



December 15, 2015

**WHITECAP PROVIDES REVISED OUTLOOK FOR 2016 AND CONFIRMS MONTHLY DIVIDEND**

CALGARY, ALBERTA – Whitecap Resources Inc. (“Whitecap” or the “Company”) announces that in response to the downward pressure on commodity prices its Management and Board of Directors have elected to reduce its 2016 capital program by 27% to \$150 million from \$205 million previously announced on November 10, 2015. The revised capital program is designed to maintain financial flexibility and to prudently develop our high quality asset base through this volatile commodity price cycle.

**REVISED 2016 GUIDANCE**

The continuous alignment of our capital program to reflect reduced cash flows as a result of lower commodity prices is necessary for us to achieve a total payout ratio of less than 100% and to maintain a strong financial position as we navigate through what could be another challenging year for the industry in 2016. We are now reducing our crude oil price forecast to US\$40/bbl WTI in Q1/2016, US\$45/bbl WTI in Q2/2016 and US\$50/bbl WTI in 2H/2016.

Our focused 2016 capital program is reduced by 27% to \$150 million from \$205 million and our production guidance is 3% lower at 40,100 boe/d compared to 41,500 boe/d. We have the option to increase our capital program should we experience stronger commodity prices later in the year. The revised 2016 capital program of 88 (83.5 net) wells which is down 20 (20.0 net) wells, includes the following:

- 66 (64.1 net) horizontal Viking light oil wells in west central Saskatchewan. This reduced program will be focused on areas outside of our developing waterfloods so that we can use this period of lower development to optimize our waterfloods which will support shallower declines and increased recoveries in the future.
- 11 (10.5 net) Cardium light oil wells in West Pembina including advancement of our operated waterfloods in the area.
- 7 (5.2 net) light oil horizontal wells in the Deep Basin with a primary focus on maintaining a competitive advantage in our Wapiti Cardium core area.
- 2 (2.0 net) wells in the Ferrier area of southwest Alberta. These wells have been high-graded to offset successful waterfloods and with third party facility constraints being removed, will provide some of the most robust economics in our portfolio.
- 2 (1.6 net) wells in Boundary Lake in Q1/2016 as a continuation of our fourth quarter 2015 drilling program.

The 2016 revised budget is as follows:

	<b>2016 Revised</b>	<b>2016 Previous</b>	<b>% Change</b>
Average production (boe/d)	40,100	41,500	(3%)
% Oil + NGLs	77%	77%	-
Funds flow (\$MM)	374	437	(14%)
Cash netbacks (\$/boe)	25.50	28.80	(11%)
Development capital spending (\$MM)	150	205	(27%)
Wells drilled (gross #)	88	108	(19%)
Total dividends	226	226	-
\$ Per share (basic)	0.75	0.75	-
Total payout ratio	100%	99%	1%
Net debt to funds flow	2.2x	1.9x	16%
WTI (US\$/bbl)	46.25	50.00	(8%)
CAD/USD exchange rate	0.75	0.75	-
Edmonton Par differential (C\$/bbl)	(\$4.00)	(\$4.00)	-
AECO gas price (C\$/GJ)	2.40	2.75	(13%)

Whitecap's strategy remains focused on return on capital and moderate growth on a sustainable basis. The wells included in our reduced capital program have been high-graded to ensure that individual well economics provide a minimum IRR of 40% at US\$35/bbl WTI while at the same time maintaining our long term vision for growth and sustainability of which a key part of this strategy is the optimization and expansion of our waterfloods.

## **DIVIDEND**

We are comfortable in maintaining our current monthly dividend of \$0.0625/share through Q1/2016. Whitecap will reevaluate the dividend on a quarterly basis, taking into account net debt, cost of services, capital efficiencies, current production and the commodity price outlook for the remainder of 2016. Whitecap does not have a dividend reinvestment program and we remain focused on ensuring the dividend is fully funded through internally generated cash flows.

We are therefore pleased to announce that a cash dividend of Cdn. \$0.0625 per common share in respect of December operations will be paid on January 15, 2016 to shareholders of record on December 31, 2015. This dividend is an eligible dividend for the purposes of the Income Tax Act (Canada).

## **SUMMARY**

We have prudently managed Whitecap through a very volatile and challenging 2015. As we navigate through another year of potentially weak commodity prices, we will continue to remain diligent and focused on operational excellence and financial discipline by spending within cash flow and maintaining our balance sheet strength.

In the short to medium term our industry faces many headwinds, however, we do see a more constructive price environment late in 2016 or early 2017. This downturn has created a significant opportunity for us to reduce our cost structure and to improve upon our capital efficiencies. In addition, we believe the longer this low price environment persists, there will be attractive and complementary asset opportunities made available to enhance our dividend-growth model.

Whitecap prides itself on having a low general and administrative expense of \$1.35/boe and in addition to freezing Management salaries at 2014 levels, the Management team has also voluntarily agreed to a further 10% reduction effective January 1, 2016 to further reduce our cost structure.

We would like to thank our shareholders for their ongoing support and look forward to continuing to exceed expectations in 2016.

## **Note Regarding Forward-Looking Statements and Other Advisories**

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", "project", "expect", "goal", "plan", "intend" or similar words suggesting future outcomes, statements that actions, events or conditions "may", "would", "could" or "will" be taken or occur in the future. In particular, this press release contains forward-looking information relating to our ongoing business plan, strategy and targets, industry conditions, commodity prices, 2016 capital program and allocation thereof, waterflood plans, and results therefrom, future production, decline rates, cash flow, funds from operations, netbacks, future dividend payments and dividend policy, payout ratio, net debt, net debt to funds flow, hedging strategies, drilling inventory, development and drilling plans, well economics and potential growth.

The forward-looking information is based on certain key expectations and assumptions made by our management, including expectations and assumptions concerning prevailing commodity prices and differentials, exchange rates, interest rates, applicable royalty rates and tax laws; future production rates and estimates of operating costs; performance of existing and future wells; reserve and resource 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 and our ability to access capital.

Although we believe that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because Whitecap can give no assurance that they will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature they involve inherent risks and uncertainties. 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 securityholders 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](http://www.sedar.com)).

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

This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Whitecap's prospective results of operations, funds flow, netbacks, debt, payout ratio well economics and components thereof, all of which are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. 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. Whitecap disclaims any intention or obligation to update or revise any FOFI contained in this press release, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. 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.

#### **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.

**"Free cash flow"** is determined by deducting development capital and dividend payments from funds from operations.

**"Funds flow"** represents cash flow from operating activities adjusted for changes in non-cash working capital, transaction costs, settlement of decommissioning liabilities and termination fees received. Management considers funds from operations and funds from operations per share to be key measures as they demonstrate Whitecap's ability to generate the cash necessary to pay dividends, repay debt, fund settlement of decommissioning liabilities and make capital investments. Management believes that by excluding the temporary impact of changes in non-cash operating working capital, funds from operations provides a useful measure of Whitecap's ability to generate cash that is not subject to short-term movements in non-cash operating working capital.

**"Operating netbacks"** are determined by deducting royalties, production expenses and transportation and selling expenses from oil and gas revenue. Operating netbacks are per boe measures used in operational and capital allocation decisions.

**"Cash netbacks"** are determined by deducting cash general and administrative and interest expense from Operating netbacks.

**"Total payout ratio"** is calculated as development capital plus cash dividends declared divided by funds from operations.

**"Net debt"** is calculated as bank debt plus working capital surplus or deficit adjusted for risk management contracts. Net debt is used by management to analyze the financial position and leverage of Whitecap.

**"Boe" means barrel of oil equivalent on the basis of 6 mcf of natural gas to 1 bbl of oil. Boe's may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf: 1 bbl 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.**

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