MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended

September 30, 2021 and 2020

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, 2021 and should be read in conjunction with the Company’s unaudited interim consolidated financial statements and related notes for the period ended September 30, 2021, as well as the audited annual consolidated financial statements and related notes for the year ended December 31, 2020. These unaudited interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), specifically International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, in Canadian dollars, except where indicated otherwise. Accounting policies adopted by the Company are set out in the notes to the audited annual consolidated financial statements for the year ended December 31, 2020 and Note 3 of the unaudited interim consolidated financial statements for the period ended September 30, 2021. 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.

STRATEGIC ACQUISITIONS

NAL Resources Limited

On January 4, 2021, the Company closed the previously announced NAL Resources Limited ("NAL") acquisition. Whitecap issued 58.3 million Whitecap common shares in exchange for all the issued and outstanding NAL shares to the Manufacturers Life Insurance Company.

TORC Oil & Gas Ltd.

On February 24, 2021, the Company closed the previously announced TORC Oil & Gas Ltd. ("TORC") acquisition. Whitecap issued 129.8 million Whitecap common shares to former TORC shareholders in exchange for all the issued and outstanding TORC shares and the assumption of net debt.

Kicking Horse Oil & Gas Ltd.

On May 14, 2021, the Company closed the previously announced Kicking Horse Oil & Gas Ltd. ("Kicking Horse") acquisition. Whitecap acquired all the issued and outstanding common shares of Kicking Horse for consideration consisting of 34.5 million Whitecap common shares, $56.2 million in cash, and also assumed Kicking Horse’s net debt.

Highrock Resources Ltd.

On July 2, 2021, the Company closed the acquisition of all the issued and outstanding common shares of Highrock Resources Ltd. ("Highrock") for consideration consisting of 3.6 million Whitecap common shares and $44.4 million in cash.

For more information on the Strategic Acquisitions, refer to Note 6 in the Company’s unaudited interim consolidated financial statements for the three and nine months ended September 30, 2021.

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” to the Company’s unaudited interim consolidated financial statements for the three and nine months ended September 30, 2021 for additional information regarding the Company’s leases.

2021 THIRD QUARTER FINANCIAL AND OPERATIONAL RESULTS

Production

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

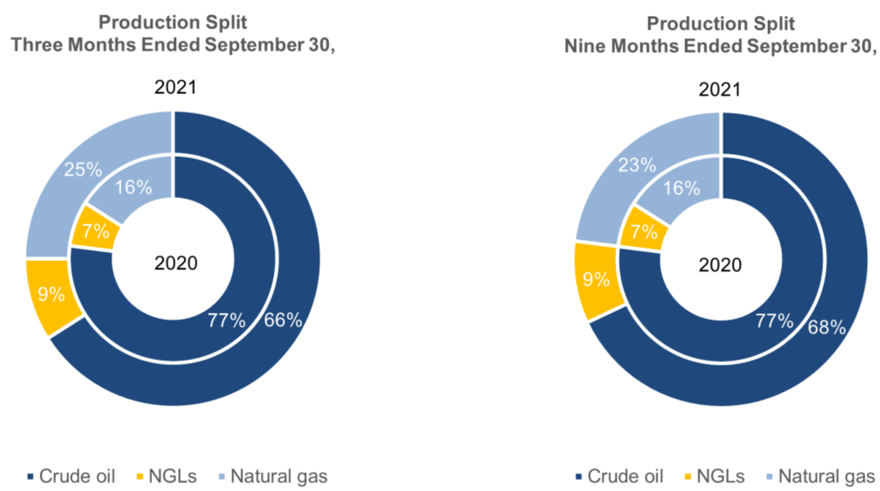
	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
Crude oil (bbls/d) [1]	**77,188**	51,456	**74,063**	54,042
NGLs (bbls/d)	**10,279**	4,693	**10,368**	5,018
Natural gas (Mcf/d) [1]	**170,807**	63,191	**150,979**	67,441
Total (boe/d) [2]	**115,935**	66,681	**109,594**	70,300

Notes:

(1) References to crude oil or natural gas production in the above table and elsewhere in this MD&A refer to the light crude oil 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



Average production volumes increased 74 percent to 115,935 boe/d in the third quarter of 2021 from 66,681 boe/d in the third quarter of 2020. Year to date, average production volumes increased 56 percent to 109,594 boe/d from 70,300 boe/d for the same period in 2020. The increases in production were primarily due to the acquisitions completed in 2021 as well as the Company's ongoing successful drilling activities, partially offset by natural declines.

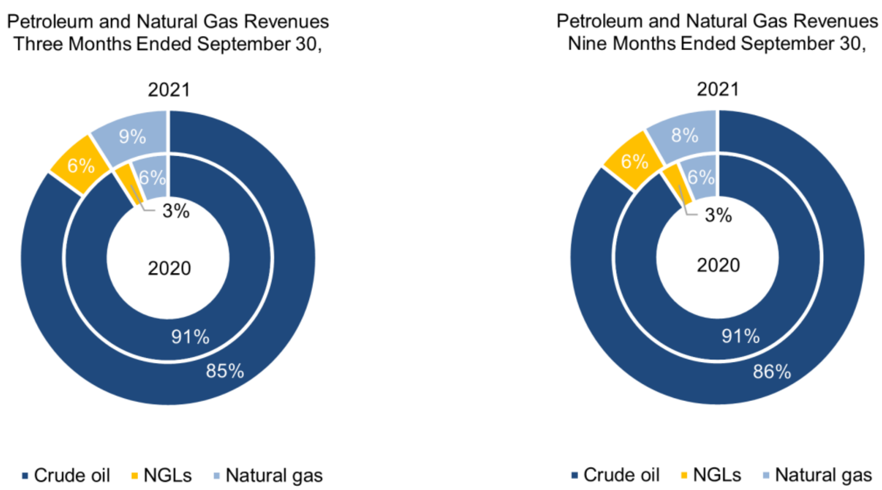
Our crude oil and NGLs weighting in the three and nine months ended September 30, 2021 were 75 percent and 77 percent, respectively, compared to 84 percent for the same periods in 2020. The lower crude oil and NGLs weighting in 2021 was primarily due to the NAL acquisition which has a higher natural gas weighting than the Company average.

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)	**2021**	2020	**2021**	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

Exhibit 2



Petroleum and natural gas revenues in the third quarter of 2021 increased 173 percent to $678.1 million from $248.3 million in the third quarter of 2020. The increase of $429.8 million consists of $282.7 million attributed to higher realized prices and $147.1 million attributed to higher production volumes. Year to date, petroleum and natural gas revenues increased 162 percent to $1.7 billion from $663.1 million for the same period in 2020. The increase of $1.1 billion consists of $782.5 million attributed to higher realized prices and $294.9 million attributed to higher production volumes.

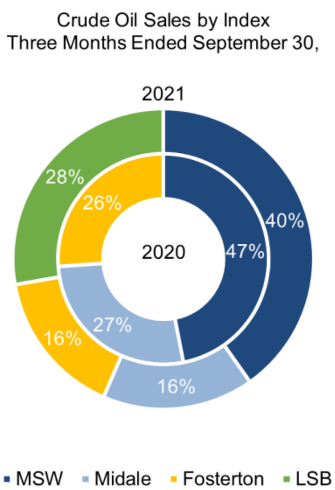
Benchmark and Realized Prices

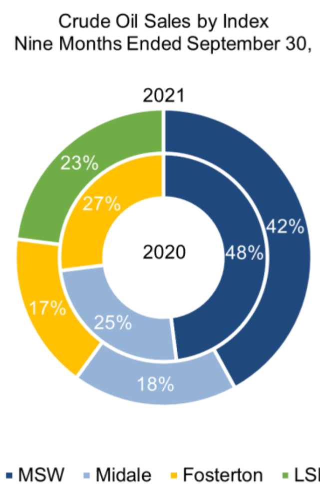
Average benchmark and realized prices are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
Average benchmark prices				
WTI (US$/bbl) [(1)]	**70.56**	40.93	**64.82**	38.32
Exchange rate (US$/C$)	**1.26**	1.33	**1.25**	1.35
WTI (C$/bbl)	**88.92**	54.50	**81.08**	51.52
MSW Par at Edmonton ($/bbl) [(2)]	**83.67**	49.54	**75.73**	43.57
Fosterton Par at Regina ($/bbl)	**78.03**	46.50	**71.04**	39.31
Midale Par at Cromer ($/bbl)	**87.02**	56.30	**79.97**	48.94
LSB Par at Cromer ($/bbl) [(3)]	**84.93**	51.08	**77.03**	44.78
AECO natural gas ($/Mcf) [(4)]	**3.60**	2.24	**3.28**	2.09
Average realized prices [(5)]				
Crude oil ($/bbl)	**81.02**	47.67	**73.75**	40.58
NGLs ($/bbl)	**45.64**	19.57	**37.36**	14.89
Natural gas ($/Mcf)	**3.79**	2.44	**3.49**	2.25
Combined ($/boe)	**63.58**	40.47	**58.17**	34.42

Notes:
(1) WTI represents the calendar month average of West Texas Intermediate oil.
(2) Mixed Sweet Blend ("MSW").
(3) Light Sour Blend ("LSB").
(4) AECO represents the AECO 5A Daily Index price.
(5) Prior to the impact of hedging activities and tariffs.

Exhibit 3





Whitecap's weighted average realized price prior to the impact of hedging activities and tariffs increased 57 percent to $63.58 per boe in the third quarter of 2021 compared to $40.47 per boe in the third quarter of 2020. Year to date, Whitecap's weighted average realized price prior to the impact of hedging activities and tariffs increased 69 percent to $58.17 per boe compared to $34.42 per boe for the same period in 2020.

Crude Oil

The WTI price increased by 72 percent to average US$70.56 per barrel in the third quarter of 2021 compared to US$40.93 per barrel in the third quarter of 2020. The WTI price increased by 69 percent to average US$64.82 per barrel for the nine months ended September 30, 2021 compared to US$38.32 per barrel for the nine months ended September 30, 2020. The increases are primarily due to the global and domestic economic recovery and the return of energy demand combined with declines in crude oil inventories.

Northern Alberta & British Columbia and Central Alberta

The Company’s realized crude oil price in Northern Alberta & British Columbia and Central Alberta is based on the MSW par at Edmonton. The MSW par oil price increased by 69 percent to average $83.67 per barrel in the third quarter of 2021 compared to $49.54 per barrel in the third quarter of 2020. The MSW par oil price increased by 74 percent to average $75.73 per barrel in the nine months ended September 30, 2021 compared to $43.57 per barrel in the nine months ended September 30, 2020. The increases are primarily due to strong WTI crude price performance and strong MSW differentials due a lack of light crude pipeline apportionment during the period.

Western Saskatchewan

The Company’s realized crude oil price in the West Central Saskatchewan region is based on the MSW par at Edmonton. The Company’s realized crude oil price in the Southwest Saskatchewan region is based on the Fosterton par price at Regina. The Fosterton par price increased 68 percent to average $78.03 per barrel in the third quarter of 2021 compared to $46.50 per barrel in the third quarter of 2020. The Fosterton par price increased 81 percent to average $71.04 per barrel for the nine months ended September 30, 2021 compared to $39.31 for the nine months ended September 30, 2020. The increases are driven by higher WTI and the Fosterton premium to the Western Canadian Select differential increasing 110 percent to US$3.30 per barrel in the third quarter of 2021 compared to US$1.57 per barrel in the third quarter of 2020.

Eastern Saskatchewan

The Company’s realized crude oil price in the Weyburn region is based on the Midale par price at Cromer. The Midale par price increased 55 percent to average $87.02 per barrel in the third quarter of 2021 compared to $56.30 per barrel in the third quarter of 2020. The Midale par price increased 63 percent to average $79.97 per barrel for the nine months ended September 30, 2021 compared to $48.94 per barrel for the nine months ended September 30, 2020. The increases are primarily due to the increase in WTI prices.

The Company’s realized crude oil price in the South-central Saskatchewan and Southeast Saskatchewan regions is based on the LSB par price at Cromer. The LSB oil price increased 66 percent to average $84.93 per barrel in the third quarter of 2021 compared to $51.08 per barrel in the third quarter of 2020. The LSB oil price increased 72 percent to average $77.03 per barrel for the nine months ended September 30, 2021 compared to $44.78 per barrel for the nine months ended September 30, 2020. The increases are primarily due to higher WTI prices.

Natural Gas Liquids

The natural gas liquids realized price increased 133 percent to average $45.64 per barrel in the third quarter of 2021 compared to $19.57 per barrel in the third quarter of 2020. The natural gas liquids realized price increased 151 percent to average $37.36 per barrel for the nine months ended September 30, 2021 compared to $14.89 per barrel for the nine months ended September 30, 2020. The increases are primarily due to higher benchmark base pricing for propane and butane as demand surged and storage levels remain depressed within North America.

Natural Gas

The AECO daily spot price increased 61 percent to average $3.60 per Mcf in the third quarter of 2021 compared to an average of $2.24 per Mcf in the third quarter of 2020. The AECO daily spot price increased 57 percent to average $3.28 per Mcf for the nine months ended September 30, 2021 compared to an average of $2.09 per Mcf for the nine months ended September 30, 2020. The increases are primarily due to higher global and domestic demand which decreased storage injection rates in the quarter. Global natural gas and liquified natural gas prices are reaching record levels driven largely by an increase in demand, primarily as a result of the economic recovery from the pandemic crisis.

Risk Management and Hedging Activities

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

The Company realized a loss of $72.9 million and $153.5 million on its commodity risk management contracts for the three and nine months ended September 30, 2021, 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, 2021.

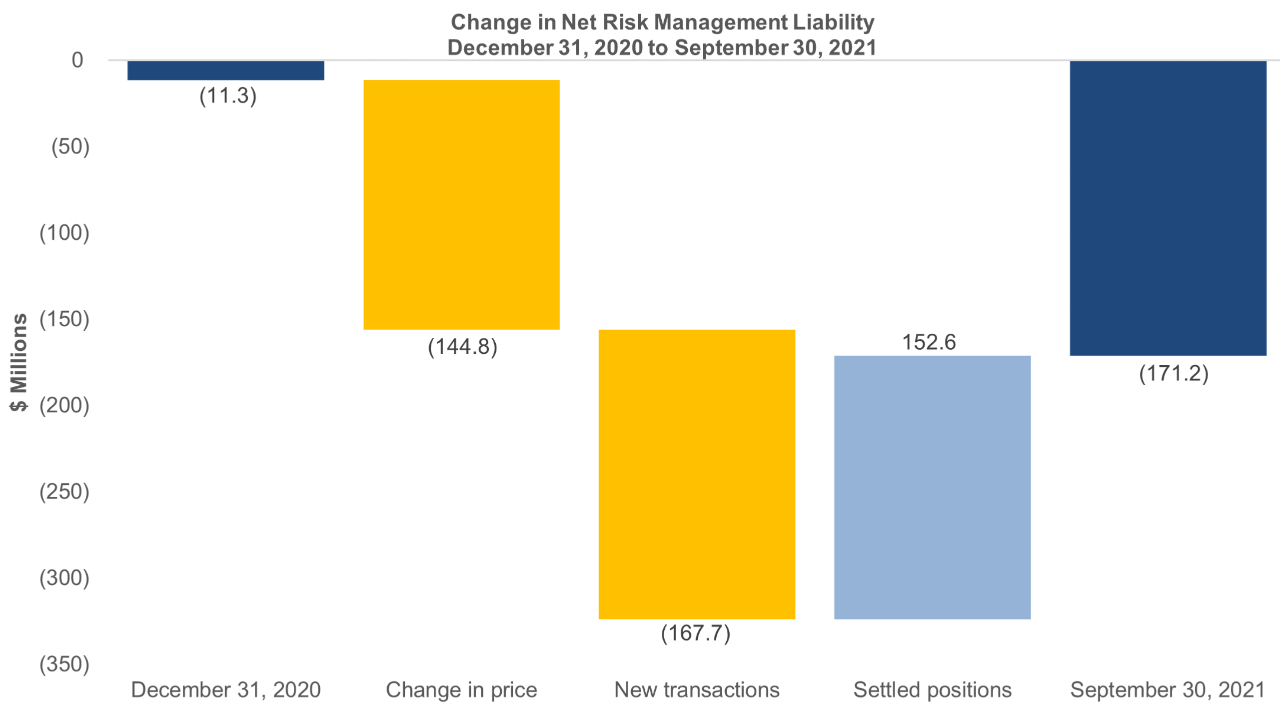
	Three months ended September 30,		Nine months ended September 30,	
Risk Management Contracts ($000s)	**2021**	2020	**2021**	2020
Realized gain (loss) on commodity contracts	**(72,864)**	10,101	**(153,508)**	80,276
Unrealized gain (loss) on commodity contracts	**5,898**	(22,137)	**(143,866)**	19,222
Net 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 expenses.

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

Exhibit 4



At September 30, 2021, the following risk management contracts were outstanding with an asset fair market value of $18.7 million and a liability fair market value of $189.9 million:

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.

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.

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.

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").

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.

Contracts entered into subsequent to September 30, 2021:

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.

Royalties

	Three months ended September 30,		Nine months ended September 30,	
($000s, except per boe amounts)	**2021**	2020	**2021**	2020
Royalties	**109,170**	34,388	**271,397**	86,412
As a % of petroleum and natural gas revenues	**16.1**	13.9	**15.6**	13.0
$ per boe	**10.24**	5.61	**9.07**	4.49

Royalties as a percentage of revenues in the third quarter of 2021 were 16.1 percent compared to 13.9 percent in the third quarter of 2020. Year to date, royalties as a percentage of revenues were 15.6 percent compared to 13.0 percent for the same period in 2020. The increases in royalty rates were primarily attributable to the increase in pricing compared to the same periods in 2020.

Whitecap pays royalties to the provincial governments and mineral owners in Alberta, Saskatchewan, Manitoba 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)	**2021**	2020	**2021**	2020
Operating expenses	**146,248**	73,727	**407,322**	227,336
$ per boe	**13.71**	12.02	**13.61**	11.80

Operating expenses per boe in the third quarter of 2021 increased 14 percent to $13.71 per boe compared to $12.02 per boe in the third quarter of 2020. Year to date, operating expenses per boe increased 15 percent to $13.61 per boe compared to $11.80 per boe for the same period in 2020. The increases are primarily attributable to higher operating expenses related to the acquisitions completed in 2021 which had higher operating expenses per boe than the Company average for the same periods in 2020 and higher workover costs during 2021, compared to the same periods in 2020.

Transportation Expenses

($000s, except per boe amounts)	Three months ended September 30, 2021	2020	Nine months ended September 30, 2021	2020
Transportation expenses	**24,470**	14,947	**66,759**	45,906
$ per boe	**2.29**	2.44	**2.23**	2.38

Transportation expenses per boe in the third quarter of 2021 decreased six percent to $2.29 per boe compared to $2.44 per boe in the third quarter of 2020. Year to date, transportation expenses per boe decreased six percent to $2.23 per boe compared to $2.38 per boe for the same period in 2020. The decreases were primarily attributed to lower transportation costs associated with the additional production from the NAL acquisition which had lower transportation expenses per boe than the Company average for the same periods in 2020.

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.

Marketing Revenue and Expenses

($000s, except per boe amounts)	Three months ended September 30, 2021	2020	Nine months ended September 30, 2021	2020
Marketing revenue	**45,704**	5,579	**106,915**	18,028
$ per boe	**4.29**	0.91	**3.57**	0.94
Marketing expenses	**46,036**	5,911	**107,823**	17,927
$ per boe	**4.32**	0.96	**3.60**	0.93

Marketing revenue and expenses per boe in the third quarter of 2021 increased 371 percent and 350 percent, respectively, compared to the third quarter of 2020. Year to date, marketing revenue and expense increased 280 percent and 287 percent, respectively, compared to the same period in 2020. The increases in marketing and revenue expenses are primarily attributable to increases in the purchase and resale of third-party volumes as well as increased blending activities. Marketing activities will fluctuate, and may occur when there is a sufficiently large variance between crude oil sales stream prices and where there is both sufficient facility and pipeline capacity.

Operating Netbacks

The components of operating netbacks are shown below:

Netbacks ($/boe)	Three months ended September 30, 2021	2020	Nine months ended September 30, 2021	2020
Petroleum and natural gas revenues	**63.58**	40.47	**58.17**	34.42
Tariffs	**(0.43)**	(0.49)	**(0.41)**	(0.46)
Processing & other income	**0.83**	0.99	**0.77**	0.75
Marketing revenue	**4.29**	0.91	**3.57**	0.94
Petroleum and natural gas sales	**68.27**	41.88	**62.10**	35.65
Realized hedging gain (loss)	**(6.83)**	1.65	**(5.13)**	4.17
Royalties	**(10.24)**	(5.61)	**(9.07)**	(4.49)
Operating expenses	**(13.71)**	(12.02)	**(13.61)**	(11.80)
Transportation expenses	**(2.29)**	(2.44)	**(2.23)**	(2.38)
Marketing expenses	**(4.32)**	(0.96)	**(3.60)**	(0.93)
Operating netbacks (1)	**30.88**	22.50	**28.46**	20.22

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

	Three months ended September 30,		Nine months ended September 30,	
($000s, except per boe amounts)	**2021**	2020	**2021**	2020
Gross G&A costs	**18,037**	8,991	**50,490**	32,896
Recoveries	**(4,662)**	(2,690)	**(12,582)**	(10,916)
Capitalized G&A	**(2,725)**	(1,408)	**(7,968)**	(5,990)
G&A expenses	**10,650**	4,893	**29,940**	15,990
$ per boe	**1.00**	0.80	**1.00**	0.83

The increase in gross G&A costs in the third quarter of 2021 and year-to-date is primarily attributed to the higher costs associated with additional personnel related to the acquisitions completed in 2021 and cost reduction initiatives in the nine months ended September 30, 2020 which eased in the nine months ended September 30, 2021, as global commodity prices began to recover.

The increase in recoveries in the third quarter of 2021 compared to the same period in 2020 is primarily due to higher capital recoveries as there were higher capital expenditures in the third quarter of 2021 compared to the same period in 2020. Year to date, the increase in recoveries is primarily due to higher operating recoveries as a result of the acquisitions completed in 2021, compared to the same period in 2020.

The increases to capitalized G&A in the three and nine months ended September 30, 2021, compared to the same periods in 2020, are primarily attributed to the increase in gross G&A costs resulting from additional personnel related to the acquisitions completed in 2021.

G&A expenses per boe in the third quarter of 2021 increased 25 percent to $1.00 per boe compared to $0.80 per boe in the third quarter of 2020. Year to date, G&A expenses per boe increased 20 percent to $1.00 per boe compared to $0.83 per boe for the same period in 2020. The increases on a per boe basis are primarily attributed to higher gross G&A costs as previously discussed, partially offset by higher production volumes in the three and nine months ended September 30, 2021, compared to the same periods in 2020.

Share-based Awards

	Three months ended September 30,		Nine months ended September 30,	
($000s, except per boe amounts)	**2021**	2020	**2021**	2020
Stock-based compensation	**14,963**	5,424	**36,459**	9,814
Realized (gain) loss on equity contracts	**(182)**	(229)	**(3,318)**	4,085
Unrealized (gain) loss on equity contracts	**(4,485)**	(1,590)	**(10,410)**	16,116
Capitalized stock-based compensation	**(3,099)**	(1,227)	**(7,806)**	(2,739)
Stock-based compensation expenses	**7,197**	2,378	**14,925**	27,276
$ per boe	**0.67**	0.39	**0.50**	1.42

In the three and nine months ended September 30, 2021, the Company recorded stock-based compensation of $15.0 million and $36.5 million, respectively. The increases in stock-based compensation and capitalized stock-based compensation compared to the same periods in 2020 are primarily attributable to increases in the fair value of cash-settled awards, resulting from an increase to Whitecap's share price in the periods. 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, 2021, the unrealized gains on equity contracts were the result of increases in the fair value of the total return contracts, which were also due to the higher share prices in the three and nine months ended September 30, 2021.

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. 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.

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, 2021, the Company had 8.8 million awards outstanding.

Interest and Financing Expenses

	Three months ended September 30,		Nine months ended September 30,	
($000s, except per boe amounts)	**2021**	2020	**2021**	2020
Interest	**11,107**	10,170	**33,502**	33,102
Realized loss on interest rate contracts	**982**	533	**2,380**	851
Unrealized (gain) loss on interest rate contracts	**(1,359)**	(194)	**(5,111)**	10,840
Interest and financing expenses	**10,730**	10,509	**30,771**	44,793
$ per boe	**1.01**	1.71	**1.03**	2.33

Interest and financing expenses per boe decreased 41 percent to $1.01 per boe in the third quarter of 2021 compared to $1.71 per boe in the third quarter of 2020. Year to date, interest and financing expenses per boe decreased 56 percent to $1.03 per boe compared to $2.33 per boe for the same period in 2020. The decreases on a per boe basis were primarily attributable to unrealized gains on interest rate contracts in the three and nine months ended September 30, 2021 compared to a minimal unrealized gain in the three months ended September 30, 2020 and an unrealized loss for the nine months ended September 30, 2020, lower interest rates in the three and nine months ended September 30, 2021 compared to the same periods in 2020, and higher production volumes due to the acquisitions completed in 2021. These were partially offset by higher debt balances in the three and nine months ended September 30, 2021.

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

	Three months ended September 30,		Nine months ended September 30,	
($000s, except per boe amounts)	**2021**	2020	**2021**	2020
Depletion, Depreciation and Amortization	**133,228**	77,990	**380,239**	283,885
$ per boe	**12.49**	12.71	**12.71**	14.74

DD&A per boe decreased two percent to $12.49 per boe in the third quarter of 2021 compared to $12.71 per boe in the third quarter of 2020. Year to date, DD&A per boe decreased 14 percent to $12.71 per boe compared to $14.74 per boe for the same period in 2020. The year to date decrease on a per boe basis is primarily attributed to the net 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 (Reversal)

	Three months ended September 30,		Nine months ended September 30,	
($000s)	**2021**	2020	**2021**	2020
PP&E impairment (reversal)	**(1,851,216)**	-	**(1,851,216)**	2,801,593
Goodwill impairment	**-**	-	**-**	122,682
Impairment (reversal)	**(1,851,216)**	-	**(1,851,216)**	2,924,275

PP&E Impairment

At September 30, 2021, the Company determined that the fair value less cost of disposal ("FVLCD") of each of the company's Cash Generating Units ("CGUs") exceeded their carrying amounts:

($000s)	FVLCD	Carrying Value	Impairment Reversal [1]
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)

Note:
(1) The impairment recovery is limited to a maximum of the estimated depleted historical cost if the impairment had not been recognized.

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 at September 30, 2021 compared to December 31, 2020.

At March 31, 2020, the carrying amounts of each of the Company's CGUs exceeded their FVLCD. The full amount of the impairment was attributed to PP&E and, as a result, a total impairment of $2.8 billion was recorded in the Consolidated Statement of Comprehensive Income (Loss). The impairment 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, included in the total impairment of $2.8 billion above.

Goodwill Impairment

At March 31, 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 of $122.7 million was recorded in the Consolidated Statement of Comprehensive Income (Loss). The impairment 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, 2021, the Company recognized a deferred income tax expense of $502.0 million and $520.9 million, respectively, compared to a deferred income tax expense of $5.1 million and deferred income tax recovery of $689.9 million, respectively, for the same periods in 2020. The deferred income tax expense in the three and nine months ended September 30, 2021 was primarily due to the impairment reversal recognized during the quarter. 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, 2021**	December 31, 2020	Annual Deductibility
Undepreciated capital cost	**727,739**	486,932	Various rates, primarily 25% declining balance
Canadian exploration expense	**11,794**	-	100%
Canadian development expense	**965,105**	569,499	30% declining balance
Canadian oil & gas property expense	**2,060,950**	1,508,070	10% declining balance
Non-capital loss carryforward	**1,621,530**	974,051	100%
Share issue costs	**1,344**	2,911	20% straight line
Total	**5,388,462**	3,541,463	

Net Income (Loss)

For the three and nine months ended September 30, 2021, the Company recognized net income of $1.5 billion and $1.6 billion, respectively, compared to net income of $12.8 million and a net loss $2.2 billion for the same periods in 2020, respectively. The following changes impacted the net income (loss):

($000s)	Three months ended September 30,	Nine months ended September 30,
2020 Net Income (Loss)	12,835	(2,176,924)
Change in deferred income tax expense / recovery	(496,913)	(1,210,829)
Change in risk management contracts	(54,930)	(396,872)
Increase in operating expenses	(72,521)	(179,986)
Increase in royalties	(74,782)	(184,985)
Increase in marketing expenses	(40,125)	(89,896)
Increase in depletion, depreciation and amortization	(55,238)	(96,354)
Decrease in gain on acquisition	(16)	(28,147)
Increase in transportation expenses	(9,523)	(20,853)
Increase in accretion of decommissioning liabilities	(5,010)	(14,993)
Increase in G&A expenses	(5,757)	(13,950)
Increase in transaction costs	-	(11,693)
Decrease in impairment	1,851,216	4,775,491
Increase in petroleum and natural gas sales	471,180	1,171,413
Change in interest and financing expense	(221)	14,022
Change in stock-based compensation	(4,819)	12,351
Other net changes	(743)	5,031
2021 Net Income	**1,514,633**	**1,552,826**

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 including 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, 2021.

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

($000s)	Three Months Ended September 30, 2021	2020	Nine months ended September 30, 2021	2020
Cash flow from operating activities	**293,604**	129,179	**794,730**	353,841
Changes in non-cash working capital	**137**	(9,859)	**(46,658)**	(24,610)
Funds flow (1)	**293,741**	119,320	**748,072**	329,231
Expenditures on PP&E	**135,204**	14,075	**293,486**	174,173
Free funds flow (2)	**158,537**	105,245	**454,586**	155,058
Dividends paid or declared	**30,807**	17,454	**83,772**	69,808
Basic payout ratio (%) (2)	**10**	15	**11**	21
Total payout ratio (%) (2)	**57**	26	**50**	74
Funds flow per share, basic	**0.46**	0.29	**1.27**	0.81
Funds flow per share, diluted	**0.46**	0.29	**1.26**	0.80
Dividends paid or declared per share	**0.05**	0.04	**0.14**	0.17

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, 2021, was $293.6 million and $794.7 million, respectively, compared to $129.2 million and $353.8 million for the same periods in 2020.

The following changes impacted cash flow from operating activities:

($000s)	Three Months Ended September 30,	Nine months ended September 30,
2020 Cash flow from operating activities	129,179	353,841
Change in impairment	(1,851,216)	(4,775,491)
Change in net income/loss	1,501,798	3,729,750
Change in deferred income tax expense/recovery	496,913	1,210,829
Change in unrealized risk management contracts	(32,095)	120,611
Change in depletion, depreciation and amortization	55,238	96,354
Change in gain on acquisition	-	28,147
Net change in non-cash working capital	(9,996)	22,048
Other net changes	3,783	8,641
2021 Cash flow from operating activities	**293,604**	**794,730**

Funds flow for the three and nine months ended September 30, 2021 was $293.7 million and $748.1 million, respectively, compared to $119.3 million and $329.2 million for the same periods in 2020. The increases in funds flow are primarily attributed to higher commodity prices and higher volumes from the acquisitions completed in 2021.

Free funds flow for the three and nine months ended September 30, 2021, was $158.5 million and $454.6 million, respectively, compared to $105.2 million and $155.1 million for the same periods in 2020. The increases in free funds flow are primarily attributed to higher funds flow, partly offset by higher capital expenditures.

Capital Expenditures

($000s)	Three Months Ended September 30, 2021	2020	Nine months ended September 30, 2021	2020
Land and geological	**623**	185	**1,910**	874
Drilling and completions	**98,545**	8,813	**219,769**	143,653
Investment in facilities	**32,686**	3,646	**61,996**	23,352
Capitalized administration	**2,725**	1,408	**7,968**	5,990
Corporate and other assets	**625**	23	**1,843**	304
Expenditures on PP&E	**135,204**	14,075	**293,486**	174,173
Property acquisitions	**2,646**	71	**75,005**	5,355
Property dispositions	**(2,287)**	-	**(2,354)**	-
Corporate acquisitions	**68,855**	268	**1,848,765**	18,417
Total capital expenditures	**204,418**	14,414	**2,214,902**	197,945

For the third quarter of 2021, expenditures on PP&E totaled $135.2 million with 97 percent spent on drilling, completions and facilities. Year to date, expenditures on PP&E totaled $293.5 million with 96 percent spent on drilling, completion and facilities.

For the three and nine months ended September 30, 2021, Whitecap's drilling activity was as follows:

	Three months ended September 30, 2021		**Nine months ended September 30, 2021**	
	Gross	**Net**	**Gross**	**Net**
Central Alberta [(1)]	**9**	**6.0**	**16**	**11.8**
Eastern Saskatchewan [(2)]	**14**	**10.9**	**16**	**12.4**
Northern Alberta & British Columbia	**4**	**3.4**	**13**	**9.4**
Western Saskatchewan [(3)]	**26**	**19.9**	**64**	**52.9**
Total	**53**	**40.2**	**109**	**86.5**

Notes:
(1) Includes 3 (2.7 net) injection wells in the nine months ended September 30, 2021.
(2) Includes 2 (1.3 net) injection wells in the nine months ended September 30, 2021.
(3) Includes 3 (2.0 net) injection wells in the nine months ended September 30, 2021.

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

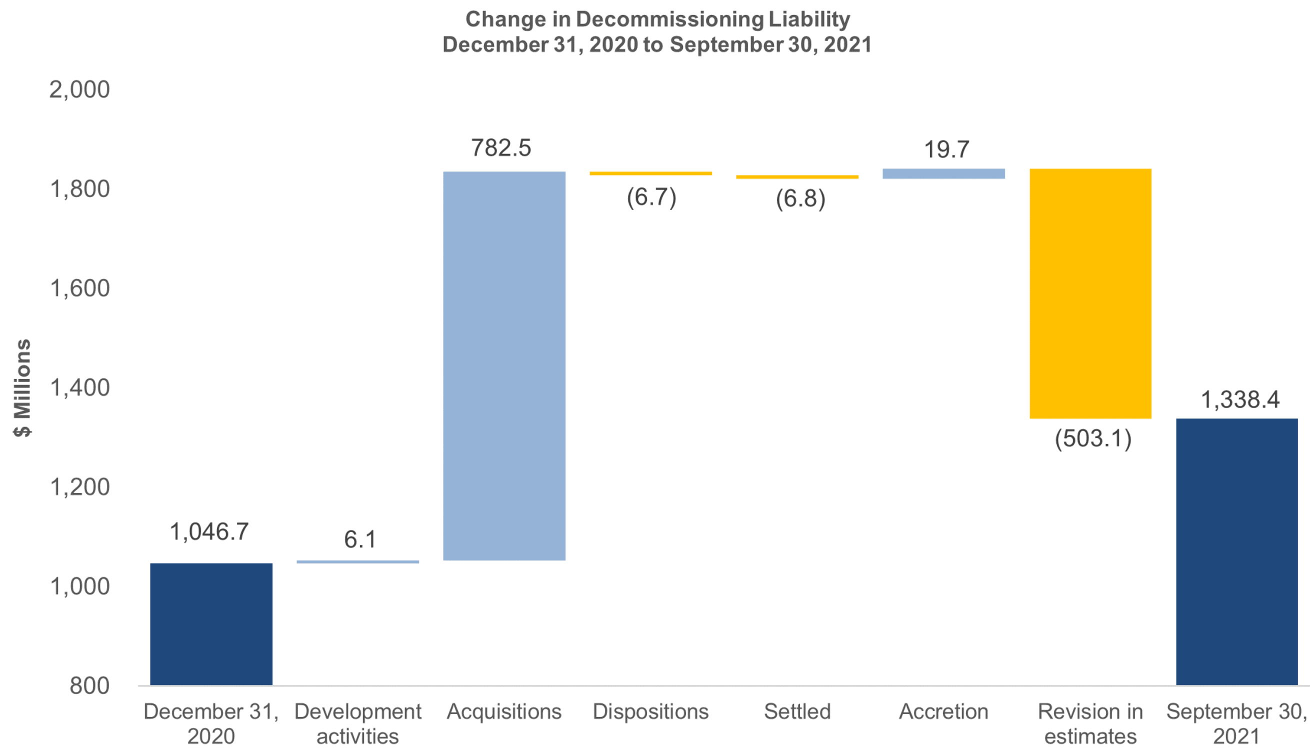
	Three months ended September 30, 2020		Nine months ended September 30, 2020	
	Gross	Net	Gross	Net
Central Alberta [(1)]	-	-	6	5.2
Eastern Saskatchewan [(2)]	-	-	9	5.5
Northern Alberta & British Columbia	-	-	12	7.2
Western Saskatchewan [(3)]	-	-	52	39.0
Total	-	-	79	56.9

Notes:
(1) Includes 1 (0.9 net) injection well in the nine months ended September 30, 2020.
(2) Includes 2 (1.2 net) injection wells in the nine months ended September 30, 2020.
(3) Includes 5 (4.8 net) injection wells in the nine months ended September 30, 2020.

Decommissioning Liability

At September 30, 2021, the Company's decommissioning liability balance was $1.3 billion ($1.0 billion at December 31, 2020) for future abandonment and reclamation of the Company's properties. The increase in the decommissioning liability at September 30, 2021 compared to December 31, 2020 is primarily attributed to the addition of decommissioning liabilities related to the acquisitions completed in 2021, partially offset by an increase in the risk-free rate from 1.2 percent at December 31, 2020 to 2.0 percent at September 30, 2021. 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 5



Capital Resources and Liquidity

Credit Facilities

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 $75.0 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**
	Maximum Ratio	
Debt to EBITDA (1) (2)	4.00	**1.17**
	Minimum Ratio	
EBITDA to interest expense (1)	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 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, 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 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, 2021			**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, 2021, the Company was compliant with all covenants provided for in the lending agreements.

Equity

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

The Company is authorized to issue an unlimited number of common shares. At October 27, 2021, there were 632.1 million common shares and 8.0 million share awards outstanding.

Liquidity

The Company generally relies on funds flow 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 for acquisitions. 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. 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 mature within the next year, all liabilities related to Company's debt are considered to be non-current. At September 30, 2021, the Company had $773.6 million of unutilized credit to cover any working capital deficiencies. The Company believes that available credit facilities combined with anticipated funds flow will be sufficient to satisfy Whitecap's 2021 development capital program and dividend payments for the 2021 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)	2021	2022	2023	2024+	Total
Lease liabilities [(1)]	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.

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, no payable balance was outstanding ($0.1 million – September 30, 2020).

Subsequent Events

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 2021. A copy of the press release may be accessed through the SEDAR website (www.sedar.com).

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).

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.

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.

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 17 to the Company's unaudited interim consolidated financial statements for the three and nine months ended September 30, 2021.

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 WCSB, 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 have 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, resulted in the deepest drop in crude oil prices that global markets have seen since 1991. The extent to which Whitecap's operational and financial results are affected by COVID-19 will also depend on additional actions taken by business and governments in response to the pandemic and the speed and effectiveness of responses to combat the virus.

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

Environmental Risks

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, business risks is available in our Annual Information Form for the year ended December 31, 2020, a copy of which may be accessed through the SEDAR website (www.sedar.com).

Summary of Quarterly Results

	2021			2020				2019
($000s, except as noted)	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Financial								
Petroleum and natural gas revenues	**678,115**	613,520	448,892	238,489	248,283	150,467	264,317	369,190
Funds flow (1)	**293,741**	266,564	187,767	104,650	119,320	78,134	131,777	184,546
Basic ($/share) (1)	**0.46**	0.43	0.36	0.26	0.29	0.19	0.32	0.45
Diluted ($/share) (1)	**0.46**	0.43	0.36	0.25	0.29	0.19	0.32	0.45
Net income (loss)	**1,514,633**	18,558	19,635	331,951	12,835	(78,285)	(2,111,474)	(203,946)
Basic ($/share)	**2.40**	0.03	0.04	0.81	0.03	(0.19)	(5.17)	(0.50)
Diluted ($/share)	**2.37**	0.03	0.04	0.81	0.03	(0.19)	(5.17)	(0.50)
Expenditures on PP&E	**135,204**	39,420	118,862	21,713	14,075	21,301	138,797	98,762
Property acquisitions	**2,646**	181	72,178	26	71	5,208	76	410
Property dispositions	**(2,287)**	(47)	(20)	-	-	-	-	(266)
Corporate acquisition	**68,855**	372,528	1,407,382	-	268	-	18,149	-
Total assets	**6,878,430**	5,499,685	5,387,739	3,381,410	3,122,924	3,114,151	3,220,706	5,358,465
Net debt	**1,313,871**	1,389,320	1,451,841	1,083,029	1,151,409	1,238,956	1,271,014	1,193,267
Common shares outstanding (000s)	**631,991**	631,304	597,332	409,234	408,286	408,181	408,000	409,619
Dividends paid or declared per share	**0.05**	0.05	0.04	0.04	0.04	0.04	0.09	0.09
Operational								
Average daily production								
Crude oil (bbls/d)	**77,188**	80,071	64,795	48,527	51,456	54,067	56,631	58,044
NGLs (bbls/d)	**10,279**	11,308	9,508	4,874	4,693	5,288	5,077	4,805
Natural gas (Mcf/d)	**170,807**	152,521	129,151	62,289	63,191	68,712	70,466	70,811
Total (boe/d)	**115,935**	116,799	95,828	63,783	66,681	70,807	73,452	74,651

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, impairment reversals, 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 2021, the Company closed the acquisition of Highrock. Additionally, as a result of higher forecast benchmark commodity prices at September 30, 2021 compared to December 31, 2020, the Company recognized impairment reversals of $1.9 billion attributable to PP&E.

In the second quarter of 2021, the Company closed the acquisition of Kicking Horse. As a result of operational performance and increased commodity prices, in May 2021, Whitecap's Board of Directors approved an increase to the monthly dividend from $0.01508 per common share to $0.01625 per common share ($0.195 per common share annualized). The dividend increase was effective for the June 2021 dividend payable in July 2021.

In the first quarter of 2021, the Company closed the NAL and TORC acquisitions. Concurrent with the closing of the TORC acquisition, Whitecap's credit facility was increased by $230 million to $1.405 billion from $1.175 billion. The credit facility consists of a $1.33 billion revolving syndicated facility and a $75 million revolving operating facility, with an initial maturity date of May 31, 2023. Effective March 26, 2021, the credit facility was further extended to a maturity date of May 31, 2025.

In connection with the TORC acquisition, Whitecap's Board of Directors approved an increase in the Company's monthly dividend from $0.01425 per common share to $0.01508 per common share ($0.18096 per common share annualized). The dividend increase was effective for the March 2021 dividend payable in April 2021.

Production in the first three quarters of 2021 was higher than the preceding quarters primarily due to the acquisitions completed in 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 common 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.

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 2021.

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. See “Cash Flow from Operating Activities, Funds Flow and Payout Ratios” for a reconciliation of cash flow from operating activities to free funds flow.

“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: Whitecap’s focus and strategy; Whitecap’s commodity risk management program and the benefits to be derived therefrom; terms of the Company’s risk management contracts; the amount of future decommissioning liabilities; future liquidity and financial capacity; sources of funding the Company’s capital program; transportation expenses, and stock-based compensation expenses; belief that available credit facilities combined with anticipated funds flow will be sufficient to satisfy Whitecap’s 2021 development capital program and dividend payments for the 2021 fiscal year; the Company’s expectation that it will have sufficient capacity to refinance its senior notes maturing on January 5, 2022; Whitecap’s deductions available for deferred income tax purposes and the terms of Whitecap’s future contractual obligations; expected closing date for the sale of the Weyburn royalty.

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; 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.