NEWS RELEASE **AUGUST 1, 2024**

CARDINAL ENERGY LTD. ANNOUNCES SECOND QUARTER 2024 OPERATING AND FINANCIAL RESULTS

Calgary, Alberta – Cardinal Energy Ltd. ("Cardinal" or the "Company") (TSX: CJ) is pleased to announce its operating and financial results for the second quarter ended June 30, 2024.

FINANCIAL AND OPERATING HIGHLIGHTS FROM THE SECOND QUARTER OF 2024

- Average production volumes of 22,376 boe/d were 3% higher than the first quarter of 2024, despite shutting in 250 boe/d of subeconomic natural gas, as volumes from the Company's strong first quarter drilling program positively impacted the quarter;

- Adjusted funds flow[(1)] increased 55% over the first quarter of 2024 due to increased production, stronger oil prices and reduced net operating expenses;
    - Oil production increased 5%;
    - Cardinal realized oil prices increased 17%;
    - Net operating expenses[(1)] per boe decreased 10%;

- Second quarter adjusted funds flow of $81.8 million was allocated as follows:
    - Net debt[(1)] reduction – 25%;
    - Exploration and evaluation growth capital – 13%;
    - Capital expenditures to maintain production – 24%;
    - Asset retirement obligations ("ARO") – 2%;
    - Shareholder returns (dividends) – 36%;

- Decreased net debt by 17% over the prior quarter to close the second quarter at $99.2 million leading to a net debt to adjusted funds flow ratio[(1)] of 0.4x. At the end of the second quarter, Cardinal was drawn 39% on its recently expanded $200 million credit facility;

- Production from seven wells drilled in the first quarter of 2024 added 1,980 boe/d to second quarter 2024 production; and

- Development capital expenditures[(1)] were $18.8 million which included one (0.8 net) well drilled at Midale, Saskatchewan and recompletions and reactivations across our asset base. Exploration and evaluation expenditures of $10.8 million were spent on our Saskatchewan steam assisted gravity drainage ("SAGD") projects.

[(1)] See non-GAAP and other financial measures.

The following table summarizes our second quarter financial and operating highlights:

($000's except shares, per share and operating amounts)	Three months ended June 30			Six months ended June 30		
	2024	2023	% Chg	**2024**	2023	% Chg
Financial						
Petroleum and natural gas revenue	**169,353**	137,053	24	**309,579**	272,030	14
Cash flow from operating activities	**71,463**	61,220	17	**110,827**	102,309	8
Adjusted funds flow [1]	**81,827**	56,190	46	**134,633**	108,500	24
per share – basic	**0.51**	0.35	46	**0.85**	0.69	24
per share – diluted	**0.51**	0.35	46	**0.84**	0.68	22
Earnings / (Loss)	**40,650**	27,719	47	**57,401**	44,040	30
per share – basic	**0.26**	0.18	44	**0.36**	0.28	29
per share – diluted	**0.25**	0.17	47	**0.36**	0.28	29
Development capital expenditures [1]	**18,759**	29,867	(37)	**51,133**	53,354	(4)
Other capital expenditures [1]	**758**	490	55	**1,326**	1,458	(9)
Property acquisitions, net	**-**	(10,000)	(100)	**-**	(9,128)	(100)
Capital expenditures	**19,517**	20,357	(4)	**52,459**	45,684	15
Exploration & evaluation expenditures	**10,814**	10,400	4%	**26,882**	10,400	158
Common shares, net of treasury shares (000s)	**159,178**	158,513	-	**159,178**	158,513	-
Dividends declared	**29,116**	29,058	-	**58,151**	57,800	1
Per share	**0.18**	0.18	-	**0.36**	0.36	-
Total Payout ratio [1]	**59%**	105%	(44)	**81%**	102%	(21)
Bank debt				**77,904**	53,158	47
Adjusted working capital deficiency[1]				**21,313**	23,111	(8)
Net debt [1]				**99,217**	76,269	30
Net debt to adjusted fund flow ratio [1]				**0.4**	0.3	33
Operating						
Average daily production						
Light oil (bbl/d)	**7,516**	7,651	(2)	**7,397**	7,736	(4)
Medium/heavy oil (bbl/d)	**11,757**	10,034	17	**11,396**	10,206	12
NGL (bbl/d)	**811**	689	18	**832**	775	7
Conventional natural gas (mcf/d)	**13,752**	16,038	(14)	**14,453**	16,009	(10)
Total (boe/d)	**22,376**	21,047	6	**22,034**	21,385	3
Netback ($/boe) [1]						
Petroleum and natural gas revenue	**83.17**	71.56	16	**77.20**	70.28	10
Royalties	**(15.33)**	(13.35)	15	**(14.21)**	(13.26)	7
Net operating expenses [1]	**(23.65)**	(24.63)	(4)	**(24.89)**	(25.02)	(1)
Transportation expenses	**(1.15)**	(1.07)	7	**(1.13)**	(0.99)	14
Netback [1]	**43.04**	32.51	32	**36.97**	31.01	19
Realized gain/(loss) on commodity contracts	**(0.02)**	-	n/m	**0.02**	0.39	(95)
Interest and other	**(0.18)**	(0.82)	(78)	**(0.63)**	(0.74)	(15)
G&A	**(2.66)**	(2.35)	13	**(2.78)**	(2.63)	6
Adjusted funds flow [1]	**40.18**	29.34	37	**33.58**	28.03	20

[1] See non-GAAP and other financial measures.
n/m - Not meaningful or not calculable

SECOND QUARTER OVERVIEW

Adjusted funds flow for the second quarter of 2024 was $81.8 million ($0.51 per basic and diluted share) compared to $52.8 million in the first quarter of 2024 ($0.33 per basic and diluted share). Adjusted funds flow for the second quarter was positively impacted by increased oil production, higher average oil prices, and lower net operating expenses.

Average production for the second quarter of 2024 was 3% higher than the previous quarter and 6% higher than the second quarter of 2023. The low-decline nature of our asset base and optimization efforts through the first half of 2024 continued to contribute to Cardinal's top decile base decline rate. The Company's successful first quarter 2024 drilling program added 1,980 boe/d from seven wells to second quarter production allowing the Company to reduce its 2024 capital program by a previously announced $16 million. During the second quarter, Cardinal temporarily curtailed low netback natural gas production of approximately 250 boe/d as a result of current natural gas prices. Cardinal anticipates bringing this production back on-stream when it is economically prudent to do so.

Cardinal experienced robust revenue growth in the second quarter driven by increased oil production levels and higher oil pricing. In the second quarter of 2024, a 5% increase in West Texas Intermediate ("WTI") oil prices combined with Western Canadian Select ("WCS") differentials narrowing by 30% to average US$13.61/bbl, resulted in a 21% increase in revenue in the second quarter compared to the prior quarter.

Net operating expenses per boe decreased 10% in the second quarter to $23.65/boe compared to $26.17/boe in the first quarter of 2024 and were 4% lower than the same period in 2023. Net operating expenses were lower in the second quarter of 2024 compared to the prior quarter due to higher production and lower Alberta power prices and usage combined with lower workover and well servicing costs. During the second quarter of 2024, Alberta power prices decreased over 50% compared to the prior quarter while consumption decreased by approximately 10% over the heavy usage winter months as experienced in the first quarter of 2024.

We have maintained a strong financial position with prudent financial management and a disciplined approach to capital allocation. Cardinal's net debt closed the second quarter of 2024 at $99.2 million, a decrease of 17% over the prior quarter. During the second quarter, the Company renewed its credit facility which was increased to $200 million with an additional lender and will support the future development of our SAGD project. At the end of the second quarter, Cardinal was drawn $77.9 million or 39% of the available limits on the credit facility. The Company's net debt to adjusted funds flow ratio remained low at 0.4x. During the second quarter, Cardinal allocated our adjusted funds flow with 25% to net debt reduction, 13% to SAGD capital for future production growth, 24% allocated to production maintenance capital, 2% to ARO and 36% to direct shareholder returns with our monthly dividend.

In the second quarter of 2024, the Company's development program was focused on recompletions and reactivations and infrastructure upgrades across our asset base. Cardinal spent $18.8 million on development capital expenditures which included drilling one (0.8 net) well at Midale late in the second quarter. We continued with our well reactivation program spending $4.1 million on recompletions throughout our 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_2 injection at Midale with ~$750,000 spent on CO_2 purchases.

During the second quarter, Cardinal spent $10.8 million on exploration and evaluation expenditures related to our Saskatchewan SAGD projects. To date in 2024, the Company has incurred $26.9 million on exploration and evaluation of which $25.3 million is attributable to the Reford SAGD project. The expenditures are related to ongoing facility modular components, initiation of water infrastructure projects, power generation, fuel gas pipeline infrastructure and surface preparation for the facility. The project continues to track to our forecasted timeline and cost estimate.

SASKATCHEWAN THERMAL PROJECT UPDATE

Cardinal's 6,000 bbl/d SAGD project at Reford, Saskatchewan remains on schedule and on budget with completion of the initial development phase expected prior to the end of fiscal 2025.

In the first half of 2024, Cardinal invested $25.3 million in the Reford SAGD project. Significant activities undertaken during the second quarter with this project included: fabrication of the central processing facility modular components, optimization of resource mapping, the hiring of additional project team members and ongoing community engagement initiatives.

On a dollars spent basis, the project was 15% completed by the end of the second quarter of 2024 and on a timeline basis, we are 25% complete. We continue to track to budget on both costs and timeline.

Key activities planned for the remainder of 2024 include:

- Ongoing fabrication of the central processing facility modular components;
- Design and engineering of the water infrastructure required to generate steam;
- SAGD well pair design and placement work, including procurement of long-lead items; and
- Commencement of earthworks for the central processing facility and the first SAGD well pad.

DRILLING OPERATIONS UPDATE

As budgeted, activity in the second quarter was moderate with one (0.8 net) well drilled during the quarter at Midale which is expected to be onstream in the third quarter. Currently, Cardinal has two rigs active, drilling in the Midale and Elmworth areas.

Performance of our first quarter program continues to exceed expectations which, as previously disclosed, allowed the Company to reduce full year development capital while maintaining production guidance. Details on production performance on first quarter drilling activities is as follows:

- Three (3.0 net) Clearwater oil wells at Nipisi were drilled and came on-stream late in the first quarter. Current production from these wells is approximately 700 boe/d (94% heavy crude oil and 6% conventional natural gas);
- Two (2.0 net) Clearwater equivalent oil wells at Buffalo Lake were drilled and came on-stream at the end of the first quarter. Current production is approximately 400 bbl/d (100% heavy crude oil). Three additional wells are planned at Buffalo Lake in the third quarter of 2024; and
- Two (2.0 net) Ellerslie oil wells at Tide Lake were drilled and came on-stream midway through the first quarter. Both wells have paid out and are currently producing of approximately 1,000 boe/d (85% medium crude oil and 15% conventional natural gas) well above expectations. Three additional wells are planned for later in the year in this area.

Cardinal continues to focus on the efficient deployment of capital by increasing its multi-year conventional drilling inventory to complement its low-decline production base. In late Q2 the Company resumed its reduced 2024 drilling program with plans to drill 11 additional wells through 2024.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

Cardinal continued our CO_2 sequestration activities in Saskatchewan, with approximately 27,000 tonnes sequestered during the second quarter of 2024. As part of our enhanced oil recovery operation at Midale, Saskatchewan, 5.7 million tonnes of CO_2 have been sequestered here. This has helped to reduce annual oil production decline rates within this project to approximately 3%.

Cardinal's safety record continues to be in the top tier of the industry, as is our regulatory compliance level.

During the first half of 2024 Cardinal deployed almost $6 million towards abandonment and reclamation activities, continuing with our proactive approach to reducing liabilities and the environmental footprint of our asset base. We are on track to exceed our regulatory spend requirements for 2024.

OUTLOOK

The second quarter of 2024 continued to demonstrate the strength of Cardinal's low-decline asset base. Despite the curtailment of approximately 250 boe/d of uneconomic natural gas production in the second quarter, production increased 3% over the prior quarter due to our low-decline asset base and strong first quarter drilling results.

Cardinal will continue to pursue projects and opportunities that increase our sustainability and decrease our corporate risk. The Company's commitment to the Reford SAGD project will be fundamental in extending corporate reserve life and enhancing long-term sustainability. The project continues to progress on schedule and on budget.

In addition to the development of the Reford SAGD project, Cardinal is continuing to build both on its successful 2024 development program across its conventional asset base and is progressing the assessment of our second planned SAGD project south of Reford at Kelfield, Saskatchewan.

Cardinal has plans to drill 21 conventional oil wells this year:

- Q1/Q2: nine (8.8 net) wells were drilled;
- Q3/Q4: 12 (11.3 net) wells are forecasted to be drilled with production expected in early Q4 which includes:
    - Three (3.0 net) in the southern area for Ellerslie oil;
    - Three (3.0 net) additional Clearwater oil wells at Buffalo Lake;
    - Three (2.3 net) Midale wells;
    - Two (2.0 net) Elmworth Dunvegan light oil wells; and
    - One (1.0 net) Central Alberta Mannville oil well.

Under current strip pricing, Cardinal is forecasting that adjusted funds flow for 2024 and 2025, driven by our low-decline conventional oil and gas assets, will fully fund ongoing returns to shareholders and the development of the Reford SAGD project. The execution of the Reford project expected to be fully commissioned in late 2025, will provide Cardinal with the flexibility to revisit its framework for both shareholder returns and future capital spending budgets.

On behalf of the Board of Directors, management and employees, Cardinal would like to thank our shareholders for their continued support.

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: the number of wells to be drilled, the timing and ability to complete new wells, the budgeted cost of drilling new wells, and the financial and production/operational benefits thereof for 2024 and future years related to the Company's remaining 2024 drilling program; forecasted 2024 production; plans for drilling additional wells at Buffalo Lake and Ellerslie, including plans to drill an additional 11 wells in 2024; the Company's planned Saskatchewan thermal project in its Reford, Saskatchewan operating area including the expected financial and operational benefits therefrom (including extending the Company's reserves life), future production levels, the potential incremental adjusted funds flow from Cardinal's SAGD project, potential benefits of the project on corporate budgets and net operating expense, the timing of completion of the project, the ability to continue to efficiently deploy capital to enhance the quality, predictability, and sustainability of the Company's low-decline asset base including the future benefit on reserves; the ongoing and future benefits of the Company's 2024 and 2023 drilling results; the benefit, if any, on financial and operational performance of the Company as a result of future drilling opportunities and locations; that adjusted funds flow for 2024 and 2025 will fund ongoing returns to shareholders and the development of the Reford project; the Company's ability to mitigate local area operating costs; the ability to fund and execute the Company's 2024 budget and capital program; the expectation of bringing curtailed natural gas production back on-stream when it is financially prudent to do so; the execution of the Reford project expected to be fully commissioned in late 2025, will provide Cardinal with the flexibility to revisit its framework for both shareholder returns and future capital spending budgets. Cardinal's intention to continue to improve its sustainability, reduce risk and provide current and future returns to shareholders; and the Company business strategies, plans and objectives, future ESG and related environmental performance, and the quality of the asset base and decline rates.

In addition, information and statements relating to reserves are deemed to be forward-looking statements, as they involve implied assessment, based on certain estimates and assumptions, that the reserves described exist in quantities predicted or estimated, and that the reserves can be profitably produced in the future.

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, project development costs, 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 sufficiency and timing of budgeted capital expenditures in carrying out planned activities, that Cardinal will complete its capital budget in the manner as currently contemplated, the timing and success of our cost cutting initiatives and power projects, the Reford project will be completed on time and on budget, 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; 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; changes to budgets; that commissioning of the Reford project will not be on time or on budget; that the Reford project will not be operational on the time frames contemplated herein, or for the costs contemplated herein; that the Reford project will commence operations, without interruptions and at production levels currently contemplated; construction and related risks related to the Reford project, including as it relates to third party contractors; 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.

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.

Supplemental Information Regarding Product Types

This news release includes references to 2024 and 2023 production. The Company discloses crude oil production based on the pricing index that the oil is priced from. The following table is intended to provide the product type composition as defined by NI 51-101.

	Light/Medium Crude Oil	Heavy Oil	NGL	Conventional Natural Gas	Total (boe/d)
Q1/2024 Drills	–	94%	–	6%	1,980
Q2/2024	48%	38%	4%	10%	22,376
Q2/2023	45%	39%	3%	13%	21,047
1H/2024	50%	35%	4%	11%	22,034
1H/2023	46%	38%	4%	12%	21,385

Non-GAAP and Other Financial Measures

This news release contains certain specified measures consisting of non-GAAP financial measures, capital management measures, non-GAAP financial ratios, and supplementary financial measures. Since these specified financial measures may not have a standardized meaning, they must be clearly defined and, where required, reconciled with their nearest GAAP measure and may not be comparable with the calculation of similar financial measures disclosed by other entities.

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		**Six months ended**	
	June 30, 2024	June 30, 2023	**June 30, 2024**	June 30, 2023
Operating expenses	**49,939**	48,273	**102,628**	99,114
Less: Processing and other revenue	**(1,785)**	(1,095)	**(2,810)**	(2,272)
Net operating expenses	**48,154**	47,178	**99,818**	96,842

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 deducted by royalties, net operating expenses, and transportation expenses. The following table reconciles petroleum and natural gas revenue to netback:

	Three months ended		**Six months ended**	
	June 30, 2024	June 30, 2023	**June 30, 2024**	June 30, 2023
Petroleum and natural gas revenue	169,353	137,053	309,579	272,030
Royalties	(31,213)	(25,567)	(57,001)	(51,309)
Net operating expenses	(48,154)	(47,178)	(99,818)	(96,842)
Transportation expenses	(2,340)	(2,047)	(4,519)	(3,820)
Netback	87,646	62,261	148,241	120,059

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

	Three months ended		**Six months ended**	
	June 30, 2024	June 30, 2023	**June 30, 2024**	June 30, 2023
Cash flow from investing activities	32,507	30,825	78,344	56,887
Change in non-cash working capital	(2,176)	(10,110)	997	(10,845)
Exploration and evaluation	(10,814)	(358)	(26,882)	(358)
Capital expenditures	19,517	20,357	52,459	45,684
Less:				
Capitalized G&A	(314)	(366)	(977)	(1,174)
Other	(444)	(124)	(349)	(284)
Acquisitions, net	-	10,000	-	9,128
Development capital expenditures	18,759	29,867	51,133	53,354

Adjusted working capital deficiency

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 the fair value of financial instruments, current decommissioning obligation, and current lease liabilities). The following table reconciles working capital to adjusted working capital:

As at	**June 30, 2024**	June 30, 2023
Working capital deficiency / (surplus)	**28,688**	29,877
Lease liabilities	**(1,595)**	(1,206)
Decommissioning obligation	**(7,857)**	(5,112)
Fair value of financial instruments, net	**2,077**	(448)
Adjusted working capital deficiency	**21,313**	23,111

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	**June 30, 2024**	June 30, 2023
Bank debt	**77,904**	53,158
Adjusted working capital deficiency / (surplus)	**21,313**	23,111
Net debt	**99,217**	76,269

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 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		Six months ended	
	June 30, 2024	June 30, 2023	**June 30, 2024**	June 30, 2023
Cash flow from operating activities	71,463	61,220	110,827	102,309
Change in non-cash working capital	8,904	(9,102)	18,041	(2,640)
Funds flow	80,367	52,118	128,868	99,669
Decommissioning expenditures	1,460	4,072	5,765	8,831
Adjusted funds flow	81,827	56,190	134,633	108,500
Total development capital expenditures	(18,759)	(29,867)	(51,133)	(53,354)
Free cash flow	63,068	26,323	83,500	55,146

Non-GAAP Financial Ratios

Netback per boe

Cardinal utilizes operating netback per boe to assess the Company'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		Six months ended	
	June 30, 2024	June 30, 2023	**June 30, 2024**	June 30, 2023
Petroleum and natural gas revenue	83.17	71.56	77.20	70.28
Royalties	(15.33)	(13.35)	(14.21)	(13.26)
Net operating expenses	(23.65)	(24.63)	(24.89)	(25.02)
Transportation expenses	(1.15)	(1.07)	(1.13)	(0.99)
Netback per boe	43.04	32.51	36.97	31.01

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 the 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 trailing twelve month 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

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 news release 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.

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.

The term "Payout" means the revenue from production from a well required to fully pay for the drilling, completion, equipping and tie-in of such well.

Initial Production

Any references 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. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for Cardinal.

Market, Independent Third Party and Industry Data

Cardinal may use certain market, independent third party and industry data in respect of comparisons of Cardinal to certain peer entities, including as it relates to its decline rates, which data is based upon information from public sources, including as reported by such entities and other government or other independent industry publications and reports or based on estimates derived from such publications and reports. Cardinal has not conducted its own independent verification of such information. While Cardinal believes this data to be reliable, third party, market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. Cardinal had not independently verified any of the data from independent third party sources or ascertained the underlying assumptions relied upon by such sources.

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.

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