



NEWS RELEASE

MARCH 12, 2026

**CARDINAL ENERGY LTD. ANNOUNCES FOURTH QUARTER 2025
AND YEAR-END FINANCIAL RESULTS**

Calgary, Alberta – Cardinal Energy Ltd. ("Cardinal" or the "Company") (TSX: CJ) is pleased to announce its operating and financial results for the fourth quarter and year ended December 31, 2025.

HIGHLIGHTS FROM THE FOURTH QUARTER AND FULL YEAR OF 2025

- Cardinal achieved record production of 23,514 boe/d in the fourth quarter due to the Reford steam-assisted gravity drainage ("SAGD") project moving into the production phase during the quarter and our conventional base production remaining resilient. Fourth quarter 2025 production increased by 7% compared to the same period in 2024 while annual production was 21,870 boe/d, consistent with 2024 despite conventional development capital expenditures⁽¹⁾ decreasing 24% year-over-year;
- Adjusted funds flow⁽¹⁾ for the fourth quarter was \$46.1 million (\$0.28 per diluted share) and for fiscal 2025 was \$205.1 million (\$1.27 per diluted share);
- Capital expenditures of \$77.7 million, a decrease of 25% from 2024, were directed towards the drilling and completion of eight (5.3 net) wells across our asset base and one (0.8 net) saltwater disposal well, continuing with our well reactivation program and CO₂ purchases at our enhanced oil recovery project in Midale, Saskatchewan;
- In 2025, Cardinal invested approximately \$136.5 million of exploration and evaluation expenditures ("E&E") directed towards the completion of the Reford SAGD project and the evaluation, capture, consolidation and delineation of future potential SAGD projects along the Saskatchewan thermal trend;
- In the fourth quarter and year ended 2025, net operating costs per boe⁽¹⁾ decreased by 1% and 3%, respectively, compared to the same periods in 2024 due to reduced power costs and increased production; and
- At the end of 2025, Cardinal was drawn 58% or \$138.6 million on our \$240 million credit facilities.

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

The following table summarizes our fourth quarter and annual 2025 operating and financial highlights:

(\$000's except shares, per share and operating amounts)	Three months ended December 31			Year ended December 31		
	2025	2024	% Chg	2025	2024	% Chg
Financial						
Petroleum and natural gas revenue	129,502	147,778	(12)	533,668	605,348	(12)
Cash flow from operating activities	43,491	53,075	(18)	206,820	247,537	(16)
Adjusted funds flow ⁽¹⁾	46,148	65,084	(29)	205,129	265,441	(23)
per share – basic	0.29	0.41	(29)	1.28	1.67	(23)
per share – diluted	0.28	0.40	(30)	1.27	1.65	(23)
(Loss) / earnings	(29,915)	25,817	(216)	20,801	108,354	(81)
per share – basic	(0.19)	0.16	(219)	0.13	0.68	(81)
per share – diluted	(0.18)	0.16	(213)	0.13	0.68	(81)
Development capital expenditures ⁽¹⁾	24,372	16,246	50	76,454	100,536	(24)
Other capital expenditures ⁽¹⁾	767	324	137	1,885	2,385	(21)
(Dispositions) / acquisitions ⁽¹⁾	(606)	360	(268)	(606)	360	(268)
Capital expenditures ⁽¹⁾	24,533	16,930	45	77,733	103,281	(25)
Exploration & evaluation expenditures	7,925	34,864	(77)	136,513	83,279	64
Common shares, net of treasury shares (000s)	160,650	159,203	1	160,650	159,203	1
Dividends declared	29,459	28,656	3	116,541	115,460	1
Per share	0.18	0.18	-	0.72	0.72	-
Total payout ratio ⁽¹⁾	117%	69%	70	94%	81%	16
Bank debt				138,610	85,610	62
Debentures				100,034	-	-
Adjusted working capital deficiency ⁽¹⁾				43,294	52,697	(18)
Net debt ⁽¹⁾				281,938	138,307	104
Net debt to adjusted fund flow ratio ⁽¹⁾				1.4	0.5	180
Operating						
Average daily production						
Light oil (bbl/d)	7,092	7,271	(2)	7,308	7,222	1
Medium/heavy oil (bbl/d)	13,538	11,556	17	11,508	11,438	1
NGL (bbl/d)	834	827	1	856	817	5
Conventional natural gas (mcf/d)	12,297	13,569	(9)	13,190	13,795	(4)
Total (boe/d)	23,514	21,916	7	21,870	21,776	-
Netback (\$/boe) ⁽¹⁾						
Petroleum and natural gas revenue	59.86	73.29	(18)	66.85	75.95	(12)
Royalties	(9.93)	(14.07)	(29)	(12.39)	(14.27)	(13)
Net operating expenses ⁽¹⁾	(22.57)	(22.76)	(1)	(23.47)	(24.23)	(3)
Transportation expenses	(1.49)	(1.21)	23	(1.07)	(1.10)	(3)
Netback ⁽¹⁾	25.87	35.25	(27)	29.92	36.35	(18)
Realized gain (loss) on commodity contracts	0.03	0.01	200	(0.23)	0.14	(264)
Interest and other	(1.88)	(0.68)	176	(1.17)	(0.64)	83
G&A	(2.69)	(2.30)	17	(2.82)	(2.55)	11
Adjusted funds flow ⁽¹⁾	21.33	32.28	(34)	25.70	33.30	(23)

n/m Not meaningful or not calculable

Fourth Quarter Overview

During the fourth quarter, West Texas Intermediate ("WTI") oil prices were 9% lower than the third quarter of 2025 and 16% lower than the prior year comparative quarter. The WTI benchmark oil price averaged US\$59.14/bbl during the fourth quarter compared to US\$64.93/bbl in the third quarter of 2025 and US\$70.27/bbl in the same quarter of 2024. Exacerbating the weakness in North American crude oil prices, Western Canadian Select ("WCS") oil differentials widened by 8% over the third quarter of 2025, however narrowed by approximately 11% over the comparative quarter in 2024 with the positive impacts of the Trans Mountain Expansion project being recognized. The Canadian dollar remained relatively flat quarter-over quarter and year-over-year which is a neutral impact to the price Cardinal receives for its oil.

Despite the significant weakness in the crude oil price complex in Q4/2025, Cardinal's production revenue was 2% higher over the prior quarter due to record corporate production volumes of 23,514 boe/d which marked a 13% increase from levels in the third quarter of 2025. The growth in production was principally generated through Cardinal's Reford 1 project entering its production phase with meaningful volume contribution arriving earlier than expected. Fourth quarter 2025 adjusted funds flow of \$46.1 million was consistent with the third quarter of 2025.

Cardinal's capital expenditures for the fourth quarter totaled \$24.5 million, which included the participation in one (0.1 net) well that was drilled and completed in Elmworth, Alberta, one (1.0 net) stratigraphic test well in Reford, land and seismic acquisitions within our Saskatchewan thermal trend, alongside regular recompletion, workover, maintenance, infrastructure upgrades and CO₂ purchases that service our conventional asset base. The Company also disposed of minor non-core assets that brought in proceeds of \$0.6 million.

The Company maintained solid financial characteristics throughout the Reford 1 construction phase after entering into two fixed term unsecured debenture financings (totalling \$105 million) that were closed early in 2025, alongside a committed lending syndicate behind our \$240 million credit facilities. Moving forward, with an enhanced cash flow stream with Reford 1 now online, the successful close of a \$104.7 million equity financing in the first quarter of 2026 and the strengthening crude oil prices, the Company remains well equipped financially to deliver its next SAGD project at Reford 2 over the next 18 months.

Conventional Operations

Cardinal's average production was 21,870 boe/d in 2025, with our conventional asset base contributing approximately 96% of these volumes. As capital investment was prioritized to completing the construction of our Reford 1 thermal project in 2025, our conventional operations saw modest drilling activity that included only nine (6.1 net) wells consisting of eight (5.3 net) producing wells and one (0.8 net) saltwater disposal well. Highlights from our 2025 program include:

- Conventional production volumes in 2025 declined by only ~4% year-over-year despite the intentionally scaled-back capital program that saw the Company drill less than half the wells typically required in a regular maintenance capital investment cycle;
- Cardinal's low decline assets continue to be supported by enhanced oil recovery ("EOR") schemes that now broadly support over 80% of our conventional production base. This includes one of Canada's largest CO₂ flood/sequestration projects in Midale, Saskatchewan; and
- The Company drilled two (2.0 net) Clearwater wells at Buffalo that have been onstream for six months and are outperforming internal type curve expectations with current production volumes in excess of 200 bbl/d each.

Saskatchewan Thermal Project Summary and Update

In the fourth quarter of 2025, Cardinal converted its first SAGD project at Reford 1 to the production phase and in December, we achieved nameplate production of 6,000 bbl/d, well ahead of schedule. To date, average first quarter 2026 production has exceeded 6,500 bbl/d with a steam oil ratio of less than 2.5x, which is competitive with some of the top tier SAGD projects across the Western Canadian Sedimentary Basin.

In 2025, the Company invested \$136.5 million into E&E expenditures, the majority of which was directed towards the construction and commissioning of the Reford 1 SAGD project. Cardinal also continued to de-risk, delineate, and consolidate its future SAGD prospect portfolio through the acquisition of seismic, drilling eight (8.0 net) stratigraphic test wells, and aggregating land along a quickly emerging thermal oil fairway in Saskatchewan.

Since the official sanctioning of our Reford 2 SAGD project on January 28, 2026 the Company has been active in advancing the following logistical, construction, technical, and operational initiatives that draw upon the learnings from the successful Reford 1 project:

- Entered into a fixed price contract with Propak Systems Ltd. ("Propak") for the central processing facility ("CPF") and initial well pad that represents approximately 60% of the total forecast project costs. The critical long lead components have also been ordered. Cardinal anticipates observing efficiencies given familiarity with using Propak as the chosen design/construction partner for Reford 1;
- The surface location for both the CPF and well pad have been selected and leased;
- First SAGD pad of well pairs have been designed and long lead time items ordered;
- Water source pipeline route has been finalized and surveyed; and
- Preparations are being made for a late spring drilling campaign that will include two disposal wells and three stratigraphic wells to optimize initial SAGD well pair placement.

While still in the early days of the Reford 2 thermal project, the Company believes that its development planning is ahead of schedule when compared to the same stage of workflows at the beginning of Reford 1.

Environmental, Social and Governance ("ESG")

Cardinal continued our CO₂ sequestration in Saskatchewan during 2025. Through our Carbon Capture and Sequestration ("CCS") EOR operation at Midale, the Company sequestered approximately 226,000 tonnes of CO₂ equivalent during 2025. To date, the Midale CCS EOR project has sequestered 6.1 million tonnes of CO₂ and has contributed to annual oil production decline rates from this project in the 3% to 5% range.

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

In 2025, Cardinal continued its commitment to responsible, sustainable operations, spending approximately \$10.0 million on asset retirement activities. Cardinal participated in the abandonment of more than 40 (38.4 net) wells, 158 kilometers of pipelines, one (0.9 net) facility, and 21 (19.2 net) reclaimed sites during 2025. Cardinal also received 42 (36.6 net) reclamation certificates in the year. These liability reduction activities, and associated spending, exceeded all regulatory requirements for the year.

Outlook

2025 was a transformational year for Cardinal, as the successful completion of our Reford 1 project has generated a step change in production, increased adjusted funds flow, lower costs and a meaningful improvement to the long-term sustainability characteristics of the Company.

In 2026, we are excited to be advancing our second SAGD project, which we expect to exhibit the same high quality traits that Reford 1 possesses, and look forward to yet another major corporate catalyst when Reford 2 is forecasted to come online in the second half of 2027.

We believe that, with the combination of our low-decline conventional assets, our near-term development at Reford, and a growing pipeline of future thermal prospects, Cardinal can offer shareholders an attractive and sustainable return of capital through our dividend, while also providing a compelling growth outlook that extends well into the future.

While we expect crude oil prices to remain volatile with the geopolitical uncertainty in the Middle East, we are maintaining our 2026 budget that will see the Company invest \$160 million in 2026 while generating average annual volumes of 25,000-25,500 boe/d. Should crude oil prices continue to remain more robust than the US\$60.00/bbl that our 2026 budget is predicated upon, incremental free cash flow would be used to increase our conventional asset expenditures closer to historical averages, support the funding of the Reford 2 project build-out, and expansion of future thermal prospect inventory.

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

ANNUAL FILINGS

Cardinal also announces the filing of its Audited Financial Statements for the year ended December 31, 2025 and related Management's Discussion and Analysis with the Canadian securities regulatory authorities on SEDAR+ at www.sedarplus.ca ("SEDAR+"). In addition, Cardinal will file its Annual Information Form for the year ended December 31, 2025 on SEDAR+ on or prior to March 31, 2026. Electronic copies may be obtained on Cardinal's website at www.cardinalenergy.ca and on Cardinal's SEDAR+ profile at www.sedarplus.ca.

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 Company's planned second Saskatchewan thermal project at Reford, Saskatchewan, expected funding for current and future thermal oil projects; the timing of completion of the project, estimated future production levels from the Reford 2 project; that the Reford 2 project will be completed on time and on budget; estimated costs of the Reford 2 project, including the expected costs to be subject to the fixed price contract with Propak; expected timing for certain work for Reford 2; and that the Company's overall corporate health will significantly improve as the Company's dividend becomes more sustainable at lower commodity prices; that an enhanced cash flow stream with Reford 1 now online and strengthening crude oil prices, Cardinal remains well equipped financially to deliver its next SAGD project at

Reford 2 over the next 18 months; the benefit, if any, on financial and operational performance of the Company as a result of future drilling opportunities and locations, the timing, quantum and benefits of the Company's current and future environmental and decommissioning activities, the benefits of the Company's low decline asset base on future capital expenditures, expectations that free cash flow will continue to grow, the benefits and timing of the Company's enhanced oil recovery program(s), the benefits and ability to further develop the Company's land base through drilling programs or other relevant means; the ability to fund and execute the Company's 2026 budget and capital program, Cardinal's intention to continue to improve its sustainability, that Reford 2 will exhibit the same high quality traits that Reford 1 possesses; that Cardinal can offer shareholders an attractive and sustainable return of capital through our dividend, while also providing a compelling growth outlook that extends well into the future; that crude oil prices will remain volatile with the geopolitical uncertainty in the Middle East; that we are maintaining our 2026 budget that will see the Company invest \$160 million in 2026 while generating average annual volumes of 25,000-25,500 boe/d; that incremental free cash flow would be used to increase our conventional asset expenditures closer to historical averages, support the funding of the Reford 2 project build-out, and expansion of future thermal prospect inventory; the Company business strategies, plans and objectives, future ESG and related environmental performance, and the quality of the asset base and decline rates.

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, that in respect of tariffs that have been publicly announced by the U.S. and Canadian governments (but which are either in effect or not yet in effect and otherwise delayed), the potential impact of such tariffs, and that other than the tariffs that have been announced, neither the U.S. nor Canada (i) increases the rate or scope of such tariffs, or imposes new tariffs, on the import of goods from one country to the other, and/or (ii) imposes any other form of tax, restriction or prohibition on the import or export of products from one country to the other; 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 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; the risk that (i) the U.S. or Canadian governments increases the rate or scope of the currently implemented or proposed and announced tariffs, or imposes new tariffs on the import of goods from on the import or export of products from one country to the other, and (ii) the tariffs imposed by the U.S. on other countries and responses thereto could have a material adverse effect on the Canadian, U.S. and global economies, and by extension the oil and gas industry and the Company; effects of hostilities in the Middle East and elsewhere; the ability of Propak to provide contracted services in a timely, competent and efficient manner; currency fluctuations; imprecision of reserve estimates; liabilities inherent in crude oil and natural gas operations; environmental risks; incorrect assessments of the value of acquisitions and exploration and development programs; competition from other producers; the lack of availability of qualified personnel, drilling rigs or other services; changes in income tax laws or changes in royalty rates and incentive programs relating to the oil and gas industry including abandonment and reclamation programs; hazards such as fire, explosion, blowouts, and spills, each of which could result in substantial damage to wells, production facilities, other property and the environment or in personal injury; and ability to access sufficient capital from internal and external sources.

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 2025 and 2024 production. The Company discloses crude oil production based on the pricing index that the oil is priced off. The following table is intended to provide the product type composition as defined by NI 51-101.

	Light/Medium		NGL	Conventional	Total (boe/d)
	Crude Oil	Heavy Oil		Natural Gas	
Q4/2025	44%	43%	4%	9%	23,514
Q4/2024	48%	38%	4%	10%	21,916
2025	47%	39%	4%	10%	21,870
2024	48%	37%	4%	11%	21,776
2026 Budget	35%	55%	3%	7%	25,000-25,500

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.

	Three months ended		Year ended	
	Dec 31, 2025	Dec 31, 2024	Dec 31, 2025	Dec 31, 2024
Operating expenses	49,986	47,524	192,053	198,904
Less: Processing and other revenue	(1,168)	(1,634)	(4,674)	(5,774)
Net operating expenses	48,818	45,890	187,379	193,130

Netback

Cardinal utilizes netback as a 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		Year ended	
	Dec 31, 2025	Dec 31, 2024	Dec 31, 2025	Dec 31, 2024
Petroleum and natural gas revenue	129,502	147,778	533,668	605,348
Royalties	(21,480)	(28,377)	(98,917)	(113,747)
Net operating expenses	(48,818)	(45,890)	(187,379)	(193,130)
Transportation expenses	(3,231)	(2,438)	(8,517)	(8,744)
Netback	55,973	71,073	238,855	289,727

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 corporate acquisition.

Cardinal utilizes development capital expenditures as a measure of capital investment on property, plant and equipment excluding capitalized G&A, other assets and property 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		Year ended	
	Dec 31, 2025	Dec 31, 2024	Dec 31, 2025	Dec 31, 2024
Cash flow from investing activities	42,476	40,223	241,936	163,970
Change in non-cash working capital	(10,018)	11,571	(22,690)	22,590
Exploration and evaluation	(7,925)	(34,864)	(141,513)	(83,279)
Capital expenditures	24,533	16,930	77,733	103,281
Less:				
Capitalized G&A	(723)	(309)	(2,010)	(1,582)
Other assets	(44)	(15)	125	(803)
Dispositions/(acquisitions)	606	(360)	606	(360)
Development capital expenditures	24,372	16,246	76,454	100,536

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 deficiency to adjusted working capital deficiency:

As at	Dec 31, 2025	Dec 31, 2024
Working capital deficiency	51,302	61,599
Less current portion of:		
Lease liabilities	1,751	1,711
Decommissioning obligation	7,462	7,125
Fair value of financial instruments, net	(1,205)	66
Adjusted working capital deficiency	43,294	52,697

Net debt

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

Net bank debt

Management utilizes net bank debt to analyze the financial position, liquidity, leverage and borrowing capacity on Cardinal's bank line. Net bank debt is calculated as net debt plus adjusted working capital deficiency.

The following table reconciles bank debt to net bank debt and net debt:

As at	Dec 31, 2025	Dec 31, 2024
Bank debt	138,610	85,610
Debentures	100,034	-
Adjusted working capital deficiency	43,294	52,697
Net bank debt	281,938	138,307

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 transaction costs, 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		Year ended	
	Dec 31, 2025	Dec 31, 2024	Dec 31, 2025	Dec 31, 2024
Cash flow from operating activities	43,491	53,075	206,820	247,537
Change in non-cash working capital	(1,396)	8,714	(11,655)	7,682
Funds flow	42,095	61,789	195,165	255,219
Decommissioning expenditures	4,053	3,295	9,964	10,222
Adjusted funds flow	46,148	65,084	205,129	265,441
Development capital expenditures	(24,372)	(16,246)	(76,454)	(100,536)
Free cash flow	21,776	48,838	128,675	164,905

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		Year ended	
	Dec 31, 2025	Dec 31, 2024	Dec 31, 2025	Dec 31, 2024
Petroleum and natural gas revenue	59.86	73.29	66.85	75.95
Royalties	(9.93)	(14.07)	(12.39)	(14.27)
Net operating expenses	(22.57)	(22.76)	(23.47)	(24.23)
Transportation expenses	(1.49)	(1.21)	(1.07)	(1.10)
Netback per boe	25.87	35.25	29.92	36.35

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 annualized adjusted funds flow for the applicable 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.

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.

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

Certain market, independent third party and industry data, including for comparison purposes, contained in this news release is based upon information from government or other independent industry publications and reports or based on estimates derived from such publications and reports. Government and industry publications and reports generally indicate that they have obtained their information from sources believed to be reliable, but Cardinal has not conducted its own independent verification of such information. This news release also includes certain data derived from independent third parties. While Cardinal believes this data to be reliable, 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 has not independently verified any of the data from independent third-party sources referred to in this news release or ascertained the underlying assumptions relied upon by such sources.

About Cardinal Energy Ltd.

Cardinal is a Canadian oil and natural gas production company with operations focused on low decline sustainable oil production in Western Canada. The Company's portfolio of conventional and SAGD projects offers a complimentary low decline, long life resource base that is ideally suited to sustain our commitment to meaningful dividend returns to shareholders.

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