NEWS RELEASE **JANUARY 24, 2017**

CARDINAL ANNOUNCES ITS 2017 CAPITAL BUDGET

Calgary, January 24, 2017 (CJ:TSX) Cardinal Energy Ltd. ("Cardinal" or the "Company") announced today that its Board of Directors has approved a $100 million capital expenditure budget for 2017 that focuses on balance sheet strength, maintaining a significant and sustainable dividend and development of all of our three core areas.

The 2017 capital budget is designed to achieve significant growth in funds flow per share, and maintaining the Company's annualized dividend at $0.42/share. Capital expenditures will be funded by reinvesting cash flow and the consideration for a proposed acquisition described below.

Development capital expenditures are anticipated to include drilling 18 (16.2 net) horizontal oil wells, and combined with production from the acquisition, is expected to deliver annual average production of between 16,800 – 17,300 boe/d in 2017. Cardinal expects to have a total payout ratio of 95% based on funds flow of $92 million and a simple payout ratio of 33%. Funds flow before risk management is expected to be $116 million. Cardinal 2017 forecast annual average production represents an increase of between 15% and 18% over 2016 annual production guidance of 14,600 boe/d.

Management has taken a conservative approach in forecasting production from the new wells at Mitsue and expects that with drilling success that we could exceed our forecast.

Acquisition

Cardinal has entered into an agreement to acquire certain assets that fall within our North (Mitsue) operating area. The assets are light oil focused and are expected to produce an average of 1,000 boe/d in 2017. Cardinal estimates that the assets have 3.4 million barrels of oil equivalent total proved plus probable ("2P") reserves ($12.05 per boe). The acquisition is expected to increase Cardinal's light oil drilling inventory.

The acquisition will be fully funded through the issuance of approximately 4 million common shares of Cardinal and a cash payment of $4 million, for a total purchase price of $41 million, subject to customary adjustments. The cash portion of the purchase price is expected to be funded through existing working capital and Cardinal does not expect to assume or incur any additional debt in conjunction with the acquisition.

This acquisition is consistent with Cardinal's strategy of acquiring light oil focused properties and increasing the overall light oil weighting of its production mix. The 2017 budget includes the base production from this acquisition and production from the drilling of two light oil development wells on the properties to be acquired pursuant to the acquisition. The acquisition is subject to customary closing conditions including the Toronto Stock Exchange and is expected to close in the first quarter of 2017.

2017 Capital Budget

With the recent improvements of commodity prices, the focus of our 2017 budget is to switch from the maintenance scenario of 2015 and 2016 to one in which we begin to further develop and grow each of our three core operating areas. Management continues to focus on building a long term business based on value creation while maintaining balance sheet strength and our top quartile production decline rate of less than 15%.

Cardinal's monthly dividend is currently set at $0.035 per share which we expect to maintain throughout 2017 given the current outlook for oil and natural gas pricing and taking into account our hedge positions. Our dividend is reviewed quarterly by our Board of Directors and is dependent on current commodity prices and overall economic conditions and is currently yielding approximately 4.5% per share.

The major components of the 2017 capital budget of $100 million include $41 million for the acquisition; $16 million for facilities and pipelines, $32.7 million for the drilling of 18 wells as well as to spend $4 million on environmental and reclamation initiatives.

South Area (Bantry)

Cardinal expects to spend $24 million, or 24% of our capital budget, in the Bantry area of Alberta. We continue to see above expected performance on our Glauconite drilling and have budgeted to drill 9 Glauc horizontal oil wells in 2017. We continue to evaluate other Mannville opportunities in the area and work to optimize the waterfloods on our existing properties.

Central Area (Wainwright)

Wainwright and Chauvin in eastern Alberta are our lowest decline properties and require minimal capital expenditures. These properties generate significant funds flow which we are able to re-invest in other areas of the Company and provide funding for our dividend. We expect to spend $8.5 million, or 8.5% of our capital budget, in this area in 2017. Approximately 50% of the capital expenditures in this area will be to proactively replace aging large diameter pipelines. Cardinal expects to drill 2 wells in this area targeting Waseca channels and we expect to expand our drilling inventory in the area.

North Area (Mitsue)

Our North producing area includes production to be acquired in the announced acquisition and in addition to the acquisition will see $23 million, or 23% of the 2017 budget. This will include the planned drilling of 7 horizontal development wells targeting light oil. As part of our Mitsue acquisition in late 2015, we recognized the need to replace an aging natural gas plant and downsize it with equipment that is more suitable for the current throughput.

We have commenced an initial horizontal well drilling program in Mitsue, targeting three different exploitation concepts in the Gilwood Sand. Our first well in the program was spud in late 2016 and recently rig released for production testing. Results from this program are expected to be released at the end of the first quarter. Success in any or all of the exploitation drilling is expected to set up a considerable light oil drilling inventory for Cardinal in this area.

Risk Management

Cardinal employs various forms of hedging as part of our overall strategy to protect cash flows and lock in individual project economics. We hedge crude oil, natural gas, power and the US/Canadian exchange rates. We currently have 6,375 bbl/d of our 2017 oil production hedged at a minimum average price of $65.66/bbl (CAD), and 6,000 GJ/d of natural gas at a minimum average price of $2.50/GJ.

Liquidity

Cardinal's year end 2016 net bank debt is estimated to be $68 million. Our current syndicated banking facility has a $150 million credit facility. Our borrowing base was set by our lenders at $250 million at our most recent banking review.

In addition to our bank facility, we have $50 million of convertible debentures outstanding. The debentures mature on December 31, 2020 and are convertible into common shares of Cardinal at $10.50 per common share.

Royalties and Operating Costs

Operating costs are expected to average $19.75 - $20.25 per boe in 2017. On a per boe basis, costs are expected to be similar to 2016 as increased production offsets the effects of service industry cost inflation, the effects of the carbon tax and wage increases.

Royalties are expected to average 14% in 2017, a slight increase from Cardinal’s 2016 rate due to increased drilling and an increase in crown royalties due to the increase in oil prices.

General and Administrative Costs

G&A expenses are expected to be within a range of $2.10 to $2.30 per boe in 2017. Cardinal proactively reduced salaries in 2015 instead of reducing staff as commodity prices deteriorated. These salary reductions were reversed in January of 2017.

Capital Funding

Cardinal expects to have a total payout ratio in 2017 of 95% with funds flow of $92 million based on an average oil price of $55/bbl WTI, a natural gas price of $3/mcf AECO and an US/CAD exchange rate of 0.74. Funds flow is expected to fully fund our development capital expenditure program and dividend. Cardinal also employs a no discount DRIP and SDP program as part of its dividend that reduces the overall cash payout of our dividends with participation rates between 4% and 10% in 2016.

Cardinal is well positioned with a strong balance sheet to fund an increase in its 2017 capital budget. The oil and gas business in Canada is dynamic and Cardinal believes it has the ability and funding capability to react quickly to opportunities as they may arise.

Environmental

Cardinal has budgeted $4 million for environmental and reclamation expenditures in 2017. Our post acquisition Liability Management Rating ("LMR") ratio is expected to be 1.98 at the end of Q1 2017 without taking into account any budgeted expenditures described herein. We expect to achieve an LMR ratio of 2 or higher in 2017. Cardinal has been focused on being a responsible operator and continues a program of abandoning and reclaiming suspended wells. We continue to exceed requirements set out by the Alberta Energy Regulator. We have committed significant resources in this year’s budget to replace aging infrastructure and will continue to proactively maintain our assets in the future.

Guidance

Cardinal's guidance for 2017 (assuming the completion of the acquisition) is set forth below:

2017 Guidance	
Production	
Oil and NGLs (bbl/d)	13,900 – 14,300
Natural Gas (mcf/d)	17,400 – 18,000
Total (boe/d)	16,800 – 17,300
Expenses ($/boe)	
Operating	$19.75 - $20.25
G&A	$2.10 – $2.30
Financial (000's)	
Funds flow (1)	$92,000
Development capital expenditures (1)	$58,000
Acquisitions (2)	$41,000
Weighted average shares basic	78,293
Weighted average shares diluted (3)	82,493

(1) See Non-GAAP measures.
(2) The value of the share consideration is based on the three-day volume weighted average closing price of the common shares of Cardinal prior to entering into of the acquisition agreement.
(3) Excluding convertible debentures.

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.

Statements relating to "reserves" are forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be profitably produced in the future.

Specifically, this press release contains forward-looking statements relating to the anticipated achievements of the Company's 2017 budget and the funding of the same, our dividend policy, hedging plans, payout ratios, capital expenditure plans including the 2017 capital expenditure budget, closing of the acquisition, expected development capital, future average production volumes, capital efficiencies, anticipated cost reductions, funds flow, net bank debt, net bank debt to funds flow, future drilling, completion and optimization results and opportunities, anticipated royalty rates, operating costs, G&A expenses and anticipated pro-forma corporate LMR ratings, targeted corporate decline rates, the matters set forth under "Guidance", commodity prices and differentials, anticipated dividend re-investment plan and stock dividend participation, Cardinal's asset base and future prospects for development and growth therefrom.

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 and exchange rates, 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 its 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 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 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.

This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about our prospective results of operations, cash flows, payout ratios and components thereof, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this press release were made as of the date hereof and is provided for the purpose of describing our anticipated future business operations. We disclaim 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.

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.

Other Oil and Gas Advisories

Based on Cardinal's internal evaluation in accordance with National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* prepared by a member of Cardinal's management who is a qualified reserves evaluator, effective December 31, 2016, the assets have 3.4 million barrels of oil equivalent 2P reserves.

Non-GAAP measures

This press release contains the terms "development capital expenditures", "funds flow", "funds flow per share", "simple payout ratio", "total payout ratio", "net bank debt" and "net bank debt to funds flow" 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 funds flow, simple payout ratio and total payout ratio to analyze operating performance. Cardinal feels these benchmarks are key measures of profitability and overall sustainability for the Company. Funds flow 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 performance calculated in accordance with GAAP. Funds flow is calculated as cash flows from operating activities adjusted for changes in non-cash working capital and decommissioning expenditures. "Development capital expenditures" represent expenditures on property, plant and equipment (excluding corporate and other assets and acquisitions) to maintain and grow the Company's base production. "Simple payout ratio" represents the ratio of the amount of dividends declared (net of participation in the DRIP and SDP), divided by funds flow. "Total payout ratio" represents the ratio of the sum of dividends declared (net of participation in the DRIP and SDP) plus development capital expenditures divided by funds flow. Simple payout ratio and total payout ratio are key measures to assess our ability to finance operating activities, capital expenditures and dividends. The term "net bank debt" is not recognized under GAAP and is calculated as bank debt plus working capital deficiency or minus working capital surplus (adjusted for the fair value of financial instruments and the current portion of the decommissioning obligation). "Net bank debt" is used by management to analyze the financial position, liquidity and leverage of Cardinal. "Net bank debt to funds flow" is calculated as net bank debt divided by funds flow for the most recent quarter, annualized. The ratio of net bank debt to funds flow is used 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 and dividend levels.

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.

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