



# CARDINAL ENERGY LTD.

NEWS RELEASE

JANUARY 13, 2015

## CARDINAL ENERGY LTD. CONFIRMS MONTHLY DIVIDEND FOR JANUARY

Calgary, Alberta – Cardinal Energy Ltd. ("**Cardinal**" or the "**Company**") (TSX: CJ) has been built to weather this period of lower oil prices. Approximately 35% of our oil production for 2015 is hedged at an average price of \$97(CDN). We will take a cautious approach to capital spending in 2015 and in the first quarter expect to spend minimal maintenance capital with no funds allocated to drilling, completions or acquisitions. Cardinal expects to average 11,000 boepd in Q1 as wells shut in for water flood evaluation are brought back on production.

Cardinal exited 2014 with approximately \$58 million in net debt which we anticipate will be reduced by \$10-15 million in Q1. The only deviation from this reduction in net debt will occur if Cardinal is able to complete any acquisitions in the quarter. We are well positioned to capitalize on acquisition opportunities in 2015 but don't anticipate that accretive acquisitions will become available until Q2 or Q3 of this year.

We will monitor our cash flow from operations and provide more detailed guidance for 2015 once we have some clarity on oil prices for the remainder of the year. Cardinal does not anticipate changing its dividend rate in 2015.

Cardinal confirms that a dividend of \$0.07 per common share will be paid on February 16, 2015 to shareholders of record on January 30, 2015 with an ex-dividend date of January 28, 2015. The Board of Directors of Cardinal has declared the dividend payable in either cash or common shares at the election of the shareholder. This dividend has been designated as an "eligible dividend" for Canadian income tax purposes.

### **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 all season access areas in Alberta.

### **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" or similar words suggesting future outcomes, statements that actions, events or conditions "may", "would", "could" or "will" be taken or occur in the future. In addition, and without limiting the generality of the foregoing, this press release contains forward-looking information relating to anticipated 2015 first quarter production, Cardinal's dividend policy and plans, the amount of and timing of future dividends, expected 2015 first quarter net debt, completion and acquisition plans, and Cardinal's 2015 capital expenditure program, including drilling, completion and acquisition plans.

The forward-looking information contained in this press release is based on certain key expectations and assumptions made by Cardinal's management, including expectations and assumptions concerning prevailing

commodity prices, exchange rates, interest rates, applicable royalty rates and tax laws; future production rates and estimates of operating expenses and netbacks; performance of existing and future wells; reserve and resource volumes; anticipated timing and results of capital expenditures; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future drilling operations; the state of the economy and the exploration and production business; results of operations; performance; business prospects and opportunities; the availability and cost of financing, labor and services; the impact of increasing competition; ability to market oil and natural gas successfully; and Cardinal's ability to access capital.

Although Cardinal believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because Cardinal can give no assurance that they will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature they involve inherent risks and uncertainties. Cardinal's actual results, performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits that Cardinal will derive there from. Management has included the above summary of assumptions and risks related to forward-looking information provided in this report in order to provide securityholders with a more complete perspective on Cardinal's future operations and such information may not be appropriate for other purposes.

This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Cardinal's anticipated net debt levels, which is subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this press release was made as of the date hereof and was provided for the purpose of describing Cardinal's future business operations. Cardinal disclaims any intention or obligation to update or revise any FOFI contained in this press release, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this press release should not be used for purposes other than for which it is disclosed herein.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that could affect Cardinal's operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)).

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 information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

### **Advisory Regarding Oil and Gas Information**

Where applicable, oil equivalent amounts have been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil. Boes 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 is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Utilizing a conversion ratio at 6 Mcf: 1 Bbl may be misleading as an indication of value.

### **Non-GAAP measures**

This press release contains the terms "cash flow from operations", and "net debt" 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 cash flow from operations to analyze financial and operating performance. Cardinal believes this benchmark is a key measure of profitability for the Company. Cash flow from operations is not intended to represent operating profits nor should it be viewed as an alternative to cash flow provided by operating activities, net earnings or other measures of financial performance calculated in accordance with GAAP. Cash flow from operations is calculated as cash flows from operating activities adjusted for changes in non-cash working capital and decommissioning expenditures. The term "net debt" is not recognized under GAAP and is calculated as bank debt plus working

capital deficiency or minus working capital surplus (both adjusted for the fair value of financial instruments). Net debt is used by management to analyze the financial position and leverage of Cardinal.

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