

August 31, 2020

WHITECAP ANNOUNCES STRATEGIC COMBINATION WITH NAL RESOURCES IN ALL-STOCK TRANSACTION

CALGARY, ALBERTA – Whitecap Resources Inc. ("Whitecap" or the "Company") (TSX: WCP) is pleased to announce that it has entered into an agreement in an all-stock transaction valued at approximately \$155 million (the "Transaction") with NAL Resources Limited ("NAL") and a privately held wholly owned subsidiary of Manulife Financial Corporation ("Manulife"). NAL has oil and gas operations in Alberta and Saskatchewan and is currently producing approximately 27,000 boe/d (55% oil and NGLs). Whitecap will issue Manulife 58.3 million Whitecap common shares in exchange for all the issued and outstanding NAL shares. On the expected closing date of January 4, 2021, NAL is anticipated to have no debt outstanding.

Strategic Rationale

- The transaction is a continuation of Whitecap's long-term strategy of consolidating assets in its core operating areas. NAL's production and lands overlap more than 80% of Whitecap's current asset base and provides for meaningful operational synergies and inventory optimization opportunities in west central Alberta, west central Saskatchewan and southeast Saskatchewan, enhancing our exposure to economically compelling plays which we currently operate.
- All-stock transaction further improves upon Whitecap's strong financial position. The Transaction is expected to decrease Whitecap's leverage ratio by 25% in 2021.
- Significantly enhances our ability to grow production per share within funds flow, increases free funds flow and our ability to return capital to shareholders.
- Manulife will own approximately 12.5% of the combined entity. Manulife has entered into a lock-up agreement for periods of 12, 15, and 18 months from the closing date of the Transaction; one-third to be released from the lock-up after each period.
- The transaction is expected to be accretive to key 2021 per share metrics including funds flow, production, reserves and net asset value.

Summary of NAL

- Current production is approximately 27,000 boe/d and production in 2021 is expected to average 22,000 boe/d (55% oil and NGLs) with a stable production decline rate of 19%.
- 2021 net operating income is estimated to be \$100 million based on a net operating netback of \$12.50 per boe and a WTI price assumption of US\$45.00 per barrel and AECO at \$2.50/GJ.
- Proved developed producing ("PDP") reserves of 51.6 MMboe, total proved ("TP") reserves of 54.4 MMboe and total proved plus probable ("TPP") reserves of 68.5 MMboe based on Whitecap's internal evaluation.
- PDP future net revenue discounted at 10 percent ("NPV10") of \$254 million, TP NPV10 of \$271 million and TPP NPV10 of \$379 million, inclusive of \$67 million (NPV10) of asset retirement obligations based on Whitecap's internal evaluation.

Pro Forma Benefits of the Combination

- **Enhances Size and Scale.** Whitecap's stand-alone forecasted base case for 2021 is average production of 60,000 boe/d on capital investments of \$200 - 250 million. Pro forma the Transaction, our base case increases to 81,000 – 83,000 boe/d on capital investments of \$250 - 300 million and we anticipate maintaining our peer leading G&A/boe structure of less than \$1.00/boe.
- **Strengthens Balance Sheet and Financial Flexibility.** 2021 estimated debt to EBITDA decreases 25% to 1.9x based on a WTI price of US\$45 per barrel. Whitecap will elect to maintain its credit capacity at \$1.77 billion pro forma the Transaction and, with expected net debt of \$1.1 billion, this will provide ample liquidity to manage commodity price volatility. Whitecap's increased scale and financial strength is expected to enhance its credit profile and reduce its cost of capital.

- **Increase Free Funds Flow Profile and Long-Term Sustainability.** The Transaction is significantly accretive to free funds flow and free funds flow per share. Based on US\$45 per barrel WTI, the pro forma entity is expected to generate over \$196 million in free funds flow in 2021, more than sufficient to support pro forma dividend obligations of \$80 million (\$0.171 per share). The remaining free funds flow provides flexibility for balance sheet enhancement, return of incremental capital to shareholders, increasing organic growth or to pursue additional accretive transactions with the objective of enhancing total shareholder returns.

The combination between the two companies will position Whitecap to further advance our internal opportunities, as well as our ability to selectively consolidate high-quality assets in our core areas of operation. Our competitive advantages include a strong balance sheet, high funds flow netback assets, a shallow production decline rate and a high-quality drilling inventory to support our fully funded income and growth model. We remain committed to growing our business for the long term in combination with providing our shareholders with meaningful cash dividends.

The transaction is expected to close on January 4, 2021, subject to customary conditions, including the receipt of necessary regulatory approvals, including the approval of the Toronto Stock Exchange. Whitecap has also granted Manulife participation rights in future equity issuances and at closing, the parties will also enter into an investor rights agreement and a registrations rights agreement which will provide Manulife with certain board observer rights, continued pro rata participation rights in future equity issuances and future registration rights.

On behalf of our Management team and Board of Directors, we would like to thank our shareholders for their ongoing support as we continue to pursue value added opportunities organically and through consolidation. We look forward to updating our shareholders as we progress through the year and in 2021.

Conference Call and Webcast

Whitecap has scheduled a conference call and webcast to begin promptly at 10:00 am MT (12:00 pm ET) on August 31, 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; and the strategic rationale for, and anticipated benefits to be derived from, the Transaction. In particular, and without limiting the generality of the foregoing, this press release contains forward-looking information with respect to: NAL having no debt outstanding on the expected closing date of January 4, 2021; NAL's average 2021 production, production mix and production decline rate; NAL's 2021 net operating income and net operating netback; our long-term strategy of consolidating assets in our core operating areas; our 2021 average production and capital investments; our competitive advantages including a strong balance sheet, high funds flow netback assets, shallow production decline rate and a deep high quality drilling inventory; our plans to grow our business for the long term in combination with providing our shareholders with meaningful cash dividends; the benefits of the Transaction, including: (i) that the Transaction will provide significant operational overlap and inventory optimization opportunities and will enhance our exposure to familiar, economically compelling plays; (ii) that the NAL assets are complementary and synergistic with our current assets; (iii) that the Transaction will decrease our leverage ratio in 2021; (iv) that the Transaction significantly enhances our ability to grow production per share within funds flow, increases free funds flow and our ability to return capital to shareholders; (v) that the Transaction will be accretive to key 2021 per share metrics including funds flow, production, reserves and net asset value; (vi) that the Transaction enhances our long-term corporate sustainability; (vii) that the Transaction supports and positions the combined entity to be a disciplined consolidator in the sector; (viii) that the Transaction is accretive to free funds flow and free funds flow per share; (ix) that the Transaction improves our financial strength and resilience; (x) that the Transaction will position us to advance internal and consolidation opportunities; and (xi) the Transaction will enhance our credit profile and reduce our cost of capital; 2021 estimated debt to EBITDA and net debt, plans to maintain our credit capacity pro forma the Transaction, that we will have provide ample liquidity to manage commodity price volatility; opportunities to reduce operating costs and resulting pro forma G&A/boe costs; 2021 free funds flow; our dividend policy and source of funding; expectations that 2021 pro forma free funds flow will provide flexibility for balance sheet enhancement,

return of incremental capital to shareholders, increase our organic growth or to pursue additional accretive transactions with the objective of increasing total shareholder returns; and that there will be a seamless integration of the NAL assets. 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; our ability to access capital; the timing of the completion of the Transaction and receipt of applicable regulatory approvals and on the terms contemplated.

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 pro forma capital investments, estimated debt to EBITDA, expected net debt, operating costs, G&A costs, net operating income, net operating netback, free funds flow, and dividends, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. The actual results of operations of Whitecap and the resulting financial results will likely vary from the amounts set forth in this presentation and such variation may be material. Whitecap and its management believe that the FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments. However, because this information is subjective and subject to numerous risks, it should not be relied on as necessarily indicative of future results. Except as required by applicable securities laws, Whitecap undertakes no obligation to update such FOFI. FOFI contained in this press release was made as of the date of this press release and was provided for the purpose of providing further information about Whitecap's anticipated future business operations. Readers are cautioned that the FOFI contained in this press release should not be used for purposes other than for which it is disclosed herein.

Oil and Gas Advisories

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

	Crude oil (bbls/d)	NGLs (bbls/d)	Natural gas (Mcf/d)	Total (boe/d) ⁽¹⁾
NAL - current	10,800	4,050	72,900	27,000
NAL Base Case -2021	8,800	3,300	59,400	22,000
WCP Base Case - 2021	47,400	3,600	54,000	60,000
Prelim Proforma Base Guidance 2021	55,450 – 57,050	6,800 – 7,000	113,000 – 114,000	81,000 – 83,000

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 in this press release 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 December 31, 2019. 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)}
NAL – PDP	17,909	8,779	149,433	51,594
NAL - TP	18,998	9,164	157,515	54,415
NAL – TPP	24,078	11,470	197,761	68,507

Notes:

⁽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.

The estimates of the future net revenue of the NAL reserves do not represent the fair market value of such reserves.

The reserves evaluation was based on the average forecast pricing of McDaniel & Associates Consultants Ltd., GLJ Petroleum Consultants and Sproule Associates Limited and foreign exchange rates at July 1, 2020 which are available on their websites at www.mcdan.com, www.gljpc.com and www.sroule.com, respectively.

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.

“Net operating income” is determined by deducting royalties and operating costs from petroleum and natural gas revenues. Net operating income is used in operational and capital allocation decisions.

“Net operating netbacks” are determined by deducting royalties and operating costs from petroleum and natural gas revenues. Net operating netbacks are per boe measures used in operational and capital allocation decisions. Presenting net operating netbacks on a per boe basis allows management to better analyze performance on a comparative basis.

The assumptions used in net operating netbacks in this press release are as follows:

(\$/boe)	NAL 2021
Petroleum and natural gas revenues	28.03
Royalties	(2.77)
Operating costs	(12.76)
Net operating netback	12.50

For further information:

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