CARDINAL
ENERGY LTD.

Cardinal Energy Ltd. Announces Fourth Quarter 2018 Year-End Financial Results

CALGARY, Alberta, March 19, 2019 (GLOBE NEWSWIRE) -- Cardinal Energy Ltd. ("**Cardinal**" or the "**Company**") (TSX: CJ) is pleased to announce its operating and financial results for the fourth quarter and year ended December 31, 2018.

2018 FINANCIAL HIGHLIGHTS

- Production for 2018 averaged 20,858 boe/d, an 11% increase over 2017. Fourth quarter production averaged 20,365 boe/d, after the Company voluntarily curtailed sales volumes due to low pricing, which impacted production by approximately 1,100 boe/d.
- Despite curtailed production and increased regulatory and power costs, operating costs per boe moderately increased 1% in the fourth quarter of 2018 compared to the same period in 2017.
- General and administrative costs per boe decreased 43% in the fourth quarter and 11% in 2018 over the same periods in 2017 due to reduced compensation and administrative costs demonstrating the Company's commitment to reducing cash costs in a challenging environment.
- Earnings increased to $84.8 million and $60.5 million for the fourth quarter and year ended December 31, 2018, respectively, predominantly due to a reversal of prior period impairments which was the result of positive reserve additions from the Company's 2018 drilling program and well performance.

($ 000's except shares, per share and operating amounts)	Three months ended December 31, 2018	2017	% Change	Year ended December 31, 2018	2017	% Change
Financial						
Petroleum and natural gas revenue	59,077	97,646	(39)	379,254	313,844	21
Cash flow from operating activities	6,968	24,442	(71)	88,767	76,530	16
Adjusted funds flow [1]	5,513	28,421	(81)	85,221	83,672	2
basic	0.05	0.26	(81)	0.74	0.89	(17)
diluted	0.05	0.26	(81)	0.74	0.89	(17)
Earnings (loss)	84,760	(54,307)	n/m	60,544	(57,597)	n/m
basic	0.73	(0.49)	n/m	0.53	(0.61)	n/m
diluted	0.70	(0.49)	n/m	0.52	(0.61)	n/m
Dividends declared	9,573	11,896	(20)	46,680	40,904	14
per share	0.080	0.105	(24)	0.395	0.420	(6)
Net bank debt [1]	219,689	225,967	(3)	219,689	225,967	(3)
Development capital expenditures	13,453	15,901	(15)	61,592	66,453	(7)
Acquisitions, net	163	(15,661)	n/m	(16,757)	313,191	(105)
Total capital expenditures	13,697	759	n/m	46,398	381,756	(88)
Weighted average shares outstanding						
Basic (000s)	116,121	110,446	5	114,641	94,113	22
Diluted (000s)	121,986	110,446	10	115,679	94,113	23
Operating						
Average daily production						
Light oil (bbl/d)	8,394	8,325	1	8,724	5,624	55
Medium/heavy oil (bbl/d)	8,256	8,732	(5)	8,601	9,526	(10)
NGL (bbl/d)	972	886	10	770	652	18
Natural gas (mcf/d)	16,460	18,032	(9)	16,579	17,431	(5)
Total (boe/d)	20,365	20,948	(3)	20,858	18,707	11
Netback [1]						
Petroleum and natural gas revenue	31.53	50.66	(38)	49.82	45.96	8
Royalties	4.42	7.68	(42)	8.47	6.67	27
Net operating expenses	20.32	20.06	1	20.40	20.60	(1)
Transportation expenses	0.51	0.28	82	0.31	0.33	(6)
Netback	6.28	22.64	(72)	20.64	18.36	12

See non-GAAP measures [1]

FOURTH QUARTER AND 2018 HIGHLIGHTS

Significantly reduced Canadian oil pricing resulted in challenges for the oil and gas industry in the fourth quarter of 2018. While West Texas Intermediate ("WTI") oil prices decreased by 15% over the previous quarter, oversupply concerns and a lack of egress optionality impacted Canadian oil price differentials drastically. The Western Canadian Select ("WCS") average benchmark price decreased by 59% while the Edmonton Light ("MSW") price decreased by 48% over the third quarter of 2018. These pricing decreases were the major contributors to a 48% decrease in Cardinal's fourth quarter oil and natural gas sales revenue compared to the third quarter of 2018. In response to these record high Canadian oil differentials and in order to preserve the long-term value of our reserves, Cardinal voluntarily shut-in production which was not profitable with the extreme pricing change resulting in a decrease of approximately 1,100 boe/d to fourth quarter production.

In order to combat these low prices, the Company also reduced all non-essential workovers and reactivations which helped to offset higher regulatory and power operating costs keeping Cardinal's operating costs per boe within 1% of the same period in 2017. Cardinal also reduced its planned fourth quarter capital expenditure program and its dividend in order to maintain its strong balance sheet. During the fourth quarter, in response to the challenging environment, the Company cut administrative and cash compensation costs resulting in a decrease of 43% of general and administrative ("G&A") costs to $1.99/boe as compared to $3.50/boe in the same period in 2017. This reduction demonstrates the entire Company's commitment to decrease cash costs especially during uncertain and volatile times as experienced in the fourth quarter of 2018. The result of these proactive measures was a year over year 3% decrease in net bank debt.

In 2018, Cardinal drilled, completed and brought on production 17 (10.6 net) wells. The Company experienced encouraging results specifically in Southern Alberta as evidenced by our positive reserve additions and improved production of new and existing wells as discussed in our March 5, 2019 press release. The positive operational results combined with improved production levels on existing wells, led to Cardinal reversing $76.5 million of a previous impairment loss. A combination of the reversed impairment loss and a significant unrealized gain on commodity contracts from the future value of our hedging program, led to earnings after tax of $84.8 million in the fourth quarter of 2018 and $60.5 million for the full year of 2018.

In December 2018, the Alberta Government announced an oil production curtailment initiative in order to stabilize the discount of WCS and MSW oil prices to WTI prices. While Cardinal does not believe this is a long-term solution to the egress options facing Western Canada, it had an immediate impact on oil price differentials in the first quarter of 2019 narrowing them to historical levels. This has allowed Cardinal to continue with its well and production reactivation program and although Cardinal's 2019 oil production growth will be limited by curtailment in the year, we expect our adjusted funds flow will normalize to pre-fourth quarter 2018 levels.

OUTLOOK

While the fourth quarter of 2018 was challenging for Cardinal, we have a positive outlook on 2019 and beyond. Our peer leading reserve results combined with the positive production response from our drilling program and our enhanced oil recovery projects position the Company's assets for future success. Our top decile production decline rate continues to support our capital program, dividend and debt repayment initiatives during challenging times.

The positive Canadian commodity pricing increases have allowed Cardinal to be opportunistic in locking in future value with its hedging program. Approximately 73% of the Company's WCS differential pricing has been locked in with either WTI-WCS pricing differential hedges or wellhead CAN$ WCS pricing. The Company has also retained upside on WTI pricing by locking in 40% of our light oil with an average ceiling price of over CAD$85/bbl or with no ceiling at all through various puts. This risk management program has given the Company the ability to achieve its budgeted capital expenditures and asset retirement obligations and continue with its dividend program while providing the upside of paying down debt.

We feel our conservative 2019 budget will be supported through the recent activity on our risk management program and we will be vigilant on cost reduction initiatives which include decreasing our operating and G&A costs on a continuous basis. Our goal in 2019 is to limit the issuance of any additional dilutive treasury shares.

Our first quarter revenues are tracking to our base operating budget giving us confidence that both our budget and business plan will set the Company up for years of success.

We would like to thank our employees and Board of Directors for their ongoing contributions to the success of Cardinal and our shareholders for their support.

ANNUAL FILINGS

Cardinal also announces the filing of its Audited Financial Statements for the year ended December 31, 2018 and related Management's Discussion and Analysis with the Canadian securities regulatory authorities on the System for Electronic Analysis and Retrieval ("SEDAR"). In addition, Cardinal will file its Annual Information Form for the year ended December 31, 2018 on SEDAR on or prior to March 30, 2018. Electronic copies may be obtained on Cardinal's website at www.cardinalenergy.ca and on Cardinal's SEDAR profile at www.sedar.com.

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 our dividend policy, hedging plans, capital expenditure plans, future cash costs, future production volumes, adjusted funds flow, the matters set forth under "Outlook", commodity prices, plans to limit equity issuances, benefits of hedging program, plans to reduce debt, decline rates, sources of funding capital expenditures, asset retirement obligations, and dividends.

Forward-looking statements regarding Cardinal are based on certain key expectations and assumptions of Cardinal concerning anticipated financial performance, business prospects, strategies, regulatory developments, including production curtailments, 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, government curtailment; 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.

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 "adjusted funds flow", "net bank debt", "development capital expenditures", "netback", 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 adjusted funds flow to analyze operating performance and assess leverage. Cardinal feels this benchmark is a key measure of profitability and overall sustainability for the Company. Adjusted 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. As shown below, adjusted funds flow is calculated as cash flows from operating activities adjusted for changes in non-cash working capital and decommissioning expenditures. Net bank debt is calculated as bank debt plus current liabilities less current assets (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. 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. Netback is calculated on a boe basis and is determined by deducting royalties and operating expenses from petroleum and natural gas revenue. Netback is utilized by Cardinal to better analyze the operating performance of its petroleum and natural gas assets against prior periods.

	Three months ended		**Year ended**	
($,000)	**Dec 31, 2018**	Dec 31, 2017	**Dec 31, 2018**	Dec 31, 2017
Cash flow from operating activities	**6,968**	24,442	**88,767**	76,530
Change in non-cash working capital	**(2,655)**	2,912	**(10,348)**	1,525
Funds flow	**4,313**	27,354	**78,419**	78,055
Decommissioning expenditures	**1,200**	1,067	**6,443**	3,933
Transaction costs	**-**	-	**359**	1,684
Adjusted funds flow	**5,513**	28,421	**85,221**	83,672

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.

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 low decline light and medium quality oil in Alberta and Saskatchewan.

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