



NEWS RELEASE

May 23, 2023

WHITECAP RESOURCES INC. ANNOUNCES RECEIPT OF PROPOSAL LETTER FROM THE CANADA REVENUE AGENCY TO REASSESS AND INTENTION TO DEFEND

CALGARY, ALBERTA – Whitecap Resources Inc. ("**Whitecap**") (TSX: WCP) announces that it has received a letter (the "**Proposal Letter**") from the Canada Revenue Agency (the "**CRA**") advising that, subject to submissions by Whitecap, the CRA is proposing to reassess a former subsidiary of Whitecap to deny non-capital loss deductions relevant to the calculation of income taxes for the years 2018 and 2019.

In 2014, Whitecap acquired a private entity that held an interest in certain oil and natural gas assets and which had accrued non-capital losses in its business. The proposed reassessment seeks to disallow the deduction of approximately \$494 million of these non-capital losses under the *Income Tax Act* (Canada) for the years 2018 and 2019. If the non-capital losses that have been claimed for the years 2018 and 2019 were ultimately disallowed, it is expected to result in an estimated liability for the previous taxation years of approximately \$133 million, excluding interest.

Whitecap will vigorously defend its tax filing position. Whitecap has received advice from its tax advisors that it should be entitled to deduct the non-capital losses and is of the opinion that its tax filings to-date are correct. It is not expected that the Proposal Letter will impact years other than 2018 and 2019.

Whitecap is preparing a response to the Proposal Letter and, failing a resolution of the matter, the CRA may proceed to issue a notice of reassessment. If the CRA reassesses Whitecap as described in the Proposal Letter, Whitecap will have 90 days from the issuance of the notice of reassessment to prepare and file a notice of objection which would be reviewed by the CRA's Appeals Division. At that time, Whitecap would be required to pay 50% of the assessed tax liability and interest. If the CRA is not in agreement with Whitecap's notice of objection, within a prescribed period, Whitecap would have a right to appeal to the Tax Court of Canada. If a notice of reassessment is received, Whitecap currently estimates that the ultimate resolution of the matter may take two to four years. If Whitecap is ultimately successful in defending its position, then any taxes, interest and penalties paid to the CRA would be refunded plus interest, and if the CRA is successful then any remaining taxes payable plus interest and any penalties would have to be remitted by Whitecap.

Whitecap confirms that the proposed reassessment, if issued, is not expected to affect Whitecap's long-term business strategy or our current monthly dividend, even if the CRA's position was ultimately upheld.

About Whitecap

Whitecap Resources Inc. is an oil-weighted growth company that pays a monthly cash dividend to its shareholders. Our business is focused on profitable production growth combined with sustainable dividends to shareholders. Our objective is to fully fund our capital expenditures and dividend payments within funds flow. For further information about Whitecap, please visit our website at www.wcap.ca.

For further information:

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or

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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. Forward-looking information typically uses words such as "expect", "objective", "intend", "estimate" or similar words suggesting future outcomes or statements that actions, events or conditions "may", "would", "could" or "will" be taken or occur in the future. In particular, and without limiting the generality of the foregoing, this press release contains forward-looking information with respect to: the proposed reassessment of certain of our tax filings by the CRA and the details thereof; our estimated tax liability for previous taxation years if the CRA disallows non-capital losses previously claimed and is ultimately successful; our intention to defend our tax filing position; our expectation that the Proposal Letter will not impact years other than 2018 and 2019; our estimate of the time it may take to resolve any CRA reassessment; and our belief that if the proposed reassessment is issued it is not expected to affect our long-term business strategy or our current monthly dividend, even if the CRA's position was ultimately upheld. The forward-looking information is based on certain key expectations and assumptions made by our management, including: the availability and amount of the non-capital losses available to us; expectations and assumptions concerning applicable tax laws; the maximum potential amount that could be assessed as additional tax, penalties and arrears interest to Whitecap by the CRA; and the precedential value of historical Canadian tax case law. 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 it involves inherent risks and uncertainties. These include, but are not limited to: imprecision and uncertainty in estimates of tax pools, tax shelters and tax deductions available to us; the interpretation of tax legislation and regulations applicable to us; the risk that the CRA could elect to challenge our tax filings and that such challenge is successful and that this outcome has a negative effect on the availability or quantum of the non-capital losses; the risk that the tax impact to us, in the event the non-capital losses are not available, is materially different than those currently contemplated; that any reassessment of our tax filings and the continuation or timing of any such process is outside of our control; litigation risk associated with a challenge to our tax filings; and changes to tax legislation and administrative policies. 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 financial results and 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.