



# CARDINAL ENERGY LTD.

NEWS RELEASE

FEBRUARY 12, 2024

## CARDINAL ENERGY LTD. ANNOUNCES FEBRUARY DIVIDEND AND OPERATIONAL UPDATE

Calgary, Alberta – Cardinal Energy Ltd. ("**Cardinal**" or the "**Company**") (TSX: CJ) is announcing its February 2024 dividend and providing a general operations update. Cardinal intends to provide monthly operating updates, when applicable, with its monthly dividend news release.

### **February 2024 Dividend**

The Company is confirming that its February dividend of \$0.06 per common share will be paid on March 15, 2024, to shareholders of record on February 29, 2024. The Board of Directors of Cardinal has declared the dividend payable in cash. This dividend has been designated as an "eligible dividend" for Canadian income tax purposes.

### **Operations Update**

#### ***Saskatchewan Thermal Project Update***

Cardinal has entered into an agreement with Propak Systems Ltd. ("**Propak**") for the engineering, fabrication and field construction of the Reford, Saskatchewan central processing facility, including the first steam assisted gravity drainage ("**SAGD**") well pad. The fixed-price agreement with Propak, which represents approximately half of the total estimated project cost, provides cost certainty for Cardinal, in addition to reducing manufacturing uncertainty as a result of Propak's ability to manufacture and fabricate the modular facilities in a controlled indoor environment.

As previously communicated in the Company's 2023 third quarter earnings release issued on November 6, 2023, Cardinal has initiated a SAGD project in its Reford, Saskatchewan operating area, that upon completion, is expected to produce approximately 6,000 bbl/d (100% heavy crude oil). The initial development phase of the project is expected to be completed within a budget of \$155 million prior to the end of fiscal 2025.

#### ***2024 Conventional Drilling Program Update***

Consistent with the Company's previously announced 2024 conventional capital budget, multi-lateral oil well drilling operations are currently ongoing, targeting the Clearwater at Nipisi and the Ellerslie at Tide Lake. Cardinal is drilling three wells (3.0 net) at Nipisi which are expected to be brought onstream prior to

the end of the first quarter of 2024. Drilling operations at Tide Lake also consist of a three well (3.0 net) program, with the first of the three wells now onstream. Initial performance of the 4-36 Tide Lake well is very encouraging, with average production rates exceeding 400 boe/d since coming onstream January 26, 2024 (90% medium crude oil and 10% conventional natural gas). The remaining two Tide Lake wells are expected to be completed and brought onstream by the end of the first quarter of 2024.

Additionally, Cardinal's 2023 exploratory Fahler/Clearwater well (1.0 net) at Heart River was brought onstream late in the fourth quarter of 2023, current production rates are approximately 100 bbl/d (100% heavy crude oil). Production performance for this well will continue to be evaluated over the next several months in order to better assess long-term development plans for this resource. There are currently 12 identified follow-up drill locations within the existing drilled horizon with the potential to develop additional secondary zones within the existing land block.

Additional details on Cardinal's 2024 capital program can be found in its 2024 budget release on November 6, 2023.

**For further information:**

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## **Oil and Gas Metrics**

The term boe or barrel 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.

## **Initial Production**

Any reference in this news release to initial production rates are useful in confirming the presence of hydrocarbons, however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter. Initial production rates may be estimated based on third party estimates or limited data available at the time. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for Cardinal. The aggregate 400 boe/d production rate set forth herein as it relates to the Tide Lake well is based on production from January 27 to February 10, 2024. The aggregate 100 bbl/d production rate set forth herein as it relates to the Heart River well is based on production over the most recent 30 days.

## **Drilling Locations**

This press release discloses Cardinal's 12 drilling locations at Heart River, of which no locations are booked proved undeveloped, no locations are booked probable undeveloped, and 12 net locations are unbooked. The booked locations are derived from the Company's year-end 2022 reserves evaluation by GLJ Ltd. with an effective date of December 31, 2022, and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates based on the Company's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves. Unbooked locations have been identified by management as an estimation of the Company's multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that the Company will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which the Company will actually drill wells, including the number and timing thereof is ultimately dependent upon the availability of funding, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While a certain number of the unbooked drilling locations have been de-risked by drilling existing wells in relative close proximity to such unbooked drilling locations, the majority of other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

## **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: the Company's strategies, plans, priorities, focus and objectives; plans to provide monthly operational updates when applicable; the planned SAGD development at Reford, including the expected project cost from start to completion; the anticipated timing to complete the Reford SAGD project; expected production and production capacity of the Reford SAGD project; cost certainty associated with fixed-price agreement with Propak; the reduction in uncertainty associated with the engineering, fabrication and manufacturing of the central processing facility; the timing and completion of 2024 drilling operations including the expected timing to bring the associated wells onstream; the nature and timing of future development opportunities at Heart River; plans to monitor recent Heart River well results; and the 2024 budget.

Forward-looking statements regarding Cardinal are based on certain key expectations and assumptions of Cardinal concerning anticipated financial performance, cost estimates, business prospects, strategies, regulatory developments, current and future commodity prices and exchange rates, effects of inflation, applicable royalty rates, tax laws, industry conditions, availability of government subsidies and abandonment and reclamation programs, 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 success of our SAGD thermal projects, the sufficiency and timing of budgeted capital expenditures in carrying out planned activities, the timing and success of our cost cutting initiatives and 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 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; variable non-fixed pricing costs for the Reford project; change orders and other design changes to the Reford project; 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 including 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. Furthermore, in respect of the Reford project, there is a risk that development, commissioning, and achievement of commercial production of oil from the project will not be completed on time or on budget, or at all. Subject facilities may be affected by the design and construction of an efficient processing facility, the cost and availability of suitable machinery, supplies, equipment and skilled labor, the existence of competent operational management, prudent financial administration, and the availability and reliability of appropriately skilled and experienced employees.

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 therefrom. 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.

**About Cardinal Energy Ltd.**

Cardinal is a Canadian oil and natural gas company with operations focused on low decline oil in Western Canada. Cardinal differentiates itself from its peers by having the lowest decline conventional asset base in Western Canada. Cardinal has recently announced the commencement of its first thermal SAGD oil development project which will further increase the long-term sustainability of the Company. Cardinal works to continually improve its Environmental, Social and Governance profile and operates its assets in a responsible and environmentally sensitive manner.