

# Cardinal Provides an Update on the Operation of Its Thermal Business Unit and the De-Risking of Several Thermal Projects

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Calgary, January 26, 2026 - [Cardinal Energy Ltd.](#) (TSX: CJ) ("Cardinal" or the "Company") wishes to provide an update on its thermal evaluation and development program and the advancement of two future steam-assisted gravity drainage ("SAGD") oil development projects - ("Reford 2") and ("Kelfield"). These projects build on the success and technical foundation of the Company's Reford 1 SAGD development ("Reford 1") aligning with Cardinal's strategy to responsibly grow its thermal portfolio in high-quality, long-life reservoirs.

## CARDINAL'S THERMAL STRATEGY

Since acquiring our initial thermal assets in 2023, Cardinal has been conducting both seismic and stratigraphic delineation and evaluation of these assets and augmenting our land position for these assets and additional projects.

## REFORD 1 PROJECT - PERFORMANCE AND CONTEXT

Cardinal's inaugural thermal project at Reford 1 was delivered substantially on budget and ahead of schedule, with construction and commissioning completed in line with internal objectives. The project has progressed into full production and is currently producing above its 6,000 bbl/d (100% heavy oil) nameplate design capacity with the Company targeting Reford 1 volumes of 6,500 bbl/d in the first quarter of 2026, underscoring the strength of the technical execution and reservoir quality.

## REFORD 2 PROJECT

In the second half of 2025, Cardinal acquired additional lands through a series of transactions and consolidated a 100% working interest in the Reford 2 project which is located approximately 10 kilometres north of Reford 1. The Reford 2 reservoir targets the same Waseca channel as exists at Reford 1, with analogous geological and reservoir attributes. Highlights of the proposed Reford 2 project are as follows:

- Design capacity: 4,250 bbl/d, expandable to 6,500+ bbl/d
- Projected operating life: Approximately 20 years
- Estimated capital cost: Approximately \$140 million<sup>(1)</sup> for the base project, expandable to 6,500 bbl/d for an additional cost of approximately \$40 million<sup>(1)</sup>
- Expected construction timeline from commencement to first steam in 18 months
- Once the base project reaches nameplate production capacity of approximately 4,250 bbl/d, the Company's estimate of the payout of estimated capital cost is approximately two years based on current strip oil prices;
- Regulatory status: Application and review processes are underway
- Delineation: Mapped with 3D seismic and stratigraphic wells
- Expected operational/cost/infrastructure synergies with Reford 1, due to proximity to Reford 1
- Facility and SAGD well design: Adopts the proven pre-existing Reford 1 design



Note:

(1) Represents remaining estimated capital costs, and excludes previously incurred land acquisition, seismic and reservoir delineation costs and expenses.

This continuity in reservoir understanding and facility design supports Cardinal's disciplined capital execution and reinforces confidence in delivery and long-term performance.

## KELFIELD PROJECT

Cardinal also holds a 100% working interest in the Kelfield project, situated approximately 40 kilometres south of Reford 1. Kelfield targets the same Waseca channel with reservoir characteristics analogous to Cardinal's existing SAGD assets. Highlights of the Kelfield project are as follows:

- Design capacity: minimum 4,000 bbl/d, expandable to 6,000+ bbl/d
- Projected operating life: Approximately 20 years
- Regulatory status: Application and review processes are underway
- Delineation: Mapped with 3D seismic and stratigraphic wells
- Facility and SAGD well design: Adopts the proven pre-existing Reford 1 design
- Construction timelines and costs similar to the Reford 2 Project

## ADDITIONAL THERMAL PROJECTS

Cardinal is actively developing additional thermal development opportunities as part of its long-term growth strategy. Leveraging the execution learnings, production performance, and subsurface insights gained from Reford 1, the Company has initiated a comprehensive technical program on two further prospects within its land base. This de-risking work includes re-processing and re-interpreting of existing, and acquiring new, 3D seismic data to improve channel resolution and reservoir continuity mapping, re-evaluating historical stratigraphic wells and core using updated petrophysical workflows. We also have drilled new stratigraphic wells, integrating production learnings from Reford 1, to refine initial development planning and have developed updated reservoir models to continue working up resource size and expected SAGD deliverability.

## OPERATIONAL AND STRATEGIC OUTLOOK

Cardinal's thermal growth plans continue to benefit from a strong working relationship with the Government of Saskatchewan. The Company has been in active discussion with several provincial ministries regarding the long-term development potential across its land base. These discussions reflect the province's support for responsible thermal heavy oil development, consistent with Saskatchewan's publicly stated objective of achieving 600,000 barrels per day of provincial oil production.

The Reford 2 and Kelfield projects are structured to leverage the technical, regulatory, and operational learnings from Reford 1, enhancing capital efficiency and execution certainty. Both projects target high-quality reservoirs with favourable continuity. They are expected to deliver long-life production supportive of Cardinal's long-term thermal strategy and corporate sustainability.

Cardinal remains committed to responsible development, ongoing community engagement, environmental stewardship, and rigorous safety standards across all operations.

About Cardinal Energy Ltd.

Cardinal is a Canadian oil and natural gas production company with operations focused on low decline

sustainable oil production in Western Canada. The Company's portfolio of conventional and SAGD project inventory offers a complimentary low decline, long life resource base that is ideally suited to sustain our commitment to meaningful dividend returns to shareholders.

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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 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: Cardinal's thermal oil project strategy; Cardinal's next planned thermal oil projects; the designed capacity of Reford 2 and Kelfield; projected operating life of Reford 2 and Kelfield; the payout timeframe of Reford 2; the expected benefits and efficiencies of the Reford 2 and Kelfield projects, including those as a result of shared infrastructure and facilities from Reford 1, the expected design of the facilities for the Reford 2 and Kelfield projects and the Company's expectation that such projects will deliver long-life production supportive of Cardinal's long-term thermal strategy and corporate sustainability.

Forward-looking statements regarding Cardinal are based on certain key expectations and assumptions of Cardinal concerning engineering and design of Cardinal's thermal projects, regulatory approvals for the thermal projects; anticipated financial performance, cost estimates, business prospects, strategies, regulatory developments, current and future commodity prices (including strip pricing) and exchange rates, effects of inflation, applicable royalty rates, tax laws, industry conditions, availability of government subsidies and abandonment and reclamation programs, 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 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 financing arrangements, commodity prices, market conditions and 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; engineering and design risks; financing risks; 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 including abandonment and reclamation programs; 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 therefrom. 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.

Cardinal has used certain oil and gas metrics herein which do not have standardized meanings and therefore may be calculated differently from the metrics presented by other oil and gas companies, including the term "payout". Payout means the anticipated years of production from a project required to fully pay for capital costs of such project. This oil and gas metrics do not have any standardized meanings or standard methods of calculation and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. As such, it should not be used to make comparisons. Cardinal management uses this oil and gas metric for its own performance measurements and to provide investors with measures to compare Cardinal's performance over time; however, such measure is not reliable indicator of Cardinal's future performance, which may not compare to Cardinal's performance in previous periods, and therefore should not be unduly relied upon.

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