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UNITED STATES SECURITIES LAW**



CARDINAL
ENERGY LTD.

NEWS RELEASE

DECEMBER 18, 2024

**CARDINAL ENERGY LTD. ANNOUNCES \$50 MILLION BOUGHT DEAL OFFERING OF SENIOR
SUBORDINATED UNSECURED DEBENTURES AND COMMON SHARE PURCHASE WARRANTS**

THE BASE SHELF PROSPECTUS IS ACCESSIBLE, AND THE PROSPECTUS SUPPLEMENT AND
ANY AMENDMENT TO THE FOREGOING DOCUMENTS WILL BE ACCESSIBLE WITHIN TWO
BUSINESS DAYS, ON SEDAR+

Calgary, Alberta – Cardinal Energy Ltd. ("Cardinal" or the "Company") (TSX: CJ) is pleased to announce that it has entered into an agreement with a syndicate of underwriters (the "**Underwriters**") led by CIBC Capital Markets pursuant to which the Underwriters have agreed to purchase for resale to the public, on a bought deal basis, 50,000 units (the "**Units**") of Cardinal for gross proceeds of approximately \$50 million (the "**Offering**"). Each Unit will comprise of one senior subordinated unsecured debenture due March 31, 2030 with a par value of \$1,000 each (the "**Debentures**") and 65 common share purchase warrants (the "**Warrants**"). The Company has granted the Underwriters an option to purchase up to an additional \$10 million of Units, such option to be exercised in whole or in part at the sole discretion of the Underwriters, at any time until two business days prior to the Closing Date, as defined below. The Offering is expected to close on or about January 3, 2025 (the "**Closing Date**").

Each Warrant will entitle the holder to acquire one common share of the Company from the Company at a price of \$7.00 per Common Share, representing a premium of approximately 12.4% to the last trade on the Toronto Stock Exchange (the "**TSX**") on December 17, 2024, for a period of three years following the Closing Date.

The Company intends to use the net proceeds of the Offering to repay outstanding indebtedness on its senior credit facility, further the completion of its Reford thermal project, accelerate the development of future thermal projects and for general corporate purposes.

The Debentures will bear interest at a rate of 7.75% per annum, payable semi-annually in arrears on the last business day of March and September of each year commencing on March 31, 2025. The first payment will include accrued and unpaid interest for the period from the Closing Date to, but excluding, March 31, 2025. The Debentures will mature on March 31, 2030 (the "**Maturity Date**").

The Debentures will not be redeemable by the Company before March 31, 2028 (the "**First Call Date**"). On and after the First Call Date and prior to March 31, 2029, the Debentures will be redeemable, in whole or in part, from time to time at the Company's option at a redemption price equal to 103.875% of the principal amount of the Debentures redeemed plus accrued and unpaid interest, if any, up to but excluding

the date set for redemption. On and after March 31, 2029 and prior to the Maturity Date, the Debentures will be redeemable, in whole or in part, from time to time at the Company's option at par plus accrued and unpaid interest, if any, up to but excluding the date set for redemption. The Company shall provide not more than 60 nor less than 30 days' prior notice of redemption of the Debentures. The Company has the option to satisfy its obligations to repay the principal amount of and premium (if any) on the Debentures due at redemption or on maturity of the Debentures by issuing and delivering that number of freely tradeable common shares of the Company to Debenture holders in accordance with the terms of the debenture indenture that will govern the terms of the Debentures.

The Units will be distributed in all provinces of Canada (other than the province of Quebec) by way of a prospectus supplement to the Company's base shelf prospectus dated March 28, 2024 and by private placement in the United States to "qualified institutional buyers" pursuant to Rule 144A of the U.S. Securities Act of 1933.

Access to the Base Shelf Prospectus, the Prospectus Supplement, and any amendments to the documents are provided in accordance with securities legislation relating to procedures for providing access to a base shelf prospectus, a prospectus supplement and any amendment to the documents. The Base Shelf Prospectus, the Prospectus Supplement (when filed) and any amendments to these documents may be accessed for free on the System for Electronic Document Analysis and Retrieval ("SEDAR+") at www.sedarplus.ca. Alternatively, electronic or paper copies of the foregoing documents may be obtained, without charge, from: CIBC Capital Markets, 161 Bay Street, 5th Floor, Toronto, ON M5J 2S8 or by telephone at 1-416-956-6378 or by email at mailbox.canadianprospectus@cibc.com, by providing the contact with an email address or address, as applicable. The Offering is subject to customary regulatory approvals, including the approval of the TSX.

This new release is not an offer of securities of Cardinal for sale in the United States. The securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and the securities may not be offered or sold in the United States except pursuant to an applicable exemption from such registration. No public offering of securities is being made in the United States. This news release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

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 anticipated closing date of the Offering and the use of proceeds of the Offering.

Although Cardinal believes that the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them because Cardinal can give no assurance that they will prove to be correct. Since forward looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. The intended use of the net proceeds of the Offering may change if the board of directors of Cardinal determines that it would be in the best interests of Cardinal to deploy the proceeds for some other purpose and the closing date for the Offering may be changed. The forward looking statements contained in this press release are made as of the date hereof and

Cardinal undertakes no obligations to update publicly or revise any forward looking statements or information, whether as a result of new information, future events or otherwise, unless so 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 is approximately 40% complete on its first thermal SAGD oil development project (the "Project") which will further increase the long-term sustainability of the Company. The Project is expected to add 6,000 bbl/d of oil production to Cardinal by the end of 2025.

For further information:

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