



## NEWS RELEASE

May 1, 2014

### **WHITECAP RESOURCES INC. ANNOUNCES CLOSING OF PREVIOUSLY ANNOUNCED ACQUISITION OF STRATEGIC LIGHT OIL ASSETS AND INCREASES CREDIT FACILITIES**

CALGARY, ALBERTA – Whitecap Resources Inc. (“Whitecap” or the “Company”) (TSX: WCP) is pleased to announce that it has completed its previously announced acquisition of certain strategic light oil assets focused primarily in Whitecap’s Pembina Cardium / West Central core area, as well as at Boundary Lake in northeast B.C. and the concurrent disposition of certain Nisku natural gas production and related facilities located in the Pembina area to Keyera Corp. will be closing later today following satisfaction of the closing conditions (“the Acquisition”). On closing of the Acquisition, Whitecap will have paid \$678.0 million cash which is net of customary closing adjustments and the expected proceeds from the disposition.

The acquired assets greatly enhance our sustainable dividend-growth model as they are synergistic to our current operations, accretive on all key measures and consistent with our objective of maximizing total shareholder return. The Acquisition further strengthens Whitecap’s ability to pay a long-term dividend while growing organically on a per share basis, all within internally generated cash flow.

Concurrent with closing of the Acquisition, Whitecap’s credit facilities have been increased to \$1 billion from the previous \$600 million. In addition, as part of the \$1 billion credit facility, Whitecap has layered on an incremental \$200 million of five year term debt at an effective interest rate of 4.7%. Whitecap continues to maintain considerable financial flexibility after closing of the Acquisition with more than \$300 million of current unutilized borrowing capacity.

Whitecap’s Board of Directors approved a 10.3% increase in the monthly cash dividend to \$0.0625 per share from the current level of \$0.0567 per share. The increase is effective for the May dividend payable on June 15, 2014.

Our current production is approximately 35,500 boe/d (73% oil and NGL’s) which puts us well on track to meet our 2014 annual production guidance of 31,600 boe/d (73% oil and NGL’s) which generates \$493 million of cash flow based on a cash flow netback of \$42.70/boe. After development capital spending of \$307 million and dividend payments of \$168 million, this will leave Whitecap with \$18 million of excess free cash flow in 2014. Our total payout ratio for 2014 is estimated to be 96% which will be reduced to 84% in 2015. Whitecap’s estimated excess free cash flow in 2015 is \$98 million based on a cash flow netback of \$47.45/ boe <sup>(1)</sup>.

The Acquisition was partially funded through a bought deal public financing (the "Offering") through a syndicate of underwriters co-led by National Bank Financial Inc. and TD Securities Inc. and including GMP Securities L.P., Dundee Securities Inc., RBC Capital Markets, Scotia Capital Inc., CIBC World Markets, FirstEnergy Capital Corp., Macquarie Capital Markets Canada Ltd., Peters & Co. Limited, Raymond James Ltd., and Cormark Securities Inc. (collectively, the “Underwriters”) which closed on April 8, 2014. Pursuant to the Offering, Whitecap issued 44,643,000 subscription receipts at a price of \$11.20 per subscription receipt for gross proceeds of approximately \$500 million. In accordance with their terms, each Subscription Receipt was exchanged for one Common Share on May 1, 2014 upon the closing of the Acquisition and the proceeds from the sale of the subscription receipts were released from escrow. Holders of subscription receipts are not required to take any action in order to receive the common shares and dividends to which they are entitled. Holders of the subscription receipts shall receive an amount equal to the dividend declared on our Common Shares of \$0.0567 per subscription receipt, this amount will be paid on May 15, 2014 to the holders of subscription receipts of record on April 30, 2014.

Whitecap Resources Inc. is a dividend paying, oil-weighted company focused on providing sustainable monthly dividends to its shareholders and per share growth through a combination of accretive oil-based acquisitions and

organic growth on existing and acquired assets. For further information about Whitecap please visit our website at [www.wcap.ca](http://www.wcap.ca).

- (1) Cash flow netback based on 2014 average WTI US\$96.75/bbl, AECO C\$4.40/GJ and CAD/USD 0.90 and 2015 average WTI US\$95.00/bbl, AECO C\$4.00/GJ and CAD/USD 0.90. Current production and 2014 and 2015 estimates are net of the disposition of certain Nisku natural gas production and related facilities located in the Pembina area to Keyera Corp.

### **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 Whitecap's anticipated future operations, management focus, objectives, strategies, financial, operating and production results and business opportunities, including the anticipated benefits from the Acquisition, including our beliefs that the acquired assets are synergistic to Whitecap's current operations, highly accretive to our shareholders and consistent with our objective of maximizing total annual shareholder return and that the Acquisition will further strengthens Whitecap's long-term sustainability to grow organically on a per share basis while paying a consistent dividend, all within internally generated cash flow; the impact of the Acquisition on Whitecap's operations, opportunities, financial condition, sustainability and overall strategy; expectations with respect to future cash flow, cash flow netbacks, total payout ratio, excess free cash flow, net debt, payout ratio and other financial results, Whitecap's business and acquisition strategy, the Company's financial flexibility and current and expected unutilized borrowing capacity; the timing of the closing and the expected proceeds of the disposition; Whitecap's dividend policy and the increase to the Whitecap dividend including the timing of the increase and the future payment thereof; the payment of the dividend equivalent amount to the holders of subscription receipts, Whitecap's ability to grow organically on a per share basis within internally generated cash flows; 2014 and 2015 production and product mix; and our capital expenditure program, drilling and development plans and the timing thereof and sources of funding.

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. The forward-looking information is based on certain key expectations and assumptions made by Whitecap's management, including expectations and assumptions concerning our ability to execute and realize on the anticipated benefits of the Acquisition; prevailing commodity prices, 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, labor and services; the impact of increasing competition; ability to market oil and natural gas successfully; Whitecap's ability to access capital, and the amount of future cash dividends that we intend to pay;

Although the Company believes 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, including, without limitation, incorrect assessments of the value of benefits to be obtained from the Acquisition; failure to realize the anticipated benefits of the Acquisition; unforeseen difficulties in integrating the assets acquired pursuant to the Acquisition into Whitecap's operations; volatility in market prices for oil and natural gas and foreign exchange rates; operational risks and liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; geological, technical, drilling and processing problems; changes in general economic, market and business conditions; the accuracy of oil and gas reserves estimates and estimated production levels as they are affected by

exploration and development drilling and estimated decline rates; the uncertainties in regard to the timing of Whitecap's exploration and development program; fluctuations in the costs of borrowing; political or economic developments; the ability to obtain regulatory approvals; the occurrence of unexpected events; the results of litigation or regulatory proceedings that may be brought against Whitecap; changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry; and other factors, many of which are beyond the control of Whitecap.

The Company's 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 the Company will derive there from. 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 Whitecap's 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 Whitecap disclaims 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, cash flows, 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 release was made as of the date of this release and was provided for the purpose of describing the anticipated effects of the Acquisition and the dividend increase on Whitecap's business operations. Whitecap disclaims any intention or obligation to update or revise any FOFI contained in this document, 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 document should not be used for purposes other than for which it is disclosed herein.

#### **Non-GAAP Measures**

This press release contains the terms "cash flow", "free cash flow", "operating netbacks", "cash flow netbacks" and "total payout ratio" which 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. Whitecap uses cash flow, free cash flow, operating netbacks, cash flow netbacks and total payout ratio to analyze financial and operating performance. Whitecap feels these benchmarks are key measures of profitability and overall sustainability for the Company. Each of these terms is commonly used in the oil and gas industry. Cash flow, free cash flow, operating netbacks, cash flow netbacks and total payout ratio are not intended to represent operating profits nor should they be viewed as an alternative to cash flow provided by operating activities, net earnings or other measures of financial performance calculated in accordance with GAAP. Cash flows are calculated as cash flows from operating activities adjusted for changes in non-cash working capital, transaction costs and asset retirement settlements. Free cash flows are calculated as cash flow minus development capital expenditures and dividends paid or declared. Operating netbacks are determined by deducting royalties, production expenses and transportation and selling expenses from oil and gas revenue. Cash flow netbacks are determined by deducting interest, general and administrative expenses and taxes from operating netbacks. Total payout ratio is calculated as development capital expenditures and dividends paid or declared divided by cash flow.

**Note: "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. Given 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 Mcf: 1 Bbl, utilizing a conversion ratio at 6 Mcf: 1 Bbl may be misleading as an indication of value.**

For further information:

**Grant Fagerheim, President & CEO**

or

**Thanh Kang, VP Finance & CFO**

Whitecap Resources Inc.

500, 222 – 3 Avenue SW

Calgary, AB T2P 0B4

Main Phone: (403) 266-0767

Fax: (403) 266-6975