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 May 5, 2015 and should be read in conjunction with the Company's unaudited interim consolidated financial statements and related notes for the period ended March 31, 2015, as well as the audited annual consolidated financial statements and related notes for the year ended December 31, 2014. These unaudited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), specifically International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, in Canadian dollars, except where indicated otherwise. Accounting policies adopted by the Company are set out in the notes to the audited annual consolidated financial statements for the year ended December 31, 2014. Additional information respecting Whitecap is available on SEDAR at www.sedar.com and on our website at www.wcap.ca.

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

DESCRIPTION OF BUSINESS

Whitecap is 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.

2015 FIRST QUARTER FINANCIAL AND OPERATIONAL RESULTS

Production

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

	Three months ended March 31, 2015	2014
Crude oil (bbls/d)	25,623	16,653
NGLs (bbls/d)	2,689	2,203
Natural gas (Mcf/d)	60,237	45,913
Total (boe/d)	38,351	26,508
Production split (%)		
Crude oil and NGLs	74	71
Natural gas	26	29
Total	100	100

Average production volumes increased 45 percent to 38,351 boe/d in the first quarter of 2015 from 26,508 boe/d in the first quarter of 2014. The increase is mainly attributed to strategic property and corporate acquisitions completed in 2014 and the Company's successful drilling and completion programs, partially offset by natural declines. Our crude oil and NGL weighting in the first quarter of 2015 has increased three percent to 74 percent compared to 71 percent in the first quarter of 2014.

Petroleum and Natural Gas Sales

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

($000s)	Three months ended March 31, 2015	2014
Crude oil	112,406	142,422
NGLs	4,353	12,133
Natural gas	15,880	23,562
Petroleum and natural gas sales	132,639	178,117

Petroleum and natural gas sales in the first quarter of 2015 decreased 26 percent to $132.6 million from $178.1 million in the first quarter of 2014, a decrease of $45.5 million. The decrease of $125.1 million is due to lower realized prices partially offset by $79.6 million attributed to higher production volumes.

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 $2.9 million for the three months ended March 31, 2014. 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:

	Three months ended March 31, 2015	2014
Benchmark prices		
WTI (US$/bbl)(1)	48.63	98.68
USD/CAD foreign exchange rate	1.24	1.10
WTI (C$/bbl)	60.36	108.89
Edmonton Par (C$/bbl)	51.78	99.74
AECO natural gas ($/Mcf)(2)	2.75	5.72
Average realized prices(3)		
Crude oil ($/bbl)	48.74	95.03
NGLs ($/bbl)	17.99	61.19
Natural gas ($/Mcf)	2.93	5.70
Combined ($/boe)	38.43	74.66

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 $38.43 per boe for the three months ended March 31, 2015, a 49 percent decrease compared to $74.66 per boe for the same period in 2014.

US$ WTI prices averaged $48.63 per barrel in the first quarter of 2015, a decrease of 51 percent compared to $98.68 per barrel in the prior period. North American oil supply continued to increase through 2014, with no corresponding increase in demand, resulting in dramatic increases to oil volumes in storage through the first quarter of 2015, especially at Cushing, Oklahoma, the key US trading hub for US$WTI oil.

The Edmonton light sweet crude price differential to WTI averaged US$6.80 per barrel in the first quarter of 2015, an improvement of 18 percent compared to US$8.25 per barrel for the same period in 2014. Differentials traded in a narrow range, improving slightly near the end of the quarter.

Benchmark prices for natural gas liquids declined significantly late in 2014 and continued to deteriorate through the first quarter of 2015 as increased propane supply outpaced demand while butane and condensate prices declined in tandem with WTI oil prices.

The AECO daily spot price averaged $2.75 per Mcf in the first quarter of 2015, a decrease of 52 percent compared to $5.72 per Mcf for the same period in 2014. Strong supply and lack of significant winter weather resulted in natural gas storage levels increasing throughout the first quarter, keeping prices relatively consistent in the quarter.

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 gain of $50.4 million on its commodity risk management contracts in the first quarter of 2015. The unrealized loss is a result of the non-cash change in the mark-to-market values period over period.

	Three months ended March 31,	
Risk Management Contracts ($000s)	2015	2014
Realized gain (loss) on commodity contracts	50,359	(19,478)
Unrealized loss on commodity contracts	(47,768)	(30,349)
Total gain (loss) on commodity contracts	2,591	(49,827)
Loss on interest rate contracts[1]	(10,251)	(2,740)
Total loss on risk management contracts	(7,660)	(52,567)

Note:

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

At March 31, 2015 the following risk management contracts were outstanding with a mark-to-market asset value of $127.2 million and a mark-to-market liability value of $28.5 million:

WTI Crude Oil Derivative Contracts

Type	**Term**	**Volume (bbl/d)**	**Bought Call (US$/bbl)**	**Sold Call (US$/bbl)**	**Sold Put Price (US$/bbl)**	**Average Swap Price (C$/bbl)**	**(1)**
Swap	2015 April - June	4,000				102.27	
Swap	2015 April – December	10,000				97.15	
Swap	2016	6,000				97.71	
Sold put	2016	6,000			66.68		
Collar option	2015 April – December	6,000	78.00	87.32			

Note:

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

WTI Crude Oil Differential Derivative Contracts

Type	**Term**	**Volume (bbl/d)**	**Basis**	**Average Swap Price ($/bbl)**	**(1)**
Swap	2015 April – June	5,150	MSW	7.24	
Swap	2015 April – June	2,000	MSW	7.19	(2)
Swap	2015 July – September	1,050	MSW	7.50	(3)

Notes:

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

(2) 2,000 bbl/day at a fixed MSW price of US$5.75/bbl converted to C$7.19/bbl through a foreign exchange hedge of US$1.0 million from April-June 2015 at USD/CAD1.25.

(3) 1,050 bbl/day at a fixed MSW price of US$6.00/bbl converted to C$7.50/bbl through a foreign exchange hedge entered subsequent to March 31, 2015 of US$0.6 million from July-September 2015 at USD/CAD 1.25.

Foreign Exchange Contracts

Type	**Term**	**Amount**	**USD/CAD**	**(1)**
Monthly average rate forward	2016	US$48.0 million	1.274	
Monthly average rate forward	2017	US$36.0 million	1.258	

Note:

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

Natural Gas Derivative Contracts

Type	Term	Volume (GJ/d)	Average Swap Price ($/GJ) [(1)]
Swap	2015 April – June	2,500	4.12
Swap	2015 April – September	5,000	2.79
Swap	2015 April – October	5,000	2.88
Swap	2015 April – December	20,000	3.48
Swap	2015 October - December	5,000	3.03
Swap	2016	7,500	3.59

Note:

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

Power Derivative Contracts

Type	Term	Volume (MWh's)	Fixed Rate ($/MWh) [(1)]
Swap	2015 April – December	33,000	49.26
Swap	2016	48,312	48.72
Swap	2017	26,280	46.25

Note:

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

Interest Rate Contracts

Type	Term		Amount ($000s)	Fixed Rate (%)	Index
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

Contracts entered into subsequent to March 31, 2015

WTI Crude Oil Differential Derivative Contracts

Type	Term	Volume (bbl/d)	Basis	Average Swap Price ($/bbl) [(1)]
Swap	2015 May	2,000	MSW	4.38 [(2)]
Swap	2015 June	2,000	MSW	5.94 [(2)]
Swap	2015 July – December	1,050	MSW	7.38 [(2)]

Notes:

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

(2) 2,000 bbl/day at a fixed MSW price of US$3.50/bbl converted to C$4.38/bbl, 2,000 bbl/day at a fixed MSW price of US$4.75/bbl converted to C$5.94/bbl and 1,050 bbl/day at a fixed MSW price of US$5.90/bbl converted to C$7.38/bbl through a foreign exchange hedge entered subsequent to March 31, 2015 of US$1.7 million from May-December 2015 at USD/CAD 1.25.

Type	Term	Volume (MWh's)	Fixed Rate ($/MWh) [(1)]
Swap	2015 May – December	11,762	33.50
Swap	2016	8,784	36.50
Swap	2017	8,760	41.30

Note:

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

Royalties

	Three months ended March 31,	
($000s, except per boe amounts)	2015	2014
Royalties	17,766	23,394
As a % of petroleum and natural gas sales	13	13
$ per boe	5.15	9.81

In the first quarter of 2015, royalties as a percentage of revenue were 13 percent, consistent with 13 percent in the first quarter of 2014. 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.

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

	Three months ended March 31,	
($000s, except per boe amounts)	2015	2014
Operating expenses	36,519	22,906
$ per boe	10.58	9.60

Operating expenses in the first quarter of 2015 increased 10 percent to $10.58 per boe compared to $9.60 per boe in the same period in 2014. The increase in operating expenses per boe is primarily attributed to the Pembina and Boundary Lake properties acquired in May 2014 and increased production volumes in the Deep Basin, which have higher operating expenses per boe than the corporate average. These increases were partially offset by the low cost production from the Nisku light sweet oil pool at Elnora, Alberta which was acquired in October 2014.

Transportation Expenses

	Three months ended March 31,	
($000s, except per boe amounts)	2015	2014
Transportation expenses	5,159	3,074
$ per boe	1.49	1.29

Transportation costs in the first quarter of 2015 increased 16 percent to $1.49 per boe compared to $1.29 per boe in the same period in 2014. The increase in transportation expenses on a per boe basis is primarily attributed to the Boundary Lake asset acquired in May 2014, which has higher trucking costs than the corporate average.

Operating Netbacks

The components of operating netbacks are shown below:

Netbacks ($/boe)	Three months ended March 31, 2015	2014
Petroleum and natural gas sales	38.43	74.66
Royalties	(5.15)	(9.81)
Operating expenses	(10.58)	(9.60)
Transportation expenses	(1.49)	(1.29)
Operating netbacks prior to hedging	21.21	53.96
Realized hedging gain (loss)	14.59	(8.16)
Operating netbacks[1]	35.80	45.80

Note:

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

In the first quarter of 2015, the operating netback decreased 22 percent to $35.80 per boe compared to $45.80 per boe in the same period in 2014. The decrease on a per boe basis was due to lower average realized pricing and higher operating and transportation expenses, partially offset by lower royalties and realized hedging gains.

General and Administrative ("G&A")

($000s, except per boe amounts)	Three months ended March 31, 2015	2014
G&A	6,194	4,345
Capitalized	(1,051)	(765)
G&A expense	5,143	3,580
$ per boe	1.49	1.50

In the first quarter of 2015, G&A expense of $1.49 per boe was consistent with $1.50 per boe in the same period in 2014. Higher production volumes offset the absolute increase in G&A expense.

Share-based and Option-based Awards

($000s, except per boe amounts)	Three months ended March 31, 2015	2014
Stock-based compensation	13,370	2,294
Capitalized stock-based compensation	(5,061)	(653)
Stock-based compensation expense	8,309	1,641
$ per boe	2.41	0.69

In the first quarter of 2015, the Company recorded stock-based compensation of $13.4 million with the offsetting amount recorded in contributed surplus. The increase compared to the first quarter of 2014 is primarily due to a higher than expected payout multiplier associated with the performance awards granted under the Award Incentive Plan as well as 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 March 31, 2015, the Company had 3.5 million awards outstanding.

Stock Options & Warrants

As at March 31, 2015, the Company had 1.5 million stock options and 0.1 million warrants outstanding. The stock options have a weighted average exercise price of $6.93 per option and the warrants have a weighted average exercise price of $2.21 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.

Interest and Financing Expenses

	Three months ended March 31,	
($000s, except per boe amounts)	2015	2014
Interest and financing expense	17,661	6,912
Unrealized loss on interest rate contracts	(9,183)	(2,134)
	8,478	4,778
$ per boe	2.46	2.00

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")

	Three months ended March 31,	
($000s, except per boe amounts)	2015	2014
DD&A	74,268	53,041
$ per boe	21.52	22.23

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 three months ended March 31, 2015, $3.3 million of costs associated with expired mineral leases were recognized as an expense compared to $4.0 million during the same period in 2014. The Company added $4.5 million of undeveloped land in the first quarter of 2015 as a result of property acquisitions completed in the quarter.

Taxes

The Company has a deferred income tax recovery of $5.0 million for the three months ended March 31, 2015 compared to a deferred income tax expense of $2.2 million for the same period in 2014.

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

($000s)	March 31, 2015	December 31, 2014
Undepreciated capital cost	315,852	310,254
Canadian development expense	478,065	467,336
Canadian exploration expense	145	-
Canadian oil and gas property expense	1,070,060	1,042,200
Non-capital loss carry forward	831,006	843,199
Share issue costs	50,229	60,246
Total	2,745,357	2,723,235

Net Income (Loss)

Net loss for the three months ended March 31, 2015 was $29.4 million compared to net income of $4.5 million for the same period in 2014. The decrease of $33.9 million is primarily due to $45.5 million lower petroleum and natural gas sales, a $21.2 million increase in DD&A, a $13.6 million increase in operating expenses, a $10.7 million increase in interest and financing expense and $2.5 million in other net changes. The decrease was partially offset by a $52.4 million gain related to risk management contracts and $7.2 million related to deferred income taxes. 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 and settlement of decommissioning liabilities. 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):

	Three months ended March 31,	
($000s)	2015	2014
Cash flow from operating activities	127,030	85,790
Changes in non-cash working capital	(17,447)	14,769
Settlement of decommissioning liabilities	347	153
Transaction costs	3	195
Funds from operations	109,933	100,907
Cash dividends declared	47,541	34,010
Development capital	76,015	130,581
Basic payout ratio (%)	43	34
Total payout ratio (%)	112	163
Funds from operations per share [1]	0.43	0.51
Cash dividends declared per share[1]	0.19	0.17

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 the first quarter of 2015 was $127.0 million compared to $85.8 million for the same period in 2014. Funds from operations for the first quarter of 2015 was $109.9 million compared to $100.9 million for the same period in 2014. The $41.2 million increase in cash flow from operations and $9.0 million increase to funds from operations are primarily attributed to the Company's growth in production volumes in the first quarter of 2015, partially offset by a lower operating netback.

Capital Expenditures

	Three months ended March 31,	
($000s)	2015	2014
Land and lease	351	328
Geological and geophysical	194	208
Drilling and completions	57,779	116,762
Investment in facilities	16,640	12,518
Capitalized administration	1,051	765
Development capital	76,015	130,581
Office and other	95	182
Property acquisitions	58,330	9,309
Property dispositions	(2,663)	(5,201)
Corporate acquisitions	-	397,482
Total capital expenditures	131,777	532,353

For the three months ended March 31, 2015, development capital totaled $76.0 million with 98 percent spent on drilling, completions and facilities.

Whitecap drilled 33 (30.9 net) wells in the first quarter of 2015 with a 100% success rate, including 20 (18.4 net) horizontal Viking oil wells in west central Saskatchewan, 7 (7.0 net) horizontal Cardium oil wells in Pembina, 3 (2.5 net) horizontal Cardium wells in southwest Alberta and 3 (3.0 net) Dunvegan wells in northwest Alberta and British Columbia.

Acquisitions

On January 6, 2015, the Company closed the acquisition of certain strategic light oil assets in Whitecap's Deep Basin core area. Taking into consideration customary closing adjustments, Whitecap paid $55.1 million on closing of the acquisition.

Decommissioning Liability

At March 31, 2015, the Company recorded decommissioning liabilities of $316.7 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 March 31, 2015, the Company had a $1.2 billion credit facility with a syndicate of Canadian banks. The credit facility consists of a $750 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, 2016, the extendible 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 banker's 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 4.0:1.0 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 shall include bank indebtedness, letters of credit, and distributions declared. As of March 31, 2015, 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.

The Company is authorized to issue an unlimited number of common shares. As at May 5, 2015 there were 298.2 million common shares, 1.3 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 March 31, 2015, the Company had $397.9 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	3,872	5,729	4,919	39,187	53,707
Transportation agreements	8,003	11,455	9,359	26,866	55,683
Total	11,875	17,184	14,278	66,053	109,390

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 three months ended March 31, 2015, the Company incurred $0.1 million for legal fees and disbursements ($0.4 million for the three months ended March 31, 2014). 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 March 31, 2015 a payable balance of $0.1 million (nil – March 31, 2014) was outstanding.

Subsequent Events

On May 1, 2015, Whitecap acquired all of the issued and outstanding common shares of Beaumont Energy Inc. ("Beaumont") for cash consideration of $7.3 million, the issuance of 36.3 million Whitecap common shares and the assumption of Beaumont's debt.

The initial accounting for the business combinations is incomplete as the Company is in the process of evaluating the fair value of the net assets acquired under IFRS in order to prepare the purchase price equation for recognition, measurement and presentation.

The acquisition was partially funded through a bought deal public financing which closed on April 9, 2015, through a syndicate of underwriters. Pursuant to the Offering, Whitecap issued 8,149,000 subscription receipts of Whitecap at a price of $13.50 per Subscription Receipt for gross proceeds of approximately $110 million. In accordance with their terms, each Subscription Receipt was exchanged for one Common Share on May 1, 2015 upon the closing of the acquisition and the proceeds from the sale of the Subscription Receipts were released from escrow.

Changes in Accounting Policies Including Initial Adoption

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

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 Financial Instruments ("IFRS 9") (2013 & 2014)

IFRS 9 (2013) significantly revises the existing hedge accounting guidance in IAS 39 *Financial Instruments: Recognition and Measurement* and is intended to align hedging with an entity's risk management strategies. IFRS 9 (2014) incorporates a further amendment to classification categories for financial assets, and includes a new impairment model. IFRS 9 (2013 & 2014) are effective for annual periods beginning on or after January 1, 2018. 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 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

	2015	2014				2013		
($000s, except as noted)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Financial								
Petroleum and natural gas sales	132,639	194,994	226,728	215,850	178,117	119,970	137,372	103,323
Funds from operations[1]	109,933	139,089	129,350	117,429	100,907	66,640	82,332	65,676
Basic ($/share)	0.43	0.55	0.53	0.51	0.51	0.39	0.51	0.47
Diluted ($/share)	0.43	0.54	0.52	0.51	0.50	0.39	0.51	0.46
Net income (loss)	(29,403)	166,116	87,440	195,045	4,540	(1,469)	16,168	20,143
Basic ($/share)	(0.12)	0.66	0.36	0.85	0.02	(0.01)	0.10	0.14
Diluted ($/share)	(0.12)	0.65	0.35	0.84	0.02	(0.01)	0.10	0.14
Development capital expenditures	76,015	48,144	93,347	51,764	130,581	21,988	65,515	27,905
Net property acquisitions	55,667	31,531	(36,386)	678,056	4,108	53,817	199,279	116,585
Corporate acquisitions	-	205,209	-	-	397,482	-	-	66,450
Total assets	3,894,916	3,869,293	3,565,076	3,434,995	2,657,471	2,052,829	2,007,911	1,766,744
Net debt[1]	867,148	798,290	676,000	752,882	470,794	401,177	398,578	357,974
Common shares outstanding (000s)	253,595	253,476	245,751	245,316	199,970	172,292	166,635	149,073
Dividends declared ($/share)	0.19	0.19	0.19	0.18	0.17	0.16	0.15	0.15
Operational								
Average daily production								
Crude oil (bbls/d)	25,623	24,752	22,160	19,516	16,653	12,585	12,870	10,912
NGLs (bbls/d)	2,689	2,979	2,863	2,328	2,203	2,159	1,864	1,500
Natural gas (Mcf/d)	60,237	59,580	59,498	52,384	45,913	43,902	40,281	32,983
Total (boe/d)	38,351	37,661	34,940	30,574	26,508	22,061	21,448	17,909

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, while production volumes have consistently increased, fluctuations in realized commodity prices have impacted the Company's 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 first quarter of 2015, the Company acquired strategic light oil assets located in its Deep Basin core area for total consideration of $55.1 million. In addition, the Company’s credit facility was increased to $1.2 billion from the previous $1.0 billion.

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 $1.0 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.

INTERNAL CONTROLS UPDATE

Whitecap is required to comply with National Instrument 52-109 Certification of Disclosure on Issuers' Annual and Interim Filings ("NI 52-109"). NI 52-109 requires that Whitecap disclose in the interim MD&A any material weaknesses in Whitecap's internal control over financial and/or any changes in Whitecap's internal control over financial reporting that occurred during the period that have materially affected, or are reasonably likely to materially affect Whitecap's internal controls over financial reporting. Whitecap confirms that no material weaknesses or such changes were identified in Whitecap's internal controls over financial reporting during the first quarter of 2015.

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 and settlement of decommissioning liabilities.

"**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)	March 31, 2015	December 31, 2014
Bank debt	802,067	756,564
Current liabilities	154,356	145,998
Current assets	(187,370)	(243,637)
Risk management contracts	98,095	139,365
Net debt	867,148	798,290

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.