Cardinal Energy Ltd. Announces First Quarter 2026 Results, Executive Changes, and Increases to 2026 Capital Budget

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Calgary, May 7, 2026 - Cardinal Energy Ltd. (TSX: CJ) ("Cardinal" or the "Company") is pleased to announce its operating and financial results for the first quarter ended March 31, 2026.

FINANCIAL AND OPERATING HIGHLIGHTS FROM THE FIRST QUARTER OF 2026

- Cardinal achieved record quarterly production of 25,948 boe/d in the first quarter due to a full quarter of production from the Reford steam-assisted gravity drainage ("SAGD") project. First quarter 2026 production increased by 18% compared to the same period in 2025;
- Adjusted funds flow(1) for the first quarter was $60.5 million ($0.35 per diluted share), which was directed to the funding of the Company's capital expenditures and corporate dividend;
- Net operating expenses(1) per boe decreased 13% in the first quarter compared to the same period in 2025 reflecting the impact of low Reford costs, lower carbon taxes and decreased power prices;
- During the first quarter of 2026, Cardinal announced the final investment decision for its second SAGD project at Reford 2 and has entered into a fixed cost agreement for the engineering, fabrication and field construction of the central processing facility, including the well pad;
- During the first quarter of 2026, Cardinal completed an upsized bought deal offering of common shares for total gross proceeds of approximately $104.7 million which allowed the Company to reduce bank debt by 53% from December 31, 2025 levels to $64.7 million at March 31, 2026 and begin funding the second SAGD project at Reford 2. At the end of the first quarter, Cardinal was drawn $64.7 million or 24% of our current $275 million credit facilities; and
- Capital expenditures of $38.6 million were directed towards initial deposits for the Reford 2 SAGD project and the drilling and completion of two (2.0 net) oil wells, continuing with our well reactivation program and CO_2 purchases at our enhanced oil recovery project in Midale, Saskatchewan.

(1) See non-GAAP and other financial measures.

The following table summarizes our first quarter operating and financial highlights:

($000's except shares, per share and operating amounts)	Three months ended March 31		
	2026	2025	% Chg
Financial			
Petroleum and natural gas revenue	166,646	149,768	11
Cash flow from operating activities	45,625	64,249	(29)
Adjusted funds flow(1)	60,466	62,246	(3)
per share - basic	0.36	0.39	(8)
per share - diluted	0.35	0.39	(10)
Earnings	10,745	21,402	(50)
per share - basic	0.06	0.13	(54)
per share - diluted	0.06	0.13	(54)
Development capital expenditures(1)	36,306	13,100	177
Other capital expenditures(1)	1,349	722	87
Acquisitions(1)	927	-	-
Capital expenditures(1)	38,582	13,822	179

($000's except shares, per share and operating amounts)	Three months ended March 31		
	2026	2025	% Chg
Exploration & evaluation expenditures	289	71,017	(99)
Common shares, net of treasury shares (000s)	174,925	160,596	9
Dividends declared	31,091	28,738	8
Per share	0.18	0.18	-
Total payout ratio[1]	111%	67%	66
Bank debt	64,725	8,253	n/m
Debentures	100,305	99,227	1
Adjusted working capital deficiency[1]	27,186	83,873	(68)
Net debt[1]	192,216	191,353	-
Net debt to adjusted fund flow ratio[1]	0.9	0.7	29
Operating			
Average daily production			
Light oil (bbl/d)	6,884	7,597	(9)
Medium/heavy oil (bbl/d)	16,291	11,249	45
NGL (bbl/d)	793	878	(10)
Conventional natural gas (mcf/d)	11,881	13,688	(13)
Total (boe/d)	25,948	22,005	18
Netback ($/boe)[1]			
Petroleum and natural gas revenue	71.36	75.62	(6)
Royalties	(10.48)	(15.25)	(31)
Net operating expenses[1]	(21.27)	(24.33)	(13)
Transportation expenses	(2.11)	(1.07)	97
Netback[1]	37.50	34.97	7
Realized (loss) gain on commodity contracts	(6.97)	0.42	n/m
Interest and other	(1.74)	(1.09)	60
G&A	(2.90)	(2.87)	1
Adjusted funds flow[1]	25.89	31.43	(18)

(1) See non-GAAP and other financial measures
n/m Not meaningful or not calculable

FIRST QUARTER OVERVIEW

The first quarter of 2026 marked a major milestone for Cardinal, delivering the highest quarterly production volumes in the history of the Company at 25,948 boe/d (92% crude oil and NGLs). The major catalyst was our Reford 1 SAGD volumes averaging more than 6,700 bbl/d over the quarter, and significantly outpacing nameplate capacity of 6,000 bbl/d. This drove corporate production growth of 18% year-over-year and 10% quarter-over-quarter.

Pairing Cardinal's production growth and a strengthening in the light, medium and heavy crude oil price complex adjusted funds flow for the first quarter of 2026 was $60.5 million ($0.36 per basic share), which is 31% higher than the Company delivered in the prior quarter.

The Company's operating costs have decreased materially with Reford 1 volumes now fully online. Net operating expenses in the first quarter were $21.27/boe, which compared to $24.33/boe for the same period in 2025 and $22.57/boe in the fourth quarter of 2025. Reduced carbon taxes and power prices also helped the efficiencies achieved this quarter.

Cardinal's capital expenditures for the first quarter totaled $38.6 million which included the initial deposits required to commence the fabrication and construction phases of the recently sanctioned Reford 2 SAGD project. The Company also drilled and completed 2 (2.0 net) oil wells, maintained our ongoing well reactivation program and continued CO_2 injection at our enhanced oil recovery project at Midale to help sustain Cardinal's low decline conventional asset base.

CREDIT FACILITY INCREASE

Subsequent to the end of the first quarter of 2026, Cardinal's reserve-based revolving credit facility has been increased to $275 million, up from the previous $240 million line. It is comprised of a $250 million syndicated facility and a $25 million non-syndicated operating line credit facility with a maturity date of May 31, 2028.

The Company's balance sheet remains well equipped to financially deliver its next SAGD project at Reford 2 over the next 18 months, with remaining capital costs estimated at approximately $100 million. The upsized bought deal financing executed during the first quarter of 2026 reduced Cardinal's bank debt to $64.7 million at the end of the period, which leaves an appreciable amount of undrawn credit capacity on its bank line of $275 million.

INCREASED 2026 OUTLOOK HIGHLIGHTED BY ELEVATED CONVENTIONAL PROGRAM, LOWER NET DEBT

Cardinal is increasing its 2026 corporate capital budget with our revised forecast predicated on WTI oil prices averaging US$75.00/bbl for the remainder of the year.

The Company is increasing its 2026 budget to $205 million (previously $160 million) and is also taking the opportunity to increase its planned ARO expenditures by 50% or $5 million, to $15 million in 2026.

After relying upon the free cash flow generated from Cardinal's conventional assets to help fund the construction and production ramp cycle of Reford 1, this budget increase has a clear bias towards getting back to a more traditional level of support for Cardinal's conventional assets. The Company now expects to drill 19 (18.1 net) conventional wells in 2026 that serve to add production, optimize waterflood/CO_2 support, reactivate wells, and test new play concepts to grow future drilling inventory. Additionally, a total of 14 (14.0 net) stratigraphic wells are expected to be drilled in our Saskatchewan thermal fairway to further delineate previously recognized projects and testing newly identified and captured opportunities.

The increase in the 2026 capital program is expected to add over 1,000 boe/d to Cardinal's fourth quarter production rate and leaves the Company well positioned to achieve above the high end of its 25,000-25,500 boe/d 2026 annual guidance range.

Cardinal's increased 2026 capital program is more than offset by higher forecasted adjusted funds flow, driven by increased production and a higher oil price forecast. As a result, net debt at year end is projected to move meaningfully lower compared to our prior outlook.

BUDGET SUMMARY

	January 28, 2026 (Initial Budget)	May 7, 2026 (Updated Budget)
Adjusted funds flow[1] ($ mm)	208	321
Corporate capital expenditures ($ mm)	160	205
ARO expenditures ($ mm)	10	15
Total expenditures ($ mm)	170	220
Exit 2026 Net Debt[1] ($mm)	269	206
Net operating expenses[1] ($/boe)	22.00 - 23.00	22.00 - 23.00
Transportation costs ($/boe)	1.90 - 2.10	1.90 - 2.10
General & Administrative ($/boe)	2.50 - 2.75	2.50 - 2.75
Interest Expense ($/boe)	2.15 - 2.40	1.60 - 1.80
WTI (US$/bbl)	60.00	75.00

US/CAD Exchange Rate	0.72	0.73
WTI-WCS Basis Differential (US$/bbl)	(12.50)	(13.00)

(1) See Non-GAAP and Other Financial Measures

In Q2 2026, Cardinal has just 6,000 bbl/d of oil hedged at US$67.73/bbl for the month of April. Beyond these contracts, the Company's oil production remains unhedged on a go-forward basis.

EXECUTIVE CHANGES

Cardinal's founder and Chief Executive Officer, Scott Ratushny will be transitioning to Executive Chair and Chief Executive Officer effective May 7, 2026 and its Board of Directors has appointed Dale Orton, currently the Corporation's Chief Operating Officer as the new President.

The transition is part of the Corporation's succession plan that has been in place for a number of years to ensure continuity in the execution of the business strategy and operations. Mr. Ratushny has been integral to Cardinal's evolution into a leading Saskatchewan SAGD operator, and will continue to be extensively involved in the development and execution of Cardinal's future strategic initiatives as part of the Corporation's executive team in his new role.

Mr. Orton is a professional engineer with a successful track record in oil and gas spanning thirty years. His career has included roles in reservoir exploitation, operations, and business development with increasing leadership responsibilities at both junior and mid-sized oil companies growing into his increased responsibilities over his last ten years at Cardinal.

OUTLOOK

As we navigate through the second quarter and into the balance of 2026, our industry is fortunate to be enjoying strong oil pricing. With oil prices expected to remain strong for the balance of the year, we begin May completely unhedged on our forward oil volumes, while hedges on a large portion of our natural gas production have been locked in at approximately $3.00/mcf AECO for the remainder of the year.

Our capital budget increase of $45 million is primarily focused on our conventional assets. We reduced our conventional asset spending in 2025 to allow for more financial flexibility for construction of Reford 1. For 2026, with our budget increase, we will move back to historical spending levels. The additional capital investment serves to enhance the sustainability on our conventional asset base in addition to de-risking and growing both our conventional and thermal portfolios.

As part of this budget increase, we will also increase our abandonment and reclamation investment by 50% or $5 million to $15 million in 2026, continuing our commitment of outpacing regulatory requirements.

We will also implement waterfloods on three separate Clearwater oil pools in 2026, one of which is a new pool for Cardinal where we have made the decision to begin waterflood support to the pool on day one of production. A portion of this budget increase will also go to de-risking and expanding our inventory in both our conventional and thermal assets.

Our second thermal project, Reford 2 is currently progressing; the in-shop facility construction is ongoing, service wells are expected to begin drilling in the second quarter of 2026 and earthworks on the facility site will commence this summer. Our target for first steam at Reford 2 remains the summer of 2027, with the ramp towards nameplate capacity to follow in the fourth quarter of 2027.

Based on the current forward strip for WTI prices layered onto our expanded capital program, we forecast the potential to be nearly or completely undrawn on our $275 million bank facility at year end. Having no, or very low, bank debt at year end gives us tremendous flexibility in accelerating a potential third thermal project in 2027.

Our long-term approach is to maintain and opportunistically grow our conventional production base and to phase in our more capitally intensive, thermal projects in relation to overall corporate and overall market conditions. Through this longer-term approach, we strive to increase all aspects of our corporate sustainability.

On behalf of the Board of Directors, management and employees, we would like to thank our shareholders as we appreciate their continued support.

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: that the Company's balance sheet is well equipped to financially deliver its next SAGD project at Reford 2 over the next 18 months; the estimated remaining capital costs of the Reford 2 SAGD project; the Company's increased 2026 corporate capital budget and planned ARO expenditures; future drilling plans; that the increased budget in 2026 will serve to add production, optimize waterflood/CO_2 support, reactivate wells, and test new play concepts that could grow future drilling inventory; that stratigraphic wells in our Saskatchewan thermal fairway will further delineate previously identified projects and test new ones; that the increase in the 2026 budget is expected to add over 1,000 boe/d to Cardinal's fourth quarter 2026 production rate and achieve the high end of its 25,000 - 25,500 boe/d 2026 annual production guidance range; that Cardinal's increased 2026 capital program will be more than offset by higher forecasted adjusted funds flow resulting in meaningfully lower net debt at year end compared to our prior outlook; anticipated 2026 average production, adjusted funds flow, exit 2026 net debt, net operating expenses, transportation costs, general and administrative costs and interest expense associated with the increased 2026 budget; anticipated future commodity prices, exchange rates and differentials; that the Company's plans in 2026 will enhance the sustainability on our conventional asset base in addition to de-risking and growing both our conventional and thermal portfolios and will drive a reinvigorated conventional production base exiting 2026; our plans to implement waterfloods on three separate Clearwater oil pools in 2026; that a portion of the budget increase will go to de-risking and expanding our inventory in both our conventional and thermal assets; the Company's planned second Saskatchewan thermal project at Reford, Saskatchewan; expected timing for certain work for Reford 2; the timing of first steam and completion of the project; anticipated year end bank debt which will provide us with flexibility in accelerating a potential third thermal project in 2027; our long-term plans to maintain and opportunistically grow our conventional production base and to phase in our more capitally intensive, thermal projects in relation to overall corporate and overall market conditions resulting in an increase in all aspects of our corporate sustainability; the benefits and ability to further develop the Company's land base through drilling programs or other relevant means; the ability to fund and execute the Company's 2026 budget and capital program; the Company's business strategies, plans and objectives, and related environmental performance; and other matters described under "Outlook" above.

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 (including as a result of continued uncertainty with respect to events in the Middle East) and exchange rates, project development costs (including the Company's planned second Saskatchewan thermal project at Reford, Saskatchewan), the timing of completion of the Reford 2 project, estimated future production levels from the Reford 2 project, effects of inflation, that in respect of tariffs that have been publicly announced by the U.S. and Canadian governments (but which are either in effect or not yet in effect and otherwise delayed), the potential impact of such tariffs, and that other than the tariffs that have been announced, neither the U.S. nor Canada (i) increases the rate or scope of such tariffs, or imposes new tariffs, on the import of goods from one country to the other, and/or (ii) imposes any other form of tax, restriction or prohibition on the import or export of products from one country to the other; 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, continued high oil prices (as compared to oil prices in prior quarters), the sufficiency and timing of budgeted capital expenditures in carrying out planned activities, that Cardinal will complete its capital budget in the manner as currently contemplated, the timing and success of our cost cutting initiatives and power projects, 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 and drilling success and potential timing delays and the other assumptions as set forth in this news release.

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; the risk that (i) the U.S or Canadian governments increases the rate or scope of the currently implemented or proposed and announced tariffs, or imposes new tariffs on the import of goods from on the import or export of products from one country to the other, and (ii) the tariffs imposed by the U.S. on other countries and responses thereto could have a material adverse effect on the Canadian, U.S. and global economies, and by extension the oil and gas industry and the Company; effects of hostilities in the Middle East and elsewhere; the ability of its service provider to provide contracted services in a timely, competent and efficient manner; 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 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 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.

Supplemental Information Regarding Product Types

This news release includes references to 2026 and 2025 production. The Company discloses crude oil production based on the pricing index that the oil is priced off. The following table is intended to provide the product type composition as defined by National Instrument 51-101.

	Light/Medium Crude Oil	Heavy Oil	NGL	Conventional Natural Gas	Total (boe/d)
Q1/2026	39%	50%	3%	8%	25,948
Q1/2025	48%	38%	4%	10%	22,005

Non-GAAP and Other Financial Measures

This news release contains certain specified measures consisting of non-GAAP financial measures, capital management measures, non-GAAP financial ratios, and supplementary financial measures. Since these specified financial measures may not have a standardized meaning, they must be clearly defined and, where required, reconciled with their nearest GAAP measure and may not be comparable with the calculation of similar financial measures disclosed by other entities.

This news release may contain future oriented financial information ("FOFI") within the meaning of applicable securities laws, including forecasted adjusted funds flow, capital expenditures, net debt and net operating. The FOFI has been prepared by management to provide an outlook of the Company's activities and results. The FOFI has been prepared based on a number of assumptions including the assumptions discussed and disclosed above, including as set forth under "Budget Summary". Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on FOFI. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, these FOFI, or if any of them do so, what benefits the Company will derive therefrom. The Company has included the FOFI in order to provide readers with a more complete perspective on the Company's future operations and such information may not be appropriate for other purposes. The Company disclaims any intention or obligation to update or revise any FOFI statements, whether as a result of new information, future events or otherwise, except as required by law. There is no significant difference between any non-GAAP financial measure that is forward-looking information and the equivalent historical non-GAAP financial measures.

Non-GAAP Financial Measures

Net operating expenses

Net operating expenses is calculated as operating expense less processing and other revenue primarily generated by processing third-party volumes at processing facilities where the Company has an ownership interest, and can be expressed on a per boe basis. As the Company's principal business is not that of a midstream entity, management believes this is a useful supplemental measure to reflect the true cash outlay at its processing facilities by utilizing spare capacity to process third party volumes.

	Three months ended	
	Mar 31, 2026	Mar 31, 2025
Operating expenses	50,738	49,346
Less: Processing and other revenue	(1,058)	(1,164)
Net operating expenses	49,680	48,182

Netback

Cardinal utilizes netback as a key performance indicator and is utilized by Cardinal to better analyze the operating performance of its petroleum and natural gas assets against prior periods. Netback is calculated as petroleum and natural gas revenue deducted by royalties, net operating expenses, and transportation expenses. The following table reconciles petroleum and natural gas revenue to netback:

	Three months ended	
	Mar 31, 2026	Mar 31, 2025
Petroleum and natural gas revenue	166,646	149,768
Royalties	(24,479)	(30,213)
Net operating expenses	(49,680)	(48,182)
Transportation expenses	(4,919)	(2,115)
Netback	87,568	69,258

Capital expenditures and development capital expenditures

Cardinal utilizes capital expenditures as a measure of capital investment on property, plant and equipment compared to the annual budgeted capital expenditure. Capital expenditures are calculated as cash flow from investing activities excluding change in non-cash working capital and exploration and evaluation expenditures and exploration and evaluation acquisitions.

Cardinal utilizes development capital expenditures as a measure of capital investment on property, plant and equipment excluding capitalized G&A, other assets and property acquisitions and is compared to the annual budgeted capital expenditures. Other capital expenditures include capitalized G&A and office expenditures. The following table reconciles cash flow from investing activities to capital expenditures to development capital expenditures:

	Three months ended	
	Mar 31, 2026	Mar 31, 2025
Cash flow from investing activities	44,892	57,707
Change in non-cash working capital	(6,021)	27,132
Exploration and evaluation	(289)	(71,017)

Capital expenditures	38,582	13,822
Less:		
Capitalized G&A	(1,247)	(672)
Other assets	(102)	(50)
Acquisitions	(927)	-
Development capital expenditures	36,306	13,100

Adjusted working capital deficiency

Management utilizes adjusted working capital to monitor its capital structure, liquidity, and its ability to fund current operations. Adjusted working capital is calculated as current liabilities less current assets (adjusted for the fair value of financial instruments, current decommissioning obligation, and current lease liabilities). The following table reconciles working capital deficiency to adjusted working capital deficiency:

As at	Mar 31, 2026	Mar 31, 2025
Working capital deficiency	40,467	96,463
Less current portion of:		
Lease liabilities	1,852	1,615
Decommissioning obligation	6,311	8,172
Fair value of financial instruments, net	5,118	2,803
Adjusted working capital deficiency	27,186	83,873

Net debt

Management utilizes net debt to analyze the financial position, liquidity and leverage of Cardinal. Net debt is calculated as bank debt plus debentures and adjusted working capital.

Funds flow

Management utilizes funds flow as a useful measure of Cardinal's ability to generate cash not subject to short-term movements in non-cash operating working capital. As shown below, funds flow is calculated as cash flow from operating activities excluding the change in non-cash working capital.

Adjusted funds flow

Management utilizes adjusted funds flow as a key measure to assess the ability of the Company to generate the funds necessary for financing activities, operating activities, capital expenditures, E&E expenditures and shareholder returns. As shown below, adjusted funds flow is calculated as funds flow excluding decommissioning expenditures since Cardinal believes the timing of payment or incurrence of these items involves a high degree of discretion and variability. Expenditures on decommissioning obligations vary from period to period depending on the maturity of the Company's operating areas and availability of adjusted funds flow and are viewed as part of the Company's capital budgeting process.

Free cash flow

Management utilizes free cash flow as a measure to assess Cardinal's ability to generate cash, after taking into account the development capital expenditures, to increase returns to shareholders, repay debt, or for other corporate purposes. As shown below, free cash flow is calculated as adjusted funds flow less development capital expenditures.

The following table reconciles cash flow from operating activities, funds flow, adjusted funds flow, and free cash flow:

	Three months ended	
	Mar 31, 2026	Mar 31, 2025
Cash flow from operating activities	45,625	64,249

Change in non-cash working capital	10,959	(3,701)
Funds flow	56,584	60,548
Decommissioning expenditures	3,882	1,698
Adjusted funds flow	60,466	62,246
Development capital expenditures	(36,306)	(13,100)
Free cash flow	24,160	49,146

Non-GAAP Financial Ratios

Netback per boe

Cardinal utilizes operating netback per boe to assess the Company's operating performance of its petroleum and natural gas assets on a per unit of production basis. Netback per boe is calculated as netback divided by total production for the applicable period. The following table details the calculation of netback per boe:

	Three months ended	
	Mar 31, 2026	Mar 31, 2025
Petroleum and natural gas revenue	71.36	75.62
Royalties	(10.48)	(15.25)
Net operating expenses	(21.27)	(24.33)
Transportation expenses	(2.11)	(1.07)
Netback per boe	37.50	34.97

Net debt to adjusted funds flow ratio

Cardinal utilizes net debt to adjusted funds flow to measure the Company's overall debt position and to measure the strength of the Company's balance sheet. Cardinal monitors this ratio and uses this as a key measure in making decisions regarding financing, capital expenditures, E&E expenditures and shareholder returns. Net debt to adjusted funds flow is calculated as net debt divided by annualized adjusted funds flow for the trailing twelve-month period.

Total payout ratio

Cardinal utilizes this ratio as key measure to assess the Company's ability to fund financing activities, operating activities, and capital expenditures. Total payout ratio is calculated as the sum of dividends declared plus development capital expenditures divided by adjusted funds flow.

Net operating expenses per boe

Cardinal utilizes net operating expenses per boe to assess Cardinal's operating efficiency of its petroleum and natural gas assets on a per unit of production basis. Net operating expense per boe is calculated as net operating expenses divided by total production for the applicable period.

Adjusted funds flow per boe

Cardinal utilizes adjusted funds flow per boe as a measure to assess the ability of the Company to generate the funds necessary for financing activities, operating activities, capital expenditures, E&E expenditures and shareholder returns on a per boe basis. Adjusted funds flow per boe is calculated using adjusted funds flow divided by total production for the applicable period.

Adjusted funds flow per basic share

Cardinal utilizes adjusted funds flow per share as a measure to assess the ability of the Company to generate the funds necessary for financing activities, operating activities, capital expenditures, E&E expenditures and shareholder returns on a per basic share basis. Adjusted funds flow per basic share is calculated using adjusted funds flow divided by the weighted average basic shares outstanding.

Adjusted funds flow per diluted share

Cardinal utilizes adjusted funds flow per share as a measure to assess the ability of the Company to generate the funds necessary for financing activities, operating activities, capital expenditures, E&E expenditures and shareholder returns on a per diluted share basis. Adjusted funds flow per diluted share is calculated using adjusted funds flow divided by the weighted average diluted shares outstanding.

Supplementary Financial Measures

National Instrument 52-112 defines a supplementary financial measure as a financial measure that: (i) is, or is intended to be, disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of an entity; (ii) is not disclosed in the financial statements of the entity; (iii) is not a non-GAAP financial measure; and (iv) is not a non-GAAP ratio. The supplementary financial measures used in this news release are either a per unit disclosure of a corresponding GAAP measure, or a component of a corresponding GAAP measure, presented in the financial statements. Supplementary financial measures that are disclosed on a per unit basis are calculated by dividing the aggregate GAAP measure (or component thereof) by the applicable unit for the period. Supplementary financial measures that are disclosed on a component basis of a corresponding GAAP measure are a granular representation of a financial statement line item and are determined in accordance with GAAP.

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.

Market, Independent Third Party and Industry Data

Certain market, independent third party and industry data, including for comparison purposes, contained in this news release is based upon information from government or other independent industry publications and reports or based on estimates derived from such publications and reports. Government and industry publications and reports generally indicate that they have obtained their information from sources believed to be reliable, but Cardinal has not conducted its own independent verification of such information. This news release also includes certain data derived from independent third parties. While Cardinal believes this data to be reliable, market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. Cardinal has not independently verified any of the data from independent third-party sources referred to in this news release or ascertained the underlying assumptions relied upon by such sources.

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 projects 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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