



**CARDINAL**  
ENERGY LTD.

**Q3 2023**

**MANAGEMENT DISCUSSION & ANALYSIS**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis ("MD&A") is a review of the operations, financial position and outlook for Cardinal Energy Ltd. ("Cardinal" or the "Company") for the three and nine months ended September 30, 2023 and is dated November 6, 2023. This MD&A should be read in conjunction with Cardinal's unaudited interim condensed financial statements as at and for the three and nine months ended September 30, 2023 and the audited financial statements as at and for the year ended December 31, 2022. Financial data presented has been prepared in accordance with International Financial Reporting Standards ("IFRS" or, alternatively, "GAAP"), unless otherwise indicated. Certain prior period amounts have been reclassified to conform to current period presentation.

*All figures in tables are stated in thousands of Canadian dollars (except operational and per share amounts or as noted).*

### DESCRIPTION OF BUSINESS

Cardinal is engaged in the acquisition, development, optimization and production of crude oil and natural gas in the provinces of Alberta, British Columbia and Saskatchewan.

#### 51-101 Advisory

In accordance with *Standards for Disclosure of Oil and Gas Activities* ("NI 51-101"), natural gas volumes have been converted to barrels of oil equivalent using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil. This ratio is based on an energy equivalency conversion method primarily applicable at the burner tip. It does not represent a value equivalency at the wellhead and is not based on either energy content or current prices. The term "boe" is useful for comparative measures and observing trends, it does not accurately reflect individual product value and may be misleading, particularly if used in isolation. Based on the current price of crude oil to natural gas, using a 6:1 conversion ratio may be misleading as an indication of value.

This MD&A contains forward-looking information and statements along with certain measures, consisting of non-GAAP financial measures, capital management measures, non-GAAP financial ratios, and supplementary financial measures, which do not have any standardized meaning in accordance with IFRS as prescribed by the International Accounting Standards Board and therefore may not be comparable with the calculation of similar financial measures disclosed by other entities. Refer to our advisory on forward-looking information and statements and a summary of our specified financial measures at the end of the MD&A.

#### Climate Reporting Regulations and Estimation Uncertainty

Climate and emission related reporting standards are constantly evolving. The International Sustainability Standards Board has issued an IFRS Sustainability Disclosure Standard with the goal to develop sustainability disclosure standards that are globally consistent, comparable and reliable. The Canadian Securities Administrators have also issued a proposed National Instrument 51-107 *Disclosure of Climate-related Matters* which details the additional reporting requirements for Canadian Public Companies. The Company continues to monitor progress on these reporting requirements and has not yet quantified the cost to comply with these standards.

## THIRD QUARTER 2023 HIGHLIGHTS

- Third quarter 2023 adjusted funds flow<sup>(1)</sup> of \$81.2 million was 2% higher than the same period in 2022 and 45% higher than the prior quarter;
- Average production volumes in the third quarter of 2023 of 21,872 boe/d were 1% higher than the same period in 2022 and 4% higher than the second quarter of 2023 as the Company recovered from the impact of the northern Alberta forest fires experienced in the second quarter of 2023;
- Net operating costs per boe<sup>(1)</sup> decreased 10% in the third quarter of 2023 compared to the same period in 2022 due to lower Alberta power costs and the fixed power cost contracts entered into late in 2022;
- Net debt<sup>(1)</sup> at September 30, 2023 decreased 19% over the balance at June 30, 2023 to \$62.0 million, a reduction of \$14.3 million in the third quarter;
- Net debt to adjusted funds flow ratio<sup>(1)</sup> decreased to 0.2x in the third quarter of 2023;
- Spent \$30.3 million on capital expenditures<sup>(1)</sup> which included the drilling and completion of eight (8.0 net) wells in the southern and central Alberta operating areas.

	Three months ended			Nine months ended		
	Sep 30, 2023	Sep 30, 2022	Change %	Sep 30, 2023	Sep 30, 2022	Change %
Cash flow from operating activities	58,647	98,325	(40)	160,956	268,578	(40)
Change in non-cash working capital	17,222	(25,982)	(166)	14,582	11,069	32
<b>Funds flow<sup>(1)</sup></b>	<b>75,869</b>	<b>72,343</b>	<b>5</b>	<b>175,538</b>	<b>279,647</b>	<b>(37)</b>
Decommissioning expenditures	5,361	7,304	(27)	14,192	14,888	(5)
<b>Adjusted funds flow</b>	<b>81,230</b>	<b>79,647</b>	<b>2</b>	<b>189,730</b>	<b>294,535</b>	<b>(36)</b>

(1) See Non-GAAP and other financial measures

## OPERATIONS

### PRODUCTION

	Three months ended			Nine months ended		
	Sep 30, 2023	Sep 30, 2022	Change %	Sep 30, 2023	Sep 30, 2022	Change %
Light oil (bbl/d)	8,286	8,291	-	7,921	8,043	(2)
Medium / heavy oil (bbl/d)	10,147	10,038	1	10,186	10,151	-
Crude oil (bbl/d)	18,433	18,329	1	18,107	18,194	-
Natural gas (mcf/d)	15,696	15,095	4	15,903	14,836	7
NGL (bbl/d)	823	870	(5)	791	867	(9)
<b>boe/d</b>	<b>21,872</b>	<b>21,715</b>	<b>1</b>	<b>21,549</b>	<b>21,534</b>	<b>-</b>
<b>% Crude oil and NGL production</b>	<b>88%</b>	<b>88%</b>	<b>-</b>	<b>88%</b>	<b>89%</b>	<b>(1)</b>

Third quarter 2023 production slightly increased by 1% over the same period in 2022 mainly due to the Company's successful first quarter 2023 Clearwater drilling program at Nipisi which added new oil production. Late in the second quarter and early in the third quarter, the Company restarted production that was shut-in due to the northern Alberta wildfires experienced in the second quarter of 2023.

For the first nine months of 2023, production was consistent with the same period in 2022 as the impact from the second quarter forest fires combined with the disposition of approximately 300 bbl/d of non-core heavy oil production in the fourth quarter of 2022 was offset with new production from the Company's successful 2022 and 2023 drilling programs.



## PETROLEUM AND NATURAL GAS REVENUE

	Three months ended			Nine months ended		
	Sep 30, 2023	Sep 30, 2022	Change %	Sep 30, 2023	Sep 30, 2022	Change %
Light oil	<b>76,533</b>	82,959	(8)	<b>199,178</b>	255,251	(22)
Medium / heavy oil	<b>86,209</b>	85,605	1	<b>221,585</b>	290,701	(24)
Crude oil	<b>162,742</b>	168,564	(3)	<b>420,763</b>	545,952	(23)
NGL	<b>2,851</b>	4,422	(36)	<b>8,212</b>	13,454	(39)
Natural gas	<b>3,940</b>	6,455	(39)	<b>12,588</b>	23,290	(46)
<b>Petroleum and natural gas revenue</b>	<b>169,533</b>	179,441	(6)	<b>441,563</b>	582,696	(24)
<b>Cardinal average prices</b>						
Light oil (\$/bbl)	<b>100.39</b>	108.75	(8)	<b>92.11</b>	116.25	(21)
Medium / heavy oil (\$/bbl)	<b>92.35</b>	92.70	-	<b>79.69</b>	104.90	(24)
Natural gas (\$/mcf)	<b>2.73</b>	4.65	(41)	<b>2.90</b>	5.75	(50)
<b>Equivalent (\$/boe)</b>	<b>84.25</b>	89.82	(6)	<b>75.06</b>	99.12	(24)
<b>Benchmark prices</b>						
Crude oil - WTI (US \$/bbl)	<b>82.26</b>	91.56	(10)	<b>77.39</b>	98.09	(21)
Crude oil - Edmonton light (Cdn \$/bbl)	<b>107.86</b>	116.84	(8)	<b>100.79</b>	123.42	(18)
Crude oil - WCS (Cdn \$/bbl)	<b>93.05</b>	93.49	-	<b>80.37</b>	105.53	(24)
Natural gas - AECO Spot (Cdn \$/mcf)	<b>2.63</b>	4.22	(38)	<b>2.79</b>	5.46	(49)
WCS Differential to WTI (US \$/bbl)	<b>(12.90)</b>	(19.90)	(35)	<b>(17.64)</b>	(15.74)	12
Exchange rate - (US/Cdn)	<b>0.75</b>	0.77	(3)	<b>0.74</b>	0.78	(5)

Petroleum and natural gas revenue decreased 6% in the third quarter of 2023 compared to the same period in 2022 due to a 6% decrease in realized commodity prices. In the third quarter of 2023, the Company's realized light oil, medium/heavy oil, and natural gas price decreases were all comparable with the respective Edmonton light, WCS oil and AECO natural gas benchmark price decreases.

For the first nine months of 2023, petroleum and natural gas revenue decreased 24% which was consistent with the 24% decrease in realized commodity prices as compared to the same period of 2022. The decrease in the Company's realized average prices was comparable to the decrease in the respective benchmark prices.

## FINANCIAL INSTRUMENTS – COMMODITY

	Three months ended			Nine months ended		
	Sep 30, 2023	Sep 30, 2022	Change %	Sep 30, 2023	Sep 30, 2022	Change %
Realized (loss) / gain on commodity contracts	<b>(213)</b>	-	n/m	<b>1,297</b>	-	n/m
Unrealized (loss) / gain on commodity contracts	<b>1,143</b>	717	59	<b>(838)</b>	1,737	(148)

Cardinal has historically utilized a variety of derivatives including swaps, collars and puts to protect against downward commodity price movements and foreign exchange fluctuations and avoids entering into more complex derivative structures. Contracts settled in the period result in realized gains or losses based on the market price compared to the contract price. Changes in the fair value of the contracts, as measured at the balance sheet date, are reported as unrealized gains or losses in the period as the forward markets for commodities and currencies fluctuate and as new contracts are executed. For commodities, Cardinal's risk management program allows for hedging a forward profile of three years, of up to 75% of average forecasted 12 months of gross production and up to 50% and 30% of the following 12 and 24 months, respectively.

With the exception of fixed WCS fixed differential contracts as shown below, the Company remains unhedged. Cardinal will continue to monitor the spot and forward prices as well as expected expenditure levels going forward.

As of the date of this MD&A, Cardinal had the following commodity derivative contracts outstanding:

Type of instrument	Remaining term	Average quantity	Average strike price
USD WCS Basis Swap	October 1, 2023 - December 31, 2023	500 bbl/d	USD \$ (15.00)
USD WCS Basis Swap	October 1, 2023 - December 31, 2023	500 bbl/d	USD \$ (16.00)
USD WCS Basis Swap	October 1, 2023 - January 31, 2024	500 bbl/d	USD \$ (15.00)

## ROYALTIES

	Three months ended			Nine months ended		
	Sep 30, 2023	Sep 30, 2022	Change %	Sep 30, 2023	Sep 30, 2022	Change %
Royalties	<b>31,503</b>	38,997	(19)	<b>82,812</b>	119,800	(31)
Percent of revenue	<b>18.6%</b>	21.7%	(14)	<b>18.8%</b>	20.6%	(9)
\$/boe	<b>15.66</b>	19.52	(20)	<b>14.08</b>	20.38	(31)

Royalties are either paid or taken in kind and are owed to land and mineral rights owners and to provincial governments. The terms of the land and mineral rights owner agreements and provincial royalty regimes impact Cardinal's overall corporate royalty rate.

Royalties and royalties as a percentage of revenue decreased during the third quarter and first nine months of 2023 as compared to the same periods in 2022 due to certain oil production from new wells which receive a lower crown royalty rate until initial production payouts are achieved. In addition, lower commodity pricing experienced in the third quarter and first nine months of 2023 attracted a lower royalty rate on a sliding scale basis for certain crown royalty wells.

## NET OPERATING EXPENSES

	Three months ended			Nine months ended		
	Sep 30, 2023	Sep 30, 2022	Change %	Sep 30, 2023	Sep 30, 2022	Change %
Operating expenses	<b>49,404</b>	54,559	(9)	<b>148,518</b>	147,896	-
Less: Processing and other revenue	<b>(913)</b>	(1,111)	(18)	<b>(3,185)</b>	(3,300)	(3)
Net operating expenses <sup>(1)</sup>	<b>48,491</b>	53,448	(9)	<b>145,333</b>	144,596	1
\$/boe <sup>(1)</sup>	<b>24.10</b>	26.75	(10)	<b>24.70</b>	24.60	-

(1) See Non-GAAP and other financial measures.

During the third quarter of 2023, net operating expenses per boe decreased by 10%, over the same period in 2022, due to lower Alberta power costs partially offset by inflationary pressures on field services and labor experienced in 2023. During the third quarter of 2023, average Alberta power prices decreased by 32%, as compared to the same period in 2022, to average approximately \$132/MWh. In addition, Cardinal has fixed the price on approximately 70% of our estimated Alberta power usage at an average price of approximately \$85/MWh which is 36% lower than the average Alberta power price experienced in the third quarter of 2023.

For the first nine months of 2023, operating costs per boe have remained consistent with the same period in 2022 due to lower Alberta power costs being offset by inflationary pressures on labor and field services and higher fuel costs.

## TRANSPORTATION EXPENSES

	Three months ended			Nine months ended		
	Sep 30, 2023	Sep 30, 2022	Change %	Sep 30, 2023	Sep 30, 2022	Change %
Transportation expenses	<b>1,887</b>	1,655	14	<b>5,707</b>	4,576	25
\$/boe	<b>0.94</b>	0.83	13	<b>0.97</b>	0.78	24

Transportation expenses and transportation expenses per boe increased in the third quarter and first nine months of 2023 as compared with the same periods in 2022 as new oil production from wells drilled in our North area in 2022 and early 2023 is currently trucked, increasing the Company's clean oil trucking expenses.

## NETBACK

(\$/boe)	Three months ended			Nine months ended		
	Sep 30, 2023	Sep 30, 2022	Change %	Sep 30, 2023	Sep 30, 2022	Change %
Petroleum and natural gas revenue	<b>84.25</b>	89.82	(6)	<b>75.06</b>	99.12	(24)
Royalties	<b>(15.66)</b>	(19.52)	(20)	<b>(14.08)</b>	(20.38)	(31)
Net operating expenses	<b>(24.10)</b>	(26.75)	(10)	<b>(24.70)</b>	(24.60)	-
Transportation expenses	<b>(0.94)</b>	(0.83)	13	<b>(0.97)</b>	(0.78)	24
Netback <sup>(1)</sup>	<b>43.55</b>	42.72	2	<b>35.31</b>	53.36	(34)

(1) See Non-GAAP and other financial measures.

Cardinal's third quarter 2023 netback increased as compared to the same period in 2022 due to lower royalties and net operating expenses partially offset by lower commodity pricing.

For the first nine months of 2023, the netback decreased as compared to the same period in 2022 due to lower commodity prices partially offset by reduced royalties.

## GENERAL AND ADMINISTRATIVE ("G&A")

	Three months ended			Nine months ended		
	Sep 30, 2023	Sep 30, 2022	Change %	Sep 30, 2023	Sep 30, 2022	Change %
Gross G&A	<b>6,136</b>	5,777	6	<b>19,794</b>	18,198	9
Capitalized G&A and overhead recoveries	<b>(1,600)</b>	(1,464)	9	<b>(5,093)</b>	(4,400)	16
G&A	<b>4,536</b>	4,313	5	<b>14,701</b>	13,798	7
\$/boe	<b>2.25</b>	2.16	4	<b>2.50</b>	2.35	6

In the third quarter and first nine months of 2023, G&A costs per boe have increased over the same periods in 2022 due to higher compensation costs and additional staffing to accommodate Cardinal's increased activity.

## SHARE-BASED COMPENSATION ("SBC")

	Three months ended			Nine months ended		
	Sep 30, 2023	Sep 30, 2022	Change %	Sep 30, 2023	Sep 30, 2022	Change %
Gross SBC	<b>2,548</b>	2,325	10	<b>7,350</b>	5,718	29
Capitalized SBC	<b>(357)</b>	(277)	29	<b>(941)</b>	(667)	41
SBC	<b>2,191</b>	2,048	7	<b>6,409</b>	5,051	27
\$/boe	<b>1.09</b>	1.03	6	<b>1.09</b>	0.86	27

SBC expense increased in the third quarter and first nine months of 2023 compared to the same periods in 2022 due to an increase in the grant date fair value of restricted bonus awards ("RA") and performance bonus awards ("PA") outstanding. In addition, the Company's estimated performance multiplier on vesting awards has increased the share-based compensation for the first nine months of 2023 as compared to the same period in 2022. Partially offsetting this increase is a reduction in the amount of RAs and PAs outstanding in 2023 compared to 2022.

As at September 30, 2023, Cardinal had 1.9 million RAs and 1.0 million PAs outstanding.

## FINANCE

	Three months ended			Nine months ended		
	Sep 30, 2023	Sep 30, 2022	Change %	Sep 30, 2023	Sep 30, 2022	Change %
Interest - bank debt	1,361	1,024	33	3,635	4,463	(19)
Other finance charges, net	267	320	(17)	817	818	-
Interest - secured notes	-	-	-	-	361	(100)
Interest - capital leases	45	37	22	125	110	14
Accretion	1,937	2,077	(7)	6,034	6,252	(3)
Finance	3,610	3,458	4	10,611	12,004	(12)
\$/boe	1.79	1.73	3	1.80	2.04	(12)
Average bank debt	64,872	67,173	(3)	60,266	113,866	(47)
Interest rate - bank debt	8.3%	6.0%	38	8.1%	5.2%	56

In the third quarter of 2023, higher interest rates increased the interest on bank debt as compared with the same period in 2022. The Bank of Canada has increased prime borrowing rates from 2.45% in early 2022 to 7.2% in July of 2023.

For the first nine months of 2023, the Company finance costs have decreased 12% over the same period in 2022 due to a 47% decrease in the average bank debt level partially offset by the aforementioned prime borrowing rate increases. Cardinal also repaid all of the outstanding second lien secured notes late in the first quarter of 2022 which reduced finance costs in the first nine months of 2023 as compared to the same period in 2022.

## DEPLETION AND DEPRECIATION (“D&D”)

	Three months ended			Nine months ended		
	Sep 30, 2023	Sep 30, 2022	Change %	Sep 30, 2023	Sep 30, 2022	Change %
Depletion and depreciation	26,927	26,904	-	77,311	79,177	(2)
\$/boe	13.38	14.58	(8)	13.14	13.85	(5)

Depletion is calculated based on capital expenditures incurred since inception of the Company, forecasted future development costs associated with proved and probable reserves, production rates, and the estimates of proved and probable oil and gas reserves. In addition to depletion, Cardinal records depreciation on other capital equipment and right-of-use assets not directly associated with proved and probable reserves.

D&D costs per boe decreased in the third quarter and the first nine months of 2023 as compared to the same periods in 2022 due to increased 2022 year-end proved plus probable reserve bookings partially offset by an increase in the depletable base of Cardinal’s property, plant and equipment due to the reversal of previous impairments in the fourth quarter of 2022.

## DEFERRED TAXES

At September 30, 2023, the Company has approximately \$1.2 billion of tax pools (\$1.1 billion are unrestricted) available to be applied against future income for tax purposes. Based on available tax pools, forecasted capital expenditures and forecasted commodity prices at September 30, 2023 from the average of three independent third party reserve evaluators, Cardinal does not expect to pay cash income taxes until 2026 or beyond. Any potential taxes payable beyond 2026 would be affected by commodity prices, capital expenditures and production volumes.

In the third quarter of 2021, Cardinal received a reassessment notice from the Canada Revenue Agency (“CRA”) wherein the CRA reduced certain non-capital loss tax pools of approximately \$192 million carried forward in the tax return filed for the year ended December 31, 2015. Cardinal disagrees with CRA’s position and has appealed the reassessment and will continue defending its position. Although, the Company has appealed the reassessment, Cardinal has derecognized these tax pools.

## EARNINGS, CASH FLOW FROM OPERATING ACTIVITIES, ADJUSTED FUNDS FLOW AND PAYOUT RATIO

	Three months ended			Nine months ended		
	Sep 30, 2023	Sep 30, 2022	Change %	Sep 30, 2023	Sep 30, 2022	Change %
Earnings	<b>39,170</b>	32,996	19	<b>83,210</b>	188,822	(56)
\$ per share						
Basic	<b>0.25</b>	0.21	19	<b>0.53</b>	1.23	(57)
Diluted	<b>0.24</b>	0.21	14	<b>0.52</b>	1.20	(57)
Cash flow from operating activities	<b>58,647</b>	98,325	(40)	<b>160,956</b>	268,578	(40)
\$ per share						
Basic	<b>0.37</b>	0.63	(41)	<b>1.02</b>	1.75	(42)
Diluted	<b>0.37</b>	0.61	(39)	<b>1.01</b>	1.71	(41)
Adjusted funds flow	<b>81,230</b>	79,647	2	<b>189,730</b>	294,535	(36)
\$ per share <sup>(1)</sup>						
Basic	<b>0.51</b>	0.51	-	<b>1.20</b>	1.92	(38)
Diluted	<b>0.51</b>	0.50	2	<b>1.19</b>	1.87	(36)
Total payout ratio <sup>(1)</sup>	<b>70%</b>	59%	19	<b>89%</b>	39%	128

(1) See Non-GAAP and other financial measures.

In the third quarter of 2023, earnings increased 19% over the same period in 2022 due to reduced impairment charges partially offset by increased deferred tax expense.

For the first nine months of 2023, earnings, cash flow from operating activities and adjusted funds flow are lower than the same period in 2022 due to reduced revenue as a result of lower commodity prices.

## CAPITAL EXPENDITURES

In the third quarter of 2023, the Company spent \$30.3 million on capital expenditures which included the drilling and completion of eight (8.0 net) wells in the south and central Alberta operating areas. The Company continued with its well reactivation program spending \$2.3 million on recompletions and workovers throughout its operating areas. Cardinal also constructed new facilities and upgraded existing infrastructure across our asset base and continued with the enhanced oil recovery program with CO<sub>2</sub> injection at Midale. In the third quarter, Cardinal closed the acquisition of a consolidating working interest in a North area unit partially offset by a disposition of non-core assets and associated liabilities for \$1.7 million in our southern Alberta area. On October 3, 2023, the Company closed an asset acquisition to acquire certain petroleum and natural gas properties including assets within its core operating area of Mitsue. Total consideration provided was \$24.6 million, before closing adjustments.

	Three months ended			Nine months ended		
	Sep 30, 2023	Sep 30, 2022	Change %	Sep 30, 2023	Sep 30, 2022	Change %
Land	<b>152</b>	212	(28)	<b>934</b>	4,594	(80)
Geological and geophysical	-	11	(100)	-	41	(100)
Drilling, completion, and recompletions	<b>14,737</b>	8,515	73	<b>41,262</b>	44,322	(7)
Equipment, facilities and pipelines	<b>13,203</b>	14,563	(9)	<b>39,250</b>	34,309	14
Development capital expenditures <sup>(1)</sup>	<b>28,092</b>	23,301	21	<b>81,446</b>	83,266	(2)
Capitalized G&A	<b>458</b>	335	37	<b>1,632</b>	1,454	12
Other assets	<b>164</b>	209	(22)	<b>448</b>	459	(2)
Acquisitions, net	<b>1,558</b>	145	n/m	<b>(7,570)</b>	145	n/m
Capital expenditures <sup>(1)</sup>	<b>30,272</b>	23,990	26	<b>75,956</b>	85,324	(11)

(1) See Non-GAAP and other financial measures



## EXPLORATION AND EVALUATION (“E&E”) EXPENDITURES

During the second quarter of 2023, the Company acquired E&E assets of \$10.0 million with associated decommissioning obligations of \$0.2 million through the issuance of 1,362,397 of Cardinal common shares valued at \$7.35 per share. The E&E assets consist of long-term development projects in Saskatchewan that the Company will continue to evaluate in the future. Subsequent to the acquisition, Cardinal incurred \$0.5 million of expenditures on the assets and capitalized \$0.1 million of G&A and SBC expenses.

## DECOMMISSIONING OBLIGATION

In the third quarter of 2023, the Company spent \$5.4 million on decommissioning obligations which brings the total spend for the first nine months of 2023 to \$14.2 million, well above Cardinal’s required spend for 2023.

## LIQUIDITY AND CAPITAL RESOURCES

Capitalization table	As at		
	Sep 30, 2023	Dec 31, 2022	Change %
Net debt	\$ 61,966	\$ 62,672	(1)
Common shares, outstanding	158,306,173	155,756,621	2
Market price at end of period (\$ per share)	\$ 7.40	\$ 7.62	(3)
Market capitalization	1,171,466	1,186,865	(1)
	\$ 1,233,432	\$ 1,249,537	(1)

## CAPITAL FUNDING

### Bank debt

The Company’s reserve-based revolving credit facility of \$155 million is comprised of a \$135.0 million syndicated term credit facility and a \$20.0 million non-syndicated operating line credit facility (the “Facilities”). The Facilities are available on a revolving basis until May 31, 2024 and may be extended for a further 364 day period, subject to approval by the syndicate. If not extended, the Facilities will cease to revolve, the applicable margins will increase by 0.5% and all outstanding advances will be repayable on May 31, 2025.

The available lending limits of the Facilities are reviewed semi-annually based on the syndicate’s interpretation of the Company’s reserves, future commodity prices and costs. As the available lending limit of the Facilities is based on the syndicate’s interpretation of the Company’s reserves and future commodity prices and costs, there can be no assurance that the amount of the Facilities will not decrease at the next scheduled review. On a redetermination date, lenders could reduce the borrowing base to below amounts drawn, in which case, any short fall would have to be repaid within 60 days. The next scheduled review date will be on or before November 30, 2023.

Advances under the Facilities are available by way of either prime rate loans, which bear interest at the banks’ prime lending rate plus 1.75% to 5.25%, and bankers’ acceptances, which are subject to fees and margins ranging from 2.75% to 6.25%. Interest and standby fees on the undrawn amounts of the Facilities depend upon certain ratios. The Facilities are secured by a general security agreement over all of the Company’s assets. There are no financial covenants related to the Facilities, provided that Cardinal is not in default of the terms of the Facilities. Cardinal was in compliance with the terms of the Facilities at September 30, 2023.

### Secured Notes

On July 14, 2021, Cardinal issued \$12.5 million principal amount of subordinated second lien secured notes (the “Notes”) which accrued interest at 10% per annum with a three year term. Interest accrued semi-annually and was added to the principal amount paid upon maturity or on the repayment date. On March 31, 2022, Cardinal settled the Notes for a payment of \$13.7 million, which included the principal amount, \$0.9 million of accrued interest and a prepayment fee of \$0.3 million.

## CAPITAL STRUCTURE

Cardinal manages its capital to provide a flexible structure to support production maintenance, capital programs, other operational strategies, and shareholder returns. Maintaining a strong financial position enables Cardinal to enhance business opportunities and supports Cardinal's strategy of providing shareholder return through growth of the business, reducing its cost structure, and dividend payments.

One of the key measures that the Company utilizes in evaluating its capital structure is the credit available from the Facilities in relation to the Company's budgeted capital expenditure program and the ratio of net debt to adjusted funds flow.

To manage its capital structure, Cardinal considers its net debt to adjusted funds flow ratio, its capital expenditures program, the current level of credit available from the Facilities, the level of credit that may be attainable due to changes in petroleum and natural gas reserves and new equity if available on favourable terms. The Company prepares an annual capital expenditure budget, which is monitored monthly and updated as necessary.

	<b>Twelve months ended</b>	
	<b>Sep 30, 2023</b>	<b>Dec 31, 2022</b>
Bank debt	\$ 44,106	\$ 31,280
Adjusted working capital deficiency <sup>(1)</sup>	17,860	31,392
Net debt	\$ 61,966	\$ 62,672
Cash flow from operating activities	\$ 229,641	\$ 337,263
Change in non-cash working capital	9,423	5,910
Funds flow	\$ 239,064	\$ 343,173
Decommissioning obligation expenditures	18,914	19,610
Adjusted funds flow	\$ 257,978	\$ 362,783
Net debt to adjusted funds flow <sup>(1)</sup>	0.2	0.2

(1) See Non-GAAP and other financial measures

Cardinal's ratio of net debt to adjusted funds flow as at September 30, 2023 was 0.2 to 1, which is well below the Company's targeted range of 1.0 to 1. This ratio has decreased over the last two years due to higher commodity prices, a disciplined capital expenditure program and the Company's debt reduction strategy.

As discussed below in the *Liquidity* section, the Company currently has available capacity on its Facilities to satisfy its capital expenditures and decommissioning obligations for 2023 and beyond.

## LIQUIDITY

The Company relies on cash flow from operating activities, the unused portion of the Facilities and equity and debt issuances to fund its capital expenditure requirements and provide liquidity. Cardinal had sufficient credit capacity to cover its adjusted working capital deficiency of \$17.9 million as of September 30, 2023 and continues to have excess capacity as of the date of this MD&A.

The Company believes that it is well positioned to take advantage of its internally developed opportunities funded through its currently available Facilities combined with anticipated cash flow from operating activities and adjusted funds flow. At current commodity prices, present sources of capital are anticipated to be sufficient to satisfy the Company's capital expenditure program, decommissioning obligations and dividend payments for the 2023 fiscal year and beyond.

## DIVIDENDS

	Three months ended			Nine months ended		
	Sep 30, 2023	Sep 30, 2022	Change %	Sep 30, 2023	Sep 30, 2022	Change %
Dividends declared	29,032	23,996	21	86,832	32,157	170
Dividends declared per share	\$ 0.180	\$ 0.150	20	\$ 0.540	\$ 0.200	170

In May 2022, Cardinal's Board of Directors approved the reinstatement of the Company's dividend beginning in June 2022 at \$0.05 per common share per month. Beginning in the fourth quarter of 2022, Cardinal increased the Company's dividend to \$0.06 per common share per month.

During the three months ended September 30, 2023, \$29.0 million or \$0.18 per common share (2022 – \$24.0 million or \$0.15 per common share) of dividends were declared, of which \$19.0 million (2022 – \$15.6 million) was paid in cash and \$10.0 million (September 30, 2022 – \$8.4 million) was recognized as a liability at September 30, 2023. The dividend payable was settled on October 16, 2023.

During the first nine months of 2023, \$86.8 million or \$0.54 per common share (2022 – \$32.2 million or \$0.20 per common share) of dividends were declared, of which \$76.8 million (2022 – \$23.8 million) was paid in cash and \$10.0 million (September 30, 2022 – \$8.4 million) was recognized as a liability at September 30, 2023. In the nine months ended September 30, 2023, the Company also paid dividends of \$10.0 million which was recognized as a liability at December 31, 2022.

## SHARE CAPITAL

The Company has a bonus award plan whereby RAs and PAs may be granted to directors, officers, employees and other service providers. In the case of PAs, the award value is adjusted for a payout multiplier which can range from 0.0 to 2.0 and is dependent on the performance of the Company relative to pre-defined corporate performance measures for a particular period. Awards are adjusted for dividends declared, either with a cash payment or incremental common shares, and may be settled in cash, common shares issued from treasury or common shares acquired by an independent trustee in the open market for such purposes.

In the first nine months of 2023, the Company settled the vesting of 0.7 million (2022 – 0.6 million) PAs and 1.3 million RAs (2022 – 1.9 million) with 1.4 million (2022 – 1.6 million) treasury shares held by the trustee and payments of \$8.6 million (2022 – \$10.5 million) for withholding taxes. At September 30, 2023, the trustee held a remaining balance of 1.3 million treasury shares.

In the first nine months of 2023, Cardinal granted 1.0 million (2022 – 0.8 million) RAs and 0.5 million (2022 – 0.4 million) PAs to officers, directors and employees pursuant to the Company's bonus award plan.

On June 28, 2023, the Company announced that the Toronto Stock Exchange ("TSX") had accepted the Company's intention to renew its normal course issuer bid ("NCIB"). Pursuant to the NCIB, the Company is permitted to purchase up to 12,062,372 common shares representing approximately 10% of its public float as of June 16, 2023 over a twelve month period commencing June 30, 2023. In 2023, Cardinal has not purchased any common shares as compared to 3,724,156 common shares repurchased in 2022 for cancellation at an average price of \$7.05 per common share.

Equity Instruments as at	Nov 6, 2023	Sep 30, 2023	Dec 31, 2022
Common shares, issued	159,638,699	159,638,699	158,276,302
Treasury shares	(1,544,547)	(1,332,526)	(2,519,681)
RAs	1,892,311	1,899,876	2,359,191
PAs	1,043,259	1,043,259	1,327,923

## OFF BALANCE SHEET ARRANGEMENTS

Cardinal does not have any special purpose entities nor is it a party to any material arrangements that would be excluded from the balance-sheet.

## CONTRACTUAL OBLIGATIONS

At September 30, 2023, the Company had contractual obligations as follows:

	2023	2024	2025	2026	2027	Thereafter
Trade and other payables	\$ 87,550	-	-	-	-	-
Dividend payable	10,023	-	-	-	-	-
Lease liabilities	592	1,447	1,364	704	427	1,324
Bank debt <sup>(1)</sup>	-	-	44,106	-	-	-
Power purchase commitment <sup>(2)</sup>	3,543	13,735	11,904	11,904	11,904	-
<b>Total contractual obligations</b>	<b>\$ 101,708</b>	<b>\$ 15,182</b>	<b>\$ 57,374</b>	<b>\$ 12,608</b>	<b>\$ 12,331</b>	<b>\$ 1,324</b>

(1) Amount excludes interest.

(2) Amounts represents the portion of the Company's power cost that has been fixed

## ADDITIONAL INFORMATION

### CRITICAL ACCOUNTING ESTIMATES

There have been no changes in Cardinal's critical accounting estimates in the three and nine months ended September 30, 2023. Further information on the Company's critical accounting policies and estimates can be found in the notes to the annual financial statements and MD&A for the year ended December 31, 2022.

### INTERNAL CONTROLS UPDATE

Cardinal is required to comply with National Instrument 52-109 "Certification of Disclosure on Issuers' Annual and Interim Filings". The certificate requires that Cardinal disclose in the interim MD&A any change in the Company's internal control over financial reporting ("ICOFR") that occurred during the period that have materially affected, or are reasonably likely to materially affect Cardinal's ICOFR. As of the date of this MD&A Cardinal confirms that there have been no such changes in Cardinal's ICOFR during the third quarter of 2023.

### ENVIRONMENTAL RISKS

The oil and gas industry has a number of environmental risks and hazards and is subject to regulation by all levels of government. Environmental legislation includes, but is not limited to, operational controls, site restoration requirements and restrictions on emissions of various substances produced in association with oil and natural gas operations. Compliance with such legislation could require additional expenditures and a failure to comply may result in fines and penalties which could, in the aggregate and under certain unlikely assumptions, become material.

Operations are continuously monitored to minimize the environmental impact and capital is allocated to reclamation and other activities to mitigate the impact on the areas in which we operate.

### OUTLOOK

The Company's Board of Directors has approved a conventional capital budget of \$116 million for 2024. The free cash flow<sup>(1)</sup> generated from this budget is forecasted to assist in the development of the E&E asset in Saskatchewan in 2024. Cardinal expects the development of this will cost approximately \$155 million with approximately \$68 million to be incurred in 2024 and will result in approximately 6,000 bbl/d of heavy oil coming on production within two years.

The Company's conventional assets continue to perform very well. We will continue to add land and drilling opportunities to our base assets to extend their economic timelines and increase their standalone profitability.

(1) See Non-GAAP and other financial measures.

## QUARTERLY DATA

	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022
<b>Production</b>				
Oil (bbl/d)	18,433	17,685	18,201	17,942
Natural gas (mcf/d)	15,696	16,038	15,980	15,222
NGL (bbl/d)	823	689	863	802
Oil equivalent (boe/d)	21,872	21,047	21,726	21,281
<b>Financial</b>				
Petroleum and natural gas revenue	169,533	137,053	134,977	154,894
Earnings	39,170	27,719	16,321	113,865
Basic per share (\$)	0.25	0.18	0.10	0.73
Diluted per share (\$)	0.24	0.17	0.10	0.71
Cash flow from operating activities	58,647	61,220	41,089	68,248
Total assets	1,174,322	1,154,055	1,143,805	1,155,013
Bank debt	44,106	53,158	45,320	31,280
Total long-term liabilities	139,091	138,454	128,596	120,418
Shareholders' equity	929,481	918,478	908,314	925,370
Dividends declared	29,032	29,058	28,742	28,699
Per share (\$)	0.18	0.18	0.18	0.18
Common shares outstanding, net (000's) <sup>(1)</sup>	158,306	158,513	157,129	155,757
Diluted shares outstanding, net (000's) <sup>(1)</sup>	161,249	161,492	160,165	159,444

	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021
<b>Production</b>				
Oil (bbl/d)	18,329	18,767	17,478	17,366
Natural gas (mcf/d)	15,095	15,511	13,888	13,733
NGL (bbl/d)	870	928	804	870
Oil equivalent (boe/d)	21,715	22,280	20,596	20,525
<b>Financial</b>				
Petroleum and natural gas revenue	179,441	228,917	174,338	140,409
Earnings (loss)	32,996	98,586	57,240	38,955
Basic per share (\$)	0.21	0.64	0.38	0.26
Diluted per share (\$)	0.21	0.63	0.35	0.24
Cash flow from operating activities	98,325	120,210	50,043	51,973
Total assets	1,060,734	1,130,750	1,122,348	1,075,828
Bank debt	42,167	66,956	146,564	142,412
Secured notes	-	-	-	12,546
Total long-term liabilities	114,115	181,207	263,711	271,529
Shareholders' equity	837,857	850,617	763,396	719,232
Dividends declared	23,996	8,161	-	-
Per share (\$)	0.15	0.05	-	-
Common shares outstanding, net (000's) <sup>(1)</sup>	155,737	159,143	151,891	150,442
Diluted shares outstanding, net (000's) <sup>(1)</sup>	159,487	162,915	164,990	165,766

(1) Net of treasury shares

In 2021, as the Company began its recovery from the reduced activity due to COVID-19, production was restored and commodity prices increased lifting petroleum and natural gas revenue. As prices increased through 2021, revenue increased however the Company incurred realized and unrealized hedging losses which negatively impacted earnings and cash flow from operating activities. In 2022, continued strong commodity prices and reduced realized and unrealized hedging losses increased earnings and cash flow from operating activities. In the second quarter of 2022, commodity prices were highest in the year and subsequently decreased in the back half of 2022 and into 2023. The Company's earnings also increased with a non-cash impairment reversal of a previous impairment on its assets in Central Alberta of \$64.3 million in the fourth quarter of 2022. Cardinal also recognized \$9.7 million of a deferred



tax reduction in the fourth quarter of 2022 due to the recognition of its deferred tax asset. Since the first quarter of 2023, production had been relatively consistent and commodity prices gradually improved throughout the year. In the second quarter of 2023, the Company recognized a gain on disposition of non-core undeveloped land assets of \$9.9 million and recognized a deferred tax expense of \$8.6 million resulting in a deferred tax liability of \$3.3 million.

## NON-GAAP AND OTHER FINANCIAL MEASURES

### Non-GAAP Financial Measures

#### *Net operating expenses*

Net operating expenses is calculated as operating expense less processing and other revenue primarily generated by processing third party volumes at processing facilities where the Company has an ownership interest, and can be expressed on a per boe basis. As the Company's principal business is not that of a midstream entity, management believes this is a useful supplemental measure to reflect the true cash outlay at its processing facilities by utilizing spare capacity to process third party volumes. The following table reconciles operating expenses to net operating expenses:

	Three months ended		Nine months ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
Operating expenses	<b>49,404</b>	54,559	<b>148,518</b>	147,896
Less: Processing and other revenue	<b>(913)</b>	(1,111)	<b>(3,185)</b>	(3,300)
Net operating expenses	<b>48,491</b>	53,448	<b>145,333</b>	144,596

#### *Netback*

Cardinal utilizes netback as key performance indicator and is utilized by Cardinal to better analyze the operating performance of its petroleum and natural gas assets against prior periods. Netback is calculated as petroleum and natural gas revenue deducting royalties, net operating expenses, and transportation expenses. The following table reconciles petroleum and natural gas revenue to netback:

	Three months ended		Nine months ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
Petroleum and natural gas revenue	<b>169,533</b>	179,441	<b>441,563</b>	582,696
Royalties	<b>(31,503)</b>	(38,997)	<b>(82,812)</b>	(119,800)
Net operating expenses	<b>(48,491)</b>	(53,448)	<b>(145,333)</b>	(144,596)
Transportation expenses	<b>(1,887)</b>	(1,655)	<b>(5,707)</b>	(4,576)
Netback	<b>87,652</b>	85,341	<b>207,711</b>	313,724

#### *Capital expenditures and development capital expenditures*

Cardinal utilizes capital expenditures as a measure of capital investment on property, plant and equipment compared to the annual budgeted capital expenditure. Capital expenditures is calculated as cash flow from investing activities excluding change in non-cash working capital and exploration and evaluation expenditures.

Cardinal utilizes development capital expenditures as a measure of capital investment on property, plant and equipment excluding capitalized G&A, other assets and net acquisitions and is compared to the annual budgeted capital expenditures. The following table reconciles cash flow from investing activities to total capital expenditures to total development capital expenditures.

	Three months ended		Nine months ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
Cash flow from investing activities	<b>18,608</b>	23,315	<b>75,495</b>	85,995
Change in non-cash working capital	<b>11,881</b>	675	<b>1,036</b>	(671)
Exploration and evaluation expenditures	<b>(217)</b>	-	<b>(575)</b>	-
Capital expenditures	<b>30,272</b>	23,990	<b>75,956</b>	85,324
Capitalized G&A	<b>(458)</b>	(335)	<b>(1,632)</b>	(1,454)
Other assets	<b>(164)</b>	(209)	<b>(448)</b>	(459)
Acquisitions, net	<b>(1,558)</b>	(145)	<b>7,570</b>	(145)
Development capital expenditures	<b>28,092</b>	23,301	<b>81,446</b>	83,266

## Capital Management Measures

### *Adjusted working capital*

Management utilizes adjusted working capital to monitor its capital structure, liquidity, and its ability to fund current operations. Adjusted working capital is calculated as current liabilities less current assets (adjusted for fair value of financial instruments, current decommissioning obligation, and current lease liabilities). The following table reconciles working capital to adjusted working capital:

As at	Sep 30, 2023	Dec 31, 2022
Working capital deficiency	<b>25,342</b>	39,919
Lease liabilities	<b>(1,366)</b>	(1,487)
Decommissioning obligation	<b>(6,811)</b>	(8,573)
Fair value of financial instruments	<b>695</b>	1,533
Adjusted working capital deficiency	<b>17,860</b>	31,392

### *Net debt*

Management utilizes net debt to analyze the financial position, liquidity and leverage of Cardinal. Net debt is calculated as bank debt plus adjusted working capital.

The following table reconciles bank debt to net debt:

As at	Sep 30, 2023	Dec 31, 2022
Bank debt	<b>44,106</b>	31,280
Adjusted working capital deficiency	<b>17,860</b>	31,392
Net debt	<b>61,966</b>	62,672

### *Funds flow*

Management utilizes funds flow as a useful measure of Cardinal's ability to generate cash not subject to short-term movements in non-cash operating working capital. As shown below, funds flow is calculated as cash flow from operating activities excluding the change in non-cash working capital.

### *Adjusted funds flow*

Management utilizes adjusted funds flow as a key measure to assess the ability of the Company to generate the funds necessary for financing activities, operating activities, capital expenditures and shareholder returns. As shown below, adjusted funds flow is calculated as funds flow excluding decommissioning expenditures since Cardinal believes the timing of collection, payment or incurrence of these items involves a high degree of discretion and variability. Expenditures on decommissioning obligations vary from period to period depending on the maturity of the Company's operating areas and availability of adjusted funds flow and are viewed as part of the Company's capital budgeting process.

### *Free cash flow*

Management utilizes free cash flow as a measure to assess Cardinal's ability to generate cash, after taking into account the development capital expenditures, to increase returns to shareholders, repay debt, or for other corporate purposes. As shown below, free cash flow is calculated as adjusted funds flow less development capital expenditures.

The following table reconciles cash flow from operating activities, funds flow, adjusted funds flow, and free cash flow:

	Three months ended		Nine months ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
Cash flow from operating activities	58,647	98,325	160,956	268,578
Change in non-cash working capital	17,222	(25,982)	14,582	11,069
<b>Funds flow</b>	<b>75,869</b>	<b>72,343</b>	<b>175,538</b>	<b>279,647</b>
Decommissioning expenditures	5,361	7,304	14,192	14,888
<b>Adjusted funds flow</b>	<b>81,230</b>	<b>79,647</b>	<b>189,730</b>	<b>294,535</b>
Total development capital expenditures	(28,092)	(23,301)	(81,446)	(83,266)
<b>Free cash flow</b>	<b>53,138</b>	<b>56,346</b>	<b>108,284</b>	<b>211,269</b>

### **Non-GAAP Financial Ratios**

#### *Netback per boe*

Cardinal utilizes netback per boe to assess Cardinal's operating performance of its petroleum and natural gas assets on a per unit of production basis. Netback per boe is calculated as netback divided by total production for the applicable period. The following table details the calculation of netback per boe:

	Three months ended		Nine months ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
Petroleum and natural gas revenue	84.25	89.82	75.06	99.12
Royalties	(15.66)	(19.52)	(14.08)	(20.38)
Net operating expenses	(24.10)	(26.75)	(24.70)	(24.60)
Transportation expenses	(0.94)	(0.83)	(0.97)	(0.78)
Netback per boe	43.55	42.72	35.31	53.36

#### *Net debt to adjusted funds flow ratio*

Cardinal utilizes net debt to adjusted funds flow 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 shareholder returns. Net debt to adjusted funds flow is calculated as net debt divided by adjusted funds flow for the trailing twelve month period.

#### *Total payout ratio*

Cardinal utilizes this ratio as key measure to assess the Company's ability to fund financing activities, operating activities, and capital expenditures. Total payout ratio is calculated as the sum of dividends declared plus development capital expenditures divided by adjusted funds flow for the applicable period.

#### *Net operating expenses per boe*

Cardinal utilizes net operating expenses per boe to assess Cardinal's operating efficiency of its petroleum and natural gas assets on a per unit of production basis. Net operating expense per boe is calculated as net operating expenses divided by total production for the applicable period.

#### *Adjusted funds flow per boe*

Cardinal utilizes adjusted funds flow per boe as a measure to assess the ability of the Company to generate the funds necessary for financing activities, operating activities, capital expenditures, and shareholder returns on a per boe

basis. Adjusted funds flow per boe is calculated using adjusted funds flow divided by total production for the applicable period.

#### *Adjusted funds flow per basic share*

Cardinal utilizes adjusted funds flow per share as a measure to assess the ability of the Company to generate the funds necessary for financing activities, operating activities, capital expenditures, and shareholder returns on a per basic share basis. Adjusted funds flow per basic share is calculated using adjusted funds flow divided by the weighted average basic shares outstanding.

#### *Adjusted funds flow per diluted share*

Cardinal utilizes adjusted funds flow per share as a measure to assess the ability of the Company to generate the funds necessary for financing activities, operating activities, capital expenditures, and shareholder returns on a per diluted share basis. Adjusted funds flow per diluted share is calculated using adjusted funds flow divided by the weighted average diluted shares outstanding.

### **Supplementary Financial Measures**

National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure ("NI 52-112") defines a supplementary financial measure as a financial measure that: (i) is, or is intended to be, disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of an entity; (ii) is not disclosed in the financial statements of the entity; (iii) is not a non-GAAP financial measure; and (iv) is not a non-GAAP ratio. The supplementary financial measures used in this MD&A are either a per unit disclosure of a corresponding GAAP measure, or a component of a corresponding GAAP measure, presented in the financial statements. Supplementary financial measures that are disclosed on a per unit basis are calculated by dividing the aggregate GAAP measure (or component thereof) by the applicable unit for the period. Supplementary financial measures that are disclosed on a component basis of a corresponding GAAP measure are a granular representation of a financial statement line item and are determined in accordance with GAAP.

### **FORWARD LOOKING STATEMENTS**

This MD&A contains certain forward-looking statements and forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "believe", "plan", "intend", "objective", "continuous", "ongoing", "estimate", "expect", "may", "will", "project", "should", or similar words suggesting future outcomes. In particular, this MD&A contains forward-looking statements relating, but not limited to:

- plans to monitor climate reporting requirements;
- estimated tax pools, future taxability and future taxable income;
- expectations with respect to the outcome of the CRA dispute;
- future production levels and the timing of additional production additions;
- 2023 and 2024 capital expenditure plans and the results therefrom;
- plans to continue to add land and drilling opportunities in our base assets to extend their economic timelines and increase profitability;
- 2023 net debt and the components thereof;
- future drilling intentions;
- Cardinal's business strategy, goals and management focus;
- Cardinal's dividend and NCIB plans;
- targeted net debt to adjusted funds flow ratio and plans to monitor this ratio;
- Cardinal's risk management strategy including the mitigation of our exposure to commodity price risk, medium crude oil differentials, foreign exchange risk on borrowings and the benefits to be obtained therefrom;
- plans to monitor spot and forward prices and expenditure plans as part of Cardinal's risk management strategy;
- plans to continue to evaluate the Company's long-term development projects in Saskatchewan;

- sources of funds for the Company's operations, capital expenditures, decommissioning obligations, and dividend payments;
- plans to minimize the environmental impact of our operations;
- abandonment and reclamation spending plans including the timing thereof;
- anticipated costs of compliance with environmental legislation;
- future liquidity and the Company's access to sufficient debt and equity capital;
- Cardinal's asset base;
- expectations regarding the business environment, industry conditions, future commodity prices and differentials;
- Cardinal's capital management strategies;
- Cardinal's outlook for 2023, including its capital and decommissioning expenditure budget, dividend budget and potential other uses for corporate funds;
- treatment under governmental and other regulatory regimes and tax, environmental and other laws;
- plans to develop the E&E assets in 2024; and
- expected costs to develop the E&E assets in Saskatchewan.

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, effects of inflation, applicable royalty rates, tax laws, production shut-ins, future well production rates and reserve volumes, future operating costs, the performance of existing and future wells, the success of our exploration and development activities, the sufficiency and timing of budgeted capital expenditures in carrying out planned activities, the timing and success of our power projects, the availability and cost of labor and services, the impact of 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, and drilling success.

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; determinations by OPEC and other countries as to production levels; 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 the value and costs of exploration and development programs; competition from other producers; the lack of availability of qualified personnel, drilling rigs or other services; availability of supplies for enhanced oil recovery schemes; changes in income tax laws or changes in royalty rates and incentive programs relating to the oil and gas industry including government abandonment and reclamation programs; 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 MD&A 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 MD&A 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.



### Supplemental Information Regarding Product Types

This MD&A includes references to 2021, 2022 and 2023 production. The Company discloses crude oil production based on the pricing index that the oil is priced off of. The following table is intended to provide the product type composition as defined by NI 51-101.

	LIGHT/MEDIUM	HEAVY OIL	CONVENTIONAL		TOTAL (BOE/D)
	CRUDE OIL		NGL	NATURAL GAS	
Q3/23	45%	39%	4%	12%	21,872
Q2/23	45%	39%	3%	13%	21,047
Q1/23	48%	36%	4%	12%	21,726
Q4/22	49%	35%	4%	12%	21,281
Q3/22	49%	35%	4%	12%	21,715
Q2/22	49%	35%	4%	12%	22,280
Q1/22	52%	33%	4%	11%	20,596
Q4/21	51%	34%	4%	11%	20,525
Nine months 2023	46%	38%	4%	12%	21,549
Nine months 2022	53%	31%	4%	11%	21,534

### Frequently Used Terms

#### *Term or abbreviation*

"bbl"	Barrel(s)
"bbl/d"	Barrel(s) per day
"boe"	Barrel(s) of oil equivalent
"boe/d"	Barrel(s) of oil equivalent per day
"CO <sub>2</sub> "	Carbon dioxide
"COGE Handbook"	Canadian Oil and Gas Evaluation Handbook
"GJ"	Gigajoule
"gj/d"	Gigajoule(s) per day
"m" preceding a volumetric measure	1,000 units of the volumetric measure
"mcf"	Thousand cubic feet
"mcf/d"	Thousand cubic feet per day
"NGL"	Natural gas liquids
"n/m"	Not meaningful ie. absolute value greater than 300%
"US"	United States
"USD"	United States dollars
"WCS"	Western Canadian Select
"WTI"	West Texas Intermediate