



NEWS RELEASE

April 28, 2022

WHITECAP RESOURCES INC. ANNOUNCES RECORD FIRST QUARTER RESULTS AND DIRECTOR NOMINEE

CALGARY, ALBERTA – Whitecap Resources Inc. ("Whitecap" or the "Company") (TSX: WCP) is pleased to report its operating and unaudited financial results for the three months ended March 31, 2022.

Selected financial and operating information is outlined below and should be read with Whitecap's unaudited interim financial statements and related management's discussion and analysis for the three months ended March 31, 2022 which are available at www.sedar.com and on our website at www.wcap.ca.

FINANCIAL AND OPERATING HIGHLIGHTS

	Three months ended March 31	
	2022	2021
Financial (\$000s except per share amounts)		
Petroleum and natural gas revenues	1,003,877	448,892
Net income	652,329	19,635
Basic (\$/share)	1.04	0.04
Diluted (\$/share)	1.03	0.04
Funds flow ¹	505,691	187,767
Basic (\$/share) ¹	0.81	0.36
Diluted (\$/share) ¹	0.80	0.36
Dividends paid or declared	47,125	24,181
Per share	0.08	0.04
Expenditures on property, plant and equipment ²	211,534	118,862
Total payout ratio (%) ¹	51	76
Net debt ¹	1,093,305	1,451,841
Operating		
Average daily production		
Crude oil (bbls/d) ³	82,980	64,795
NGLs (bbls/d) ³	14,591	9,508
Natural gas (Mcf/d) ³	210,720	129,151
Total (boe/d) ^{3,4}	132,691	95,828
Average realized price ⁵		
Crude oil (\$/bbl) ³	111.93	65.11
NGLs (\$/bbl) ³	54.64	35.50
Natural gas (\$/Mcf) ³	5.07	3.34
Petroleum and natural gas revenues (\$/boe) ³	84.06	52.05
Operating Netbacks ¹ (\$/boe)		
Petroleum and natural gas revenues ³	84.06	52.05
Tariffs ³	(0.52)	(0.45)
Processing & other income ³	0.57	0.89
Marketing revenue ³	4.91	2.20
Petroleum and natural gas sales ³	89.02	54.69
Realized loss on commodity contracts ³	(6.52)	(3.39)
Royalties ³	(16.53)	(7.56)
Operating expenses ³	(13.76)	(13.36)
Transportation expenses ³	(2.08)	(2.05)
Marketing expenses ³	(4.88)	(2.21)
Operating netbacks ¹	45.25	26.12
Share information (000s)		
Common shares outstanding, end of period	626,293	597,332
Weighted average basic shares outstanding	625,205	517,492
Weighted average diluted shares outstanding	632,876	523,222

MESSAGE TO SHAREHOLDERS

Whitecap's operational momentum continued in the first quarter of 2022 with record average production of 132,691 boe/d (74% liquids) which exceeded our expectation of 131,000 boe/d. Production increased 38% compared to the first quarter of 2021 and increased 10% compared to the fourth quarter of 2022. We had a very active first quarter drilling program peaking at twelve rigs drilling 71 (63.4 net) wells across our four business units and invested \$212 million of development capital expenditures in the quarter.

Strong operational execution and continued strength in commodity prices resulted in funds flow of \$506 million, or \$0.80 per share, up 122% per share compared to the first quarter of 2021 and 45% per share relative to the fourth quarter of 2021. Free funds flow⁶ of \$294 million was up from \$69 million in the first quarter of 2021, resulting in a 253% increase per share. The significant free funds flow generated allowed us to enhance returns to shareholders through an accretive acquisition and a base dividend increase of 33% in the first quarter. We also repurchased for cancellation 10.0 million common shares subsequent to the quarter end under our normal course issuer bid ("NCIB"), all previously announced.

In addition to total capital investments of \$392 million and dividends to shareholders of \$47 million in the first quarter, Whitecap was still able to strengthen its balance sheet by reducing net debt to \$1.1 billion from \$1.2 billion in the fourth quarter of 2021. The balance sheet remains in a strong, defensible position with total debt capacity of \$2.0 billion and a debt to EBITDA ratio⁷ of 0.7 times.

We highlight the following first quarter 2022 financial and operating results:

- **Record Production.** Average production of 132,691 boe/d (74% liquids) was up from 120,020 boe/d (75% liquids) in the fourth quarter of 2021 and 95,828 boe/d (78% liquids) in the first quarter of 2021. Accretive acquisitions, along with organic drilling success, contributed to the per share growth of 14% compared to the first quarter of 2021 and 11% compared to the fourth quarter of 2021.
- **Strong Operating Netback Drives Funds Flow.** First quarter operating netback¹ of \$45.25/boe increased 73% from the first quarter of 2021 driven by continued strength in crude oil and natural gas prices during the quarter. Our strong netbacks, when combined with the accretive acquisitions completed over the past 18 months and the strategic use of our NCIB, resulted in a record funds flow of \$506 million or \$0.80 per share.
- **Return of Capital Priority.** Whitecap returned \$47 million in dividends to shareholders during the first quarter or \$0.075 per share. As previously announced, our monthly dividend was increased by 33% to \$0.03 per share with the March dividend, payable in April, representing an annual increase of \$56 million and, subsequent to the first quarter, we repurchased 10.0 million common shares for \$103.4 million under our NCIB. We have 26.1 million shares remaining on our current NCIB and intend to renew the NCIB for another year when it expires on May 20, 2022.
- **Balance Sheet Strength.** Whitecap retains significant financial flexibility with quarter end net debt of \$1.1 billion on total credit capacity of \$2.0 billion. Quarter end debt to EBITDA ratio⁷ was 0.7x and EBITDA to interest expense ratio⁷ was 32.1x, well within our bank covenants of not greater than 4.0x and not less than 3.5x respectively.

OPERATIONS UPDATE

Whitecap's operational performance through the winter drilling program was exceptional as the optimization and development enhancements applied to the acquired assets have continued to generate positive results. Including the 44 (34.2 net) wells drilled in the fourth quarter, we have drilled a total of 115 (97.6 net) wells through the winter season up to the end of the first quarter of 2022 with the following highlights:

- **Kakwa Montney.** Our three well 14-13 pad was tied into permanent facilities during the first quarter with the wells quickly cleaning up and production stabilizing. Over the first 90 days on production, the three wells have averaged 1,831 boe/d (36% condensate and NGLs) per well, which is more than 75% higher than our budget expectations of 1,026 boe/d (34% condensate and NGLs). We are currently drilling the final well of a four-well pad at Kakwa with the wells expected to be brought on production during the third quarter. A total of nine (6.0 net) wells are expected to be brought on production at Kakwa in the second half of 2022.
- **Central Alberta Glauconite and Cardium.** Whitecap closed the acquisition of TimberRock Energy Corp. at the start of the first quarter and drilled a total of four (3.8 net) Glauconite wells during the quarter. Three of the wells have been on production for over 30 days, averaging approximately 1,138 boe/d (74% oil and NGLs) per well, which is above our budget expectations of 627 boe/d (56% oil and NGLs) over the first 30 days on production. We have also executed on multiple optimization opportunities on the acquired assets, including well reactivations and gathering system optimizations which increase production rates as well as the percentage of volumes that flow through Whitecap owned facilities. Subsequent to the quarter, the Company has secured operatorship of Pembina Cardium Unit No. 11 (55.2% working interest) and has partner-approved plans to commence development of the

unit utilizing longer laterals and optimized waterflood technology and configurations which have been proven in our nearby Cardium developments.

- **Southeast Saskatchewan Conventional.** The Company drilled a total of 18 (17.7 net) Mississippian conventional wells over the winter drilling program, achieving strong results on both legacy and acquired acreage. The average production rate over the first 30 days of 223 bbls/d of oil per well is 45% above our budget expectations, and we have 289 (258.4 net) locations of similar quality remaining in inventory.

BOARD OF DIRECTOR NOMINEE

Whitecap is pleased to announce that Chandra A. Henry will stand for election as an independent director to our Board of Directors at the upcoming Annual and Special Meeting of the Shareholders ("Annual Meeting") on May 18, 2022. Ms. Henry has more than 20 years of progressive experience in finance, treasury, risk, taxation and operations within the financial services industry and is currently the Chief Financial Officer of Longbow Capital Inc., a private equity firm investing in the North American energy markets. Upon being elected, Ms. Henry will serve as a member of the Audit Committee as well as the Sustainability & Advocacy Committee.

Ms. Henry has a Bachelor of Commerce degree, has earned the Chartered Professional Accountant (CPA, CA), Chartered Financial Analyst (CFA) and Institute of Corporate Directors (ICD.D) designations, and is a Fundamentals of Sustainability Accounting (FSA) level 2 candidate. Ms. Henry currently sits on the board of directors of two energy companies.

Whitecap is also announcing that Ms. Heather J. Culbert is retiring from our Board of Directors and is not seeking re-election at the upcoming Annual Meeting. Our Board of Directors and management team would like to thank Heather for her contributions and guidance as a director since 2017.

OUTLOOK

Whitecap has had an excellent start to 2022 and is well positioned to maintain operational momentum through the remainder of the year. We remain optimistic that commodity prices will continue to be strong and our team and our assets will be able to provide substantial returns on capital we deploy. As we continue to generate record funds flow, we anticipate achieving our near-term target net debt of approximately \$800 million by the end of the second quarter of 2022 providing us with significant financial flexibility to increase shareholder returns.

Market conditions have improved dramatically since the release of our initial 2022 budget in October 2021 with 2022 WTI strip prices increasing by approximately US\$25/bbl and 2022 AECO strip prices increasing over C\$2.00/GJ. We now forecast 2022 funds flow of \$2.2 billion and discretionary funds flow (after capital and dividends) of \$1.4 billion at current strip prices.

So far in 2022, our operations have been impacted by cost inflation, labour shortages and supply constraints from our service providers, and we expect these pressures will continue through the balance of the year. As a result of our strong operational success, we have offset the impact of these challenges through the first four months of 2022 and our annual production guidance of 130,000 - 132,000 boe/d and capital expenditure budget of \$510 - \$530 million remains unchanged at this time. We will continue to actively monitor inflationary pressures and supply chain logistical challenges and their impact on our business to assess our profitability and sustainability as we make capital allocation decisions over the remainder of the year and into 2023.

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.

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, April 28, 2022.

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

A live audio 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 further information:

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or

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NOTES

- 1 Operating Netback is a non-GAAP financial measure and operating netbacks (\$/boe) is a non-GAAP ratio. Total payout ratio is a supplementary financial measure. Funds flow, funds flow basic (\$/share), funds flow diluted (\$/share) and net debt are capital management measures. Refer to Specified Financial Measures in this press release for additional disclosure and assumptions.
- 2 Also referred to herein as "capital expenditures".
- 3 Supplementary financial measure. Refer to "Supplementary Financial Measures" section of the Company's MD&A for the three months ended March 31, 2022, which is incorporated herein by reference, and available on SEDAR at www.sedar.com.
- 4 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. Refer to Barrel of Oil Equivalency and Production, Initial Production Rates & Product Type Information in this press release for additional disclosure.
- 5 Prior to the impact of risk management activities and tariffs.
- 6 Free funds flow is a non-GAAP financial measure and free funds flow per share is a non-GAAP ratio. Refer to Specified Financial Measures in this press release for additional disclosure and assumptions.
- 7 Debt to EBITDA ratio and EBITDA to interest expense ratio are specified financial measures that are calculated in accordance with the financial covenants in our credit agreement.

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 intention to renew our NCIB when it expires in May 2022; the timing of bringing wells at Kakwa on production; the number of wells we plan to bring on production in the second half of 2022; our plans to commence development of the Pembina Cardium Unit No. 11 and the details thereof; that Ms. Henry will be elected to our Board of Directors and serve as a member of the Audit Committee as well as the Sustainability & Advocacy Committee upon being elected; that we are well positioned to maintain operational momentum through the remainder of the year; that commodity prices will continue to be strong; our belief that our team and our assets will be able to provide substantial returns on capital we deploy; that we will continue to generate record funds flow; our anticipation that we will achieve our near-term net debt target of \$800 million by the end of the second quarter providing us with significant financial flexibility to increase shareholder returns; our anticipation for 2022 funds flow of \$2.2 billion and discretionary funds flow of \$1.4 billion at current strip prices; our expectation that cost inflation, labour shortages and supply constraints from our service providers will continue through the balance of the year; that we will continue to actively monitor inflationary pressures and supply chain logistical challenges and their impact on our business; and our forecast capital expenditures and 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, inflation 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 adjust crude oil production levels and thereby manage world crude oil prices; the impact (and the duration thereof) of the ongoing military actions between Russia and Ukraine and related sanctions on crude oil, NGLs and natural gas 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 ability of Whitecap to achieve the benefits of the NCIB; future dividend levels; 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; risks associated with increasing costs, whether due to high inflation rates, supply chain disruptions or other factors; health, safety and environmental risks; commodity price and exchange rate fluctuations; interest rate fluctuations; inflation 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, 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 annual dividend increase, second quarter 2022 net debt target and 2022 funds flow, discretionary funds flow, and 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 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

Barrel of Oil Equivalency

"**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.

Drilling Locations

This press release discloses drilling inventory in three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. Proved locations and probable locations are derived from McDaniel & Associates Consultants Ltd.'s reserves evaluation effective December 31, 2021 and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates based on our prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources.

Of the 289 (258.4 net) similar quality Southeast Saskatchewan conventional drilling locations identified herein, 95 (89.2 net) are proved locations, 23 (20.5 net) are probable locations, and 171 (148.7 net) are unbooked locations. Unbooked locations consist of drilling locations that have been identified by management as an estimation of our multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that we will drill all of these drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which we drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been de-risked by drilling existing wells in relative close proximity to such unbooked drilling locations, other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

Production, Initial Production Rates & Product Type Information

References to petroleum, crude oil, natural gas liquids ("NGLs"), natural gas and average daily production in this press release refer to the light and medium crude oil, tight crude oil, conventional natural gas, shale gas and NGLs product types, as applicable, as defined in National Instrument 51-101 ("NI 51-101").

NI 51-101 includes condensate within the NGLs product type. The Company has disclosed condensate as combined with crude oil and separately from other NGLs since the price of condensate as compared to other NGLs 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 oil, medium oil, tight oil and condensate. NGLs refers to ethane, propane, butane and pentane combined. Natural gas refers to conventional natural gas and shale gas combined.

Any references in this news release to initial production rates (Current, IP(30), IP(60), IP(180)) are useful in confirming the presence of hydrocarbons, however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for Whitecap.

The Company's average daily production for the three months ended March 31, 2022, December 31, 2021 and March 31, 2021, our forecast average daily production for the first quarter and full year 2022, our Kakwa IP90 rates per well, our Kakwa budgeted IP90 rates, our Central Alberta Glauconite IP30 rates per well; our Central Alberta Glauconite budgeted IP30 rates, and our Southeast Saskatchewan conventional IP30 rates per well 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 Forecast	Q1/22	Q4/21	Q1/21
Light and medium oil (bbls/d)	78,280 - 79,420	82,622	78,814	64,705
Tight oil (bbls/d)	4,290 - 4,350	358	501	90
Crude oil (bbls/d)	82,570 - 83,770	82,980	79,315	64,795
NGLs (bbls/d)	11,790 – 12,090	14,591	10,568	9,508
Shale gas (Mcf/d)	62,760 - 63,640	51,605	42,993	299
Conventional natural gas (Mcf/d)	151,080 - 153,200	159,115	137,827	128,852
Natural gas (Mcf/d)	213,840 - 216,840	210,720	180,820	129,151
Total (boe/d)	130,000 - 132,000	132,691	120,020	95,828

	Kakwa IP90 per well	Kakwa Budget IP90	Glauc. IP30 per well	Glauc. Budget IP30
Light and medium oil (bbls/d)	-	-	735	223
Tight oil (bbls/d)	530	277	-	-
Crude oil (bbls/d)	530	277	735	223
NGLs (bbls/d)	125	72	105	126
Shale gas (Mcf/d)	7,053	4,060	-	-
Conventional natural gas (Mcf/d)	-	-	1,189	1,665
Natural gas (Mcf/d)	7,053	4,060	1,189	1,665
Total (boe/d)	1,831	1,026	1,138	627

	Q1/22 Forecast	SE Sask conv. IP30 per well
Light and medium oil (bbls/d)	78,850	223
Tight oil (bbls/d)	4,320	-
Crude oil (bbls/d)	83,170	223
NGLs (bbls/d)	11,940	-
Shale gas (Mcf/d)	63,200	-
Conventional natural gas (Mcf/d)	152,140	-
Natural gas (Mcf/d)	215,340	-
Total (boe/d)	131,000	223

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 financial measures are not standardized financial measures under International Financial Reporting Standards ("IFRS" or, alternatively, "GAAP") and, therefore, may not be comparable with the calculation of similar financial measures disclosed 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 financial measure under IFRS and, therefore, may not be comparable with the calculation of similar financial measures disclosed by other entities. The most directly comparable financial measure to discretionary funds flow disclosed in the primary financial statements is cash flow from operating activities.

"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 financial measure under IFRS and, therefore, may not be comparable with the calculation of similar financial measures disclosed by other entities. The most directly comparable financial measure to free funds flow disclosed in the Company's primary financial statements is cash flow from operating activities.

"Funds flow", **"funds flow basic (\$/share)"** and **"funds flow diluted (\$/share)"** are capital management measures and are key measures of operating performance as they demonstrate 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, funds flow basic (\$/share) and funds flow diluted (\$/share) provide useful measures of Whitecap's ability to generate cash that are not subject to short-term movements in non-cash operating working capital. Whitecap reports funds flow in total and on a per share basis (basic and diluted), which is calculated by dividing funds flow by the weighted average number of basic shares and weighted average number of diluted shares outstanding for the relevant period. See Note 5(e) (ii) "Capital Management – Funds Flow" in the Company's unaudited interim consolidated financial statements for the three months ended March 31, 2022 for a detailed calculation.

“Net Debt” is a capital management measure that management considers to be key to assessing the Company’s liquidity. See Note 5(e) (i) “Capital Management – Net Debt and Total Capitalization” to the Company’s unaudited interim consolidated financial statements for the three months ended March 31, 2022 for a detailed calculation.

“Operating netback” is a non-GAAP financial measure determined by adding marketing revenue and processing & other income, deducting realized losses on commodity risk management contracts or adding realized gains on commodity risk management contracts and deducting tariffs, royalties, operating expenses, transportation expenses and marketing expenses from petroleum and natural gas revenues. The most directly comparable financial measure to operating netback disclosed in the Company’s primary financial statements is petroleum and natural gas sales. Operating netback is a measure used in operational and capital allocation decisions. Operating netback is not a standardized financial measure under IFRS and, therefore, may not be comparable with the calculation of similar financial measures disclosed by other entities. Refer to “Operating Netbacks” section of the Company’s MD&A for the three months ended March 31, 2022, which is incorporated herein by reference, and available on SEDAR at www.sedar.com.

“Operating netback per boe” is a non-GAAP ratio calculated by dividing operating netbacks by the total production for the period. Operating netback is a non-GAAP financial measure component of operating netback per boe. Operating netback per boe is not a standardized financial measure under IFRS and, therefore, may not be comparable with the calculation of similar financial measures disclosed 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 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, and free funds flow:

	Three Months Ended March 31	
(\$000s)	2022	2021
Cash flow from operating activities	390,550	217,145
Net changes in non-cash working capital	115,141	(29,378)
Funds flow ⁽¹⁾	505,691	187,767
Expenditures on PP&E	211,534	118,862
Free funds flow	294,157	68,905
Funds flow per share, basic ⁽¹⁾	0.81	0.36
Funds flow per share, diluted ⁽¹⁾	0.80	0.36
Free funds flow per share, basic	0.47	0.13
Free funds flow per share, diluted	0.46	0.13
Dividends paid or declared per share	0.08	0.04

Note:

⁽¹⁾ Refer to Note 5(e) (ii) “Capital Management – Funds Flow” in the Company’s unaudited interim consolidated financial statements for the three months ended March 31, 2022.

Per Share Amounts

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