

Cardinal Energy Ltd. Announces \$86.5 Million Bought Deal Offering Of Common Shares, Official Sanctioning Of Reford 2, And Updated 2026 Guidance

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[Cardinal Energy Ltd.](#) ("Cardinal" or the "Company") (TSX: CJ) is pleased to announce that it has entered into an agreement with a syndicate of underwriters (the "Underwriters") co-led by RBC Capital Markets and CIBC Capital Markets, acting as joint-bookrunners, pursuant to which the Underwriters have agreed to purchase for resale to the public, on a bought deal basis, 10,000,000 common shares in the capital of the Company ("Common Shares") at an issue price of \$8.65 per Common Share (the "Offering Price") for gross proceeds of \$86,500,000 (the "Offering"). The Company has granted the Underwriters an over-allotment option (the "Over-allotment Option") exercisable by the Underwriters in whole or in part, from time to time, at any time up to and including the date that is 30 days following the closing of the Offering, to purchase up to an additional 1,000,000 Common Shares at the Offering Price. In the event that the Over-allotment Option is exercised in full, the gross proceeds of the Offering will be approximately \$95.15 million. The Offering is expected to close on or about February 4, 2026.

The Offering is anticipated to close after the January 30, 2026 record date for the dividend that the Company will pay to its shareholders on February 17, 2026. Accordingly, if closing of the Offering occurs after January 30, 2026, purchasers of the Common Shares under the Offering will not be eligible to receive the monthly dividend that will be paid by the Company on February 17, 2026 to shareholders of record on January 30, 2026.

OFFICIAL SANCTIONING OF REFORD 2

The Company intends to use the net proceeds of the Offering to first repay and reduce the indebtedness of its outstanding senior credit facility, to advance the development of Reford 2 (described below) and for general corporate purposes. Concurrent with this financing, Cardinal announces the final investment decision for its new steam-assisted gravity drainage ("SAGD") oil development project ("Reford 2"), located approximately 10 kilometers north of its current Reford SAGD thermal project ("Reford 1").

Cardinal is excited to begin construction on the second project in its SAGD thermal heavy oil portfolio following the strong success of its first project. Reford 2 has analogous geological and reservoir attributes to Reford 1, and will adopt the same proven facility and SAGD well design. Reford 1 was delivered on budget, ahead of schedule, and is currently forecasted to produce 6,500 bbl/d (100% heavy oil) in Q1 2026, which is 8% ahead of nameplate capacity. Recent steam-oil-ratios (SORs) observed from Reford 1 are below 2.5x, in-line with some of the premier SAGD assets across the Western Canadian Sedimentary Basin.

The initial scope of Reford 2 is expected to be a 4,250 bbl/d project with an estimated capital cost of approximately \$140 million (plus applicable taxes). This project is expandable to 6,500 bbl/d for an incremental capital cost of approximately \$40 million. The decision to complete the expansion will be made at a future date and be contingent on various factors. The Company has sized the production profile of Reford 2 with a projected operating life of approximately 20 years.

With formal commencement of this project, the construction phase is anticipated to take approximately 18 months, with first steam in the summer of 2027, and production ramp to nameplate capacity by early Q4 2027.

At US\$60/bbl WTI, the project payout will be approximately two years once Reford 2 reaches nameplate capacity (4,250 bbl/d). A further step-change in Cardinal's corporate sustainability measures is expected once the project is fully operational due to the low decline, high margin and low sustaining capital required on thermal oil production.

UPDATE TO 2026 BUDGET

Upon completion of the financing, the Company expects to sanction Reford 2 and enter into fixed price contracts to manufacture the facilities and other related agreements with the same vendors utilized in the construction of Reford 1. The fixed price contracts are expected to account for approximately two thirds of Reford 2 capital costs, which derisks successful project delivery on time and on budget.

With the commitment to proceed with Reford 2, Cardinal will be increasing its 2026 capital expenditures budget by approximately \$85 million. The net proceeds of the Offering will support the incremental 2026 capital expenditures allowing the Company's net debt to remain flat to exit 2025 levels at current strip pricing. Cardinal's updated budget for 2026 will total \$160 million, together with the original 2026 capital budget of \$75 million announced January 21, 2026 to support existing conventional and thermal operations.

Prior guidance for 2026 average corporate production volumes remains unchanged at 25,000-25,500 boe/d with Reford 2 volume contributions not expected until early Q4 2027. The impact of Reford 1, that was completed in 2025, is forecasted to drive year-over-year production growth of 15% in 2026. The Company expects Reford 2 to provide similar catalysts to production, cash flow, and reserves in 2027 and beyond.

EQUITY OFFERING DETAILS

The Common Shares will be distributed in all provinces of Canada (other than the province of Quebec) by way of a prospectus supplement (the "Prospectus Supplement") to the Company's base shelf prospectus dated March 28, 2024 (the "Base Shelf Prospectus") and by private placement in the United States to "qualified institutional buyers" pursuant to Rule 144A of the U.S. Securities Act of 1933.

Access to the Base Shelf Prospectus, the Prospectus Supplement, and any amendments to the documents are provided in accordance with securities legislation relating to procedures for providing access to a base shelf prospectus, a prospectus supplement and any amendment to the documents. The Base Shelf Prospectus, the Prospectus Supplement (when filed) and any amendments to these documents may be accessed for free on the System for Electronic Document Analysis and Retrieval ("SEDAR+") at www.sedarplus.ca. Alternatively, electronic or paper copies of the foregoing documents may be obtained, without charge, from: RBC Dominion Securities Inc., Attention: Distribution Centre, 180 Wellington Street West, 8th Floor, Toronto, Ontario M5J 0C2 or by email at DISTRIBUTION.RBCDS@RBCCM.COM or CIBC Capital Markets, 161 Bay Street, 5th Floor, Toronto, ON M5J 2S8 or by telephone at 1-416-956-6378 or by email at mailbox.canadianprospectus@cibc.com, by providing the contact with an email address or address, as applicable. The Base Shelf Prospectus and the Prospectus Supplement contain important, detailed information about the Company and the proposed Offering. Prospective investors should read the Base Shelf Prospectus and Prospectus Supplement (when filed) before making an investment decision.

The Offering is subject to customary regulatory approvals, including the approval of the TSX.

This new release is not an offer of securities of Cardinal for sale in the United States. The securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and the securities may not be offered or sold in the United States except pursuant to an applicable exemption from such registration. No public offering of securities is being made in the United States. This news release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

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 the anticipated closing date of the Offering, the use of proceeds of the Offering, the expected production of Reford 1, the designed capacity of Reford 2, including potential expansions; the payout timeframe of Reford 2; the operating life of Reford 2; the estimated capital cost of Reford 2 (including for incremental capacity expansions); decisions on

expansions of Reford 2; expectation on timing of the construction phase, first steam and ramp up to nameplate capacity of Reford 2; the Company's expectation that net debt will remain flat to exit 2025 levels at current strip pricing; expected corporate sustainability measures step-change improvement once Reford 2 is fully operational; timing of sanctioning of Reford 2; expectations to enter fixed price contracts to manufacture the facilities and other related agreements in respect of Reford 2 and the portion of expected project costs subject thereto and the Company's proforma debt to cash flow ratio, once Reford 2 is at nameplate capacity; expected 2026 average corporate production volumes' that Reford 1 is forecast to drive year-over-year production growth of 15% in 2026.

Forward-looking statements regarding Cardinal are based on certain key expectations and assumptions of Cardinal concerning the completion of the Offering, engineering and design of Reford 2 (including entering into a fixed priced contract in respect of the same), regulatory approvals for Reford 2; the sanctioning of Reford 2; anticipated production volumes; financial performance, cost estimates, business prospects, strategies, regulatory developments, current and future commodity prices (including with respect to 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 (including completion of the Offering) 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: failure to enter into a fixed price contract with respect to Reford 2; changes in cost estimates; engineering and geological risks; the failure to sanction of Reford 2; the failure to achieve commercial production or results from Reford 2; the risk of the non-completion of the Offering or failing to have other sources of financing available to fund the completion of Reford 2; 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.

Although Cardinal believes that the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them because Cardinal can give no assurance that they will prove to be correct. Since forward looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. The intended use of the net proceeds of the Offering may change if the board of directors of Cardinal determines that it would be in the best interests of Cardinal to deploy the proceeds for some other purpose and the closing date for the Offering may be changed. The forward-looking statements contained in this press release are made as of the date hereof and Cardinal undertakes no obligations to update publicly or revise any forward looking statements or information, whether as a result of new information, future events or otherwise, unless so 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. These 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, they should not be used to make comparisons. Cardinal management uses these 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 are not a 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.

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.

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.

SOURCE Cardinal Energy Ltd.

Contact

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