



NEWS RELEASE

February 24, 2022

WHITECAP RESOURCES INC. ANNOUNCES RECORD PRODUCTION AND FUNDS FLOW AND INCREASES DIVIDEND 33%

CALGARY, ALBERTA – Whitecap Resources Inc. ("Whitecap" or the "Company") (TSX: WCP) is pleased to report its operating and audited financial results for the quarter and year ended December 31, 2021.

Selected financial and operating information is outlined below and should be read with Whitecap's audited annual consolidated financial statements and related management's discussion and analysis for the three and twelve months ended December 31, 2021 which are available at www.sedar.com and on our website at www.wcap.ca.

FINANCIAL AND OPERATING HIGHLIGHTS

	Three months ended December 31		Twelve months ended December 31	
Financial (\$000s except per share amounts)	2021	2020	2021	2020
Petroleum and natural gas revenues	785,795	238,489	2,526,322	901,556
Net income (loss)	223,841	331,951	1,776,667	(1,844,973)
Basic (\$/share)	0.36	0.81	2.97	(4.52)
Diluted (\$/share)	0.35	0.81	2.95	(4.52)
Funds flow ⁽¹⁾	350,559	104,650	1,098,631	433,881
Basic (\$/share) ⁽¹⁾	0.56	0.26	1.84	1.06
Diluted (\$/share) ⁽¹⁾	0.55	0.25	1.82	1.06
Dividends paid or declared	42,298	17,468	126,070	87,276
Per share	0.07	0.04	0.21	0.21
Expenditures on property, plant and equipment	134,922	21,713	428,408	195,886
Total payout ratio (%) ⁽¹⁾	51	37	50	65
Net debt ⁽¹⁾	1,154,637	1,083,029	1,154,637	1,083,029
Operating				
Average daily production				
Crude oil (bbls/d)	79,315	48,527	75,387	52,656
NGLs (bbls/d)	10,568	4,874	10,418	4,982
Natural gas (Mcf/d)	180,820	62,289	158,501	66,146
Total (boe/d) ⁽²⁾	120,020	63,783	112,222	68,662
Average realized price ⁽³⁾				
Crude oil (\$/bbl)	89.40	47.52	77.90	42.19
NGLs (\$/bbl)	52.24	22.48	41.16	16.75
Natural gas (\$/Mcf)	4.97	2.84	3.91	2.39
Total (\$/boe)	71.17	40.64	61.68	35.88
Netbacks (\$/boe)				
Petroleum and natural gas revenues	71.17	40.64	61.68	35.88
Tariffs	(0.48)	(0.54)	(0.43)	(0.48)
Processing & other income	0.68	0.73	0.74	0.74
Marketing revenue	4.33	0.95	3.78	0.94
Petroleum and natural gas sales	75.70	41.78	65.77	37.08
Realized hedging gain (loss)	(8.13)	1.81	(5.94)	3.62
Royalties	(13.09)	(5.89)	(10.15)	(4.82)
Operating expenses	(13.49)	(11.96)	(13.58)	(11.84)
Transportation expenses	(2.12)	(2.27)	(2.20)	(2.36)
Marketing expenses	(4.34)	(0.97)	(3.80)	(0.94)
Operating netbacks ⁽¹⁾	34.53	22.50	30.10	20.74
Share information (000s)				
Common shares outstanding, end of period	615,824	409,234	615,824	409,234
Weighted average basic shares outstanding	627,831	408,468	598,601	408,371
Weighted average diluted shares outstanding	634,183	411,807	603,094	410,880

Notes:

(1) Total payout ratio and operating netbacks do not have a standardized meaning under GAAP. Funds flow and net debt are capital management measures. Refer to Specified Financial 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

2021 was a transformational year for Whitecap, with the successful execution and integration of approximately \$2.0 billion of strategic acquisitions during the cyclical lows of the recent commodity price cycle which have now significantly improved the profitability and sustainability of our business. This combined with the efficient execution of our \$428 million development capital program resulted in record annual production of 112,222 boe/d (76% liquids) and production in the fourth quarter of 120,020 boe/d (75% liquids), driving record annual funds flow of \$1.1 billion or \$1.82 per share, an increase from the prior year of 153% and 72% respectively.

In 2021, free funds flow¹ after capital totaled \$670 million or \$1.11 per share, an increase from the prior year of 182% and 92% respectively. This allowed us to increase our dividend by 58% in 2021 and repurchase over 24 million common shares for total capital returned to shareholders¹ of \$290 million compared to \$98 million in the prior year, an increase of 196%.

Whitecap's balance sheet is in excellent condition with debt to earnings before interest, taxes, depreciation and amortization ("EBITDA") ratio¹ of 0.9x in 2021. We have significant financial flexibility and liquidity with year end net debt of \$1.2 billion on total capacity of \$2 billion. All our remaining debt has been termed out and the average cost of borrowing is low at 3.25%.

We highlight the following 2021 financial and operating results:

- **Transformational Acquisitions.** Successfully completed and integrated four corporate acquisitions and two asset acquisitions, resulting in record annual production of 112,222 boe/d compared to 68,662 boe/d in the prior year, an increase of 63% and 11% per share. The acquisitions consolidated our core areas, increasing working interests and providing for financial and operational synergies to increase profitability.
- **Free Funds Flow Generation.** In 2021, Whitecap generated \$544 million of discretionary funds flow¹ after development capital of \$428 million and dividends of \$126 million. The combination of low decline assets that reduce maintenance capital requirements and high impact assets that generate quick capital payouts will allow Whitecap's balanced portfolio to drive continued profitability into the future.
- **Return of Capital Strategy.** Whitecap increased its base dividend three times in 2021, from \$0.171 per share annually up to \$0.27 per share annually. The top priority for our return of capital strategy is a sustainable and growing base dividend in combination with the targeted use of our normal course issuer bid ("NCIB"). In 2021, we repurchased 24.3 million shares at an average share price of \$6.75 for a total investment of \$164.2 million. We intend to renew the NCIB for another year upon expiry on May 20, 2022.
- **Balance Sheet Strength.** Whitecap's year end debt to EBITDA ratio was 0.9x and EBITDA to interest ratio was 26.1x well within our bank covenants of not greater than 4.0x and not less than 3.5x respectively. Year end net debt of \$1.2 billion on total capacity of \$2.0 billion provides significant financial flexibility.
- **Significant Focus on Asset Retirement Obligations.** Whitecap is a strong steward of the environment and with an ongoing focus on reducing our environmental footprint we are pleased to report that we abandoned a total of 369 wells in 2021, an increase of 344% from the prior year.

Dividend Increase

We have successfully integrated our strategic acquisitions and with both strong operational execution to date and commodity prices higher than forecast, Whitecap is well positioned to deliver significant free funds flow in 2022 and beyond. We forecast generating \$2.0 billion of funds flow based on current strip prices which translates to approximately \$1.5 billion of free funds flow in 2022.

Given our priority to return capital to shareholders, our Board of Directors has approved a 33% increase to our monthly dividend to \$0.03 per share, from \$0.0225 per share previously, which equates to \$0.36 per share on an annual basis. The increase will take effect beginning with the March dividend, payable in April 2022. Inclusive of the dividend increase, Whitecap expects to fully fund its go forward capital programs and the increased dividend with funds flow down to US\$45/bbl WTI. The annualized dividend of \$226 million represents only 11% of forecasted 2022 funds flow.

New Energy

Whitecap advanced many initiatives related to our involvement in the energy transition during 2021, most notably signing two memorandums of understanding with large industrial parties in the Regina/Belle Plaine area for transportation and permanent sequestration of captured CO₂. Potential captured emissions from these two sources are estimated at 0.8 – 1.5 million tonnes of CO₂ per year which will support our plans to build a carbon/hydrogen hub in this area to further assist decarbonization efforts at other large industrial sites. Whitecap's experience and technical expertise with permanently sequestering 38 million tonnes of CO₂ at the Weyburn project make us a natural and trustworthy fit for carbon sequestration.

We continue to advance several new initiatives towards commercialization and ultimately new revenue sources for the Company. Recent developments include:

- **Joffre CO₂ Credit Generation.** During the first quarter of 2022, we successfully applied for our Joffre CO₂ EOR project to be included in Alberta's Technology Innovation and Emissions Reduction ("TIER") program as well as extended our contract with our CO₂ supply source. Our CO₂ cost is linked to WTI and beginning in 2023 we expect to fully offset the cost of CO₂ with credits generated under the TIER program at a crude oil price of approximately US\$80/bbl or lower.
- **Saskatchewan Carbon Hub Update.** We now have in place three signed memorandums of understanding for our carbon hub in the Regina/Belle Plaine area. Aggregate potential CO₂ emissions from the three sources range from 0.9 to 1.6 million tonnes of CO₂ per year.
- **Alberta Carbon Hub Announcement.** Wolf Midstream ("Wolf"), Whitecap, First Nation Capital Investment Partnership (consisting of Alexander First Nation, Alexis Nakota Sioux Nation, Enoch Cree Nation and Paul First Nation) and Heart Lake First Nation recently announced a proposal to manage a saline aquifer carbon sequestration hub which would serve all industrial facilities in the Alberta Industrial Heartland region. We believe that our experience with carbon sequestration, along with Wolf's experience operating the Alberta Carbon Trunk Line, and our collective ability to provide a timely, low cost decarbonization solution will be an attractive option for area facilities, including the industrial parties such as Air Products, that have already offered support to the project.

Sustainability Linked Loan

We are also pleased to announce that we are transitioning to a Sustainability Linked Loan ("SLL") on our credit facility with our bank syndicate that includes pricing adjustments related to two key emission reduction performance targets. There is no change to our existing pricing grid and covenants. The SLL has a cumulative pricing adjustment of 5 basis points to the applicable margin, as well as a pricing adjustment of up to 1 basis point to the standby fee that can result in price increases or decreases depending on performance. Whitecap's Key Performance Indicators ("KPIs") for this loan are a 15% reduction to its scope 1 and 2 greenhouse gas emissions intensity by 2025, and a 30% reduction to its methane emissions intensity by 2025. Both KPIs utilize 2020 emissions intensity as the baseline. This SLL is a continuation of our commitment towards environment, social and governance best practices and by linking sustainability performance targets to our credit facility there is a direct financial benefit to meeting our emission reduction goals.

Outlook

Whitecap is well positioned to take advantage of the current market environment, with a business plan that will generate substantial returns to our shareholders while continuing to advance our strategy to improve our long-term profitability and sustainability, which also includes new energy initiatives as we transition to a lower carbon business. Our guidance for 2022 average production of 130,000 – 132,000 boe/d (73% liquids) and capital spending of \$510 - \$530 million is unchanged. On behalf of our employees, management team and Board of Directors, we would like to thank our shareholders for their support and look forward to updating you on our progress throughout the year.

¹ Total capital returned to shareholders, free funds flow and discretionary funds flow do not have a standardized meaning under GAAP. Refer to Specified Financial Measures in this press release for additional disclosure and assumptions.

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, February 24, 2022.

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.

For further information:

Grant Fagerheim, President & CEO

or

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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.

In particular, and without limiting the generality of the foregoing, this press release contains forward-looking information with respect to: our expectations that the strategic acquisitions completed during the year significantly improved the profitability and sustainability of our business; our belief that we have significant financial flexibility and liquidity; that the acquisitions completed during the year increase our profitability; that through the combination of low decline assets that reduce maintenance capital requirements and high impact assets that generate quick capital payouts, our balanced portfolio is expected to drive continued profitability into the future; our return of capital strategy and top priority to have a sustainable and growing base dividend in combination with the targeted use of our NCIB; that we will renew our NCIB in 2022; that we are well positioned to deliver significant free funds flow in 2022 and beyond; our forecast to generate almost \$2.0 billion of funds flow at current strip prices and approximately \$1.5 billion of free funds flow in 2022; our dividend policy; our expectation to fully fund our go forward capital program and increased dividend with funds flow down to US\$45/bbl WTI; that the annualized dividend will represent only 11% of forecasted 2022 funds flow; estimated captured emissions from large emitters in the Regina/Belle Plaine area and our plans to build a carbon/hydrogen hub in this area; our expectation to fully offset the cost of CO₂ with credits generated under the TIER program at a price of approximately US\$80/bbl WTI or lower; that we are well positioned to take advantage of the current market environment; that our business plan will generate substantial returns to shareholders while continuing to advance our strategy to improve our long-term profitability and sustainability; our new energy initiatives and plans to transition to a lower carbon business; and our forecast average daily production for 2022 by product type and in total.

The forward-looking information is based on certain key expectations and assumptions made by our management, including: that we will continue to conduct our operations in a manner consistent with past operations; the general continuance or improvement in current industry conditions; the continuance of existing (and in certain circumstances, the implementation of proposed) tax, royalty and regulatory regimes; 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 continuing 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, supplies and services we require, and (iii) our ability to produce, transport and/or sell our crude oil, NGLs and natural gas; 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 and 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; ability to market oil and natural gas successfully; and our ability to access capital and the cost and terms thereof.

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 on acceptable terms or at all; 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, 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 2022 capital investments, funds flow and free funds flow, 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 herein 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 petroleum, crude oil and natural gas in this press release refer to the light and medium crude oil, tight crude oil, conventional natural gas, shale gas and natural gas liquids product types, as applicable, as defined in National Instrument 51-101 ("NI 51-101").

"Boe" means barrel of oil equivalent. All boe conversions in this press release are derived by converting gas to oil at the ratio of six thousand cubic feet ("Mcf") of natural gas to one barrel ("Bbl") of oil. Boe may be misleading, particularly if used in isolation. A Boe conversion rate of 1 Bbl : 6 Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio of oil compared to natural gas based on currently prevailing prices is significantly different than the energy equivalency ratio of 1 Bbl : 6 Mcf, utilizing a conversion ratio of 1 Bbl : 6 Mcf may be misleading as an indication of value.

Production & Product Type Information

This press release includes references to crude oil, NGLs, natural gas and average daily production.

NI 51-101 includes condensate within the natural gas liquids ("NGLs") product type. The Company has disclosed condensate as combined with crude oil and separately from other natural gas liquids since the price of condensate as compared to other natural gas liquids is currently significantly higher and the Company believes that this crude oil and condensate presentation provides a more accurate description of its operations and results therefrom. Crude oil therefore refers to light, medium, tight oil and condensate. NGLs refers to ethane, propane, butane and pentane combined. Natural gas refers to conventional natural gas and shale gas combined.

The Company's average daily production for the quarters and years ended December 31, 2021 and 2020, and our forecast average daily production for 2022, disclosed in this press release consists of the following product types, as defined in NI 51-101 and using a conversion ratio of 1 Bbl : 6 Mcf where applicable:

	2022	2021	2020	Q4/21	Q4/20
Light and medium oil (bbls/d)	78,280 - 79,420	74,863	52,559	78,814	48,424
Tight oil (bbls/d)	4,290 - 4,350	524	97	501	103
Crude oil (bbls/d)	82,570 - 83,770	75,387	52,656	79,315	48,527
NGLs (bbls/d)	11,790 - 12,090	10,418	4,982	10,568	4,874
Shale gas (Mcf/d)	62,760 - 63,640	20,402	335	42,993	341
Conventional natural gas (Mcf/d)	151,080 - 153,200	138,099	65,811	137,827	61,948
Natural gas (Mcf/d)	213,840 - 216,840	158,501	66,146	180,820	62,289
Total (boe/d)	130,000 - 132,000	112,222	68,662	120,020	63,783

SPECIFIED FINANCIAL MEASURES

This press release includes various specified financial measures, including non-GAAP financial measures, non-GAAP ratios, capital management measures and supplementary financial measures as further described herein. These 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.

"Discretionary funds flow" is a non-GAAP financial measure calculated as funds flow less expenditures on PP&E and dividends. Management believes that discretionary funds flow provides a useful measure of Whitecap's ability to increase returns to shareholders and to grow the Company's business. Discretionary funds flow is not a standardized measure and, therefore, may not be comparable with the calculation of similar measures by other entities.

"Free funds flow" is a non-GAAP financial measure calculated as 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. Free funds flow is not a standardized measure and, therefore, may not be comparable with the calculation of similar measures by other entities.

"Funds Flow" is a capital management measure and is a key measure of operating performance as it demonstrates Whitecap's ability to generate the cash necessary to pay dividends, repay debt, make capital investments, and/or to repurchase common shares under the Company's NCIB. Management believes that by excluding the temporary impact of changes in non-cash operating working capital, funds flow provides a useful measure of Whitecap's ability to generate cash that is not subject to short-term movements in non-cash operating working capital. Funds flow is not a standardized measure and, therefore, may not be comparable with the calculation of similar measures by other entities. Whitecap reports funds flow in total and on a per share basis (basic and diluted) using the weighted average basic shares and weighted average diluted shares outstanding. See Note 5(e) (ii) "Capital Management" in the Company's audited annual consolidated financial statements for the year ended December 31, 2021 for a detailed calculation.

"Net Debt" is a capital management measure and is key to assessing the Company's liquidity. See Note 5(e) "Capital Management" in the Company's audited annual consolidated financial statements for the year ended December 31, 2021 for a detailed calculation.

"Operating netback" is a non-GAAP ratio 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 netback is a per boe measure used in operational and capital allocation decisions. Operating netback is not a standardized measure and, therefore, may not be comparable with the calculation of similar measures by other entities. Presenting operating netback on a per boe basis allows management to better analyze performance against prior periods on a comparable basis.

"Total capital returned to shareholders" is a supplementary financial measure calculated as dividends paid or declared, plus the summation of share repurchases under the Company's NCIB. Management believes that total capital returned to shareholders provides a useful measure of overall returns to shareholders.

"Total payout ratio" is a supplementary financial measure 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.

The following table reconciles cash flow from operating activities to funds flow, free funds flow and discretionary funds flow:

(\$000s)	Three Months Ended December 31		Year ended December 31	
	2021	2020	2021	2020
Cash flow from operating activities	329,189	96,334	1,123,919	450,175
Changes in non-cash working capital	21,370	8,316	(25,288)	(16,294)
Funds flow ⁽¹⁾	350,559	104,650	1,098,631	433,881
Expenditures on PP&E	134,922	21,713	428,408	195,886
Free funds flow	215,637	82,937	670,223	237,995
Dividends paid or declared	42,298	17,468	126,070	87,276
Discretionary funds flow	173,339	65,469	544,153	150,719
Funds flow per share, basic ⁽¹⁾	0.56	0.26	1.84	1.06
Funds flow per share, diluted ⁽¹⁾	0.55	0.25	1.82	1.06
Dividends paid or declared per share	0.07	0.04	0.21	0.21

Note:

⁽¹⁾ Refer to Note 5(e) (ii) "Capital Management" in the Company's audited annual consolidated financial statements for the year ended December 31, 2021.

Per Share Amounts

Per share amounts noted in this press release are based on fully diluted shares outstanding.