Company used after-tax discount rates of 8 to 10 percent. The exchange rate is forecasted at 0.80 $US/$CAN for the remainder of 2015, 0.83 $US/$CAN in 2016 and 0.85 $US/$CAN for the remaining future periods.

	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024[(2)]**
WTI crude oil (US$/bbl)[(1)]	55.00	68.90	75.40	79.60	83.90	88.30	92.90	94.80	96.70	98.60
AECO natural gas ($/MMBtu)[(1)]	3.15	3.70	3.95	4.15	4.40	4.60	5.00	5.20	5.40	5.50

Notes:

(1) The forecast benchmark commodity prices listed above are adjusted for quality differentials, heat content, transportation and marketing costs and other factors specific to the Company's operations in performing the Company's impairment tests.

(2) Forecast benchmark commodity prices are assumed to increase by 2% in each year after 2024 to the end of the reserve life.

The impairment test of property, plant and equipment at March 31, 2015 concluded that the estimated recoverable amount exceeded the carrying amount of the CGUs. As such, no property, plant and equipment impairment existed.

8. EXPLORATION AND EVALUATION

($000s)	March 31, 2015	December 31, 2014
Exploration and evaluation assets	45,274	45,006
Less: accumulated land expiries and write-offs	(19,007)	(15,738)
Total net carrying amount	26,267	29,268

($000s)	Undeveloped Land
Balance at December 31, 2014	45,006
Property acquisitions	4,513
Disposals	(3,400)
Transfer to property, plant and equipment	(845)
Balance at March 31, 2015	45,274

Accumulated land expiries and write-offs ($000s)	Total
Balance at December 31, 2014	15,738
Land expiries and write-offs	3,269
Balance at March 31, 2015	19,007

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. INVESTMENT IN LIMITED PARTNERSHIP

($000s)	March 31, 2015	December 31, 2014
Investment in limited partnership, beginning of period	32,382	-
Purchase of limited partnership	-	42,761
Unrealized loss on investment	-	(10,020)
Partnership distributions	(150)	(359)
Investment in limited partnership, end of period	32,232	32,382

On June 26, 2014 the Company acquired a 10% interest in an oil and gas limited partnership. The investment is recorded at fair value and any subsequent gains or losses recorded in net income. At March 31, 2015, the investment is recorded at a fair value of $32.2 million which was $10.5 million less than the original cost of the investment. See Note 4 - "Determination of Fair Values" for additional information regarding the Company's Level 3 investment. The Company's key assumptions used in determining the fair value include a discount rate, future commodity prices, operating costs and capital expenditures.

10. GOODWILL

At March 31, 2015, the Company had goodwill of $156.5 million (December 31, 2014 - $156.5 million). The recoverable amount of goodwill is determined as the fair value less costs of disposal using a discounted cash flow method and is assessed at the operating segment (corporate) level. The Company's key assumptions used in determining the fair value less costs of disposal include a discount rate, future commodity prices, operating costs and capital expenditures of the Company. The values of these assumptions have been assigned based on internal and external reserve and market price information. The fair value measurement of the Company's goodwill is designated Level 3 on the fair value hierarchy.

11. CREDIT FACILITIES

As at March 31, 2015, the Company had a $1.2 billion credit facility with a syndicate of Canadian banks. The credit facility consists of a $750 million revolving production facility, a $50 million revolving operating facility and a $400 million term loan facility. At the end of the revolving period, being April 30, 2016, the extendible revolving credit facility converts into a 366-day term loan if not renewed. The revolving facilities may be extended for a further 364-day revolving period upon the request of Whitecap, subject to approval by the banks. The credit facility provides that advances may be made by way of direct advances, banker's acceptances or letters of credit/guarantees. The credit facility bears interest at the bank's prime lending or bankers' acceptance rates plus applicable margins. The applicable margin charged by the bank is dependent upon the Company's debt to earnings before interest, taxes, depreciation and amortization "EBITDA" ratio for the most recent quarter. The bankers' acceptances bear interest at the applicable banker's acceptance rate plus an explicit stamping fee based upon the Company's Debt to EBITDA ratio. The credit facilities are secured by a fixed and floating charge debenture on the assets of the Company. The first $200 million term loan facility matures on October 3, 2018 and has an effective interest rate of 5.3%. The second $200 million term loan facility matures on May 1, 2019 and has an effective interest rate of 4.7%.

The credit facility has two financial covenants, whereby the Company's ratio of Debt to EBITDA shall not exceed 4.0:1.0 and the ratio of EBITDA/interest expense shall not be less than 3.5:1.0. The EBITDA used in the covenant calculation is adjusted for non-cash items, transaction costs and extraordinary and non-recurring items. The debt used in the covenant calculation shall include bank indebtedness, letters of credit, and distributions declared. As of March 31, 2015, the Company was compliant with all covenants provided for in the lending agreement. The next review is scheduled on or before April 30, 2016.

12. DECOMMISSIONING LIABILITY

($000s)	
Balance, December 31, 2014	283,519
Liabilities incurred	2,390
Liabilities acquired	3,372
Liabilities settled	(347)
Liabilities disposed	(118)
Revaluation of liabilities acquired(1)	2,983
Change in discount rate	23,315
Accretion expense	1,568
Balance at March 31, 2015	316,682

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

The Company's decommissioning liability results from its ownership interest in oil and natural gas assets including well sites and gathering systems. The total decommissioning liability is estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon these wells and facilities and the estimated timing of the costs to be incurred in future years. The key assumptions, on which the carrying amount of the decommissioning liability is based, include a risk-free rate of 2.0 percent (3.0 percent in 2014) and inflation rate of 2.0 percent (2.0 percent in 2014). The total undiscounted amount of the estimated cash flows required to settle the obligations was $532.8 million (December 31, 2014 – $534.6 million). The expected timing of payment of the cash flows required for settling the obligations extends up to 43 years.

13. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without nominal or par value.

b) Issued and outstanding

(000s)	Shares	$
Balance, December 31, 2014	253,476	2,213,607
Share issue costs, net of deferred income tax	-	(3)
Issued on exercise of options/warrants	119	729
Contributed surplus adjustment on exercise of options/warrants	-	431
Balance at March 31, 2015	253,595	2,214,764

c) Award Incentive Plan

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

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

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

The estimated weighted average fair value for share awards at the measurement date is $13.14 per award granted during the three months ended March 31, 2015.

(000s)	Number of Time-based Awards	Number of Performance Awards(1)	Total Awards
Balance, December 31, 2014	942	2,531	3,473
Granted	8	13	21
Balance at March 31, 2015	950	2,544	3,494

Note:

(1) Based on underlying awards before performance multiplier.

d) Option-based awards

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

With the adoption of the new Award Incentive Plan there will be no further stock options granted and the remaining outstanding options will be either exercised or forfeited.

(000s except per share amounts)	Number of Options	Weighted Average Exercise Price ($)
Balance, December 31, 2014	1,563	6.97
Exercised	(84)	7.74
Balance at March 31, 2015	1,479	6.93

Exercise Price ($)	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price ($/share)	Number Exercisable	Weighted Average Exercise Price ($/share)
3.50 – 5.99	244	0.52	5.61	244	5.61
6.00 – 12.00	1,235	1.08	7.19	651	7.40
3.50 – 12.00	1,479	0.98	6.93	895	6.91

e) Warrants

On June 25, 2010, the Company completed a $7.75 million non-brokered private placement of 1.6 million units at a price of $2.50 per unit, with each unit comprised of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of $2.50 for a period of five years and 1.5 million common shares at a price of $2.50 per common share. All performance warrants met their vesting requirements in 2010. Pursuant to the performance warrant agreement, each warrant is subject to adjustment when the Company issues dividends to common shareholders. In 2015, the Company declared $0.19 cash dividends and the exercise price of the performance warrant has been adjusted to $2.21 to reflect the dividends declared.

(000s except per share amounts)	Number of Warrants	Weighted Average Exercise Price ($)
Balance, December 31, 2014	163	2.24
Exercised	(35)	2.24
Expired	(4)	2.24
Balance at March 31, 2015	124	2.21

Exercise Price ($)	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price ($/share)	Number Exercisable	Weighted Average Exercise Price ($/share)
2.21	124	0.24	2.21	124	2.21

f) Contributed surplus

($000s)	
Balance, December 31, 2014	21,978
Stock-based compensation	13,370
Option/warrant exercises	(431)
Balance at March 31, 2015	34,917

14. PER SHARE RESULTS

(000s except per share amounts)	Three months ended March 31, 2015	2014
Per share income (loss)		
Basic	($0.12)	$0.02
Diluted	($0.12)	$0.02
Weighted average shares outstanding		
Basic	253,540	198,074
Diluted[1]	253,540	200,007

Note:
(1) At March 31, 2015, 3.5 million share awards, 1.5 million options and 0.1 million warrants were excluded from the diluted weighted average shares calculation as they were anti-dilutive.

15. SUPPLEMENTAL CASH FLOW INFORMATION

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

($000s)	Three months ended March 31, 2015	2014
Accounts receivable	10,570	(10,808)
Deposits and prepaid expenses	6,588	(52,642)
Accounts payable and accrued liabilities	6,189	68,129
Dividend payable	8	2,293
Change in non-cash working capital	23,355	6,972
Related to:		
Operating activities	17,447	(14,769)
Financing activities	8	2,293
Investing activities	5,900	19,448

16. COMMITMENTS

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

($000s)	2015	2016	2017	2018+	Total
Operating lease - office building	3,872	5,729	4,919	39,187	53,707
Transportation agreements	8,003	11,455	9,359	26,866	55,683
Total	11,875	17,184	14,278	66,053	109,390

17. RELATED PARTY TRANSACTIONS

The Company has retained the law firm of Burnet, Duckworth and Palmer LLP (“BDP”) to provide Whitecap with legal services. A director of Whitecap is a partner of this firm. During the three months ended March 31, 2015, the Company incurred $0.1 million for legal fees and disbursements ($0.4 million for the three months ended March 31, 2014). These amounts have been recorded at the amounts that have been agreed upon by the two parties. The Company expects to retain the services of BDP from time to time. As of March 31, 2015 a payable balance of $0.1 million (nil – March 31, 2014) was outstanding.

18. INVESTMENTS IN SUBSIDIARIES

The Company has the following material subsidiaries, each owned 100% directly, at March 31, 2015.

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

19. PRIOR PERIOD COMPARATIVE AMOUNTS

During the fourth quarter of 2014, the Company completed a review of the presentation of petroleum and natural gas sales transactions and it was determined that certain transportation charges previously reported on a gross basis (sales are presented gross of transportation expense) are more appropriately reflected on a net basis (transportation expense is netted against petroleum and natural gas sales). Prior period comparative amounts have been reclassified to conform to the current period presentation. This reclassification has a nil impact on both net income and cash flow from operations.

The impact is as follows:

($000s)	Three months ended March 31, 2014
Petroleum and natural gas sales	(2,908)
Transportation expense	(2,908)
Net income / Cash flow from operations	-

20. SUBSEQUENT EVENT

On May 1, 2015, Whitecap acquired all of the issued and outstanding common shares of Beaumont Energy Inc. ("Beaumont") for cash consideration of $7.3 million, the issuance of 36.3 million Whitecap common shares and the assumption of Beaumont's debt.

The initial accounting for the business combinations is incomplete as the Company is in the process of evaluating the fair value of the net assets acquired under IFRS in order to prepare the purchase price equation for recognition, measurement and presentation.

The acquisition was partially funded through a bought deal public financing which closed on April 9, 2015, through a syndicate of underwriters. Pursuant to the Offering, Whitecap issued 8,149,000 subscription receipts of Whitecap at a price of $13.50 per Subscription Receipt for gross proceeds of approximately $110 million. In accordance with their terms, each Subscription Receipt was exchanged for one Common Share on May 1, 2015 upon the closing of the acquisition and the proceeds from the sale of the Subscription Receipts were released from escrow.