



CARDINAL ENERGY LTD.

NEWS RELEASE

FEBRUARY 17, 2015

CARDINAL ENERGY LTD. ANNOUNCES LIGHT OIL ACQUISITION

Calgary, Alberta – Cardinal Energy Ltd. ("**Cardinal**" or the "**Company**") (TSX: CJ) announces that it will acquire all of the issued and outstanding common shares of Pinecrest Energy Inc. ("Pinecrest") after Pinecrest transfers certain assets and liabilities into a newly formed publicly listed company. Assets retained in Pinecrest to be acquired by Cardinal are expected to produce approximately 170 boe/d (97% light oil and NGLs).

Light Oil Acquisition

Cardinal will acquire Pinecrest pursuant to a plan of arrangement (the "Arrangement") under the *Business Corporations Act* (Alberta) with Pinecrest and Virginia Hills Oil Corp. ("Virginia Hills"). Pursuant to the Arrangement, Pinecrest shareholders will exchange their shares for shares and arrangement rights of Virginia Hills and Pinecrest will subsequently transfer certain assets and liabilities to Virginia Hills. Following the transfer of assets and liabilities to Virginia Hills, Cardinal will acquire Pinecrest from Virginia Hills for cash consideration of \$23.5 million funded from its credit facility. The Arrangement is expected to close on or about March 20, 2015 and is subject to receipt of court, Pinecrest shareholder, stock exchange and third party approvals.

At the time of acquisition by Cardinal, Pinecrest's assets will include:

- approximately 170 boe/d of non operated light oil (97% oil and NGLs) production;
- approximately 152,900 (15,290 net) acres of undeveloped land;
- total proved reserves of 350 mboe and total proved plus probable reserves of 430 mboe (based on internal estimates); and
- approximately \$300 million of tax pools.

At closing Pinecrest will have no debt or outstanding liabilities to be assumed by Cardinal.

In addition to the cash consideration at closing, Virginia Hills will be entitled to receive an additional payment of \$5 million from Cardinal if a 12 month term front month hedge contract at a price equal to or greater than US\$65 per barrel WTI (West Texas Intermediate) is made available to Cardinal on or prior to April 26, 2016.

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 the proposed acquisition of Pinecrest, the timing of Pinecrest shareholder and other approvals and the cash consideration payable under the Arrangement.

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

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.

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.

The recovery and reserve estimates of the crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas liquids reserves may be greater than or less than the estimates provided herein. Reserves included herein are stated on a company gross basis (working interest before deduction of royalties without including any royalty interests) unless noted otherwise.

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