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 March 17, 2015 and should be read in conjunction with the Company’s audited annual consolidated financial statements and related notes for the year ended December 31, 2014 and our Annual Information Form for the year ended December 31, 2014. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) in Canadian dollars, except where indicated otherwise. Accounting policies adopted by the Company are set out in the notes to the audited annual financial statements for the year ended December 31, 2014. Additional information respecting Whitecap, including our Annual Information Form, is available on SEDAR at www.sedar.com and on our website at www.wcap.ca.

The annual consolidated financial statements of Whitecap have been prepared by management and approved by the Company’s Board of Directors.

DESCRIPTION OF BUSINESS

Whitecap is engaged in the acquisition, development, optimization and production of crude oil and natural gas in western Canada. We are focused on providing sustainable monthly dividends and per share growth through a combination of accretive oil-based acquisitions and organic growth on existing and acquired assets.

2014 ANNUAL FINANCIAL AND OPERATIONAL RESULTS

Production

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

	Year ended December 31,	
	2014	2013
Crude oil (bbls/d)	20,796	11,870
NGLs (bbls/d)	2,596	1,713
Natural gas (Mcf/d)	54,395	37,117
Total (boe/d)	32,458	19,769
Production split (%)		
Crude oil and NGLs	72	69
Natural gas	28	31
Total	100	100

Average production volumes increased 64 percent to 32,458 boe/d in 2014 from 19,769 boe/d in 2013, while average production volumes increased 71 percent to 37,661 boe/d in the fourth quarter of 2014 compared to 22,061 boe/d in the same period in 2013.The increase is mainly attributed to the successful execution of our development capital program complemented by strategic property and corporate acquisitions completed throughout the year, partially offset by natural declines. Our crude oil and NGL weighting in 2014 has increased three percent to 72 percent compared to 69 percent in 2013.

Petroleum and Natural Gas Sales

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

	Year ended December 31,	
($000s)	2014	2013
Crude oil	679,684	382,969
NGLs	44,275	30,956
Natural gas	91,730	45,185
Petroleum and natural gas sales	815,689	459,110

Petroleum and natural gas sales in 2014 increased 78 percent to $815.7 million from $459.1 million in 2013. The increase of $356.6 million consists of $294.7 million attributed to higher production volumes and $61.9 million due to higher realized prices. Petroleum and natural gas sales in the fourth quarter of 2014 increased 63 percent to $195.0 million from $120.0 million in the fourth quarter of 2013, an increase of $75.0 million of which $84.8 million is attributed to higher production volumes partially offset by $9.8 million due to lower realized prices.

During the fourth quarter of 2014, the Company completed a review of the presentation of petroleum and natural gas sales transactions and it was determined that certain transportation charges previously reported on a gross basis (sales are presented gross of transportation expense) are more appropriately reflected on a net basis (transportation expense is netted against petroleum and natural gas sales). Prior period comparative amounts have been reclassified to conform to the current period presentation. This resulted in an offsetting reduction to both petroleum and natural gas sales and transportation expense of $15.9 million in 2014 and $8.0 million in 2013. This reclassification has a nil impact on both net income and cash flow from operations.

Benchmark and Realized Prices

Average benchmark and realized prices are as follows:

	Year ended December 31,	
	2014	2013
Benchmark prices		
WTI (US$/bbl)(1)	93.00	97.97
USD – CAD foreign exchange rate	1.10	1.03
WTI (C$/bbl)	102.49	100.87
Edmonton Par (C$/bbl)	94.44	92.93
AECO natural gas ($/Mcf)(2)	4.51	3.17
Average realized prices(3)		
Crude oil ($/bbl)	89.54	88.39
NGLs ($/bbl)	46.73	49.51
Natural gas ($/Mcf)	4.62	3.34
Combined ($/boe)	68.85	63.63

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 was $68.85 per boe for the year ended December 31, 2014, an eight percent increase compared to $63.63 per boe for 2013. For the three months ended December 31, 2014 Whitecap's weighted average realized price prior to the impact of hedging activities was $56.28 per boe, a five percent decrease compared to $59.11 per boe for the same period in 2013.

US$ WTI prices averaged $93.00 per barrel for the year ended December 31, 2014, a decrease of five percent compared to $97.97 per barrel for 2013. Though North American oil production grew steadily, global oil demand and high refinery utilization rates kept WTI oil prices strong through the first three quarters of 2014. A slowing of global demand coupled with increased North American oil production caused a dramatic decrease in WTI prices in the fourth quarter.

The Edmonton light sweet crude price differential to WTI averaged US$7.17 per barrel for the year ended December 31, 2014, an improvement of five percent compared to US$7.57 per barrel for the same period in 2013. Differentials were relatively steady through 2014, widening in December to $9.23 per barrel as light oil production outpaced demand.

The AECO daily spot price averaged $4.51 per Mcf in 2014 compared to $3.17 per Mcf in 2013, an increase of 42 percent. Cold weather related demand kept gas prices strong through the first quarter of 2014, reducing gas volumes in storage to normal levels and allowing for robust storage injections through the summer. In the fourth quarter of 2014 a lack of cold weather demand and strong supply caused gas prices to decline. The Company's natural gas receives a modest premium to the Alberta natural gas spot benchmark price due to its higher heat content.

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 3 years and up to 75 percent of its most recent quarter's average daily production, net of royalties.

The Company realized a loss of $27.1 million on its commodity risk management contracts in 2014. The unrealized gain for 2014 is a result of the non-cash change in the mark-to-market values period over period.

	Year ended December 31,	
Risk Management Contracts ($000s)	2014	2013
Realized loss on commodity contracts	(27,135)	(11,795)
Unrealized gain (loss) on commodity contracts	197,969	(42,601)
Total gain (loss) on commodity contracts	170,834	(54,396)
Loss on interest rate contracts(1)	(8,727)	(3,805)
Total gain (loss) on risk management contracts	162,107	(58,201)

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

At December 31, 2014 the following risk management contracts were outstanding with a mark-to-market asset value of $175.6 million and a mark-to-market liability value of $19.9 million:

Financial WTI Crude Oil Derivative Contracts – Canadian Dollar

Term	**Contract**	**Volume (bbl/d)**	**Sold Put Price ($/bbl)(2)**	**Average Swap Price ($/bbl)(1)**
2015 January - June	Swap	4,000	-	102.27
2015	Swap	10,000	-	97.15
2016	Swap	6,000	66.68	97.71

Note:
(1) Prices reported are the weighted average prices for the period.
(2) Index is US$WTI

Financial WTI Crude Oil Collar Option Derivative Contracts – US Dollar

Term	**Contract**	**Volume (bbl/d)**	**Bought Call ($/bbl)(1)**	**Sold Call ($/bbl)(1)**
2015	Collar Option	6,000	78.00	87.32

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

Financial Natural Gas Derivative Contracts – Canadian Dollar

Term	**Contract**	**Volume (GJ/d)**	**Average Swap Price ($/GJ)(1)**
2015 January - March	Swap	3,000	4.26
2015 January - June	Swap	2,500	4.12
2015	Swap	15,000	3.72
2016	Swap	7,500	3.59

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

Financial Power Derivative Contracts – Canadian Dollar

Term	**Contract**	**Volume (MWh's)**	**Fixed Rate ($/MWh)**
2015	Swap	35,040	50.95
2016	Swap	30,744	52.41

Interest Rate Contracts

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

Contracts entered into subsequent to December 31, 2014

Financial Power Derivative Contracts – Canadian Dollar

Term	**Contract**	**Volume (MWh's)**	**Fixed Rate ($/MWh)**
2015 February - December	Swap	8,016	42.50
2016	Swap	17,568	42.25
2017	Swap	26,280	46.25

Financial Natural Gas Derivative Contracts – Canadian Dollar

Term	**Contract**	**Volume (GJ/d)**	**Average Swap Price ($/GJ)**
2015 March – December	Swap	5,000	2.76
2015 April – September	Swap	5,000	2.79
2015 April – October	Swap	5,000	2.88
2015 October - December	Swap	5,000	3.03

Financial WTI Crude Oil Differential Derivative Contracts – Canadian Dollar

Term	**Contract**	**Volume (bbl/d)**	**Basis**	**Average Swap Price ($/bbl)**
2015 April - June	Swap	2,000	MSW	7.25

Interest Rate Contracts

Term		**Amount ($000s)**	**Fixed Rate (%)**	**Index**
02-March-15	02-March-17	100,000	0.75	CDOR

Foreign Exchange Contracts [(1)]

Term	**Contract**	**Amount per month**	**Cdn$/US$**
2016	Monthly average rate forward	US$4.0 million	1.274
2017	Monthly average rate forward	US$2.0 million	1.250

Note:
(1) Bank of Canada monthly average noon day rate settlement.

Royalties

	Year ended December 31,	
($000s, except per boe amounts)	2014	2013
Royalties	108,886	59,758
As a % of petroleum and natural gas sales	13	13
$ per boe	9.19	8.28

Whitecap pays royalties to the provincial governments and landowners in Alberta, Saskatchewan and British Columbia. Each province has separate royalty regimes which impact Whitecap's overall corporate royalty rate.

Royalties as a percentage of revenue remained flat year-over-year at 13 percent. For the fourth quarter of 2014, royalties as a percentage of revenue were 13 percent, compared to 14 percent in the same period in 2013. The slight decrease in the fourth quarter royalty rate when compared to the same period in 2013 is a result of lower realized oil and natural gas prices.

The horizontal wells targeting the Montney Sexsmith pool at Peace River Arch qualify for a five percent royalty rate on up to 70,000 to 80,000 boe of production and for a maximum of 30 to 36 months depending on measured depth drilled. In west central Alberta, the horizontal wells drilled qualify for a five percent royalty rate on up to 60,000 boe of production and for a maximum of 24 months. The horizontal wells targeting the Viking oil pool qualify for the Government of Saskatchewan's reduced royalty rate of 2.5 percent for up to 37,700 barrels of oil produced from the well. The applicable new oil royalty rate will apply thereafter.

Operating expenses

	Year ended December 31,	
($000s, except per boe amounts)	2014	2013
Operating expenses	129,705	71,887
$ per boe	10.95	9.96

Operating expenses in 2014 increased 10 percent to $10.95 per boe compared to $9.96 per boe in 2013. Operating expenses in the fourth quarter of 2014 increased 7 percent to $10.79 per boe compared to $10.05 per boe in the same period in 2013. The 2014 increase in operating expenses on a per boe basis is primarily attributed to the acquisition of high netback assets in our Pembina Cardium core area and at Boundary Lake in northeast British Columbia completed in May 2014 which have a higher operating cost than the Company average.

Transportation expenses

	Year ended December 31,	
($000s, except per boe amounts)	2014	2013
Transportation expenses	17,378	9,319
$ per boe	1.47	1.30

Transportation costs in 2014 increased 13 percent to $1.47 per boe compared to $1.30 per boe in 2013. The 2014 increase in transportation expenses is mainly attributed to increased production volumes in west central Saskatchewan which have higher per boe transportation costs than the Company average. Transportation costs in the fourth quarter of 2014 decreased 11 percent to $1.25 per boe compared to $1.40 per boe in the same period in 2013. This decrease is mainly due to increased pipeline connectivity late in the third quarter of 2014 which resulted in lower trucking costs to get production to market.

Operating Netbacks

The components of operating netbacks are shown below:

	Year ended December 31,	
Netbacks ($/boe)	2014	2013
Petroleum and natural gas sales	68.85	63.63
Royalties	(9.19)	(8.28)
Operating expenses	(10.95)	(9.96)
Transportation expenses	(1.47)	(1.30)
Operating netbacks prior to hedging	47.24	44.09
Realized hedging loss	(2.29)	(1.63)
Operating netbacks[1]	44.95	42.46

Note:

[1] Operating netback is a non-GAAP measure, which is defined under the Non-GAAP Measures section of this MD&A.

In 2014, the operating netback increased six percent to $44.95 per boe compared to $42.46 per boe in the prior period. The increase on a per boe basis was due to higher average realized pricing partially offset by higher royalties, operating expenses, transportation expenses and realized hedging losses.

The operating netback increased 20 percent in the fourth quarter of 2014 to $44.11 per boe compared to $36.88 per boe in the prior period. The increase on a per boe basis was due to higher realized hedging gains, lower royalties and transportation expenses partially offset by lower average realized pricing and higher operating expenses.

General and administrative ("G&A")

($000s)	Year ended December 31, 2014	2013
G&A	23,146	15,291
Capitalized	(5,441)	(3,234)
G&A expense	17,705	12,057
$ per boe	1.49	1.67

Year to date G&A expense decreased 11 percent to $1.49 per boe compared to $1.67 per boe in the prior period. G&A expense per boe decreased eight percent to $1.48 per boe for the three months ended December 31, 2014 compared to $1.61 per boe for the comparable period. The decrease on a per boe basis was mainly attributed to higher production volumes, which more than offset the absolute increase in G&A expense.

Share-based and Option-based Awards

($000s)	Year ended December 31, 2014	2013
Stock-based compensation	12,434	7,549
Capitalized stock-based compensation	(5,256)	(2,187)
Stock-based compensation expense	7,178	5,362
$ per boe	0.61	0.74

In 2014, the Company recorded stock-based compensation of $12.4 million with the offsetting amount recorded in contributed surplus. The increase over 2013 is primarily due to the increase in expense associated with additional grants under the Award Incentive Plan, partially offset by the decrease in expense associated with the stock option 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. The maximum number of common shares issuable under the plan shall not at any time exceed 6.5% of the total common shares outstanding less the aggregate number of common shares reserved for issuance pursuant to outstanding stock options. All share awards vest three years from date of grant.

Each time-based award entitles the holder to be issued the number of common shares designated in the time-based award (plus dividend equivalents) with such common shares to be issued three years from the date of grant. Certain awards have been granted with a performance multiplier. This multiplier, ranging from zero to two, will be applied at exercise 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 shares 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 exercise of the awards, the associated amount in contributed surplus is recorded as an increase to share capital.

As at December 31, 2014, the Company had 3.5 million awards outstanding.

Stock Options & Warrants

As at December 31, 2014, the Company had 1.6 million stock options and 0.2 million warrants outstanding. The stock options have a weighted average exercise price of $6.97 per option and the warrants have a weighted average exercise price of $2.24 per warrant. The warrants were issued as part of a $7.75 million private placement financing on June 25, 2010. Stock-based compensation expense is the amortization over the vesting period of the fair value of stock options granted to employees, consultants and directors of the Company. Stock options granted under the stock option plan have a term of four years to expiry and warrants granted have a term of five years to expiry.

No further stock options and warrants will be granted and the outstanding options and warrants will be either exercised or forfeited over their remaining lives.

Transaction Costs

	Year ended December 31,	
($000s)	2014	2013
Transaction costs	2,015	765

Transaction costs are the incremental costs incurred related to an acquisition, such as finder's fees, advisory, legal and other professional fees. In 2014, transaction costs incurred are attributable to costs incurred for the property and corporate acquisitions completed in the year.

Interest and Financing Expenses

	Year ended December 31,	
($000s)	2014	2013
Interest and financing expense	33,454	18,812
Unrealized loss on interest rate contracts	(5,349)	(3,319)
	28,105	15,493
$ per boe	2.37	2.15

Interest expense has increased compared to the prior period as a result of higher levels of bank debt from our development capital program and acquisitions, the cost of which exceeded funds from operations. The increase on a per boe basis is mainly due to the higher interest incurred on Whitecap's term debt relative to the Company's revolving credit facility.

Whitecap manages exposure to interest rate fluctuations through a $400 million term loan facility. The first $200 million term loan facility matures on October 3, 2018 and has an effective interest rate of 5.3%. The second $200 million term loan facility matures on May 1, 2019 and has an effective interest rate of 4.7%.

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

	Year ended December 31,	
($000s)	2014	2013
DD&A	258,141	149,487
Impairment	-	2,900
DD&A and impairment	258,141	152,387
$ per boe	21.79	21.12

The DD&A rate will fluctuate from one period to the next depending on the amount and type of capital spending and the amount of reserves added. The depletion rate is calculated on proved and probable oil and natural gas reserves, taking into account the future development costs to produce the reserves.

Exploration and Evaluation Asset Expiries

During the year ended December 31, 2014, $10.7 million of costs associated with expired mineral leases were recognized as an expense compared to the prior period of $1.7 million. The Company added $25.5 million of undeveloped land in 2014, primarily in connection with the acquisitions completed in the year.

Taxes

The Company has a deferred income tax expense of $98.2 million for the year ended December 31, 2014 compared to $25.0 million in 2013.

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

($000s)	December 31, 2014	December 31, 2013
Undepreciated capital cost	310,254	179,530
Canadian development expense	467,336	353,438
Canadian exploration expense	-	4,649
Canadian oil and gas property expense	1,042,200	513,220
Non-capital loss carry forward	843,199	67,439
Share issue costs	60,246	22,179
Total	2,723,235	1,140,455

Gain on Acquisition of Private Companies

As part of the acquisition of two private companies, the Company recognized a gain of $162.3 million for the year ended December 31, 2014. The gain represents the excess of the $269.4 million total identifiable net assets acquired over the $107.1 million cash consideration paid.

Net Income

Net income for the year ended December 31, 2014 was $453.1 million compared to $40.4 million in 2013. The increase of $412.7 million compared to the comparative period in 2013 is due to $356.6 million higher petroleum and natural gas sales, a $162.3 million gain on acquisition of private companies and $225.2 million related to risk management contracts. These increases were partially offset by a $105.7 million increase in DD&A, a $73.2 million increase in deferred income tax expense, a $57.8 million increase in operating expenses, a $49.1 million increase in royalties and $45.6 million in other net changes in items impacting net income. The factors causing these changes are discussed in the preceding sections.

Funds from Operations and Payout Ratios

Funds from operations, basic payout ratio and total payout ratio are non-GAAP measures. Funds from operations represents cash flow from operating activities adjusted for changes in non-cash working capital, transaction costs, settlement of decommissioning liabilities and termination fees received. Basic payout ratio is calculated as cash dividends divided by funds from operations. Total payout ratio is calculated as cash dividends declared plus development capital, divided by funds from operations. The Company considers these to be key measures of performance and indicators of sustainability.

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

($000s)	Year ended December 31, 2014	2013
Cash flow from operating activities	468,916	279,859
Changes in non-cash working capital	12,735	(1,107)
Settlement of decommissioning liabilities	3,109	484
Transaction costs	2,015	765
Termination fee received	-	(1,200)
Funds from operations	486,775	278,801
Cash dividends declared	169,594	92,978
Development capital	323,836	189,994
Basic payout ratio (%)	35	33
Total payout ratio (%)	101	102
Funds from operations per share [1]	2.10	1.86
Cash dividends declared per share[1]	0.73	0.61

Note:

(1) Cash dividends declared per share and funds from operations 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 review Whitecap's ability to pay a dividend on a monthly basis.

Cash flow from operating activities for 2014 was $468.9 million and compared to $279.9 million for the same period in 2013. Funds from operations for 2014 was $486.8 million and compared to $278.8 million for the same period in 2013. The $189.0 million increase in cash flow from operations and $208.0 million increase to funds from operations are primarily attributed to the Company's growth in production volumes and higher operating netbacks on a per boe basis in 2014.

Capital Expenditures

	Year ended December 31,	
($000s)	2014	2013
Land and lease	1,950	3,291
Geological and geophysical	690	689
Drilling and completions	269,583	156,554
Investment in facilities	46,172	26,226
Capitalized administration	5,441	3,234
Development capital	323,836	189,994
Office and other	590	106
Property acquisitions	950,856	407,422
Property dispositions	(273,547)	(35,602)
Corporate acquisitions	602,691	66,450
Total capital expenditures	1,604,426	628,370

For the year ended December 31, 2014, development capital totaled $323.8 million with 98 percent spent on drilling, completions and facilities for the year.

Whitecap drilled 169 (142.5 net) wells in 2014 with a 100% success rate, including 116 (97.9 net) horizontal Viking oil wells in west central Saskatchewan, 16 (14.8 net) horizontal Cardium oil wells in Pembina, 26 (20.9 net) horizontal Cardium wells in south west Alberta and 11 (8.9 net) wells in north west Alberta and British Columbia.

Acquisitions

On October 1, 2014 Whitecap closed the acquisition of a controlling interest in a light oil pool at Elnora through a property acquisition and the acquisition of Forge Petroleum Corp. ("Forge") and Bashaw Oil Ltd. ("Bashaw") for aggregate cash consideration of $277.2 million. Subsequently, on October 17, 2014 Whitecap consolidated the remaining working interest in the premier conventional Nisku light sweet oil pool at Elnora, Alberta through a property acquisition for cash consideration of $53.2 million.

On June 26, 2014, the Company acquired all the issued and outstanding shares of two private companies for an aggregate purchase price of $107.1 million.

On May 1, 2014 Whitecap closed the acquisition of certain strategic light oil assets focused primarily in Whitecap's Pembina Cardium / West Central core area, as well as at Boundary Lake in northeast B.C. and the concurrent disposition of certain Nisku natural gas production and related facilities located in the Pembina. Taking into consideration customary closing adjustments and the proceeds from the concurrent disposition, Whitecap paid $683.0 million cash on closing of the Acquisition.

On January 6, 2014, the Company closed the acquisition of Home Quarter Resources Ltd. ("Home Quarter") with assets primarily focused in the Viking formation in Saskatchewan for consideration of approximately $346.1 million. The Company acquired all of the issued and outstanding common shares of Home Quarter through the issuance of 27.5 million Whitecap common shares and the assumption of Home Quarter working capital surplus of approximately $3.0 million.

Dispositions

On November 12, 2014, we completed the disposition of $30.5 million non-core assets acquired as part of the Forge acquisition in Alberta for proceeds of $30.5 million.

On October 10, 2014, the Company disposed of $52.5 million in non-core assets in Southwest Saskatchewan for cash consideration of $57.3 million.

On July 31, 2014, the Company closed the disposition of $42.0 million in non-core assets in Southwest Alberta for cash consideration of $39.1 million and $4.6 million in undeveloped lands and facilities in northwest Alberta.

Decommissioning Liability

At December 31, 2014, the Company recorded decommissioning liabilities of $283.5 million 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 ("AER") 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 Facility

As at December 31, 2014, the Company had a $1 billion credit facility with a syndicate of Canadian banks. The credit facility consists of a $550 million revolving production facility, a $50 million revolving operating facility and a $400 million term loan facility. Subsequent to the year end, the Company's credit facility was increased to $1.2 billion, which includes a $750 million revolving production facility, a $50 million revolving operating facility and a $400 million term loan facility. The revolving facilities may be extended for a further 364-day revolving period upon the request of Whitecap, subject to approval by the banks. At the end of the revolving period, being April 30, 2016, the extendible revolving credit facility converts into a 366-day term loan if not renewed. 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 annualized. The banker's acceptances bear interest at the applicable banker's acceptance rate plus a 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. The first $200 million term loan facility matures on October 3, 2018 and has an effective interest rate of 5.3%. The second $200 million term loan facility matures on May 1, 2019 and has an effective interest rate of 4.7%.

The credit facility has two financial covenants, whereby the Company's ratio of Debt to EBITDA shall not exceed 4.0:1.0 and the ratio of EBITDA/interest expense shall not be less than 3.5:1.0. 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 distributions declared. As of December 31, 2014, the Company was compliant with all covenants provided for in the lending agreement. The next review is scheduled on or before April 30, 2016.

Equity

On September 11, 2014 the Company closed a bought deal public financing of approximately 7.6 million subscription receipts at a price of $16.55 per subscription receipt for gross proceeds of approximately $125 million which was used to partially fund the acquisition of a controlling interest in a premier conventional Nisku light sweet oil pool at Elnora, Alberta. Each subscription receipt was converted to one common share on October 1, 2014

On April 8, 2014, the Company closed a bought deal public financing of approximately 44.6 million subscription receipts at a price of $11.20 per subscription receipt for gross proceeds of approximately $500 million to partially fund the acquisition of certain strategic light oil assets focused primarily in Whitecap's Pembina Cardium / West Central core area, as well as at Boundary Lake in northeast B.C. Each subscription receipt was converted into one common share on May 1, 2014.

On January 6, 2014, as part of the Home Quarter acquisition, approximately 27.5 million Whitecap shares were issued to Home Quarter's shareholders as part of the transaction. The common shares issued were valued using the share price of Whitecap on January 6, 2014 of $12.57 per share.

On November 13, 2013, the Company closed a bought deal public financing of approximately 5.4 million Whitecap shares at a price of $12.00 per common share for gross proceeds of approximately $65 million to partially fund the acquisition of additional Cardium light oil assets in the Garrington area of west central Alberta and a working interest consolidation of Whitecap's Eagle Lake Viking unit.

On July 18, 2013, the Company completed a bought deal public financing of approximately 17.2 million subscription receipts at a price of $9.90 per subscription receipt for gross proceeds of approximately $170.0 million to partially fund the acquisition of additional Montney light oil assets in the Valhalla area and Cardium light oil assets in the Garrington area of west central Alberta. Each subscription receipt converted to one common share on July 31, 2013.

On May 16, 2013, the Company completed a bought deal public financing of approximately 10.4 million Whitecap shares at a price of $9.70 per common share for gross proceeds of approximately $100.8 million. Concurrently, with the financing, the Company also agreed to issue approximately 1.9 million common shares on a Canadian Development Expenditures ("CDE") flow-through basis at a price of $10.67 per flow-through common share on a non-brokered, private placement basis for additional gross proceeds of approximately $20.0 million. The gross proceeds from the bought deal financing were used to partially fund the purchase price of the Dodsland property acquisition.

On April 30, 2013, as part of the Invicta Energy Corp. ("Invicta") acquisition, approximately 4.8 million Whitecap shares were issued to Invicta shareholders as part of the transaction. The common shares issued were valued using the share price of Whitecap on April 30, 2013 of $10.34 per share.

The Company is authorized to issue an unlimited number of common shares. As at March 17, 2015 there were 253.6 million common shares, 1.5 million stock options, 0.1 million performance warrants and 3.5 million share awards outstanding.

Liquidity

The Company generally relies on operating cash flows, 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 from operations, 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. Repayment on the term loan facility is due on the term loan maturity date. As none of the facilities mature within the next year, the liabilities are considered to be non-current. The Company generates positive operating cash flow. At December 31, 2014, the Company had $243.4 million of unutilized credit to cover any working capital deficiencies. The Company believes that it is well positioned to take advantage of its internally developed opportunities funded through available credit facilities combined with anticipated funds from operations. Present sources of capital are currently anticipated to be sufficient to satisfy the Company's capital program and dividend payments for the 2015 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 and employee agreements. 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)	2015	2016	2017	2018+	Total
Operating lease - office building	4,503	5,729	4,919	39,187	54,338
Transportation agreements	9,190	10,841	9,160	25,910	55,101
Total	13,693	16,570	14,079	65,097	109,439

Related Party Transactions

The Company has retained the law firm of Burnet, Duckworth and Palmer LLP (“BDP”) to provide Whitecap with legal services. A director of Whitecap is a partner of this firm. During the year ended December 31, 2014, the Company incurred $2.4 million for legal fees and disbursements ($0.9 million for the year ended December 31, 2013). 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 BDP from time to time. As of December 31, 2014 a payable balance of $0.2 million (nil – December 31, 2013).

Changes in Accounting Policies including Initial Adoption

The Company made the following changes in accounting policy. There were no other changes that had a material effect on the Company's financial statements.

IFRS 9 Financial Instruments (“IFRS 9”) (2010)

The Company has early adopted IFRS 9 (2010), with a date of initial application of January 1, 2014. IFRS 9 (2010) retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income (“OCI”) and fair value through profit or loss (“P&L”). The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset.

Investments in equity instruments are required to be measured at fair value through P&L with the irrevocable option at inception to present changes in fair value through OCI.

For financial liabilities the only change to classification and measurement is that increases or decreases in fair value attributable to a liability’s credit risk will be recorded in OCI.

Standards issued but not yet effective

The Company has reviewed 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 loss or net assets of the Company.

IFRS 9 (2013 & 2014)

IFRS 9 (2013) significantly revises the existing hedge accounting guidance in IAS 39 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. Whitecap is currently evaluating the impact of the standards on the Company’s consolidated 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, 2017 with earlier adoption permitted. Whitecap is currently evaluating the impact of the standard on the Company’s consolidated financial statements.

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.

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. Further, 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 from operations, 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 from operations also provide Whitecap with capital required to grow in its business. Funds from operations also fluctuate 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 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

	2014				2013			
($000s, except as noted)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial								
Petroleum and natural gas sales	194,994	226,728	215,850	178,117	119,970	137,372	103,323	98,445
Funds from operations(1)	139,089	129,350	117,429	100,907	66,640	82,332	65,676	64,153
Basic ($/share)	0.55	0.53	0.51	0.51	0.39	0.51	0.47	0.49
Diluted ($/share)	0.54	0.52	0.51	0.50	0.39	0.51	0.46	0.49
Net income (loss)	166,116	87,440	195,045	4,540	(1,469)	16,168	20,143	5,586
Basic ($/share)	0.66	0.36	0.85	0.02	(0.01)	0.10	0.14	0.04
Diluted ($/share)	0.65	0.35	0.84	0.02	(0.01)	0.10	0.14	0.04
Development capital expenditures	48,144	93,347	51,764	130,581	21,988	65,515	27,905	74,586
Net property acquisitions	31,531	(36,386)	678,056	4,108	53,817	199,279	116,585	2,139
Corporate acquisitions	205,209	-	-	397,482	-	-	66,450	-
Total assets	3,869,293	3,565,076	3,434,995	2,657,471	2,052,829	2,007,911	1,766,744	1,537,331
Net debt(1)	798,290	676,000	752,882	470,794	401,177	398,578	357,974	360,753
Common shares outstanding (000s)	253,476	245,751	245,316	199,970	172,292	166,635	149,073	130,460
Dividends declared ($/share)	0.19	0.19	0.18	0.17	0.16	0.15	0.15	0.15
Operational								
Average daily production								
Crude oil (bbls/d)	24,752	22,160	19,516	16,653	12,585	12,870	10,912	11,085
NGLs (bbls/d)	2,979	2,863	2,328	2,203	2,159	1,864	1,500	1,319
Natural gas (Mcf/d)	59,580	59,498	52,384	45,913	43,902	40,281	32,983	31,126
Total (boe/d)	37,661	34,940	30,574	26,508	22,061	21,448	17,909	17,592

Note:

(1) Funds from operations and net debt do not have a standardized meaning under GAAP. Refer to non-GAAP measures in this MD&A.

In the past eight consecutive quarters, Whitecap has been able to consistently increase its production volumes through the efficient execution of its capital program as well as completing strategic acquisitions in its core areas. Over the past eight quarters, the Company's oil and gas sales have generally increased, however fluctuations in realized commodity prices have impacted petroleum and natural gas sales and funds from operations. Net income has fluctuated due to changes in funds from operations and unrealized derivative gains and losses which fluctuate with the changes in forward commodity prices. Capital expenditures have fluctuated over time as a result of the timing of acquisitions and our development capital expenditures.

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

In the fourth quarter of 2014, the Company acquired a controlling interest in a conventional Nisku light sweet oil pool at Elnora, Alberta for total consideration of $277.2 million. The purchase price was partially funded through the issuance of approximately 7.6 million subscription receipts at a price of $16.55 per Subscription Receipt for gross proceeds of approximately $125 million in the third quarter of 2014. Each subscription receipt was converted to one common share in the fourth quarter of 2014

In the second quarter of 2014, the Company acquired strategic light oil assets in northwest Alberta and British Columbia for cash consideration of $683.0 million. Concurrent with the closing of the Acquisition, the Company’s credit facility was increased to $1 billion from the previous $600 million.

In the first quarter of 2014, the Company closed the acquisition of Home Quarter, a private company with assets primarily focused in the Viking formation in Saskatchewan for consideration of approximately $346.1 million. The Company acquired all of the issued and outstanding common shares of Home Quarter through the issuance of 27.5 million Whitecap common shares and the assumption of Home Quarter's working capital surplus of approximately $3.0 million.

In the fourth quarter of 2013, the Company acquired Cardium light oil assets in its core Garrington operated area and a working interest consolidation of its Eagle Lake Viking unit for total consideration of $90 million and disposed of non-core properties for $36 million.

In the third quarter of 2013, the Company acquired strategic light oil assets located predominantly in its core Valhalla and Garrington operated areas of Alberta for total consideration of $173.6 million.

In the second quarter of 2013, the Company acquired all the issued and outstanding shares of Invicta for an aggregate purchase price of approximately $67.8 million which included $0.2 million payable in cash, assumed debt and working capital surplus of $17.6 million and 4.8 million common shares issued. Additionally, the Company completed the acquisition of an existing Viking light oil waterflood asset in the Dodsland area of west central Saskatchewan for total consideration of $110.0 million.

In the first quarter of 2013, the Company adopted a monthly dividend policy commencing January 2013 with the first dividend payment in February 2013.

NON-GAAP MEASURES

This report 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.

"Funds from operations" represents cash flow from operating activities adjusted for changes in non-cash working capital, transaction costs, settlement of decommissioning liabilities and termination fees received.

"**Funds from operations per share**" represents funds from operations divided by the basic weighted average shares outstanding in the period. Management considers funds from operations and funds from operations per share to be key measures as they demonstrate Whitecap's ability to generate the cash necessary to pay dividends, repay debt, fund decommissioning liabilities and make capital investments. Management believes that by excluding the temporary impact of changes in non-cash operating working capital, funds from operations 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 from Operations and Payout Ratios" section of this report for the reconciliation of cash flow from operating activities to funds from operations.

"Operating netbacks" are determined by deducting royalties, production expenses and transportation and selling expenses from oil and gas revenue. Operating netbacks are per boe measures used in operational and capital allocation decisions.

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

"Basic payout ratio" is calculated as cash dividends declared divided by funds from operations.

"Total payout ratio" is calculated as cash dividends declared plus development capital, divided by funds from operations.

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

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

($000s)	December 31, 2014	December 31, 2013
Bank debt	756,564	382,899
Current liabilities	145,998	113,773
Current assets	(243,637)	(66,795)
Risk management contracts	139,365	(28,700)
Net debt	798,290	401,177

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 of natural gas to one barrel 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", "continue", "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; future oil and natural gas prices and differentials; Whitecap's commodity risk management program; the amount of future decommissioning liabilities; future liquidity and financial capacity; future dividends and dividend policy; future costs, expenses and royalty rates; and 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 tax pools.

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 of 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, unfavorable 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.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures ("DC&P"), as defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, are designed to provide reasonable assurance that information required to be disclosed in the Company's annual filings, interim filings or other reports filed, or submitted by the Company under securities legislation is recorded, processed, summarized and reported within the time periods specified under securities legislation and include controls and procedures designed to ensure that information required to be so disclosed is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Chief Executive Officer and the Chief Financial Officer of Whitecap evaluated the effectiveness of the design and operation of the Company's DC&P. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that Whitecap's DC&P were effective as at December 31, 2014.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Internal control over financial reporting ("ICFR"), as defined in National Instrument 52-109, includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets of Whitecap;
2. are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of Whitecap are being made in accordance with authorizations of management and Directors of Whitecap; and
3. are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

The Chief Executive Officer and the Chief Financial Officer are responsible for establishing and maintaining ICFR for Whitecap. They have, as at the financial year ended December 31, 2014, designed ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. In May 2013, the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") issued an updated Internal Control-Integrated Framework ("2013 Framework") replacing the Internal Control - Integrated Framework (1992). The control framework Whitecap's officers used to design the Company's ICFR is the 2013 Framework.

Under the supervision of the Chief Executive Officer and the Chief Financial Officer, Whitecap conducted an evaluation of the effectiveness of the Company's ICFR as at December 31, 2014 based on the COSO Framework. Based on this evaluation, the officers concluded that as of December 31, 2014, Whitecap maintained effective ICFR.

It should be noted that while Whitecap's officers believe that the Company's controls provide a reasonable level of assurance with regard to their effectiveness, they do not expect that the DC&P and ICFR will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, but not absolute, assurance that the objectives of the control system are met.

There were no changes in Whitecap's ICFR during the year ended December 31, 2014 that materially affected, or are reasonably likely to materially affect, the Company's ICFR.