



NEWS RELEASE

October 29, 2020

WHITECAP RESOURCES INC. ANNOUNCES THIRD QUARTER 2020 RESULTS AND CONTINUES TO PAY RESILIENT DIVIDEND IN AN IMPROVING PRICE ENVIRONMENT

CALGARY, ALBERTA – Whitecap Resources Inc. ("Whitecap" or the "Company") (TSX: WCP) is pleased to report its operating and unaudited consolidated financial results for the three and nine months ended September 30, 2020.

Selected financial and operating information is outlined below and should be read with Whitecap's unaudited interim consolidated financial statements and related Management's Discussion and Analysis for the three and nine months ended September 30, 2020 which are available at www.sedar.com and on our website at www.wcap.ca.

FINANCIAL AND OPERATING HIGHLIGHTS

Financial (\$000s except per share amounts)	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Petroleum and natural gas revenues	248,283	331,317	663,067	1,049,286
Net income (loss)	12,835	42,277	(2,176,924)	48,073
Basic (\$/share)	0.03	0.10	(5.33)	0.12
Diluted (\$/share)	0.03	0.10	(5.33)	0.12
Funds flow	119,320	154,306	329,231	491,064
Basic (\$/share)	0.29	0.37	0.81	1.19
Diluted (\$/share)	0.29	0.37	0.80	1.18
Dividends paid or declared	17,454	35,171	69,808	103,323
Per share	0.04	0.09	0.17	0.25
Expenditures on property, plant and equipment ("PP&E")	14,075	153,848	174,173	305,215
Total payout ratio (%) ⁽¹⁾	26	122	74	83
Property acquisitions	71	2,020	5,355	3,606
Property dispositions	-	(89)	-	(712)
Corporate acquisition	268	-	18,417	-
Net debt	1,151,409	1,241,579	1,151,409	1,241,579
Operating				
Average daily production				
Crude oil (bbls/d)	51,456	53,245	54,042	54,526
NGLs (bbls/d)	4,693	4,399	5,018	4,401
Natural gas (Mcf/d)	63,191	63,663	67,441	65,450
Total (boe/d) ⁽²⁾	66,681	68,255	70,300	69,835
Average realized price ⁽³⁾				
Crude oil (\$/bbl)	47.67	65.07	40.58	66.71
NGLs (\$/bbl)	19.57	14.85	14.89	21.70
Natural gas (\$/Mcf)	2.44	1.12	2.25	1.69
Total (\$/boe)	40.47	52.76	34.42	55.04
Netbacks (\$/boe)				
Petroleum and natural gas revenues	40.47	52.76	34.42	55.04
Tariffs	(0.49)	(0.51)	(0.46)	(0.50)
Processing & other income	0.99	1.22	0.75	0.76
Marketing revenue	0.91	1.16	0.94	1.21
Petroleum and natural gas sales	41.88	54.63	35.65	56.51
Realized hedging gain (loss)	1.65	(0.49)	4.17	(0.93)
Royalties	(5.61)	(10.05)	(4.49)	(10.11)
Operating expenses	(12.02)	(12.56)	(11.80)	(12.56)
Transportation expenses	(2.44)	(2.23)	(2.38)	(2.21)
Marketing expenses	(0.96)	(1.13)	(0.93)	(1.18)
Operating netbacks ⁽¹⁾	22.50	28.17	20.22	29.52
Share information (000s)				
Common shares outstanding, end of period	408,286	410,562	408,286	410,562
Weighted average basic shares outstanding	408,250	411,815	408,339	412,816
Weighted average diluted shares outstanding	412,405	414,464	412,967	415,360

Notes:

(1) Total payout ratio and operating netbacks do not have a standardized meaning under GAAP. Refer to non-GAAP measures in this press release for additional disclosure and assumptions.

(2) Disclosure of production on a per boe basis in this press release consists of the constituent product types and their respective quantities disclosed in this table.

(3) Prior to the impact of hedging activities and tariffs.

MESSAGE TO SHAREHOLDERS

Whitecap's third quarter results reflect solid financial and operational performance as we continue to focus on reducing and managing costs to generate free funds flow and maintaining our balance sheet strength. Production for the quarter averaged 66,681 boe/d which was significantly higher than our expectation of 62,000 – 63,000 boe/d due to outperformance on base production, which was primarily driven by lower production decline rates on our waterflood assets.

In the third quarter, we delivered strong financial improvements, generating funds flow of \$119.3 million compared to \$78.1 million in the second quarter, an increase of 53%. Capital investments remained restricted at \$14.1 million, resulting in free funds flow of \$105.2 million. In addition, we paid dividends of \$17.5 million, achieving a total payout ratio of 26%.

Whitecap's balance sheet remains in excellent shape as we reduced net debt by \$87.5 million to \$1.15 billion in the third quarter on total credit capacity of \$1.77 billion. Our debt ratios are well below the financial covenants in our credit facilities and we maintain ample liquidity to manage through the current volatility and uncertainty created by the COVID-19 pandemic.

On August 31, 2020, we announced the strategic combination with NAL Resources Limited ("NAL") in an all-stock transaction valued at approximately \$155 million (the "Transaction"). Our team is working diligently on the efficient integration of technical expertise, operations, accounting and IT systems of the two companies and look forward to closing the Transaction on January 4, 2021.

We highlight the following third quarter financial results:

- **Focus on sustainability.** Funds flow of \$119.3 million (\$0.29 per share) and capital investment of \$14.1 million resulted in free funds flow of \$105.2 million. This provided significant free funds flow to support dividend payments of \$17.5 million in the quarter.
- **Reduce and manage cost structure.** Operating expenses per boe decreased 4% to \$12.02/boe, general & administrative expenses per boe decreased 23% to \$0.80/boe and interest and financing expenses per boe decreased 5% to \$1.71/boe compared to the prior year quarter.
- **Prudent risk management.** Realized commodity hedging gains of \$10.1 million in the quarter and \$80.3 million for the nine months ended September 30, 2020.
- **Capital discipline, operational excellence and asset performance.** Maintained production at 66,681 boe/d compared to 68,255 boe/d in the prior year quarter with limited capital expenditures. Capital spending decreased 91% to \$14.1 million compared to \$153.8 million in the prior year quarter.
- **Maintain balance sheet strength.** Reduced net debt by \$87.5 million to \$1.15 billion on total credit capacity of \$1.77 billion. The Company's credit facilities have two financial covenants being debt to earnings before interest, taxes, depreciation and amortization ("EBITDA") not exceeding 4.0 times and EBITDA to interest not less than 3.5 times. Whitecap's third quarter debt to EBITDA ratio was 2.0 times and EBITDA to interest ratio was 12.5 times. For additional details refer to Note 11(a) "Bank Debt" in the unaudited interim consolidated financial statements for the period ended September 30, 2020.
- **Enhance shareholder returns.** On August 31, 2020, we announced the strategic combination with NAL in an all-stock transaction valued at approximately \$155 million. The Transaction is accretive to key 2021 per share metrics including funds flow, production, reserves and net asset value. The Transaction is expected to close on January 4, 2021.

Outlook

Whitecap's base production and associated production decline rate continue to perform exceptionally well despite the significant reduction to our capital program. As a result, we are increasing average production guidance for 2020 to 67,500 – 68,000 boe/d from 65,000 – 67,000 boe/d previously. There is no change to our 2020 capital budget of approximately \$190 million.

Our preliminary expectations for 2021, pro forma the Transaction as press released on August 31, 2020, was average production of 81,000 – 83,000 boe/d on capital expenditures of \$250 - \$300 million. We are now expecting capital expenditures at the low end of the guidance at \$250 - \$270 million with no change to average production in 2021 of 81,000 – 83,000 boe/d. We look forward to closing the Transaction on January 4, 2021 and providing shareholders with a detailed 2021 budget at that time.

We are excited about creating further value for Whitecap shareholders and while we anticipate continued volatility, we remain disciplined as we build strong momentum into 2021. We are also optimistic the world economy will return to growth over the next year and look forward to updating our shareholders as we progress through the balance of this year and into 2021.

Conference Call and Webcast

Whitecap has scheduled a conference call and webcast to begin promptly at 9:00 am MT (11:00 am ET) on Thursday, October 29, 2020.

The conference call dial-in number is: 1-888-390-0605 or (587) 880-2175 or (416) 764-8609

A live webcast of the conference call will be accessible on Whitecap's website at www.wcap.ca by selecting "*Investors*", then "*Presentations & Events*". Shortly after the live webcast, an archived version will be available for approximately 14 days.

Note Regarding Forward-Looking Statements

This press release contains forward-looking statements and forward-looking information (collectively "forward-looking information") within the meaning of applicable securities laws relating to the Company's plans and other aspects of our anticipated future operations, management focus, strategies, financial, operating and production results and business opportunities. Forward-looking information typically uses words such as "anticipate", "believe", "continue", "trend", "sustain", "project", "expect", "forecast", "budget", "goal", "guidance", "plan", "objective", "strategy", "target", "intend", "estimate", "potential", or similar words suggesting future outcomes, statements that actions, events or conditions "may", "would", "could" or "will" be taken or occur in the future, including statements about our strategy, plans, focus, objectives, priorities and position; the expected closing date of the Transaction; Whitecap's base production and associated production decline rate continued performance; ability to maintain ample liquidity to manage through the current volatility and uncertainty created by the COVID-19 pandemic; that the Transaction is accretive to key 2021 per share metrics including funds flow, production, reserves and net asset value; our 2020 average production and capital expenditures; our 2021 pro forma the Transaction average production and capital expenditures; anticipated continued economic volatility; and that the world economy will return to growth over the next year.

The forward-looking information is based on certain key expectations and assumptions made by our management, including expectations and assumptions concerning prevailing commodity prices, exchange rates, interest rates, applicable royalty rates and tax laws; the impact (and the duration thereof) that the COVID-19 pandemic will have on (i) the demand for crude oil, NGLs and natural gas, (ii) our supply chain, including our ability to obtain the equipment and services we require, and (iii) our ability to produce, transport and/or sell our crude oil, NGLs and natural gas; the ability of OPEC+ nations and other major producers of crude oil to reduce crude oil production and thereby arrest and reverse the steep decline in world crude oil prices; future production rates and estimates of operating costs; performance of existing and future wells; reserve volumes; anticipated timing and results of capital expenditures; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future drilling operations; the state of the economy and the exploration and production business; results of operations; performance; business prospects and opportunities; the availability and cost of financing, labour and services; the impact of increasing competition; ability to efficiently integrate assets and employees acquired through acquisitions, the timing of the completion of the Transaction and receipt of applicable regulatory approvals and on the terms contemplated; ability to market oil and natural gas successfully and our ability to access capital.

Although we believe that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because Whitecap can give no assurance that they will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature they involve inherent risks and uncertainties. These include, but are not limited to: the risks associated with the oil and gas industry in general such as operational risks in development, exploration and production; pandemics and epidemics; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of estimates and projections relating to reserves, production, costs and expenses; health, safety and environmental risks; commodity price and exchange rate fluctuations; interest rate fluctuations; marketing and transportation; loss of markets; environmental risks; competition; incorrect assessment of the value of acquisitions; failure to complete or realize the anticipated benefits of acquisitions or dispositions; ability to access sufficient capital from internal and external sources; failure to obtain required regulatory and other approvals; reliance on third parties and pipeline systems; and changes in legislation, including but not limited to tax laws, production curtailment, royalties and environmental regulations. Our actual results, performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits that we will derive therefrom. Management has included the above summary of assumptions and risks related to

forward-looking information provided in this press release in order to provide security holders with a more complete perspective on our future operations and such information may not be appropriate for other purposes.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that could affect our operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

These forward-looking statements are made as of the date of this press release and we disclaim any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Whitecap's prospective capital expenditures, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. The actual results of operations of Whitecap and the resulting financial results will likely vary from the amounts set forth in this presentation and such variation may be material. Whitecap and its management believe that the FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments. However, because this information is subjective and subject to numerous risks, it should not be relied on as necessarily indicative of future results. Except as required by applicable securities laws, Whitecap undertakes no obligation to update such FOFI. FOFI contained in this press release was made as of the date of this press release and was provided for the purpose of providing further information about Whitecap's anticipated future business operations. Readers are cautioned that the FOFI contained in this press release should not be used for purposes other than for which it is disclosed herein.

Oil and Gas Advisories

References to crude oil or natural gas production in this press release refer to the light and medium crude oil and conventional natural gas, respectively, product types as defined in National Instrument 51-101, *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101").

"Boe" means barrel of oil equivalent based on 6 mcf of natural gas to 1 bbl of oil. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6:1 is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Production

	Crude oil (bbls/d)	NGLs (bbls/d)	Natural gas (Mcf/d)	Total (boe/d) ⁽¹⁾
Q3 2020 Guidance	48,980 – 49,770	3,720 – 3,780	55,800 – 56,700	62,000 – 63,000
2020 Guidance – Revised	53,325 – 53,720	4,050 – 4,080	60,750 – 61,200	67,500 – 68,000
2020 Guidance – Prior	51,350 – 52,930	3,900 – 4,020	58,500 – 60,300	65,000 – 67,000
2021 Guidance	55,450 – 57,050	6,800 – 7,000	113,000 – 114,000	81,000 – 83,000

Note:

⁽¹⁾ Disclosure of production on a per boe basis of amounts in the above table in this press release consists of the constituent product types and their respective quantities disclosed in this table.

Non-GAAP Measures

This press release 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. See the Company's Management's Discussion and Analysis of financial condition and results of operation for the period ended September 30, 2020 for a reconciliation of the non-GAAP measures.

"Free funds flow" represents funds flow less expenditures on PP&E. Management believes that free funds flow provides a useful measure of Whitecap's ability to increase returns to shareholders and to grow the Company's business. Previously, Whitecap also deducted dividends paid or declared in the calculation of free funds flow. The Company believes the change in presentation better allows comparison with both dividend paying and non-dividend paying peers.

“Operating netbacks” are determined by adding marketing revenue and processing & other income, deducting realized hedging losses or adding realized hedging gains and deducting tariffs, royalties, operating expenses, transportation expenses and marketing expenses from petroleum and natural gas revenues. Operating netbacks are per boe measures used in operational and capital allocation decisions. Presenting operating netbacks on a per boe basis allows management to better analyze performance against prior periods on a comparable basis.

“Total payout ratio” is calculated as dividends paid or declared plus expenditures on PP&E, divided by funds flow. Management believes that total payout ratio provides a useful measure of Whitecap’s capital reinvestment and dividend policy, as a percentage of the amount of funds flow.

For further information:

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