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## CARDINAL ENERGY LTD.

NEWS RELEASE

OCTOBER 6, 2015

### CARDINAL ENERGY LTD. CLOSES \$105 MILLION BOUGHT DEAL FINANCING

CALGARY, ALBERTA – Cardinal Energy Ltd. ("**Cardinal**" or the "**Company**") (TSX: CJ) is pleased to announce that it has completed its previously announced bought deal financing (the "**Offering**"). Cardinal, through a syndicate of underwriters co-led by CIBC and RBC Dominion Securities Inc., and including FirstEnergy Capital Corp., GMP Securities L.P., National Bank Financial Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc., Macquarie Capital Markets Canada Ltd., Peters & Co. Limited and Dundee Securities Ltd. (collectively, the "**Underwriters**"), issued a total of 6,627,500 subscription receipts (the "**Subscription Receipts**") (including 602,500 Subscription Receipts issued upon full exercise of the over-allotment option granted to the Underwriters) at a price of \$8.30 per Subscription Receipt and \$50,000,000 aggregate principal amount of 5.50% extendible convertible unsecured subordinated debentures (the "**Debentures**" and, together with the Subscription Receipts, the "**Securities**") at a price of \$1,000 per \$1,000 principal amount of Debentures for gross proceeds of approximately \$105 million.

Each Subscription Receipt entitles the holder thereof to receive, without payment of additional consideration or further action on the part of such holder, one common share ("**Common Share**") of Cardinal (an "**Underlying Common Share**") upon closing of the previously announced acquisition of certain petroleum and natural gas properties and related assets (the "**Acquired Assets**") located in the Greater Mitsue area of Alberta (the "**Acquisition**"). The Acquisition is expected to be completed on or about October 30, 2015 and is subject to customary industry closing conditions.

The gross proceeds from the sale of the Subscription Receipts (the "**Escrowed Funds**") have been deposited with Computershare Trust Company of Canada, as escrow agent (the "**Escrow Agent**"), pending delivery by the Company to the Underwriters of a certificate to the effect that all of the material conditions (other than payment of the purchase price) necessary to complete the Acquisition have been satisfied (the "**Escrow Conditions**"). Upon satisfaction of the Escrow Conditions on or before 5:00 p.m. (Toronto time) on December 31, 2015 (the "**Deadline**"), the Escrowed Funds will be released to the Company to enable it to complete the Acquisition. On the closing of the Acquisition, each holder of Subscription Receipts will receive one Underlying Common Share for each Subscription Receipt held, without payment of additional consideration or further action on the part of such holder, and such holder will also be entitled to receive an amount per Subscription Receipt equal to the amount per Common Share of any cash dividends for which record date(s) have occurred during the period commencing on the date hereof through the date immediately preceding the date the Underlying Common Shares are issued pursuant to the Subscription Receipts (the "**Dividend Equivalent Amount**"). Cardinal will utilize the Escrowed Funds to pay a portion of the purchase price of the Acquired Assets. The balance of the purchase price will be funded from the net proceeds of the Debentures and through a draw on the Company's revolving credit facility.

If: (i) the Acquisition is not completed by the Deadline; (ii) the purchase and sale agreement in respect of the Acquisition is terminated in accordance with its terms at any earlier time; or (iii) Cardinal has advised the Underwriters or announced to the public that it does not intend to proceed with the Acquisition (the time and date of occurrence of any such event being the "**Termination Time**" and "**Termination Date**", respectively), holders of

Subscription Receipts shall receive an amount equal to the full subscription price attributable to the Subscription Receipts and their pro rata entitlement to interest accrued on such amount up to and including the Termination Time.

The Debentures will bear interest at an annual rate of 5.50% payable semi-annually in arrears, on June 30 and December 31 in each year commencing on December 31, 2015. The initial maturity date will be on the Termination Date (the "**Initial Maturity Date**"). If the Acquisition is completed prior to the Deadline, then the maturity date of the Debentures will be automatically extended from the Initial Maturity Date to December 31, 2020 (the "**Final Maturity Date**"). If the Termination Time occurs, then the Debentures will mature on the Initial Maturity Date and the holders shall be entitled to receive the principal amount of the Debentures at par together with all accrued and unpaid interest thereon.

Each Debenture will be convertible at any time after closing of the Acquisition into Common Shares at the option of the holder thereof at any time prior to 5:00 p.m. (Toronto time) on the earliest of: (i) the Final Maturity Date, (ii) the last business day immediately preceding the date fixed for redemption; and (iii) the last business day immediately preceding the date that the Company is required to make an offer to repurchase the Debentures in connection with a change of control, in each case, at a conversion price of \$10.50 per Common Share (the "**Conversion Price**"), representing a conversion rate of approximately 95.2381 Common Shares per \$1,000 principal amount of Debentures, subject to adjustment in accordance with the terms of the indenture governing the Debentures (the "**Indenture**"). Upon conversion, holders of Debentures will be eligible to receive accrued and unpaid interest thereon in cash up to, but excluding, the date of conversion.

The Debentures will not be redeemable before December 31, 2018, except in certain limited circumstances following a change of control. On or after December 31, 2018 and prior to December 31, 2019, the Debentures may be redeemed, in whole or in part from time to time, on not more than 60 days' and not less than 30 days' prior written notice, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest thereon, if any, up to but excluding the date set for redemption, provided that the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange for the 20 consecutive trading days preceding the date on which the notice of redemption is given is not less than 125% of the Conversion Price (subject to adjustment in accordance with the terms of the Indenture). On or after December 31, 2019 and prior to the Final Maturity Date, the Debentures may be redeemed, in whole or in part from time to time, on not more than 60 days' and not less than 30 days' prior written notice, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest thereon.

It is anticipated that the Subscription Receipts and Debentures will be listed and posted for trading on the Toronto Stock Exchange under the symbols CJ.R and CJ.DB at the open of markets today.

#### **Note Regarding Forward-Looking Statements and Other Advisories**

This press release contains forward-looking statements and forward-looking information (collectively "forward-looking information") within the meaning of applicable securities laws regarding the timing and anticipated closing date for the Acquisition, the trading of the Subscription Receipts and Debentures on the Toronto Stock Exchange, the use of proceeds of the Offering and sources of funding of the purchase price of the Acquisition. 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. The forward-looking information is based on certain key expectations and assumptions made by the Company's management, including expectations and assumptions concerning Cardinal's ability to obtain the necessary regulatory approvals and satisfaction of the other conditions to closing the Acquisition.

Although the Company 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. The Acquisition may not be completed on the anticipated timeframes or at all 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 the Company will derive therefrom. Management has included the above summary of assumptions and risks related to

forward-looking information provided in this press release in order to provide securityholders with a more complete perspective on the Company's future operations and such information may not be appropriate for other purposes.

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.

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#### **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 Alberta.

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