

**To: Former holders of the Class A common shares (collectively, "TimberRock Shareholders") of TimberRock Energy Corp. ("TimberRock"), a private corporation, who exchanged their TimberRock Shares directly with the public corporation Whitecap Resources Inc. ("Whitecap") by way of a plan of arrangement that became effective on January 10, 2022 (the "Arrangement"), subject to the terms, conditions and adjustments of the arrangement agreement between TimberRock, Whitecap, and Azimuth-TimberRock Investment ULC ("TimberRock ULC") dated November 29, 2021, as amended (the "Arrangement Agreement"), and as described in the joint information circular and proxy statement of Whitecap and TimberRock dated December 17, 2021 (the "Circular").**

## **TAX INSTRUCTION LETTER**

This tax instruction letter is provided in connection with the Arrangement pursuant to which Whitecap Resources Inc. acquired all of the Securities of TimberRock and continued to operate as Whitecap Resources Inc.

This tax instruction letter is for use by the former holders of class A common shares of TimberRock ("**TimberRock Shares**") who wish to defer all or a portion of the recognition of a capital gain as a result of the Arrangement by making a tax election with Whitecap under subsection 85(1) of the *Income Tax Act* (Canada) (the "**Tax Act**") or, in the case of a TimberRock Shareholder that is a partnership, under subsection 85(2) of the Tax Act (in either case, a "**Tax Election**"). A further discussion of the tax consequences of making a Tax Election is contained in the Circular under the heading *Certain Canadian Federal Income Tax Considerations*.

**TimberRock Shareholders who choose not to make a Tax Election will generally have a taxable exchange as a result of the Arrangement. See *Exchange of Class A Common Shares for Whitecap Shares, Cash and Whitecap Contingent Equity Receipts – No Section 85 Election in the Circular*. This Tax Election Package contains two copies of Form T2057 (in the event that the TimberRock Shares are held as partnership property, please obtain Form T2058). Additional copies of the relevant Canadian federal tax election forms may be obtained by contacting the Canada Revenue Agency ("CRA") or from their website (<http://www.cra-arc.gc.ca/>).**

Whitecap will make a Tax Election only with a TimberRock Shareholder who:

- is not a "**Dissenting Shareholder**" as defined in the Circular;
- has properly completed and executed the required tax election forms (two copies of CRA Form T2058 for partnerships or two copies of CRA Form T2057 for all other TimberRock Shareholders, and two copies of any applicable provincial or territorial election forms (the "**Tax Election Forms**")); and
- has ensured the receipt of the completed Tax Election Forms by Whitecap on or before **90 days after the effective date of the Arrangement**, at:

Whitecap Resources Inc.  
Suite 3800, 525 – 8th Avenue S.W.  
Calgary, Alberta  
T2P 1G1

Attention: Thanh C. Kang  
Chief Financial Officer

**The information provided herein and in the Circular with respect to the Tax Election is of a general nature only and is not intended to be (nor should it be construed to be) legal or tax advice to any particular TimberRock Shareholder concerning the Tax Election. Further, apart from providing these materials to TimberRock Shareholders for their convenience, neither Whitecap nor TimberRock will provide TimberRock Shareholders with any advice on making the Tax Election. Accordingly, TimberRock Shareholders should consult with their own tax advisors for specific advice in respect of whether to make a Tax Election, making the Tax Election and complying with the Tax Election procedure contained herein having regard to their own particular circumstances.**

**Please review the enclosed forms very carefully and consult your tax advisor as to their proper completion and delivery and any filing deadlines. You are also advised to review Information Circular, 76-19R3 and Interpretation Bulletin, IT-291R3 (archived) issued by the CRA for information in respect of the Tax Election.**

In order to achieve a deferral of tax in some provinces or territories similar to that resulting from the Tax Election, it may be necessary to file a separate copy of the Tax Election or a separate provincial or territorial tax election analogous to the Tax Election with the taxing authority of such province or territory. Whitecap will also make such a provincial or territorial tax election with a TimberRock Shareholder under the same conditions that it is willing to make the Tax Election. TimberRock Shareholders are entirely responsible for determining whether any such separate federal, provincial or territorial election is applicable and appropriate in their circumstances and (if so) obtaining, completing and forwarding the related forms to Whitecap (at the address listed above) for execution by Whitecap.

Whitecap will assume that any representative that signs the Tax Election Forms on behalf of a corporation, trust or estate has been duly authorized to do so, and will not take any action to verify the validity of any such authorization. Former TimberRock Shareholders that are corporations, trusts or estates should consult their own legal advisors in determining whether such authorization has been properly given.

**In order to make a Tax Election, two copies of the applicable Tax Election Forms must be signed and properly completed with the necessary information, including the number of TimberRock Shares transferred, the consideration received therefor and the applicable elected amounts for the purposes of such elections and must be received by Whitecap at the address stated above no later than 90 days after the effective date of the Arrangement. Whitecap will execute all properly completed Tax Election Forms submitted to it by a TimberRock Shareholder and will return such Tax Election Forms to the TimberRock Shareholder for filing with the appropriate tax authorities. It is the sole responsibility of the TimberRock Shareholder who wishes to take advantage of the Tax Election to attend to the proper completion and filing of the forms required by the Tax Act in that regard.**

Whitecap is not required to sign Tax Election Forms received after 90 days after the effective date of the Arrangement, and thus any TimberRock Shareholder who does not ensure that Whitecap has received the completed Tax Election Forms, each containing an original signature of the TimberRock Shareholder, on or before 90 days after the effective date of the Arrangement, may not be able to benefit from the elections.

#### **Procedure for Completing Prescribed Form T2057**

The following section illustrates the information required to be provided by a TimberRock Shareholder completing Form T2057. Please consult your advisor on the completion of any additional Prescribed Forms (such as Form T2058 and any applicable provincial or territorial tax forms). **Do not write the**

**required information on this letter of instructions. The information should be typed or legibly printed on the Prescribed Forms.**

Page 1 of Form T2057

Complete the information in this first box for the TimberRock Shareholder making the election:

Taxpayer's name (transferor)		Social insurance, trust account or business number
Address		Postal code
Tax year of the taxpayer	Start   Year   Month   Day   End   Year   Month   Day	Tax services office

The taxation year for individuals is January 1, 2022 to December 31, 2022.

Complete the information in this box if the TimberRock Shares were held in joint ownership; otherwise enter "N/A":

Name of Co-Owner(s), if any, (if more than one, attach schedule in like detail)	Social Insurance Number	
Address	Postal Code	Tax Services Office

Whitecap will complete the next section:

Name of Corporation (Transferee)	Account Number/Business Number	
Whitecap Resources Inc.	●	
Address	Postal Code	Tax Services Office
Suite 3800, 525 – 8th Avenue S.W.	T2P 1G1	Calgary, Alberta
Taxation Year of Taxpayer	●	

Complete the next section, by filling in your name and telephone number or, if appropriate, the name and telephone number of your tax advisor:

Name of Persons to Contact for Additional Information	Area Code	Telephone Number
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The last section of page 1 of Form T2057 relates to late filed elections and TimberRock Shareholders whose elections will be filed late.

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Whitecap will complete the answers to the first five questions as follows:

- Is there a written agreement relating to this transfer (Pursuant to the "Offer").....  Yes  No
- Is a price adjustment clause involved in respect of any of the properties? (Refer to current Interpretation Bulletin IT-169 for details).....  Yes  No
- Do any persons other than the taxpayer own or control directly or indirectly any shares of any class of the transferee?.....  Yes  No
- Where a non-arm's length intercorporate rollover exists, have all or substantially all (90% or more) of all the properties of the taxpayer been transferred to the corporation?.....  Yes N/A  No

TimberRock Shareholders should answer the following questions based on their particular circumstances:

- Is the taxpayer a non-resident of Canada?.....  Yes  No
- Are any of the properties transferred capital properties?.....  Yes  No

.....  
Whether the TimberRock Shares are capital properties to a particular TimberRock Shareholder is a question of fact and law that must be determined by each TimberRock Shareholder based on a consideration of all the relevant facts and circumstances.

If Yes,

- (a) have they been owned continuously since Valuation Day (V-Day - Dec 31, 1971)?.....  Yes  No
- (b) have they been acquired after V-Day in a transaction considered not to be at arm's length?.....  Yes  No

TimberRock Shareholders who hold their TimberRock Shares as capital property and acquired their TimberRock Shares in an arm's length transaction should check "No".

- (c) since V-Day, has the taxpayer or any person from whom shares were acquired in a non-arm's length transaction received any subsection 83(1) dividends with respect to the shares transferred? (if yes, provide details of amounts and dates received and attach as a schedule).....  Yes  No
- Is the agreed amount of any of the properties transferred based on an estimate of the fair market value on V-Day?.....  Yes  No
- If "Yes" does a formal documented V-Day value report exist?.....  Yes  No
- Has an election under subsection 26(7) of the Income Tax Act Application Rules (form T2076) been filed by or on behalf of the taxpayer?.....  Yes  No

Whitecap will complete the next section:

Corporation's name									
Business number					Paid-up capital of shares transferred				
					R	C			

TimberRock Shareholders must complete the information in the two blank boxes in the next section, as follows:

Number of Shares	Class of Shares	Redemption Value	Paid-Up Capital	Voting or	Are shares redeemable at the holder's option?
	Common Shares	N/A		Voting	<input type="checkbox"/> Yes <input type="checkbox"/> No

↓  
Enter the number you get in computing (7) on the next page.

↓  
The amount added to paid-up capital will generally be equal to the "agreed amount" (discussed below).

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Whitecap will insert the date on which it acquired the TimberRock Shares in the box "Date of sale or transfer of all properties listed below" in the following section:

Information on the eligible property disposed of and consideration received							Protected B when completed					
Date of sale or transfer of all properties listed below:	Year			Month			Day			Note: For properties sold or transferred on different dates, use a separate Form T2057.		
	Property disposed of						B Agreed amount (cannot be zero)	Amount to be reported B - A (if greater than 0, see note 5)	Consideration received			
	Description	Elected amount limits (see note 1)		Fair market value	A	Non-share Description			Share Number and class	Fair market value of total consideration		
Capital property excluding depreciable property	(brief legal)		(see note 2)									
Depreciable property	(description and prescribed class)		(see note 3)									
Eligible capital property	(kind)		(see note 4)									
Inventory excluding real property	(kind)		(cost amount)									
Resource property	(brief legal)		nil									
Security or debt obligation property	(description)		(cost amount)									
Specified Debt Obligation (for financial institutions only)			(cost amount)									
Capital property that is real property owned by a non-resident person	(description)											
AgrInvest fund no. 2 (see note 6)			(cost amount)									

Note 1: Read Interpretation Bulletin IT-291 for more information on eligible property and an explanation of the limits.  
 Note 2: Adjusted cost base (subject to adjustment under section 53).  
 Note 3: The lesser of undepreciated capital cost of all property of the class and the cost of the property.  
 Note 4: The lesser of 4/3 of the cumulative eligible capital and the cost of the property.  
 Note 5: This amount is to be reported either as a capital gain or as income, whichever applies. Also, in the case of depreciable property and eligible capital property, a portion of the amount may have to be reported as a capital gain while another portion of the amount may have to be reported as income.  
 Note 6: Contributions made in a tax year ending after 2007, and amounts earned on those contributions, are only eligible if that property is owned by an individual.

Complete the information in this section according to the instructions following:

Property Disposed of			Agreed Amount	Amount to be reported B-A if > 0 (see note 4)	Consideration Received		
Elected Amount Limits		B			Non-share	Share	Fair Market Value
Description (Brief Legal)	Fair Market Value		A	Description	Number and Class		
(1)	\$ (2)	\$ (3)	\$ (4)	\$ (5)	\$ (6)	\$ (7)	\$ (8)
____ Class A Common Shares of TimberRock Energy Corp.						____ Common Shares of Whitecap Resources Inc.	

Capital  
Property  
Excluding  
Depreciable  
Property

Complete this section as follows (if the TimberRock Shares are inventory, complete the section with the sidebar entitled "Inventory Excluding Real Property" in a similar manner):

- (1) Enter the number of TimberRock Shares sold and their description as "Class A Common Shares of TimberRock".
- (2) Enter the total fair market value of TimberRock Shares sold, at the time of sale. The determination of fair market value is a question of fact. Consequently, TimberRock Shareholders should seek independent advice regarding the value of the consideration received by them pursuant to the Arrangement.
- (3) Enter the adjusted cost base (or cost amount in the case of inventory) of the TimberRock Shares.
- (4) See the rules described below with respect to calculation of the agreed amount.
- (5) Enter the result of B – A, this is the amount of your capital gain.
- (6) Enter the cash consideration you received under the Arrangement here. This should include all cash received under the transaction, both at the Effective Time, and at any later date pursuant to the Arrangement Agreement.
- (7) Enter the number of Whitecap Shares you received under the Arrangement, and their description as "Whitecap Common Shares". This should include all Whitecap Shares received at the effective time under the transaction, both at the Effective Time, and any right to acquire Whitecap Shares at any later date pursuant to the Arrangement Agreement.
- (8) Enter the total fair market value, as at the effective date of the Arrangement, of all consideration received, including the Whitecap Shares, Whitecap Contingent Equity Receipts, Cash Consideration, and Whitecap Contingent Cash Consideration. The amount entered here should equal the amount entered in (2) above.

Rules with Respect to Calculation of Agreed Amount

Subject to the rules set out below, TimberRock Shareholders who wish to trigger a capital gain must elect an *agreed amount* greater than the adjusted cost base of the TimberRock Shares (or cost

amount, if the TimberRock Shares are inventory). The *agreed amount* must be determined in accordance with the following rules:

- (1) The agreed amount may not be less than the fair market value of the cash consideration received under the transaction, both at the Effective Time, and any later date pursuant to the Arrangement Agreement.
- (2) The *agreed amount* may not be less than the lesser of the adjusted cost base (or cost amount, if the TimberRock Shares are inventory) to the TimberRock Shareholder of the TimberRock Shareholder's TimberRock Shares sold, determined immediately before the time of the sale, and the fair market value of the TimberRock Shares at that time.
- (3) The *agreed amount* may not exceed the fair market value of the TimberRock Shares at the time of the sale.

**TimberRock Shareholders should consult their tax advisors regarding the selection of the agreed amount in respect of their TimberRock Shares.**

The TimberRock Shareholder must sign in the last box as indicated:

<b>Election and certification</b>	
The taxpayer <b>and</b> the corporation jointly elect under subsection 85(1) in respect of the property specified, and certify that the information given in this election and in any attached documents is correct and complete.	
_____ Signature of Transferor, Authorized Officer or Authorized Person*	<b>and</b> _____ Signature of Authorized Officer of Transferee
* Attach a copy of the authorizing agreement.	_____ Date (yyyy-mm-dd)

TimberRock Shareholder should sign here

Leave this space blank for the authorized signature of Whitecap

- (4) Completion of Form T2058 and/or any applicable provincial or territorial tax forms.

TimberRock Shareholders completing Form T2058 and/or any applicable provincial or territorial tax forms (such as TP-518V or TP-529V) may refer to the instructions set out above, although the order of presentation of the information on the other forms may differ from that of Form T2057 and some of the required information may be different.