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 27, 2020 and should be read in conjunction with the Company's unaudited interim consolidated financial statements and related notes for the period ended September 30, 2020, as well as the audited annual consolidated financial statements and related notes for the year ended December 31, 2019. These unaudited interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), specifically International Accounting Standard 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, 2019 and Note 3 of the unaudited interim consolidated financial statements for the period ended September 30, 2020. The unaudited interim consolidated financial statements of Whitecap have been prepared by management and approved by the Company's Board of Directors. 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 the SEDAR website (www.sedar.com) and on our website (www.wcap.ca).

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.

2020 THIRD QUARTER FINANCIAL AND OPERATIONAL RESULTS

Production

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

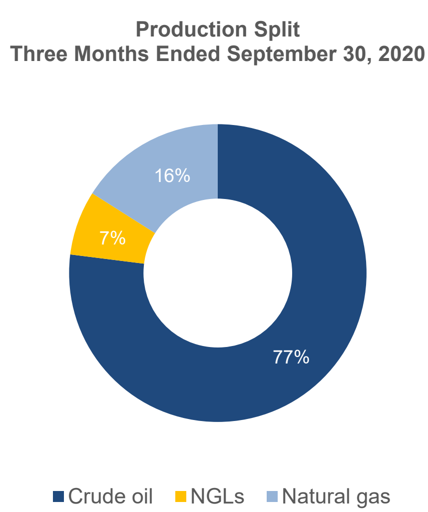
	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Crude oil (bbls/d) [(1)]	51,456	53,245	54,042	54,526
NGLs (bbls/d)	4,693	4,399	5,018	4,401
Natural gas (Mcf/d) [(1)]	63,191	63,663	67,441	65,450
Total (boe/d) [(2)]	66,681	68,255	70,300	69,835

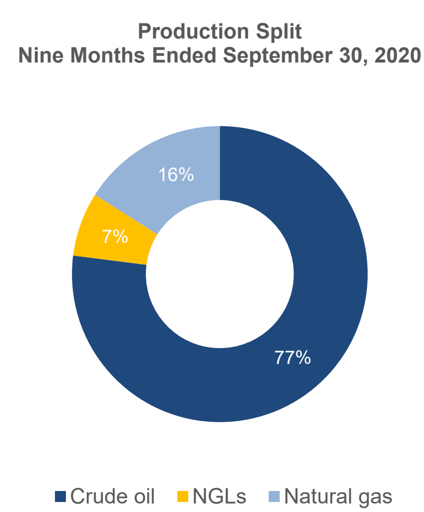
Notes:

(1) References to crude oil or natural gas production in the above table and elsewhere in this MD&A refer to the light and medium crude oil and conventional natural gas, respectively, product types as defined in National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities.

(2) Disclosure of production on a per boe basis in this MD&A consists of the constituent product types and their respective quantities disclosed in this table.

Exhibit 1





In the three and nine months ended September 30, 2020, average production volumes of 66,681 boe/d and 70,300 boe/d, respectively, were generally consistent with 68,255 boe/d and 69,835 boe/d for the same periods, respectively, in 2019. The 2020 production volumes were impacted by the reduction to our 2020 capital program to provide greater financial flexibility and balance sheet strength, in response to the sharp decline in global commodity prices.

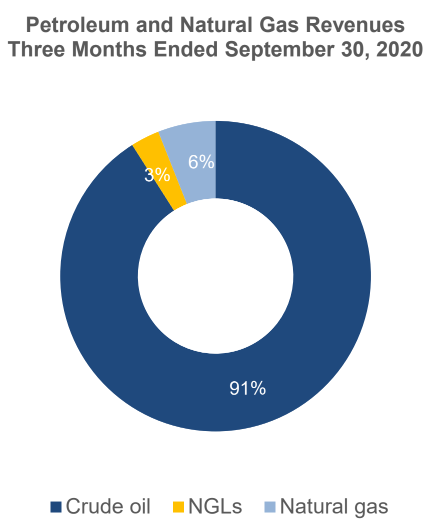
Our crude oil and NGL weightings in the three and nine months ended September 30, 2020 were generally consistent with the same periods in 2019.

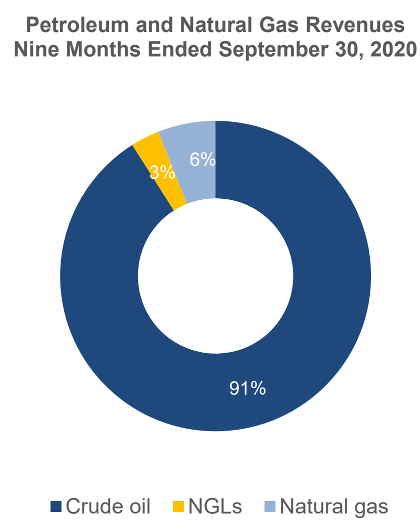
Petroleum and Natural Gas Sales

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

	Three months ended September 30		Nine months ended September 30	
($000s)	2020	2019	2020	2019
Crude oil	225,663	318,758	600,948	993,050
NGLs	8,451	6,010	20,471	26,069
Natural gas	14,169	6,549	41,648	30,167
Petroleum and natural gas revenues	248,283	331,317	663,067	1,049,286
Tariffs	(3,019)	(3,227)	(8,791)	(9,574)
Processing & other income	6,072	7,672	14,413	14,412
Marketing revenue	5,579	7,306	18,028	23,139
Petroleum and natural gas sales	256,915	343,068	686,717	1,077,263

Exhibit 2





Petroleum and natural gas revenues in the third quarter of 2020 decreased 25 percent to $248.3 million from $331.3 million in the third quarter of 2019. The decrease of $83.0 million consists of $72.6 million attributed to lower realized prices and $10.4 million attributed to lower crude oil production volumes. Year to date, petroleum and natural gas revenues decreased 37 percent to $663.1 million from $1,049.3 million for the same period in 2019. The decrease of $386.2 million consists of $381.9 million attributed to lower realized prices and $4.3 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	
	2020	2019	2020	2019
Average benchmark prices				
WTI (US$/bbl) (1)	40.93	56.45	38.32	57.06
Exchange rate (US$/C$)	1.33	1.32	1.35	1.33
WTI (C$/bbl)	54.50	74.55	51.52	75.85
MSW Par at Edmonton ($/bbl) (2)	49.54	68.21	43.57	69.40
Fosterton Par at Regina ($/bbl)	46.50	64.35	39.31	66.17
Midale Par at Cromer ($/bbl)	56.30	73.43	48.94	75.03
AECO natural gas ($/Mcf) (3)	2.24	0.91	2.09	1.52
Average realized prices (4)				
Crude oil ($/bbl)	47.67	65.07	40.58	66.71
NGLs ($/bbl)	19.57	14.85	14.89	21.70
Natural gas ($/Mcf)	2.44	1.12	2.25	1.69
Combined ($/boe)	40.47	52.76	34.42	55.04

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 23 percent to $40.47 per boe in the third quarter of 2020 compared to $52.76 per boe in the third quarter of 2019. Year to date, Whitecap's weighted average realized price prior to the impact of hedging activities and tariffs decreased 37 percent to $34.42 per boe compared to $55.04 per boe for the same period in 2019.

The WTI price decreased by 27 percent to average US$40.93 per barrel in the third quarter of 2020 compared to US$56.45 per barrel in the third quarter of 2019. The WTI price decreased by 33 percent to average US$38.32 per barrel for the nine months ended September 30, 2020 compared to US$57.06 per barrel for the same period in 2019. The MSW par oil prices decreased by 27 percent to average $49.54 per barrel in the third quarter of 2020 compared to $68.21 per barrel in the third quarter of 2019. The MSW par oil price decreased by 37 percent to average $43.57 per barrel in the nine months ended September 30, 2020 compared to $69.40 per barrel for the same period in 2019. The decreases are primarily due to the COVID-19 global pandemic and the decline in global demand. In the nine months ended September 30, 2020, US$ WTI traded as low as negative US$37.63. The supply inventories remain at record levels around the world as refinery throughput and product usage has not returned to pre-pandemic levels resulting in continued depressed pricing.

The Company's realized crude oil price in southwest Saskatchewan is based on the Fosterton par price at Regina. The Fosterton oil price decreased 28 percent to average $46.50 per barrel in the third quarter of 2020 compared to $64.35 per barrel in the third quarter of 2019. The decrease is primarily due to weakening WTI pricing but was partially offset by a strengthening Fosterton differential. Fosterton par oil prices decreased 41 percent to average $39.31 per barrel for the nine months ended September 30, 2020 compared to $66.17 per barrel for the same period in 2019. The decrease is primarily due to lowered WTI prices resulting from lower demand caused by the COVID-19 global pandemic. The decrease was exacerbated by the Fosterton differential weakening in the nine months ended September 30, 2020.

The Company's realized crude oil price in southeast Saskatchewan is based on the Midale par price at Cromer. The Midale par price decreased 23 percent to average $56.30 per barrel in the third quarter of 2020 compared to $73.43 per barrel in the third quarter of 2019. Midale par oil prices decreased 35 percent to average $48.94 per barrel for the nine months ended September 30, 2020 compared to $75.03 per barrel for the same period in 2019. The decreases are primarily due to lower WTI prices resulting from a record decrease in demand caused by the COVID-19 global pandemic and reduced refinery throughout North America.

The AECO daily spot price increased 146 percent to average $2.24 per Mcf in the third quarter of 2020 compared to an average of $0.91 per Mcf in the third quarter of 2019. The AECO daily spot price increased 38 percent to average $2.09 per Mcf for the nine months ended September 30, 2020 compared to an average of $1.52 per Mcf for the same period in 2019. The increases are primarily due to improved export pipeline efficiencies within the Western Canadian Sedimentary Basin, including access to interruptible service and storage. AECO prices were also supported by increased North American demand from higher than average weather-related power draws and tightening basis differentials to Henry Hub.

The natural gas liquids realized price increased 32 percent to average $19.57 per barrel in the third quarter of 2020 compared to $14.85 per barrel in the third quarter of 2019. The increase is primarily due to higher contracted propane and butane prices and a decrease in processing fees. The natural gas liquids realized price decreased 31 percent to average $14.89 per barrel for the nine months ended September 30, 2020 compared to $21.70 per barrel for the same period in 2019. The decrease is primarily due to COVID-19 related demand decrease, product oversupply and a reduction in benchmark pricing tied to WTI, specifically in the first half of 2020. The decrease in the first half of 2020 was partially offset by higher realized prices in the third quarter of 2020.

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 gain of $10.1 million and $80.3 million on its commodity risk management contracts for the three and nine months ended September 30, 2020, 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, 2020.

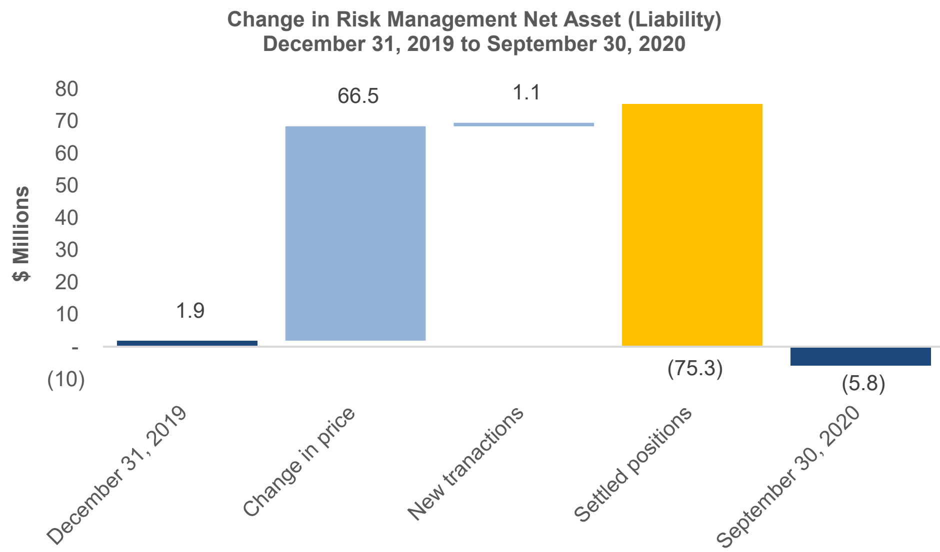
	Three months ended September 30		Nine months ended September 30	
Risk Management Contracts ($000s)	2020	2019	2020	2019
Realized gain (loss) on commodity contracts	10,101	(3,046)	80,276	(17,749)
Unrealized gain (loss) on commodity contracts	(22,137)	15,676	19,222	(63,168)
Net gain (loss) on commodity contracts	(12,036)	12,630	99,498	(80,917)
Realized gain (loss) on interest rate contracts (1)	(533)	135	(851)	230
Unrealized gain (loss) on interest rate contracts (1)	194	1,339	(10,840)	1,158
Realized gain (loss) on equity contracts (2)	229	-	(4,085)	-
Unrealized gain (loss) on equity contracts (2)	1,590	-	(16,116)	-
Net gain (loss) on risk management contracts	(10,556)	14,104	67,606	(79,529)

Notes:

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

(2) The gain (loss) on equity contracts is included in stock-based compensation expenses.

Exhibit 3



At September 30, 2020, the following risk management contracts were outstanding with an asset fair market value of $20.3 million and a liability fair market value of $26.2 million:

WTI Crude Oil Derivative Contracts

Type	Term	Volume (bbls/d)	Bought Put Price (C$/bbl) (1)	Sold Call Price (C$/bbl) (1)
Collar	2020 Oct - Dec	19,000	63.32	82.01
Collar (2)	2021 Jan - Jun	6,000	55.67	70.04
Collar	2021 Jul - Dec	2,000	52.00	65.00

Notes:

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

(2) 2,000 bbls/d are extendable through the second half of 2021, as a swap, with a price of C$65.60/bbl at the option of the counterparties through the exercise of a one-time option on June 30, 2021.

WTI Crude Oil Differential Derivative Contracts

Type	Term	Volume (bbls/d)	Basis (1)(2)	Swap Price (C$/bbl) (3)
Swap	2020 Oct - Dec	2,000	MSW	8.00
Swap	2020 Oct - Dec	4,000	WCS	18.35

Notes:

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

(2) Western Canadian Select ("WCS").

(3) 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	2020 Oct	24,000	1.76
Swap	2020 Oct - Dec	5,000	1.82
Swap	2020 Nov - 2021 Mar	12,000	2.81
Swap	2021 Jan - Dec	20,000	2.26
Swap	2021 Apr - Oct	2,000	2.33

Note:

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

Power Derivative Contracts

Type	Term	Volume (MWh)	Fixed Rate ($/MWh) (1)
Swap	2020 Oct - Dec	2,208	50.50

Note:

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

Interest Rate Contracts

Type	Term		Amount ($000s)	Fixed Rate (%) (1)	Index (2)
Swap	Aug 6, 2019	Aug 6, 2024	200,000	1.554	CDOR

Notes:

(1) Rates reported are the weighted average rates for the period.

(2) Canadian Dollar Offered Rate ("CDOR").

Equity Derivative Contracts

Type	Term		Notional Amount ($000s) (1)	Share Volume
Swap	Oct 1, 2020	Oct 15, 2020	3,032	565,000
Swap	Oct 1, 2020	Oct 1, 2021	14,667	3,342,300
Swap	Oct 1, 2020	Oct 1, 2022	15,338	3,467,300
Swap	Oct 1, 2020	Oct 1, 2023	2,083	997,300

Note:

(1) Notional amount is calculated as the share volume for the period multiplied by the weighted average prices for the period.

Contracts entered into subsequent to September 30, 2020

WTI Crude Oil Derivative Contracts

Type	Term	Volume (bbls/d)	Bought Put Price (C$/bbl) (1)	Sold Call Price (C$/bbl) (1)
Collar (2)	2021 Jan - Jun	2,000	54.00	63.50

Notes:

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

(2) 2,000 bbls/d are extendable through the second half of 2021, as a swap, with a price of C$63.50/bbl at the option of the counterparties through the exercise of a one-time option on June 30, 2021.

WTI Crude Oil Differential Derivative Contracts

Type	Term	Volume (bbls/d)	Basis (1)(2)	Swap Price (C$/bbl) (3)
Swap	2021 Jan - Dec	4,000	MSW	6.25
Swap	2021 Jan - Jun	2,000	WCS	15.80

Notes:

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

(2) Western Canadian Select ("WCS").

(3) 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	2020 Nov - Dec	12,000	3.06
Swap	2021 Jan - Mar	8,000	3.10
Swap	2021 Apr - Oct	6,000	2.50

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)	2020	2019	2020	2019
Royalties	34,388	63,092	86,412	192,788
As a % of petroleum and natural gas revenues	13.9	19.0	13.0	18.4
$ per boe	5.61	10.05	4.49	10.11

Royalties as a percentage of revenues in the third quarter of 2020 were 13.9 percent compared to 19.0 percent in the third quarter of 2019. Year to date, royalties as a percentage of revenues were 13.0 percent compared to 18.4 percent for the same period in 2019. The decreases were primarily attributable to lower realized pricing across all core areas, as well as favourable prior period adjustments in the nine months ended September 30, 2020, compared to the same periods in 2019.

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)	2020	2019	2020	2019
Operating expenses	73,727	78,900	227,336	239,546
$ per boe	12.02	12.56	11.80	12.56

Operating expenses per boe in the third quarter of 2020 decreased four percent to $12.02 per boe compared to $12.56 per boe in the third quarter of 2019. Year to date, operating expenses per boe decreased six percent to $11.80 per boe compared to $12.56 per boe for the same period in 2019. The decreases were primarily attributed to operating expense reduction initiatives by the Company in the nine months ended September 30, 2020. The year to date decrease was also attributable to lower workover costs in the nine months ended September 30, 2020 compared to the same period in 2019.

Transportation Expenses

	Three months ended September 30		Nine months ended September 30	
($000s, except per boe amounts)	2020	2019	2020	2019
Transportation expenses	14,947	14,023	45,906	42,147
$ per boe	2.44	2.23	2.38	2.21

Transportation expenses per boe in the third quarter of 2020 increased nine percent to $2.44 per boe compared to $2.23 per boe in the third quarter of 2019. Year to date, transportation expenses increased eight percent to $2.38 per boe compared to $2.21 for the same period in 2019. The increases were primarily attributed to increased clean oil hauling and higher shipping rates in Northwest Alberta & British Columbia ("NABC"), as well as an increased production weighting in NABC, which has higher transportation expenses per boe than the Company average.

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:

Netbacks ($/boe)	Three months ended September 30 2020	Three months ended September 30 2019	Nine months ended September 30 2020	Nine months ended September 30 2019
Petroleum and natural gas revenues	40.47	52.76	34.42	55.04
Tariffs	(0.49)	(0.51)	(0.46)	(0.50)
Processing & other income	0.99	1.22	0.75	0.76
Marketing revenue	0.91	1.16	0.94	1.21
Petroleum and natural gas sales	41.88	54.63	35.65	56.51
Realized hedging gain (loss)	1.65	(0.49)	4.17	(0.93)
Royalties	(5.61)	(10.05)	(4.49)	(10.11)
Operating expenses	(12.02)	(12.56)	(11.80)	(12.56)
Transportation expenses	(2.44)	(2.23)	(2.38)	(2.21)
Marketing expenses	(0.96)	(1.13)	(0.93)	(1.18)
Operating netbacks (1)	22.50	28.17	20.22	29.52

Note:

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

General and Administrative ("G&A") Expenses

($000s, except per boe amounts)	Three months ended September 30 2020	Three months ended September 30 2019	Nine months ended September 30 2020	Nine months ended September 30 2019
Gross G&A costs	8,991	12,070	32,896	37,255
Recoveries	(2,690)	(4,147)	(10,916)	(11,480)
Capitalized G&A	(1,408)	(1,378)	(5,990)	(5,867)
G&A expenses	4,893	6,545	15,990	19,908
$ per boe	0.80	1.04	0.83	1.04

The decrease in gross G&A costs in the three and nine months ended September 30, 2020 compared to the same periods in 2019 is primarily attributed to cost reduction initiatives by the Company in response to the collapse of global commodity prices in early 2020.

The decreases in recoveries for the three and nine months ended September 30, 2020, compared to the same periods in 2019, are primarily due to lower capital expenditures as well as operating expense reduction initiatives by the Company in 2020.

Capitalized G&A in the three and nine months ended September 30, 2020 was consistent compared to the same periods in 2019.

G&A expenses per boe in the third quarter of 2020 decreased 23 percent to $0.80 per boe compared to $1.04 per boe in the third quarter of 2019. Year to date, G&A expenses per boe decreased 20 percent to $0.83 per boe compared to $1.04 per boe for the same period in 2019. The decreases on a per boe basis are primarily attributed to lower gross G&A costs, partially offset by lower recoveries the three and nine months ended September 30, 2020 compared to the same periods in 2019.

Share-based Awards

($000s, except per boe amounts)	Three months ended September 30 2020	2019	Nine months ended September 30 2020	2019
Stock-based compensation	5,424	5,746	9,814	17,334
Realized (gain) loss on equity contracts	(229)	-	4,085	-
Unrealized (gain) loss on equity contracts	(1,590)	-	16,116	-
Capitalized stock-based compensation	(1,227)	(1,498)	(2,739)	(4,786)
Stock-based compensation expenses	2,378	4,248	27,276	12,548
$ per boe	0.39	0.68	1.42	0.66

In the three and nine months ended September 30, 2020, the Company recorded stock-based compensation of $5.4 million and $9.8 million, respectively. The decrease in stock-based compensation and capitalized stock-based compensation for the nine months ended September 30, 2020 is primarily attributable to a decrease in the fair value of cash-settled awards, resulting from a decrease to Whitecap's share price in the nine months ended September 30, 2020.

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.

In the three and nine months ended September 30, 2020, the unrealized gain and loss, respectively, were the result of changes in share price and additional equity contracts entered in the nine months ended September 30, 2020.

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, 2020, 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. Time-based awards and performance awards issued to employees of the Company and independent outside directors have vesting periods ranging from 1 to 3 years.

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. Performance awards are also adjusted by an estimated payout multiplier. 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.

At September 30, 2020, the Company had 8.9 million awards outstanding.

Interest and Financing Expenses

($000s, except per boe amounts)	Three months ended September 30 2020	Three months ended September 30 2019	Nine months ended September 30 2020	Nine months ended September 30 2019
Interest	10,170	12,757	33,102	39,701
Realized (gain) loss on interest rate contracts	533	(135)	851	(230)
Unrealized (gain) loss on interest rate contracts	(194)	(1,339)	10,840	(1,158)
Interest and financing expenses	10,509	11,283	44,793	38,313
$ per boe	1.71	1.80	2.33	2.01

Interest and financing expenses per boe decreased five percent to $1.71 per boe in the third quarter of 2020 compared to $1.80 per boe in the third quarter of 2019. The decrease on a per boe basis was primarily attributable to lower interest rates, partially offset by a lower unrealized gain on interest rate contracts in the third quarter of 2020, which are included in interest and financing expenses, compared to the same period in 2019.

Year to date, interest and financing expenses per boe increased 16 percent to $2.33 per boe compared to $2.01 per boe for the same period in 2019. The increase on a per boe basis was primarily attributable to a higher unrealized loss on interest rate contracts, partially offset by lower interest rates in the nine months ended September 30, 2020, compared to the same period in 2019.

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

($000s, except per boe amounts)	Three months ended September 30 2020	Three months ended September 30 2019	Nine months ended September 30 2020	Nine months ended September 30 2019
Depletion, Depreciation and Amortization	77,990	116,273	283,885	351,953
$ per boe	12.71	18.52	14.74	18.46

DD&A per boe decreased 31 percent to $12.71 per boe in the third quarter of 2020 compared to $18.52 per boe in the third quarter of 2019. Year to date, DD&A per boe decreased 20 percent to $14.74 per boe compared to $18.46 per boe for the same period in 2019. The decreases on a per boe basis are primarily attributed to a $2.8 billion impairment to property, plant and equipment ("PP&E") recognized in the first quarter of 2020.

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.

Impairment Expense

($000s)	Three months ended September 30 2020	Three months ended September 30 2019	Nine months ended September 30 2020	Nine months ended September 30 2019
PP&E impairment	-	-	2,801,593	-
Goodwill impairment	-	-	122,682	-
Impairment expense	-	-	2,924,275	-

PP&E Impairment

In the nine months ended September 30, 2020, the Company determined that carrying amounts of each of the Company's cash generating units exceeded their fair value less cost of disposal ("FVLCD"):

($000s)	FVLCD	Carrying Value	Impairment
Northwest Alberta & British Columbia	521,508	1,164,965	643,457
Southeast Saskatchewan	559,345	900,438	341,093
Southwest Saskatchewan	387,844	895,683	507,839
West Central Alberta	549,188	1,287,248	738,060
West Central Saskatchewan	360,167	931,311	571,144
Total	2,378,052	5,179,645	2,801,593

The full amount of the impairment was attributed to PP&E and, as a result, a total impairment loss of $2.8 billion was recorded in impairment expense. The impairment expense in 2020 was primarily a result of lower forecast benchmark commodity prices at March 31, 2020 compared to December 31, 2019. Additionally, as a result of increased volatility in the market, the after-tax discount rate used to determine the FVLCD increased from 10 percent as at December 31, 2019 to 13 percent as at March 31, 2020. The three percent increase in the after-tax discount rate resulted in the recognition of an additional $908.3 million in PP&E impairment.

At September 30, 2020, there were no indicators of impairment or impairment reversal.

Goodwill impairment

In the nine months ended September 30, 2020, the Company determined that the corporate carrying amount, consisting of PP&E and goodwill net of associated deferred income tax, of $2.5 billion exceeded the recoverable amount of $2.4 billion. The full amount of the impairment was attributed to goodwill and, as a result, an impairment loss of $122.7 million was recorded in impairment expense. The impairment expense in 2020 was primarily a result of lower forecast benchmark commodity prices at March 31, 2020 compared to December 31, 2019.

Taxes

During the three and nine months ended September 30, 2020, the Company recognized a deferred income tax expense of $5.1 million and recovery of $689.9 million, respectively, compared to a deferred income tax expense of $10.3 million and $18.2 million, respectively, for the same periods in 2019. The deferred income tax recovery in the nine months ended September 30, 2020 was primarily due to impairments recognized in the period.

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

($000s)	September 30 2020	December 31 2019	Annual Deductibility
Undepreciated capital cost	525,115	610,658	Various rates, primarily 25% declining balance
Canadian development expense	640,747	683,907	30% declining balance
Canadian exploration expense	2,575	-	100%
Canadian oil & gas property expense	1,552,695	1,653,727	10% declining balance
Non-capital loss carryforward	911,138	688,645	100%
Share issue costs	4,938	10,714	20% straight line
Total	3,637,208	3,647,651	

Gain on Acquisition

As part of the acquisition of Hyak Energy ULC ("Hyak"), Whitecap recognized a gain of $28.1 million for the nine months ended September 30, 2020. The gain represents the excess of the $45.2 million total identifiable net assets acquired over the $17.0 million cash consideration paid.

Net Income (Loss)

For the three and nine months ended September 30, 2020, the Company recognized a net income of $12.8 million and a net loss of $2.2 billion, respectively, compared to net income of $42.3 million and $48.1 million for the same periods in 2019, respectively. The following changes impacted the net income (loss):

($000s)	Three months ended September 30	Nine months ended September 30
2019 Net Income	42,277	48,073
Increase in impairment expenses	-	(2,924,275)
Decrease in petroleum and natural gas sales	(86,153)	(390,546)
Change in stock-based compensation expenses	1,870	(14,728)
Change in interest and financing expenses	774	(6,480)
Change in deferred income tax expense/ recovery	5,229	708,134
Change in risk management contracts	(24,666)	180,415
Decrease in royalties	28,704	106,376
Decrease in depletion, depreciation and amortization	38,283	68,068
Change in gain on acquisition	16	28,147
Decrease in operating expenses	5,173	12,210
Decrease in marketing expenses	1,167	4,513
Other net changes	161	3,169
2020 Net Income (Loss)	12,835	(2,176,924)

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, 2020.

The following table reconciles cash flow from operating activities to funds flow and free funds flow:

	Three months ended September 30		Nine months ended September 30	
($000s)	2020	2019	2020	2019
Cash flow from operating activities	129,179	147,373	353,841	482,471
Changes in non-cash working capital	(9,859)	6,933	(24,610)	8,593
Funds flow (1)	119,320	154,306	329,231	491,064
Expenditures on PP&E	14,075	153,848	174,173	305,215
Free funds flow (2)	105,245	458	155,058	185,849
Dividends paid or declared	17,454	35,171	69,808	103,323
Basic payout ratio (%) (2)	15	23	21	21
Total payout ratio (%) (2)	26	122	74	83
Funds flow per share, basic	0.29	0.37	0.81	1.19
Funds flow per share, diluted	0.29	0.37	0.80	1.18
Dividends paid or declared per share	0.04	0.09	0.17	0.25

Notes:

(1) Refer to Note 5(e) "Capital Management" in the unaudited interim consolidated 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, 2020, was $129.2 million and $353.8 million, respectively, compared to $147.4 million and $482.5 million for the same periods in 2019.

The following changes impacted cash flow from operating activities:

($000s)	Three months ended September 30	Nine months ended September 30
2019 Cash flow from operating activities	147,373	482,471
Change in net income/ loss	(29,442)	(2,224,997)
Change in deferred income tax expense/ recovery	(5,229)	(708,134)
Change in depletion, depreciation and amortization	(38,283)	(68,068)
Change in unrealized risk management contracts	37,368	(54,276)
Change in gain on acquisition	(16)	(28,147)
Change in impairment expenses	-	2,924,275
Net change in non-cash working capital items	16,792	33,203
Other net changes	616	(2,486)
2020 Cash flow from operating activities	129,179	353,841

Funds flow for the three and nine months ended September 30, 2020, was $119.3 million and $329.2 million, respectively, compared to $154.3 million and $491.1 million for the same periods in 2019. The decreases in funds flow are primarily attributed to lower commodity prices.

Free funds flow for the three months ended September 30, 2020 was $105.2 million compared to $0.5 million in the same period in 2019. The increase in free funds flow is primarily attributed to lower capital expenditures in the third quarter of 2020, partially offset by lower funds flow.

Free funds flow for the nine months ended September 30, 2020 was $155.1 million compared to $185.8 million for the same period in 2019. The decrease in free funds flow is primarily attributed to lower funds flow, partially offset by lower capital expenditures in the nine months ended September 30, 2020.

Capital Expenditures

	Three months ended September 30		Nine months ended September 30	
($000s)	2020	2019	2020	2019
Land and geological	185	308	874	3,898
Drilling and completions	8,813	139,357	143,653	262,006
Investment in facilities	3,646	12,644	23,352	32,881
Capitalized administration	1,408	1,378	5,990	5,867
Corporate and other assets	23	161	304	563
Expenditures on PP&E	14,075	153,848	174,173	305,215
Property acquisitions	71	2,020	5,355	3,606
Property dispositions	-	(89)	-	(712)
Corporate acquisition	268	-	18,417	-
Total capital expenditures	14,414	155,779	197,945	308,109

For the third quarter of 2020, expenditures on PP&E totaled $14.1 million with 89 percent spent on drilling, completions and facilities.

For the three and nine months ended September 30, 2020, Whitecap's drilling activity was as follows:

	Three months ended September 30, 2020		Nine months ended September 30, 2020	
	Gross	Net	Gross	Net
Northwest Alberta & British Columbia	-	-	12	7.2
Southeast Saskatchewan (1)	-	-	9	5.5
Southwest Saskatchewan (2)	-	-	22	13.5
West Central Alberta (3)	-	-	6	5.2
West Central Saskatchewan (4)	-	-	30	25.5
Total	-	-	79	56.9

Notes:
(1) Includes 2 (1.2 net) injection wells in the nine months ended September 30, 2020.
(2) Includes 2 (1.8 net) injection wells in the nine months ended September 30, 2020.
(3) Includes 1 (0.9 net) injection well in the nine months ended September 30, 2020.
(4) Includes 3 (3.0 net) injection wells in the nine months ended September 30, 2020.

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 & 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.

Corporate Acquisitions

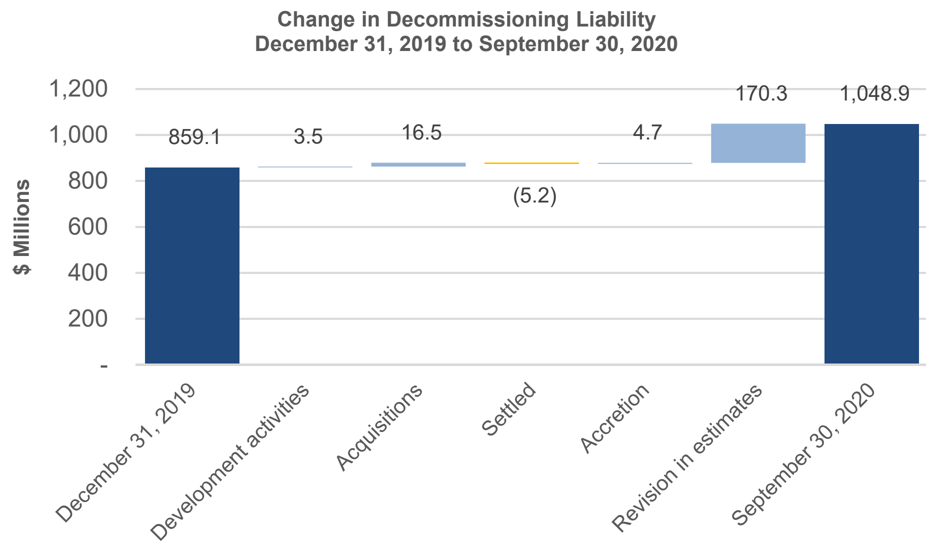
On January 15, 2020, the Company completed the acquisition of all of the issued and outstanding common shares of Hyak for $16.2 million in cash, net of acquired working capital.

On August 31, 2020, the Company announced that it had entered into an agreement in an all-stock transaction valued at approximately $155 million (the "Transaction") with NAL Resources Limited ("NAL") and a privately held wholly owned subsidiary of Manulife Financial Corporation ("Manulife"). Whitecap will issue Manulife 58.3 million Whitecap common shares in exchange for all the issued and outstanding NAL shares. The Transaction is expected to close on or before January 4, 2021. A copy of the press release may be accessed through the SEDAR website (www.sedar.com). The Company has received conditional approval from the TSX for the issuance of the 58.3 million Whitecap common shares to Manulife. The company has also received an advanced ruling certificate from the Competition Bureau with respect to the Transaction. The Transaction has been approved by the Competition Bureau and is not subject to further review by such Bureau on the facts provided in the request for an advanced ruling certificate.

Decommissioning Liability

At September 30, 2020, the Company's decommissioning liability balance was $1.0 billion ($859.1 million at December 31, 2019) for future abandonment and reclamation of the Company's properties. The increase in the decommissioning liability at September 30, 2020 compared to December 31, 2019 is primarily attributed to revisions in estimates as a result of Whitecap adopting new provincial guidance issued by British Columbia, combined with a decrease in the risk-free rate from 1.8 percent at December 31, 2019 to 1.1 percent at September 30, 2020. Estimates are based on both operational knowledge of the properties and updated industry guidance provided by the Alberta Energy Regulator, the Saskatchewan Ministry of the Economy, and the BC Oil and Gas Commission. The estimates are reviewed quarterly and adjusted as new information regarding the liability is determined.

Exhibit 4



Capital Resources and Liquidity

Credit Facilities

At September 30, 2020, 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. As at September 30, 2020 the amount drawn on the credit facilities was $561.3 million. 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.

The following table lists Whitecap's financial covenants as at September 30, 2020:

Covenant Description		September 30, 2020
Debt to EBITDA [(1) (2)]	Maximum Ratio 4.00	2.01
EBITDA to interest expense [(1)]	Minimum Ratio 3.50	12.46

Notes:

(1) 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.

(2) The debt used in the covenant calculation includes bank indebtedness, letters of credit, and dividends declared.

At September 30, 2020, the Company was compliant with all covenants provided for in the credit agreement. Copies of the Company's credit agreements may be accessed through the SEDAR website (www.sedar.com).

Senior Secured Notes

At September 30, 2020, 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, 2020			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. At September 30, 2020, the Company was compliant with all covenants provided for in the lending agreements.

Equity

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.

On May 14, 2020, the Company announced the approval of its renewed NCIB by the TSX (the "2020 NCIB"). The 2020 NCIB allows the Company to purchase up to 20,406,799 common shares over a period of twelve months commencing on May 21, 2020.

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)	2020	2019	2020	2019
Shares repurchased	-	3,545	2,634	4,621
Average cost ($/share)	-	4.13	3.87	4.25
Amounts charged to				
Share capital	-	14,632	10,197	19,628
Share repurchase cost	-	14,632	10,197	19,628

The Company is authorized to issue an unlimited number of common shares. At October 27, 2020, there were 408.3 million common shares and 8.4 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. At September 30, 2020, the Company had $613.7 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 2020 development capital program and dividend payments for the 2020 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)	2020	2021	2022	2023+	Total
Lease liabilities [(1)]	3,674	14,652	14,984	51,106	84,416
Service agreements	575	2,300	2,300	10,859	16,034
Transportation agreements	14,045	21,618	28,265	136,214	200,142
CO_2 purchase commitments	9,640	39,011	39,791	101,341	189,783
Long-term debt [(1)]	5,446	21,605	214,761	995,119	1,236,931
Total	33,380	99,186	300,101	1,294,639	1,727,306

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, 2020, the Company incurred nil and $0.3 million for legal fees and disbursements, respectively ($0.1 million and $0.2 million for the three and nine months ended September 30, 2019, 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. At September 30, 2020, a $0.1 million payable balance (nil – September 30, 2019) was outstanding.

Changes in Accounting Policies Including Initial Adoption

There were no changes that had a material effect on the reported income (loss) or net assets of the Company except as discussed below.

Government Grants

Government grants are recognized when there is reasonable assurance that the Company will comply with the conditions attaching to it, and that the grant will be received. Grants related to income are presented in the Consolidated Statement of Comprehensive Income (Loss) and are deducted in reporting the related expense. Grants related to assets are presented in the Consolidated Balance Sheet by deducting the grant in arriving at the carrying amount of the asset.

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 18 to the Company's unaudited interim consolidated financial statements for the three and nine months ended September 30, 2020.

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.

The Company's business, operations and financial condition has been significantly adversely affected by COVID-19. Actions taken to reduce the spread of COVID-19 have resulted in volatility and disruptions in regular business operations, supply chains and financial markets, as well as declining trade and market sentiment. COVID-19 as well as other factors have resulted in the deepest drop in crude oil prices that global markets have seen since 1991. With the rapid spread of COVID-19 and additional oil supply expected to come on-stream over the near term, oil prices and global equity markets have deteriorated significantly and are expected to remain under pressure. The extreme supply / demand imbalance has caused a reduction in industry spending to date in 2020. These events and conditions have caused a significant decrease in the valuation of oil and natural gas companies and a decrease in confidence in the oil and natural gas industry. COVID-19 also poses a risk on the financial capacity of Whitecap's contract counterparties and potentially their ability to perform contractual obligations. These difficulties have been exacerbated in Canada by political and other actions resulting in uncertainty surrounding regulatory, tax, royalty changes and environmental regulation.

On March 17, 2020, in response to market conditions and the sharp decline in global commodity prices, the Company announced the first phase of its responses. On April 30, 2020, Company announced the second phase of its responses. Copies of the press releases may be accessed through the SEDAR website (www.sedar.com).

Total cash reductions identified for 2020 from our phase one and phase two actions have totaled approximately $300 million. The cost reduction efforts on operating, general & administrative and royalty expenses are ongoing. In addition, our projected capital plans and dividend payments provide us with additional cash management levers which could be used to allow us to navigate through the current challenging environment.

Additional information regarding risk factors including, but not limited to, business risks is available in our Annual Information Form for the year ended December 31, 2019, a copy of which may be accessed through the SEDAR website (www.sedar.com).

Environmental Risks

General 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.

Climate Change Risks

Our exploration and production facilities and other operations and activities emit greenhouse gasses ("GHG") which may require us to comply with federal and/or provincial GHG emissions legislation. Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place to prevent climate change or mitigate our effects. The direct or indirect costs of compliance with GHG-related regulations may have a material adverse effect on our business, financial condition, results of operations and prospects. Some of our significant facilities may ultimately be subject to future regional, provincial and/or federal climate change regulations to manage GHG emissions. In addition, climate change has been linked to long-term shifts in climate patterns and extreme weather conditions both of which pose the risk of causing operational difficulties.

Additional information regarding risk factors including, but not limited to, environmental risks is available in our Annual Information Form for the year ended December 31, 2019, a copy of which may be accessed through the SEDAR website (www.sedar.com).

Summary of Quarterly Results

	2020			2019				2018
($000s, except as noted)	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Financial								
Petroleum and natural gas revenues	248,283	150,467	264,317	369,190	331,317	374,730	343,239	272,397
Funds flow (1)	119,320	78,134	131,777	184,546	154,306	175,537	161,221	138,810
Basic ($/share) (1)	0.29	0.19	0.32	0.45	0.37	0.42	0.39	0.33
Diluted ($/share) (1)	0.29	0.19	0.32	0.45	0.37	0.42	0.39	0.33
Net income (loss)	12,835	(78,285)	(2,111,474)	(203,946)	42,277	58,357	(52,561)	6,966
Basic ($/share)	0.03	(0.19)	(5.17)	(0.50)	0.10	0.14	(0.13)	0.02
Diluted ($/share)	0.03	(0.19)	(5.17)	(0.50)	0.10	0.14	(0.13)	0.02
Expenditures on PP&E	14,075	21,301	138,797	98,762	153,848	26,463	124,904	76,485
Property acquisitions	71	5,208	76	410	2,020	196	1,390	15,157
Property dispositions	-	-	-	(266)	(89)	44	(667)	(205)
Corporate acquisition	268	-	18,149	-	-	-	-	-
Total assets	3,122,924	3,114,151	3,220,706	5,358,465	6,075,973	5,968,862	6,120,622	5,958,964
Net debt	1,151,409	1,238,956	1,271,014	1,193,267	1,241,579	1,189,750	1,297,412	1,296,330
Common shares outstanding (000s)	408,286	408,181	408,000	409,619	410,562	412,907	413,158	414,063
Dividends paid or declared per share	0.04	0.04	0.09	0.09	0.09	0.08	0.08	0.08
Operational								
Average daily production								
Crude oil (bbls/d)	51,456	54,067	56,631	58,044	53,245	55,155	55,199	57,072
NGLs (bbls/d)	4,693	5,288	5,077	4,805	4,399	4,417	4,386	4,656
Natural gas (Mcf/d)	63,191	68,712	70,466	70,811	63,663	66,231	66,486	68,739
Total (boe/d)	66,681	70,807	73,452	74,651	68,255	70,611	70,666	73,185

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 the third quarter of 2020, the Company announced that it had entered into an agreement in an all-stock transaction valued at approximately $155 million with NAL. The Transaction is expected to close on or before January 4, 2021.

In the first quarter of 2020, due to the weak crude oil prices, the Company reduced its expected 2020 capital spending program from $350 - $370 million to $200 - $210 million and reduced its monthly dividend per share from $0.0285 to $0.01425, in order to strengthen its financial position. Additionally, as a result of lower forecast benchmark commodity prices at March 31, 2020 compared to December 31, 2019, the Company recognized impairments of $2.9 billion, of which $2.8 billion was attributed to PP&E and $0.1 billion was attributed to goodwill.

In 2019, the Company reduced 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 2019, the Company recognized an impairment of $296.9 million attributed to PP&E. The impairment expense in 2019 was primarily a result of lower forecast benchmark commodity prices at December 31, 2019 compared to December 31, 2018.

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.

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 2020.

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 marketing revenue and processing & other income, deducting realized hedging losses or adding realized hedging gains and deducting tariffs, royalties, operating expenses, transportation expenses and marketing 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: the expected closing date of the Transaction; Whitecap's focus and strategy; Whitecap's commodity risk management program and the benefits to be derived therefrom; management's belief that funds flow is a useful measure; 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 2020; Whitecap's deductions available for deferred income tax purposes and the terms of Whitecap's future contractual obligations.

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 impact (and the duration thereof) that the COVID-19 pandemic will have on (i) the demand for crude oil, NGLs and natural gas, (ii) our supply chain, including our ability to obtain the equipment and services we require, and (iii) our ability to produce, transport and/or sell our crude oil, NGLs and natural gas; the ability of OPEC+ nations and other major producers of crude oil to reduce crude oil production and thereby arrest and reverse the steep decline in world crude oil prices; 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; the ability of Whitecap to efficiently integrate assets and employees acquired through acquisitions; the timing of the completion of the Transaction and receipt of applicable regulatory approvals and on terms contemplated; 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; impact of the COVID-19 pandemic and the ability of the Company to carry on operations as contemplated in light of the COVID-19 pandemic; determinations by OPEC and other countries as to production levels; 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; failure to realize the anticipated benefits of acquisitions; incorrect assessment of the value 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.