

Cardinal Energy Ltd. Announces Change to Cash Dividend for December 2018 Payable January 15, 2019

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CALGARY, Dec. 06, 2018 - [Cardinal Energy Ltd.](#) ("Cardinal") (TSX: CJ)

Volatility in Canadian oil price differentials, coupled with the recent decline in world oil prices have caused Cardinal to re-evaluate the current level of its dividend.

During the fourth quarter, Canadian oil producers have received embarrassingly low prices due to lack of pipeline egress. Industry is looking to truck and rail solutions to move oil to market instead of transporting it through the safest most cost effective way in pipelines. Our lack of provincial and federal government leadership and failure to act in getting new export pipelines built is costing not only Alberta, but all Canadians significant revenue and future investment in our country. This week's Alberta government announcement is a much needed short term solution but will not solve the long-term takeaway capacity issue facing our industry.

We encourage our shareholders to voice their disapproval with the Alberta government and their local Federal Member of Parliament on the lack of progress on the construction of new export pipelines out of western Canada.

Although we don't think that the current pricing differentials between Canadian barrels and US barrels will be permanent, we are obligated to our shareholders to protect our business and our balance sheet until Canadian prices improve.

Cardinal will temporarily reduce its monthly dividend to \$0.01/month (\$0.12/year) commencing with the December 2018 dividend payable on January 15, 2019.

The Board of Directors plans to review the dividend in April, 2019 and make adjustments to the dividend rate to reflect changes to price differentials and market conditions at that time.

Cardinal has been designed and organized to be a low decline, dividend paying company. We work on a daily basis to reduce our operating costs, to run our operations more efficiently and to maintain our peer leading low decline rate. We cannot however, control differential pricing, especially in a situation that has arisen to the extreme levels experienced in the last 90 days.

Our priority, first and foremost is to operate our business in the most prudent manner, to ensure Cardinal shareholders retain their long term value we have embedded in our assets and in our company.

In October, November and December we saw oil pricing below our cost to produce at some of our properties. The resulting loss of revenue caused our simple dividend payout ratio to exceed a level we are comfortable with. The announced dividend adjustment will allow Cardinal to catch up the lost free cash flow and maintain our balance sheet strength.

During the first part of the fourth quarter, Cardinal reached record production of approximately 22,000 boe/d, well ahead of our production guidance of 21,000 – 21,500 boe/d, driven by a combination of lower than forecasted base declines and positive drilling results at Bantry and Elmworth. Our development drilling inventory has materially expanded providing Cardinal confidence in both the long-term sustainability of the asset base and the future growth potential of our company. Since then, with widening Canadian oil price

differentials we began to systematically shut-in our higher operating costs properties to avoid cash production losses. As of December 1, approximately 15% of our production was shut-in.

With the Alberta government's announced mandatory production curtailment and the expected pricing improvements in Canadian oil differentials, we expect to bring back the majority of the shut in production in January 2019. Taking into account the estimated curtailed volume, January production is currently forecasted to average approximately 20,100 to 20,400 boe/d.

Our focus for 2019 will be to maintain the integrity of our asset base, reduce long term debt and undertake capital projects that create long term reductions in our operating costs.

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 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: expected future differentials, our dividend policy and future dividend plans; our plans to bring back shut-in production in 2019, our estimated January production and our future strategy, plans and focus.

Forward-looking statements regarding Cardinal are based on certain key expectations and assumptions of Cardinal concerning, among other things, current and future commodity prices, differentials and exchange rates, financial performance, business prospects, regulatory developments, 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 our 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 increasing 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 and differentials 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 plans and 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.

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