WHITECAP RESOURCES INC

NEWS RELEASE

September 27, 2022

WHITECAP RESOURCES INC. ANNOUNCES 2023 CAPITAL BUDGET FOCUSED ON SHAREHOLDER RETURNS

CALGARY, ALBERTA – Whitecap Resources Inc. ("Whitecap" or the "Company") (TSX: WCP) is pleased to announce its 2023 capital investment budget of $900 - $950 million and average production guidance of 170,000 – 172,000 boe/d[1] (64% liquids), resulting in significant free funds flow for elevated shareholder returns in 2023.

We plan to drill 253 (214.2 net) wells across our three business units (Central Alberta, Northern Alberta & B.C., and Saskatchewan), which is expected to drive annual production per share growth of 21%. The Northern Alberta & B.C. business unit will be the main source of production growth, in particular the Montney assets from the recent XTO acquisition, where extremely efficient production additions are enhanced by strong netbacks at current commodity prices. The projected growth is underpinned by our current portfolio of light oil and natural gas projects and our enhanced oil recovery ("EOR") assets which are characterized by low production declines and stable cash flows representing 21% of total corporate production.

The 2023 budget has average production at the mid-point and capital investment at the low end of our preliminary guidance which is expected to result in increased free funds flow and returns to shareholders. At current strip prices we anticipate reaching our first net debt[2] milestone of $1.8 billion prior to year-end 2022[3], which is expected to trigger a 25% - 30% dividend increase and upon our final net debt milestone of $1.3 billion being reached, we expect to return 75% of free funds flow back to shareholders. This includes an anticipated $0.73 per share annual base dividend that is 66% higher than our current annual dividend of $0.44 per share.

With the closing of the XTO acquisition as press released on August 31, 2022, our funds flow[2] forecast has increased meaningfully to average $550 million per quarter in 2023 which is significantly more than our forecast average capital requirement of $230 million per quarter in 2023. The significant free funds flow generated allows us to achieve our debt milestones at an accelerated pace.

Our balance sheet remains in excellent shape with current net debt of approximately $2.2 billion on total capacity of $3.1 billion equating to a debt to EBITDA ratio[4] of 0.9 times. Our balance sheet continues to significantly strengthen once we reach our net debt milestone of $1.3 billion resulting in $1.8 billion of liquidity and a debt to EBITDA ratio of 0.6 times.

Highlights of the 2023 budget include:

- **Significant Free Funds Flow.** At US$80/bbl WTI crude oil and C$5.00/GJ AECO natural gas prices, we forecast funds flow of approximately $2.2 billion, or $3.47 per share[2], resulting in free funds flow[2] of $1.2 billion, or $1.98 per share[2]. Every US$5.00/bbl change in WTI impacts our free funds flow by $110 million and every $0.50/GJ change in AECO impacts our free funds flow by $45 million.

- **Elevated Shareholder Returns.** We are committed to our return of capital framework and upon achieving our net debt milestone of $1.3 billion in mid-2023, we expect that our base dividend will be increased to $0.73 per share which represents a yield of approximately 9% based on our current share price. With 75% of free funds flow being returned to shareholders, we have the flexibility to further supplement the targeted $0.73 per share dividend with share repurchases and/or special dividends.

- **21% Production per Share Growth.** 2023 is expected to represent our third consecutive year of double-digit production per share growth while maintaining a responsible level of debt. Our ability over the last three years to identify, execute and extract value on accretive acquisitions results in annual production growth that is higher than our targeted organic growth range of 3% - 5% per share.

2023 BUDGET DETAILS

Our capital program of $900 - $950 million is comprised of drilling 253 (214.2 net) wells across our three business units and includes approximately $130 million being allocated to infrastructure investments, $150 million to EOR projects and $10 million to advance our New Energy initiatives.

Our 2023 production guidance includes 91,000 – 92,000 bbl/d of oil, 18,000 – 19,000 bbl/d of NGLs, and 360,000 – 370,000 Mcf/d of natural gas, which allows us to capture upside across the various commodities. Our natural gas portfolio has increased six-fold from approximately 60,000 Mcf/d in Q4/2020 and is currently exposed to AECO pricing with approximately 60% of physical volumes under contract to end users. Although we are confident that upcoming expansions on the NGTL[5] system will help to alleviate price volatility, we are actively pursuing natural gas price diversification strategies to mitigate future natural gas pricing risk.

Further budget details are as follows:

- **Northern Alberta & B.C.** We plan to invest approximately $420 million to drill 40 (36.0 net) wells, including 23 (21.5 net) Montney wells in the Kakwa region, 8 (5.6 net) Charlie Lake wells in the Peace River Arch and 3 (3.0 net) Duvernay wells at Kaybob. We also plan to incur approximately $63 million of facility and optimization capital for our Montney development, which includes water disposal facilities at Kakwa and infrastructure buildout. The infrastructure capital will provide for continued growth opportunities and improve profitability in the area through operational efficiencies as well as operating and completion cost reductions. We plan to run two drilling rigs for the balance of 2023 across the business unit with a third rig being added in the third quarter of 2023.

- **Saskatchewan.** We plan to invest approximately $330 million to drill 180 (153.0 net) wells, including 54 (49.5 net) conventional Mississippian wells in southeast Saskatchewan, 44 (30.1 net) wells in southwest Saskatchewan, 20 (13.9 net) of which are conventional targets, 53 (51.9 net) Viking wells in west central Saskatchewan, and 19 (14.0 net) wells at Weyburn, comprised of 9 (7.6 net) producers and 10 (6.4 net) injectors. The Saskatchewan business unit is expected to generate significant free funds flow for the Company in 2023, with our current development plans focused on a more moderate growth profile which will further improve free funds flow and long-term sustainability. We plan to run between five and six drilling rigs across Saskatchewan in 2023, excluding the spring breakup time period.

- **Central Alberta.** We plan to invest approximately $153 million to drill 33 (25.2 net) wells, including 11 (9.9 net) Glauconite wells and 21 (14.3 net) Cardium wells. The Central Alberta business unit has achieved recent success through refined development plans, including ERH ("extended reach horizontal") wells, along with production optimization through owned facilities. A total of 29 (21.9 net) ERH wells are planned for 2023 with the business unit planning to run between two and three drilling rigs.

- **New Energy.** We plan to invest approximately $10 million on pre-FID ("final investment decision") work for our proposed Alberta and Saskatchewan Carbon Hubs in 2023. Spending on our Alberta Hub will consist of the remaining portion of our evaluation well that will be spud this December along with 3D seismic and other field development planning. Spending on our Saskatchewan Hub will consist of an evaluation well planned for the first quarter and pre-FID work. First CO_2 injection is planned for late-2024 for both carbon sequestration hubs.

OUTLOOK

Our 2023 budget takes a balanced approach to near-term free funds flow generation and increasing returns to shareholders along with the continued focus on maximizing profitability and shareholder returns over the long term. Our balance sheet is strong and will be further enhanced over the course of 2023 to ensure the Company maintains the financial flexibility to further improve our long-term profitability and sustainability. Once our $1.3 billion net debt milestone is reached, we expect to return 75% of free funds flow to shareholders in the form of additional dividends along with share buybacks. Including the base dividend in 2023, this is expected to equate to approximately $2.0 billion ($3.30/share)[6] over the next three years[3].

Our 2023 budget also reinforces our commitment to being a strong corporate citizen with total royalties and income taxes being paid to Provincial and Federal governments forecasted at over $1.1 billion. This is in addition to the various initiatives and programs that Whitecap and our employees support each and every year in the communities that we operate in.

We remain constructive on the outlook for commodity prices given years of underinvestment in energy and the ongoing geopolitical issues but remain disciplined in our approach to organic production growth and committed to responsible use of leverage to increase returns for our shareholders.

Conference Call and Webcast

Whitecap has scheduled a conference call and webcast to begin promptly at 8:00 am MT (10:00 am ET) on Wednesday, September 28, 2022.

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.

For further information:

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NOTES

1. Disclosure of production on a per boe basis in this press release consists of the constituent product types and their respective quantities disclosed herein. Refer to Barrel of Oil Equivalency and Production and Product Type Information in this press release for additional disclosure.
2. Funds flow, funds flow per share (diluted), and net debt are capital management measures. Free funds flow is a non-GAAP financial measure and free funds flow per share (diluted) is a non-GAAP ratio. Refer to the Specified Financial Measures section in this press release for additional disclosure and assumptions.
3. See Note Regarding Forward Looking Statements for underlying commodity price and exchange rate assumptions.
4. Debt to EBITDA ratio is a specified financial measure that is calculated in accordance with the financial covenants in our credit agreements.
5. TC Energy's Nova Gas Transmission Line.
6. Assumes 618.8 million fully diluted shares outstanding.

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 capital expenditure (including the allocation thereof), well count (gross and net) and average daily production volume (including by product type) forecasts for 2023; that our expected 2023 capital spending and production will result in significant free funds flow for elevated shareholder returns in 2023; our plans to drill 253 (214.2 net) wells across our three business units and the resulting annual production per share growth; that the Northern Alberta & B.C. business unit will be the main source of our production growth in 2023, in particular the Montney assets from the recent XTO acquisition; that the 2023 budget has average production at the mid-point and capital investment at the lower end of our preliminary guidance resulting in increased free funds flow and returns to shareholders; our expectation to reach our net debt milestone of $1.8 billion prior to year end based on current strip pricing, which will trigger a 25%-30% dividend increase; we will return 75% of free funds flow back to shareholders once our $1.3 billion net debt milestone is reached in mid-2023, which will include a $0.73 per share annual dividend; our forecast average funds flow and capital requirement by quarter in 2023; that the free funds flow generated allows us to achieve our debt milestones at an accelerated pace; our expected debt to EBITDA ratio based on reaching our $1.3 billion net debt milestone and resulting liquidity; our funds flow, funds flow per share, free funds flow and free funds flow per share forecast for 2023 at US$80/bbl WTI and C$5.00/GJ AECO; the impact to our 2023 free funds flow forecast of a US$5/bbl change in WTI and C$0.50/GJ change in AECO; that with 75% of free funds flow being returned to shareholders, we could further supplement the targeted $0.73 per share annual dividend with share repurchases and/or special dividends; that we will have double-digit production per share growth in 2023 while maintaining a responsible level of debt; our targeted organic production growth range per share; our 2023 capital expenditure forecast for infrastructure investments, EOR projects and New Energy initiatives; our intention to actively pursue natural gas price diversification strategies to mitigate future natural gas pricing risk; our capital expenditure and well count (gross and net) forecasts for 2023 by business unit and by certain areas and the details of our 2023 capital expenditure program; our confidence that upcoming expansions on the NGTL system will help to alleviate price volatility; that we will incur approximately $63 million for facility and optimization capital for our Montney development; that the infrastructure capital will provide for continued growth opportunities and improve profitability at Kakwa; our expectations for deployment of drilling rigs across each business unit and the timing thereof; that the Saskatchewan business unit will generate significant free funds flow for the Company in 2023; the timing of first CO_2 injection for each of our Alberta and Saskatchewan Carbon Hubs; that our balance sheet will be further enhanced over the course of 2023 to ensure the Company maintains the financial flexibility to further improve our long-term profitability and sustainability; that once our $1.3 billion net debt milestone is reached, we will return 75% of free funds flow to shareholders in the form of additional dividends along with share buybacks, which equates to approximately $2.0 billion ($3.30 per share) over the next three years; and that total royalties and income taxes being paid to Provincial and Federal governments is forecasted at over $1.1 billion in 2023.

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 except as specifically noted herein (and for greater certainty, the forward-looking information contained herein excludes the potential impact of any acquisitions or dispositions that we may complete in the future); 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 and forecast commodity prices, exchange rates, interest rates, inflation rates, applicable royalty rates and tax laws, including the assumptions specifically set forth herein; 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; the impact of rising and/or sustained high inflation rates and interest rates on the North American and world economies and the corresponding impact on our costs, our profitability, and on crude oil, NGLs and natural gas prices; future production rates and estimates of operating costs and development capital, including as specifically set forth herein; performance of existing and future wells; reserve volumes and net present values thereof; anticipated timing and results of capital expenditures / development capital, including as specifically set forth herein; 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, including our assumptions regarding the number of drilling locations obtained through the XTO acquisition; 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; 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; our ability to access capital and the cost and terms thereof. In addition: (i) our expectation to reach our net debt milestone of $1.8 billion prior to year end is based on the following current strip pricing and exchange rate: September 27 – December 31, 2022 - WTI of US$76.74/bbl, USD/CAD of $1.37 and AECO of C$5.26/GJ; (ii) our expectation for approximately $1.9 billion of free funds flow to be returned to shareholders in the form of dividends and share buybacks over the next three years is based on the following commodity pricing and exchange rates: 2023 WTI of US$80.00/bbl, USD/CAD of $1.35 and AECO of C$5.00/GJ; 2024/25 WTI of US$75.00/bbl, USD/CAD of $1.35 and AECO of C$4.00/GJ; and (iii) our expectation to reach our net debt milestone of $1.3 billion in mid-2023 is based on the foregoing commodity pricing and exchange rate forecasts.

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 risk that we do not realize some or all of the anticipated benefits of the recently completed XTO acquisition; the risk that the funds that we ultimately return to shareholders through dividends and/or share buybacks is less than currently anticipated and/or is delayed, whether due to the risks identified herein or otherwise; the risk that any of our material assumptions prove to be materially inaccurate, including our 2022, 2023, 2024 and 2025 forecasts (including for commodity prices and exchange rates); 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, high interest 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; changes in legislation, including but not limited to tax laws, production curtailment, royalties and environmental regulations; and the risk that the amount of future cash dividends paid by us and/or shares repurchased for cancellation by us, if any, will be subject to the discretion of our Board of Directors and may vary depending on a variety of factors and conditions existing from time to time, including, among other things, fluctuations in commodity prices, production levels, capital expenditure requirements, debt service requirements, operating costs, royalty burdens, foreign exchange rates, contractual restrictions contained in our debt agreements, and the satisfaction of the liquidity and solvency tests imposed by applicable corporate law for the declaration and payment of dividends and/or the repurchase of shares – depending on these and various other factors, many of which will be beyond our control, our dividend policy and/or share buyback policy and, as a result, future cash dividends and/or share buybacks, could be reduced or suspended entirely. 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 our 2023 forecast capital spending (and allocation thereof), production volumes, funds flow, funds flow per share, free funds flow and free funds flow per share, our liquidity and debt to EBITDA ratio on reaching our net debt milestone of $1.3 billion, our planned dividend increases and percent of free funds flow to be returned to shareholders based on reaching our net debt milestones of $1.8 billion and $1.3 billion and the timing thereof, our forecast funds flow and capital spending by quarter in 2023, our free funds flow sensitivity to a US$5.00/bbl change in WTI and a C$0.50/GJ change in AECO, our 2023 forecast capital spending by business unit and certain details thereof, our forecast free funds flow over the next three years and the portion thereof that will be returned to shareholders, and total royalties and income taxes being paid to Provincial and Federal governments are forecasted at over $1.1 billion in 2023, 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.

Production and 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.

The mid-point of the Company's forecast average daily production for the full year 2023 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:

	2023 (mid-point)
Light and medium oil (bbls/d)	78,000
Tight oil/condensate (bbls/d)	13,500
Crude oil (bbls/d)	91,500
NGLs (bbls/d)	18,500
Shale gas (Mcf/d)	207,000
Conventional natural gas (Mcf/d)	159,000
Natural gas (Mcf/d)	366,000
Total (boe/d)	171,000

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.

"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. Refer to the "Cash Flow from Operating Activities, Funds Flow and Payout Ratios" sections of our management's discussion and analysis for the three and six months ended June 30, 2022 and the year ended December 31, 2021, both of which are incorporated herein by reference, and available on SEDAR at www.sedar.com.

"**Free funds flow per share**" is a non-GAAP ratio. Free funds flow per share is calculated by dividing free funds flow by the weighted average number of shares outstanding for the relevant period. Free funds flow per share 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. See "Free funds flow" above.

"**Funds flow**" **and "funds flow per 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 normal course issuer bid. Management believes that by excluding the temporary impact of changes in non-cash operating working capital, funds flow and funds flow per 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 and six months ended June 30, 2022 and in the Company's audited annual consolidated financial statements for the year ended December 31, 2021 for additional disclosures.

"**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" in the Company's unaudited interim consolidated financial statements for the three and six months ended June 30, 2022 and in the Company's audited annual consolidated financial statements for the year ended December 31, 2021 for additional disclosures.

Per Share Amounts

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