



NEWS RELEASE

January 4, 2021

WHITECAP RESOURCES INC. ANNOUNCES CLOSING OF NAL RESOURCES, STRONG FINISH TO 2020 AND ROBUST FIRST QUARTER DRILLING PROGRAM

CALGARY, ALBERTA – Whitecap Resources Inc. ("Whitecap" or the "Company") (TSX: WCP) is pleased to announce that it has successfully completed the previously announced strategic combination with NAL Resources Limited ("NAL") (the "NAL Combination"). Whitecap issued approximately 58.3 million Whitecap common shares in exchange for all the issued and outstanding NAL shares.

2020 has been a very challenging year on many fronts, but our financial discipline and operational strength has allowed us to capture significant opportunities including the NAL Combination and the recently announced strategic combination with TORC Oil & Gas Ltd. ("TORC") (the "TORC Combination"). Our fourth quarter average production is now expected to be approximately 63,000 boe/d which is 5% higher than our budget expectation of 59,000 – 61,000 boe/d. Capital spending for the quarter was approximately \$20 million which is in line with our expectations. We have ended 2020 on a very strong operational note and will look to build on this momentum as we move into 2021.

Over the last five years, Whitecap has significantly enhanced our dividend and growth model through our commitment to reducing costs and improving efficiencies in our business. This commitment, in combination with our strategic acquisitions, has transformed Whitecap into one of the most sustainable pure play conventional light oil producers in Canada with over 100,000 boe/d (78% oil and NGLs) of corporate production upon completion of the TORC Combination in late February. Our business today has proven to be resilient in a low commodity price environment and also has the ability to significantly enhance free funds flow as crude oil prices improve.

We are off to a very strong start to 2021 with a robust capital program including six drilling rigs in operation. In the first quarter of 2021, we expect capital expenditures of approximately \$115 - \$120 million and average production of 89,000 – 91,000 boe/d. Our capital program details for the balance of the year will be released upon closing of the TORC Combination which is expected to be on February 24, 2021.

The first quarter capital program consists of drilling 56 (45.9 net) horizontal wells including 39 (33.6 net) extended reach horizontal ("ERH") wells and 2 (1.4 net) horizontal injection wells. In addition to our drill, complete, equip and tie-in costs, we will be investing approximately \$14 million on enhanced oil recovery ("EOR") operations and optimizations as well as health, safety, and environmental initiatives in the first quarter. This continued focus on enhancing our base assets through EOR capital will allow us to maintain, and potentially improve upon, our low base production decline rate anticipated to be approximately 17% for 2021.

Northwest Alberta and British Columbia

In the first quarter, we anticipate drilling a total of 10 (7.0 net) oil wells in this business unit including 6 (3.5 net) Cardium oil development wells in the Wapiti area, 3 (2.5 net) Charlie Lake horizontal oil wells in our Peace River Arch region and 1 (1.0 net) Dunvegan horizontal oil well. In addition, we will be participating in a non-operated (50% working interest) Montney completion at Karr and tying in our operated (65% working interest) 13-1 well which was successfully completed with an optimized stimulation design in the fourth quarter of 2020.

The Sturgeon Lake NAL assets continue to perform well above expectations with production 50% (1,200 boe/d) higher than forecasted at the time the NAL Combination was announced. We see significant additional optimization opportunities as well as follow-up drilling on the Ante Creek expansion lands and within the primary waterflooded pool.

West Central Alberta

We will be drilling 6.0 (4.8 net) wells in west central Alberta including 4 (3.8 net) ERH Cardium oil wells and 1 (0.9 net) ERH Cardium injection well in the continued re-development of our operated Pembina Cardium waterfloods and 1 (0.2 net) Glauconite liquids rich gas well on NAL lands.

The West Central Alberta NAL assets continue to perform above expectations with production 4% (600 boe/d) higher than forecasted at the time the NAL Combination was announced.

West Central Saskatchewan

We anticipate drilling 28 (23.5 net) ERH Viking oil wells in the first quarter, of which 4 (3.3 net) wells will be on NAL lands. Our drilling and completion designs continue to advance with 3 (2.7 net) ERH wells having an expected horizontal length of 1.5 miles.

We are excited about the drilling and optimization opportunities that continue to develop with our ongoing technical review of the NAL West Central Saskatchewan assets.

Southwest Saskatchewan

We will have one rig active in this business unit drilling 12 (10.6 net) horizontal wells including 6 (5.6 net) oil wells in the Atlas Formation, 4 (4.0 net) Lower Shaunavon oil wells and 2 (1.0 net) Roseray wells (one producer and one injector). In addition to the drilling capital in the first quarter, we anticipate allocating \$7 million towards optimizing our EOR operations in this area.

Southeast Saskatchewan

We anticipate the Southeast Saskatchewan drilling and CO₂ expansion programs to commence in the second half of 2021. The first half program will be limited to CO₂ purchases, field level optimization and maintenance.

TORC Combination Update

Our technical review of the TORC assets is ongoing and both teams are fully immersed in the integration of our two companies. Prior to closing on February 24, 2021, the TORC team will have executed on a capital program of approximately \$40 million which includes the drilling of 22 gross (20.7 net) wells in its core Southeast Saskatchewan area. Capital spending plans for the remainder of the year on the TORC assets will be provided upon closing of the TORC Combination.

Outlook

We are excited about our prospects for adding value from our expanded asset base from the two strategic transactions entered into in 2020. Our preliminary guidance for 2021 pro forma the NAL Combination and TORC Combination remains unchanged with average production of 99,000 – 101,000 boe/d on capital investments of \$280 to \$300 million. We anticipate generating funds flow of approximately \$624 million with free funds flow of approximately \$334 million and a total payout ratio of 63% based on commodity prices of US\$47 WTI and C\$2.50/GJ AECO.

We will continue to focus on responsibly developing our assets including further expansion of our carbon capture utilization and storage (“CCUS”) project at Weyburn, Saskatchewan where we currently sequester 2 million tonnes of CO₂ annually. This provides Whitecap with its net negative emitter status and making us a leader in sustainability with best-in-class environment, social and governance practices.

A detailed full year 2021 budget will be provided upon closing of the TORC Combination which is expected to be on February 24, 2021.

On behalf of our employees, management team and board of directors, we would like to thank our shareholders for their support as we execute on our 2021 plans and continue to pursue opportunities to enhance returns to shareholders.

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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's current expectations, estimates, projections and assumptions, as applicable, that were made 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; corporate production once we close the TORC Combination; our ability to significantly enhance free funds flow as crude oil prices improve; our expected 2021 first quarter and full-year capital expenditures and the allocation thereof; our expected 2021 first quarter and full-year production and the allocation thereof; the timing, location, target and extent of future drilling operations and the anticipated benefits therefrom; EOR projects and anticipated benefits therefrom; our current and future base decline rate; the anticipated benefits of the NAL Combination, including drilling and optimization opportunities; that the TORC Combination is expected to close on or before February 24, 2021; the TORC capital program to be completed prior to closing, including the number and timing of wells to be drilled and the anticipated benefits therefrom; 2021 funds flow, free funds flow and total payout ratio; and further expansion of our CCUS project.

The forward-looking information is based on certain key expectations and assumptions made by Whitecap, 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 TORC Combination and receipt of applicable regulatory approvals and on the terms 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 TORC Combination 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 expected 2021 capital expenditures, funds flow, free funds flow and total payout ratio, 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) |
|--|-----------------------|------------------|------------------------|------------------|
| Q4 2020 Current Expectation | 48,090 | 4,620 | 10,290 | 63,000 |
| Q4 2020 Budget Expectation | 45,553 – 47,097 | 3,833 – 3,963 | 9,614 – 9,940 | 59,000 – 61,000 |
| Corporate Production ⁽¹⁾ | 69,526 | 8,893 | 21,582 | 100,000 |
| Q1 2021 Current Expectation ⁽¹⁾ | 59,933 – 61,280 | 8,642 – 8,836 | 8,642 – 8,836 | 89,000 – 91,000 |
| NAL – Sturgeon Lake | 413 | 237 | 550 | 1,200 |
| NAL – West Central Alberta | 207 | 118 | 275 | 600 |
| 2021 Preliminary Guidance ⁽¹⁾ | 68,645 – 70,193 | 8,860 – 8,991 | 128,970 – 130,896 | 99,000 – 101,000 |

Note:

⁽¹⁾ Includes TORC Combination and NAL Combination

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 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.

"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.