WHITECAP RESOURCES INC.
CONSOLIDATED BALANCE SHEET
(unaudited)

As at (CAD $000s)	**September 30, 2016**	December 31, 2015
Assets		
Current Assets		
Accounts receivable	**80,627**	76,783
Deposits and prepaid expenses	**9,230**	7,950
Risk management contracts [Notes 4 & 5]	**6,565**	64,605
	96,422	149,338
Property, plant and equipment [Notes 6 & 7]	**4,496,901**	3,873,184
Exploration and evaluation [Notes 6 & 8]	**18,084**	13,625
Investment in limited partnership [Note 9]	**23,597**	24,256
Goodwill [Note 10]	**122,682**	122,682
Risk management contracts [Notes 4 & 5]	**306**	-
Deferred income tax	**40,273**	-
	4,798,265	4,183,085
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	**108,022**	129,566
Dividends payable	**8,566**	18,788
Risk management contracts [Notes 4 & 5]	**28,590**	17,568
	145,178	165,922
Risk management contracts [Notes 4 & 5]	**55,598**	95,180
Bank debt [Note 11]	**795,000**	876,166
Decommissioning liability [Note 12]	**702,970**	435,764
Deferred income tax	**134,462**	103,437
	1,833,208	1,676,469
Shareholders' Equity		
Share capital [Note 13]	**3,446,359**	2,881,762
Contributed surplus [Note 13]	**44,947**	39,971
Deficit	**(526,249)**	(415,117)
	2,965,057	2,506,616
	4,798,265	4,183,085

See accompanying notes to the consolidated financial statements

Approved on behalf of the Board:

(signed) *"Stephen C. Nikiforuk"*

Stephen C. Nikiforuk
Director

(signed) *"Grant B. Fagerheim"*

Grant B. Fagerheim
Director

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

	Three months ended September 30		Nine months ended September 30	
(CAD $000s, except per share amounts)	**2016**	2015	**2016**	2015
Revenue				
Petroleum and natural gas sales	**178,498**	155,238	**426,157**	474,055
Royalties	**(27,158)**	(19,873)	**(58,783)**	(61,981)
Petroleum and natural gas sales, net of royalties	**151,340**	135,365	**367,374**	412,074
Gain (loss) on risk management contracts [Note 5]	**4,457**	(12,835)	**34,100**	(30,845)
	155,797	122,530	**401,474**	381,229
Expenses				
Operating	**41,322**	36,655	**112,646**	109,725
Transportation	**3,446**	5,772	**10,236**	17,430
General and administrative	**6,072**	5,424	**16,352**	16,197
Stock-based compensation [Note 13(e)]	**3,975**	4,366	**15,556**	17,992
Transaction costs	**-**	10	**350**	314
Interest and financing	**7,274**	9,579	**23,524**	34,434
Accretion of decommissioning liabilities [Note 12]	**2,928**	2,089	**8,909**	5,845
Depletion, depreciation, amortization and impairment [Note 7]	**80,382**	567,623	**225,399**	725,962
Exploration and evaluation [Note 8]	**540**	110	**4,596**	3,577
Net (gain) loss on asset dispositions [Note 7]	**-**	3,015	**6,240**	(13,707)
	145,939	634,643	**423,808**	917,769
Income (loss) before income taxes	**9,858**	(512,113)	**(22,334)**	(536,540)
Taxes				
Deferred income tax expense (recovery)	**3,508**	(136,473)	**(1,978)**	(122,914)
Net income (loss) and other comprehensive income (loss)	**6,350**	(375,640)	**(20,356)**	(413,626)
Net Income (Loss) Per Share ($/share) [Note 14]				
Basic	**0.02**	(1.26)	**(0.06)**	(1.48)
Diluted	**0.02**	(1.26)	**(0.06)**	(1.48)

See accompanying notes to the consolidated financial statements

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

(CAD $000s)	**2016**	2015
Share Capital [Note 13(b)]		
Balance, beginning of year	**2,881,762**	2,213,607
Issued on the acquisition of a private company	**-**	536,572
Issued for cash through public prospectus offering	**563,823**	109,503
Share issue costs, net of deferred income tax	**(19,670)**	(3,465)
Issued on exercise of options and share awards	**2,561**	5,857
Contributed surplus adjustment on exercise of options	**988**	2,966
Contributed surplus adjustment on vesting of share awards	**16,895**	-
Balance, end of period	**3,446,359**	2,865,040
Contributed Surplus [Note 13(e)]		
Balance, beginning of year	**39,971**	21,978
Award incentive plan and option-based awards	**22,859**	27,749
Option exercises	**(988)**	(2,966)
Share award vesting	**(16,895)**	-
Balance, end of period	**44,947**	46,761
Deficit		
Balance, beginning of year	**(415,117)**	298,494
Net loss and other comprehensive loss	**(20,356)**	(413,626)
Dividends	**(90,776)**	(156,736)
Balance, end of period	**(526,249)**	(271,868)

See accompanying notes to the consolidated financial statements

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

	Three months ended September 30		Nine months ended September 30	
(CAD $000s)	**2016**	2015	**2016**	2015
Operating Activities				
Net income (loss) for the period	**6,350**	(375,640)	**(20,356)**	(413,626)
Items not affecting cash:				
Depletion, depreciation, amortization and impairment [Note 7]	**80,382**	567,623	**225,399**	725,962
Exploration and evaluation [Note 8]	**540**	110	**4,596**	3,577
Deferred income tax expense (recovery)	**3,508**	(136,473)	**(1,978)**	(122,914)
Stock-based compensation [Note 13(e)]	**3,975**	4,366	**15,556**	17,992
Accretion of decommissioning liabilities [Note 12]	**2,928**	2,089	**8,909**	5,845
Unrealized loss on risk management contracts [Note 5]	**8,880**	50,980	**29,174**	167,273
Net (gain) loss on asset dispositions [Note 7]	**-**	3,015	**6,240**	(13,707)
Settlement of decommissioning liabilities [Note 12]	**(237)**	(376)	**(607)**	(761)
Net change in non-cash working capital items [Note 15]	**(16,855)**	10,146	**(598)**	20,595
	89,471	125,840	**266,335**	390,236
Financing Activities				
Increase (decrease) in bank debt	**(39,109)**	50,361	**(81,166)**	26,855
Option exercises	**568**	1,816	**2,561**	5,857
Dividends	**(25,698)**	(56,014)	**(90,776)**	(156,736)
Issuance of share capital, net of share issue costs	**-**	-	**536,883**	104,757
Repayment of debt acquired	**-**	-	**-**	(65,316)
Net change in non-cash working capital items [Note 15]	**2**	16	**(10,222)**	2,837
	(64,237)	(3,821)	**357,280**	(81,746)
Investing Activities				
Expenditures on property, plant and equipment	**(33,134)**	(50,613)	**(94,655)**	(172,704)
Expenditures on property acquisitions	**(987)**	(86,475)	**(601,020)**	(145,931)
Cash from property dispositions	**281**	7,844	**97,471**	25,136
Expenditures on corporate acquisitions net of cash acquired	**-**	-	**-**	(15,724)
Partnership investment income received [Note 9]	**142**	338	**659**	699
Net change in non-cash working capital items [Note 15]	**8,464**	6,887	**(26,070)**	34
	(25,234)	(122,019)	**(623,615)**	(308,490)
Change in cash, during the period	**-**	-	**-**	-
Cash, beginning of period	**-**	-	**-**	-
Cash, end of period	**-**	-	**-**	-
Cash Interest Paid	**8,565**	8,412	**27,142**	24,510

See accompanying notes to the consolidated financial statements

1. NATURE OF BUSINESS

Whitecap Resources Inc. (also referred to herein as "Whitecap" or the "Company") is an oil-weighted growth company that pays a monthly cash dividend to its shareholders. Whitecap is focused on profitable per share growth on the Company's existing assets enhanced by opportunistic and accretive oil-based acquisitions. Whitecap's common shares are traded on the Toronto Stock Exchange under the symbol WCP. The Company's principal place of business is located at 3800, 525 – 8th Avenue SW, Calgary, Alberta, Canada, T2P 1G1.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, specifically International Accounting Standard ("IAS") 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board. They are condensed as they do not include all of the information required for full annual consolidated financial statements, and they should be read in conjunction with the financial statements for the year ended December 31, 2015.

The policies applied in these condensed interim consolidated financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as at November 1, 2016, the date the Board of Directors approved these statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim consolidated financial statements follow the same accounting policies as the most recent annual audited consolidated financial statements. The interim consolidated financial statements note disclosures do not include all of those required by IFRS applicable for annual consolidated financial statements. Accordingly, these interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2015.

4. DETERMINATION OF FAIR VALUES

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

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

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

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

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

The carrying value of deposits, accounts receivable, bank debt, dividends payable, accounts payable and accrued liabilities included in the balance sheet approximate fair value due to the short-term nature of those instruments or the indexed rate of interest on the bank debt. The fair value measurement of the risk management contracts has a fair value hierarchy of Level 2. The fair value measurement of the investment in limited partnership has a fair value hierarchy of Level 3. The Company's finance department is responsible for performing the valuation of financial instruments, including the calculation of Level 3 fair values. Refer to Note 9 for changes in the Company's Level 3 investments.

a) Property, Plant and Equipment (“PP&E”) and Exploration and Evaluation (“E&E”) assets

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

b) Deposits, Accounts Receivable, Bank Debt, Dividends Payable, Accounts Payable and Accrued Liabilities

The fair value of deposits, accounts receivable, bank debt, dividends payable, accounts payable and accrued liabilities is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. As at September 30, 2016 and December 31, 2015, the fair value of these balances approximated their carrying value.

c) Derivatives

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

d) Stock Options and Share Awards

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

e) Investment in Limited Partnership

The fair value of the investment in limited partnership is based on the Company’s share of the fair value of the limited partnership’s cash, accounts receivable, prepaid expenses and deposits, risk management contracts, loan to parent, PP&E, accounts payable and accrued liabilities and decommissioning obligations. The fair values are determined using the methods in the preceding paragraphs as applicable.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial Assets and Financial Liabilities Subject to Offsetting

Financial assets and liabilities are only offset if Whitecap has the current legal right to offset and intends to settle on a net basis or settle the asset and liability simultaneously. Whitecap offsets risk management assets and liabilities when the counterparty, commodity, currency and timing of settlement are the same. The following table summarizes the gross asset and liability positions of the Company's financial derivatives by counterparty that are offset on the balance sheet as at September 30, 2016 and December 31, 2015:

	September 30, 2016			December 31, 2015		
($000s)	Asset	Liability	Net	Asset	Liability	Net
Gross amount	19,590	(96,907)	(77,317)	132,430	(180,573)	(48,143)
Amount offset	(12,719)	12,719	-	(67,825)	67,825	-
Net amount	6,871	(84,188)	(77,317)	64,605	(112,748)	(48,143)

b) Credit Risk

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

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

The maximum exposure to credit risk is as follows:

	September 30, 2016	December 31, 2015
Accounts receivable and other	80,627	76,783
Risk management contracts	6,871	64,605
	87,498	141,388

Joint interest receivables are typically collected within one to three months following production. The majority of the credit exposure on accounts receivable at September 30, 2016 pertains to accrued revenue for September 2016 production volumes. Whitecap transacts with a number of oil and natural gas marketing companies and commodity end users ("commodity purchasers"). Commodity purchasers and marketing companies typically remit amounts to Whitecap by the 25th day of the month following production. The Company monitors the exposure to any single counterparty along with its financial position. If it is deemed that a counterparty has become materially weaker, the Company will work to reduce the credit exposure to that counterparty. At September 30, 2016, two commodity purchasers and marketing companies each accounted for approximately 16 percent of the total accounts receivable balance and are not considered a credit risk.

Whitecap has not experienced any material credit loss in the collection of receivables during 2016.

When determining whether amounts that are past due are collectable, management assesses the creditworthiness and past payment history of the counterparty, as well as the nature of the past due amount. Whitecap considers all amounts greater than 90 days to be past due. As at September 30, 2016, there was $0.7 million (December 31, 2015 – $0.7 million) of receivables aged over 90 days. Subsequent to September 30, 2016, approximately $0.3 million (December 31, 2015 – $0.5 million) has been collected and the remaining balance is not considered to be a credit risk.

c) Liquidity Risk

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

The following table details Whitecap's financial liabilities as at September 30, 2016:

($000s)	<1 year	1 to 2	2+ years	Total
Accounts payable and accrued liabilities	108,022	-	-	108,022
Dividends payable	8,566	-	-	8,566
Bank debt [(1)]	14,609	409,515	404,309	828,433
Risk management contracts [(1)]	28,590	39,293	16,305	84,188
Total financial liabilities	159,787	448,808	420,614	1,029,209

Note:

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

The following table details Whitecap's financial liabilities as at December 31, 2015:

($000s)	<1 year	1 to 2	2+ years	Total
Accounts payable and accrued liabilities	129,566	-	-	129,566
Dividends payable	18,788	-	-	18,788
Bank debt [(1)]	14,153	490,855	415,943	920,951
Risk management contracts [(1)]	17,568	51,829	43,351	112,748
Total financial liabilities	180,075	542,684	459,294	1,182,053

Note:

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

d) Market Risk

Whitecap's consolidated balance sheet included the following fair value on risk management assets outstanding:

($000s)	September 30, 2016	December 31, 2015
Current Assets		
Crude oil	5,817	61,380
Natural gas	694	3,225
Interest	54	-
Total current assets	6,565	64,605
Long-term Assets		
Crude oil	306	-
Total long-term assets	306	-
Total fair value	**6,871**	**64,605**

Whitecap's consolidated balance sheet included the following fair value on risk management liabilities outstanding:

($000s)	September 30, 2016	December 31, 2015
Current Liabilities		
Crude oil	13,456	1,725
Natural gas	555	258
Interest	5,345	5,754
Power	736	751
Foreign Exchange	8,498	9,080
Total current liabilities	28,590	17,568
Long-term Liabilities		
Crude oil	40,062	47,499
Natural gas	160	-
Interest	6,613	9,687
Power	474	244
Foreign Exchange	8,289	37,750
Total long-term liabilities	55,598	95,180
Total fair value	**84,188**	**112,748**

i) Commodity Price Risk

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

Whitecap manages the risks associated with changes in commodity prices by entering into a variety of risk management contracts. The Company assesses the effects of movement in commodity prices on income before tax. When assessing the potential impact of these commodity price changes, the Company believes 10 percent volatility is a reasonable measure. A 10 percent increase or decrease in commodity prices would have resulted in the following unrealized gains (losses) on risk management contracts and impacted net income before tax as follows:

($000s)		September 30, 2016
Impact to Net Income Before Tax	Increase 10%	Decrease 10%
Commodity Price		
Crude Oil	(39,272)	35,681
Natural Gas	(1,826)	1,826
Power	330	(330)
Differential		
Crude oil	3,892	(3,892)

At September 30, 2016, the following risk management contracts were outstanding with an asset fair market value of $6.8 million and a liability fair market value of $55.4 million (December 31, 2015 – asset of $64.6 million and liability of $50.5 million):

1) WTI Crude Oil Derivative Contracts

Type	Term	Volume (bbls/d)	Sold Call Price (US$/bbl) (1)	Sold Put Price (US$/bbl) (1)	Average Swap Price ($/bbl) (1)
Swap (2)	2016 Oct – Dec	4,000			C$77.76
Swap	2016 Oct – Dec	8,850			US$49.54
Swap	2017 Jan – Jun	1,000			C$65.00
Swap (3)	2017	10,000			US$50.14
Swap	2018	3,000			US$52.67
Sold put (4)	2016 Oct – Dec	6,000		50.00	
Sold put/call (4)	2017	3,000	85.83	60.00	
Sold put/call (4)	2018	3,000	85.83	60.00	

Notes:

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

(2) 3,500 bbls/d of Oct – Dec 2016 oil hedges with an average swap price of $97.89/bbl were repriced at $75.00/bbl. The proceeds of $14.5 million were received over the first half of 2016.

(3) 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.

(4) 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.

a) WTI Crude Oil Derivative Contracts With Locked In Premium

Type	Term	Volume (bbls/d)	Average Swap Price (C$/bbl) (1)
Swap	2016 Oct – Dec	3,500	98.61 (2)
Swap	2016 Oct – Dec	(3,500)	70.18 (2)

Notes:

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

(2) The offsetting positions result in a locked in premium of $28.43 on 3,500 bbls/d.

2) WTI Crude Oil Differential Derivative Contracts

Type	Term	Volume (bbls/d)	Basis (1)(2)	Average Swap Price (C$/bbl) (3)
Swap	2016 Oct – Dec	11,058	MSW	5.68 (4)
Swap	2016 Oct – Dec	3,000	WCS	19.35 (4)
Swap	2017 Jan – Jun	1,000	MSW	3.29 (4)
Swap	2017 Jan – Jun	1,000	WCS	19.33
Swap	2017	8,000	MSW	4.42 (4)
Swap	2017	1,000	WCS	19.55 (4)

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.

3) Natural Gas Derivative Contracts

Type	Term	Volume (GJ/d)	Average Swap Price ($/GJ) (1)
Swap	2016 Oct – Dec	30,000	2.72
Swap	2017 Jan – Mar	2,500	3.03
Swap	2017	7,500	2.60

Note:

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

4) Power Derivative Contracts

Type	Term	Volume (MWh's)	Fixed Rate ($/MWh) (1)
Swap	2016 Oct – Dec	14,352	46.84
Swap	2017	52,560	43.15
Swap	2018	35,040	48.93

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

5) Contracts entered into subsequent to September 30, 2016

a) WTI Crude Oil Derivative Contracts

Type	Term	Volume (bbls/d)	Average Swap Price ($/bbl) (1)
Swap	2017 Jan – Jun	2,000	C$69.03
Swap	2017	3,000	C$69.07
Swap	2018	1,000	US$55.10

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

b) WTI Crude Oil Differential Derivative Contracts

Type	Term	Volume (bbls/d)	Basis	Average Swap Price (C$/bbl) (1)
Swap	2017 Jul – Dec	1,000	MSW	3.85
Swap	2017	2,000	MSW	3.85

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

c) Natural Gas Derivative Contracts

Type	Term	Volume (GJ/d)	Average Swap Price ($/GJ) (1)
Swap	2017 Jan – Mar	5,000	3.19
Swap	2017 Jan – Jun	2,500	3.00
Swap	2017	2,500	3.02

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

ii) Interest Rate Risk

The Company is exposed to interest rate risk on its credit facility. The credit facility consists of a $650 million revolving production facility, a $50 million revolving operating facility and a $400 million term loan facility. The revolving production and revolving operating facility bear interest at the bank's prime lending or bankers' acceptance rates plus applicable margins. Changes in interest rates could result in an increase or decrease in the amount Whitecap pays to service the variable interest rate debt. The Company mitigates its exposure to interest rate changes by entering into interest rate swap transactions.

If interest rates applicable to floating rate debt at September 30, 2016 were to have increased or decreased by 25 basis points, it is estimated that the Company's income before tax would change by approximately $0.3 million and $0.7 million for the three and nine months ended September 30, 2016, respectively ($0.2 million and $0.7 million for the three and nine months ended September 30, 2015, respectively). This assumes that the change in interest rate is effective from the beginning of each period and the amount of floating rate debt is as at September 30, 2016.

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

($000s)		September 30, 2016
Impact to Net Income Before Tax	Increase 0.25%	Decrease 0.25%
Interest rate swaps	2,431	(2,431)

At September 30, 2016, the following interest rate contracts were outstanding with an asset fair market value of $0.1 million and a liability fair market value of $12.0 million (December 31, 2015 – liability of $15.4 million).

1) 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
Swap	02-Mar-15	02-Mar-17	100,000	0.75	CDOR

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

iii) Foreign Exchange Risk

The Company is exposed to the risk of changes in the U.S./Canadian dollar exchange rate ("USD/CAD") on crude oil sales based on U.S. dollar benchmark prices and commodity contracts that are settled in U.S. dollars. Foreign exchange risk is mitigated by entering into Canadian dollar denominated commodity risk management contracts or foreign exchange contracts. The Company assesses the effects of movement in USD/CAD on income before tax. When assessing the potential impact of these USD/CAD changes, the Company believes 0.01 volatility is a reasonable measure. An increase or decrease of 0.01 in USD/CAD would have resulted in the following unrealized gain (loss) on risk management contracts and impacted net income before tax as follows:

($000s)		September 30, 2016
Impact to Net Income Before Tax	Increase 0.01	Decrease 0.01
Foreign exchange	(3,571)	3,571

At September 30, 2016, the following foreign exchange contracts were outstanding with a liability fair market value of $16.8 million (December 31, 2015 – liability of $46.8 million).

1) Foreign exchange contracts

Type	**Term**	**Monthly Notional Amount**	**USD/CAD [1]**
Monthly average rate forward	2016 Oct – Dec	US$6.0 million	1.2711
Monthly average rate forward	2017	US$5.0 million	1.2580
Monthly average rate forward	2018 Jan – Jun	US$6.0 million	1.2436
Monthly average rate forward	2018 Jul – Dec	US$5.0 million	1.2459

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	2016 Oct – Dec	US$8.0 million	1.2475	1.3111	1.2622
Average rate variable collar	2017	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$12.0 million	1.2500	1.4353	1.3065

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.

e) Capital Management

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

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

($000s)	September 30, 2016	December 31, 2015
Current assets (1)	(89,857)	(84,733)
Current liabilities (1)	116,588	148,354
Working capital deficiency	26,731	63,621
Bank debt	795,000	876,166
Net debt	821,731	939,787
Shareholders' equity	2,965,057	2,506,616
Total capitalization	3,786,788	3,446,403

Note:

(1) Excluding risk management contracts.

6. ACQUISITIONS

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

The below amounts are estimates, which were made by management at the time of the preparation of these consolidated financial statements based on information then available. Amendments may be made to these amounts as values subject to estimate are finalized. The pro-forma information disclosed below is not necessarily indicative of the actual results that would have been achieved had the business combinations closed on January 1, 2016.

a) 2016 Acquisitions

i) Saskatchewan Asset Swap

On February 3, 2016, the Company closed an asset swap transaction in which Whitecap received PP&E assets in its west central Saskatchewan core area in exchange for non-core Saskatchewan PP&E assets. The property acquisition was accounted for as a business combination under IFRS 3.

The light oil assets acquired have contributed revenues of $1.0 million and operating income of $0.6 million since February 3, 2016. Had the acquisition closed on January 1, 2016, estimated contributed revenues would have been $1.1 million and estimated contributed operating income would have been $0.7 million for the period ended September 30, 2016.

Net assets acquired ($000s):	
Petroleum and natural gas properties	17,841
Decommissioning liability	(339)
	17,502

Non-cash consideration:	
Total consideration	**17,502**

ii) Southwest Saskatchewan Property Acquisition

On June 23, 2016, Whitecap closed the acquisition of certain premium oil assets in southwest Saskatchewan. The property acquisition was accounted for as a business combination under IFRS 3.

The crude oil assets acquired have contributed revenues of $47.1 million and operating income of $16.3 million since June 23, 2016. Had the acquisition closed on January 1, 2016, estimated contributed revenues would have been $114.7 million and estimated contributed operating income would have been $40.5 million for the period ended September 30, 2016.

Net assets acquired ($000s):	
Petroleum and natural gas properties	637,996
Exploration and evaluation assets	9,720
Decommissioning liability	(51,450)
	596,266

Cash consideration:	
Total consideration	**596,266**

iii) Other Property Acquisitions

In the nine months ended September 30, 2016, the Company acquired strategic tuck-in properties and working interests that complement existing assets in northwest Alberta and British Columbia. The property acquisitions were accounted for as business combinations under IFRS 3.

Net assets acquired ($000s):	
Petroleum and natural gas properties	4,847
Decommissioning liability	(93)
	4,754

Cash consideration:	
Total consideration	**4,754**

7. PROPERTY, PLANT AND EQUIPMENT

Net book value ($000s)	September 30, 2016	December 31, 2015
Petroleum and natural gas properties	5,956,262	5,130,660
Other assets	2,111	1,798
Property, plant and equipment, at cost	5,958,373	5,132,458
Less: accumulated depletion, depreciation, amortization and impairment	(1,461,472)	(1,259,274)
Total net carrying amount	4,496,901	3,873,184

Cost ($000s)	Oil and natural gas properties	Other assets	Total
Balance at December 31, 2015	5,130,660	1,798	5,132,458
Additions	318,944	313	319,257
Property acquisitions	659,498	-	659,498
Transfer from evaluation and exploration assets	890	-	890
Disposals	(153,730)	-	(153,730)
Balance at September 30, 2016	5,956,262	2,111	5,958,373

a) Non-Core Asset Dispositions

During the nine months ended September 30, 2016, the Company recognized a net loss of $6.2 million (net loss of $3.0 million and a net gain of $13.7 million during the three and nine months ended September 30, 2015, respectively). The loss was primarily attributable to the disposition of certain non-core producing properties in Saskatchewan, partially offset by a $5.9 million gain from the disposition of certain production facilities.

b) Accumulated Depletion, Depreciation, Amortization and Impairment

Accumulated depletion, depreciation, amortization and impairment ($000s)	Oil and natural gas properties	Other assets	Total
Balance at December 31, 2015	1,258,077	1,197	1,259,274
Depletion, depreciation, amortization and impairment	225,110	289	225,399
Disposals	(23,201)	-	(23,201)
Balance at September 30, 2016	1,459,986	1,486	1,461,472

At September 30, 2016, $191.9 million of salvage value (September 30, 2015 – $113.6 million) was excluded from the depletion calculation. Future development costs of $1,930.4 million (September 30, 2015 – $1,601.4 million) were included in the depletion calculation. The Company capitalized $10.6 million (September 30, 2015 – $14.9 million) of administrative costs directly relating to development activities which includes $7.3 million (September 30, 2015 – $9.8 million) of stock-based compensation.

c) Impairment Test of Property, Plant and Equipment

There were no indicators of impairment at September 30, 2016.

8. EXPLORATION AND EVALUATION

($000s)	September 30, 2016	December 31, 2015
Exploration and evaluation assets	43,812	34,757
Less: accumulated land expiries and write-offs	(25,728)	(21,132)
Total net carrying amount	18,084	13,625

($000s)	Undeveloped Land
Balance at December 31, 2015	34,757
Property acquisitions	10,906
Disposals	(961)
Transfer to property, plant and equipment	(890)
Balance at September 30, 2016	43,812

Accumulated land expiries and write-offs ($000s)	Total
Balance at December 31, 2015	21,132
Land expiries and write-offs	4,596
Balance at September 30, 2016	25,728

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

a) Impairment Test of Exploration and Evaluation

There were no indicators of impairment at September 30, 2016.

9. INVESTMENT IN LIMITED PARTNERSHIP

($000s)	September 30, 2016	December 31, 2015
Investment in limited partnership, beginning of period	24,256	32,382
Unrealized loss on investment	-	(7,109)
Partnership distributions	(659)	(1,017)
Investment in limited partnership, end of period	23,597	24,256

On June 26, 2014, the Company acquired a 10% interest in an oil and gas limited partnership. The investment is recorded at fair value and any subsequent gain or loss recorded in net income. At September 30, 2016, the investment is recorded at a fair value of $23.6 million which was $19.2 million less than the original cost of the investment. See Note 4 - "Determination of Fair Values" for additional information regarding the Company's Level 3 investment. The Company’s key assumptions used in determining the fair value include reserves, discount rate, future commodity prices, operating costs and capital expenditures.

10. GOODWILL

At September 30, 2016, the Company had goodwill of $122.7 million (December 31, 2015 - $122.7 million). The recoverable amount of goodwill is determined as the fair value less costs of disposal using a discounted cash flow method and is assessed at the corporate level. The Company’s key assumptions used in determining the fair value less costs of disposal include reserves, discount rate, future commodity prices, operating costs and capital expenditures of the Company. The values of these assumptions have been assigned based on internal and external reserve and market price information. The fair value measurement of the Company’s goodwill is designated Level 3 on the fair value hierarchy.

a) Impairment Test of Goodwill

There were no indicators of impairment at September 30, 2016.

11. CREDIT FACILITIES

As at September 30, 2016, the Company had a $1.1 billion credit facility with a syndicate of Canadian banks. The credit facility consists of a $650 million revolving production facility, a $50 million revolving operating facility and a $400 million term loan facility. At the end of the revolving period, being April 30, 2017, 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. 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 4.00:1.00 and the ratio of EBITDA to interest expense shall not be less than 3.50:1.00. 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 shall include bank indebtedness, letters of credit, and dividends declared. As of September 30, 2016, the Company was compliant with all covenants provided for in the lending agreement. The next review is scheduled to be completed by April 30, 2017.

12. DECOMMISSIONING LIABILITY

($000s)	
Balance at December 31, 2015	435,764
Liabilities incurred	3,362
Liabilities acquired	51,882
Liabilities settled	(607)
Liabilities disposed	(10,277)
Revaluation of liabilities acquired (1)	158,259
Change in discount rate	55,678
Accretion expense	8,909
Balance at September 30, 2016	702,970

Note:

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

The Company's decommissioning liability results from its ownership interest in oil and natural gas assets including well sites and gathering systems. The total decommissioning liability is estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon these wells and facilities and the estimated timing of the costs to be incurred in future years. The key assumptions, on which the carrying amount of the decommissioning liability is based, include a risk-free rate of 1.7 percent (2.2 percent at December 31, 2015) and inflation rate of 2.0 percent (2.0 percent at December 31, 2015). The total undiscounted amount of the estimated cash flows required to settle the obligations was $1,059.9 million (December 31, 2015 – $750.6 million). The expected timing of payment of the cash flows required for settling the obligations extends up to 49 years.

13. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without nominal or par value.

b) Issued and Outstanding

(000s)	Shares	$
Balance at December 31, 2015	300,613	2,881,762
Issued for cash through public prospectus offering [1] [2]	64,857	563,823
Share issue costs, net of deferred income tax	-	(19,670)
Issued on exercise of options	358	2,561
Issued on share award vesting	1,827	-
Contributed surplus adjustment on exercise of options	-	988
Contributed surplus adjustment on vesting of share awards	-	16,895
Balance at September 30, 2016	367,655	3,446,359

Notes:

(1) 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.

(2) 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 acquisition of certain petroleum and natural gas properties, interests and related assets located in southwest Saskatchewan. Each subscription receipt was converted to one common share on June 23, 2016 with the closing of the acquisition.

c) 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 3.755 percent of the total common shares less the aggregate number of common shares reserved for issuance pursuant to the outstanding stock options. 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. Performance awards issued to directors and officers of the Company vest in two tranches with one half of performance awards vesting February 1 of the third year following grant date and one half vesting October 1 of the third year following the grant date.

Each time-based award entitles 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 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.

The fair value of share awards is determined at the date of grant using the Black-Scholes option pricing model and, for performance awards, an estimated payout multiplier. The amount of compensation expense is reduced by an estimated forfeiture rate on the grant date, which has been estimated at 4.0% of outstanding share awards. The forfeiture rate is adjusted to reflect the actual number of shares that vest. Fluctuations in compensation expense may occur due to changes in estimating the outcome of the performance conditions. Upon the exercise of the awards, the associated amount in contributed surplus is recorded as an increase to share capital.

The estimated weighted average fair value for share awards at the measurement date is $10.10 per award granted during the period ended September 30, 2016.

(000s)	Number of Time-based Awards	Number of Performance Awards[(1)]	Total Awards
Balance at December 31, 2015	1,137	2,749	3,886
Granted	340	1,124	1,464
Forfeited	(27)	(39)	(66)
Vested	(407)	(569)	(976)
Balance at September 30, 2016	1,043	3,265	4,308

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

d) Option-based Awards

Under the Stock Option Plan, the Board of Directors may grant to any director, officer, employee or consultant, options to acquire common shares of the Company. Stock options granted under the stock option plan have a term of four years to expiry. Vesting is determined by the Company's Board of Directors. Currently, all of the options granted vest equally over a three year period commencing on the first anniversary date of the grant. Each stock option granted permits the holder to purchase one common share of the Company at the stated exercise price.

Since the adoption of the new Award Incentive Plan in 2013, there have been no further stock options granted.

(000s except per share amounts)	Number of Options	Weighted Average Exercise Price ($/share)
Balance at December 31, 2015	385	7.31
Exercised	(358)	7.15
Expired	(27)	9.37
Balance at September 30, 2016	-	-

e) Contributed Surplus

($000s)	
Balance at December 31, 2015	39,971
Stock-based compensation	22,859
Option exercises	(988)
Share award vesting	(16,895)
Balance at September 30, 2016	44,947

14. PER SHARE RESULTS

	Three months ended September 30,		Nine months ended September 30,	
(000s except per share amounts)	2016	2015	2016	2015
Per share income (loss) ($/share)				
Basic	$0.02	($1.26)	($0.06)	($1.48)
Diluted	$0.02	($1.26)	($0.06)	($1.48)
Weighted average shares outstanding				
Basic	367,623	298,685	330,121	278,713
Diluted [(1)]	370,227	298,685	330,121	278,713

Note:
(1) For the three and nine months ended September 30, 2016, 0.8 million and 4.3 million share awards, respectively, were excluded from the diluted weighted average shares calculation as they were anti-dilutive.

15. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital, excluding bank debt and acquired working capital:

($000s)	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Accounts receivable	(11,059)	20,024	(3,844)	22,304
Deposits and prepaid expenses	(1,047)	(2,067)	(1,280)	2,220
Accounts payable and accrued liabilities	3,715	(924)	(21,544)	(3,895)
Dividend payable	2	16	(10,222)	2,837
Change in non-cash working capital	(8,389)	17,049	(36,890)	23,466
Related to:				
Operating activities	(16,855)	10,146	(598)	20,595
Financing activities	2	16	(10,222)	2,837
Investing activities	8,464	6,887	(26,070)	34

16. COMMITMENTS

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

($000s)	2016	2017	2018	2019+	Total
Operating leases	3,437	14,204	15,404	129,079	162,124
Transportation agreements	6,413	21,271	13,174	29,686	70,544
Total	9,850	35,475	28,578	158,765	232,668

17. 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, 2016, the Company incurred $0.1 million and $0.5 million for legal fees and disbursements, respectively ($0.1 million and $0.5 million for the three and nine months ended September 30, 2015, 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, 2016, a payable balance of $0.1 million (nil – September 30, 2015) was outstanding.

18. INVESTMENTS IN SUBSIDIARIES

The Company has the following material subsidiaries, each owned 100% directly, at September 30, 2016:

Name of Subsidiary	**Jurisdiction of Incorporation or Formation**
Whitecap Energy Inc.	Canada
Whitecap Resources Partnership	Canada