MANAGEMENT'S DISCUSSION AND ANALYSIS

As at and for the three months ended

March 31, 2026 and 2025

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") as at March 31, 2026 and for the three months ended March 31, 2026 and is dated May 7, 2026. This MD&A should be read in conjunction with Cardinal's unaudited interim condensed financial statements as at March 31, 2026 and for the three months ended March 31, 2026 and the audited financial statements as at and for the year ended December 31, 2025. Financial data presented has been prepared in accordance with statement IAS 34 – Interim Financial Reporting of the IFRS Accounting Standards, unless otherwise indicated. Certain prior period amounts have been reclassified to conform to current period presentation. Additional information relating to Cardinal, including Cardinal’s Annual Information Form for the year ended December 31, 2025, is available on SEDAR+ at www.sedarplus.ca and Cardinal’s website at www.cardinalenergy.ca.

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 National Instrument 51-101 S*tandards 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.

FIRST QUARTER 2026 HIGHLIGHTS

- In the first quarter of 2026, Cardinal achieved record production of 25,948 boe/d due to a full quarter of production from the Reford steam-assisted gravity drainage ("SAGD") project. First quarter 2026 production increased by 18% compared to the same period in 2025;
- First quarter 2026 adjusted funds flow(1) was $60.5 million, which was directed to the funding of the Company's capital expenditures and the corporate dividend;
- Net operating expenses(1) per boe decreased 13% in the first quarter compared to the same period in 2025 reflecting the impact of low Reford costs, lower carbon taxes and decreased power prices;
- During the first quarter of 2026, Cardinal announced the final investment decision for its second SAGD project at Reford 2 and has entered into an agreement for the engineering, fabrication and field construction of the central processing facility, including the well pad;
- During the first quarter of 2026, Cardinal completed an upsized bought deal offering of common shares for total gross proceeds of approximately $104.7 million which allowed the Company to reduce bank debt by 53% from December 31, 2025 levels to $64.7 million at March 31, 2026 and begin funding the second SAGD project at Reford 2. Cardinal was drawn $64.7 million or 24% of our current $275 million credit facilities and had a net debt to adjusted funds flow ratio(1) of 0.9x;
- In the first quarter of 2026, we continued with our disciplined capital program spending $38.6 million of capital expenditures which included initial deposits for the Reford 2 SAGD project and the drilling and completion of two (2.0 net) oil wells, continuing with our well reactivation program and the injection of CO_2 at our enhanced oil recovery project at Midale, Saskatchewan; and
- Cardinal remained committed to our shareholder return strategy with a consistent $0.06 per share per month dividend leading to $31.1 million being returned to shareholders in the first quarter of 2026.

	Three months ended March 31,		
	2026	2025	%
Cash flow from operating activities	**45,625**	64,249	(29)
Change in non-cash working capital	**10,959**	(3,701)	n/m
Funds flow (1)	**56,584**	60,548	(7)
Decommissioning expenditures	**3,882**	1,698	129
Adjusted funds flow	**60,466**	62,246	(3)

(1) See Non-GAAP and other financial measures

OPERATIONS

PRODUCTION

	Three months ended March 31, 2026	2025	%
Light oil (bbl/d)	**6,884**	7,597	(9)
Medium / heavy oil (bbl/d)	**16,291**	11,249	45
Crude oil (bbl/d)	**23,175**	18,846	23
Natural gas (mcf/d)	**11,881**	13,688	(13)
NGL (bbl/d)	**793**	878	(10)
boe/d	**25,948**	22,005	18
% Crude oil and NGL production	**92%**	90%	2

First quarter 2026 production increased by 18% compared to the same period in 2025 primarily due to incremental heavy oil production from the Company's Reford SAGD project. In the first quarter of 2026, the Reford SAGD project added over 6,700 bbl/d of heavy oil leading to a 45% increase in heavy oil production. Partially offsetting this increase was the Company's decreased conventional oil and natural gas production due to reduced capital expenditures in the prior year as we had focused our investment on the completion of the Reford project.

PETROLEUM AND NATURAL GAS REVENUE

	Three months ended March 31, 2026	2025	%
Light oil	**55,738**	61,214	(9)
Medium / heavy oil	**106,327**	82,664	29
Crude oil	**162,065**	143,878	13
NGL	**2,306**	3,138	(27)
Natural gas	**2,275**	2,752	(17)
Petroleum and natural gas revenue	**166,646**	149,768	11
Cardinal average prices			
Light oil ($/bbl)	**89.96**	89.53	-
Medium / heavy oil ($/bbl)	**72.52**	81.65	(11)
Natural gas ($/mcf)	**2.13**	2.23	(4)
Equivalent ($/boe)	**71.36**	75.62	(6)
Benchmark prices			
Crude oil – WTI (US $/bbl)	**71.93**	71.42	1
Crude oil – Edmonton Light (Cdn $/bbl)	**93.40**	95.29	(2)
Crude oil – WCS (Cdn $/bbl)	**79.22**	84.29	(6)
Natural gas – AECO Spot (Cdn $/mcf)	**2.04**	2.20	(7)
WCS Differential to WTI (US $/bbl)	**(14.17)**	(12.67)	12
Exchange rate (US/Cdn)	**0.73**	0.70	4

Petroleum and natural gas revenue increased 11% in the first quarter of 2026 compared to the same period in 2025 due to a 23% increase in oil production, partially offset by a 11% decrease in realized medium/heavy oil commodity prices. In the first quarter of 2026, the Company's realized light oil price remained consistent with the same period in 2025 which was comparable to the Edmonton light oil benchmark decrease of 2%. Cardinal’s first quarter 2026 realized medium/heavy oil price decreased by 11% over the same period in 2025 which was greater than the decrease of 6% in the WCS oil benchmark due to Reford heavy oil receiving a lower quality adjustment as compared to conventional WCS production. The first quarter 2026 decrease of 4% in realized natural gas price was comparable to the decrease in the AECO natural gas benchmark as compared to the same period in 2025. WCS differentials widened in the first quarter of 2026 compared to the same period in 2025 as there was additional heavy barrels entering the market.

FINANCIAL INSTRUMENTS - COMMODITY

	Three months ended March 31,		
	2026	2025	%
Realized (loss) gain on commodity contracts	**(16,268)**	832	n/m
Unrealized loss on commodity contracts	**(6,048)**	(2,737)	121

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.

The Company has hedged AECO natural gas prices throughout 2026 and 2027 all at varying prices and volumes and has hedged WTI oil prices for April 2026, as outlined below. The Company will continue to monitor the spot and forward prices as well as expected expenditure levels in the allowable hedge period.

The following table summarizes the Company’s commodity derivative contracts outstanding as of the date of this MD&A:

Type of instrument	Remaining term	Average volume	Average strike price
AECO Swap	April 2026 – October 2026	5,000 gj/d	$ 3.01
AECO Swap	April 2026 – December 2026	2,500 gj/d	$ 2.99
AECO Swap	November 2026 – December 2027	2,500 gj/d	$ 2.99
USD WTI Swap	April 2026	6,000 bbl/d	USD $ 67.73

ROYALTIES

	Three months ended March 31,		
	2026	2025	%
Royalties	**24,479**	30,213	(19)
Percent of revenue	**14.7%**	20.2%	(27)
$/boe	**10.48**	15.25	(31)

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 ended March 31, 2026, royalties and royalties as a percentage of revenue decreased by 19% and 27%, respectively, compared to the same period in 2025 due to the Reford SAGD project meeting the criteria for Saskatchewan's Enhanced Oil Recovery royalty program, allowing a 1% Crown royalty rate until the project recovers its capital costs. In addition, lower commodity pricing experienced in a portion of the first quarter of 2026 attracted a lower royalty rate on a sliding scale basis for certain crown royalty wells. Lower production from conventional assets, which attract a higher royalty rate, also contributed to the Company's lower royalty rate in the first quarter of 2026 as compared to the same period in 2025.

NET OPERATING EXPENSES

	Three months ended March 31,		
	2026	2025	%
Operating expenses	**50,738**	49,346	3
Less: Processing and other revenue	**(1,058)**	(1,164)	(9)
Net operating expenses	**49,680**	48,182	3
$/boe [(1)]	**21.27**	24.33	(13)

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

During the first quarter of 2026, net operating expenses per boe decreased by 13% over the same period in 2025 due to the addition of lower cost Reford oil production, lower carbon taxes and decreased Alberta power prices combined with an 18% increase in production. In the first quarter of 2026, the average power price in Alberta decreased by approximately 20% over the same period in 2025 to average approximately $32/MWh.

TRANSPORTATION EXPENSES

	Three months ended March 31,		
	2026	2025	%
Transportation expenses	**4,919**	2,115	133
$/boe	**2.11**	1.07	97

Transportation expenses and transportation expenses per boe increased in the three months ended March 31, 2026 as compared with the same period in 2025 primarily due to an increase in the Company's clean oil trucking expenses as a result of the Reford SAGD project coming online as those heavy oil volumes are being trucked to various sales points. This was partially offset by lower natural gas transportation costs due to decreased natural gas production.

NETBACK

	Three months ended March 31,		
($/boe)	**2026**	2025	%
Petroleum and natural gas revenue	**71.36**	75.62	(6)
Royalties	**(10.48)**	(15.25)	(31)
Net operating expenses	**(21.27)**	(24.33)	(13)
Transportation expenses	**(2.11)**	(1.07)	97
Netback [(1)]	**37.50**	34.97	7

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

During the three months ended March 31, 2026, the Company's netback increased by 7% as compared to the same period in 2025 due to lower royalties and net operating expenses, partially offset by lower realized commodity prices and higher transportation expenses.

GENERAL AND ADMINISTRATIVE ("G&A")

	Three months ended March 31,		
	2026	2025	%
Gross G&A	**8,807**	7,639	15
Capitalized G&A and overhead recoveries	**(2,031)**	(1,962)	4
G&A	**6,776**	5,677	19
$/boe	**2.90**	2.87	1

In the three months ended March 31, 2026, G&A costs per boe have increased by 1% compared to the same period in 2025 due to increased technical staff required for Cardinal's long-term growth plans and increased software costs to accommodate a larger number of users and activity.

SHARE-BASED COMPENSATION ("SBC")

	Three months ended March 31,		
	2026	2025	%
Gross SBC	**3,344**	2,803	19
Capitalized SBC	**(509)**	(465)	9
SBC	**2,835**	2,338	21
$/boe	**1.21**	1.18	3

SBC expense increased by 21% in the three months ended March 31, 2026 compared to the same period in 2025 due to an increase in the grant date fair value of restricted bonus awards ("RA") and performance bonus awards ("PA") outstanding and an increase in the total amount of RAs and PAs outstanding.

As at March 31, 2026, Cardinal had 2.2 million RAs and 1.1 million PAs outstanding.

FINANCE

	Three months ended March 31,		
	2026	2025	%
Interest – bank debt	**1,646**	844	95
Interest – debentures	**2,073**	1,393	49
Capitalized interest	**(112)**	(1,296)	(91)
Other finance charges, net	**410**	1,173	(65)
Interest – leases	**41**	53	(23)
Accretion	**2,580**	2,466	5
Finance	**6,638**	4,633	43
$/boe	**2.84**	2.34	21
Average bank debt	**116,523**	48,134	142
Interest rate – bank debt	**5.7%**	7.1%	(20)

Finance expense increased by 43% in the three months ended March 31, 2026 compared to the same period in 2025 due to increased interest on bank debt as a result of higher average bank debt levels, interest and accretion on the debentures and reduced capitalized interest. In the first quarter of 2026, the Company capitalized $0.1 million (March 31, 2025 – $1.3 million) of interest related to the Reford 2 SAGD project.

For the three months ended March 31, 2026, 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 March 31,		
	2026	2025	%
Depletion and depreciation	**34,262**	26,290	30
$/boe	**14.67**	13.27	11

Depletion is calculated based on capital expenditures of the Company, forecasted future development costs associated with proved and probable reserves, production rates and the estimates of proved and probable oil and natural 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 ended March 31, 2026 increased by 11% as compared to the same period in 2025 due to an increase in property, plant and equipment and future development capital due to the transfer from exploration and evaluation assets in the fourth quarter of 2025, partially offset by an increase in 2025 year-end proved plus probable reserve bookings and reduced cost base as a result of an impairment of the Alberta Central cash generating unit ("CGU") in the fourth quarter of 2025.

DEFERRED TAXES

At March 31, 2026, 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.

A deferred tax asset was not recognized in respect of temporary differences related to successor tax pools of $93 million or the $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 March 31,		
	2026	2025	%
Earnings	**10,745**	21,402	(50)
$ per share			
Basic	**0.06**	0.13	(54)
Diluted	**0.06**	0.13	(54)
Cash flow from operating activities	**45,625**	64,249	(29)
$ per share			
Basic	**0.27**	0.40	(33)
Diluted	**0.27**	0.40	(33)
Adjusted funds flow	**60,466**	62,246	(3)
$ per share (1)			
Basic	**0.36**	0.39	(8)
Diluted	**0.35**	0.39	(10)
Total payout ratio (1)	**111%**	67%	66

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

In the three months ended March 31, 2026, Cardinal had earnings of $10.7 million compared to $21.4 million in the first quarter of 2025 primarily due to losses on commodity contracts as there was significant volatility in the oil price towards the end of the first quarter of 2026. Cash flow from operating activities decreased by 29% compared with the same period in 2025 primarily due to the decrease in earnings and 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 first quarter of 2026. Adjusted funds flow decreased by 3% compared with the same period in 2025 due to the aforementioned cash flow from operating activities and change in non-cash working capital. Total payout ratio increased by 66% compared with the same period in 2025 due to higher development capital costs as the second SAGD project at Reford 2 has commenced.

CAPITAL EXPENDITURES

During the first quarter of 2026, Cardinal entered into an agreement with a third party for the engineering, fabrication and field construction of the Reford 2 central processing facility, including the SAGD well pad. The fixed-price agreement, which represents over half of the total estimated project cost, provides cost certainty for Cardinal, in addition to reducing manufacturing uncertainty as a result of the ability to manufacture and fabricate the modular facilities in a controlled indoor environment.

In the first quarter of 2026, the Company spent $38.6 million on capital expenditures which included the initial deposits for the Reford 2 SAGD project and the drilling and completion of two (2.0 net) oil wells, one (1.0 net) in central Alberta and one (1.0 net) in northern Alberta. The Company continued with its well reactivation program spending $2.5 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 CO_2 injection at Midale.

	Three months ended March 31, 2026	2025	%
Land	**477**	58	n/m
Geological and geophysical	**581**	3	n/m
Drilling, completion and recompletions	**12,422**	6,111	103
Equipment, facilities and pipelines	**22,826**	6,928	229
Development capital expenditures [(1)]	**36,306**	13,100	177
Capitalized G&A	**1,247**	672	86
Other assets	**102**	50	104
Acquisitions	**927**	-	-
Capital expenditures [(1)]	**38,582**	13,822	179

(1) See Non-GAAP and other financial measures

EXPLORATION AND EVALUATION ("E&E") EXPENDITURES

Cardinal's E&E consists of undeveloped land and exploration projects which are pending technical feasibility and commercial viability.

For the three months ended March 31, 2026, the Company has incurred $0.3 million (2025 – $71.0 million) in E&E expenditures to acquire additional acreage and continue delineation through 3D seismic.

DECOMMISSIONING OBLIGATION

In the first quarter of 2026, the Company continued to reduce its environmental footprint and spent $3.9 million on decommissioning obligations.

LIQUIDITY AND CAPITAL RESOURCES

Capitalization table	As at Mar 31, 2026	Dec 31, 2025	%
Net debt[(1)]	**$ 192,216**	$ 281,938	(32)
Common shares, outstanding	**174,925,319**	160,650,490	9
Market price at end of period ($ per share)	**$ 11.37**	$ 8.69	31
Market capitalization	**1,988,901**	1,396,053	42
	$ 2,181,117	$ 1,677,991	30

(1) See Non-GAAP and other financial measures

CAPITAL FUNDING

Bank debt

Subsequent to the end of the first quarter, the Company renewed its $275.0 million reserve-based revolving credit facility, comprised of a $250.0 million Syndicated Facility and a $25.0 million non-syndicated operating line credit facility (together the "Facilities"). The Facilities have a maturity date of May 31, 2028 and may be extended for a period of no more than 2 years from the extension date, subject to approval by the syndicate.

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. As the available lending limit of the Facilities is based on the syndicate's interpretation of the Company's reserves and future commodity prices and costs, 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 for the Facilities will be on or before November 30, 2026.

Advances under the Facilities are available by way of prime rate loans, which bear interest at the banks' prime lending rate plus 1.75% to 4.25%, and the Canadian Overnight Repo Rate Average (“CORRA”) and/or the Secured Overnight Financing Rate (“SOFR”) loans, which are subject to fees and margins ranging from 2.75% to 5.25%. 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.

Senior subordinated unsecured debentures

On January 3, 2025, the Company completed an offering of units (the “Units”) with Cardinal issuing $60 million of Units. Each Unit was comprised of one senior subordinated unsecured debenture (the “7.75% Debentures”) with a par value of $1,000 and 65 warrants (the “Warrants”). The 7.75% 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. The 7.75% Debentures are redeemable by the Company on or after March 31, 2028 subject to certain conditions.

On March 4, 2025, the Company completed an offering for $45 million of senior subordinated unsecured debentures (the “8.25% Debentures”) at a price of $1,000 per debenture. The 8.25% Debentures bear interest at 8.25% per annum and will mature on September 30, 2030. The 8.25% Debentures are redeemable by the Company on or after September 30, 2028 subject to certain conditions.

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, dividend payments and reducing its cost structure.

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, E&E expenditures, 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 debt and equity if available on favourable terms. The Company prepares an annual capital and E&E expenditure budget, which is monitored monthly and updated as necessary.

		As at and for the twelve months ended		
		Mar 31, 2026		Dec 31, 2025
Bank debt	**$**	**64,725**	$	138,610
Debentures		**100,305**		100,034
Adjusted working capital deficiency [1]		**27,186**		43,294
Net debt	**$**	**192,216**	$	281,938
Cash flow from operating activities	**$**	**188,196**	$	206,820
Change in non-cash working capital		**3,005**		(11,655)
Funds flow	**$**	**191,201**	$	195,165
Decommissioning obligation expenditures		**12,148**		9,964
Adjusted funds flow	**$**	**203,349**	$	205,129
Net debt to adjusted funds flow [1]		**0.9**		1.4

(1) See Non-GAAP and other financial measures

Cardinal's ratio of net debt to adjusted funds flow as at March 31, 2026 was 0.9 to 1, which decreased over the level at December 31, 2025 and is below the Company's target of 1.0. This ratio decreased as the Company completed a bought deal offering of common shares and was able to use the net proceeds to initially repay and reduce outstanding indebtedness. Cardinal expects this ratio will continue to fluctuate with volatility in oil prices and as the second SAGD project at Reford 2 requires significant up-front capital until it comes onstream.

As discussed below in the *Liquidity* section, the Company currently believes it has available capacity on its Facilities to satisfy its planned capital expenditures, E&E expenditures and decommissioning obligations for 2026 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 $27.2 million at March 31, 2026 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, the 7.75% Debentures, the 8.25% Debentures and the equity issuance completed in February 2026, as described below, 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, E&E expenditures, decommissioning obligations and dividend payments for the 2026 fiscal year and beyond.

DIVIDENDS

		Three months ended March 31,			
		2026		2025	%
Dividends declared		**31,091**		28,738	8
Dividends declared per share	**$**	**0.18**	$	0.18	-

During the three months ended March 31, 2026, the Company declared dividends of $31.1 million ($0.18 per common share) (2025 – $28.7 million or $0.18 per common share), of which $20.0 million (2025 – $19.1 million) was paid in cash and $11.1 million (2025 – $9.6 million) was recognized as a liability at March 31, 2026. The dividend payable was settled on April 15, 2026.

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.

During the first quarter of 2026, the trustee did not purchase any common shares (2025 – 0.1 million common shares for $0.4 million) for the settlement of future vesting RAs and PAs. Subsequent to the end of the first quarter, the trustee purchased 0.1 million common shares for $1.0 million for the settlement of future vesting RAs and PAs.

In the first quarter of 2026, upon the vesting of 0.9 million (2025 – 0.7 million) RAs and 0.5 million (2025 – 0.5 million) PAs, when taking into account the performance multiplier for PAs, the Company utilized 0.3 million (2025 – 0.3 million) treasury shares and issued 1.4 million (2025 – 1.2 million) common shares.

In the first quarter of 2026, Cardinal granted 1.0 million (2025 – 1.0 million) RAs and 0.6 million (2025 – 0.6 million) PAs to officers, directors, employees and service providers pursuant to the Company's bonus award plan.

On January 3, 2025, as part of the 7.75% Debentures offering, the Company issued 3,900,000 Warrants entitling each holder to acquire one common share of Cardinal at a price of $7.00 per common share on or before January 3, 2028. During the first quarter of 2026, 525,700 warrants were exercised. As of the date of this MD&A, an additional 481,681 warrants were exercised.

On February 4, 2026, the Company completed a bought deal offering of common shares. In connection with the offering, Cardinal issued 12.1 million common shares, inclusive of the full exercise on the over-allotment option, at an issue price of $8.65 per common share for proceeds of approximately $104.7 million, before transaction costs of $4.5 million.

Equity instruments as at	May 7, 2026	Mar 31, 2026	Dec 31, 2025
Common shares, issued	175,627,808	175,163,626	161,175,737
Treasury shares	(330,239)	(238,307)	(525,247)
Warrants	2,772,094	3,253,775	3,779,475
RAs	2,206,228	2,215,117	2,010,734
PAs	1,141,549	1,141,549	1,027,386

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 March 31, 2026, the Company had contractual obligations as follows:

	2026	2027	2028	2029	2030	Thereafter
Trade and other payables	102,373	-	-	-	-	-
Dividend payable	11,059	-	-	-	-	-
Lease liabilities	1,739	1,605	1,035	509	451	-
Bank debt	-	-	64,725	-	-	-
Thermal facility construction and engineering	65,310	14,955	-	-	-	-
Power purchase commitment (1)	8,969	11,904	-	-	-	-
Debentures (2)	6,301	8,363	8,385	8,363	108,923	-
Total contractual obligations	**195,751**	**36,827**	**74,145**	**8,872**	**109,374**	**-**

(1) Amounts represent the portion of the Company's power cost that has been fixed.
(2) Amounts include interest for the 7.75% Debentures and 8.25% Debentures and the principal due in 2030.

ADDITIONAL INFORMATION

MATERIAL ACCOUNTING ESTIMATES

There have been no changes in Cardinal's material accounting estimates in the three months ended March 31, 2026. Further information on the Company's material accounting policies and estimates can be found in the notes to the annual financial statements and MD&A for the year ended December 31, 2025.

NEW ACCOUNTING STANDARDS

The International Accounting Standards Board issued amendments to IFRS 7 *Financial Instruments: Disclosure* and IFRS 9 *Financial Instruments* with the intention to clarify the date of recognition and derecognition of some financial assets and liabilities. The Company adopted the amendments on their effective date of January 1, 2026. This adoption had no material impact on the Company's condensed interim financial statements.

INTERNAL CONTROLS UPDATE

Cardinal is required to comply with National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*. The certificate requires that Cardinal disclose in the interim MD&A any change in the Company's internal control over financial reporting ("ICOFR") that occurred during the period that has materially affected, or is reasonably likely to materially affect Cardinal's ICOFR. As of the date of this MD&A, Cardinal confirms that there have been no such changes in Cardinal's ICOFR during the first quarter of 2026.

OUTLOOK

As we navigate through the second quarter and into the balance of 2026, future oil prices are higher than our budget forecast. We have increased our budgeted capital expenditures by $45 million which will be focused on our conventional assets. The additional capital investment serves to enhance the sustainability on our conventional asset base in addition to de-risking and growing our thermal portfolio.

As part of this budget increase, we will also increase our abandonment and reclamation investment by 50% to $15 million in 2026, continuing our commitment of outpacing regulatory requirements.

Our second thermal project, Reford 2, is currently progressing; the in-shop facility construction is ongoing, service wells are expected to begin drilling in the second quarter of 2026 and earthworks on the facility site will commence this summer. Our target for first steam at Reford 2 remains the summer of 2027, with the ramp towards nameplate capacity to follow in the fourth quarter of 2027.

QUARTERLY DATA

	Mar 31, 2026	Dec 31, 2025	Sep 30, 2025	Jun 30, 2025
Production				
Crude oil (bbl/d)	**23,175**	20,630	17,626	18,154
Natural gas (mcf/d)	**11,881**	12,297	13,594	13,190
NGL (bbl/d)	**793**	834	880	832
Oil equivalent (boe/d)	**25,948**	23,514	20,772	21,184
Financial				
Petroleum and natural gas revenue	**166,646**	129,502	127,021	127,377
Earnings / (loss)	**10,745**	(29,915)	13,798	15,516
Basic ($ per share)	**0.06**	(0.19)	0.09	0.10
Diluted ($ per share)	**0.06**	(0.18)	0.09	0.10
Cash flow from operating activities	**45,625**	43,491	55,489	43,591
Total assets	**1,395,227**	1,357,203	1,402,995	1,382,019
Bank debt	**64,725**	138,610	111,042	94,649
Debentures	**100,305**	100,034	99,757	99,482
Total long-term liabilities	**340,560**	411,374	395,693	372,942
Shareholders' equity	**925,377**	835,466	890,764	903,004
Dividends declared	**31,091**	29,459	29,448	28,896
Dividends declared ($ per share)	**0.18**	0.18	0.18	0.18
Common shares outstanding, net (000s) (1)	**174,925**	160,650	160,576	160,562
Diluted shares outstanding, net (000s) (1)	**181,536**	167,468	167,466	167,535

	Mar 31, 2025	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024
Production				
Crude oil (bbl/d)	18,846	18,827	18,230	19,273
Natural gas (mcf/d)	13,688	13,569	12,719	13,752
NGL (bbl/d)	878	827	778	811
Oil equivalent (boe/d)	22,005	21,916	21,128	22,376
Financial				
Petroleum and natural gas revenue	149,768	147,778	147,991	169,353
Earnings	21,402	25,817	25,136	40,650
Basic ($ per share)	0.13	0.16	0.16	0.26
Diluted ($ per share)	0.13	0.16	0.16	0.25
Cash flow from operating activities	64,249	53,075	83,635	71,463
Total assets	1,354,445	1,296,975	1,250,585	1,238,645
Bank debt	8,253	85,610	69,134	77,904
Debentures	99,227	-	-	-
Total long-term liabilities	280,239	250,875	210,151	213,540
Shareholders' equity	914,371	918,259	918,402	919,406
Dividends declared	28,738	28,656	28,653	29,116
Dividends declared ($ per share)	0.18	0.18	0.18	0.18
Common shares outstanding, net (000s) (1)	160,596	159,203	159,187	159,178
Diluted shares outstanding, net (000s) (1)	167,648	161,836	161,846	161,872

(1) Net of treasury shares

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 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. In the first quarter of 2025, Cardinal completed two debenture offerings allowing the Company to repay then outstanding bank debt, further the completion of the Reford SAGD project and accelerate the development of future thermal projects. In the second quarter of 2025, oil prices decreased and E&E expenditures remained high resulting in an increase in bank debt. In the third quarter of 2025, the Reford SAGD project moved into the warm-up phase and the Company resumed drilling conventional wells while operating in a low price environment resulting in an increase in bank debt. In the fourth quarter of 2025, the Reford SAGD project moved into the production phase and Cardinal achieved record production. A reduction in forecast pricing caused the Company to record an impairment charge on its Alberta Central CGU. In the first quarter of 2026, Cardinal achieved increased production as the Reford SAGD project had a full quarter of run time and the Company was able to reduce bank debt by 53% as a result of the equity issuance.

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 March 31,	
	2026	2025
Operating expenses	**50,738**	49,346
Less: Processing and other revenue	**(1,058)**	(1,164)
Net operating expenses	**49,680**	48,182

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 March 31,	
	2026	2025
Petroleum and natural gas revenue	**166,646**	149,768
Royalties	**(24,479)**	(30,213)
Net operating expenses	**(49,680)**	(48,182)
Transportation expenses	**(4,919)**	(2,115)
Netback	**87,568**	69,258

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, exploration and evaluation expenditures and exploration and evaluation acquisitions.

Cardinal utilizes development capital expenditures as a measure of capital investment on property, plant and equipment excluding capitalized G&A, other assets and acquisitions and is compared to the annual budgeted capital expenditures.

The following table reconciles cash flow from investing activities to capital expenditures and to development capital expenditures:

	Three months ended March 31,	
	2026	2025
Cash flow from investing activities	**44,892**	57,707
Change in non-cash working capital	**(6,021)**	27,132
E&E expenditures	**(289)**	(71,017)
Capital expenditures	**38,582**	13,822
Capitalized G&A	**(1,247)**	(672)
Other assets	**(102)**	(50)
Acquisitions	**(927)**	-
Development capital expenditures	**36,306**	13,100

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 the current portion of the fair value of financial instruments, decommissioning obligation and lease liabilities).

The following table reconciles working capital to adjusted working capital:

As at	Mar 31, 2026	Dec 31, 2025
Working capital deficiency	**40,467**	51,302
Less current portion of:		
Lease liabilities	**1,852**	1,751
Decommissioning liabilities	**6,311**	7,462
Fair value of financial instruments	**5,118**	(1,205)
Adjusted working capital deficiency	**27,186**	43,294

Net debt

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

The following table reconciles bank debt to net debt:

As at	Mar 31, 2026	Dec 31, 2025
Bank debt	**64,725**	138,610
Debentures	**100,305**	100,034
Adjusted working capital deficiency	**27,186**	43,294
Net debt	**192,216**	281,938

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, E&E 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 March 31,	
	2026	2025
Cash flow from operating activities	**45,625**	64,249
Change in non-cash working capital	**10,959**	(3,701)
Funds flow	**56,584**	60,548
Decommissioning expenditures	**3,882**	1,698
Adjusted funds flow	**60,466**	62,246
Development capital expenditures	**(36,306)**	(13,100)
Free cash flow	**24,160**	49,146

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 March 31,	
	2026	2025
Petroleum and natural gas revenue	**71.36**	75.62
Royalties	**(10.48)**	(15.25)
Net operating expenses	**(21.27)**	(24.33)
Transportation expenses	**(2.11)**	(1.07)
Netback per boe	**37.50**	34.97

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, E&E 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, E&E 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, E&E 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, E&E 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

National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure* 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:

- 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;
- plans to evaluate the Company's E&E assets;
- 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, E&E expenditures, decommissioning obligations and dividend payments;
- expectation that present sources of capital are expected to be sufficient to satisfy the Company's capital expenditure program, E&E expenditures, decommissioning obligations and dividend payment for the 2026 fiscal year and beyond;
- Cardinal's belief that it is well positioned to take advantage of its internally developed opportunities funded through its available Facilities, debentures and equity issuances combined with anticipated cash flow from operating activities and adjusted funds flow;
- 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;
- Cardinal's outlook, including that future oil prices will remain higher than our budget forecast, our increase in budgeted capital expenditures which will be focused on conventional assets, the additional capital investment will enhance the sustainability of our conventional asset base, the de-risking and growing thermal portfolio, our increased abandonment and reclamation investment in 2026, the progress and estimated costs of our second thermal project at Reford 2, the targeted first steam for Reford 2 in summer 2027 and the ramp towards nameplate capacity in the fourth quarter of 2027; 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; timing, costs and performance of the Reford project and other heavy oil projects under development; 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; hostility and other conflicts in the Middle East and elsewhere; changes in income tax laws or changes in royalty rates and incentive programs relating to the oil and natural gas industry; changes in tariff regimes; the tariffs imposed or threatened to be imposed by the United States on other countries and retaliatory tariffs imposed or threatened to be imposed by other countries on the United States, will trigger a broader global trade war which could have an adverse effect on the Canadian, United States and global economies, and by extension the Canadian oil and natural gas industry and the Company, including by decreasing demand for (and the price of) oil and natural gas, disrupting supply chains, increasing costs, causing volatility in global financial markets and limited access to financing; 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 2024, 2025 and 2026 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)
Q1/26	**39%**	**50%**	**3%**	**8%**	**25,948**
Q4/25	44%	43%	4%	9%	23,514
Q3/25	48%	37%	4%	11%	20,772
Q2/25	47%	39%	4%	10%	21,184
Q1/25	48%	38%	4%	10%	22,005
Q4/24	48%	38%	4%	10%	21,916
Q3/24	46%	40%	4%	10%	21,128
Q2/24	48%	38%	4%	10%	22,376

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
"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
"WCS"	Western Canadian Select
"WTI"	West Texas Intermediate