MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of financial condition and results of operations for Whitecap Resources Inc. (the "Company" or "Whitecap") is dated October 31, 2017 and should be read in conjunction with the Company's unaudited interim consolidated financial statements and related notes for the period ended September 30, 2017, as well as the audited annual consolidated financial statements and related notes for the year ended December 31, 2016. 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, 2016. The MD&A should also be read in conjunction with Whitecap's disclosure under "Non-GAAP Measures" and "Forward-Looking Information and Statements" below. Additional information respecting Whitecap, is available on SEDAR at www.sedar.com and on our website at www.wcap.ca.

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

DESCRIPTION OF BUSINESS

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

2017 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	
	2017	2016	2017	2016
Crude oil (bbls/d)	44,001	36,094	43,216	30,828
NGLs (bbls/d)	3,503	2,991	3,341	3,142
Natural gas (Mcf/d)	62,362	60,994	60,800	61,616
Total (boe/d)	57,898	49,251	56,690	44,239
Production split (%)				
Crude oil and NGLs	82	79	82	77
Natural gas	18	21	18	23
Total	100	100	100	100

Average production volumes increased 18 percent to 57,898 boe/d in the third quarter of 2017 from 49,251 boe/d in the third quarter of 2016. The increase is primarily attributed to the Company's successful execution of its development capital program partially offset by natural declines. Year to date, average production volumes increased 28 percent to 56,690 boe/d from 44,239 boe/d for the same period in 2016. The increase is primarily attributed to the acquisition of oil-weighted assets in southwest Saskatchewan (the "Southwest Saskatchewan Acquisition") that closed in June 2016, as well as the Company's successful execution of its development capital program partially offset by natural declines.

Our crude oil and NGLs weighting in the third quarter of 2017 has increased three percent compared to the third quarter of 2016. The increase is primarily attributed to the organic growth in 2017 on properties with a higher oil-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)	2017	2016	2017	2016
Crude oil	213,624	159,852	649,814	380,398
NGLs	9,123	4,808	25,502	13,022
Natural gas	10,135	13,838	41,018	32,737
Petroleum and natural gas sales	232,882	178,498	716,334	426,157

Petroleum and natural gas sales in the third quarter of 2017 increased 30 percent to $232.9 million from $178.5 million in the third quarter of 2016. The increase of $54.4 million consists of $36.2 million attributed to higher production volumes and $18.2 million attributed to higher realized prices. Year to date petroleum and natural gas sales increased 68 percent to $716.3 million from $426.2 million for the same period in 2016. The increase of $290.1 million consists of $152.6 million attributed to higher production volumes and $137.5 million attributed to higher realized prices.

Benchmark and Realized Prices

Average benchmark and realized prices are as follows:

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Benchmark prices				
WTI (US$/bbl) (1)	48.20	44.94	49.47	41.33
Exchange rate (USD/CAD)	1.25	1.31	1.31	1.32
WTI (C$/bbl)	60.35	58.65	64.65	54.47
Edmonton Par (C$/bbl)	56.62	54.68	60.78	50.01
Western Canadian Select (C$/bbl)	47.90	41.02	49.09	36.34
AECO natural gas ($/Mcf) (2)	1.45	2.32	2.31	1.85
Average realized prices (3)				
Crude oil ($/bbl)	52.77	48.14	55.08	45.03
NGLs ($/bbl)	28.31	17.47	27.96	15.13
Natural gas ($/Mcf)	1.77	2.47	2.47	1.94
Combined ($/boe)	43.72	39.39	46.29	35.16

Notes:

(1) WTI represents posting prices of West Texas Intermediate oil.

(2) Represents the AECO daily posting.

(3) Prior to the impact of hedging activities.

Whitecap's weighted average realized price prior to the impact of hedging activities increased 11 percent to $43.72 per boe in the third quarter of 2017 compared to $39.39 per boe in the third quarter of 2016. Year to date, Whitecap's weighted average realized price prior to the impact of hedging activities increased 32 percent to $46.29 per boe compared to $35.16 per boe in same period in 2016.

The US$ WTI price increased seven percent to average US$48.20 per barrel in the third quarter of 2017 compared to US$44.94 per barrel in the third quarter of 2016. The increase was primarily due to planned curtailments to OPEC supply and a slight decline in crude oil inventories in North America. The US$ WTI price increased by 20 percent to average US$49.47 per barrel for the nine months ended September 30, 2017 compared to US$41.33 per barrel for the same period in 2016. The increase is primarily due to OPEC and certain non-OPEC production cuts announced in late 2016 for the first half of 2017. In May 2017, it was announced that the cuts would be extended for a further 9 months through March 2018.

The Edmonton light sweet crude oil price differential to WTI decreased by two percent to average US$2.89 per barrel in the third quarter of 2017 compared to an average of US$2.96 per barrel in the third quarter of

2016. The decrease was primarily due to strong refinery utilization rates and adequate pipeline capacity. The Edmonton light sweet crude oil price differential to WTI decreased by 11 percent to average US$2.89 per barrel for the nine months ended September 30, 2017 compared to an average of US$3.24 per barrel for the same period in 2016. The decrease was primarily due to stronger refinery demand for light sweet oil as a replacement to offset reduced availability of synthetic crude oil caused by extended maintenance as a result of a fire at the Syncrude facility in the spring of 2017.

The Company's realized crude oil prices in southwest Saskatchewan are based on Fosterton oil prices, which receive an average premium to Western Canadian Select ("WCS"). The Fosterton premium increased nine percent to average US$1.88 for the third quarter of 2017 compared to US$1.73 for the third quarter of 2016. The increase was primarily due to stronger refinery demand. The Fosterton premium decreased by 14 percent to average US$1.37 for the nine months ended September 30, 2017 compared to US$1.60 for the same period in 2016. The decrease was primarily due to reduced demand in the second quarter of 2017 due to planned maintenance at key refineries.

The WCS crude oil price differential to WTI decreased 26 percent to average US$9.94 per barrel in the third quarter of 2017 compared to an average of US$13.51 per barrel in the third quarter of 2016. The decrease is primarily attributed to strong refinery demand and adequate access to pipeline capacity. The WCS crude oil price differential to WTI decreased 13 percent to average US$11.88 per barrel for the nine months ended September 30, 2017 compared to US$13.67 per barrel for the same period in 2016. The decrease is primarily attributed to reduced availability of heavy oil in the second quarter of 2017 due to shortages of synthetic crude oil used as diluent caused by downtime at Syncrude, and sufficient pipeline capacity.

The AECO daily spot price decreased 38 percent to average $1.45 per Mcf in the third quarter of 2017 compared to an average of $2.32 per Mcf in the third quarter of 2016. The decrease was primarily due to supply increases and pipeline developments in the US, reducing demand for Canadian gas. The AECO daily spot price increased 25 percent to average $2.31 per Mcf for the nine months ended September 30, 2017 compared to $1.85 per Mcf for the same period in 2016. The increase is primarily attributed to curtailments in availability of Canadian gas supplies caused by ongoing pipeline capacity restrictions due to maintenance and pipeline expansion activities in the first half of 2017.

Natural gas liquids realized prices increased 62 percent to average $28.31 per barrel in the third quarter of 2017 compared to $17.47 per barrel in the third quarter of 2016. Natural gas liquids realized prices increased 85 percent to average $27.96 per barrel for the nine months ended September 30, 2017 compared to $15.13 per barrel for the same period in 2016. The increases were primarily attributed to lower North American propane inventories, and higher crude oil prices supporting improved butane and condensate prices.

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 provide a measure of stability to Whitecap dividends. The Company has the approval of the Board of Directors to hedge a forward position of up to three years and up to 75 percent of its most recent quarter's average daily production, net of royalties.

Risk Management Contracts

The Company realized a gain of $0.4 million and a loss $12.1 million on its commodity and foreign exchange ("FX") risk management contracts for the three and nine months ended September 30, 2017, 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, 2017.

Risk Management Contracts ($000s)	Three months ended September 30 2017	2016	Nine months ended September 30 2017	2016
Realized gain (loss) on commodity and FX contracts	424	14,830	(12,122)	66,804
Unrealized gain (loss) on commodity and FX contracts	(8,997)	(10,373)	86,897	(32,704)
Net gain (loss) on commodity and FX contracts	(8,573)	4,457	74,775	34,100
Realized loss on interest rate contracts (1)	(1,026)	(1,276)	(3,581)	(3,822)
Unrealized gain on interest rate contracts (1)	2,937	1,493	6,656	3,530
Net gain (loss) on risk management contracts	(6,662)	4,674	77,850	33,808

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

At September 30, 2017, the following risk management contracts were outstanding with an asset fair market value of $8.9 million and a liability fair market value of $39.8 million:

WTI Crude Oil Derivative Contracts

Type	Term	Volume (bbls/d)	Sold Call Price ($/bbl) (1)	Sold Put Price ($/bbl)	Bought Put Price ($/bbl)	Swap Price ($/bbl) (1)
Swap	2017 Oct – Dec	4,000				C$69.80
Swap (2)	2017 Oct – Dec	10,450				US$50.40
Sold put/call (3)	2017 Oct – Dec	3,000	US$85.83	US$60.00		
Collar	2017 Oct – Dec	1,000	C$82.83		C$60.00	
Swap	2018 Jan – Jun	4,000				C$63.06
Swap	2018 Apr – Dec	1,000				C$65.14
Swap	2018	5,000				C$62.41
Swap	2018	4,000				US$53.28
Sold put/call (3)	2018	3,000	US$85.83	US$60.00		

Notes:
(1) Prices reported are the weighted average prices for the period.
(2) 1,500 bbls/d at US$48.00/bbl and 1,500 bbls/d at US$48.05/bbl are extendable through 2018 at the option of the counterparties through the exercise of a one-time option on December 29, 2017.
(3) In the third quarter of 2015, Whitecap optimized its previous 6,000 bbls/d sold puts with an average strike price of US$66.68/bbl in 2016 by lowering the strike price to US$50.00/bbl and concurrently sold 2017 and 2018 put and call options with strike prices of US$60.00/bbl and US$85.83/bbl respectively. The optimization was completed on a costless basis.

WTI Crude Oil Differential Derivative Contracts

Type	Term	Volume (bbls/d)	Basis (1)(2)	Swap Price (C$/bbl) (3)
Swap	2017 Oct – Dec	19,000	MSW	4.19 (4)
Swap	2018 Jan – Jun	2,000	MSW	4.53
Swap	2018	6,000	MSW	4.69
Swap	2017 Oct – Dec	8,000	WCS	20.16 (4)
Swap	2018 Jan – Jun	4,000	WCS	19.45
Swap	2018 Jul – Dec	3,000	WCS	19.33
Swap	2018	3,000	WCS	19.75

Notes:
(1) Mixed Sweet Blend (“MSW”).
(2) Western Canadian Select (“WCS”).
(3) Prices reported are the weighted average prices for the period.
(4) Contracts executed in USD were converted to CAD through a foreign exchange contract.

Natural Gas Derivative Contracts

Type	Term	Volume (GJ/d)	Sold Call Price ($/GJ)	Bought Put Price ($/GJ)	Swap Price ($/GJ) (1)
Swap	2017 Oct – Dec	31,000			2.96
Collar	2017 Oct – 2018 Mar	2,500	3.47	2.75	
Collar	2018 Jan – Jun	2,500	3.08	2.55	

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

Power Derivative Contracts

Type	Term	Volume (MWh)	Fixed Rate ($/MWh) [(1)]
Swap	2017 Oct – Dec	13,248	43.15
Swap	2018	43,800	47.19
Swap	2019	8,760	43.30

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

Interest Rate Contracts

Type	Term		Amount ($000s)	Fixed Rate (%)	Index [(1)]
Swap	03-Oct-13	03-Oct-18	200,000	2.45	CDOR
Swap	01-May-14	01-May-19	200,000	1.97	CDOR

Note:
(1) Canadian Dollar Offered Rate ("CDOR").

Foreign exchange contracts

Type	Term	Monthly Notional Amount	USD/CAD [(1)]
Monthly average rate forward	2017 Oct – Dec	US$5.0 million	1.2580
Monthly average rate forward	2018 Jan – Jun	US$3.0 million	1.2424

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

Type	Term	Monthly Notional Amount	Floor [(1)]	Ceiling [(1)]	Conditional Ceiling [(1)] [(2)]
Average rate variable collar	2017 Oct – Dec	US$11.0 million	1.2482	1.3188	1.2614
Average rate variable collar	2018 Jan – Jun	US$8.0 million	1.2535	1.3914	1.2858
Average rate variable collar	2018 Jul – Dec	US$11.0 million	1.2500	1.4359	1.3071

Notes:
(1) Rates reported are the weighted average rates for the period.
(2) If the USD/CAD average monthly rate settles above the ceiling rate the settlement amount is based on the conditional ceiling.

Contracts entered into subsequent to September 30, 2017

WTI Crude Oil Derivative Contracts

Type	Term	Volume (bbls/d)	Swap Price ($/bbl) [(1)]
Swap	2018 Jul – Dec	3,000	C$65.18
Swap	2019 Jan – Jun	1,000	C$65.13

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

WTI Crude Oil Differential Derivative Contracts

Type	Term	Volume (bbls/d)	Basis [(1)(2)]	Swap Price (C$/bbl) [(3)]
Swap	2018	3,000	MSW	4.40
Swap	2018 Jul – Dec	1,000	WCS	18.50

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

Natural Gas Derivative Contracts

Type	Term	Volume (GJ/d)	Swap Price ($/GJ) [1]
Swap	2018 Jan – Mar	5,000	2.34

Note:

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

Physical Purchase and Sale Contracts

Contracts entered into subsequent to September 30, 2017

WTI Crude Oil Differential Derivative Contracts

Type	Term	Volume (bbls/d)	Basis [1]	Swap Price (C$/bbl) [2]
Swap	2018	3,000	MSW	4.15

Notes:

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

(2) 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)	2017	2016	2017	2016
Royalties	31,398	27,158	103,878	58,783
As a % of petroleum and natural gas sales	13	15	15	14
$ per boe	5.89	5.99	6.71	4.85

Royalties as a percentage of sales in the three and nine months ended September 30, 2017 were 13 percent and 15 percent, respectively, compared to 15 percent and 14 percent, respectively, for the same periods in 2016. Royalties as a percentage of sales in the third quarter of 2017 decreased two percent compared to the third quarter in 2016. The decrease is primarily attributed to decreased production volumes in Elnora which have a higher royalty rate than the Company average. Year to date, royalties as a percentage of sales increased one percent compared to the same period in 2016. The increase is primarily attributed to the Southwest Saskatchewan Acquisition in June 2016, which has higher royalty rates than the Company average. Whitecap pays royalties to the provincial governments and mineral owners in Alberta, Saskatchewan and British Columbia. Each province has separate royalty regimes which impact Whitecap's overall corporate royalty rate.

Operating Expenses

	Three months ended September 30		Nine months ended September 30	
($000s, except per boe amounts)	2017	2016	2017	2016
Operating expenses	56,498	41,322	162,681	112,646
$ per boe	10.61	9.12	10.51	9.29

Operating expenses per boe in the third quarter of 2017 increased 16 percent to $10.61 per boe compared to $9.12 per boe in the third quarter of 2016. The increase is primarily attributed to one-time favourable cost adjustments on acquired properties recorded in the third quarter of 2016, partially offset by successful cost reduction initiatives on properties acquired in the Southwest Saskatchewan Acquisition. Excluding the one-time adjustments booked in the third quarter of 2016, we have successfully reduced operating expenses per boe by seven percent when compared to the third quarter of 2016. Year to date, operating expenses per boe increased 13 percent to $10.51 per boe compared to $9.29 per boe for the same period in 2016. The increase is primarily attributed to a full nine months of production in 2017 from the Southwest Saskatchewan Acquisition, which had higher per boe operating expenses than the Company average as well as the one-time favourable cost adjustments recorded in the third quarter of 2016.

Transportation Expenses

	Three months ended September 30		Nine months ended September 30	
($000s, except per boe amounts)	2017	2016	2017	2016
Transportation expenses	9,863	3,446	23,665	10,236
$ per boe	1.85	0.76	1.53	0.84

Transportation expenses in the third quarter of 2017 increased 143 percent to $1.85 per boe compared to $0.76 per boe in the third quarter of 2016. Year to date, transportation expenses increased 82 percent to $1.53 per boe compared to $0.84 per boe for the same period in 2016. The increases in transportation expenses per boe are primarily attributed to increased shipper status across Whitecap's core areas, which resulted in an increase in transportation expenses with a corresponding decrease in tariffs netted against petroleum and natural gas sales.

Transportation expense per boe will fluctuate quarterly based on pipeline connectivity or downtime, weather, shipper status and pipeline shipping arrangements. In the nine months ended September 30, 2017, Whitecap had shipper status across the Company's core areas.

General and Administrative ("G&A") Expenses

	Three months ended September 30		Nine months ended September 30	
($000s, except per boe amounts)	2017	2016	2017	2016
G&A costs net of recoveries	8,233	7,243	25,941	19,665
Capitalized G&A	(1,309)	(1,171)	(5,620)	(3,313)
G&A expenses	6,924	6,072	20,321	16,352
$ per boe	1.30	1.34	1.31	1.35

G&A expenses per boe in the third quarter of 2017 decreased three percent to $1.30 per boe compared to $1.34 per boe in the third quarter of 2016. Year to date, G&A expenses per boe decreased three percent to $1.31 per boe compared to $1.35 per boe for the same period in 2016. The decreases on a per boe basis are primarily attributed to higher production volumes, which more than offset the absolute increase in G&A expenses. The increase in G&A costs net of recoveries is primarily attributed to G&A cost increases due to the Southwest Saskatchewan Acquisition, partially offset by increased recoveries as a result of higher development capital spending.

Share-based and Option-based Awards

	Three months ended September 30		Nine months ended September 30	
($000s, except per boe amounts)	2017	2016	2017	2016
Stock-based compensation	5,379	5,724	19,538	22,858
Capitalized stock-based compensation	(1,546)	(1,749)	(6,221)	(7,302)
Stock-based compensation expenses	3,833	3,975	13,317	15,556
$ per boe	0.72	0.88	0.86	1.28

In the three and nine months ended September 30, 2017, the Company recorded stock-based compensation of $5.4 million and $19.5 million, respectively, with the offsetting amounts recorded in contributed surplus. Stock-based compensation will fluctuate with changes to the expected payout multipliers associated with the performance awards, vesting of existing grants and additional grants under the Award Incentive Plan.

Award Incentive Plan

The Company implemented an Award Incentive Plan effective April 30, 2013. The Award Incentive Plan has time-based awards and performance awards which may be granted to the directors, officers and employees of the Company. 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, 2017, the maximum number of common shares issuable under the plan shall not at any time exceed 3.755 percent of the total common shares outstanding. Vesting is determined by the Company's Board of Directors. Currently, time-based and performance share awards issued to employees of the Company vest three years from date of grant. Time-based awards issued to independent outside directors and performance awards issued to officers of the Company vest in two tranches with one half of such awards vesting February 1 of the third year following the grant date and one half vesting October 1 of the third year following the grant date.

Each time-based award may entitle the holder to be issued the number of common shares designated in the time-based award plus dividend equivalents. 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 pre-defined 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. Awards are measured at fair value on the date of grant, and the resulting stock-based compensation expense is recognized on a straight-line basis over the vesting period. Upon the vesting of the awards, the associated amount in contributed surplus is recorded as an increase to share capital.

As at September 30, 2017, the Company had 4.7 million awards outstanding.

Interest and Financing Expenses

	Three months ended September 30		Nine months ended September 30	
($000s, except per boe amounts)	2017	2016	2017	2016
Interest and financing expenses	5,926	7,274	20,195	23,524
Add back unrealized gain on interest rate contracts	2,937	1,493	6,656	3,530
Interest and finance expenses excluding unrealized gain on interest rate contracts	8,863	8,767	26,851	27,054
$ per boe	1.66	1.93	1.73	2.23

Interest and finance expenses excluding the unrealized gain on interest rate contracts decreased 14 percent to $1.66 per boe in the third quarter of 2017 compared to $1.93 per boe in the third quarter of 2016. Year to date, interest and finance expenses excluding the unrealized gain on interest rate contracts decreased 22 percent to $1.73 per boe compared to $2.23 per boe for the same period in 2016. The decreases on a per boe basis were mainly attributed to higher production volumes compared to the same periods in 2016.

Netbacks

The components of operating and funds flow netbacks are shown below:

	Three months ended September 30		Nine months ended September 30	
Netbacks ($/boe)	2017	2016	2017	2016
Petroleum and natural gas sales, before tariffs (1)	44.90	41.42	47.81	37.27
Tariffs (1)	(1.18)	(2.03)	(1.52)	(2.11)
Realized hedging gain (loss)	0.08	3.27	(0.78)	5.51
Royalties	(5.89)	(5.99)	(6.71)	(4.85)
Operating expenses	(10.61)	(9.12)	(10.51)	(9.29)
Transportation expenses	(1.85)	(0.76)	(1.53)	(0.84)
Operating netbacks (1)	25.45	26.79	26.76	25.69
G&A expenses	(1.30)	(1.34)	(1.31)	(1.35)
Interest and financing expenses	(1.66)	(1.93)	(1.73)	(2.23)
Transaction costs (2)	-	-	-	(0.03)
Settlement of decommissioning liabilities (3)	(0.15)	(0.05)	(0.11)	(0.05)
Funds flow netbacks (1)	22.34	23.47	23.61	22.03

Notes:

(1) Petroleum and natural gas sales, before tariffs, tariffs, operating netbacks and funds flow netbacks are non-GAAP measures, which are defined under the Non-GAAP Measures section of this MD&A.

(2) Transaction costs in the three and nine months ended September 30, 2017 were nil compared to nil and $0.4 million for the same periods in 2016, respectively.

(3) Decommissioning liabilities settled in the three and nine months ended September 30, 2017 were $0.8 million and $1.7 million, respectively, compared to $0.2 million and $0.6 million for the same periods in 2016, respectively.

Operating netbacks in the third quarter of 2017 decreased five percent to $25.45 per boe compared to $26.79 per boe in the third quarter of 2016. The decrease on a per boe basis was primarily due to lower realized hedging gains in the third quarter of 2017 compared to the third quarter of 2016 and higher operating expenses and transportation expenses partially offset by higher petroleum and natural gas sales, before tariffs and lower tariffs and royalties. Year to date, operating netbacks increased four percent to $26.76 per boe compared to $25.69 per boe for the same period in 2016. The increase was primarily due to higher petroleum and natural gas sales, before tariffs and lower tariffs partially offset by realized hedging losses in the nine months ended September 30, 2017 compared to realized gains for the same period in 2016 and higher royalties, operating expenses and transportation expenses.

Funds flow netbacks in the third quarter of 2017 decreased five percent to $22.34 per boe compared to $23.47 per boe in the third quarter of 2016. The decrease on a per boe basis was primarily due to lower operating netbacks and a higher settlement of decommissioning liabilities offset partially by lower interest and financing expenses excluding the unrealized gain on interest rate contracts and lower G&A expenses. Year to date, funds flow netbacks increased seven percent to $23.61 per boe compared to $22.03 per boe for the same period in 2016. The increase on a per boe basis was primarily due to higher operating netbacks, lower interest and financing expenses excluding the unrealized gain on interest rate contracts and lower G&A expenses offset partially by a higher settlement of decommissioning liabilities.

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

	Three months ended September 30		Nine months ended September 30	
($000s, except per boe amounts)	2017	2016	2017	2016
DD&A	98,773	80,382	284,552	225,399
$ per boe	18.54	17.74	18.39	18.59

DD&A per boe in the third quarter of 2017 increased five percent to $18.54 per boe compared to $17.74 per boe in the third quarter of 2016. The increase on a per boe basis is mainly attributed to higher production volumes in west central Saskatchewan which has a higher depletion rate than the Company average. Year to date, DD&A per boe decreased one percent to $18.39 per boe compared to $18.59 per boe for the same period in 2016. The decrease on a per boe basis is mainly attributed to higher production volumes partially offset by increases in property, plant and equipment ("PP&E"). DD&A per boe will fluctuate from one period to the next depending on the amount and type of capital spending, 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.

Exploration and Evaluation ("E&E") Asset Expiries

During the three and nine months ended September 30, 2017, the Company recognized costs associated with expired mineral leases of $0.4 million and $1.9 million as expenses, respectively, compared to $0.5 million and $4.6 million for the same periods in 2016, respectively. During the three and nine months ended September 30, 2017, the Company added $1.8 million and $2.9 million of undeveloped land, respectively, as a result of property acquisitions completed in the period.

Taxes

During the three and nine months ended September 30, 2017, the Company recognized a deferred income tax expense of $2.7 million and $42.7 million, respectively, compared to a deferred income tax expense of $3.5 million for the three months ended September 30, 2016 and a deferred income tax recovery of $2.0 million for the nine months ended September 30, 2016. The changes in deferred income tax are primarily attributed to the changes in net income which are described below.

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

($000s)	September 30 2017	December 31 2016
Undepreciated capital cost	475,218	441,929
Canadian development expense	515,789	466,419
Canadian oil and gas property expense	1,325,983	1,449,498
Non-capital loss carry forward	965,253	932,444
Share issue costs	37,074	51,560
Total	3,319,317	3,341,850

Net Income

In the third quarter of 2017, the Company recognized net income of $3.7 million compared to net income of $6.4 million in third quarter of 2016. The change of $2.7 million is primarily attributed to $18.4 million higher DD&A expenses, $15.2 million higher operating expenses, a $13.0 million change in gains and losses on risk management contracts and $10.5 million in other net changes and was partially offset by $54.4 million higher petroleum and natural gas sales. The factors causing these changes are discussed in the preceding sections.

Year to date, the Company recognized net income of $107.8 million compared to a net loss of $20.4 million for the same period in 2016. The change of $128.2 million is primarily attributed to $290.2 million higher petroleum and natural gas sales, a $40.7 million change in gains on risk management contracts and $9.7 million in other net changes and was partially offset by $59.2 million higher DD&A expenses, $50.0 million higher operating expenses, $45.1 million higher royalties, $44.7 million change in deferred income taxes and $13.4 million higher transportation expenses. The factors causing these changes are discussed in the preceding sections.

Funds Flow and Payout Ratios

The following table reconciles cash flow from operating activities (a GAAP measure) to funds flow (a non-GAAP measure) and free funds flow (a non-GAAP measure):

	Three months ended September 30		Nine months ended September 30	
($000s)	2017	2016	2017	2016
Cash flow from operating activities	100,263	89,471	361,887	266,335
Changes in non-cash working capital	18,716	16,855	3,197	598
Funds flow (1)	118,979	106,326	365,084	266,933
Cash dividends declared	25,851	25,698	77,450	90,776
Development capital (1)	89,903	32,945	281,618	94,342
Free funds flow (1)	3,225	47,683	6,016	81,815
Basic payout ratio (%) (1)	22	24	21	34
Total payout ratio (%) (1)	97	55	98	69
Funds flow per share, basic (1)	0.32	0.29	0.99	0.81
Funds flow per share, diluted (1)	0.32	0.29	0.98	0.80
Cash dividends declared per share (1)	0.07	0.07	0.21	0.28

Note:
(1) Funds flow, development capital, free funds flow, basic payout ratio, total payout ratio, funds flow per share and cash dividends declared per share 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 ability to pay a dividend on a monthly basis.

Cash flow from operating activities for the three and nine months ended September 30, 2017 was $100.3 million and $361.9 million, respectively, compared to $89.5 million and $266.3 million, respectively, for the same periods in 2016. The increases in cash flow from operating activities are primarily attributed to increases in funds flow partially offset by the impact of changes in non-cash working capital.

Funds flow for the three and nine months ended September 30, 2017 was $119.0 million and $365.1 million, respectively, compared to $106.3 million and $266.9 million, respectively, for the same periods in 2016. In the third quarter of 2017, the increase in funds flow is primarily attributed to higher production volumes offset partially by lower operating netbacks. Year to date, the increase in funds flow is primarily attributed to higher production volumes and higher operating netbacks.

Capital Expenditures

	Three months ended September 30		Nine months ended September 30	
($000s)	2017	2016	2017	2016
Land and geological	585	579	1,558	775
Drilling and completions	79,630	28,497	252,803	74,789
Investment in facilities	8,379	2,698	21,637	15,465
Capitalized administration	1,309	1,171	5,620	3,313
Development capital (1)	89,903	32,945	281,618	94,342
Corporate and other assets	130	189	445	313
Property acquisitions	24,962	987	31,868	618,522
Property dispositions	-	(281)	(5,821)	(144,414)
Total capital expenditures	114,995	33,840	308,110	568,763

Note:
(1) Development capital is a non-GAAP measure which is defined under the Non-GAAP Measures section of this MD&A.

For the third quarter of 2017, development capital totaled $89.9 million with 98 percent spent on drilling, completions and facilities.

Whitecap drilled 66 (55.9 net) wells in the third quarter of 2017, including 4 (3.6 net) horizontal Cardium wells in west central Alberta, 47 (42.1 net) horizontal Viking oil wells in west central Saskatchewan, 5 (4.1 net) Cardium wells in northwest Alberta, and 10 (6.1 net) wells in southwest Saskatchewan.

Decommissioning Liability

At September 30, 2017, the Company recorded decommissioning liabilities of $608.3 million ($609.7 million as at December 31, 2016) for future abandonment and reclamation of the Company's properties. Estimates are based on both operational knowledge of the properties and updated industry guidance provided by the Alberta Energy Regulator and the Saskatchewan Ministry of the Economy. The estimates are reviewed quarterly and adjusted as new information regarding the liability is determined.

Capital Resources and Liquidity

Credit Facilities

As at September 30, 2017, the Company had a $900 million credit facility with a syndicate of Canadian banks. The credit facility consists of an $850 million revolving production facility and a $50 million revolving operating facility. At the end of the revolving period, being April 29, 2018, the revolving credit facility converts into a 366-day term loan if not renewed. The revolving facilities may be extended for a further 364-day revolving period upon the request of Whitecap, subject to approval by the banks. 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 fixed and floating charge debenture on the assets of the Company.

In the second quarter of 2017, Whitecap repaid its $372 million term loan facility with banker's acceptances under the Company's revolving production facility.

The credit facility has two financial covenants, whereby the Company's ratio of Debt to EBITDA shall not exceed 4.00:1.00 (1.56:1.00 as at September 30, 2017) and the ratio of EBITDA to interest expense shall not be less than 3.50:1.00 (14.58:1.00 as at September 30, 2017). The EBITDA used in the covenant calculation is adjusted for non-cash items, transaction costs and extraordinary and non-recurring items. The debt used in the covenant calculation includes bank indebtedness, letters of credit and dividends declared. As of September 30, 2017, the Company was compliant with all covenants provided for in the lending agreement. The next review is scheduled to be completed by April 29, 2018.

Senior Secured Notes

On January 5, 2017, the Company closed an issuance of $200 million senior secured notes which have an annual coupon rate of 3.46% and mature on January 5, 2022. The notes were issued by way of a private placement, pursuant to a note purchase and private shelf agreement and rank equally with Whitecap's obligations under its credit facility.

On May 31, 2017, the Company closed an issuance of $200 million senior secured notes which have an annual coupon rate of 3.54% and mature on May 31, 2024. The notes were issued by way of a private placement, pursuant to a note purchase agreement and rank equally with Whitecap's obligations under its credit facility.

The senior secured notes are subject to the same Debt to EBITDA ratio and EBITDA to interest expense ratio described above under the credit facility. The Company is subject to a third financial covenant in the senior secured note agreements, whereby Whitecap's borrowing base may not be less than $750 million. As of September 30, 2017, the Company was compliant with all covenants provided for in the lending agreements.

Equity

On May 16, 2017, the Company announced the approval of its normal course issuer bid ("NCIB") by the TSX. The NCIB allows the Company to purchase up to 18,457,076 common shares over a period of twelve months commencing on May 18, 2017. Purchases will be 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.

In the third quarter of 2017, the Company purchased for cancellation 99,900 common shares at an average cost of $8.77 per common share for total consideration of $0.9 million. Year to date 2017, the Company purchased for cancellation 438,611 common shares at an average cost of $9.09 per common share for total consideration of $4.0 million. The total cost paid, including commissions and fees, was charged to share capital.

On May 30, 2016, the Company closed a bought deal public financing of approximately 51.1 million subscription receipts at a price of $9.20 per subscription receipt for gross proceeds of approximately $470 million which was used to partially fund the Southwest Saskatchewan Acquisition. Each subscription receipt was converted to one common share on June 23, 2016.

On March 15, 2016, the Company closed a bought deal public financing by issuing approximately 13.8 million Whitecap common shares at a price of $6.90 per common share for gross proceeds of approximately $95 million.

The Company is authorized to issue an unlimited number of common shares. As at October 31, 2017, there were 369.8 million common shares and 4.8 million share awards outstanding.

Liquidity

The Company generally relies on funds flow, equity issuances and its credit facility to fund its capital requirements, dividend payments and provide liquidity. From time to time, the Company accesses capital markets to meet its additional financing needs and to maintain flexibility in funding its capital programs. Future liquidity depends primarily on funds flow, existing credit facilities and the ability to access debt and equity markets. All repayments on the revolving production and operating facilities are due at the term maturity date. As none of the facilities mature within the next year, the liabilities are considered to be non-current. The Company generates positive funds flow. At September 30, 2017, the Company had $497.2 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 2017 development capital program of up to $335 million and dividend payments for the 2017 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)	2017	2018	2019	2020+	Total
Operating leases	3,309	15,002	15,728	110,054	144,093
Transportation agreements	7,125	17,625	13,200	35,766	73,716
Long-term debt [1]	3,529	416,408	14,000	445,203	879,140
Total	13,963	449,035	42,928	591,023	1,096,949

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, 2017, the Company incurred $0.1 million and $0.2 million for legal fees and disbursements, respectively ($0.1 million and $0.5 million for the three and nine months ended September 30, 2016, respectively). These amounts have been recorded at the amounts that have been agreed upon by the two parties. The Company expects to retain the services of BD&P from time to time. As of September 30, 2017 a payable balance of nil ($0.1 million – September 30, 2016) was outstanding.

Changes in Accounting Policies Including Initial Adoption

There were no changes that had a material effect on the reported income or net assets of the Company.

Standards Issued but not yet Effective

The Company has reviewed the new and revised accounting pronouncements listed below that have been issued, but are 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 income or net assets of the Company.

IFRS 9 Financial Instruments ("IFRS 9") (2013 & 2014)
IFRS 9 (2013) significantly revises the existing hedge accounting guidance in IAS 39 *Financial Instruments: Recognition and Measurement* and is intended to align hedging with an entity's risk management strategies. IFRS 9 (2014) incorporates a further amendment to classification categories for financial assets, and includes a new impairment model. IFRS 9 (2013 & 2014) are effective for annual periods beginning on or after January 1, 2018. The impact of the standard has been evaluated and is expected to have no material impact on the Company's financial statements.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15")
IFRS 15 was issued in May 2014 and replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. The standard is required to be adopted either retrospectively or using a modified transaction approach for fiscal years beginning on or after January 1, 2018 with earlier adoption permitted. The impact of the standard has been evaluated and is expected to have no material impact on the Company's financial statements. Additional disclosure may be required upon implementation of IFRS 15 in order to provide sufficient information to enable users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from the contracts with customers.

IFRS 16 Leases ("IFRS 16")
IFRS 16 was issued in January 2016 and replaces IAS 17 *Leases* and related interpretations. The standard is required to be adopted either retrospectively or by recognising the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 is effective for fiscal years beginning on or after January 1, 2019 with earlier adoption permitted if IFRS 15 *Revenue from Contracts with Customers* has also been adopted. Whitecap is currently evaluating the impact of the standard on the Company's consolidated financial statements.

Financial Instruments
The Company has accounted for its forward physical delivery sales contracts which were entered into and continue to be held for the purpose of receipt or delivery of non-financial items, in accordance with its expected purchase, sale or usage requirements as executory contracts. As such, these contracts are not considered to be derivative financial instruments and have not been recorded at fair value on the consolidated balance sheet. Realized gains or losses from commodity physical delivery sales contracts are recognized in petroleum and natural gas sales as the contracts are settled.

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 16 to the Company's unaudited interim consolidated financial statements for the three and nine months ended September 30, 2017.

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 E&E assets acquired generally require the most judgment and include estimates of reserves acquired, forecast benchmark commodity prices and discount rates; and
- estimated recoverable amounts are based on estimated proved plus probable reserves, production rates, oil and gas prices, future costs, discount rates and other relevant assumptions.

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

Business Risks

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

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

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

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

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

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

Environmental Risks

Oil and gas exploration and production can involve environmental risks such as litigation, physical and regulatory risks. Physical risks include the pollution of the environment, climate change and destruction of natural habitat, as well as safety risks such as personal injury. The Company works hard to understand the sensitivities of the environments in which it operates and its responsibilities from the beginning to the end. It also strives 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.

Summary of Quarterly Results

	2017			2016				2015
($000s, except as noted)	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Financial								
Petroleum and natural gas sales	232,882	243,277	240,175	209,149	178,498	135,553	112,106	148,225
Funds flow [(1)]	118,979	121,870	124,235	117,792	106,326	92,928	67,679	111,537
Basic ($/share) [(1)]	0.32	0.33	0.34	0.32	0.29	0.29	0.22	0.37
Diluted ($/share) [(1)]	0.32	0.33	0.33	0.32	0.29	0.29	0.22	0.37
Net income (loss)	3,689	44,541	59,531	191,104	6,350	(28,311)	1,605	(87,087)
Basic ($/share)	0.01	0.12	0.16	0.52	0.02	(0.09)	0.01	(0.29)
Diluted ($/share)	0.01	0.12	0.16	0.51	0.02	(0.09)	0.01	(0.29)
Development capital [(1)]	89,903	67,654	124,061	79,651	32,945	16,159	45,238	62,322
Property acquisitions	24,962	(923)	7,829	12,043	987	596,244	21,291	94,397
Property dispositions	-	(2,498)	(3,323)	35	(281)	(42,498)	(101,635)	(268)
Total assets	5,194,875	5,194,640	5,204,068	5,134,940	4,798,265	4,827,244	4,091,011	4,183,085
Net debt [(1)]	842,897	820,295	848,228	818,580	821,731	869,231	800,302	939,787
Common shares outstanding (000s)	369,818	369,797	369,045	368,351	367,655	367,574	314,403	300,613
Cash dividends declared per share [(1)]	0.07	0.07	0.07	0.07	0.07	0.07	0.14	0.19
Operational								
Average daily production								
Crude oil (bbls/d)	44,001	43,204	42,425	37,072	36,094	26,771	29,561	29,092
NGLs (bbls/d)	3,503	3,333	3,185	3,247	2,991	3,231	3,205	3,130
Natural gas (Mcf/d)	62,362	58,373	61,657	61,756	60,994	62,315	61,547	59,069
Total (boe/d)	57,898	56,266	55,886	50,612	49,251	40,388	43,024	42,067

Note:

(1) Funds flow, funds flow per share, development capital, net debt and cash dividends declared per share are non-GAAP measures, which are defined under the Non-GAAP Measures section of 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 sales and funds flow. Net income has fluctuated due to changes in funds flow, impairment expense (reversal) 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 second quarter of 2017, the Company closed an issuance of $200 million senior secured notes which have an annual coupon rate of 3.54% and mature on May 31, 2024. The notes were issued by way of a private placement, pursuant to a note purchase agreement and rank equally with Whitecap's obligations under its credit facility. The proceeds of this private placement were used to repay indebtedness under the Company's credit facility.

In the first quarter of 2017, the Company closed an issuance of $200 million senior secured notes which have an annual coupon rate of 3.46% and mature on January 5, 2022. The notes were issued by way of a private placement, pursuant to a note purchase and private shelf agreement and rank equally with Whitecap's obligations under its credit facility. The proceeds of this private placement were used to repay indebtedness under the Company's credit facility.

In the fourth quarter of 2016, as a result of lower forecast benchmark commodity prices at December 31, 2016 compared to December 31, 2015, an impairment test on the Company's PP&E assets was performed. The impairment test concluded that the estimated recoverable amount of all cash generating units exceeded their carrying amount and the Company recognized a PP&E impairment reversal of $284.8 million.

In the second quarter of 2016, the Company closed the Southwest Saskatchewan Acquisition for cash consideration of $597.1 million. The purchase price was partially funded through the issuance of approximately 51.1 million subscription receipts at a price of $9.20 per subscription receipt for gross proceeds of approximately $470 million. Each subscription receipt was converted to one common share on June 23, 2016.

In the first quarter of 2016, the Company closed a bought deal public financing by issuing approximately 13.8 million Whitecap common shares at a price of $6.90 per common share for gross proceeds of approximately $95 million. Additionally, the Company disposed of certain production facilities to a third party for cash consideration of $70 million.

In the fourth quarter of 2015, the Company increased its working interest in strategic light oil assets located in its Boundary Lake core area for total consideration of $93.4 million. Additionally, as a result of lower forecast benchmark commodity prices at December 31, 2015 compared to December 31, 2014, the Company recognized an impairment of $23.9 million attributed to PP&E.

INTERNAL CONTROLS UPDATE

Whitecap is required to comply with National Instrument 52-109 Certification of Disclosure on Issuers' Annual and Interim Filings ("NI 52-109"). NI 52-109 requires that Whitecap disclose in its interim MD&A any material weaknesses in Whitecap's internal control over financial reporting and/or any changes in Whitecap's internal control over financial reporting that occurred during the period that have materially affected, or are reasonably likely to materially affect Whitecap's internal controls over financial reporting. Whitecap confirms that no material weaknesses or such changes were identified in Whitecap's internal controls over financial reporting during the third quarter of 2017.

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 International Financial Reporting Standards ("IFRS or, alternatively, "GAAP") 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 cash dividends declared divided by funds flow.

"Cash dividends declared per share" represents cash dividends declared or paid per share by Whitecap.

"Development capital" represents expenditures on PP&E excluding corporate and other assets.

The following table reconciles expenditures on PP&E (a GAAP measure) to development capital (a non-GAAP measure):

	Three months ended September 30		Nine months ended September 30	
($000s)	2017	2016	2017	2016
Expenditures on PP&E	90,033	33,134	282,063	94,655
Expenditures on corporate and other assets	(130)	(189)	(445)	(313)
Development capital	89,903	32,945	281,618	94,342

"Free funds flow" represents funds flow less cash dividends declared and development capital.

"Funds flow" represents cash flow from operating activities adjusted for changes in non-cash working capital.

"Funds flow netbacks" are determined by deducting cash general and administrative expenses, interest and financing expenses, transaction costs and settlement of decommissioning liabilities from operating netbacks.

"**Funds flow per share**" represents funds flow divided by the basic or diluted weighted average shares outstanding in the period. Management considers funds flow and funds flow per share to be key measures as they demonstrate 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 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. Refer to the "Funds Flow and Payout Ratios" section of this report for the reconciliation of cash flow from operating activities to funds flow.

"Net debt" is calculated as long-term debt plus working capital surplus or deficit adjusted for risk management contracts.

The following table reconciles long-term debt (a GAAP measure) to net debt (a non-GAAP measure):

($000s)	September 30 2017	December 31 2016
Long-term debt	802,408	773,395
Current liabilities	194,190	231,416
Current assets	(126,856)	(111,194)
Risk management contracts	(26,845)	(75,037)
Net debt	842,897	818,580

"Operating netbacks" are determined by deducting realized hedging losses or adding realized hedging gains and deducting royalties, operating expenses and transportation expenses from petroleum and natural gas sales. Operating netbacks are per boe measures used in operational and capital allocation decisions.

"Petroleum and natural gas sales, before tariffs" are determined by adding back tariffs netted against petroleum and natural gas sales. Management believes that petroleum and natural gas sales, before tariffs provides a useful measure of Whitecap's realized commodity prices before the impact of transporting products to market.

The following table reconciles petroleum and natural gas sales (a GAAP measure) to petroleum and natural gas sales, before tariffs (a non-GAAP measure):

	Three months ended September 30		Nine months ended September 30	
($000s)	2017	2016	2017	2016
Petroleum and natural gas sales	232,882	178,498	716,334	426,157
Tariffs	6,288	9,199	23,530	25,638
Petroleum and natural gas sales, before tariffs	239,170	187,697	739,864	451,795

"Tariffs" represent pipeline tariffs incurred by commodity purchasers and marketing companies subsequent to the delivery of the Company's product, which have been charged back to Whitecap. Under IFRS, tariffs are reflected on a net basis (tariffs are netted against petroleum and natural gas sales). Tariffs will fluctuate quarterly based on pipeline connectivity or downtime, weather, shipper status and pipeline shipping arrangements. As the amount of tariffs recognized decreases, there is an offsetting increase in transportation expense. Management believes that presenting tariffs separately provides a useful measure of the total costs of transporting a product to market as, on a combined basis, tariffs plus transportation expenses are generally consistent with prior periods.

"Total payout ratio" is calculated as cash dividends declared plus development capital, divided by 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 future plans and focus, including its plans to provide sustainable monthly dividends and per share growth; Whitecap's commodity risk management program and the benefits to be obtained therefrom; the amount of future decommissioning liabilities; future liquidity and financial capacity; sources of funding the Company's capital program and dividends; future dividends and dividend policy; future operating expenses and royalty rates; Whitecap's ability to fund its current capital program and dividend payments for the remainder of the year, future taxes payable by Whitecap, and Whitecap's deductions available for deferred income tax purposes.

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

The forward-looking information and statements included in this MD&A are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation: changes in commodity prices; changes in the demand for or supply of Whitecap's products; unanticipated operating results or production declines; changes in tax or environmental laws, royalty rates or other regulatory matters; changes in Whitecap's development plans or by third party operators of Whitecap's properties; competition from other producers; inability to retain drilling rigs and other services; incorrect assessment of the value of acquisitions; failure to realize the anticipated benefits of acquisitions; delays resulting from or inability to obtain require regulatory approvals; increased debt levels or debt service requirements; inaccurate estimation of Whitecap's oil and gas reserve and resource 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.