

NOT FOR DISSEMINATION IN THE UNITED STATES. FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF UNITED STATES SECURITIES LAW.



NEWS RELEASE

MAY 25, 2016

CARDINAL ENERGY LTD. ANNOUNCES \$50 MILLION BOUGHT DEAL FINANCING

Calgary, Alberta – Cardinal Energy Ltd. ("Cardinal" or the "Company") (TSX: CJ) is pleased to announce that it has entered into a bought deal financing agreement with a syndicate of underwriters led by CIBC Capital Markets (collectively, the "Underwriters"), pursuant to which they have agreed to purchase for resale to the public, on a bought deal basis, 5,350,000 common shares of the Company ("Common Shares") at a price of \$9.35 per Common Share for gross proceeds of \$50 million (the "Offering"). The Underwriters will have an option to purchase up to an additional 535,000 Common Shares issued under the Offering to cover over-allotments, if any, exercisable in whole or in part at any time until 30 days after the closing date. The maximum gross proceeds that could be raised under the Offering is approximately \$55 million should the overallotment option be exercised in full.

Cardinal intends to use the net proceeds of the Offering to initially reduce indebtedness and then subsequently redraw such amounts necessary to:

- expand its 2016 Bantry drilling program;
- begin a Mitsue drilling program;
- allocate capital spending for facilities to further reduce operating costs; and
- allow Cardinal to be opportunistic with potential acquisition opportunities.

Following closing of the Offering, Cardinal expects to increase its base capital expenditure budget and update its 2016 guidance. The net bank debt, following the closing of the Offering, is expected to be approximately \$40 million.

The Offering will be completed by way of short form prospectus in all provinces of Canada, and on a private placement basis in the United States pursuant to exemptions from the registration requirements of the *U.S. Securities Act of 1933*, as amended. The Offering is subject to normal regulatory approvals, including the Toronto Stock Exchange and is expected to close on or about June 15, 2016.

This press release is not an offer of the Common Shares for sale in the United States. The Common Shares may not be offered or sold in the United States absent registration or an exemption from registration. The Common Shares will not be publicly offered in the United States. The Common Shares have not been and will not be registered under the U.S. Securities Act, or any state securities laws.

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.

Non-GAAP Measures

The term net bank debt is not recognized under GAAP and 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 analyse the financial position, liquidity and leverage of Cardinal.

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", "may", "would", "could" or "will" or similar words suggesting future outcomes, events or performance. Specifically, this press release contains forward-looking statements related to the Offering, including the anticipated closing date, net debt, use of proceeds, achieving operating cost reductions, an increase capital expenditure budget update to its 2016 guidance, increased drilling program, enhanced liquidity and potential acquisition opportunities.

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; liabilities inherent in crude oil and natural gas operations; incorrect assessments of the value of acquisitions and exploration and development programs; competition from other producers; the lack of availability of qualified personnel; changes in income tax laws or changes in royalty rates and incentive programs relating to the oil and gas industry; the ability to access capital, and obtaining the necessary regulatory approvals, including the approval of the Toronto Stock Exchange on the timeframe contemplated.

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 Cardinal's prospective net bank debt 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 of this press release and was provided for the purpose of providing further information about Cardinal's anticipated future liquidity and capital resources. 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.

For further information, please contact:

Cardinal Energy Ltd.

M. Scott Ratushny

Chief Executive Officer and Chairman

(403) 216-2706

OR

Cardinal Energy Ltd.

Douglas Smith

Chief Financial Officer

(403) 216-2709

OR

Cardinal Energy Ltd.

Laurence Broos

VP Finance

(403) 727-2021

OR

Cardinal Energy Ltd.

Suite 600, 400 – 3rd Avenue S.W.

Calgary, Alberta T2P 4H2

Phone: (403) 234-8681

Facsimile: (403) 234-0603

Email: info@cardinalenergy.ca