



## NEWS RELEASE

May 31, 2017

### **WHITECAP RESOURCES INC. ANNOUNCES CLOSING OF SENIOR SECURED NOTES AND PROVIDES OPERATIONAL UPDATE**

CALGARY, ALBERTA – Whitecap Resources Inc. ("Whitecap" or the "Company") (TSX: WCP) is pleased to announce that it has closed an issuance of Cdn\$200 million senior secured notes which have an annual coupon rate of 3.54% and mature in 7 years on May 31, 2024. The notes were issued by way of a private placement, pursuant to a note purchase agreement and rank equally with Whitecap's obligations under its bank facilities. Proceeds from the notes will be used to repay a portion of Whitecap's outstanding bank debt.

Whitecap has now secured \$400 million of term debt at very attractive long-term fixed interest rates that mature in five and seven years. These notes, combined with the bank credit facility of \$900 million, provide Whitecap with \$1.3 billion of total borrowing capacity. Whitecap continues to maintain a strong balance sheet with an estimated 2017 net debt to funds flow ratio of under 1.5 times based on current strip pricing.

The senior secured notes may not be offered or sold in the United States absent registration under the U.S. Securities Act of 1933, as amended, or an exemption from such registration. Whitecap has not registered and will not register the senior secured notes under the U.S. Securities Act of 1933, as amended. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the senior secured notes in any state in which such offer, solicitation or sale would be unlawful.

#### **Operational Update**

On April 28, 2017, the non-operated Coleville gas plant in west central Saskatchewan was unexpectedly shut-in due to operational safety issues, negatively impacting our production volumes, primarily at Lucky Hills and Whiteside, by 1,700 boe/d (8.4 MMcf/d and 300 bbls/d of associated natural gas liquids). The shut-in is ongoing with anticipated production volumes to be fully restored by the end of June 2017. The impact to our funds flow is minimal as there is no impact to our crude oil volumes. We have also been impacted in Q2/17 by unexpected third party facility downtime in the Deep Basin and at Boundary Lake.

As a follow up to our very active Q1/17 capital program after a prolonged period of wet conditions in some of our operated areas, our Q2/17 capital program is now underway with four drilling rigs operational; one in West Pembina, two in west central Saskatchewan and one in southwest Saskatchewan. We anticipate adding one additional drilling rig in the Deep Basin once surface access is available in order to complete the remainder of our Q2/17 program. We have also commenced completion of the 11 drilled but uncompleted wells from Q1/17.

As a result of the uncontrollable downtime and slower than anticipated start to our Q2/17 capital program, we are now forecasting our Q2/17 production to average between 56,000 – 57,000 boe/d, however, our average production guidance for 2017 remains unchanged at 57,000 boe/d.

Whitecap remains well positioned to deliver strong shareholder returns with production per share growth of 14% in 2017, a sustainable dividend paid from funds flow and a total payout ratio of approximately 75%. We will look to effectively redeploy our free funds flow to enhance our dividend and also our per share growth as we move through the balance of 2017.

## Note Regarding 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 our anticipated future operations, management focus, objectives, strategies, financial, operating and production results and business opportunities. Forward-looking information typically uses words such as "anticipate", "continue", "resume", "project", "believe", "expect", "forecast", "guidance", "planned", "target" or similar words suggesting future outcomes, statements that actions, events or conditions "may", "would", "could" or "will" be taken or occur in the future. In addition, and without limiting the generality of the foregoing, this press release contains forward-looking information regarding the benefits associated with the issuance of the senior secured notes, our net debt to funds flow ratio, our ability to maintain a strong balance sheet, timing of restoring production volumes at the Coleville gas plant, Q2/17 production and average 2017 production forecast, drilling plans, ability to deliver strong shareholder returns, 2017 production per share growth, our ability to effectively redeploy our free funds flow, our dividend policy and the sources of funding of our dividend, and our 2017 payout ratio.

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 and transportation costs; performance of existing and future wells; reserve and resource volumes; anticipated timing and results of development capital expenditures; the success obtained in drilling new wells; the sufficiency of budgeted development capital expenditures in carrying out planned activities; the state of the economy and the exploration and production business; 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; and obtaining the necessary regulatory approvals.

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, royalties and environmental regulations. 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. With respect to dividends, the payment of dividends in the future is not assured or guaranteed. The dividend policy will be periodically review by Whitecap's Board of Directors and no assurance or guarantee can be given that Whitecap will maintain the dividend policy in its current form.

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 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 future net debt to funds flow ratio which are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs and the assumption outlined in the Non-GAAP measures section below. 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. Whitecap disclaims any intention or obligation to update or revise any FOFI contained in this press release, 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 press release should not be used for purposes other than for which it is disclosed herein.

## **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.

**"Funds flow"** represents cash flow from operating activities adjusted for changes in non-cash working capital and transaction costs. Management considers funds flow to be a key measure as it demonstrates Whitecap's ability to generate the cash necessary to pay dividends, repay debt, fund settlement of decommissioning liabilities and make capital investments. Management believes that by excluding the temporary impact of changes in non-cash operating working capital, funds flow provides a useful measure of Whitecap's ability to generate cash that is not subject to short-term movements in non-cash operating working capital.

**"Development capital"** represents expenditures on property, plant and equipment ("PP&E") excluding corporate and other assets.

**"Net debt"** is calculated as bank debt plus working capital deficiency adjusted for risk management contracts. Net debt is used by management to analyze the financial position and leverage of Whitecap.

"Boe" means barrel of oil equivalent on the basis of 6 Mcf of natural gas to 1 bbl of oil. Boes 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.

For further information:

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