MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of financial condition and results of operations for Whitecap Resources Inc. (the "Company" or "Whitecap") is dated October 29, 2019 and should be read in conjunction with the Company's unaudited interim consolidated financial statements and related notes for the period ended September 30, 2019, as well as the audited annual consolidated financial statements and related notes for the year ended December 31, 2018. These unaudited interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), specifically International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, in Canadian dollars, except where indicated otherwise. Accounting policies adopted by the Company are set out in the notes to the audited annual consolidated financial statements for the year ended December 31, 2018 and Note 3 of the unaudited interim consolidated financial statements for the period ended September 30, 2019. The MD&A should also be read in conjunction with Whitecap's disclosure under "Non-GAAP Measures" and "Forward-Looking Information and Statements" below. Additional information respecting Whitecap, is available on SEDAR at www.sedar.com and on our website at www.wcap.ca.

The unaudited interim consolidated financial statements of Whitecap have been prepared by management and approved by the Company's Board of Directors.

DESCRIPTION OF BUSINESS

Whitecap is a Calgary based oil and gas company that is engaged in the business of acquiring, developing and holding interests in petroleum and natural gas properties and assets. Whitecap's common shares are traded on the Toronto Stock Exchange ("TSX") under the symbol WCP.

2019 THIRD QUARTER FINANCIAL AND OPERATIONAL RESULTS

Production

Whitecap's average production volumes and commodity splits were as follows:

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Crude oil (bbls/d)	53,245	59,212	54,526	58,996
NGLs (bbls/d)	4,399	4,460	4,401	4,309
Natural gas (Mcf/d)	63,663	71,141	65,450	69,144
Total (boe/d)	68,255	75,529	69,835	74,829
Production split (%)				
Crude oil and NGLs	84	84	84	85
Natural gas	16	16	16	15
Total	100	100	100	100

Average production volumes decreased 10 percent to 68,255 boe/d in the third quarter of 2019 from 75,529 boe/d in the third quarter of 2018. Year to date, average production volumes decreased seven percent to 69,835 boe/d from 74,829 boe/d for the same period in 2018. With the volatility in both West Texas Intermediate and Canadian oil price differentials late in 2018, the Company elected to take a cautious approach to 2019 by reducing capital spending compared to the prior year with the focus on further strengthening the balance sheet. On August 26, 2019, Whitecap announced that the Company's full year 2019 capital expenditure program is anticipated to be $400 million. A copy of the press release is available on SEDAR at www.sedar.com. The execution of the reduced program was successful, drilling 167 (146.5 net) wells in the nine months ended September 30, 2019 compared to 227 (196.1 net) wells for the same period in 2018.

Our crude oil and NGLs weighting in the third quarter of 2019 is generally consistent compared to the third quarter of 2018.

Petroleum and Natural Gas Sales

A breakdown of petroleum and natural gas revenues is as follows:

	Three months ended September 30		Nine months ended September 30	
($000s)	2019	2018	2019	2018
Crude oil	318,758	420,770	993,050	1,171,436
NGLs	6,010	16,441	26,069	44,973
Natural gas	6,549	8,807	30,167	31,039
Petroleum and natural gas revenues	331,317	446,018	1,049,286	1,247,448
Tariffs	(3,227)	(4,446)	(9,574)	(15,486)
Processing & other income	7,672	2,406	14,412	9,256
Blending revenue	7,306	1,670	23,139	5,170
Petroleum and natural gas sales	343,068	445,648	1,077,263	1,246,388

Petroleum and natural gas revenues in the third quarter of 2019 decreased 26 percent to $331.3 million from $446.0 million in the third quarter of 2018. The decrease of $114.7 million consists of $71.1 million attributed to lower realized prices and $43.6 million attributed to lower production volumes.

Year to date, petroleum and natural gas revenues decreased 16 percent to $1,049.3 million from $1,247.4 million for the same period in 2018. The decrease of $198.1 million consists of $108.7 million attributed to lower realized prices and $89.4 million attributed to lower production volumes.

Benchmark and Realized Prices

Average benchmark and realized prices are as follows:

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Average benchmark prices				
WTI (US$/bbl) (1)	56.45	69.50	57.06	66.75
Exchange rate (US$/C$)	1.32	1.31	1.33	1.29
WTI (C$/bbl)	74.55	90.85	75.85	86.01
MSW Par at Edmonton ($/bbl) (2)	68.21	81.91	69.40	78.24
Fosterton Par at Regina ($/bbl)	64.35	71.30	66.17	65.41
Midale Par at Cromer ($/bbl)	73.43	84.86	75.03	80.40
AECO natural gas ($/Mcf) (3)	0.91	1.19	1.52	1.48
Average realized prices (4)				
Crude oil ($/bbl)	65.07	77.24	66.71	72.73
NGLs ($/bbl)	14.85	40.07	21.70	38.23
Natural gas ($/Mcf)	1.12	1.35	1.69	1.64
Combined ($/boe)	52.76	64.19	55.04	61.06

Notes:

(1) WTI represents the calendar month average of West Texas Intermediate oil.

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

(3) AECO represents the AECO 5A Daily Index price.

(4) Prior to the impact of hedging activities and tariffs.

Whitecap's weighted average realized price prior to the impact of hedging activities and tariffs decreased 18 percent to $52.76 per boe in the third quarter of 2019 compared to $64.19 per boe in the third quarter of 2018. Year to date, Whitecap's weighted average realized price prior to the impact of hedging activities and tariffs decreased 10 percent to $55.04 per boe compared to $61.06 per boe for the same period in 2018.

The WTI price decreased by 19 percent to average US$56.45 per barrel in the third quarter of 2019 compared to US$69.50 per barrel in the third quarter of 2018. The WTI price decreased by 15 percent to average US$57.06 per barrel for the nine months ended September 30, 2019 compared to US$66.75 per barrel for the same period in 2018. The decreases are primarily due to continuing growth in US crude oil production and slightly lower North American refinery utilization in the third quarter of 2019 versus third quarter of 2018 due to planned maintenance.

The MSW par oil prices decreased by 17 percent to average $68.21 per barrel in the third quarter of 2019 compared to $81.91 per barrel in the third quarter of 2018. The decrease is primarily due to the lower WTI oil price. MSW par oil prices decreased by 11 percent to average $69.40 per barrel in the nine months ended September 30, 2019 compared to $78.24 per barrel for the same period in 2018. The decrease is primarily due to the lower WTI price, offset by stronger MSW differentials to WTI and changes in foreign exchange.

The Company's realized crude oil price in southwest Saskatchewan is based on Fosterton par prices at Regina. Fosterton oil price decreased 10 percent to average $64.35 per barrel in the third quarter of 2019 compared to $71.30 per barrel in the third quarter of 2018. The decrease is primarily due to the lower WTI oil price, offset by a stronger Fosterton differential to WTI. Fosterton par oil prices remained consistent averaging $66.17 per barrel for the nine months ended September 30, 2019 compared to $65.41 per barrel for the same period in 2018.

The Company's realized crude oil price in southeast Saskatchewan is based on Midale par price at Cromer. Midale par price decreased 13 percent to average $73.43 per barrel in the third quarter of 2019 compared to $84.86 per barrel for the same period in 2018. The decrease is primarily due to the lower WTI oil price. Midale par oil prices decreased seven percent to average $75.03 per barrel for the nine months ended September 30, 2019 compared to $80.40 per barrel for the same period in 2018. The decrease is primarily due to the lower WTI price, offset by stronger Midale differentials to WTI and changes in foreign exchange.

The AECO daily spot price decreased 24 percent to average $0.91 per Mcf in the third quarter of 2019 compared to an average of $1.19 per Mcf in the third quarter of 2018. The decrease was primarily due to excess supply and limited ability for excess gas to move into storage facilities due to continuing pipeline constraints. The AECO daily spot price increased three percent to average $1.52 per Mcf for the nine months ended September 30, 2019 compared to an average of $1.48 per Mcf for the same period in 2018. The increase was primarily due to higher gas prices in February and March of 2019 caused by increased demand and weather-related supply disruptions.

The natural gas liquids realized price decreased 63 percent to average $14.85 per barrel in the third quarter of 2019 compared to $40.07 per barrel in the third quarter of 2018. The natural gas liquids realized price decreased 43 percent to average $21.70 per barrel for the nine months ended September 30, 2019 compared to $38.23 per barrel for the same period in 2018. The decreases are primarily due to continued supply growth and higher inventory levels as a result of transportation constraints.

Risk Management and Hedging Activities

Whitecap maintains an ongoing risk management program to reduce the volatility of revenues in order to fund capital expenditures and pay cash dividends to shareholders.

The Company realized a loss of $3.0 million and $17.7 million on its commodity risk management contracts for the three and nine months ended September 30, 2019, respectively. The unrealized gains and losses are a result of the non-cash change in the mark-to-market values period over period. The significant assumptions made in determining the fair value of financial instruments are disclosed in Note 4 to the Company's unaudited interim consolidated financial statements for the three and nine months ended September 30, 2019.

Risk Management Contracts ($000s)	Three months ended September 30 2019	2018	Nine months ended September 30 2019	2018
Realized loss on commodity and foreign exchange (FX) contracts	(3,046)	(39,512)	(17,749)	(96,133)
Unrealized gain (loss) on commodity and FX contracts	15,676	21,243	(63,168)	(95,778)
Net gain (loss) on commodity and FX contracts	12,630	(18,269)	(80,917)	(191,911)
Realized gain (loss) on interest rate contracts [1]	135	(428)	230	(1,657)
Unrealized gain on interest rate contracts [1]	1,339	535	1,158	1,495
Net gain (loss) on risk management contracts	14,104	(18,162)	(79,529)	(192,073)

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

At September 30, 2019, the following risk management contracts were outstanding with an asset fair market value of $22.6 million.

WTI Crude Oil Derivative Contracts

Type	Term	Volume (bbls/d)	Bought Put Price (C$/bbl) [1]	Sold Call Price (C$/bbl) [1]	Swap Price (C$/bbl) [1]
Swap	2019 Oct – Dec	11,000			73.78
Collar	2019 Oct – Dec	12,000	71.79	92.50	
Collar	2020 Jan – Jun	10,000	68.50	87.99	
Collar	2020 Jul – Dec	2,000	70.00	85.15	
Collar	2020	8,000	61.63	80.27	

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

WTI Crude Oil Differential Derivative Contracts

Type	Term	Volume (bbls/d)	Basis [1]	Swap Price (C$/bbl) [2]
Swap	2019 Oct – Dec	4,000	MSW	11.43

Notes:
(1) Mixed Sweet Blend (“MSW”).
(2) Prices reported are the weighted average prices for the period.

Natural Gas Derivative Contracts

Type	Term	Volume (GJ/d)	Swap Price (C$/GJ) [1]
Swap	2019 Nov – 2020 Mar	5,000	2.07

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

Power Derivative Contracts

Type	Term	Volume (MWh)	Fixed Rate ($/MWh) [1]
Swap	2019 Oct – Dec	6,624	51.10
Swap	2020	8,784	50.50

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

Interest Rate Contracts

Type	Term		Amount ($000s)	Fixed Rate (%)	Index [1]
Swap	Aug 6, 2019	Aug 6, 2024	200,000	1.554	CDOR

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

Contracts entered into subsequent to September 30, 2019

Natural Gas Derivative Contracts

Type	**Term**	**Volume (GJ/d)**	**Swap Price (C$/GJ) (1)**
Swap	2019 Nov – 2020 Mar	5,000	2.23
Swap	2020 Jan – Mar	5,000	2.30
Swap	2020	5,000	1.82

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

Royalties

	Three months ended September 30		Nine months ended September 30	
($000s, except per boe amounts)	2019	2018	2019	2018
Royalties	63,092	78,325	192,788	222,505
As a % of petroleum and natural gas revenues	19	18	18	18
$ per boe	10.05	11.27	10.11	10.89

Royalties as a percentage of revenues in the third quarter of 2019 were 19 percent compared to 18 percent in the third quarter of 2018. The increase is primarily attributed to higher royalty rates in Southeast Saskatchewan compared to the third quarter of 2018. Certain royalties paid in Southeast Saskatchewan are calculated based off of net profits, which are calculated as operating income, less capital expenditures. Higher net profits due to lower capital expenditures in 2019, resulted in Whitecap being subject to higher royalty rates in Southeast Saskatchewan. The increase was partially offset by lower royalties across the remainder of Whitecap's core operating areas as a result of lower par pricing in the third quarter of 2019 compared to the same period in 2018. Year to date, royalties as a percentage of revenues were generally consistent with the same period in 2018. Whitecap pays royalties to the provincial governments and mineral owners in Alberta, Saskatchewan and British Columbia. Each province has separate royalty regimes which impact Whitecap's overall corporate royalty rate.

Operating Expenses

	Three months ended September 30		Nine months ended September 30	
($000s, except per boe amounts)	2019	2018	2019	2018
Operating expenses	78,900	83,141	239,546	244,508
$ per boe	12.56	11.97	12.56	11.97

Operating expenses per boe in the third quarter of 2019 increased five percent to $12.56 per boe compared to $11.97 per boe in the third quarter of 2018. Year to date, operating expenses per boe increased five percent to $12.56 per boe compared to $11.97 per boe for the same period in 2018. The increases in operating expenses per boe are primarily attributed to higher per boe fixed operating expenses, as a result of lower production volumes, and higher workovers completed, compared to the same period in 2018. The increases were partially offset by a $0.44 per boe and $0.42 per boe decrease, in the three and nine months ended September 30, 2019 respectively, as a result of Whitecap's adoption of IFRS 16 on January 1, 2019, as certain contracts which were previously accounted for as operating leases are now recognized on the consolidated balance sheet. The interest portion of lease payments is now included in interest and financing expenses and the principal portion of lease payments is applied against the lease liabilities.

Transportation Expenses

	Three months ended September 30		Nine months ended September 30	
($000s, except per boe amounts)	2019	2018	2019	2018
Transportation expenses	14,023	15,211	42,147	44,132
$ per boe	2.23	2.19	2.21	2.16

Transportation expenses per boe of $2.23 and $2.21, in the three and nine months ended September 30, 2019, respectively, were generally consistent with $2.19 and $2.16, respectively, for the same periods in 2018.

Transportation expenses per boe will fluctuate quarterly based on pipeline connectivity or downtime, weather, shipper status and pipeline shipping arrangements. When Whitecap has shipper status, pipeline tariffs incurred by the Company are included in transportation expenses. When Whitecap does not have shipper status, pipeline tariffs incurred by commodity purchasers subsequent to the delivery of the Company's product are charged back to Whitecap and are netted against petroleum and natural gas sales.

Operating Netbacks

The components of operating netbacks are shown below:

	Three months ended September 30		Nine months ended September 30	
Netbacks ($/boe)	2019	2018	2019	2018
Petroleum and natural gas revenues	52.76	64.19	55.04	61.06
Tariffs	(0.51)	(0.64)	(0.50)	(0.76)
Processing & other income	1.22	0.35	0.76	0.45
Blending revenue	1.16	0.24	1.21	0.25
Petroleum and natural gas sales	54.63	64.14	56.51	61.00
Realized hedging loss	(0.49)	(5.69)	(0.93)	(4.71)
Royalties	(10.05)	(11.27)	(10.11)	(10.89)
Operating expenses	(12.56)	(11.97)	(12.56)	(11.97)
Transportation expenses	(2.23)	(2.19)	(2.21)	(2.16)
Blending expenses	(1.13)	(0.24)	(1.18)	(0.20)
Operating netbacks (1)	28.17	32.78	29.52	31.07

Note:

(1) Operating netbacks are a non-GAAP measure which is defined under the Non-GAAP Measures section of this MD&A.

Operating netbacks in the third quarter of 2019 decreased 14 percent to $28.17 per boe compared to $32.78 per boe in the third quarter of 2018. Year to date, operating netbacks decreased five percent to $29.52 per boe compared to $31.07 per boe for the same period in 2018. The decreases on a per boe basis were primarily due to lower petroleum and natural gas revenues, partially offset by lower realized hedging losses and lower royalties.

General and Administrative ("G&A") Expenses

	Three months ended September 30		Nine months ended September 30	
($000s, except per boe amounts)	2019	2018	2019	2018
G&A costs net of recoveries	7,923	9,021	25,775	30,469
Capitalized G&A	(1,378)	(1,385)	(5,867)	(5,861)
G&A expenses	6,545	7,636	19,908	24,608
$ per boe	1.04	1.10	1.04	1.20

G&A expenses per boe in the third quarter of 2019 decreased five percent to $1.04 per boe compared to $1.10 per boe in the third quarter of 2018. Year to date, G&A expenses per boe decreased 13 percent to $1.04 per boe compared to $1.20 per boe for the same period in 2018.

The decreases on a per boe basis are primarily attributed to a $0.16 per boe decrease in both the three and nine months ended September 30, 2019, as a result of Whitecap's adoption of IFRS 16 on January 1, 2019, as certain contracts which were previously accounted for as operating leases are now recognized on the consolidated balance sheet. The interest portion of lease payments is now included in interest and financing expenses and the principal portion of lease payments is applied against the lease liabilities.

The capitalized G&A in the three and nine months ended September 30, 2019, is generally consistent with the capitalized G&A for the same periods in 2018.

Share-based Awards

	Three months ended September 30		Nine months ended September 30	
($000s, except per boe amounts)	2019	2018	2019	2018
Stock-based compensation	5,746	5,480	17,334	20,124
Capitalized stock-based compensation	(1,498)	(1,595)	(4,786)	(5,795)
Stock-based compensation expenses	4,248	3,885	12,548	14,329
$ per boe	0.68	0.56	0.66	0.70

The change in stock-based compensation for the three and nine months ended September 30, 2019 is primarily attributable to changes in stock-based compensation expenses on cash-settled awards, due to remeasuring the fair value of the awards at Whitecap's share price on September 30, 2019. Stock-based compensation will fluctuate with changes to the expected payout multipliers associated with the performance awards, vesting of existing grants, additional grants under the Award Incentive Plan, as well as changes in fair value for awards that are accounted for as cash-settled.

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 directors, officers, employees of the Company and other service providers. Effective January 1, 2017, independent outside directors will receive only time-based awards as the primary form of long-term compensation. As at September 30, 2019, the maximum number of common shares issuable under the plan shall not at any time exceed 3.755 percent of the total common shares outstanding. Vesting is determined by the Company's Board of Directors. Currently, time-based awards and performance awards issued to employees of the Company vest three years from date of grant. Time-based awards issued to independent outside directors have vesting periods ranging from 1 to 3 years. Performance awards issued to officers of the Company vest in two tranches with one half of such awards vesting February 1 and one half vesting October 1 of the third year following the grant date.

Each time-based award may in the Company's sole discretion, entitle the holder to be issued the number of common shares designated in the time-based award plus dividend equivalents or payment in cash. Decisions regarding settlement method for insider and non-insider awards are mutually exclusive. On October 1, 2018, consistent with the terms of the Award Incentive Plan, awards vesting for insiders were settled in cash. As a result, the remaining insider awards were accounted for as cash-settled, resulting in the recognition of share award liabilities on the consolidated balance sheet. Performance awards are also subject to a performance multiplier. This multiplier, ranging from zero to two, will be applied on vesting and is dependent on the performance of the Company relative to predefined corporate performance measures set by the Board of Directors for the associated period.

A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of awards that vest. Based on the terms of the Award Incentive Plan, the fair value of share awards is equal to the underlying share price on grant date. The fair value of awards that are accounted for as cash-settled transactions are subsequently adjusted to the underlying share price at each period end. The resulting stock-based compensation expense is recognized on a straight-line basis over the vesting period, with a corresponding increase to contributed surplus in the case of awards accounted for as equity-settled, or accounts payable and share-based compensation liability in the case of awards accounted for as cash-settled. Upon the vesting of the awards that are accounted for as equity-settled, the associated amount in contributed surplus is recorded as an increase to share capital.

As at September 30, 2019, the Company had 7.7 million awards outstanding.

Interest and Financing Expenses

	Three months ended September 30		Nine months ended September 30	
($000s, except per boe amounts)	2019	2018	2019	2018
Interest and financing expenses	11,283	12,904	38,313	39,201
$ per boe	1.80	1.86	2.01	1.92

Interest and financing expenses per boe decreased three percent to $1.80 per boe in the third quarter of 2019 compared to $1.86 per boe in the third quarter of 2018. The decrease was primarily attributed to lower outstanding debt balances in the third quarter of 2019, partially offset by a $0.16 per boe increase in the three months ended September 30, 2019, as a result of Whitecap's adoption of IFRS 16 on January 1, 2019, as the interest portion of lease payments is now included in interest and financing expenses, and lower production volumes.

Year to date, interest and financing expenses per boe increased five percent to $2.01 per boe compared to $1.92 per boe for the same period in 2018. The increase on a per boe basis was mainly attributed to a $0.16 per boe increase in the nine months ended September 30, 2019 as a result of Whitecap's adoption of IFRS 16 on January 1, 2019 and lower production volumes.

Depletion, Depreciation and Amortization ("DD&A")

	Three months ended September 30		Nine months ended September 30	
($000s, except per boe amounts)	2019	2018	2019	2018
Depletion, Depreciation and Amortization	116,273	124,076	351,953	361,951
$ per boe	18.52	17.86	18.46	17.72

DD&A per boe in the third quarter of 2019 increased four percent to $18.52 per boe compared to $17.86 per boe in the third quarter of 2018. Year to date, DD&A per boe increased four percent to $18.46 per boe compared to $17.72 per boe for the same period in 2018. The increases on a per boe basis were mainly attributed to a $0.57 and $0.55 increase in the three and nine months ended September 30, 2019, respectively, as a result of Whitecap's adoption of IFRS 16 on January 1, 2019, as depreciation is recognized on the right-of-use assets over the lease terms. DD&A per boe will fluctuate from one period to the next depending on the amount and type of capital spending, the recognition or reversal of impairments, the amount of reserves added and production volumes. The depletion rates are calculated on proved and probable oil and natural gas reserves, taking into account the future development costs to produce the reserves.

Taxes

During the three and nine months ended September 30, 2019, the Company recognized a deferred income tax expense of $10.3 million and $18.2 million, respectively, compared to a deferred income tax expense of $25.1 million and $26.5 million, respectively, for the same periods in 2018. The general Provincial tax rate in Alberta was decreased on June 28, 2019 from 12 percent to 11 percent for the second half of 2019, 10 percent for 2020, 9 percent for 2021 and 8 percent for 2022 and beyond. As a result of the rate change, Whitecap recognized $12.5 million in deferred income tax recovery in the consolidated statement of comprehensive income for the nine months ended September 30, 2019.

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

($000s)	September 30 2019	December 31 2018
Undepreciated capital cost	619,305	594,470
Canadian development expense	728,451	598,346
Canadian oil and gas property expense	1,698,306	1,807,731
Non-capital loss carry forward	671,839	919,893
Share issue costs	13,294	30,467
Total	3,731,195	3,950,907

Net Income

For the three and nine months ended September 30, 2019, the Company recognized net income of $42.3 million and $48.1 million, respectively, compared to net income of $69.5 million and $58.2 million for the same periods in 2018, respectively. The following changes impacted net income:

($000s)	Three months ended September 30	Nine months ended September 30
2018 Net Income	69,532	58,162
Decrease in petroleum and natural gas sales	(102,580)	(169,125)
Increase in blending expenses	(5,437)	(18,392)
Change in risk management contracts	30,899	110,994
Decrease in royalties	15,233	29,717
Decrease in depletion, depreciation and amortization	7,803	9,998
Change in deferred income tax expense	14,825	8,293
Decrease in accretion of decommissioning liabilities	2,979	5,245
Decrease in operating expenses	4,241	4,962
Decrease in general and administrative expenses	1,091	4,700
Other net changes	3,691	3,519
2019 Net Income	42,277	48,073

The factors causing these changes are discussed in the preceding sections.

Cash Flow from Operating Activities, Funds Flow and Payout Ratios

Management considers funds flow to be a key measure of operating performance as it demonstrates Whitecap's ability to generate the cash necessary to pay dividends, repay debt, make capital investments, and/or to repurchase common shares under the Company's normal course issuer bid ("NCIB"). Management believes that by excluding the temporary impact of changes in non-cash operating working capital, funds flow provides a useful measure of Whitecap's ability to generate cash that is not subject to short-term movements in non-cash operating working capital. Funds flow is not a standardized measure and therefore may not be comparable with the calculation of similar measures by other entities.

Whitecap reports funds flow in total and on a per share basis. Refer to Note 5(e) "Capital Management" in the Company's unaudited interim consolidated financial statements for the three and nine months ended September 30, 2019. The following table reconciles cash flow from operating activities to funds flow and free funds flow:

($000s)	Three months ended September 30 2019	Three months ended September 30 2018	Nine months ended September 30 2019	Nine months ended September 30 2018
Cash flow from operating activities	147,373	186,195	482,471	569,690
Changes in non-cash working capital	6,933	18,800	8,593	(4,080)
Funds flow [(1)]	154,306	204,995	491,064	565,610
Expenditures on property, plant and equipment ("PP&E")	153,848	114,955	305,215	364,014
Free funds flow [(2)]	458	90,040	185,849	201,596
Dividends paid or declared	35,171	33,778	103,323	98,684
Basic payout ratio (%) [(2)]	23	16	21	17
Total payout ratio (%) [(2)]	122	73	83	82
Funds flow per share, basic	0.37	0.49	1.19	1.35
Funds flow per share, diluted	0.37	0.49	1.18	1.35
Dividends paid or declared per share	0.09	0.08	0.25	0.24

Notes:

(1) Refer to Note 5(e) "Capital Management" in the financial statements.

(2) Free funds flow, basic payout ratio and total payout ratio are non-GAAP measures which are defined under the Non-GAAP Measures section of this MD&A.

Dividends are only declared once they are approved by the Company's Board of Directors. The Board of Directors reviews Whitecap's dividend policy on a monthly basis.

Cash flow from operating activities for the three and nine months ended September 30, 2019, was $147.4 million and $482.5 million, respectively, compared to $186.2 million and $569.7 million for the same periods in 2018. The following changes impacted cash flow from operating activities:

($000s)	Three months ended September 30	Nine months ended September 30
2018 Cash flow from operating activities	186,195	569,690
Change in unrealized risk management contracts	4,763	(32,273)
Net change in non-cash working capital items	11,867	(12,673)
Change in net income	(27,255)	(10,089)
Decrease in depletion, depreciation and amortization	(7,803)	(9,998)
Change in deferred income tax expense	(14,825)	(8,293)
Decrease in stock-based compensation	(2,066)	(7,713)
Decrease in accretion of decommissioning liabilities	(2,979)	(5,245)
Other net changes	(524)	(935)
2019 Cash flow from operating activities	147,373	482,471

Funds flow for the three and nine months ended September 30, 2019, was $154.3 million and $491.1 million, respectively, compared to $205.0 million and $565.6 million for the same periods in 2018. The decrease in funds flow is primarily attributed to lower production volumes and commodity prices.

The impact as a result of the adoption of IFRS 16 on funds flow, for the three and nine months ended September 30, 2019, was an increase of $2.8 million and $8.0 million, respectively.

Free funds flow for the three months ended September 30, 2019, was $0.5 million, compared to $90.0 million for the same period in 2018. The decrease in free funds flow is primarily attributed to lower funds flow and higher expenditures on PP&E.

Free funds flow for the nine months ended September 30, 2019, was $185.8 million, compared $201.6 million for the same period in 2018. The decrease in free funds flow is primarily attributed to lower funds flow, which was partially offset by lower expenditures on PP&E.

Capital Expenditures

	Three months ended September 30		Nine months ended September 30	
($000s)	2019	2018	2019	2018
Land and geological	308	176	3,898	446
Drilling and completions	139,357	91,103	262,006	316,481
Investment in facilities	12,644	22,191	32,881	40,766
Capitalized administration	1,378	1,385	5,867	5,861
Corporate and other assets	161	100	563	460
Expenditures on PP&E	153,848	114,955	305,215	364,014
Property acquisitions	2,020	18,369	3,606	20,092
Property dispositions	(89)	(9,764)	(712)	(11,476)
Corporate acquisition	-	750	-	53,916
Total capital expenditures	155,779	124,310	308,109	426,546

For the third quarter of 2019, expenditures on PP&E totaled $153.8 million with 99 percent spent on drilling, completions and facilities.

For the three and nine months ended September 30, 2019, Whitecap's drilling activity was as follows:

	Three months ended September 30, 2019		Nine months ended September 30, 2019	
	Gross	Net	Gross	Net
Northwest Alberta and British Columbia	16	12.5	22	17.6
Southwest Saskatchewan (1)	21	16.1	42	32.6
West Central Alberta (2)	5	4.9	18	17.1
West Central Saskatchewan (3)	62	56.3	85	79.2
Total	104	89.8	167	146.5

Notes:
(1) Includes 3 (1.7 net) injection wells in the nine months ended September 30, 2019.
(2) Includes 3 (2.6 net) injection wells in the nine months ended September 30, 2019.
(3) Includes 2 (2.0 net) injection wells in the nine months ended September 30, 2019.

For the three and nine months ended September 30, 2018, Whitecap's drilling activity was as follows:

	Three months ended September 30, 2018		Nine months ended September 30, 2018	
	Gross	Net	Gross	Net
Northwest Alberta and British Columbia	10	7.3	21	17.8
Southeast Saskatchewan (1)	7	4.2	7	4.2
Southwest Saskatchewan (2)	26	21.2	55	40.0
West Central Alberta (3)	-	-	20	16.1
West Central Saskatchewan	33	28.6	124	118.0
Total	76	61.3	227	196.1

Notes:
(1) Includes 2 (1.2 net) injection wells in the three and nine months ended September 30, 2018.
(2) Includes 1 (0.5 net) injection well in the three and nine months ended September 30, 2018.
(3) Includes 1 (0.9 net) injection well in the nine months ended September 30, 2018.

Corporate Acquisition

On February 22, 2018, the Company completed the acquisition of all of the issued and outstanding common shares of a private company for $56.8 million in cash, net of acquired working capital.

Decommissioning Liability

At September 30, 2019, the Company's decommissioning liability balance was $791.8 million ($725.6 million as at December 31, 2018) for future abandonment and reclamation of the Company's properties. Estimates are based on both operational knowledge of the properties and updated industry guidance provided by the Alberta Energy Regulator and the Saskatchewan Ministry of the Economy. The estimates are reviewed quarterly and adjusted as new information regarding the liability is determined.

Capital Resources and Liquidity

Credit Facilities

As at September 30, 2019, the Company had a $1.175 billion credit facility with a syndicate of banks. The credit facility consists of a $1.1 billion revolving syndicated facility and a $75 million revolving operating facility, with a maturity date of May 31, 2023. Prior to any anniversary date, being May 31 of each year, Whitecap may request an extension of the then current maturity date, subject to approval by the banks. Following the granting of such extension, the term to maturity of the credit facilities shall not exceed four years. 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 floating charge debenture on the assets of the Company.

In the second quarter of 2018, as part of our annual credit facility review, the credit facility transitioned from a borrowing-based structure with lending capacity re-determined on a semi-annual basis, to a financial covenant-based structure with an extendible four-year term governed by our existing financial covenants. The credit facility has two financial covenants, whereby the Company's ratio of debt to EBITDA shall not exceed 4.00:1.00 (1.67:1.00 as at September 30, 2019) and the ratio of EBITDA to interest expense shall not be less than 3.50:1.00 (13.21:1.00 as at September 30, 2019). The EBITDA used in the covenant calculation is adjusted for non-cash items, transaction costs and extraordinary and non-recurring items such as material acquisitions or dispositions. The debt used in the covenant calculation includes bank indebtedness, letters of credit, and dividends declared. As of September 30, 2019, the Company was compliant with all covenants provided for in the lending agreement. Copies of the Company's credit agreements may be accessed through the SEDAR website (www.sedar.com).

Senior Secured Notes

As at September 30, 2019, the Company had issued $595 million senior secured notes. The notes rank equally with Whitecap's obligations under its credit facility. The terms, rates and principals of the Company's outstanding senior notes are detailed below:

($000s)

Issue Date	Maturity Date	Coupon Rate	Principal
January 5, 2017	January 5, 2022	3.46%	200,000
May 31, 2017	May 31, 2024	3.54%	200,000
December 20, 2017	December 20, 2026	3.90%	195,000
Balance at September 30, 2019			595,000

The senior secured notes are subject to the same debt to EBITDA ratio and EBITDA to interest expense ratio described under the credit facility. As of September 30, 2019, the Company was compliant with all covenants provided for in the lending agreements.

Equity

On May 16, 2017, the Company announced the approval of its NCIB by the TSX (the “2017 NCIB”). The 2017 NCIB allowed the Company to purchase up to 18,457,076 common shares over a period of twelve months commencing on May 18, 2017.

On May 16, 2018, the Company announced the approval of its renewed NCIB by the TSX (the “2018 NCIB”). The 2018 NCIB allowed the Company to purchase up to 20,864,806 common shares over a period of twelve months commencing on May 18, 2018.

On May 16, 2019, the Company announced the approval of its renewed NCIB by the TSX (the “2019 NCIB”). The 2019 NCIB allows the Company to purchase up to 20,657,914 common shares over a period of twelve months commencing on May 21, 2019.

Purchases are made on the open market through the TSX or alternative platforms at the market price of such common shares. All common shares purchased under the NCIB are cancelled. The total cost paid, including commissions and fees, is first charged to share capital to the extent of the average carrying value of Whitecap’s common shares and the excess is charged to contributed surplus.

The following table summarizes the share repurchase activities during the period:

	Three months ended September 30		Nine months ended September 30	
(000s except per share amounts)	2019	2018	2019	2018
Shares repurchased	3,545	1,029	4,621	2,974
Average cost ($/share)	4.13	8.17	4.25	8.57
Amounts charged to				
Share capital	14,632	8,414	19,628	25,473
Contributed surplus	-	-	-	11
Share repurchase cost	14,632	8,414	19,628	25,484

The Company is authorized to issue an unlimited number of common shares. As at October 29, 2019, there were 409.5 million common shares and 7.3 million share awards outstanding.

Liquidity

The Company generally relies on funds flow, equity issuances and its credit facility to fund its capital requirements, dividend payments and provide liquidity. From time to time, the Company accesses capital markets to meet its additional financing needs and to maintain flexibility in funding its capital programs. Future liquidity depends primarily on funds flow, existing credit facilities and the ability to access debt and equity markets. All repayments on the revolving production and operating facilities are due at the term maturity date. As none of the facilities mature within the next year, the liabilities are considered to be non-current. The Company generates positive funds flow. At September 30, 2019, the Company had $614.6 million of unutilized credit to cover any working capital deficiencies. The Company believes that available credit facilities combined with anticipated funds flow will be sufficient to satisfy Whitecap’s 2019 development capital program and dividend payments for the 2019 fiscal year.

Contractual Obligations

Whitecap has contractual obligations in the normal course of business which may include purchase of assets and services, operating agreements, transportation commitments, sales commitments, royalty obligations, lease rental obligations, employee agreements and debt. These obligations are of a recurring, consistent nature and impact Whitecap's cash flows in an ongoing manner. The Company is committed to future payments under the following agreements:

($000s)	2019	2020	2021	2022+	Total
Lease liabilities	3,665	14,493	14,266	65,486	97,910
Service agreements	563	2,254	2,251	13,204	18,272
Transportation agreements	5,724	22,827	16,341	110,306	155,198
CO_2 purchase commitments	9,451	38,350	39,011	159,036	245,848
Long-term debt (1)	5,446	21,605	21,605	1,209,996	1,258,652
Total	24,849	99,529	93,474	1,558,028	1,775,880

Note:
(1) These amounts include the notional principal and interest payments.

Related Party Transactions

The Company has retained the law firm of Burnet, Duckworth & Palmer LLP ("BD&P") to provide Whitecap with legal services. A director of Whitecap is a partner of this firm. During the three and nine months ended September 30, 2019, the Company incurred $0.1 million and $0.2 million for legal fees and disbursements, respectively (nil and $0.6 million for the three and nine months ended September 30, 2018, respectively). These amounts have been recorded at the amounts that have been agreed upon by the two parties. The Company expects to retain the services of BD&P from time to time. As of September 30, 2019, a nil payable balance (nil – September 30, 2018) was outstanding.

Changes in Accounting Policies Including Initial Adoption

Whitecap adopted IFRS 16, *Leases* ("IFRS 16") on January 1, 2019 using the modified retrospective approach. The modified retrospective approach does not require restatement of prior period financial information as it recognizes the cumulative effect as an adjustment to opening retained earnings and applies the standard prospectively.

On adoption of IFRS 16, Whitecap recognized lease liabilities of $91.6 million in relation to all lease arrangements measured at the present value of the remaining lease payments from commitments disclosed as at December 31, 2018, adjusted by commitments in relation to arrangements not containing leases, short-term and low-value leases, and discounted using the Company's incremental borrowing rate as of January 1, 2019. The weighted average incremental borrowing rate used to determine the lease liabilities at adoption was approximately 4.5 percent. The difference in operating lease commitments disclosed as at December 31, 2018 and lease liabilities recognized on the consolidated balance sheet at January 1, 2019 is primarily due to non-lease components of contracts reassessed as service agreements. The associated right-of-use assets were measured at the amount equal to the lease liabilities on January 1, 2019, with no impact on retained earnings.

In applying IFRS 16 for the first time, Whitecap has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics; and
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases.

Upon the adoption of IFRS 16, the Company adopted the following significant accounting policy effective January 1, 2019:

Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease liability is recognized at the commencement of the lease term at the present value of the lease payments that are not paid at that date. At the commencement date, a corresponding right-of-use asset is recognized at the amount of the lease liability, adjusted for lease incentives received, retirement costs and initial direct costs. Depreciation is recognized on the right-of-use asset over the lease term. Interest expense is recognized on the lease liabilities using the effective interest rate method and payments are applied against the lease liability.

Key areas where management has made judgments, estimates, and assumptions related to the application of IFRS 16 include:

- The incremental borrowing rates are based on judgments including economic environment, term, currency, and the underlying risk inherent to the asset. The carrying balance of the right-of-use assets, lease liabilities, and the resulting interest expense and depreciation expense, may differ due to changes in the market conditions and lease term.
- Lease terms are based on assumptions regarding extension terms that allow for operational flexibility and future market conditions.

Standards Issued but 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 net income (loss) or net assets of the Company.

Off Balance Sheet Arrangements

The Company does not have any special purpose entities nor is it party to any arrangements that would be excluded from the balance sheet other than commitments disclosed in Note 19 to the Company's unaudited interim consolidated financial statements for the three and nine months ended September 30, 2019.

Critical Accounting Estimates

Whitecap's financial and operating results may incorporate certain estimates including:

- estimated revenues, royalties and operating expenses on production as at a specific reporting date but for which actual revenues and expenses have not yet been received;
- estimated capital expenditures on projects that are in progress;
- estimated depletion, depreciation and accretion that are based on estimates of oil and gas reserves that the Company expects to recover in the future, commodity prices, estimated future salvage values and estimated future capital costs;
- estimated fair values of derivative contracts that are subject to fluctuation depending upon the underlying commodity prices and foreign exchange rates;
- estimated value of decommissioning liabilities that are dependent upon estimates of future costs, timing of expenditures and the risk-free rate;
- estimated income and other tax liabilities requiring interpretation of complex laws and regulations. All tax filings are subject to audit and potential reassessment after the lapse of considerable time;
- estimated stock-based compensation expense using the Black-Scholes option pricing model;
- estimated fair value of business combinations and goodwill requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of PP&E and exploration and evaluation assets acquired generally require the most judgment and include estimates of reserves acquired, forecast benchmark commodity prices and discount rates; and
- estimated recoverable amounts are based on estimated proved plus probable reserves, production rates, oil and gas prices, future costs, discount rates and other relevant assumptions.

The Company has hired individuals and consultants who have the skills required to make such estimates and ensures that individuals or departments with the most knowledge of the activity are responsible for the estimates. Furthermore, past estimates are reviewed and compared to actual results, and actual results are compared to budgets in order to make more informed decisions on future estimates.

Business Risks

Whitecap's exploration and production activities are concentrated in the Western Canadian Sedimentary Basin, where activity is highly competitive and includes a variety of different-sized companies. Whitecap is subject to a number of risks that are also common to other organizations involved in the oil and gas industry. Such risks include finding and developing oil and gas reserves at economic costs, estimating amounts of recoverable reserves, production of oil and gas in commercial quantities, marketability of oil and gas produced, fluctuations in commodity prices, stock market volatility, debt service which may limit timing or amount of dividends as well as market price of shares, financial and liquidity risks and environmental and safety risks.

In order to reduce exploration risk, Whitecap employs or contracts highly qualified and motivated professionals who have demonstrated the ability to generate quality proprietary geological and geophysical prospects.

Whitecap has retained an independent engineering consulting firm that assists the Company in evaluating recoverable amounts of oil and gas reserves. Values of recoverable reserves are based on a number of variable factors and assumptions such as commodity prices, projected production, future production costs and government regulations. Such estimates may vary from actual results.

The Company mitigates its risk related to producing hydrocarbons through the utilization of current technology and information systems. In addition, Whitecap strives to operate the majority of its prospects, thereby maintaining operational control. When the Company does not operate, it relies on its partners in jointly owned properties to maintain operational control.

Whitecap is exposed to market risk to the extent that the demand for oil and gas produced by the Company exists within Canada and the United States. External factors beyond the Company's control may affect the marketability of oil and gas produced. These factors include commodity prices and variations in the Canada–United States currency exchange rate which, in turn responds to economic and political circumstances throughout the world. Oil prices are affected by worldwide supply and demand fundamentals while natural gas prices are affected by North American supply and demand fundamentals. Whitecap uses futures and options contracts to hedge its exposure to the potential adverse impact of commodity price volatility. The primary objective of the risk management program is to provide a measure of stability to Whitecap dividends and its capital development program.

Exploration and production for oil and gas is capital intensive. In addition to funds flow, the Company accesses the equity markets as a source of new capital. In addition, Whitecap utilizes bank financing to support ongoing capital investments which exposes the Company to fluctuations in interest rates on its bank debt. Funds flow also fluctuates with changing commodity prices. Equity and debt capital are subject to market conditions, and availability may increase or decrease from time to time.

Additional information regarding risk factors including, but not limited to, business risks is available in our Annual Information Form, a copy of which may be accessed through the SEDAR website (www.sedar.com).

Environmental Risks

Oil and gas exploration and production can involve environmental risks such as litigation, physical and regulatory risks. Physical risks include the pollution of the environment, climate change and destruction of natural habitat, as well as safety risks such as personal injury. The Company works hard to identify the potential environmental impacts of its new projects in the planning stage and during operations. The Company conducts its operations with high standards in order to protect the environment, its employees and consultants, and the general public. Whitecap maintains current insurance coverage for comprehensive and general liability as well as limited pollution liability. The amount and terms of this insurance are reviewed on an ongoing basis and adjusted as necessary to reflect current corporate requirements, as well as industry standards and government regulations. Without such insurance, and if the Company becomes subject to environmental liabilities, the payment of such liabilities could reduce or eliminate its available funds or could exceed the funds the Company has available and result in financial distress.

Additional information regarding risk factors including, but not limited to, environmental risks is available in our Annual Information Form, a copy of which may be accessed through the SEDAR website (www.sedar.com).

Summary of Quarterly Results

	2019			2018				2017
($000s, except as noted)	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Financial								
Petroleum and natural gas revenues	331,317	374,730	343,239	272,397	446,018	433,380	368,050	291,376
Funds flow (1)	154,306	175,537	161,221	138,810	204,995	195,816	164,799	143,543
Basic ($/share) (1)	0.37	0.42	0.39	0.33	0.49	0.47	0.39	0.38
Diluted ($/share) (1)	0.37	0.42	0.39	0.33	0.49	0.47	0.39	0.38
Net income (loss)	42,277	58,357	(52,561)	6,966	69,532	(3,615)	(7,755)	(231,729)
Basic ($/share)	0.10	0.14	(0.13)	0.02	0.17	(0.01)	(0.02)	(0.61)
Diluted ($/share)	0.10	0.14	(0.13)	0.02	0.17	(0.01)	(0.02)	(0.61)
Expenditures on PP&E	153,848	26,463	124,904	76,485	114,955	66,444	182,615	57,698
Property acquisitions	2,020	196	1,390	15,157	18,369	1,108	615	939,015
Property dispositions	(89)	44	(667)	(205)	(9,764)	(1,585)	(127)	(8,777)
Corporate acquisition	-	-	-	-	750	-	53,166	-
Total assets	6,075,973	5,968,862	6,120,622	5,958,964	6,142,384	6,136,672	6,165,095	5,961,347
Net debt	1,241,579	1,189,750	1,297,412	1,296,330	1,288,259	1,323,093	1,414,606	1,295,906
Common shares outstanding (000s)	410,562	412,907	413,158	414,063	416,456	417,485	417,255	418,029
Dividends paid or declared per share	0.09	0.08	0.08	0.08	0.08	0.08	0.08	0.07
Operational								
Average daily production								
Crude oil (bbls/d)	53,245	55,155	55,199	57,072	59,212	59,786	57,976	44,699
NGLs (bbls/d)	4,399	4,417	4,386	4,656	4,460	4,461	4,002	3,634
Natural gas (Mcf/d)	63,663	66,231	66,486	68,739	71,141	69,393	66,852	68,244
Total (boe/d)	68,255	70,611	70,666	73,185	75,529	75,813	73,120	59,707

Note:

(1) Refer to Note 5(e) "Capital Management" in the financial statements and to the section entitled "Cash Flow from Operating Activities, Funds Flow and Payout Ratios " contained within this MD&A.

Over the past eight quarters, fluctuations in production volumes and realized commodity prices have impacted the Company's petroleum and natural gas revenues and funds flow. Net income (loss) has fluctuated due to changes in funds flow, impairment expense and unrealized derivative gains and losses which fluctuate with the changes in forward commodity prices and exchange rates. Capital expenditures and production volumes have fluctuated over time as a result of the timing of acquisitions and the impact of market conditions on the Company's development capital expenditures.

The following outlines the significant events over the past eight quarters:

In 2019, the Company elected to take a cautious approach by reducing capital spending compared to the prior year with the focus on further strengthening the balance sheet by reducing net debt. As a result of the decreased capital program, production volumes were slightly lower than the prior year.

In the fourth quarter of 2018, the Company recognized an impairment of $219.3 million attributed to PP&E. The impairment expense was primarily a result of negative technical revisions in reserves assigned due to well performance at December 31, 2018 compared to December 31, 2017. Additionally, in the fourth quarter of 2018, there was increased volatility with a decrease in the WTI benchmark price and wider Canadian crude oil price differentials that negatively impacted petroleum and natural gas revenues and funds flow.

In the fourth quarter of 2017, the Company closed the acquisition of oil-weighted assets in southeast Saskatchewan for cash consideration of $938.2 million. The purchase price was partially funded by the issuance of approximately 48.3 million subscription receipts at a price of $8.80 per subscription receipt for aggregate gross proceeds of approximately $425 million. Each subscription receipt was converted to one common share on December 14, 2017. The Company also closed an issuance of $195 million senior secured notes which have an annual coupon rate of 3.90% and mature on December 20, 2026. Additionally, as a result of lower forecast benchmark commodity prices at December 31, 2017 compared to December 31, 2016, the Company recognized an impairment of $347.4 million attributed to PP&E.

INTERNAL CONTROLS UPDATE

Whitecap is required to comply with National Instrument 52-109 Certification of Disclosure on Issuers' Annual and Interim Filings ("NI 52-109"). NI 52-109 requires that Whitecap disclose in its interim MD&A any material weaknesses in Whitecap's internal control over financial reporting and/or any changes in Whitecap's internal control over financial reporting that occurred during the period that have materially affected, or are reasonably likely to materially affect Whitecap's internal controls over financial reporting. Whitecap confirms that no material weaknesses or such changes were identified in Whitecap's internal controls over financial reporting during the third quarter of 2019.

NON-GAAP MEASURES

This MD&A includes non-GAAP measures as further described herein. These non-GAAP measures do not have a standardized meaning prescribed by IFRS and, therefore, may not be comparable with the calculation of similar measures by other companies. Management believes that the presentation of these non-GAAP measures provides useful information to investors and shareholders as the measures provide increased transparency and the ability to better analyze performance against prior periods on a comparable basis.

"Basic payout ratio" is calculated as dividends paid or declared divided by funds flow. Management believes that basic payout ratio provides a useful measure of Whitecap's dividend policy and the amount of funds flow retained by the Company for capital reinvestment.

"Free funds flow" represents funds flow less expenditures on PP&E. Management believes that free funds flow provides a useful measure of Whitecap's ability to increase returns to shareholders and to grow the Company's business. Previously, Whitecap also deducted dividends paid or declared in the calculation of free funds flow. The Company believes the change in presentation better allows comparison with both dividend paying and non-dividend paying peers.

"Operating netbacks" are determined by adding blending revenue and processing & other income, deducting realized hedging losses or adding realized hedging gains and deducting tariffs, royalties, operating expenses, transportation expenses and blending expenses from petroleum and natural gas revenues. Operating netbacks are per boe measures used in operational and capital allocation decisions. Presenting operating netbacks on a per boe basis allows management to better analyze performance against prior periods on a comparable basis.

"Total payout ratio" is calculated as dividends paid or declared plus expenditures on PP&E, divided by funds flow. Management believes that total payout ratio provides a useful measure of Whitecap's capital reinvestment and dividend policy, as a percentage of the amount of funds flow.

BOE PRESENTATION

Boe means barrel of oil equivalent. All boe conversions in this MD&A are derived by converting gas to oil at the ratio of six thousand cubic feet ("Mcf") of natural gas to one barrel ("Bbl") of oil. Boe may be misleading, particularly if used in isolation. A Boe conversion rate of 1 Bbl : 6 Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio of oil compared to natural gas based on currently prevailing prices is significantly different than the energy equivalency ratio of 1 Bbl : 6 Mcf, utilizing a conversion ratio of 1 Bbl : 6 Mcf may be misleading as an indication of value.

FORWARD-LOOKING INFORMATION AND STATEMENTS

Certain statements contained in this MD&A constitute forward-looking statements and are based on Whitecap's beliefs and assumptions based on information available at the time the assumption was made. By its nature, such forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

This MD&A contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "estimate", "objective", "ongoing", "may", "will", "project", "believe", “measure”, “stability”, “depends”, “could”, “sustainability” and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this MD&A contains forward-looking information and statements pertaining to the following: Whitecap’s focus; Whitecap’s commodity risk management program and the benefits to be derived therefrom; the amount of future decommissioning liabilities; future liquidity and financial capacity; sources of funding the Company’s capital program; transportation expenses, stock-based compensation expenses; Whitecap’s ability to fund its current development capital program and dividend payments for 2019 and Whitecap’s deductions available for deferred income tax purposes.

The forward-looking information and statements contained in this MD&A reflect several material factors and expectations and assumptions of Whitecap including, without limitation: that Whitecap will continue to conduct its operations in a manner consistent with past operations; the general continuance or improvement in current industry conditions; the continuance of existing (and in certain circumstances, the implementation of proposed) tax, royalty and regulatory regimes; the accuracy of the estimates of Whitecap’s reserve volumes; the impact of increasing competition; the general stability of the economic and political environment in which Whitecap operates; the ability of Whitecap to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects which the Company has an interest in to operate in a safe, efficient and effective manner; field production and decline rates; the ability to reduce operating costs; the ability to replace and expand oil and natural gas reserves through acquisition, development or exploration; the timing and costs of pipeline, storage and facility construction and expansion; the ability of the Company to secure adequate product transportation; future petroleum and natural gas prices; currency, exchange and interest rates; the continued availability of adequate debt and equity financing and cash flow to fund Whitecap’s planned expenditures; and the ability to maintain dividends. Whitecap believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable but no assurance can be given that these factors, expectations and assumptions will prove to be correct.

The forward-looking information and statements included in this MD&A are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation: changes in commodity prices; changes in the demand for or supply of Whitecap’s products; unanticipated operating results or production declines; changes in tax or environmental laws, royalty rates or other regulatory matters; changes in Whitecap’s development plans or by third party operators of Whitecap’s properties; competition from other producers; inability to retain drilling rigs and other services; incorrect assessment of the value of acquisitions; failure to realize the anticipated benefits of acquisitions; delays resulting from or inability to obtain required regulatory approvals; increased debt levels or debt service requirements; inaccurate estimation of Whitecap’s oil and gas reserve volumes; limited, unfavourable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and certain other risks detailed from time to time in Whitecap’s public disclosure documents (including, without limitation, those risks identified in this MD&A) and may be accessed through the SEDAR website (www.sedar.com).

The forward-looking information and statements contained in this MD&A speak only as of the date of this MD&A, and Whitecap does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.