



NEWS RELEASE

July 30, 2020

WHITECAP RESOURCES INC. ANNOUNCES SECOND QUARTER 2020 RESULTS GENERATING \$56.8 MILLION IN FREE FUNDS FLOW

CALGARY, ALBERTA – Whitecap Resources Inc. ("Whitecap" or the "Company") (TSX: WCP) is pleased to report its operating and unaudited consolidated financial results for the three and six months ended June 30, 2020.

Selected financial and operating information is outlined below and should be read with Whitecap's unaudited interim consolidated financial statements and related Management's Discussion and Analysis for the three and six months ended June 30, 2020 which are available at www.sedar.com and on our website at www.wcap.ca.

FINANCIAL AND OPERATING HIGHLIGHTS

Financial (\$000s except per share amounts)	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Petroleum and natural gas revenues	150,467	374,730	414,784	717,969
Net income (loss)	(78,285)	58,357	(2,189,759)	5,796
Basic (\$/share)	(0.19)	0.14	(5.36)	0.01
Diluted (\$/share)	(0.19)	0.14	(5.36)	0.01
Funds flow	78,134	175,537	209,911	336,758
Basic (\$/share)	0.19	0.42	0.51	0.81
Diluted (\$/share)	0.19	0.42	0.51	0.81
Dividends paid or declared	17,448	34,686	52,354	68,152
Per share	0.04	0.08	0.13	0.17
Expenditures on property, plant and equipment ("PP&E")	21,301	26,463	160,098	151,367
Total payout ratio (%) ⁽¹⁾	50	35	101	65
Property acquisitions	5,208	196	5,284	1,586
Property dispositions	-	44	-	(623)
Corporate acquisition	-	-	18,149	-
Net debt	1,238,956	1,189,750	1,238,956	1,189,750
Operating				
Average daily production				
Crude oil (bbls/d)	54,067	55,155	55,349	55,177
NGLs (bbls/d)	5,288	4,417	5,183	4,402
Natural gas (Mcf/d)	68,712	66,231	69,589	66,358
Total (boe/d) ⁽²⁾	70,807	70,611	72,130	70,639
Average realized price ⁽³⁾				
Crude oil (\$/bbl)	26.55	71.40	37.25	67.52
NGLs (\$/bbl)	13.17	22.50	12.74	25.18
Natural gas (\$/Mcf)	2.16	1.22	2.17	1.97
Total (\$/boe)	23.35	58.32	31.60	56.15
Netbacks (\$/boe)				
Petroleum and natural gas revenues	23.35	58.32	31.60	56.15
Tariffs	(0.42)	(0.43)	(0.44)	(0.50)
Processing & other income	0.95	0.54	0.64	0.53
Marketing revenue	0.59	0.61	0.95	1.24
Petroleum and natural gas sales	24.47	59.04	32.75	57.42
Realized hedging gain (loss)	7.82	(1.81)	5.35	(1.15)
Royalties	(2.02)	(10.96)	(3.96)	(10.14)
Operating expenses	(11.18)	(12.45)	(11.70)	(12.56)
Transportation expenses	(2.39)	(2.20)	(2.36)	(2.20)
Marketing expenses	(0.63)	(0.62)	(0.92)	(1.20)
Operating netbacks ⁽¹⁾	16.07	31.00	19.16	30.17
Share information (000s)				
Common shares outstanding, end of period	408,181	412,907	408,181	412,907
Weighted average basic shares outstanding	408,146	413,192	408,384	413,324
Weighted average diluted shares outstanding	410,354	416,626	412,863	416,081

Notes:

- (1) Total payout ratio and operating netbacks do not have a standardized meaning under GAAP. Refer to non-GAAP measures in this press release for additional disclosure and assumptions.
- (2) Disclosure of production on a per boe basis in this press release consists of the constituent product types and their respective quantities disclosed in this table.
- (3) Prior to the impact of hedging activities and tariffs.

MESSAGE TO SHAREHOLDERS

Whitecap's second quarter results demonstrate the resilience of our business and our team's ability to navigate extreme volatility and maintain our balance sheet strength, along with strong operational performance. Production in the quarter was maintained at 70,807 boe/d compared to the prior year second quarter of 70,611 boe/d on the continued strength of our first quarter drilling program and the low decline rate of our base production. The impact of suspended average production in the quarter was approximately 1,300 boe/d.

Despite one of the most challenging quarters the energy industry has experienced, Whitecap generated funds flow of \$78.1 million and invested \$21.3 million on our assets resulting in free funds flow of \$56.8 million. In addition, we paid \$17.4 million in dividends to shareholders, achieving a total payout ratio of 50%. As we move through the year, we anticipate generating additional free funds flow and further reducing net debt.

Our focus in the second quarter was on the execution of our phase two actions, as reported on April 30, 2020. A bottoms-up analysis on our operating and G&A expenses identified \$50 million of cost savings of which we realized \$18 million in the first half of the year, primarily in the second quarter. We anticipate the remaining \$32 million to be realized in the second half of this year. For the first half of 2020, our funds flow totaled \$210 million, which was higher than our capital expenditures of \$160.1 million. The capital spending for the remainder of the year is restricted to minimum CO₂ purchases at Weyburn along with health, safety and asset integrity expenditures which puts us on track to achieving our reduced 2020 capital budget of \$190 million. We had previously suspended 2,000 boe/d of uneconomic production as a result of the collapse in crude oil prices. Due to improving commodity prices and our cost reduction initiatives we have brought back approximately 1,000 boe/d of the suspended production with the balance to be brought back on at US\$45 WTI or higher.

We entered this economic crisis in a position of strength and have been able to maintain this competitive advantage through our phase one and phase two actions, which enabled us to reduce net debt by \$32 million in the quarter. We exited the quarter with net debt at \$1.24 billion on total capacity of \$1.77 billion leaving the Company with approximately \$530 million of credit capacity available. The Company's credit facilities have two financial covenants being debt to earnings before interest, taxes, depreciation and amortization ("EBITDA") not exceeding 4.0 times and EBITDA to interest not less than 3.5 times. Whitecap's second quarter debt to EBITDA ratio was 2.0 times and EBITDA to interest ratio was 12.7 times. For additional details please refer to Note 11(a) "Bank Debt" in the unaudited interim consolidated financial statements for the period ended June 30, 2020.

As we think about positioning Whitecap for an eventual crude oil supply and demand recovery, we continue to believe consolidation in the industry is important. Our focus has shifted from survival to capturing opportunities within our core operating regions. Late in the second quarter we completed a small tuck-in acquisition in the Peace River Arch region of Alberta for \$5.2 million. The acquisition included production of 220 boe/d (74% oil and NGLs), proved developed producing reserves ("PDP") of 402 Mboe, total proved plus probable reserves ("TPP") of 2,758 Mboe and 42.3 (18.8 net) sections of undeveloped land containing 25 (20.4 net) follow-up locations to our recent Charlie Lake drilling success. In the first quarter, Whitecap had drilled 2 (2.0 net) operated Charlie Lake wells which continue to perform exceptionally well with average IP(120) rates of 819 boe/d (87% oil). We will continue to focus on these types of opportunities as well as larger scale acquisitions within our core operating regions.

Whitecap remains in an enviable position with many competitive advantages including our strong balance sheet, high funds flow netback assets, shallow production decline rate and depth and quality of inventory to support our fully funded model. We remain committed to growing our business for the long term in combination with providing our shareholders with meaningful cash dividends.

On behalf of our management team and board of directors, we would like to thank our shareholders for their ongoing support and look forward to providing updates as we progress through 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, July 30, 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.

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; ability to continue to generate free funds flow and further reduce net debt; the anticipated benefits to be derived from the acquisition; total cash reductions for 2020 and the amount to be realized in the second half of 2020; projected capital spending for the remainder of 2020; amount of production to be brought back on and the anticipated WTI price; performance of Charlie Lake wells; Whitecap's position in the oil and gas industry and the reason therefor; Whitecap's commitment to growing its business; dividend payments; and expectations relating to mergers and acquisitions in the oil and gas industry. Statements relating to "reserves" are also deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future.

The forward-looking information is based on certain key expectations and assumptions made by our management, 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) 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 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 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. 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. 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 prospective capital and G&A costs, 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 reasonably basis, reflecting management's best estimates and judgments. However, because this information is subjective and subject to numerous risks, it should not be relied on as necessarily indicative of future results. Except as required by applicable securities laws, Whitecap undertakes no obligation to update such FOFI. FOFI contained in this press release was made as of the date of this press release and was provided for the purpose of providing further information about Whitecap's anticipated future business operations. Readers are cautioned that the FOFI contained in this press release should not be used for purposes other than for which it is disclosed herein.

Oil and Gas Advisories

References to 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* ("NI 51-101").

"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 Rates

Any references in this news release to initial production rates (IP(120)) 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.

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 an internal reserves evaluation effective July 1, 2020 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 25 (20.4 net) acquisition drilling locations identified herein, 6 (6.0 net) are proved locations, 3 (2.5 net) are probable locations, and 16 (11.9 net) are unbooked locations. Unbooked locations 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 unbooked 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

	Crude oil (bbls/d)	NGLs (bbls/d)	Natural gas (Mcf/d)	Total (boe/d) ⁽¹⁾
Impact of suspended production on Q2 2020	940	71	1,735	1,300
Previously suspended uneconomic production	1,480	120	2,400	2,000
Suspended production brought back	740	60	1,200	1,000
Acquisition production	150	12	348	220
Charlie Lake IP(120)	712	15	552	819

Note:

⁽¹⁾ Disclosure of production on a per boe basis of amounts in the above table in this press release consists of the constituent product types and their respective quantities disclosed in this table.

Reserves

Reserves estimates are based on Whitecap's internal evaluation and were prepared by a member of Whitecap's management who is a qualified reserves evaluator in accordance with NI 51-101 effective July 1, 2020. Such estimates are based on values that Whitecap's management believes to be reasonable and are subject to the same limitations discussed above under "Note Regarding Forward-Looking Statements". The reserves estimates were prepared in accordance with the standards contained in the Canadian Oil and Gas Evaluation Handbook.

	Crude oil (Mbbl)	NGLs (Mbbl)	Natural gas (MMcf)	Total (Mboe) ^{(1) (2)}
Acquisition - PDP	281	14	645	402
Acquisition - TPP	1,760	115	5,298	2,758

Note:

(1) Disclosure of reserves on a per boe basis of amounts in the above table in this press release consists of the constituent product types and their respective quantities disclosed in this table.

(2) Gross reserves are the assets total working interest reserves before the deduction of any royalties and including any royalty interests receivable on the assets.

Individual properties may not reflect the same confidence level as estimates of reserves for all properties due to the effects of aggregation.

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. See the Company's Management's Discussion and Analysis of financial condition and results of operation for the period ended June 30, 2020 for a reconciliation of the non-GAAP measures.

"Free funds flow" represents 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. 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.

"Operating netbacks" are determined by adding marketing revenue and processing & other income, deducting realized hedging losses or adding realized hedging gains and deducting tariffs, royalties, operating expenses, transportation expenses and marketing expenses from petroleum and natural gas revenues. Operating netbacks are per boe measures used in operational and capital allocation decisions. Presenting operating netbacks on a per boe basis allows management to better analyze performance against prior periods on a comparative basis.

"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.

For further information:

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or

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