FINANCIAL STATEMENTS

As at September 30, 2021

and for the three and nine months ended September 30, 2021 and 2020

WHITECAP RESOURCES INC.
CONSOLIDATED BALANCE SHEET
(unaudited)

As at (CAD $000s)	Note	**September 30, 2021**	December 31, 2020
Assets			
Current Assets			
Accounts receivable		**287,040**	115,958
Deposits and prepaid expenses		**12,298**	30,240
Risk management contracts	4 & 5	**8,680**	4,415
Total current assets		**308,018**	150,613
Property, plant and equipment	6 & 7	**6,331,145**	2,645,190
Exploration and evaluation	8	**52,785**	16,738
Right-of-use assets	9	**28,035**	64,819
Risk management contracts	4 & 5	**9,982**	4,277
Deferred income tax		**148,465**	499,773
Total assets		**6,878,430**	3,381,410
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities		**378,367**	122,133
Share awards liability	13	**24,752**	9,953
Dividends payable		**10,270**	5,832
Lease liabilities	11	**5,736**	11,688
Risk management contracts	4 & 5	**176,109**	15,854
Total current liabilities		**595,234**	165,460
Risk management contracts	4 & 5	**13,761**	4,111
Long-term debt	10	**1,224,572**	1,101,262
Lease liabilities	11	**25,112**	59,906
Decommissioning liability	12	**1,338,422**	1,046,659
Share awards liability	13	**10,970**	7,061
Total liabilities		**3,208,071**	2,384,459
Shareholders' Equity			
Share capital	13	**5,073,885**	3,867,343
Contributed surplus	13	**10,834**	13,022
Deficit		**(1,414,360)**	(2,883,414)
Total shareholders' equity		**3,670,359**	996,951
Total liabilities and shareholders' equity		**6,878,430**	3,381,410

Commitments (Note 17)

See accompanying notes to the consolidated financial statements

Approved on behalf of the Board:

(signed) *"Stephen C. Nikiforuk"*
Stephen C. Nikiforuk
Director

(signed) *"Grant B. Fagerheim"*
Grant B. Fagerheim
Director

WHITECAP RESOURCES INC.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)
For the three and nine months ended September 30, 2021
(unaudited)

		Three Months Ended September 30,		Nine Months Ended September 30,	
(CAD $000s, except per share amounts)	Note	**2021**	2020	**2021**	2020
Revenue					
Petroleum and natural gas sales	14	**728,095**	256,915	**1,858,130**	686,717
Royalties		**(109,170)**	(34,388)	**(271,397)**	(86,412)
Petroleum and natural gas sales, net of royalties		**618,925**	222,527	**1,586,733**	600,305
Other Income					
Net gain (loss) on commodity contracts	5	**(66,966)**	(12,036)	**(297,374)**	99,498
Gain on acquisition		**-**	16	**-**	28,147
Total revenue and other income		**551,959**	210,507	**1,289,359**	727,950
Expenses					
Operating		**146,248**	73,727	**407,322**	227,336
Transportation		**24,470**	14,947	**66,759**	45,906
Marketing		**46,036**	5,911	**107,823**	17,927
General and administrative		**10,650**	4,893	**29,940**	15,990
Stock-based compensation	5 & 13	**7,197**	2,378	**14,925**	27,276
Transaction costs		**154**	154	**11,847**	154
Interest and financing	5 & 10	**10,730**	10,509	**30,771**	44,793
Accretion of decommissioning liabilities	12	**7,090**	2,080	**19,706**	4,713
Depletion, depreciation, and amortization	7 & 9	**133,228**	77,990	**380,239**	283,885
Impairment (reversal)	7	**(1,851,216)**	-	**(1,851,216)**	2,924,275
Exploration and evaluation	8	**741**	-	**2,609**	2,569
Net gain on asset dispositions		**-**	(2)	**(5,073)**	(2)
Total expenses		**(1,464,672)**	192,587	**(784,348)**	3,594,822
Income (loss) before income taxes		**2,016,631**	17,920	**2,073,707**	(2,866,872)
Taxes					
Deferred income tax expense (recovery)		**501,998**	5,085	**520,881**	(689,948)
Net income (loss) and other comprehensive income (loss)		**1,514,633**	12,835	**1,552,826**	(2,176,924)
Net Income (Loss) Per Share ($/share)	15				
Basic		**2.40**	0.03	**2.64**	(5.33)
Diluted		**2.37**	0.03	**2.62**	(5.33)

See accompanying notes to the consolidated financial statements

WHITECAP RESOURCES INC.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the nine months ended September 30, 2021
(unaudited)

(CAD $000s)	Note	2021	2020
Share Capital	13(b)		
Balance, beginning of year		**3,867,343**	3,860,962
Common shares repurchased	13(c)	**(30,486)**	(10,197)
Issued on the acquisition of NAL	6	**283,195**	-
Issued on the acquisition of TORC	6	**731,877**	-
Issued on the acquisition of Kicking Horse	6	**189,201**	-
Issued on the acquisition of Highrock	6	**22,286**	-
Contributed surplus adjustment on vesting of share awards		**11,061**	10,200
Share issue costs, net of deferred income tax		**(592)**	-
Balance, end of period		**5,073,885**	3,860,965
Contributed Surplus	13(e)		
Balance, beginning of year		**13,022**	18,413
Stock-based compensation		**8,873**	8,870
Share award vesting		**(11,061)**	(10,200)
Balance, end of period		**10,834**	17,083
Deficit			
Balance, beginning of year		**(2,883,414)**	(951,165)
Net income (loss) and other comprehensive income (loss)		**1,552,826**	(2,176,924)
Dividends		**(83,772)**	(69,808)
Balance, end of period		**(1,414,360)**	(3,197,897)

See accompanying notes to the consolidated financial statements

WHITECAP RESOURCES INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the three and nine months ended September 30, 2021
(unaudited)

		Three Months Ended September 30,		Nine Months Ended September 30,	
(CAD $000s)	Note	**2021**	2020	**2021**	2020
Operating Activities					
Net income (loss) for the period		**1,514,633**	12,835	**1,552,826**	(2,176,924)
Items not affecting cash:					
Depletion, depreciation, and amortization	7 & 9	**133,228**	77,990	**380,239**	283,885
Impairment (reversal)	7	**(1,851,216)**	-	**(1,851,216)**	2,924,275
Exploration and evaluation	8	**741**	-	**2,609**	2,569
Deferred income tax expense (recovery)		**501,998**	5,085	**520,881**	(689,948)
Stock-based compensation	5 & 13	**1,622**	1,342	**6,534**	6,314
Accretion of decommissioning liabilities	12	**7,090**	2,080	**19,706**	4,713
Unrealized loss (gain) on risk management contracts	5	**(11,742)**	20,353	**128,345**	7,734
Net gain on asset dispositions		**-**	(2)	**(5,073)**	(2)
Gain on acquisition		**-**	(16)	**-**	(28,147)
Settlement of decommissioning liabilities	12	**(2,613)**	(347)	**(6,779)**	(5,238)
Net change in non-cash working capital items	16	**(137)**	9,859	**46,658**	24,610
Cash flow from operating activities		**293,604**	129,179	**794,730**	353,841
Financing Activities					
Increase (decrease) in long-term debt		**(109,782)**	(90,234)	**123,310**	(21,280)
Common shares repurchased	13	**(19,336)**	-	**(30,486)**	(10,197)
Share issue costs		**(48)**	-	**(782)**	-
Dividends		**(30,807)**	(17,454)	**(83,772)**	(69,808)
Principal portion of lease payments		**(1,289)**	(2,744)	**(5,450)**	(8,039)
Repayment of acquired debt	6	**-**	-	**(400,921)**	-
Net change in non-cash working capital items	16	**11**	2	**4,438**	(5,855)
Cash flow used in financing activities		**(161,251)**	(110,430)	**(393,663)**	(115,179)
Investing Activities					
Expenditures on property, plant and equipment		**(135,204)**	(14,075)	**(293,486)**	(174,173)
Expenditures on property acquisitions	6	**(394)**	(71)	**(72,753)**	(5,355)
Cash from property dispositions		**35**	-	**102**	-
Expenditures on corporate acquisitions, net of cash acquired	6	**(40,189)**	(109)	**(85,980)**	(17,003)
Net change in non-cash working capital items	16	**43,399**	(4,494)	**51,050**	(42,131)
Cash flow used in investing activities		**(132,353)**	(18,749)	**(401,067)**	(238,662)
Change in cash, during the period		**-**	-	**-**	-
Cash, beginning of period		**-**	-	**-**	-
Cash, end of period		**-**	-	**-**	-
Cash Interest Paid		**9,310**	8,524	**31,838**	30,834

See accompanying notes to the consolidated financial statements

1. NATURE OF BUSINESS

Whitecap Resources Inc. (also referred to herein as "Whitecap" or the "Company") is 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. The Company's principal place of business is located at 3800, 525 – 8th Avenue SW, Calgary, Alberta, Canada, T2P 1G1.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, specifically International Accounting Standard ("IAS") 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board. They are condensed as they do not include all of the information required for full annual consolidated financial statements, and they should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2020.

The policies applied in these condensed interim consolidated financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as at October 27, 2021, the date the Board of Directors approved these statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim consolidated financial statements follow the same accounting policies as the most recent annual audited consolidated financial statements. The interim consolidated financial statements note disclosures do not include all of those required by IFRS applicable for annual consolidated financial statements. Accordingly, these interim consolidated financial statements should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2020.

4. DETERMINATION OF FAIR VALUES

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

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

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

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

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

The carrying value of deposits, accounts receivable, bank debt, dividends payable, accounts payable and accrued liabilities included in the balance sheet approximate fair value due to the short-term nature of those instruments or the indexed rate of interest on the bank debt. The fair value measurement of the risk management contracts and the senior notes have a fair value hierarchy of Level 2. The fair value measurement of property, plant and equipment ("PP&E"), exploration and evaluation ("E&E"), and right-of-use assets have a fair value hierarchy of Level 3. The Company's finance department is responsible for performing the valuation of financial instruments, including the calculation of Level 3 fair values. Refer to Notes 7, 8, and 9 for changes in the Company's Level 3 assets.

a) PP&E and E&E Assets

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

b) Deposits, Accounts Receivable, Long-term Debt, Dividends Payable, Accounts Payable and Accrued Liabilities

The fair value of deposits, accounts receivable, bank debt, senior notes, dividends payable, accounts payable and accrued liabilities is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. As at September 30, 2021 and December 31, 2020, the fair value of these balances, other than senior notes, approximated their carrying value. The fair value of the bank debt is equal to its carrying amount as the bank debt bears interest at floating rates and credit spreads within the facility are indicative of market rates.

c) Derivatives

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

d) Share Awards

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

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial Assets and Financial Liabilities Subject to Offsetting

Financial assets and liabilities are only offset if Whitecap has the current legal right to offset and intends to settle on a net basis or settle the asset and liability simultaneously. Whitecap offsets risk management assets and liabilities when the counterparty, commodity, currency and timing of settlement are the same. The following table summarizes the gross asset and liability positions of the Company's financial derivatives by counterparty that are offset on the balance sheet as at September 30, 2021 and December 31, 2020:

	September 30, 2021			December 31, 2020		
($000s)	**Asset**	**Liability**	**Net**	Asset	Liability	Net
Gross amount	**18,790**	**(189,998)**	**(171,208)**	14,485	(25,758)	(11,273)
Amount offset	**(128)**	**128**	**-**	(5,793)	5,793	-
Net amount	**18,662**	**(189,870)**	**(171,208)**	8,692	(19,965)	(11,273)

b) Credit Risk

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

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

The maximum exposure to credit risk is as follows:

	September 30, 2021	December 31, 2020
Accounts receivable	**287,040**	115,958
Risk management contracts	**18,662**	8,692
Total exposure	**305,702**	124,650

Joint interest receivables are typically collected within one to three months following production. The majority of the credit exposure on accounts receivable at September 30, 2021 pertains to accrued revenue for September 2021 production volumes. Whitecap transacts with a number of oil and natural gas marketing companies and commodity end users ("Commodity Purchasers"). Commodity Purchasers typically remit amounts to Whitecap by the 25th day of the month following production. The Company monitors the exposure to any single counterparty along with its financial position. If it is deemed that a counterparty has become materially weaker, the Company will work to reduce the credit exposure to that counterparty. At September 30, 2021, four Commodity Purchasers accounted for 44 percent of the total accounts receivable balance. None are considered a credit risk.

Whitecap applies the simplified approach to providing for expected credit losses prescribed by IFRS 9 which permits the use of the lifetime expected loss provision for all trade receivables. Prior credit losses in the collection of accounts receivable by Whitecap have been negligible and the Company does not anticipate any significant future credit losses based on forward looking information. Accordingly, no provision has been recorded for expected credit losses.

When determining whether amounts that are past due are collectable, management assesses the creditworthiness and past payment history of the counterparty, as well as the nature of the past due amount. Whitecap considers all amounts greater than 90 days to be past due. At September 30, 2021, there was $4.0 million (December 31, 2020 – $1.6 million) of receivables aged over 90 days. Subsequent to September 30, 2021, approximately $0.7 million (December 31, 2020 – $0.5 million) has been collected and the remaining balance is not considered to be a credit risk.

c) Liquidity Risk

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

The following table details the contractual maturities of Whitecap's financial liabilities as at September 30, 2021:

($000s)	<1 year	1 - 2 years	2+ years	Total
Accounts payable and accrued liabilities	378,367	-	-	378,367
Dividends payable	10,270	-	-	10,270
Long-term debt (1)	216,505	14,685	1,053,788	1,284,978
Lease liabilities (1)	7,420	6,496	22,460	36,376
Share awards liability	24,752	9,458	1,512	35,722
Risk management contracts (2)	176,109	13,761	-	189,870
Total financial liabilities	813,423	44,400	1,077,760	1,935,583

Notes:
(1) These amounts include the notional principal and interest payments.
(2) Interest rate swaps are included in risk management contracts.

The following table details Whitecap's financial liabilities as at December 31, 2020:

($000s)	<1 year	1 - 2 years	2+ years	Total
Accounts payable and accrued liabilities	122,133	-	-	122,133
Dividends payable	5,832	-	-	5,832
Long-term debt (1)	21,605	214,761	941,462	1,177,828
Lease liabilities (1)	14,651	14,984	51,106	80,741
Share awards liability	9,953	6,483	578	17,014
Risk management contracts (2)	15,854	1,968	2,143	19,965
Total financial liabilities	190,028	238,196	995,289	1,423,513

Notes:
(1) These amounts include the notional principal and interest payments.
(2) Interest rate swaps are included in risk management contracts.

d) Market Risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk is composed of commodity price risk, interest rate risk, equity price risk and foreign exchange risk as discussed below.

Whitecap's consolidated balance sheet included the following risk management assets recorded at fair value:

($000s)	September 30, 2021	December 31, 2020
Current Assets		
Crude oil	-	728
Natural gas	-	2,110
Equity	8,680	1,577
Total current assets	8,680	4,415
Long-term Assets		
Crude oil	300	-
Interest	2,098	-
Equity	7,584	4,277
Total long-term assets	9,982	4,277
Total fair value	18,662	8,692

Whitecap's consolidated balance sheet included the following risk management liabilities recorded at fair value:

($000s)	**September 30, 2021**	December 31, 2020
Current Liabilities		
Crude oil	**142,034**	12,506
Natural gas	**30,848**	1,123
Interest	**3,227**	2,225
Total current liabilities	**176,109**	15,854
Long-term Liabilities		
Crude oil	**9,613**	-
Natural gas	**4,052**	-
Interest	**96**	4,111
Total long-term liabilities	**13,761**	4,111
Total fair value	**189,870**	19,965

Whitecap's net income (loss) includes the following realized and unrealized gains (losses) on risk management contracts:

	Three months ended September 30,		Nine months ended September 30,	
($000s)	**2021**	2020	**2021**	2020
Realized gain (loss) on commodity contracts	**(72,864)**	10,101	**(153,508)**	80,276
Unrealized gain (loss) on commodity contracts	**5,898**	(22,137)	**(143,866)**	19,222
Net gain (loss) on commodity contracts	**(66,966)**	(12,036)	**(297,374)**	99,498
Realized loss on interest rate contracts (1)	**(982)**	(533)	**(2,380)**	(851)
Unrealized gain (loss) on interest rate contracts (1)	**1,359**	194	**5,111**	(10,840)
Realized gain (loss) on equity contracts (2)	**182**	229	**3,318**	(4,085)
Unrealized gain (loss) on equity contracts (2)	**4,485**	1,590	**10,410**	(16,116)
Net gain (loss) on risk management contracts	**(61,922)**	(10,556)	**(280,915)**	67,606

Notes:
(1) The gain (loss) on interest rate risk management contracts is included in interest and financing expense.
(2) The gain (loss) on equity contracts is included in stock-based compensation expenses.

i) Commodity Price Risk

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

Whitecap manages the risks associated with changes in commodity prices by entering into a variety of risk management contracts. The Company assesses the effects of movement in commodity prices on income before tax. When assessing the potential impact of these commodity price changes, the Company believes a ten percent volatility is a reasonable measure. A ten percent increase or decrease in commodity prices would have resulted in the following impact to unrealized gains (losses) on risk management contracts and net income (loss) before tax:

($000s)	**September 30, 2021**	
	Increase 10%	**Decrease 10%**
Commodity Price		
Crude oil	(60,880)	63,530
Natural gas	(6,938)	6,938
Differential		
Crude oil	2,851	(2,851)

At September 30, 2021, the following commodity risk management contracts were outstanding with an asset fair market value of $0.3 million and liability fair market value of $186.5 million (December 31, 2020 – asset of $2.8 million and liability of $13.6 million):

1) WTI Crude Oil Derivative Contracts

Type	**Remaining Term**	**Volume (bbls/d)**	**Bought Put Price (C$/bbl)** [1]	**Sold Call Price (C$/bbl)** [1]	**Swap Price (C$/bbl)** [1]
Swap [2]	Oct - Dec 2021	21,500			65.46
Swap	Jan - Jun 2022	7,000			68.47
Swap	Jan - Dec 2022	750			52.11
Swap	Jul - Dec 2022	750			73.55
Swap	Jan - Jun 2023	1,000			80.00
Collar	Oct - Dec 2021	5,500	54.82	73.68	
Collar	Jan - Jun 2022	7,000	63.21	81.17	
Collar	Jul - Dec 2022	6,500	62.85	82.76	
Collar	Jan - Jun 2023	1,000	65.00	100.15	

Notes:
(1) Prices reported are the weighted average prices for the period.
(2) 2,000 bbls/d are extendable through the first half of 2022, as a swap, with a price of C$68.00/bbl at the option of the counterparties through the exercise of a one-time option on December 31, 2021.

2) WTI Crude Oil Differential Derivative Contracts

Type	**Remaining Term**	**Volume (bbls/d)**	**Basis** [1][2]	**Swap Price (C$/bbl)** [3]
Swap	Oct - Dec 2021	9,000	MSW	6.16
Swap	Oct - Dec 2021	4,000	WCS	16.74
Swap	Jan - Dec 2022	3,000	WCS	15.32

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

3) Natural Gas Derivative Contracts

Type	Remaining Term	Volume (GJ/d)	Swap Price (C$/GJ) (1)
Swap	Oct 2021	26,000	2.39
Swap	Oct - Dec 2021	50,000	2.02
Swap	Nov 2021 - Mar 2022	12,000	2.89
Swap	Jan - Mar 2022	4,000	2.91
Swap	Jan - Dec 2022	25,000	1.95

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

4) Contracts entered into subsequent to September 30, 2021

a) WTI Crude Oil Derivative Contracts

Type	Remaining Term	Volume (bbls/d)	Bought Put Price (C$/bbl) (1)	Sold Call Price (C$/bbl) (1)	Swap Price (C$/bbl) (1)
Collar	Jan - Jun 2023	1,000	70.00	97.00	
Collar	Jan - Dec 2023	1,000	65.00	100.65	
Swap	Jul - Dec 2023	1,000			82.02

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

ii) Interest Rate Risk

The Company is exposed to interest rate risk on its credit facility. The credit facility consists of a $1.33 billion revolving syndicated facility and a $75 million revolving operating facility. The revolving syndicated facility and revolving operating facility bear interest at the bank's prime lending or bankers' acceptance rates plus applicable margins. Changes in interest rates could result in an increase or decrease in the amount Whitecap pays to service the variable interest rate debt. The Company mitigates its exposure to interest rate changes by entering into interest rate swap transactions and/or fixed rate debt.

If interest rates applicable to floating rate debt at September 30, 2021 were to have increased or decreased by 25 basis points, it is estimated that the Company’s income before tax would change by approximately $0.4 million and $1.2 million for the three and nine months ended September 30, 2021, respectively ($0.4 million and $1.1 million for the three and nine months ended September 30, 2020, respectively). This assumes that the change in interest rate is effective from the beginning of the year and the amount of floating rate debt is at September 30, 2021.

When assessing the potential impact of forward interest rate changes on the Company’s interest rate swaps, the Company believes an interest rate volatility of 25 basis points is a reasonable measure. A 25 basis point increase or decrease in forward interest rates would have resulted in the following impact to unrealized gains (losses) on risk management contracts and net income (loss) before tax:

($000s)	September 30, 2021	
	Increase 0.25%	Decrease 0.25%
Interest rate swaps	1,013	(1,013)

At September 30, 2021, the following interest rate risk management contracts were outstanding with an asset fair market value of $2.1 million and liability fair market value of $3.3 million (December 31, 2020 – liability of $6.3 million):

1) Interest Rate Contracts

Type	Term		Amount ($000s)	Fixed Rate (%) (1)	Index (2)
Swap	Aug 6, 2019	Aug 6, 2024	200,000	1.5540	CDOR
Swap	May 5, 2021	May 5, 2025	200,000	1.2315	CDOR

Notes:
(1) Rates reported are the weighted average rates for the period.
(2) Canadian Dollar Offered Rate ("CDOR").

iii) Equity Price Risk

The Company is exposed to equity price risk on its own share price in relation to awards issued under the award incentive plan, which affects earnings through the revaluation of awards that are accounted for as cash-settled transactions at each period end. Changes in share price could result in an increase or decrease in the amount that Whitecap recognizes as stock-based compensation and the amount Whitecap pays to cash settle awards. The Company mitigates its exposure to fluctuations in its share price by entering into equity derivative contracts such as total return swaps.

When assessing the potential impact of share price on the Company's total return swaps, the Company believes a share price volatility of ten percent is a reasonable measure. A ten percent increase or decrease in share price would have resulted in the following impact to unrealized gains (losses) on risk management contracts and net income (loss) before tax:

($000s)	September 30, 2021	
	Increase 10%	Decrease 10%
Total return swaps	2,879	(2,879)

At September 30, 2021, the following equity risk management contracts were outstanding with an asset fair market value of $16.3 million (December 31, 2020 – asset of $5.9 million):

1) Equity Derivative Contracts

Type	Remaining Term		Notional Amount ($000s) (1)	Share Volume
Swap	Oct 1, 2021	Oct 1, 2022	15,338	3,467,300
Swap	Oct 1, 2021	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.

iv) Foreign Exchange Risk

The Company is exposed to the risk of changes in the U.S./Canadian dollar exchange rate on crude oil sales based on U.S. dollar benchmark prices and commodity contracts that are settled in U.S. dollars. Foreign exchange risk is mitigated by entering into Canadian dollar denominated commodity risk management contracts or foreign exchange contracts. At September 30, 2021, Whitecap did not have any foreign exchange contracts outstanding.

e) Capital Management

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

i) Net Debt and Total Capitalization

Management considers net debt a key measure to assess the Company's liquidity. Total capitalization is used by Management and investors in analyzing the Company's balance sheet strength and liquidity.

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

($000s)	**September 30, 2021**	December 31, 2020
Accounts receivable	**(287,040)**	(115,958)
Deposits and prepaid expenses	**(12,298)**	(30,240)
Accounts payable and accrued liabilities	**378,367**	122,133
Dividends payable	**10,270**	5,832
Long-term debt	**1,224,572**	1,101,262
Net debt	**1,313,871**	1,083,029
Shareholders' equity	**3,670,359**	996,951
Total capitalization	**4,984,230**	2,079,980

ii) Funds Flow

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.

Funds flow for the three and nine months ended September 30, 2021 and 2020 is calculated as follows:

	Three months ended September 30,		Nine months ended September 30,	
($000s)	**2021**	2020	**2021**	2020
Cash flow from operating activities	**293,604**	129,179	**794,730**	353,841
Net change in non-cash working capital items	**137**	(9,859)	**(46,658)**	(24,610)
Funds flow	**293,741**	119,320	**748,072**	329,231

6. ACQUISITIONS

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

The below amounts are estimates which were made by management at the time of the preparation of these consolidated financial statements based on information then available. Amendments may be made to these amounts as values subject to estimate are finalized for a period of up to one year. The pro-forma information disclosed below is not necessarily indicative of the actual results that would have been achieved had the business combinations closed on January 1, 2021.

a) 2021 Acquisitions

i) NAL Resources Limited ("NAL")

On January 4, 2021, the Company closed the previously announced acquisition of NAL. Whitecap issued 58.3 million Whitecap common shares to the Manufacturers Life Insurance Company in exchange for all the issued and outstanding NAL shares. The acquisition of NAL has been accounted for as a business combination under IFRS 3.

The acquisition of NAL has contributed revenues of $264.4 million and operating income of $149.2 million since January 4, 2021. Had the acquisition of NAL closed on January 1, 2021, estimated contributed revenues would have been $266.8 million and estimated contributed operating income would have been $150.6 million for the nine months ended September 30, 2021.

Net assets acquired ($000s):	
Right-of-use assets	**802**
Working capital	**29,201**
Petroleum and natural gas properties	**422,547**
Exploration and evaluation	**9,071**
Decommissioning liability	**(150,162)**
Deferred income tax	**(27,462)**
Lease liabilities	**(802)**
Total identifiable net assets acquired	**283,195**
Consideration:	
Share consideration	**283,195**
Total consideration	**283,195**

ii) TORC Oil & Gas Ltd. ("TORC")

On February 24, 2021, the Company closed the previously announced acquisition of TORC. Whitecap issued 129.8 million Whitecap common shares in exchange for all the issued and outstanding TORC shares and the assumption of net debt. The acquisition of TORC has been accounted for as a business combination under IFRS 3.

The acquisition of TORC has contributed revenues of $369.0 million and operating income of $214.3 million since February 24, 2021. Had the acquisition of TORC closed on January 1, 2021, estimated contributed revenues would have been $435.9 million and estimated contributed operating income would have been $251.3 million for the nine months ended September 30, 2021.

Net assets acquired ($000s):	
Right-of-use assets	**6,991**
Working capital	**(4,826)**
Petroleum and natural gas properties	**955,035**
Exploration and evaluation	**11,185**
Risk management contracts	**(7,578)**
Decommissioning liability	**(96,190)**
Bank debt	**(361,768)**
Deferred income tax	**236,019**
Lease liabilities	**(6,991)**
Total identifiable net assets acquired	**731,877**
Consideration:	
Share consideration	**731,877**
Total consideration	**731,877**

iii) Kicking Horse Oil & Gas Ltd. ("Kicking Horse")

On May 14, 2021, the Company closed the previously announced agreement to indirectly acquire all the issued and outstanding shares of Kicking Horse. The aggregate consideration consists of 34.5 million Whitecap common shares, $56.2 million in cash and the assumption of net debt. The acquisition of Kicking Horse has been accounted for as a business combination under IFRS 3.

The acquisition of Kicking Horse has contributed revenues of $35.6 million and operating income of $27.7 million since May 14, 2021. Had the acquisition of Kicking Horse closed on January 1, 2021, estimated contributed revenues would have been $81.0 million and estimated contributed operating income would have been $53.9 million for the nine months ended September 30, 2021.

Net assets acquired ($000s):	
Working capital	**(31,722)**
Petroleum and natural gas properties	**354,212**
Exploration and evaluation	**18,316**
Risk management contracts	**(24,012)**
Decommissioning liability	**(5,774)**
Bank debt	**(39,153)**
Deferred income tax	**(26,473)**
Total identifiable net assets acquired	**245,394**
Consideration:	
Cash consideration	**56,193**
Share consideration	**189,201**
Total consideration	**245,394**

iv) Highrock Resources Ltd. ("Highrock")

On July 2, 2021, the Company closed the acquisition of all the issued and outstanding common shares of Highrock for consideration consisting of 3.6 million Whitecap common shares and $44.4 million in cash. The acquisition of Highrock has been accounted for as a business combination under IFRS 3.

The acquisition of Highrock has contributed revenues of $12.6 million and operating income of $8.3 million since July 2, 2021. Had the acquisition of Highrock closed on January 1, 2021, estimated contributed revenues would have been $32.6 million and estimated contributed operating income would have been $21.9 million for the nine months ended September 30, 2021.

Net assets acquired ($000s):	
Working capital	**3,311**
Petroleum and natural gas properties	**78,054**
Exploration and evaluation	**345**
Decommissioning liability	**(2,344)**
Deferred income tax	**(12,701)**
Total identifiable net assets acquired	**66,665**
Consideration:	
Cash consideration	**44,379**
Share consideration	**22,286**
Total consideration	**66,665**

v) Other Acquisitions

In the nine months ended September 30, 2021, the Company acquired assets for total cash consideration of $72.8 million, primarily consisting of certain production facilities in the Central Alberta and Western Saskatchewan cash generating units that were previously leased. See Note 9 – "Right-Of-Use Assets" and Note 11 – "Lease Liabilities" for additional information regarding the Company's leases.

7. PROPERTY, PLANT AND EQUIPMENT

a) Net Carrying Amount

Net book value ($000s)	September 30, 2021	December 31, 2020
Petroleum and natural gas properties	**11,019,866**	8,813,291
Other assets	**7,519**	5,676
Property, plant and equipment, at cost	**11,027,385**	8,818,967
Less: accumulated depletion, depreciation, amortization and impairment	**(4,696,240)**	(6,173,777)
Total net carrying amount	**6,331,145**	2,645,190

b) Cost

Cost ($000s)	Petroleum and natural gas properties	Other assets	Total
Balance at December 31, 2020	8,813,291	5,676	8,818,967
Additions	329,856	1,843	331,699
Property acquisitions	75,005	-	75,005
Corporate acquisitions	1,809,848	-	1,809,848
Transfer from evaluation and exploration assets	915	-	915
Disposals	(9,049)	-	(9,049)
Balance at September 30, 2021	**11,019,866**	**7,519**	**11,027,385**

c) Accumulated Depletion, Depreciation, Amortization and Impairment

Accumulated depletion, depreciation, amortization and impairment ($000s)	Petroleum and natural gas properties	Other assets	Total
Balance at December 31, 2020	6,169,552	4,225	6,173,777
Depletion, depreciation and amortization	372,940	739	373,679
Impairment reversal	(1,851,216)	-	(1,851,216)
Balance at September 30, 2021	**4,691,276**	**4,964**	**4,696,240**

At September 30, 2021, $413.2 million of salvage value (September 30, 2020 – $227.5 million) was excluded from the depletion calculation. Future development costs of $5.5 billion (September 30, 2020 – $3.8 billion) were included in the depletion calculation. The Company capitalized $15.8 million (September 30, 2020 – $8.7 million) of administrative costs directly relating to development activities which includes $7.8 million (September 30, 2020 – $2.7 million) of stock-based compensation.

d) Impairment Test of Property, Plant and Equipment

As a result of an increase in forward benchmark commodity prices at September 30, 2021 compared to December 31, 2020 as well as increases to proved plus probable reserves within certain cash generating units ("CGUs"), an impairment test on the Company's PP&E assets was performed.

The following table outlines the forecast benchmark commodity prices used in the impairment calculation of property, plant and equipment at September 30, 2021. Forecast benchmark commodity price assumptions tend to be stable because short-term increases or decreases in prices are not considered indicative of long-term price levels, but are nonetheless subject to change. The Company used after-tax discount rates ranging from 14.5-15 percent (December 31, 2020 – 14.5-15 percent).

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030 (2)
WTI crude oil (US$/bbl) (1)	75.17	71.00	67.77	65.57	66.88	68.22	69.58	70.97	72.39	73.84
AECO natural gas ($/MMBtu) (1)	4.57	3.83	3.26	2.99	3.05	3.12	3.17	3.24	3.31	3.37
Exchange Rate (CAD/USD)	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80

Notes:
(1) The forecast benchmark commodity prices listed are adjusted for quality differentials, heat content, transportation and marketing costs and other factors specific to the Company's operations in performing the Company's impairment tests.
(2) Forecast benchmark commodity prices are assumed to increase by 2 percent in each year after 2030 to the end of the reserve life. Forecast exchange rate is assumed to remain at 0.80 CAD/USD each year after 2030 to the end of the reserve life.

The impairment test of PP&E at September 30, 2021 concluded that the fair value less cost of disposal ("FVLCD") of each of the Company's Cash CGUs exceeded their carrying amounts:

($000s)	FVLCD	Carrying Value	Reversal
Northern Alberta & British Columbia	1,728,951	1,265,814	(463,137)
Eastern Saskatchewan	2,288,406	2,067,188	(221,218)
Central Alberta	1,326,508	903,160	(423,348)
Western Saskatchewan	1,380,253	636,740	(743,513)
Total	6,724,118	4,872,902	(1,851,216)

The full amount of the impairment reversal was attributed to PP&E and, as a result, a total impairment reversal of $1.9 billion was recorded in the Consolidated Statement of Comprehensive Income (Loss). The impairment reversal was primarily a result of higher forecast benchmark commodity prices and increases to proved plus probable reserves within certain CGUs.

Changes in any of the key judgments, such as an increase in the after-tax discount rate, a downward revision in reserves, a decrease in forecast benchmark commodity prices, changes in foreign exchange rates, an increase in royalties or an increase in operating costs would decrease the recoverable amounts of assets and any impairment charges or reversals would affect net income (loss).

As at September 30, 2021, a one percent increase in the assumed discount rate and/or a five percent decrease in the forecast operating cash flows would result in the following total pre-tax impairment expense (reversal) being recognized:

Impairment expense (reversal) ($000s)	1% increase in discount rate	5% decrease in cash flows	1% increase in discount rate and 5% decrease in cash flows
Northern Alberta & British Columbia	(463,137)	(463,137)	(463,137)
Eastern Saskatchewan	(221,218)	(221,218)	(221,218)
Central Alberta	(330,326)	(335,148)	(246,777)
Western Saskatchewan	(656,951)	(651,632)	(569,398)
Total	(1,671,632)	(1,671,135)	(1,500,530)

At March 31, 2020, as a result of the significant decrease in forward benchmark commodity prices compared to December 31, 2019, an impairment test on the Company's PP&E assets was performed. The recoverable amount of PP&E is determined as the FVLCD using a discounted cash flow method and is assessed at the CGU level. The fair value measurement of the Company's PP&E is designated Level 3 on the fair value hierarchy. Refer to Note 4 – "Determination of Fair Values" for a description of the methodology used in the determination of fair values.

The impairment test of PP&E at March 31, 2020 concluded that the carrying amounts of each of the Company's CGUs exceeded their 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 at March 31, 2020 was primarily a result of lower forecast benchmark commodity prices and the increase to the after-tax discount rate at March 31, 2020 to 13 percent compared to 10 percent at December 31, 2019.

Impairment losses can be reversed in future periods if the estimated recoverable amount of the CGU exceeds its carrying value. The impairment recovery is limited to a maximum of the estimated depleted historical cost if the impairment had not been recognized.

8. EXPLORATION AND EVALUATION ASSETS

a) Net Carrying Amount

($000s)	**September 30, 2021**	December 31, 2020
Exploration and evaluation assets	**89,413**	50,757
Less: accumulated land expiries and write-offs	**(36,628)**	(34,019)
Total net carrying amount	**52,785**	16,738

b) Cost

($000s)	Undeveloped Land
Balance at December 31, 2020	50,757
Additions	654
Corporate acquisitions	38,917
Transfer to property, plant and equipment	(915)
Balance at September 30, 2021	**89,413**

c) Accumulated Land Expiries and Write-Offs

($000s)	Accumulated land expiries and write-offs
Balance at December 31, 2020	34,019
Land expiries and write-offs	2,609
Balance at September 30, 2021	**36,628**

E&E assets consist of the Company's exploration projects which are pending the determination of proved reserves. Additions represent the Company's share of costs acquired or incurred on E&E assets during the year.

d) Impairment Test of Exploration and Evaluation Assets

At September 30, 2021, there were no indicators of impairment or impairment reversal for E&E assets.

9. RIGHT-OF-USE ASSETS

Whitecap recognizes right-of-use assets and corresponding lease liabilities related to certain office facilities, operating facilities, vehicles and equipment. See Note 11 – "Lease Liabilities" for additional information regarding the Company's leases.

a) Net Carrying Amount

($000s)	Offices	Facilities	Other	Total
Right-of-use assets	35,868	-	5,402	41,270
Less: accumulated depreciation	(9,831)	-	(3,404)	(13,235)
Balance at September 30, 2021	**26,037**	**-**	**1,998**	**28,035**

b) Cost

($000s)	Offices	Facilities	Other	Total
Balance at December 31, 2020	28,440	60,361	4,242	93,043
Additions	7,428	-	1,160	8,588
Disposals	-	(60,361)	-	(60,361)
Balance at September 30, 2021	**35,868**	**-**	**5,402**	**41,270**

c) Accumulated Depreciation

($000s)	Offices	Facilities	Other	Total
Balance at December 31, 2020	6,534	19,316	2,374	28,224
Depreciation	3,297	2,233	1,030	6,560
Disposals	-	(21,549)	-	(21,549)
Balance at September 30, 2021	**9,831**	**-**	**3,404**	**13,235**

10. LONG-TERM DEBT

($000s)	**September 30, 2021**	December 31, 2020
Bank debt	**629,745**	506,511
Senior secured notes	**594,827**	594,751
Long-term debt	**1,224,572**	1,101,262

a) Bank Debt

At September 30, 2021, the Company had a $1.405 billion credit facility with a syndicate of banks. The credit facility consists of a $1.33 billion revolving syndicated facility and a $75 million revolving operating facility, with a maturity date of May 31, 2025. As at September 30, 2021 the amount drawn on the credit facilities was $629.7 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, 2021:

Covenant Description		**September 30, 2021**
Debt to EBITDA [(1)] [(2)]	Maximum Ratio 4.00	**1.17**
EBITDA to interest expense [(1)]	Minimum Ratio 3.50	**22.56**

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, 2021, 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).

b) Senior Secured Notes

At September 30, 2021, the Company had issued $595 million senior secured notes. The notes rank equally with Whitecap's obligations under its credit facility. The terms, rates, principals and carrying amounts of the Company's outstanding senior notes are detailed below:

($000s) Issue Date	Maturity Date	Coupon Rate	Principal	Carrying Value	Fair Value
January 5, 2017	January 5, 2022	3.46%	200,000	199,986	211,675
May 31, 2017	May 31, 2024	3.54%	200,000	199,925	208,702
December 20, 2017	December 20, 2026	3.90%	195,000	194,916	205,289
Balance at September 30, 2021			**595,000**	**594,827**	**625,666**

The Company expects, has the discretion and has sufficient capacity to refinance its senior notes maturing on January 5, 2022 under its existing credit facility. As none of the facilities matures within the next year, all liabilities related to Company's debt are considered to be non-current.

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, 2021, the Company was compliant with all covenants provided for in the lending agreements.

c) Interest and Financing Expense

The following table summarizes the components of interest and financing expense during the period:

	Three months ended September 30,		Nine months ended September 30,	
($000s)	**2021**	2020	**2021**	2020
Interest expense	**10,736**	9,302	**31,961**	30,451
Interest expense, lease liabilities (Note 11)	**371**	868	**1,541**	2,651
Unrealized (gains) losses on interest rate contracts	**(1,359)**	(194)	**(5,111)**	10,840
Realized losses on interest rate contracts	**982**	533	**2,380**	851
Interest and financing expense	**10,730**	10,509	**30,771**	44,793

11. LEASE LIABILITIES

The Company incurs lease payments related to office facilities, operating facilities, vehicles and equipment. Leases are entered into and exited in coordination with specific business requirements which include the assessment of the appropriate durations for the related leased assets.

($000s)	**September 30, 2021**	December 31, 2020
Current portion	**5,736**	11,688
Non-current portion	**25,112**	59,906
Lease liabilities	**30,848**	71,594

For the three and nine months ended September 30, 2021, interest expense of $0.4 million and $1.5 million, respectively, and total cash outflows of $1.7 million and $7.0 million, respectively, were recognized relating to lease liabilities.

For the three and nine months ended September 30, 2020, interest expense of $0.9 million and $2.7 million, respectively, and total cash outflows of $3.6 million and $10.7 million, respectively, were recognized relating to lease liabilities.

12. DECOMMISSIONING LIABILITY

($000s)	
Balance at December 31, 2020	1,046,659
Liabilities incurred	6,075
Liabilities acquired	254,470
Liabilities settled	(6,779)
Liabilities disposed	(6,695)
Revaluation of liabilities acquired (1)	528,061
Change in estimate	(503,075)
Accretion expense	19,706
Balance at September 30, 2021	**1,338,422**

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

The Company's decommissioning liability results from its ownership interest in oil and natural gas assets including well sites and gathering systems. The total decommissioning liability is estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon these wells and facilities and the estimated timing of the costs to be incurred in future years. The key assumptions, on which the carrying amount of the decommissioning liability is based, include a risk-free rate of 2.0 percent (1.2 percent at December 31, 2020) and inflation rate of 2.0 percent (2.0 percent at December 31, 2020). At September 30, 2021, the total undiscounted amount of the estimated cash flows required to settle the obligations was $2.4 billion (December 31, 2020 – $1.6 billion). The expected timing of payment of the cash flows required for settling the obligations extends up to 54 years.

13. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without nominal or par value.

b) Issued and outstanding

(000s)	Shares	$
Balance at December 31, 2020	409,234	3,867,343
Issued on the acquisition of NAL (1)	58,271	283,195
Issued on the acquisition of TORC (2)	129,765	731,877
Issued on the acquisition of Kicking Horse (3)	34,463	189,201
Issued on the acquisition of Highrock (4)	3,571	22,286
Share issue costs, net of deferred income tax	-	(592)
Issued on share award vesting	1,786	-
Common shares repurchased	(5,099)	(30,486)
Contributed surplus adjustment on vesting of share awards	-	11,061
Balance at September 30, 2021	**631,991**	**5,073,885**

Notes:
(1) On January 4, 2021, as part of the acquisition of NAL, 58.3 million Whitecap shares were issued to The Manufacturers Life Insurance Company. The common shares issued were valued using the share price of Whitecap on December 31, 2020, of $4.86.
(2) On February 24, 2021, as part of the acquisition of TORC, 129.8 million Whitecap shares were issued to TORC shareholders. The common shares issued were valued using the share price of Whitecap on February 24, 2021, of $5.64.
(3) On May 14, 2021, as part of the acquisition of Kicking Horse, 34.5 million Whitecap shares were issued to Kicking Horse shareholders. The common shares issued were valued using the share price of Whitecap on May 14, 2021, of $5.49.
(4) On July 2, 2021, as part of the acquisition of Highrock, 3.6 million Whitecap shares were issued to Highrock shareholders. The common shares issued were valued using the share price of Whitecap on July 2, 2021, of $6.24.

c) Normal Course Issuer Bid
On May 17, 2021, the Company announced the approval of its renewed NCIB by the TSX (the "2021 NCIB"). The 2021 NCIB allows the Company to purchase up to 29,894,096 common shares over a period of twelve months commencing on May 21, 2021.

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

On May 16, 2019, the Company announced the approval of its renewed NCIB by the TSX (the "2019 NCIB"). The 2019 NCIB allowed 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)	**2021**	2020	**2021**	2020
Shares repurchased	**3,097**	-	**5,099**	2,634
Average cost ($/share)	**6.24**	-	**5.98**	3.87
Amounts charged to:				
Share capital	**19,336**	-	**30,486**	10,197
Share repurchase cost	**19,336**	-	**30,486**	10,197

d) Award Incentive Plan
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, 2021, 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.

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 amount of compensation expense is reduced by an estimated forfeiture rate on the grant date, which has been estimated at 4 percent of outstanding share awards. The forfeiture rate is adjusted to reflect the actual number of shares that vest. Fluctuations in compensation expense may occur due to changes in estimating the outcome of the performance conditions as well as changes in fair value for awards that are 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. In the year the awards vest for insiders, the awards vest in two tranches with one half of such awards vesting February 1 and one half vesting October 1.

(000s)	Number of Time-based Awards	Number of Performance Awards [(1)]	Total Awards
Balance at December 31, 2020	2,062	5,878	7,940
Granted	834	2,278	3,112
Forfeited	(90)	(73)	(163)
Vested	(635)	(1,432)	(2,067)
Balance at September 30, 2021	**2,171**	**6,651**	**8,822**

Note:
(1) Based on underlying awards before performance multiplier and dividends accrued.

e) Contributed Surplus

($000s)	
Balance at December 31, 2020	13,022
Stock-based compensation	8,873
Share award vesting	(11,061)
Balance at September 30, 2021	**10,834**

f) Dividends

Dividends declared were $0.05 and $0.14 per common share in the three and nine months ended September 30, 2021, respectively ($0.04 and $0.17 per common share in the three and nine months ended September 30, 2020).

On October 14, 2021, the Board of Directors declared a dividend of $0.0225 per common share designated as an eligible dividend, payable in cash to shareholders of record on October 31, 2021. The dividend payment date is November 15, 2021.

14. REVENUE

Whitecap sells its production pursuant to fixed and variable-price contracts. The transaction price for fixed price contracts represents the stand-alone selling price per the contract terms. The transaction price for variable priced contracts is based on the commodity price, adjusted for quality, location or other factors, whereby each component of the pricing formula can be either fixed or variable, depending on the contract terms. Under its contracts, Whitecap is required to deliver fixed or variable volumes of crude oil, natural gas and natural gas liquids to the contract counterparty. The amount of revenue recognized is based on the agreed transaction price, whereby any variability in revenue relates specifically to the Company's efforts to transfer production, and therefore the resulting revenue is allocated to the production delivered in the period during which the variability occurs. As a result, none of the variable consideration is considered constrained.

The contracts generally have a term of one year or less, whereby delivery occurs throughout the contract period. Commodity purchasers typically remit amounts to Whitecap by the 25th day of the month following production.

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

($000s)	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Crude oil	**575,367**	225,663	**1,491,081**	600,948
NGLs	**43,161**	8,451	**105,737**	20,471
Natural gas	**59,587**	14,169	**143,709**	41,648
Petroleum and natural gas revenues	**678,115**	248,283	**1,740,527**	663,067
Tariffs	**(4,576)**	(3,019)	**(12,290)**	(8,791)
Processing & other income	**8,852**	6,072	**22,978**	14,413
Marketing revenue	**45,704**	5,579	**106,915**	18,028
Petroleum and natural gas sales	**728,095**	256,915	**1,858,130**	686,717

Substantially all of the petroleum and natural gas revenues for the three and nine months ended September 30, 2021 are derived from variable price contracts based on index prices.

Included in accounts receivable at September 30, 2021 is $243.8 million (September 30, 2020 – $77.8 million) of accrued petroleum and natural gas revenues related to September 2021 production.

15. PER SHARE RESULTS

(000s except per share amounts)	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Per share income (loss) ($/share)				
Basic	**2.40**	0.03	**2.64**	(5.33)
Diluted	**2.37**	0.03	**2.62**	(5.33)
Weighted average shares outstanding				
Basic	**632,101**	408,250	**588,750**	408,339
Diluted [(1)]	**638,060**	412,405	**593,407**	408,339

Note:
(1) For the three and nine months ended September 30, 2021, 1.7 million share awards (2.2 million and 8.9 million share awards for the three and nine months ended September 30, 2020, respectively) were excluded from the diluted weighted average shares calculation as they were anti-dilutive.

16. SUPPLEMENTAL CASH FLOW INFORMATION

a) Changes in Non-Cash Working Capital

Changes in non-cash working capital, excluding acquired working capital:

	Three months ended September 30,		Nine months ended September 30,	
($000s)	**2021**	2020	**2021**	2020
Accounts receivable	**(8,672)**	25,427	**(48,663)**	58,439
Deposits and prepaid expenses	**5,408**	(8,418)	**23,320**	(10,204)
Accounts payable and accrued liabilities	**36,707**	(14,200)	**109,808**	(62,139)
Share awards liability – current	**8,902**	1,660	**14,799**	(2,052)
Dividend payable	**11**	2	**4,438**	(5,855)
Share awards liability	**3,491**	1,640	**3,909**	(1,382)
Change in non-cash working capital	**45,847**	6,111	**107,611**	(23,193)
Related to:				
Operating activities	**(137)**	9,859	**46,658**	24,610
Financing activities	**11**	2	**4,438**	(5,855)
Investing activities	**43,399**	(4,494)	**51,050**	(42,131)
Items not impacting cash	**2,574**	744	**5,466**	183

b) Reconciliation of Financing Liabilities Arising from Financing Activities

The following table provides a detailed breakdown of the cash and non-cash changes in financing liabilities arising from financing activities:

($000s)	Long-term debt	Lease liabilities	Dividend payable
Balance at December 31, 2020	1,101,262	71,594	5,832
Additions	-	8,589	-
Disposals	-	(43,885)	-
Cash flows	121,329	(5,450)	-
Amortization of debt issuance costs	1,981	-	-
Change in dividends payable	-	-	4,438
Balance at September 30, 2021	**1,224,572**	**30,848**	**10,270**

17. COMMITMENTS

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

($000s)	2021	2022	2023	2024+	Total
Lease liabilities [(1)] (Note 11)	1,633	6,125	6,623	21,995	36,376
Service agreements	1,292	5,196	4,484	14,876	25,848
Transportation agreements	8,522	34,502	29,168	123,355	195,547
CO_2 purchase commitments	9,833	39,791	40,588	60,753	150,965
Long-term debt [(1)]	5,446	214,761	14,685	1,050,086	1,284,978
Total	**26,726**	**300,375**	**95,548**	**1,271,065**	**1,693,714**

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

18. 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, 2021, the Company incurred $0.6 million and $1.5 million for legal fees and disbursements, respectively (nil and $0.3 million for the three and nine months ended September 30, 2020, 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, 2021, a nil payable balance ($0.1 million – September 30, 2020) was outstanding.

19. SUBSEQUENT EVENTS

a) Dividend Increase

On October 14, 2021, the Company announced that the Board of Directors has approved an increase to the monthly dividend to $0.0225 per common share from $0.01625 per common share which equates to an annual dividend of $0.27 per common share. The increase will take effect beginning with the October dividend payable in November. A copy of the press release may be accessed through the SEDAR website (www.sedar.com).

b) Sale of Weyburn Royalty

On October 26, 2021, the Company closed the previously announced sale of a newly formed five percent gross overriding royalty on its working interest in the Weyburn CO_2 Unit for cash proceeds of $188.0 million to Topaz Energy Corp. A copy of the press release may be accessed through the SEDAR website (www.sedar.com).

c) Credit Facility Increase

On October 27, 2021, Whitecap's Credit Facility was increased by $200 million to $1.605 billion from $1.405 billion. The credit facility consists of a $1.53 billion revolving syndicated facility and a $75 million revolving operating facility, with a maturity date of May 31, 2026.