



CARDINAL
ENERGY LTD.

2024

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 months and year ended December 31, 2024 and is dated March 13, 2025. This MD&A should be read in conjunction with Cardinal's audited financial statements as at and for the years ended December 31, 2024 and 2023. Financial data presented has been prepared in accordance with IFRS Accounting Standards, 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 of Disclosure for 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 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 Change and Environmental Regulation

Emissions, carbon and other regulations impacting climate and climate-related matters are constantly evolving. With respect to Environmental, Social and Governance ("ESG") and climate reporting, the International Sustainability Standards Board ("ISSB") has issued an IFRS Sustainability Disclosure Standard with the aim to develop sustainability disclosure standards that are globally consistent, comparable and reliable. On June 26, 2023, the ISSB released two standards: IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*; and IFRS S2 *Climate-related Disclosures*. The Canadian Sustainability Standards Board ("CSSB") has been formed to support the adoption of international sustainability standards in Canada, which includes decisions about adoption and effective dates of IFRS S1 and IFRS S2 in Canada. In addition, the Canadian Securities Administrators ("CSA") have issued a proposed National Instrument 51-107 *Disclosure of Climate-related Matters*.

On December 6, 2024, the CSSB announced the finalization of CSDS 1 '*General Requirements for Disclosure of Sustainability-related Financial Information*' and CSDS 2 '*Climate-related Disclosures*', which will be effective for annual reporting periods beginning on or after January 1, 2025, on a voluntary basis in Canada. CSDS 1 and CSDS 2 are substantially aligned with the ISSB global baseline disclosure standards, however, provide for additional transition relief regarding the timing of reporting, comparative information, non-climate related risks and opportunities and Scope 3 GHG emissions. Canada's security regulators will determine whether CSDS 1 and CSDS 2 should be mandated, and if so, who will need to apply the standards and over what time frame. The CSA has communicated that they were working towards a revised climate-related disclosure rule that will consider the CSSB Standards and may include modifications considered appropriate for the Canadian capital markets.

The Company continues to monitor the evolving regulations and the potential impact on the Company's results of operations, access to capital and/or financial condition.

ANNUAL AND FOURTH QUARTER 2024 HIGHLIGHTS

- Fourth quarter 2024 production of 21,916 boe/d decreased by 1% compared to the same period in 2023 while annual production was 21,776 boe/d;
- Fourth quarter and full year 2024 adjusted funds flow⁽¹⁾ was \$65.1 million and \$265.4 million, respectively, leading to free cash flow⁽¹⁾ of \$48.8 million and \$164.9 million, respectively, which assisted in the funding of the Company's steam-assisted gravity drainage ("SAGD") project and the corporate dividend;
- Net operating expenses⁽¹⁾ per boe decreased 2% in the fourth quarter compared to the same period in 2023 due to lower workover costs and decreased power prices;
- During the fourth quarter of 2024, Cardinal entered into an agreement with its syndicate of lenders to increase its credit facility to \$275 million. At the end of the fourth quarter, Cardinal was drawn 31% on its current \$275 million credit facility and had a net debt to adjusted funds flow ratio⁽¹⁾ of 0.5x;
- In the fourth quarter, we continued with our disciplined capital program spending \$16.9 million of capital expenditures which included the drilling and completion of two (2.0 net) wells;
- Cardinal's previously announced SAGD project in its Reford, Saskatchewan operating area continued to progress on time and on budget; and
- Continued with our successful shareholder return strategy with a consistent \$0.06 per share per month dividend leading to \$115.5 million being returned to shareholders in 2024 resulting in an 81% total payout ratio⁽¹⁾.

	Three months ended December 31,			Year ended December 31,		
	2024	2023	%	2024	2023	%
Cash flow from operating activities	53,075	69,305	(23)	247,537	230,261	8
Change in non-cash working capital	8,714	(14,308)	(161)	7,682	274	n/m
Funds flow⁽¹⁾	61,789	54,997	12	255,219	230,535	11
Decommissioning expenditures	3,295	8,971	(63)	10,222	23,163	(56)
Adjusted funds flow	65,084	63,968	2	265,441	253,698	5

(1) See Non-GAAP and other financial measures

OPERATIONS

PRODUCTION

	Three months ended December 31,			Year ended December 31,		
	2024	2023	%	2024	2023	%
Light oil (bbl/d)	7,271	8,566	(15)	7,222	8,084	(11)
Medium / heavy oil (bbl/d)	11,556	10,100	14	11,438	10,164	13
Crude oil (bbl/d)	18,827	18,666	1	18,660	18,248	2
Natural gas (mcf/d)	13,569	15,644	(13)	13,795	15,838	(13)
NGL (bbl/d)	827	891	(7)	817	817	-
boe/d	21,916	22,164	(1)	21,776	21,705	-
% Crude oil and NGL production	90%	88%	2	89%	88%	1

Fourth quarter 2024 production decreased by 1% compared to the same period in 2023. Partially offsetting this decrease was the Company's successful first and third quarter 2024 drilling programs which added new heavy oil production. The Company's fourth quarter 2024 medium/heavy oil production increased 14% due to additional production from the Company's successful Clearwater and Southern Alberta drilling programs. This was offset by a 15% decrease in light oil production from declines in our Northern Alberta properties. The decreased natural gas production was a result of strategic shut ins due to the depressed price of natural gas for most of the fourth quarter of 2024. As natural gas prices began to recover towards the end of the fourth quarter, these shut in wells were brought back online.

Production in 2024 was consistent compared to 2023 as increased oil production was offset by reduced natural gas production. Production additions came from the Company's first and third quarters of 2024 drilling programs combined with incremental production of approximately 900 boe/d from the Mitsue/Bufalo Lake acquisition that took place during the fourth quarter of 2023. These increases were offset by three facility turnarounds that took place during the third and fourth quarters of 2024 and reduced light oil production as well as strategic shut ins of natural gas due to uneconomic pricing in 2024.

PETROLEUM AND NATURAL GAS REVENUE

	Three months ended			Year ended		
	December 31,			December 31,		
	2024	2023	%	2024	2023	%
Light oil	59,910	70,775	(15)	245,289	269,953	(9)
Medium / heavy oil	83,342	70,688	18	340,803	292,273	17
Crude oil	143,252	141,463	1	586,092	562,226	4
NGL	2,587	3,097	(16)	11,133	11,309	(2)
Natural gas	1,939	3,482	(44)	8,123	16,070	(49)
Petroleum and natural gas revenue	147,778	148,042	-	605,348	589,605	3
Cardinal average prices						
Light oil (\$/bbl)	89.56	89.80	-	92.80	91.49	1
Medium / heavy oil (\$/bbl)	78.39	76.08	3	81.41	78.78	3
Natural gas (\$/mcf)	1.55	2.42	(36)	1.61	2.78	(42)
Equivalent (\$/boe)	73.29	72.60	1	75.95	74.43	2
Benchmark prices						
Crude oil – WTI (US \$/bbl)	70.27	78.32	(10)	75.72	77.76	(3)
Crude oil – Edmonton Light (Cdn \$/bbl)	94.88	99.72	(5)	97.58	100.52	(3)
Crude oil – WCS (Cdn \$/bbl)	80.75	76.96	5	83.54	79.52	5
Natural gas – AECO Spot (Cdn \$/mcf)	1.50	2.34	(36)	1.48	2.68	(45)
WCS Differential to WTI (US \$/bbl)	(12.55)	(21.88)	(43)	(14.75)	(18.70)	(21)
Exchange rate (US/Cdn)	0.71	0.73	(3)	0.73	0.74	(1)

Petroleum and natural gas revenue was consistent in the fourth quarter of 2024 compared to the same period in 2023 due to a 1% increase in realized commodity prices, offset by a decrease in production. In the fourth quarter of 2024, the Company's realized light oil price was consistent over the same period in 2023 which was higher than the Edmonton light oil benchmark decrease of 5% due to increased Midale oil production which attracted a higher comparative oil price. Cardinal's fourth quarter 2024 realized medium/heavy oil price increase of 3% was comparable with the increase in the Western Canadian Select ("WCS") oil benchmark price as compared to the same period in 2023. The fourth quarter 2024 decrease of 36% in realized natural gas price was equivalent to the decrease of 36% in the AECO natural gas benchmark as compared to the same period in 2023. The completion of the Trans Mountain

pipeline expansion in the second quarter of 2024 narrowed fourth quarter WCS differentials due to increased pipeline capacity.

For 2024, petroleum and natural gas revenue increased 3% compared to 2023 due to a 2% increase in realized commodity prices combined with a 1% production increase. In 2024, the Company's realized light oil price increased by 1% over 2023 which was higher than the decrease of 3% in the Edmonton light oil benchmark due to the aforementioned increased Midale oil production attracting a higher comparative oil price. In 2024, Cardinal's realized medium/heavy oil price and natural gas price changes were comparable to their respective benchmark price changes compared to 2023. The completion of the Trans Mountain pipeline expansion in the second quarter of 2024 narrowed WCS differentials in 2024 due to increased pipeline capacity.

FINANCIAL INSTRUMENTS - COMMODITY

	Three months ended December 31,			Year ended December 31,		
	2024	2023	%	2024	2023	%
Realized gain on commodity contracts	12	1,213	(99)	1,110	2,510	(56)
Unrealized gain (loss) on commodity contracts	62	(591)	(110)	(170)	(1,429)	(88)

Cardinal utilizes 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.

During the fourth quarter of 2024, the Company realized a gain by fixing the WTI oil price for 2,000 bbl/d in the last two months of the quarter at US\$74.02/bbl, partially offset by fixing the WCS differential on 4,000 bbl/d at an average price of US\$13.65/bbl. For 2024, Cardinal realized a gain of \$1.1 million by fixing the WCS differential through most of the year at various monthly production levels at an average price of US\$12.94/bbl and fixing the WTI price for 2,000 bbl/d in the last two months of the year at US\$74.02/bbl.

The Company has fixed the WCS differential and WTI oil price for certain months in 2025 and has hedged AECO gas prices throughout 2025 all at varying volumes outlined below. The Company will continue to monitor the spot and forward prices as well as expected expenditure levels in 2025.

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

Type of instrument	Remaining term	Average volume	Average strike price	
USD WCS Differential Swap	January 2025 – March 2025	1,000 bbl/d	USD	\$ (14.00)
USD WCS Differential Swap	April 2025 – September 2025	5,000 bbl/d	USD	\$ (12.75)
USD WTI Swap	January 2025 – March 2025	2,000 bbl/d	USD	\$ 75.50
AECO Collar	January 2025 – December 2025	2,500 gj/d	Floor	\$ 1.75
			Ceiling	\$ 2.70

ROYALTIES

	Three months ended December 31,			Year ended December 31,		
	2024	2023	%	2024	2023	%
Royalties	28,377	29,806	(5)	113,747	112,618	1
Percent of revenue	19.2%	20.1%	(4)	18.8%	19.1%	(2)
\$/boe	14.07	14.62	(4)	14.27	14.22	-

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.

During the three months and year ended December 31, 2024, royalties as a percentage of revenue decreased 4% and 2%, respectively, compared to the same periods in 2023 due to certain oil production from new wells attracting a lower Crown royalty rate until initial production payouts are achieved.

NET OPERATING EXPENSES

	Three months ended December 31,			Year ended December 31,		
	2024	2023	%	2024	2023	%
Operating expenses	47,524	48,222	(1)	198,904	196,740	1
Less: Processing and other revenue	(1,634)	(946)	73	(5,774)	(4,131)	40
Net operating expenses	45,890	47,276	(3)	193,130	192,609	-
\$/boe ⁽¹⁾	22.76	23.19	(2)	24.23	24.31	-

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

During the fourth quarter of 2024, net operating expenses per boe decreased by 2% over the same period in 2023 due to lower workover costs and decreased power prices, partially offset by higher carbon taxes and additional turnaround costs. Further contributing to the decrease in net operating expenses per boe was a 73% increase in processing and other revenue when compared to the same period in 2023 due to an increase in Clearwater saltwater disposal volumes brought into the Mitsue plant. In the fourth quarter of 2024, the average power price in Alberta decreased by approximately 37% over the same period in 2023 to average approximately \$52/MWh.

For 2024, net operating expenses per boe have remained consistent with 2023 as lower Alberta power prices were offset by higher property taxes, facility turnaround costs and carbon taxes. Contributing to the consistent net operating expenses per boe was a 40% increase in processing and other revenue when compared to 2023 due to an increase in Clearwater saltwater disposal volumes brought into the Mitsue plant and Cardinal processed a larger amount of gas as a third-party plant was shut down.

TRANSPORTATION EXPENSES

	Three months ended December 31,			Year ended December 31,		
	2024	2023	%	2024	2023	%
Transportation expenses	2,438	2,239	9	8,744	7,946	10
\$/boe	1.21	1.10	10	1.10	1.00	10

Transportation expenses and transportation expenses per boe increased by 9% and 10%, respectively, in the three months ended December 31, 2024 as compared with the same period in 2023 due to an increase in the Company's clean oil trucking expenses. For part of the fourth quarter, production in the South area had to be trucked due to a third-party pipeline outage combined with new oil production from wells drilled in the first and third quarters of 2024 currently being trucked. This was partially offset by lower gas transportation costs due to decreased natural gas production.

Transportation expenses and transportation expenses per boe both increased by 10% in 2024 as compared with 2023 as new oil production from wells drilled in the first and third quarters of 2024 currently being trucked, increasing the Company's clean oil trucking expenses. This was partially offset by lower gas transportation costs due to decreased natural gas production.

NETBACK

(\$/boe)	Three months ended December 31,			Year ended December 31,		
	2024	2023	%	2024	2023	%
Petroleum and natural gas revenue	73.29	72.60	1	75.95	74.43	2
Royalties	(14.07)	(14.62)	(4)	(14.27)	(14.22)	-
Net operating expenses	(22.76)	(23.19)	(2)	(24.23)	(24.31)	-
Transportation expenses	(1.21)	(1.10)	10	(1.10)	(1.00)	10
Netback ⁽¹⁾	35.25	33.69	5	36.35	34.90	4

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

During the three months ended December 31, 2024, the Company's netback increased by 5% as compared to the same period in 2023 due to higher realized commodity prices combined with lower royalties and operating expenses, partially offset by higher transportation expenses.

During 2024, Cardinal's netback increased by 4% as compared to 2023 due to higher realized commodity prices, partially offset by higher transportation expenses.

GENERAL AND ADMINISTRATIVE ("G&A")

	Three months ended December 31,			Year ended December 31,		
	2024	2023	%	2024	2023	%
Gross G&A	6,422	5,549	16	27,014	25,343	7
Capitalized G&A and overhead recoveries	(1,784)	(1,440)	24	(6,661)	(6,533)	2
G&A	4,638	4,109	13	20,353	18,810	8
\$/boe	2.30	2.02	14	2.55	2.37	8

In the three months ended December 31, 2024, G&A costs per boe have increased by 14% compared to the same period in 2023 due to additional staffing to accommodate Cardinal's increased activity.

For 2024, G&A costs per boe have increased by 8% compared to the same period in 2023 due to additional staffing, insurance and software costs required to accommodate Cardinal's increased activity.

SHARE-BASED COMPENSATION ("SBC")

	Three months ended December 31,			Year ended December 31,		
	2024	2023	%	2024	2023	%
Gross SBC	2,714	1,966	38	10,639	9,316	14
Capitalized SBC	(473)	(299)	58	(1,698)	(1,240)	37
SBC	2,241	1,667	34	8,941	8,076	11
\$/boe	1.11	0.82	35	1.12	1.02	10

SBC expense increased by 34% in the three months ended December 31, 2024 compared to the same period in 2023 due to an increase in the grant date fair value of restricted bonus awards ("RA") and performance bonus awards ("PA") outstanding. The Company is capitalizing a larger portion of the expense as a result of additional capitalization of exploration and evaluation costs related to the Reford SAGD project as it continues to progress.

SBC expense increased by 11% in 2024 compared to 2023 due to an increase in the grant date fair value of RAs and PAs outstanding. Partially offsetting this increase is a reduction in the amount of RAs and PAs outstanding in 2024 compared to 2023.

As at December 31, 2024, Cardinal had 1.7 million RAs and 0.9 million PAs outstanding.

FINANCE

	Three months ended December 31,			Year ended December 31,		
	2024	2023	%	2024	2023	%
Interest – bank debt	1,739	1,542	13	7,366	5,177	42
Capitalized interest	(819)	-	n/m	(1,958)	-	n/m
Other finance charges, net	385	254	52	1,384	1,073	29
Interest – leases	58	59	(2)	251	184	36
Accretion	2,264	1,905	19	9,047	7,937	14
Finance	3,627	3,760	(4)	16,090	14,371	12
\$/boe	1.80	1.84	(2)	2.02	1.81	12
Average bank debt	94,585	72,313	31	92,062	63,302	45
Interest rate – bank debt	7.3%	8.5%	(14)	8.0%	8.2%	(2)

In the three months ended December 31, 2024, interest on bank debt increased by 13% as compared with the same period in 2023 due to higher average debt levels as a result of increased capital activity related to the SAGD project. In the fourth quarter of 2024, the Company capitalized \$0.8 million of interest related to exploration and evaluation expenditures.

In 2024, higher average debt levels increased the interest on bank debt by 42% as compared with 2023. In 2024, the Company has capitalized \$2.0 million of interest related to the SAGD project.

For the three months ended and year ended December 31, 2024, the decrease in the interest rate reflects a lower Bank of Canada prime rate compared to the prior periods.

DEPLETION AND DEPRECIATION ("D&D")

	Three months ended December 31,			Year ended December 31,		
	2024	2023	%	2024	2023	%
Depletion and depreciation	26,622	26,193	2	105,083	103,504	2
\$/boe	13.20	12.84	3	13.18	13.06	1

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 for the three months and year ended December 31, 2024 increased by 3% and 1%, respectively, as compared to the same period in 2023 as 2024 year-end conventional proved plus probable reserves decreased, partially offset by a decrease in the depletable base of Cardinal's property, plant and equipment. In 2024, Cardinal added the initial probable Reford heavy oil reserves, increasing the Company's 2024 year-end reserves by 30% compared to the prior year; however, since there is currently not any production associated with these reserves, they did not have an impact on D&D.

DEFERRED TAXES

At December 31, 2024, 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 December 31, 2024 from the average of three independent third-party reserve evaluators, Cardinal does not expect to pay current income taxes until 2027 or beyond. Any potential taxes payable beyond 2027 would be affected by commodity prices, capital expenditures and production volumes.

Tax pool balance	Maximum annual claim	As at December 31,		
		2024	2023	%
COGPE	10%	395,666	435,427	(9)
CEE and non-capital losses	100%	405,079	469,026	(14)
CDE	30%	184,896	170,850	8
Undepreciated capital cost	25%	170,923	134,435	27
Other	20%	132	281	(53)
Total		1,156,696	1,210,019	(4)

A deferred tax asset was not recognized in respect of temporary differences related to successor tax pools of \$97 million (2023 – \$96 million) or the \$192 million (2023 – \$192 million) discussed below as there is not sufficient certainty regarding future utilization.

In 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 and has included the balance in the \$1.2 billion above.

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

	Three months ended December 31,			Year ended December 31,		
	2024	2023	%	2024	2023	%
Earnings	25,817	20,388	27	108,354	103,598	5
\$ per share						
Basic	0.16	0.13	23	0.68	0.66	3
Diluted	0.16	0.13	23	0.68	0.65	5
Cash flow from operating activities	53,075	69,305	(23)	247,537	230,261	8
\$ per share						
Basic	0.33	0.44	(25)	1.56	1.46	7
Diluted	0.33	0.43	(23)	1.54	1.44	7
Adjusted funds flow	65,084	63,968	2	265,441	253,698	5
\$ per share ⁽¹⁾						
Basic	0.41	0.40	2	1.67	1.61	4
Diluted	0.40	0.40	-	1.65	1.59	4
Total payout ratio	69%	70%	(1)	81%	84%	(4)

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

In the three months ended December 31, 2024, Cardinal’s earnings have increased compared with the same period in 2023 due to the prior year including a loss on acquisition of \$6.9 million. Cash flow from operating activities decreased compared with the same period in 2023 primarily due to the change in non-cash working capital as a result of the increase in accruals in accounts receivable stemming from higher commodity prices at the end of the

fourth quarter of 2024. Adjusted funds flow increased compared with the same period in 2023 due to the aforementioned cash flow from operating activities and change in non-cash working capital. Total payout ratio decreased compared with the same period in 2023 due to higher adjusted funds flow, partially offset by higher development capital costs.

In 2024, Cardinal's earnings have increased compared with 2023 due to the Company's higher realized price on oil stemming from the narrowing WCS differential. Cash flow from operating activities and adjusted funds flow have increased compared with 2023 primarily due to the change in non-cash working capital as a result of the increase in accounts receivable stemming from higher commodity prices at the end of the 2024 year. Total payout ratio decreased compared with 2023 due to increased adjusted funds flow, partially offset by higher development capital expenditures.

CAPITAL EXPENDITURES

In the fourth quarter of 2024, the Company spent \$16.9 million on capital expenditures which included the drilling and completion of two (2.0 net) wells in southern Alberta. The Company continued with its well reactivation program spending \$1.6 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 CO₂ injection at Midale.

	Three months ended			Year ended		
	December 31,			December 31,		
	2024	2023	%	2024	2023	%
Land	87	907	(90)	2,734	1,841	49
Geological and geophysical	(295)	295	(200)	(48)	295	(116)
Drilling, completion and recompletions	7,690	6,468	19	60,563	47,730	27
Equipment, facilities and pipelines	8,764	7,851	12	37,287	47,101	(21)
Development capital expenditures ⁽¹⁾	16,246	15,521	5	100,536	96,967	4
Capitalized G&A	309	364	(15)	1,582	1,996	(21)
Other assets	15	127	(88)	803	575	40
Acquisitions, net	360	25,290	(99)	360	17,720	(98)
Capital expenditures ⁽¹⁾	16,930	41,302	(59)	103,281	117,258	(12)

(1) See Non-GAAP and other financial measures

EXPLORATION AND EVALUATION ("E&E") EXPENDITURES

In 2023, the Company acquired E&E assets for \$10.0 million with associated decommissioning obligations of \$0.2 million through the issuance of 1,362,397 Cardinal common shares valued at \$7.35 per share.

In the first quarter of 2024, Cardinal entered into an agreement with a third party for the engineering, fabrication and field construction of the Reford, Saskatchewan central processing facility, including the first SAGD well pad. For the three months and year ended December 31, 2024, the Company has incurred \$34.9 million and \$83.3 million, respectively, in E&E expenditures on thermal development, including facility construction, reservoir delineation, site preparation and drilling and completions, which continues to progress on time and on budget. In the fourth quarter of 2024, Cardinal drilled four (4.0 net) wells in Reford Saskatchewan, consisting of two disposal wells and two stratigraphic wells, and two (2.0 net) stratigraphic wells in Kelfield Saskatchewan.

For the three months and year ended December 31, 2024, the Company has capitalized \$0.8 million and \$2.0 million, respectively, of interest related to the SAGD project.

DECOMMISSIONING OBLIGATION

In the fourth quarter of 2024, the Company continued to reduce its environmental footprint and spent \$3.3 million on decommissioning obligations bringing the total spend in 2024 to \$10.2 million.

LIQUIDITY AND CAPITAL RESOURCES

Capitalization table	As at		
	Dec 31, 2024	Dec 31, 2023	%
Net debt ⁽¹⁾	\$ 138,307	\$ 83,650	65
Common shares, outstanding	159,203,353	158,095,048	1
Market price at end of year (\$ per share)	\$ 6.48	\$ 6.28	3
Market capitalization	1,031,638	992,837	4
	\$ 1,169,945	\$ 1,076,487	9

(1) See Non-GAAP and other financial measures

CAPITAL FUNDING

Bank debt

The Company's reserve-based revolving credit facility of \$275.0 million is comprised of a \$250.0 million syndicated term credit facility and a \$25.0 million non-syndicated operating line credit facility (the "Facilities"). The Facilities are available on a revolving basis until May 31, 2025 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, 2026.

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, therefore, 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 May 31, 2025.

Advances under the Facilities are available by way of prime rate loans, which bear interest at the banks' prime lending rate plus 2.00% to 6.75%, and CORRA and/or SOFR loans, which are subject to fees and margins ranging from 3.00% to 7.75%. Interest and standby fees on the undrawn amounts of the Facilities depend upon certain ratios. The Facilities are secured by a demand debenture pursuant to which a security interest is granted 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 December 31, 2024.

Senior subordinated unsecured debentures

As announced on January 3, 2025, the Company completed an offering of units (the "Units") of Cardinal with a syndicate of underwriters, issuing \$60 million of Units. Each Unit was comprised of one senior subordinated unsecured debenture (the "January Debentures") with a par value of \$1,000 and 65 common share (each a "Common Share") purchase warrants (the "Warrants"). The January Debentures bear interest at 7.75% per annum and will mature on March 31, 2030. Each Warrant entitles the holder to acquire one Common Share at a price of \$7.00 per Common Share on or before January 3, 2028.

As announced on March 4, 2025, the Company completed an offering for \$45 million of senior subordinated unsecured debentures (the "March Debentures") at a price of \$1,000 per debenture. The March Debentures bear interest at 8.25% per annum and will mature on September 30, 2030.

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.

	Year ended	
	Dec 31, 2024	Dec 31, 2023
Bank debt	\$ 85,610	\$ 44,920
Adjusted working capital deficiency ⁽¹⁾	52,697	38,730
Net debt	\$ 138,307	\$ 83,650
Cash flow from operating activities	\$ 247,537	\$ 230,261
Change in non-cash working capital	7,682	274
Funds flow	\$ 255,219	\$ 230,535
Decommissioning obligation expenditures	10,222	23,163
Adjusted funds flow	\$ 265,441	\$ 253,698
Net debt to adjusted funds flow ⁽¹⁾	0.5	0.3

(1) See Non-GAAP and other financial measures

Cardinal's ratio of net debt to adjusted funds flow as at December 31, 2024 was 0.5 to 1, which increased over the level at December 31, 2023 but below the Company's target of 1.0 to 1. This ratio increased as the Company has started and continues the development of its first SAGD project. Cardinal expects this ratio will continue to fluctuate as the project requires significant up-front capital until it comes onstream which is currently expected in the second half of 2025.

As discussed below in the *Liquidity* section, the Company currently has available capacity on its Facilities to satisfy its planned capital expenditures, E&E expenditures and asset retirement obligations for 2025 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 \$52.7 million at December 31, 2024 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 available Facilities combined with anticipated cash flow from operating activities and adjusted funds flow. At current commodity price levels, present sources of capital are anticipated to be sufficient to satisfy the

Company's budgeted capital expenditure program, decommissioning obligations and dividend payments for the 2025 fiscal year and beyond.

DIVIDENDS

	Three months ended December 31,			Year ended December 31,		
	2024	2023	%	2024	2023	%
Dividends declared	28,656	28,975	(1)	115,460	115,807	-
Dividends declared per share	\$ 0.18	\$ 0.18	-	\$ 0.72	\$ 0.72	-

During the three months ended December 31, 2024, the Company declared dividends of \$28.7 million (\$0.18 per common share) (2023 – \$29.0 million or \$0.18 per common share), of which \$19.1 million (2023 – \$19.0 million) was paid in cash and \$9.6 million (2023 – \$10.0 million) was recognized as a liability at December 31, 2024. The dividend payable was settled on January 15, 2025.

During 2024, \$115.5 million (\$0.72 per common share) (2023 – \$115.8 million or \$0.72 per common share) of dividends were declared, of which \$105.9 million (2023 – \$105.8 million) was paid in cash and \$9.6 million (2023 – \$10.0 million) was recognized as a liability at December 31, 2024.

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 2024, upon the vesting of 1.0 million (2023 – 1.3 million) RAs and 0.6 million (2023 – 0.7 million) PAs, when taking into account the performance multiplier for PAs, the Company utilized 1.0 million (2023 – 1.4 million) treasury shares and issued 0.1 million (2023 – nil) common shares and made payments totalling \$6.2 million (2023 – \$8.6 million) for withholding taxes.

In 2024, Cardinal granted 1.0 million (2023 – 1.0 million) RAs and 0.5 million (2023 – 0.5 million) PAs to officers, directors, employees and service providers pursuant to the Company's bonus award plan.

Equity instruments as at	Mar 13, 2025	Dec 31, 2024	Dec 31, 2023
Common shares, issued	159,760,912	159,738,871	159,638,699
Treasury shares	(605,818)	(535,518)	(1,543,651)
Warrants	3,900,000	-	-
RAs	1,719,765	1,701,201	1,844,379
PAs	931,301	931,301	1,043,259

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 December 31, 2024, the Company had contractual obligations as follows:

	2025	2026	2027	2028	2029	Thereafter
Trade and other payables	109,387	-	-	-	-	-
Dividend payable	9,552	-	-	-	-	-
Lease liabilities	1,992	1,336	632	489	462	451
Bank debt ⁽¹⁾	-	85,610	-	-	-	-
Thermal facility construction and engineering	53,365	-	-	-	-	-
Power purchase commitment ⁽²⁾	11,904	11,904	11,904	-	-	-
Total contractual obligations	186,200	98,850	12,536	489	462	451

(1) Amount excludes interest.

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

ADDITIONAL INFORMATION

MATERIAL ACCOUNTING ESTIMATES

Cardinal's material accounting policies including the use of judgments and key sources of estimation uncertainty, can be found in Notes 3 and 4 of the December 31, 2024 financial statements. The timely preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the period. These estimates are subject to measurement uncertainty and the effect on the financial statements of changes in these estimates could be material. Estimates are more difficult to determine, and the range of potential outcomes can be wider, in periods of higher volatility and uncertainty. The impacts of geopolitical events such as the tariffs between Canada and the United States of America, regional conflicts, especially in oil producing areas, can materially impact energy markets, interest and inflation rates and supply chains resulting in higher levels of volatility and uncertainty. Management has, to the extent reasonable, incorporated known facts and circumstances into the estimates made, however, actual results could differ from those estimates and those differences could be material. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Material and Other Judgments

(i) Identification of cash generating units

Cardinal's assets are aggregated into CGUs for the purpose of calculating impairment. CGUs are based on an assessment of the unit's ability to generate largely independent cash inflows. The determination of these CGUs was based on management's judgment in regard to shared infrastructure, geographical proximity, petroleum type and similar exposure to market risk and materiality.

(ii) Impairment of exploration and evaluation assets

E&E assets are assessed for impairment when they are reclassified to PP&E as petroleum and natural gas interests, and also if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For the purpose of impairment testing, E&E are allocated to the related CGU when they are assessed for impairment, both at the time of any triggering facts and circumstances as well as the reclassification to producing assets (petroleum and natural gas assets in PP&E).

(iii) Impairment of property, plant and equipment

Judgments are required to assess when internal or external indicators of impairment, or indicators of impairment reversal, exist and impairment testing is required. In determining the recoverable amount of PP&E, which includes petroleum and natural gas assets, impairment tests are based on estimates of proved and probable oil and gas reserves which are based upon a number of significant assumptions, such as forecasted production volumes, forecasted oil and gas commodity prices, forecasted operating costs, forecasted royalty costs and forecasted future development costs. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Key and Other Sources of Estimation Uncertainty

(i) Reserve estimates

The Company uses estimated proved and probable oil and gas reserves to deplete its petroleum and natural gas assets included in PP&E, to assess for indicators of impairment on the Company's CGUs and if any such indicators exist, to perform an impairment test to estimate the recoverable amount of its CGUs. Estimates of proved and probable oil and gas reserves are based upon a number of significant assumptions, such as forecasted production volumes, forecasted oil and gas commodity prices, forecasted operating costs, forecasted royalty costs and forecasted future development costs. Cardinal engaged independent third-party reserve evaluators to evaluate the Company's estimates of proved and probable oil and gas reserves at December 31, 2024 and 2023. Reserve adjustments are made annually based on actual volumes produced, the results from capital expenditure programs, revisions to previous estimates, new discoveries and acquisitions and dispositions made during the year.

Proved oil and gas reserves are those forecasted quantities of oil and gas determined to be economically recoverable under existing economic and operating conditions with a high degree of certainty, of at least 90 percent, that those quantities will be equaled or exceeded. Probable oil and gas reserves are those forecasted quantities of petroleum and natural gas determined to be economically recoverable under existing economic and operating conditions with a moderate degree of certainty, of at least 50 percent, that those quantities will be equaled or exceeded. Cardinal reports production and reserve quantities in accordance with Canadian practices and specifically in accordance with NI 51-101.

Cardinal cautions users of this information that the process of estimating proved and probable oil and gas reserves is subject to a level of uncertainty. The proved and probable oil and gas reserves are based on current and forecast economic and operating conditions; therefore, changes can be made to future assessments as a result of a number of factors, which can include forecasted oil and gas commodity prices, new technology, changing economic conditions, future reservoir performance and development activity.

(ii) E&E assets

The accounting for E&E assets requires management to make judgements as to whether these investments have discovered a sufficient amount of economically recoverable reserves, which requires the quantity and realizable value of such reserves to be estimated and could be impacted by a shift in demand as global energy markets transition to a lower carbon-based economy. Previous estimates are sometimes revised as new information becomes available.

E&E assets remain capitalized as long as sufficient progress is being made in assessing whether the recovery of the reserves is technically feasible and commercially viable. The concept of "sufficient progress" is a judgemental area, and it is possible to have E&E assets remain classified as such for several years while additional E&E activities are carried out or Cardinal seeks government, regulatory or internal approval for development plans. E&E assets are subject to ongoing management review to confirm the continued intent to establish the technical feasibility and commercial viability of the discovery. Important factors considered when management is making this assessment include changes to project economics, expected capital investments and production costs, results of other operators in the region and access to infrastructure and potential infrastructure expansions.

(iii) Property, plant and equipment

Petroleum and natural gas assets included in PP&E are depleted using the unit-of-production method based on estimated proved and probable oil and gas reserves determined using a number of significant assumptions, such as forecasted oil and gas commodity prices, forecasted production volumes, forecasted operating costs, forecasted royalty costs and forecasted future development costs. The estimate of proved and probable oil and gas reserves and the discount rate is part of the depletion calculation and the impairment test.

(iv) Business combinations

In a business combination, management makes estimates of the fair value of assets acquired and liabilities assumed which includes assessing the value of petroleum and natural gas properties based upon the estimation of recoverable quantities of proved and probable oil and gas reserves being acquired. An acquisition date fair value of petroleum and natural gas properties involves significant estimates, including the estimate of proved and probable oil and gas reserves and the related cash flows and the discount rates.

(v) Decommissioning obligation

Cardinal recognizes a provision for future abandonment activities in the financial statements equal to the net present value of the estimated future expenditures required to settle the estimated future obligation at the balance sheet date. The measurement of the decommissioning obligation involves the use of estimates and assumptions including the discount rate, the expected timing of future expenditures and the amount of future abandonment costs. The estimates were made by management considering current costs, technology and enacted legislation.

(vi) Taxation

The calculation of deferred income taxes is based on a number of assumptions including estimating the future periods in which temporary differences, tax losses and other tax credits will reverse to ensure the appropriate estimate of the substantively enacted tax rates at the time of reversal and the likelihood of deferred tax assets being realized.

IFRS requires the Company, at each reporting date, to make certain judgments on uncertain tax positions by relevant tax authorities. Judgments include determining whether the Company will “more likely than not” be successful in defending its tax positions by considering information from relevant tax interpretations and tax laws in Canada. As such, this recognition threshold is subject to management’s judgment and may impact the carrying value of the Company’s deferred tax assets and liabilities at the end of the reporting period.

RISKS

Financial Risk

Financial risk is the risk of loss or lost opportunity resulting from financial management and market conditions that could have a positive or negative impact on Cardinal's business. Financial risks the Company is exposed to include: marketing production at an acceptable price given market conditions; finding and producing reserves at a reasonable cost; volatility in market prices for oil and natural gas; fluctuations in foreign exchange and interest rates; stock market volatility; debt service which may limit timing or amount of dividends as well as market price of shares; the continued availability of adequate debt and equity financing and funds flow to fund planned expenditures; sufficient liquidity for future operations; lost revenue or increased expenditures as a result of delayed or denied environmental, safety or regulatory approvals; cost of capital risk to carry out the Company's operations; implementation of new, or expansion of existing, tariffs on exported and/or imported products; and uncertainties associated with credit facilities and counterparty credit risk.

Climate Change Risk

Widening concerns over climate change, fossil fuel consumption, greenhouse gas emissions, and water and land use could lead governments to enact additional laws, regulations and costs or taxes that may be applicable to Cardinal. Changes to environmental regulations related to climate change could impact the demand for, development of, or

quality of Cardinal's petroleum products, or could require increased capital expenditures, operating expenses, asset retirement obligations and costs, which could result in increased costs which would reduce the profitability and competitiveness of Cardinal if commodity prices do not rise commensurate with the increased costs. In addition, such regulatory changes could necessitate Cardinal to develop or adapt new technologies, possibly requiring significant investments of capital. Where possible, Cardinal has considered these factors in the preparation of the consolidated financial statements.

Notably, the Canadian Federal government has committed to cap and reduce greenhouse gas emissions from the oil and gas sector at a pace and scale necessary to support Canada's 2040 climate goals and achieve net-zero emissions by 2050. The proposed framework, "A Regulatory Framework to Cap Oil and Gas Sector Greenhouse Gas Emissions", released in December 2023, outlines an emissions cap and maximum allowable emissions from covered sources in 2030. While there are still many gaps in the information available, the proposed legislation could require a change to Cardinal's business plans and allocation of investments. Cardinal is continuing to monitor the evolving regulatory landscape and the potential impacts thereof.

Operational Risk

Operational risk is the risk of loss or lost opportunity resulting from operating and capital activities that, by their nature, could have an impact on the Company's ability to achieve objectives. Operational risks that Cardinal is exposed to include: uncertainties associated with estimating oil and natural gas reserves; incorrect assessments of the value of acquisitions and exploration and development programs; failure to realize the anticipated benefits of acquisitions; uncertainties associated with partner plans and approvals; operational matters related to non-operated properties; inability to secure adequate product transportation; delays in business operations, pipeline restrictions and blowouts; unforeseen title defects; increased competition for, among other things, capital, acquisitions of reserves and undeveloped lands; competition for and availability of qualified personnel or management; loss of key personnel; unexpected geological, technical, drilling, construction and processing problems; availability of insurance; competitive action by other companies; the ability of suppliers to meet commitments and risks; and uncertainties related to oil and gas interests and operations on tribal lands.

Safety, Environmental and Regulatory Risks

Safety, environmental and regulatory risks are the risks of loss or lost opportunity resulting from changes to laws governing safety, the environment, royalties and taxation. Safety, environmental and regulatory risks that Cardinal is exposed to include: aboriginal land claims; uncertainties associated with regulatory approvals; uncertainty of government policy changes; the risk of carrying out operations with minimal environmental impact; changes in or adoption of new laws and regulations or changes in how they are interpreted or enforced; obtaining required approvals of regulatory authorities and stakeholder support for activities and growth plans.

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.

Information Systems

Our operations rely heavily on information technology, such as computer hardware and software systems, to properly operate our business. These systems could be damaged, corrupted or interrupted by natural disasters, telecommunications failures, power loss, malicious acts or code, computer viruses, physical or electronic security breaches, user misuse or user error. A system disruption or breach could adversely impact our reputation, financial condition, results of operations and cash flows.

Risk Management

Cardinal is committed to identifying and managing its risks in the near term, as well as on a strategic and longer term basis at all levels in the organization. Issues affecting, or with the potential to affect, our assets, operations and/or reputation, are generally of a strategic nature or are emerging issues that can be identified early and then managed, but occasionally include unforeseen issues that arise unexpectedly and must be managed on an urgent basis.

Cardinal takes a proactive approach to the identification and management of issues that can affect the Company's assets, operations and/or reputation. Specific actions to ensure effective risk management include: employing qualified professional and technical staff; concentrating in a limited number of areas with low cost exploitation and development objectives; utilizing the latest technology for finding and developing reserves; constructing quality, environmentally sensitive and safe production facilities; adopting and communicating sound policies governing all areas of our business; maximizing operational control of drilling and production operations; strategic hedging of commodity prices and foreign exchange rates on borrowings; adhering to conservative borrowing guidelines; and monitoring counterparty creditworthiness.

Additional information regarding risk factors is available in our Annual Information Form, which is available on the SEDAR website at www.sedarplus.ca.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures ("DC&P"), as defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), are designed to provide reasonable assurance that material information required to be disclosed in the Company's annual filings, interim filings or other reports filed, or submitted by the Company under securities legislation is recorded, processed, summarized and reported within the time periods specified under securities legislation and include controls and procedures designed to ensure that information required to be so disclosed is accumulated and communicated to management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure.

The Company's CEO and CFO have designed, or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that: (i) material information relating to the Company is made known to the Company's CEO and CFO by others, particularly during the period in which the annual filings are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation. The CEO and CFO have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Company's disclosure controls and procedures at the financial year end of the Company and have concluded that the Company's disclosure controls and procedures were effective at December 31, 2024 for the foregoing purposes.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Internal control over financial reporting ("ICFR"), as defined in NI 52-109, includes those policies and procedures that: a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets of Cardinal; b) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that receipts and expenditures of the Company are being made in accordance with authorizations of management and Directors of Cardinal; and c) are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

The CEO and the CFO have designed, or caused to be designed under their supervision, internal controls over financial reporting as defined in NI 52-109, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The CEO and the CFO have evaluated the design and operating effectiveness of Cardinal's ICOFR as at December 31, 2024 and have concluded that such internal controls over financial reporting are designed and operating effectively. The control framework Cardinal's officers used to design the Company's ICOFR is COSO 2013.

The CEO and CFO are required to cause the Corporation to disclose any change in the Corporation's internal controls over financial reporting that occurred during the most recent interim period that has materially affected, or is reasonably likely to materially affect, the Corporation's internal controls over financial reporting. There were no changes in Cardinal's ICOFR during the quarter ended December 31, 2024 that materially affected, or are reasonably likely to materially affect, the Company's ICOFR.

Due to their inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation relating to the effectiveness in future periods are subject to the risk that controls may become inadequate as a result of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate. It should also be noted that a control system, including the Company's DC&P and ICOFR, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objective of the control system is met and it should not be expected that the DC&P and ICOFR will prevent all errors or fraud.

OUTLOOK

Cardinal continues to advance its business by continually improving the quality and sustainability of our assets, while reducing business and sustainability risks.

Our conventional oil business continues to deliver solid, consistent results which allows us to undertake long lead time projects like our Reford thermal project. Cardinal generates significant, predictable free cash flow, because of the low sustaining capital requirements of our low decline asset base.

This year is expected to be a pivotal year for the Company as we expand into thermal development. Once the Reford thermal project is brought on to full production in early 2026, we expect that Cardinal will be able to fund future thermal projects from internally generated cash flows. As well as self-funding additional growth, our overall corporate stability should significantly improve as our dividend becomes more sustainable at lower commodity prices. Unforeseen global events and instability are inherent to our business and thus our long-term goal is to minimize the impacts of such events on our ability to generate shareholder returns.

As we navigate through the current market tariff issues, we are mitigating our risk by carefully monitoring our capital spending, hedging our heavy oil differentials and providing more financial security by extending the maturity dates of our debt. We issued \$105 million of debentures through two offerings which do not mature until 2030. Longer term debt provides Cardinal with more stability through the cyclical nature of the oil and gas business. By diversifying our debt between our shorter-term credit facilities and longer-term debentures, it will provide the stability to develop long lead time projects, like our Reford thermal project, through the business cycle.

QUARTERLY DATA

	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024	Mar 31, 2024
Production				
Crude oil (bbl/d)	18,827	18,230	19,273	18,312
Natural gas (mcf/d)	13,569	12,719	13,752	15,155
NGL (bbl/d)	827	778	811	854
Oil equivalent (boe/d)	21,916	21,128	22,376	21,692
Financial				
Petroleum and natural gas revenue	147,778	147,991	169,353	140,226
Earnings	25,817	25,136	40,650	16,751
Basic (\$ per share)	0.16	0.16	0.26	0.11
Diluted (\$ per share)	0.16	0.16	0.25	0.10
Cash flow from operating activities	53,075	83,635	71,463	39,364
Total assets	1,296,975	1,250,585	1,238,645	1,227,723
Bank debt	85,610	69,134	77,904	86,786
Total long-term liabilities	250,875	210,151	213,540	208,699
Shareholders' equity	918,259	918,402	919,406	905,323
Dividends declared	28,656	28,653	29,116	29,035
Dividends declared (\$ per share)	0.18	0.18	0.18	0.18
Common shares outstanding, net (000s) ⁽¹⁾	159,203	159,187	159,178	159,101
Diluted shares outstanding, net (000s) ⁽¹⁾	161,836	161,846	161,872	161,842

	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023
Production				
Crude oil (bbl/d)	18,666	18,433	17,685	18,201
Natural gas (mcf/d)	15,644	15,696	16,038	15,980
NGL (bbl/d)	891	823	689	863
Oil equivalent (boe/d)	22,164	21,872	21,047	21,726
Financial				
Petroleum and natural gas revenue	148,042	169,533	137,053	134,977
Earnings	20,388	39,170	27,719	16,321
Basic (\$ per share)	0.13	0.25	0.18	0.10
Diluted (\$ per share)	0.13	0.24	0.17	0.10
Cash flow from operating activities	69,305	58,647	61,220	41,089
Total assets	1,187,852	1,174,322	1,154,055	1,143,805
Bank debt	44,920	44,106	53,158	45,320
Total long-term liabilities	160,649	139,091	138,454	128,596
Shareholders' equity	920,688	929,481	918,478	908,314
Dividends declared	28,975	29,032	29,058	28,742
Dividends declared (\$ per share)	0.18	0.18	0.18	0.18
Common shares outstanding, net (000s) ⁽¹⁾	158,095	158,306	158,513	157,129
Diluted shares outstanding, net (000s) ⁽¹⁾	160,983	161,249	161,492	160,165

(1) Net of treasury shares

Since the first quarter of 2023, production has 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. In the first quarter of 2024, increased capital and E&E expenditures have increased the Company's bank debt. In the second quarter of 2024, oil prices increased and the Company continued with its Reford SAGD project as well as reduced bank debt. In

the third quarter of 2024, the Company was able to successfully execute its ten well drilling program and progress with the Reford SAGD project. In the fourth quarter of 2024, the Company executed an eight well drilling program and incurred significant Reford SAGD project costs, resulting in an increase in bank debt. The Reford SAGD project remains on schedule and on budget.

ANNUAL DATA

	2024	2023	2022
Production			
Crude oil (bbl/d)	18,660	18,248	18,131
Natural gas (mcf/d)	13,795	15,838	14,933
NGL (bbl/d)	817	817	851
Oil equivalent (boe/d)	21,776	21,705	21,471
Financial			
Petroleum and natural gas revenue	605,348	589,605	737,590
Earnings	108,354	103,598	302,687
Basic (\$ per share)	0.68	0.66	1.97
Diluted (\$ per share)	0.68	0.65	1.92
Cash flow from operating activities	247,537	230,261	337,263
Adjusted funds flow	265,441	253,698	362,783
Basic (\$ per share)	1.67	1.61	2.36
Diluted (\$ per share)	1.65	1.59	2.30
Dividends (\$ per share)	0.72	0.72	0.38
Total assets	1,296,975	1,187,852	1,155,013
Bank debt	85,610	44,920	31,280
Total long-term liabilities	250,875	160,649	120,418
Shareholders' equity	918,259	920,688	925,370
Weighted average shares, basic (000s)	158,917	157,690	153,994
Weighted average shares, diluted (000s)	160,402	160,013	157,898

In 2022, 2023 and 2024, Cardinal's successful drilling programs continued to increase production. This has impacted revenue, earnings, cash flow from operating activities and adjusted funds flow which have also varied due to volatility in commodity prices. Bank debt has increased in 2024 due to the significant upfront capital costs of the Reford SAGD project.

Cardinal's earnings further varied due to a net impairment reversal of \$46.4 million in 2022 in addition to a deferred tax recovery of \$9.7 million whereas 2023 and 2024 included a deferred tax expense of \$32.2 million and \$33.8 million, respectively.

NON-GAAP AND OTHER FINANCIAL MEASURES

Non-GAAP Financial Measures

Net operating expenses

Net operating expenses are calculated as operating expenses 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		Year ended	
	December 31,		December 31,	
	2024	2023	2024	2023
Operating expenses	47,524	48,222	198,904	196,740
Less: Processing and other revenue	(1,634)	(946)	(5,774)	(4,131)
Net operating expenses	45,890	47,276	193,130	192,609

Netback

Cardinal utilizes netback as a key performance indicator 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		Year ended	
	December 31,		December 31,	
	2024	2023	2024	2023
Petroleum and natural gas revenue	147,778	148,042	605,348	589,605
Royalties	(28,377)	(29,806)	(113,747)	(112,618)
Net operating expenses	(45,890)	(47,276)	(193,130)	(192,609)
Transportation expenses	(2,438)	(2,239)	(8,744)	(7,946)
Netback	71,073	68,721	289,727	276,432

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 are 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 and to total development capital expenditures:

	Three months ended		Year ended	
	December 31,		December 31,	
	2024	2023	2024	2023
Cash flow from investing activities	40,223	39,140	163,970	114,635
Change in non-cash working capital	11,571	6,482	22,590	7,518
E&E expenditures	(34,864)	(4,320)	(83,279)	(4,895)
Capital expenditures	16,930	41,302	103,281	117,258
Capitalized G&A	(309)	(364)	(1,582)	(1,996)
Other assets	(15)	(127)	(803)	(575)
Acquisitions, net	(360)	(25,290)	(360)	(17,720)
Development capital expenditures	16,246	15,521	100,536	96,967

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	Dec 31, 2024	Dec 31, 2023
Working capital deficiency	61,599	49,077
Less current portion of:		
Lease liabilities	1,711	1,370
Decommissioning liabilities	7,125	9,081
Fair value of financial instruments	66	(104)
Adjusted working capital deficiency	52,697	38,730

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	Dec 31, 2024	Dec 31, 2023
Bank debt	85,610	44,920
Adjusted working capital deficiency	52,697	38,730
Net debt	138,307	83,650

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 development capital expenditures, 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		Year ended	
	December 31,		December 31,	
	2024	2023	2024	2023
Cash flow from operating activities	53,075	69,305	247,537	230,261
Change in non-cash working capital	8,714	(14,308)	7,682	274
Funds flow	61,789	54,997	255,219	230,535
Decommissioning expenditures	3,295	8,971	10,222	23,163
Adjusted funds flow	65,084	63,968	265,441	253,698
Total development capital expenditures	(16,246)	(15,521)	(100,536)	(96,967)
Free cash flow	48,838	48,447	164,905	156,731

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		Year ended	
	December 31,		December 31,	
	2024	2023	2024	2023
Petroleum and natural gas revenue	73.29	72.60	75.95	74.43
Royalties	(14.07)	(14.62)	(14.27)	(14.22)
Net operating expenses	(22.76)	(23.19)	(24.23)	(24.31)
Transportation expenses	(1.21)	(1.10)	(1.10)	(1.00)
Netback per boe	35.25	33.69	36.35	34.90

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 a 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 basic 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 diluted 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 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;
- Cardinal's business strategy, goals and management focus;
- Cardinal's dividend 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 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;
- 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;
- expectations with respect to the Reford SAGD project;
- Cardinal's outlook for 2025, including expectations regarding our Reford thermal project, plans for additional thermal projects and sources of funding, our ability to self fund future growth, improved long term sustainability, plans to mitigate our risks to provide improved stability; and
- treatment under governmental and other regulatory regimes and tax, environmental and other laws.

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, 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 availability and cost of labor and services, the impact of increasing competition, the impact of cost increases as a result of inflationary pressures, or otherwise, 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 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; changes in tariff regimes; 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 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 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 2022, 2023 and 2024 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 crude oil	Heavy oil	NGL	Conventional natural gas	Total (boe/d)
Q4/24	48%	38%	4%	10%	21,916
Q3/24	46%	40%	4%	10%	21,128
Q2/24	48%	38%	4%	10%	22,376
Q1/24	51%	33%	4%	12%	21,692
Q4/23	50%	34%	4%	12%	22,164
Q3/23	45%	39%	4%	12%	21,872
Q2/23	45%	39%	3%	13%	21,047
Q1/23	48%	36%	4%	12%	21,726
2024	48%	37%	4%	11%	21,776
2023	49%	35%	4%	12%	21,705
2022	50%	34%	4%	12%	21,471
2023 acquired assets	35%	55%	4%	6%	900

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 ₂ "	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