

Cardinal Energy Ltd. Announces Reserves and Fourth Quarter and 2017 Year-End Results

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CALGARY, Alberta, March 20, 2018 (GLOBE NEWSWIRE) -- [Cardinal Energy Ltd.](https://www.cardinalenergy.com) ("Cardinal" or the "Company") (TSX:CJ) is pleased to announce its operating and financial results for the quarter and year ended December 31, 2017 as well as its 2017 year end reserves.

2017 Financial Highlights

- Achieved an all in total payout ratio of 98% in Q4 2017 despite accelerating planned Q1 2018 development activity into 2017.
- Fourth quarter 2017 operating costs per boe decreased 12% to average \$20.34 per boe as compared to the same period in 2016.
- Netbacks improved 52% in the fourth quarter and 70% for 2017, respectively over the same periods in 2016, to average \$22.64/boe and \$18.36/boe.
- Achieved a 151% increase in cash flow from operating activities and a 75% increase in adjusted funds flow during the fourth quarter compared to the same period in 2016. For 2017, cash flow from operating activities and adjusted funds flow increased 26% and 39%, respectively, compared to 2016.
- Increased annual production by 28% and fourth quarter production by 43% which included a 39% increase in crude oil production compared to 2016.

(\$ 000's except shares, per share and operating amounts)	Three months ended December 31,			Year ended December		
	2017	2016	% Change	2017	2016	%
Financial						
Petroleum and natural gas revenue	97,646	58,721	66	313,844	195,942	60
Cash flow from operating activities	24,442	9,728	151	76,530	60,962	26
Adjusted funds flow ⁽¹⁾	28,421	16,247	75	81,988	59,104	39
basic and diluted per share	0.26	0.22	18	0.86	0.84	2
Loss	(54,307)	(31,995)	70	(57,597)	(87,322)	(33)
basic and diluted per share	(0.49)	(0.43)	14	(0.61)	(1.25)	(50)
Dividends declared	11,896	7,747	54	40,904	29,584	38
per share	0.105	0.105	-	0.420	0.420	-
Net bank debt ⁽¹⁾	225,967	70,300	n/m	225,967	70,300	n/m
Exploration and development capital	15,901	14,510	10	66,453	41,361	61
Acquisitions, net	(15,661)	33,229	(147)	313,191	34,235	n/m
Total capital expenditures	759	47,927	(98)	381,756	76,258	n/m
Weighted average shares outstanding						
basic and diluted (000s)	110,446	73,728	50	94,113	70,097	34
Operating						
Average daily production						
Crude oil and NGL (bbl/d)	17,943	12,586	43	15,802	12,771	24
Natural gas (mcf/d)	18,032	12,178	48	17,431	11,042	58
Total (boe/d)	20,948	14,616	43	18,707	14,611	28
Netback ⁽¹⁾						
Petroleum and natural gas revenue	50.66	43.67	16	45.96	36.64	25
Royalties	7.68	5.57	38	6.67	4.61	45
Operating expenses	20.34	23.24	(12)	20.93	21.23	(1)
Netback	22.64	14.86	52	18.36	10.80	70
Realized gain (loss)	(2.82)	0.09	N/A	(2.22)	3.08	N/A

Netback after risk management ⁽¹⁾	19.82	14.95	33	16.14	13.88	10
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⁽¹⁾ See non-GAAP measures

Reserve Highlights ⁽¹⁾

- 2017 production reserve replacement
 - 4.7x Proved Developed Producing ("PDP")
 - 6.3x Total Proved and Probable ("TPP")
- Increased our PDP Reserve Life Index ("RLI") to 9.3 years from 8.5 years.
- Increased our TPP RLI to 13.7 years.
- 89% of Cardinal's reserves are producing (proved plus probable producing), an increase of 3% over 2016.
- Finding Development and Acquisition Costs ("FD&A") including the change in future development costs ("FDC") was \$10.76/boe with a recycle ratio of 2.1x (Q4 2017 netback).
- Cardinal acquired 37.3 Mmboe of TPP reserves in 2017 at a cost of \$10.42/boe (including FDC).
- Top Quartile in our peer group in:
 - % PDP of TPP reserves; TPP Recycle Ratio; FD&A; FDC/2018 cash flow, PDP RLI

1. See Oil and Gas Metrics

Summary of Reserves

Cardinal's year end 2017 reserves were evaluated by independent reserves evaluator GLJ Petroleum Consultants ("GLJ") as at December 31, 2017. This evaluation of all of the Company's oil and gas properties was done in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook") and National Instrument 51-101 ‐ Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). Additional reserve information as required under NI 51-101 will be included in Cardinal's Annual Information Form which will be filed on SEDAR on or before March 30, 2018.

Reserves Summary ⁽⁴⁾

At December 31	2017 ⁽²⁾ Equivalents (Mboe)	2016 ⁽³⁾ Equivalents (Mboe)
Proved producing	70,500	45,416
Proved non-producing	3,264	2,220
Proved undeveloped	4,319	1,816
Total proved	78,083	49,452
Probable additional	25,695	18,024
Total proved and probable	103,778	67,476
Proved producing RLI, (yrs) ⁽⁵⁾⁽⁶⁾	9.3	8.5
Proved RLI, (yrs) ⁽⁵⁾⁽⁶⁾	10.3	9.3
Proved and probable RLI, (yrs) ⁽⁵⁾⁽⁶⁾	13.7	12.7
Proved plus probable producing RLI, (yrs) ⁽⁵⁾⁽⁶⁾	12.1	10.9
Proved and Probable producing reserves % of Total	89	% 86
At December 31	NPV10 Before Income Tax ⁽²⁾ (M\$)	NPV10 Before Income Tax ⁽³⁾ (M\$)
Proved producing	885,728	653,138
Proved non-producing	30,685	22,029
Proved undeveloped	51,307	15,108
Total Proved	967,720	690,275
Probable additional	246,923	169,493
Total Proved and Probable	1,214,643	859,768

Reserves Reconciliation

	Gross Reserves Reconciliation ⁽¹⁾		
	PDP (Mboe)	Proved (Mboe)	Proved and Probable (Mboe)
December 31, 2016	45,416	49,452	67,476
Extensions & Improved Recovery	1,396	3,718	4,573
Technical Revisions ⁽⁷⁾	2,287	3,318	2,141
Acquisitions ⁽⁸⁾	28,191	28,386	36,379
Production	(6,791)	(6,791)	(6,791)
December 31, 2017	70,500	78,083	103,778
2017 WI Reserve Additions ⁽⁹⁾	31,874	35,421	43,092
Production Replacement x	4.7	5.2	6.3

	2017
Reserves per share (boe per share - basic) ⁽¹⁰⁾	
Proved producing	0.64
Total proved	0.70
Proved plus probable	0.94
Finding and development costs – proved plus probable ⁽¹¹⁾	\$ 12.67
Recycle ratio - proved plus probable ⁽¹²⁾	1.8
Finding, development and acquisition costs - proved plus probable (\$/boe) ⁽¹¹⁾	\$ 10.76
Recycle ratio - proved plus probable ⁽¹²⁾	2.1

1. Gross reserves are the Company's total working interest reserves before deduction of royalties and without including royalty interest reserves.
2. Based on Consultant's Average December 31, 2017 price forecast.
3. Based on Sproule's December 31, 2016 price forecast.
4. Numbers may not add due to rounding.
5. RLI based on Q4 2017 20,770 boed working interest production.
6. RLI based on Q4 2016 14,600 boed working interest production.
7. Includes any revisions for economic factors.
8. In accordance with the requirements of NI 51-101, the reserve estimates for acquisitions are the reserves as of December 31, 2017 plus production from date of acquisition date. Net of dispositions.
9. 90% of the total proved reserve additions are producing.
10. Basic shares as at December 31, 2017.
11. Includes changes in future development costs; includes royalty interests acquired and is net of dispositions.
12. Recycle ratio is calculated using Cardinal's Q4 2017 netback (\$22.64/boe) divided by either the finding and development or finding, development and acquisition costs per boe. Excludes consideration of hedging in the netback.

Operating Highlights

The focus for Cardinal in 2017 was on two transformational light oil acquisitions, the Grande Prairie acquisition in late Q1, 2017 and the Midale and House Mountain light oil acquisition on July 1, 2017.

Both acquisitions have helped to transform Cardinal from a medium quality (WCS) weighted asset base to a light oil weighted asset base. Along with each of the acquisitions came a large light oil drilling inventory, stable declines and high netback production.

Cardinal has spent a total of \$46 million in the Grande Prairie area in 2017 including both the original acquisition and a 7 well drill program, resulting in a TPP PV10 reserve value of \$100 million at year end 2017. We have now drilled a total of 7 Dunvegan light oil wells on our Grande Prairie lands acquired in 2017, which on a group basis are outperforming both historical drilling in the Elsworth Dunvegan pool as well as exceeding our own type curve for the play.

Our focus with the House Mountain and Midale acquisition for the balance of 2017 was to integrate and increase our understanding of the assets.

In House Mountain we are seeing a positive waterflood response to initiatives undertaken in 2017. Prudent management of this asset has resulted in 3 million barrels of incremental high netback, light oil reserves being added to our yearend report due to the lower than forecasted decline rate.

The addition of Midale to our asset base in 2017 gave Cardinal a world class oil asset under a combination of CO₂ and waterflood. We see enormous unbooked upside in Midale, as the pool recovery factors are only half of its analog neighbor, the Weyburn unit. The Midale unit will provide Cardinal an ultra-low decline base of production with significant opportunities to grow this light oil resource over the foreseeable future.

In our first 6 months of operating the Midale property we generated \$15 million of operating income and incurred \$1.5 million of capital expenditures of which \$1.4 million were CO₂ purchases. The production on the property was held flat at approximately 3,000 bopd.

Our 2017 reserve additions were primarily low decline, high netback light oil in some of the best oil pools in Western Canada. Cardinal acquired these assets with the lowest FD&A number of our peers at \$10.76 per boe. This combined with our conservative FDC booking of \$162 million (1.2x 2018 cash flow budget) gave Cardinal an impressive 2.1x recycle ratio.

Drilling	2017		2016	
	Development		Development	
	Gross	Net	Gross	Net
Light and Medium Crude Oil	17	14.8	9	9
Dry	1	1	1	1
Total	18	15.8	10	10

At current commodity prices, Cardinal will be able to generate significant cash flow to fund its dividend, to improve our financial flexibility by reducing our net bank debt and show modest year over year growth. Cardinal will continue to pursue initiatives to reduce our operating costs, 2017 saw a distinct and maintainable downward trend in per unit operating costs which we feel is repeatable in 2018 and 2019.

Appointment of Officer

Cardinal is pleased to announce that Mr. Ken Younger has been appointed VP South Area effective April 1, 2018. Mr. Younger joined Cardinal in April of 2016 and has progressed into leading our South Operations Area which is centered around the Bantry field.

Outlook

2017 was a transformational year for Cardinal. We achieved our goal of diversifying our asset base with a focus on light oil. In the fourth quarter of 2017 light oil made up 53% of our gross revenues. Cardinal has built a high quality sustainable asset base with an approximate 10% annual decline rate.

We delivered on our operational metrics while also achieving a very strong health, safety and environmental reclamation record. Our Liability Management Ratio ("LMR") continues to improve and Cardinal is committed to spending a percentage of its operating budget every year on well abandonments and surface reclamation.

With approximately 77% of Cardinal's production base currently being supported by existing enhanced oil recovery ("EOR") schemes, the Company can, with modest reinvestment, maintain production volumes and generate free cash flow for years to come.

Our focus for 2018 and beyond will be to deliver a combination of modest production growth, a reduction in net debt, an increase in netbacks, and a reduction in operating, G&A and other costs.

As we navigate a new era for Canadian oil and gas companies Cardinal's focus will be on prudent business decisions and growth in shareholder value.

Annual Filings

Cardinal also announces the filing of its Audited Financial Statements for the year ended December 31, 2017 and related Management's Discussion and Analysis with the Canadian securities regulatory authorities on the System for Electronic Analysis and Retrieval ("SEDAR"). In addition, Cardinal will file its Annual Information Form for the year ended December 31, 2017 on SEDAR on or prior to March 30, 2018. Electronic copies may be obtained on Cardinal's website at www.cardinalenergy.ca and on Cardinal's SEDAR profile at www.sedar.com.

About Cardinal Energy Ltd.

Cardinal is a junior Canadian oil focused company built to provide investors with a stable platform for dividend income and growth. Cardinal's operations are focused in low decline light and medium quality oil in Alberta and Saskatchewan.

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 Cardinal's plans and other aspects of Cardinal's anticipated future operations, management focus, objectives, strategies, financial, operating and production results. Forward-looking information typically uses words such as "anticipate", "believe", "project", "expect", "goal", "plan", "intend", "may", "would", "could" or "will" or similar words suggesting future outcomes, events or performance. The forward-looking statements contained in this press release speak only as of the date thereof and are expressly qualified by this cautionary statement.

Specifically, this press release contains forward-looking statements relating to: our business strategies, plans and objectives, future production and production decline rates, improved recovery factors, Cardinal's asset base and its future potential and opportunities, acquisition plans, dividend policy and plans, funding of dividend, future operating costs, planned capital expenditures and the allocation thereof, and the anticipated results therefrom. In addition, information and statements relating to reserves are deemed to be forward-looking statements, as they involve implied assessment, based on certain estimates and assumptions, that the reserves described exist in quantities predicted or estimated, and that the reserves can be profitably produced in the future.

Forward-looking statements regarding Cardinal are based on certain key expectations and assumptions of Cardinal concerning anticipated financial performance, business prospects, strategies, regulatory developments, current and future commodity prices and exchange rates, applicable royalty rates, tax laws, future well production rates and reserve volumes, future operating costs, the performance of existing and future wells, the success of its exploration and development activities, the sufficiency and timing of budgeted capital expenditures in carrying out planned activities, the availability and cost of labor and services, the impact of competition, conditions in general economic and financial markets, availability of drilling and related equipment, effects of regulation by governmental agencies, the ability to obtain financing on acceptable terms which are subject to change based on commodity prices, market conditions, drilling success and potential timing delays.

These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond Cardinal's control. Such risks and uncertainties include, without limitation: the impact of general economic conditions; volatility in market prices for crude oil and natural gas; industry conditions; currency fluctuations; imprecision of reserve estimates; liabilities inherent in crude oil and natural gas operations; environmental risks; incorrect assessments of the value of acquisitions and exploration and development programs; competition from other producers; the lack of availability of qualified personnel, drilling rigs or other services; changes in income tax laws or changes in royalty rates and incentive programs relating to the oil and gas industry; hazards such as fire, explosion, blowouts, and spills, each of which could result in substantial damage to wells, production facilities, other property and the environment or in personal injury; and ability to access sufficient capital from internal and external sources.

Management has included the forward-looking statements above and a summary of assumptions and risks related to forward-looking statements provided in this press release in order to provide readers with a more complete perspective on Cardinal's future operations and such information may not be appropriate for other purposes. Cardinal's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Cardinal will derive there from. Readers are cautioned that the foregoing lists of factors are not exhaustive. These forward-looking statements are made as of the date of this press release and Cardinal disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

Non-GAAP measures

This press release contains the terms "adjusted funds flow", "free cash flow", "total payout ratio", "net debt", "net bank debt", "development capital expenditures", "netback", "netback after risk management" 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. Cardinal uses adjusted funds flow and total payout ratio to analyze operating performance and assess leverage. Cardinal feels these benchmarks are key measures of profitability and overall sustainability for the Company. Adjusted funds flow 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 performance calculated in accordance with GAAP. As shown below, adjusted funds flow is calculated as cash flows from operating activities adjusted for changes in non-cash working capital and decommissioning expenditures. Free cash flow represents adjusted funds flow less dividends declared less development capital expenditures. Total payout ratio represents the ratio of the sum of dividends declared plus development capital expenditures divided by adjusted funds flow. Total payout ratio is another key measure to assess our ability to finance operating activities, capital expenditures and dividends. Net bank debt is calculated as bank debt plus the principal amount of convertible unsecured subordinated debentures and current liabilities less current assets (adjusted for the fair value of financial instruments and the current portion of the decommissioning obligation). Net bank debt is used by management to analyze the financial position, liquidity and leverage of Cardinal. Development capital expenditures represent expenditures on property, plant and equipment (excluding corporate and other assets and acquisitions) to maintain and grow the Company's base production. Netback is calculated on a boe basis and is determined by deducting royalties and operating expenses from petroleum and natural gas revenue. Netback is utilized by Cardinal to better analyze the operating performance of its petroleum and natural gas assets against prior periods. Netback after risk management includes realized gains or losses in the period on a boe basis.

	Three months ended		Year ended	
(\$,000)	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Cash flow from operating activities	24,442	9,728	76,530	60,962
Change in non-cash working capital	2,912	4,634	1,525	(4,585)
Funds flow	27,354	14,362	78,055	56,377
Decommissioning expenditures	1,067	1,885	3,933	2,727
Adjusted funds flow	28,421	16,247	81,988	59,104

Oil and Gas Metrics

The term "boe" or barrels of oil equivalent may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (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. Additionally, 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 ratio of 6:1 may be misleading as an indication of value.

This press release contains a number of additional oil and gas metrics, including finding and development costs, finding, development and acquisition costs, reserve life index and recycle ratio, which do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies. Such metrics have been calculated by management and included herein to provide readers with additional measures to evaluate Cardinal's performance; however, such measures are not reliable indicators of the future performance of Cardinal and

future performance may not compare to the performance in previous periods.

Finding and developments costs and finding, development and acquisition costs are used as a measure of capital efficiency. Finding and development costs are calculated on a per boe basis by dividing the aggregate of the change in future development costs from the prior year for the particular reserve category and the costs incurred on development and exploration activities in the year by the change in reserves (including royalty interest reserves) from the prior year for the reserve category. Development and exploration expenditures include costs of land and seismic, but exclude capitalized general and administration costs. The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year. Finding development and acquisition costs are calculated on a per boe basis by dividing the aggregate of the change in future development costs from the prior year for the particular reserve category and the costs incurred on development and exploration activities and property acquisitions (net of dispositions) in the year by the change in reserves (including royalty interest reserves) from the year for the reserve category. Acquisition costs include the announced purchase price of acquisitions rather than the amounts allocated to property, plant and equipment and exploration and evaluation assets for accounting purposes. The acquired cost per boe included all company interest reserves, including royalty interest reserves. Recycle ratio is calculated by dividing operating netback per boe (without realized gains on commodity contracts on a boe basis) by the finding, development and acquisition costs for the relevant reserve category for the year. Reserve life index is calculated based on the amount for the relevant reserve category divided by fourth quarter average daily working interest production.

Reserves Advisories

Unless otherwise indicated, all reserves reported in this press release are "gross reserves" which represent Cardinal's total working interest reserves prior to the deduction of royalties payable or royalty interests paid to the Company.

Future net revenue is a forecast of revenue, estimated using forecast prices and costs arising from the anticipated development and production of resources, net of associated royalties, operating costs, development costs and abandonment and reclamation costs. It should not be assumed that the future net revenues undiscounted and discounted at 10% included in this press release represent the fair market value of the reserves.

The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties due to the effects of aggregation.

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