



NEWS RELEASE

October 31, 2019

WHITECAP RESOURCES INC. ANNOUNCES THIRD QUARTER 2019 RESULTS AND 2020 BUDGET

CALGARY, ALBERTA – Whitecap Resources Inc. ("Whitecap" or the "Company") (TSX: WCP) is pleased to report its operating and unaudited financial results for the three and nine months ended September 30, 2019.

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 ("MD&A") 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 September 30		Nine months ended September 30	
	2019	2018	2019	2018
Petroleum and natural gas revenues	331,317	446,018	1,049,286	1,247,448
Net income (loss)	42,277	69,532	48,073	58,162
Basic (\$/share)	0.10	0.17	0.12	0.14
Diluted (\$/share)	0.10	0.17	0.12	0.14
Funds flow	154,306	204,995	491,064	565,610
Basic (\$/share)	0.37	0.49	1.19	1.35
Diluted (\$/share)	0.37	0.49	1.18	1.35
Dividends paid or declared	35,171	33,778	103,323	98,684
Per share	0.09	0.08	0.25	0.24
Expenditures on PP&E	153,848	114,955	305,215	364,014
Total payout ratio (%) ⁽¹⁾	122	73	83	82
Property acquisitions	2,020	18,369	3,606	20,092
Property dispositions	(89)	(9,764)	(712)	(11,476)
Corporate acquisition	-	750	-	53,916
Net debt	1,241,579	1,288,259	1,241,579	1,288,259
Operating				
Average daily production				
Crude oil (bbls/d)	53,245	59,212	54,526	58,996
NGLs (bbls/d)	4,399	4,460	4,401	4,309
Natural gas (Mcf/d)	63,663	71,141	65,450	69,144
Total (boe/d)	68,255	75,529	69,835	74,829
Average realized price ⁽²⁾				
Crude oil (\$/bbl)	65.07	77.24	66.71	72.73
NGLs (\$/bbl)	14.85	40.07	21.70	38.23
Natural gas (\$/Mcf)	1.12	1.35	1.69	1.64
Total (\$/boe)	52.76	64.19	55.04	61.06
Netbacks (\$/boe)				
Petroleum and natural gas revenues	52.76	64.19	55.04	61.06
Tariffs	(0.51)	(0.64)	(0.50)	(0.76)
Processing and other income	1.22	0.35	0.76	0.45
Blending revenue	1.16	0.24	1.21	0.25
Petroleum and natural gas sales	54.63	64.14	56.51	61.00
Realized hedging loss	(0.49)	(5.69)	(0.93)	(4.71)
Royalties	(10.05)	(11.27)	(10.11)	(10.89)
Operating expenses	(12.56)	(11.97)	(12.56)	(11.97)
Transportation expenses	(2.23)	(2.19)	(2.21)	(2.16)
Blending expenses	(1.13)	(0.24)	(1.18)	(0.20)
Operating netbacks ⁽¹⁾	28.17	32.78	29.52	31.07
Share information (000s)				
Common shares outstanding, end of period	410,562	416,456	410,562	416,456
Weighted average basic shares outstanding	411,815	417,341	412,816	417,515
Weighted average diluted shares outstanding	414,464	420,055	415,360	419,842

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⁾ Prior to the impact of hedging activities and tariffs.

MESSAGE TO SHAREHOLDERS

Whitecap has shown continued strength on its operating and financial results in the third quarter of 2019, delivering average production volumes of 68,255 boe/d on capital investment of \$153.8 million. Production was within our expectation of 67,000 – 69,000 boe/d and capital investments were much lower than our anticipated \$180 - \$200 million due to optimization and timing of capital spending. For full year 2019, we continue to anticipate achieving our average production guidance of 70,000 – 72,000 boe/d on much lower capital spending of approximately \$400 million compared to our budget capital estimates of \$425 - \$475 million which was press released on December 18, 2018.

Whitecap had a very active third quarter drilling a total of 104 (89.8 net) horizontal oil wells. We have been consistently able to meet our near-term budget expectations with the efficient execution of our capital program while focusing on the organic, low cost expansion and enhancement of our existing asset base to increase shareholder value and the long-term sustainability of our dividend and growth model.

We are pleased to advise shareholders that we successfully negotiated a joint venture with a progressive private company with a large land footprint located in the optimal oil rich Montney window in the Alberta Deep Basin. The joint venture includes provisions that will result in Whitecap, over a 2-year period, earning an interest in 34 (21.5 net) sections of Montney development lands that have potential for 144 (84.2 net) drilling locations across numerous separate Montney zones. Post-earning Whitecap will operate 88% of the lands with a 65% working interest while having a 50% working interest in the remaining non-operated lands. We look forward to reporting back on our progress with this project as it advances.

Northwest Alberta & British Columbia

We had a very active third quarter in our Wapiti Cardium oil play drilling 16 (12.5 net) horizontal multi-frac (“HZMF”) wells of which 13 (12.1 net) wells were operated. Most of these wells have been completed and are commencing production with early results exceeding expectations. We have also been focused on optimizing our enhanced oil recovery (“EOR”) strategies and, as a result, will be commencing a Wapiti Cardium gas flood injection pilot on one of our oil pools in November 2019. The cost of the pilot is approximately \$1 million, and our simulation models indicate that the gas flood has the potential to significantly increase current proved plus probable (“2P”) ultimate oil recovery.

West Central Alberta

We drilled a total of 5 (4.9 net) Cardium HZMF wells in the third quarter of which 4 (4.0 net) were in the Ferrier area. Of significance, Whitecap drilled its longest HZMF well to date at 5,907 meters total length and 3,481 meters of horizontal length in the Cardium formation. The well was completed with a high intensity fracture (“HIF”) stimulation, and initial results are excellent with initial productivity (length normalized) 46% above the average analog wells in the area. The HIF fracture stimulation increased drill, complete, equip and tie-in cost by only \$1.0 MM or 25%. This technology will provide the opportunity for us to enhance the well economics of approximately 27 (20.2 net) locations on our existing lands.

West Central Saskatchewan

Whitecap drilled a total of 62 (56.3 net) Viking HZMF oil wells in the third quarter of which 53 (47.7 net) were extended reach horizontal (“ERH”) wells. On average these wells are performing as per our budget production expectations. In addition, the program unlocked a new area for Whitecap and validated upwards of 80 (80.0 net) additional locations to our drilling inventory. We also drilled a very successful re-development horizontal well in a historical waterflood area that has the potential to add more than 20 (20.0 net) locations to our drilling inventory.

Southwest Saskatchewan

In Southwest Saskatchewan, we drilled 21 (16.1 net) horizontal oil wells including 7 (5.7 net) wells developing the Atlas formation and 7 (5.8 net) wells extending and developing our Lower Shaunavon acreage.

Our Atlas results continue to exceed expectations. This quarter has been exciting as we also stepped out and validated a new area. For the Atlas wells drilled in the quarter, the production rates have been strong with average IP(30) rates of 198 bop/d or 30% higher than the budget production expectations.

The results in the Lower Shaunavon continue to outperform and, as a result, we have initiated construction of a central battery that will increase our operating netbacks in this area by \$3.50/boe when completed in the first quarter of 2020.

We will be restarting our Southwest Saskatchewan program later in the fourth quarter and expect to drill 6 (4.3 net) wells for the remainder of the year.

Southeast Saskatchewan

Production in Weyburn has fully recovered from third party CO₂ downtime earlier in the year, and we are commencing our fourth quarter drilling program of 6 (3.7 net) wells. In addition, we continue our technical analysis to optimize the reservoirs in preparation for additional capital spending in late 2019 and 2020.

Third Quarter Highlights

For the nine months ended September 30, 2019, we generated funds flow of \$491.1 million and efficiently executed on \$305.2 million of capital investments resulting in free funds flow of \$185.9 million. In addition, we paid \$103.3 in dividends and repurchased 4.6 million shares, returning a total of \$122.9 million to shareholders year to date.

Whitecap's balance sheet remains in excellent shape with net debt at \$1.2 billion on credit capacity of \$1.77 billion, providing significant financial flexibility. We have fixed \$795 million of our long-term debt at very attractive interest rates averaging 3.5% per annum. The remaining long-term debt is revolving and variable which allows Whitecap to continue to allocate our free funds flow towards strengthening our balance sheet.

We highlight the following third quarter financial results:

- Maintained capital discipline and delivered exceptional operational results with a year to date total payout ratio after capital spending and dividend payments of 83% compared to 82% in the prior year. This was achieved despite an 10% decrease to average realized commodity prices over the same period in 2018.
- Production averaged 68,255 boe/d in Q3/19 compared to 75,529 boe/d in Q3/18, a decrease of 10% due to a defensive and prudent reduction to our capital budget in 2019 in response to ongoing commodity price volatility and the Alberta Government's production curtailment program. Capital expenditures for the nine months were \$305.2 million compared to \$364.0 million for the same period in 2018, a decrease of 16%.
- Operating netbacks remained strong at \$28.17/boe compared to \$32.78/boe in the prior year, a decrease of 14% primarily due to an 18% decrease to average realized commodity prices, offset by lower realized hedging losses over the same period in 2018.
- Funds flow for the quarter was \$154.3 million (\$0.37/share) compared to \$205.0 million (\$0.49/share) in the prior year, a 25% decrease, due to lower commodity prices and production volumes over the same period in 2018.

2020 BUDGET

We remain confident in our business model and our ability to internally fund production growth and the dividend despite volatile commodity prices. Our confidence is bolstered with the knowledge that our current assets and drilling inventory can maintain our current business model of providing an annual total return to shareholders in excess of 10% per share. As we see significant global economic uncertainty heading into 2020, we remain prudent and disciplined with respect to capital investments at this time.

The objective of our 2020 budget is to grow debt-adjusted production per share by 3% and to maximize our free funds flow in order to continue to strengthen our balance sheet and return capital to shareholders. Our disciplined approach to capital investment will allow us to achieve a fully funded model in a lower commodity price environment, but also provides us with flexibility to rapidly increase production growth should realized prices provide higher returns on capital invested. We will remain diligent in protecting value and growth for our shareholders.

Whitecap's Board of Directors has approved a 2020 capital budget of \$360 - \$380 million which is expected to deliver average production of 71,000 – 72,000 boe/d, similar to the average production we are targeting in 2019 with \$400 million of capital spending. The capital budget includes drilling 150 (122.5 net) wells focused on adding production as well as investment in EOR projects for long-term value creation and the drilling of 12 (10.3 net) horizontal injection wells.

In 2020, we anticipate spending approximately 20% of our capital program on EOR maintenance, re-development and expansion which includes the addition of production and injection wells (both conversions and new drills) and CO₂ and polymer purchases. Our investment in these EOR projects will enhance our already predictable and stable corporate base decline rate as we continue to grow our production into the future.

In addition, Whitecap will continue to enhance our environmentally responsible development plans as a key strategy of our program including CO₂ sequestration along with water and land use initiatives. Even with our carbon sequestration at Weyburn offsetting all our corporate emissions, we continue to advance initiatives to further reduce emissions intensity and power consumption. Whitecap will be publishing a 2019 Sustainability Report in the first half of 2020 with

many planned enhancements to the overall disclosure including third party verification of key metrics and a report on our ongoing initiatives to advance our environmental sustainability profile.

Northwest Alberta & British Columbia

We anticipate investing 27% of our capital budget in this area in 2020. In the Karr Montney, we anticipate drilling 2 (1.2 net) HZMF oil wells. This is the start of a multi-year development program with the potential to grow production in the Karr area to over 30,000 boe/d (60% oil and NGLs).

We will also continue the development of our Wapiti Cardium oil assets with the drilling of 13 (7.2 net) HZMF wells.

In Boundary Lake, we will be drilling 2 (2.0 net) HZMF oil wells. The wells are a continuation of our fourth quarter 2019 capital program and will set the stage for the re-development of the Boundary Lake oil pool to capture the significant possible reserves upside.

We plan to further exploit our Valhalla asset in the Peace River Arch by drilling 3 (3.0 net) wells in the emerging Coplin and Montney resource oil plays. This is in addition to the continued optimization of our legacy Valhalla Montney oil waterflood which has the impact of reducing the production decline rate on this pool to less than 10%.

West Central Alberta

We anticipate spending 13% of our capital budget in this area in 2020 including the drilling of 8 (7.7 net) horizontal oil wells and 2 (1.7 net) injection wells in West Pembina. Our 2020 plans in this area also include optimizing the Ferrier waterflood to support our redevelopment of the asset and mitigate production declines, maximizing recovery of the oil resource in place.

West Central Saskatchewan

We anticipate allocating 23% of our 2020 capital budget to our Viking program, including the drilling of 71 (68.6 net) ERH wells and 4 (4.0 net) horizontal injection wells. In addition, we anticipate investing approximately \$5 million towards expanding the existing waterflood to continue to reduce our Viking and corporate production decline rates.

Southwest Saskatchewan

We plan to follow-up a very successful 2019 drilling program by investing 18% of our 2020 capital budget in Southwest Saskatchewan including the drilling of 16 (13.4 net) HZMF Lower Shaunavon and 7 (4.4 net) Atlas HZMF oil wells to continue to enhance and expand our inventory in this area. In addition, we will be drilling 3 (2.3 net) horizontal injection wells as part of our waterflood expansion and redevelopment initiatives.

The remaining 21 (11.1 net) wells will be targeting the redevelopment and enhancement of our Chokecherry, Success, Roseray and Upper Shaunavon oil pools under waterflood.

Southeast Saskatchewan

Our focus in Southeast Saskatchewan will be to maintain production at approximately 14,800 boe/d by investing 19% of our capital budget in 2020 including drilling of approximately 10 (6.2 net) wells which include injection wells. The Weyburn asset continues to generate significant free funds flow for the Company. Since acquiring the asset in December of 2017, it generated free funds flow of \$129 million in 2018, an estimated \$120 million in 2019 and is projected to generate in excess of \$100 million in 2020.

The Weyburn asset is very strategic to Whitecap. It is the world's largest carbon capture project for the oil and gas sector storing approximately 1.8 million tonnes of CO₂ annually. Our long-term objective is to maximize the economic recovery of the oil resource in place and, as a result, continually increasing the total amount of CO₂ being captured and permanently stored in the Weyburn reservoirs.

Summary

Our 2020 capital budget of \$360 - \$380 million is expected to deliver debt-adjusted production per share growth of 3% and average production of 71,000 – 72,000 boe/d. This is anticipated to generate funds flow of \$633 million and free funds flow of \$263 million of which 50-60% is targeted to be allocated to returning capital to shareholders and 40-50% towards strengthening the balance sheet.

2020 Budget Summary

	2019 forecast ⁽¹⁾	2020 budget ⁽²⁾	Change
Average Production (boe/d)	70,000 – 72,000	71,000 – 72,000	1%
Per million debt-adjusted shares ⁽³⁾	179	184	3%
% oil and NGLs	85%	85%	0%
Funds flow netback (\$/boe) ⁽⁴⁾	\$25.70	\$24.20	(6%)
Funds flow (\$MM)	666	633	(5%)
Per share (fully diluted)	\$1.60	\$1.53	(4%)
Capital expenditures (\$MM)	400	360 - 380	(8%)
Free funds flow (\$MM) ⁽⁵⁾	266	263	(1%)
Dividends (\$MM)	138	141	2%
Total payout ratio ⁽⁵⁾	81%	81%	-
WTI (US\$/bbl)	\$56.54	\$55.00	(3%)
Edmonton Par Differential (US\$/bbl)	(\$4.87)	(\$5.00)	3%
WCS Differential (US\$/bbl)	(\$12.32)	(\$15.00)	22%
CAD/USD exchange rate	0.75	0.75	-
Natural gas (AECO C\$/GJ)	\$1.58	\$1.75	11%

Notes:

- (1) 2019 forecast calculations based on mid-case production of 71,000 boe/d.
- (2) 2020 budget calculations based on mid-case production of 71,500 boe/d and capital expenditures of \$370 million.
- (3) Debt-adjusted shares are calculated as weighted average shares of 416.8 million and 414.2 million for 2019 and 2020 respectively adjusted by the reduction in net debt for each year divided by the same share price of approximately \$5.00 for both periods.
- (4) Funds flow netbacks represent funds flow divided by production for the period.
- (5) Refer to the non-GAAP measures section of this press release for additional disclosures and assumptions.

On behalf of our Board of Directors and the Whitecap management team, we would like to thank our shareholders for their ongoing support.

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, October 31, 2019.

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, objectives and priorities; anticipated 2019 average production and capital spending; the long-term sustainability of our dividend and growth model; the Montney oil joint venture in the Alberta Deep Basin and the anticipated benefits therefrom; the Wapiti Cardium gas flood injection pilot, the anticipated cost and the anticipated benefits therefrom; HIF plans and the anticipated benefits therefrom; the potential to reactivate an entire area of our historical waterflood in West Central Saskatchewan and the anticipated benefits therefrom; the anticipated increase to our operating netbacks from the construction of the central battery in the Lower Shaunavon; the number and timing of wells to be drilled in Southwest Saskatchewan in the fourth quarter of 2019; the number and timing of wells to be drilled in Southeast Saskatchewan in the fourth quarter of 2019, our ability to continue to allocate our free funds flow towards strengthening our balance sheet; our ability to internally fund production growth and the dividend; our expected annual total return to shareholders in excess of 10% per share; the objective of our 2020 budget of growing debt-adjusted production per share by 3% and to maximize our free funds flow; the ability to rapidly increase production growth when realized prices provide higher returns on capital invested; our plans to remain diligent in protecting value and growth for our shareholders; our 2020 production and capital budget and the allocation thereof; the timing, location, target and extent of future drilling operations including the quantity of drilling locations in inventory and the anticipated benefits therefrom; our current and future base decline rate; EOR projects and anticipated benefits therefrom; our environmentally responsible development plans including CO₂ sequestration, water and land use, other initiatives to reduce emissions intensity and power consumption and future sustainability reporting; the multiyear Karr Montney development program and the anticipated benefits therefrom; the re-development of the Boundary Lake oil pool and the anticipated benefits therefrom; our plans of the Coplin and Montney resource oil plays at Valhalla and the anticipated benefits therefrom; optimizing the Ferrier waterflood and the anticipated benefits therefrom; expanding the existing Viking waterflood and the anticipated benefits therefrom; the expansion and redevelopment our Southwest Saskatchewan waterfloods and the anticipated benefits therefrom; the estimated 2019 and 2020 free funds flow generated by the Weyburn asset; the ability to CO₂ being captured in Weyburn and increase our recovery factors; our anticipated 2019 and 2020 funds flow netback, funds flow, free funds flow, dividends, total payout ratio, weighted average shares, net debt, share price and the allocation of free funds flow.

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; 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; 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.

Oil and Gas Advisories

"Boe" means barrel of oil equivalent based on 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.

This press release contains metrics commonly used in the oil and natural gas industry which have been prepared by management, such as "operating netbacks". These terms do not have standardized meaning and may not be comparable to similar measures presented by other companies and, therefore, should not be used to make such comparisons. Management uses these oil and gas metrics for its own performance measurements and to provide shareholders with measures to compare Whitecap's operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from metrics presented in this press release, should not be relied upon for investment or other purposes. Refer below to the Non-GAAP Measures section of this press release for additional disclosure on "operating netbacks".

Production Rates

Any references in this news release to initial production rates (IP(30)) 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 McDaniel & Associates Consultants Ltd.'s reserves evaluation effective December 31, 2018 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 144 (84.2 net) Montney joint venture drilling locations identified herein, all are unbooked locations. Of the 27 (20.2 net) Ferrier drilling locations identified herein, 15 (8.2 net) are proved locations, and 12 (12.0 net) are unbooked locations. Of the 80 (80.0 net) new area drilling locations identified herein, all are unbooked locations. Of the 20 (20.0 net) historical waterflood area drilling locations identified herein, all 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.

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 September 30, 2019 for a reconciliation of the non-GAAP measures.

“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.

“Operating netbacks” are determined by adding blending revenue and processing & other income, deducting realized hedging losses or adding realized hedging gains and deducting tariffs, royalties, operating expenses, transportation expenses and blending 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.

The assumptions used in future operating and funds flow netbacks this press release as follows:

	2019 forecast	2020 budget
Petroleum and natural gas revenues	54.69	52.52
Tariffs	(0.51)	(0.55)
Processing income	0.67	0.35
Blending revenue	0.89	-
Realized hedging gains	(0.71)	-
Royalties	(9.95)	(9.19)
Operating expenses	(12.38)	(12.90)
Transportation expenses	(2.32)	(2.40)
Blending expenses	(0.87)	-
General and administrative expenses	(1.05)	(1.05)
Interest and financing expenses	(2.06)	(2.00)
Cash settled share awards	(0.34)	(0.23)
Decommissioning liabilities	(0.36)	(0.35)

“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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