WHITECAP AND TORC ANNOUNCE STRATEGIC COMBINATION CREATING A LEADING SUSTAINABLE LIGHT OIL FOCUSED COMPANY WITH A SIGNIFICANTLY ENHANCED FREE FUNDS FLOW PROFILE SUPPORTING A 6% DIVIDEND INCREASE

Calgary, December 8, 2020 – Whitecap Resources Inc. ("Whitecap" or the "Company") (TSX: WCP) and TORC Oil & Gas Ltd. ("TORC") (TSX: TOG) are pleased to announce a business combination (the "Business Combination") of two strong energy franchises resulting in a well-capitalized, low decline, light oil weighted company with an attractive free funds flow profile.

Whitecap and TORC have entered into a business combination agreement (the "Agreement") under which the companies have agreed to combine their businesses in an at market, all-stock transaction valued at approximately $900 million, including TORC's net debt, estimated at $335 million as of December 31, 2020. Under the terms of the Agreement, shareholders of TORC ("TORC Shareholders") will receive 0.57 Whitecap common shares (the "Whitecap Shares") in exchange for each TORC common share held (the "TORC Shares"). The at market exchange ratio was determined using ten-day volume weighted average share prices of the Whitecap Shares and the TORC Shares on the Toronto Stock Exchange ("TSX") prior to the signing of the Agreement.

The combined entity will be stewarded by the existing Whitecap executive team and will continue to advance a total return model combining modest production growth with meaningful cash dividends. The Business Combination has been unanimously approved by the Boards of Directors of both Whitecap and TORC and is expected to close on or before February 25, 2021, subject to customary conditions, including the receipt of necessary regulatory and shareholder approvals.

Strategic and Financial Benefits of the Business Combination

- **Material Size and Scale.** Significantly increases Whitecap's scale and core area dominance as TORC's asset base fits directly into Whitecap's current core areas creating one of the largest pure play conventional light oil producers in Canada with over 100,000 boe/d (78% oil and NGLs) of corporate production. The combined entity will have an enterprise value of approximately $4 billion and has paid $1.4 billion in cumulative dividends to shareholders since inception.

- **Improved Free Funds Flow Profile.** TORC's current production is approximately 25,000 boe/d and its production in 2021 is expected to average 22,000 boe/d due to a moderated capital program resulting in a production decline rate of less than 19%. The lower production profile is designed to enhance the combined entity's ability to generate significant free funds flow to increase cash returns to shareholders. The combined entity is expected to have over $300 million of free funds flow supported by a base production decline rate of approximately 17%.

- **Enhanced Long-Term Shareholder Returns.** Return of capital to shareholders continues to be a priority for Whitecap and is an important component of its total return strategy. The combined entity will be able to generate significantly more free funds flow which supports a 6% increase to the monthly dividend from $0.01425 per share to $0.01508 per share ($0.18096 per share annualized). The dividend increase is expected to be effective with the March 2021 dividend payable in April 2021. The pro forma 2021 total payout ratio is expected to be 66% at a crude oil price of US$45/bbl WTI.

- **Significant Synergies.** Tangible cost savings and inventory optimization opportunities are expected to result in incremental free funds flow of approximately $15 million in year one from corporate and operational synergies in the near term.

- **Top Tier Balance Sheet.** The combined business will maintain its strong credit profile and will have ample liquidity to manage commodity price volatility. Whitecap's credit facilities are covenant based and are not subject to yearly credit determinations. The combined business is expected to benefit from approximately $6 million in lower interest expense and is expected to reduce net debt by over $200 million in 2021, resulting in a pro forma debt to EBITDA ratio of 1.8x at US$45/bbl WTI.

- **Sustainable Development.** Whitecap remains committed to best-in-class environment, social and governance ("ESG") practices and continuously improving its ESG profile. Whitecap is the operator of the Weyburn Unit, one of the largest carbon capture and utilization storage projects in the world, currently sequestering more than 2 million tonnes of CO_2 annually and providing the Company with its net negative emitter status.

- **Disciplined Leadership and Governance.** The combined business will continue to be led by the Whitecap executive team and Board of Directors. Pursuant to the Agreement and subject to receipt of approval by the shareholders of Whitecap ("Whitecap Shareholders") of the resolution to amend the articles of Whitecap (the "Article Amendment Resolution") at the Whitecap Meeting (as defined below), Whitecap has agreed to appoint a designated director from TORC to its Board of Directors on closing.

Market Leading Light Oil Player

The strategic business combination of Whitecap and TORC creates a leading oil weighted producer in Western Canada with a focused asset base exhibiting lower production declines, high operating netbacks and strong capital efficiencies.

Grant Fagerheim, Whitecap's President & CEO, stated: "We are combining two strong Canadian energy producers to form a leading large-cap, light oil company geared towards generating sustainable long-term returns for shareholders while prioritizing responsible Canadian energy development. Despite the challenging conditions and significant volatility throughout the year, we have become an even stronger and more resilient energy producer entering 2021 with the combination with TORC as well as the NAL transaction announced on August 31, 2020. We would like to thank our employees for their continued exemplary efforts and our shareholders for their ongoing support. We look forward to advancing returns to our shareholders into the future."

There is significant overlap in Whitecap's and TORC's asset bases providing for meaningful operational synergies and inventory optimization opportunities. The combined business will have 67% of its production under waterflood recovery, supporting its industry leading base production decline rate of 17%.

Brett Herman, TORC's President & CEO, stated, "On behalf of TORC's management and Board of Directors, we would like to thank our shareholders for their ongoing support over the past ten years. We believe our corporate values are closely aligned with Whitecap's management team and the announced business combination will create an exceptionally resilient energy producer that is positioned for growth, while delivering a sustainable dividend to shareholders. In a market environment that is increasingly favouring size and scale, a business combination with Whitecap exposes TORC shareholders to a larger platform while remaining consistent with our existing philosophy of balancing growth with financial discipline along with prudent capital allocation. We are pleased to become shareholders of Whitecap."

Canada Pension Plan Investment Board ("CPP Investments") has been a TORC shareholder since 2013 and has entered into a Support Agreement whereby it will vote in favour of the transaction under the terms of the agreement.

"As a long-standing investor in TORC, we're pleased to support this transaction, which has compelling economic merits for both companies and builds a stronger business of scale that can continue to participate in industry consolidation. We would also like to thank TORC's management team and the Board for their work in building a strong energy franchise," says Michael Koen, Managing Director, Head of Relationship Investments, CPP Investments.

Preliminary Pro Forma 2021 Outlook

Following the Business Combination, Whitecap remains well positioned to continue to advance internal development opportunities and selectively consolidate high-quality assets. Whitecap's competitive advantages include a strong balance sheet, high funds flow netback assets, shallow production decline profile and depth and quality of inventory to support Whitecap's fully funded model. Whitecap remains committed to growing its business over the long-term in combination with providing Whitecap Shareholders with meaningful cash returns.

Whitecap's stand-alone forecasted base case for 2021 (including the completion of the NAL Transaction, as defined below), is average production of 81,000 – 83,000 boe/d on capital investments of $250 - $270 million as press released on October 29, 2020. The pro forma entity is expected to have average production in 2021 of 99,000 – 101,000 boe/d (assuming a closing date of February 25, 2021) on capital investments of $280 to $300 million. Based on this spending and production profile, Whitecap anticipates generating funds flow of approximately $602 million with free funds flow of approximately $312 million and a total payout ratio of 66% based on commodity prices of US$45/bbl WTI and C$2.50/GJ AECO. A detailed 2021 budget will be provided on close of the Business Combination.

NAL Update

On August 31, 2020, Whitecap announced that it had entered into an agreement in an all-stock transaction valued at approximately $155 million with NAL Resources Limited and a privately held wholly owned subsidiary of Manulife Financial Corporation (the "NAL Transaction"). With integration progressing, Whitecap continues to anticipate the close of the NAL Transaction on January 4, 2021.

Recommendations of the Whitecap and TORC Board of Directors

The Whitecap Board of Directors has unanimously determined that the Business Combination and the execution of the Agreement is in the best interests of Whitecap, that the consideration to be paid by Whitecap pursuant to the Business Combination is fair, from a financial point of view, to Whitecap and has unanimously recommended that the Whitecap Shareholders vote in favour of the resolution approving the issuance of the Whitecap Shares pursuant to the Business Combination (the "Issuance Resolution") at the Whitecap Meeting. National Bank Financial Inc. has provided the Whitecap Board with a fairness opinion stating that, as of the date thereof and subject to the assumptions, limitations, and qualifications set forth therein, the consideration to be paid to the TORC Shareholders is fair, from a financial point of view, to Whitecap. All of the directors and officers of Whitecap have entered into agreements with TORC pursuant to which they have agreed to vote their Whitecap Shares in favour of the Issuance Resolution and the Article Amendment Resolution and otherwise support the Business Combination.

The TORC Board of Directors has unanimously determined that the Business Combination and the execution of the Agreement is in the best interests of TORC, that the Business Combination is fair to TORC Shareholders and has unanimously recommended that the TORC Shareholders vote in favour of the resolution approving the Business Combination (the "Business Combination Resolution") at the TORC Meeting (as defined below). RBC Capital Markets has provided an opinion to the Board of Directors of TORC that, as of the date thereof and subject to the assumptions, limitations and qualifications set forth therein, the consideration to be received under the Transaction is fair from a financial point of view to the holders of the TORC Shares. TORC's management team and Board of Directors ("TORC Insiders") and CPP Investments have all entered into support agreements with Whitecap and have agreed to vote their TORC Shares in favour of the Business Combination Resolution and otherwise support the Business Combination.

Combination Structure Details

Whitecap and TORC have entered into the Agreement to effect the Business Combination through a plan of arrangement under the *Business Corporations Act* (Alberta). Under the terms of the Business Combination, Whitecap will acquire all of the issued and outstanding shares of TORC for share consideration. TORC Shareholders will receive 0.57 Whitecap Shares for each TORC Share owned. The exchange ratio was determined based on the volume weighted average trading price of the Whitecap Shares and TORC Shares on the TSX for the preceding ten trading days prior to the signing of the Agreement. As part of the Agreement, Whitecap will assume TORC's net debt of $335 million estimated as at December 31, 2020.

TORC Insiders have agreed to enter into hold period agreements ("Hold Period Agreements") with Whitecap on the completion of the Business Combination. The Hold Period Agreements will provide that, subject to certain exceptions, the TORC Insiders will not be entitled to transfer or otherwise dispose of the Whitecap Shares they acquire pursuant to the Business Combination for periods of three (3), six (6) and nine (9) months from the closing date of the Business Combination; one-third of the Whitecap Shares held by the TORC Insiders to be released after each period.

The Business Combination requires approval by at least 66⅔% of the votes cast by TORC Shareholders present in person or represented by proxy at a special meeting of TORC Shareholders to be called to consider the Business Combination (the "TORC Meeting") and a majority of the votes cast by TORC Shareholders after excluding the votes cast by those persons whose votes may not be included under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions*.

The issuance of the Whitecap Shares pursuant to the Business Combination requires approval by at least 50% of the votes cast by Whitecap Shareholders represented in person or by proxy at a special meeting of Whitecap Shareholders (the "Whitecap Meeting") to be called to consider the Issuance Resolution, as required by the rules of the TSX. In addition, Whitecap Shareholders will be asked to consider the Article Amendment Resolution to increase its maximum number of directors so that Whitecap can appoint a designated director from the TORC Board of Directors to the Whitecap Board of Directors on closing.

The Agreement contemplates that the Whitecap Meeting and TORC Meeting will be held in February 2021. It is expected that a joint management information circular will be sent to the shareholders of each of Whitecap and TORC in January 2021. Closing of the Business Combination is expected to occur on or before February 25, 2021.

The Agreement provides for non-solicitation covenants on behalf of TORC which are subject to the fiduciary duty obligations of the TORC Board and provides Whitecap with the right to match any superior proposal received by TORC. The Agreement also provides for mutual non-completion fees of $20 million in the event the Business Combination is not completed or is terminated by either party in certain circumstances.

The Agreement provides that completion of the Business Combination is subject to certain conditions, including the receipt of all required regulatory approvals, the approval of the TSX, the approval of the shareholders of Whitecap and TORC (as described above), the approval of the Court of Queen's Bench of Alberta and approval under the *Competition Act* (Canada).

Advisors

National Bank Financial Inc. acted as exclusive financial advisor to Whitecap. Burnet, Duckworth & Palmer LLP is acting as Whitecap's legal advisor.

RBC Capital Markets acted as exclusive financial advisor to TORC. McCarthy Tétrault LLP is acting as TORC's legal advisor.

Conference Call and Webcast

Whitecap has scheduled a conference call and webcast to begin promptly at 10:00 am MT (12:00 Noon ET) on December 9, 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.

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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 Whitecap and TORC's current expectations, estimates, projections and assumptions, as applicable, that were made by each company in light of information available at the time the statement was made. 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 strategy, plans, focus, objectives, priorities and position; and the strategic rationale for, and anticipated benefits to be derived from, the Business Combination. In particular, and without limiting the generality of the foregoing, this press release contains forward-looking statements with respect to: TORC’s net debt estimated at $335 million as of December 31, 2020; Whitecap's ability continue to advance a total return model combining modest production growth with meaningful cash dividends; the management team of the combined entity; that the Business Combination is expected to close on or before February 25, 2021; average 2021 production, production mix and production decline rate; the anticipated benefits of the Business Combination, including: (i) that the Business Combination will create the largest pure play conventional light oil producer in Canada with an enterprise value of approximately $4 billion, (ii) that the Business Combination will result in tangible cost savings and inventory optimization opportunities the anticipated benefits to be derived therefrom, (iii) TORC's anticipated 2021 production and decline rates, (iv) that the combined entity is expected to have over $300 million of free fund flow; (v) that the Business Combination will result in a combined entity that is able to generate significantly more free funds flow and the anticipated benefits to be derived therefrom, (vi) the ability of the combined entity to generate significantly more free funds flow which will support an increase to Whitecap's dividend of 6% and the timing of the payment, (vii) that the Business Combination will result in the combined entity having a total payout ratio of 66% at US$45/bbl WTI, (vii) that the Business Combination will result in lower interest expense, reduce net debt and the anticipated benefits therefrom, and (ix) that the Business Combination will result in lower production declines, high operating netbacks and strong capital efficiencies; the appointment of a TORC designee to the Whitecap Board of Directors on closing of the Business Combination; the execution of the Hold Period Agreements with TORC Insiders on closing of the Business Combination and the terms and conditions thereof; the timing of Whitecap Meeting and TORC Meeting; Whitecap's competitive advantages include a strong balance sheet, high funds flow netback assets, shallow production decline rate and depth and quality of inventory to support Whitecap's fully funded model; timing of closing of the NAL Transaction; Whitecap's ability to grow its business for the long-term in combination with providing Whitecap Shareholders with meaningful cash dividends; 2021 average production and capital investments of the combined entity; and 2021 funds flow and free funds flow.

The forward-looking information is based on certain key expectations and assumptions made by each company, as applicable, 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) Whitecap's supply chain, including its ability to obtain the equipment and services it requires, and (iii) Whitecap's ability to produce, transport and/or sell its 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, ability to market oil and natural gas successfully; access to capital; the timing of the completion of the Business Combination and receipt of applicable regulatory approvals and on the terms contemplated; and the closing of the NAL Transaction on the timing and terms and conditions currently contemplated.

Although the expectations and assumptions on which such forward-looking information is based are believed to be reasonable, undue reliance should not be placed on the forward-looking information because no assurance can be given 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. 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. The above summary of assumptions and risks related to forward-looking information has been included in this press release in order to provide security holders with a more complete perspective on future operations and such information may not be appropriate for other purposes.

Unless specifically indicated, all forward-looking information with respect to the combined entity assumes the completion of the NAL Transaction on the terms and conditions previously publicly announced by Whitecap.

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 pro forma expected incremental funds flow, dividends, free funds flow, total payout ratio, lower interest expense, reduction in debt, debt to EBITDA, 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 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

"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

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*.

Disclosure of production on a per boe basis in this press release consists of the constituent product types and their respective quantities as disclosed in the following table:

	Crude oil (bbls/d)	NGLs (bbls/d)	Natural gas (Mcf/d)	Total (boe/d)
TORC Current	21,382	912	16,233	25,000
TORC 2021 Standalone	18,816	803	14,285	22,000
Whitecap 2021 Standalone (1)	53,250 – 54,798	8,203 – 8,334	117,282 – 119,208	81,000 – 83,000
Whitecap 2021 Proforma	68,645 – 70,193	8,860 – 8,991	128,970 – 130,896	99,000 – 101,000

Note:

(1) Includes NAL Transaction

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.

"Enterprise value" is calculated as market capitalization plus net debt. Management believes that enterprise value provides a useful measure of the market value of Whitecap's debt and equity.

"Free funds flow" represents funds flow less expenditures on property, plant and equipment ("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.

"Market capitalization" is calculated as period end share price multiplied by the number of shares outstanding at the end of the period. Management believes that market capitalization provides a useful measure of the market value of Whitecap's equity.

"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.