NEWS RELEASE **JULY 28, 2026**

CARDINAL ENERGY LTD. ANNOUNCES SECOND QUARTER 2026 OPERATING AND FINANCIAL RESULTS

Calgary, Alberta – Cardinal Energy Ltd. ("Cardinal" or the "Company") (TSX: CJ) is pleased to announce its operating and financial results for the second quarter ended June 30, 2026.

FINANCIAL AND OPERATING HIGHLIGHTS FROM THE SECOND QUARTER OF 2026

- Second quarter 2026 production of 25,636 boe/d increased by 21% compared to the same period in 2025 primarily due to crude oil production additions from the Reford 1 steam-assisted gravity drainage ("SAGD") project;

- Adjusted funds flow(1) in the second quarter of 2026 was $123.4 million, an increase of 150% compared to the same period in 2025, one of the highest in Cardinal's history, which was directed to the funding of the Company's capital expenditures, reducing debt and the corporate dividend;

- Net operating expenses(1) per boe decreased 12% to $20.38/boe in the second quarter compared to the same period in 2025 reflecting the addition of lower cost Reford production and decreased carbon taxes and power prices;

- Net debt(1) of $172.7 million, a reduction of 39% from December 31, 2025 levels, led to a net debt to adjusted funds flow ratio(1) of 0.6x. At the end of the second quarter, Cardinal was drawn $29.8 million or 11% of our current $275 million credit facilities;

- In the second quarter of 2026, we continued with our disciplined capital program spending $63.6 million of capital expenditures(1) which include milestone payments for the Reford 2 SAGD project, the drilling and completion of two (2.0 net) conventional oil wells, the drilling of stratigraphic and disposal wells along the Saskatchewan thermal trend, our ongoing well reactivation program and the injection of CO_2 at our enhanced oil recovery project at Midale, Saskatchewan; and

- With an active quarter of operations, Cardinal generated free cash flow(1) of approximately $64.5 million, enabling the Company to remain committed to our shareholder return strategy with a predictable monthly dividend of $0.06 per share. This led to $32.2 million being returned to shareholders, and when combined with capital investment during the second quarter of 2026, reflects a sustainable 74% total payout ratio(1).

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

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

($000's except shares, per share and operating amounts)	Three months ended June 30			Six months ended June 30		
	2026	2025	% Chg	**2026**	2025	% Chg
Financial						
Petroleum and natural gas revenue	**231,641**	127,377	82	**398,287**	277,145	44
Cash flow from operating activities	**114,900**	43,591	164	**160,525**	107,840	49
Adjusted funds flow(1)	**123,359**	49,419	150	**183,825**	111,665	65
per share – basic	**0.70**	0.31	126	**1.07**	0.70	53
per share – diluted	**0.69**	0.31	123	**1.05**	0.69	52
Earnings	**68,390**	15,516	341	**79,135**	36,918	114
per share – basic	**0.39**	0.10	290	**0.46**	0.23	100
per share – diluted	**0.38**	0.10	280	**0.45**	0.23	96
Development capital expenditures(1)	**58,860**	12,672	364	**95,166**	25,772	269
Other capital expenditures(1)	**808**	34	n/m	**2,157**	756	185
Acquisitions(1)	**3,907**	-	n/m	**4,834**	-	n/m
Capital expenditures(1)	**63,575**	12,706	400	**102,157**	26,528	285
Exploration & evaluation expenditures ("E&E")	**8,011**	36,339	(78)	**8,300**	107,356	(92)
Common shares, net of treasury shares (000s)	**175,664**	160,562	9	**175,664**	160,562	9
Dividends declared	**32,179**	28,896	11	**63,270**	57,634	10
Per share	**0.18**	0.18	-	**0.36**	0.36	-
Total payout ratio(1)	**74%**	84%	(12)	**86%**	75%	15
Bank debt				**29,796**	94,649	(69)
Debentures				**100,579**	99,482	1
Adjusted working capital deficiency(1)				**42,292**	32,958	28
Net debt(1)				**172,667**	227,089	(24)
Net debt to adjusted fund flow ratio(1)				**0.6**	0.9	(33)
Operating						
Average daily production						
Light oil (bbl/d)	**7,137**	7,332	(3)	**7,011**	7,464	(6)
Medium/heavy oil (bbl/d)	**15,728**	10,822	45	**16,008**	11,034	45
NGL (bbl/d)	**829**	832	-	**811**	855	(5)
Conventional natural gas (mcf/d)	**11,650**	13,190	(12)	**11,765**	13,438	(12)
Total (boe/d)	**25,636**	21,184	21	**25,791**	21,593	19
Netback ($/boe)(1)						
Petroleum and natural gas revenue	**99.29**	66.08	50	**85.32**	70.91	20
Royalties	**(16.98)**	(12.02)	41	**(13.73)**	(13.66)	1
Net operating expenses(1)	**(20.38)**	(23.04)	(12)	**(20.83)**	(23.69)	(12)
Transportation expenses	**(2.17)**	(0.87)	149	**(2.14)**	(0.97)	121
Netback(1)	**59.76**	30.15	98	**48.62**	32.59	49
Realized loss on commodity contracts	**(2.68)**	(0.83)	223	**(4.82)**	(0.19)	n/m
Interest and other	**(1.38)**	(0.76)	82	**(1.56)**	(0.94)	66
G&A	**(2.82)**	(2.92)	(3)	**(2.86)**	(2.89)	(1)
Adjusted funds flow(1)	**52.88**	25.64	106	**39.38**	28.57	38

n/m Not meaningful or not calculable

SECOND QUARTER OVERVIEW

During the second quarter, Cardinal maintained solid production performance with its conventional assets continuing to provide a strong and predictable base while its Reford 1 thermal property delivered another quarter of volumes that have outperformed nameplate capacity. Despite a planned inspection of the steam generating units that impacted volumes for approximately five days during the period, Reford 1's quarterly production averaged 6,567 bbl/d. Paired with conventional production volumes that were largely flat quarter-over-quarter, Cardinal's first half average 2026 volumes were the highest in the Company's history.

Robust production volumes were met with a strong quarter for light, medium, and heavy crude oil prices which resulted in quarterly adjusted funds flow performance that ranks amongst the best the Company has delivered to date. Delivery of $123 million of adjusted funds flow ($0.70 per basic share) was more than double the amount Cardinal posted in the prior quarter and reflects the powerful torque the Company has to higher oil prices. The Company is unhedged on crude oil at present.

The strong netbacks generated this quarter were also a function of operating costs continuing to fall, with the reported second quarter operating expense of $20.38/boe representing the lowest figure achieved in more than five years. Reford 1 continues to outperform operating cost expectations at less than $9.00/bbl, while lower power prices, development drilling and a well reactivation campaign contributed to optimize costs from our conventional assets.

Cardinal's capital and E&E expenditures for the second quarter included the drilling of two (2.0 net) oil wells in Alderson and Heart River, 16 (16.0 net) stratigraphic wells in our Saskatchewan thermal fairway, numerous reactivations, and scheduled payments directed towards our Reford 2 SAGD project.

The Company's financial flexibility improved quarter-over-quarter despite larger than seasonally average capital deployment, due to early-stage investment timetable associated with Reford 2. Second quarter net debt decreased by nearly $20 million over the prior period, decreasing to $172.7 million, representing 0.6x net debt to trailing twelve-month cash flow. Further, Cardinal's bank line draw of $29.8 million represents 11% of its available credit capacity ($275 million), leaving the Company with an appreciable amount of financial liquidity during the build-out of Reford 2, which is expected to begin meaningfully contributing to corporate revenues in the fourth quarter of 2027.

SASKATCHEWAN THERMAL UPDATE

In the second quarter of 2026, Reford 1's average quarterly production was 6,567 bbl/d, marking six consecutive months of exceeding nameplate capacity (6,000 bbl/d) following its initial ramp-up phase that began in the second half of 2025. Volumes in May were impacted by a planned five-day inspection of our steam generating units, with no issues identified in the process. For the month of June, Reford 1 reached record monthly average volumes of 6,895 bbl/d, with an associated steam oil ratio ("SOR") of 2.4x.

Cumulative production at Reford 1 has surpassed 1.5 million barrels to date, with healthy operating conditions being observed.

The Company is preparing to drill its first two sustaining well pairs for Reford 1 in the first half of 2027, which are scheduled to be brought online in the summer, alongside the roll out of non-condensable gas ("NCG") co-injection.

Activity is accelerating on Cardinal's Reford 2 SAGD project with the Company advancing the following logistical, construction, technical, and operational initiatives:

- Earthworks for the central processing facility ("CPF") and well pad has commenced;
- Fabrication of the CPF by Propak Systems Ltd. ("Propak") is trending ahead of schedule;
- Disposal wells have been drilled and cased;
- Thermal abandonment of legacy wells within Reford 2 development area has been completed; and
- Drilling rig, associated services, and necessary hardware has been secured for spudding Reford 2 well pairs in the second half of 2026.

The Company carried out an active stratigraphic well drilling campaign across our Saskatchewan thermal fairway during the second quarter. A total of 16 (16.0 net) wells were drilled for the purpose of delineating existing and new potential thermal prospects across our land position. The Company is now incorporating this new data to existing interpretations in efforts to enhance the understanding of the scale and scope of each individual prospect along with the associated development plans.

CONVENTIONAL OPERATIONS UPDATE

Cardinal's conventional production in the second quarter of 2026 was largely flat compared to the prior quarter, demonstrating again, the low decline nature of these assets with the two drilled oil wells not expected to contribute meaningful volumes until the third quarter.

The Company executed a small tuck-in asset acquisition, with associated production of approximately 300 boe/d, that consolidates the Cardinal operated House Mountain Units within our Northern business group. Based on the closing purchase price of $3.9 million, area synergies and current oil prices, we forecast this transaction will pay out within a year.

Our Clearwater drilling program has commenced and includes a multi-leg oil well and an injector planned for Heart River, a water injection well at Nipisi, an exploration well at Mitsue East, and two development wells plus a stratigraphic test at Buffalo Lake. We expect that this program will see volumes being added throughout the second half of 2026.

In the second half of the year, the Company also has a horizontal oil well planned for the Hayter region of Central Alberta along with one development oil well and three water alternating gas ("WAG") injector wells within our Midale CO_2 flood region. Additionally, the Company is excited for the potential of expanding its drilling inventory at Tide Lake in Southern Alberta with two stratigraphic wells drilled early in the third quarter.

We continue to highlight commitment to our ARO program with $7.0 million invested in these initiatives through to the midpoint of the year. Given current tailwinds in crude oil prices we are proactively planning to expand our ARO budget by $5 million, increasing it to $20 million for 2026, which is more than double our mandated expenditure levels for the year.

OUTLOOK

The strong operational and financial performance generated in the second quarter of 2026 not only highlights the compelling netbacks that can be delivered from our existing assets, but also represents a step-change in financial flexibility for the Company moving forward. Despite expanding our capital budget by $50 million in May, near record adjusted funds flow in the second quarter combined with continued strength observed in the crude oil price futures curve, positions Cardinal to exit 2026 with net debt levels well below those projected in the original 2026 capital budget released in January.

While we continue to monitor crude oil prices to help guide our pace of development, the enhanced financial flexibility solidifies our ability to organically fund our compelling and growing list of thermal project opportunities while also offering a meaningful return of capital to shareholders through a predictable monthly dividend.

As we remain focused on our Reford 2 project progressing on time and on budget, we are excited to advance several other future thermal projects in our portfolio at the same time. Our ongoing stratigraphic drilling program is being tied to our existing geotechnical and engineering understanding to frame development plans for each opportunity, and we look forward to sharing these results with shareholders once fully evaluated.

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

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements and forward-looking information (collectively "forward-looking information") within the meaning of applicable securities laws relating to Cardinal's plans and other aspects of Cardinal's anticipated future operations, management focus, objectives, strategies, financial, operating and production results. Forward-looking information typically uses words such as "anticipate", "believe", "project", "expect", "goal", "plan", "intend", "may", "would", "could" or "will" or similar words suggesting future outcomes, events or performance. The forward-looking statements contained in this press release speak only as of the date thereof and are expressly qualified by this cautionary statement.

Specifically, this press release contains forward-looking statements relating to: the 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, that the Reford 2 project will be completed on time and on budget; Reford 2 is expected to begin meaningfully contributing to corporate revenues in the fourth quarter of 2027; the expected costs for Reford 2 to be subject to the fixed price contract with Propak; expected timing for certain work for Reford 2; expected payout for a recent acquisition; Clearwater drilling plans and expected results, expectations and drilling plans for other conventional assets; expected net debt levels at year end; 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, 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, that Cardinal can offer shareholders an attractive and sustainable return of capital through our dividend, plans to advance other thermal projects, 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 2026 and 2025 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 Crude Oil	Heavy Oil	NGL	Conventional Natural Gas	Total (boe/d)
Q2/2026	38%	51%	3%	8%	25,636
Q2/2025	47%	39%	4%	10%	21,184
1H/2026	38%	51%	3%	8%	25,791
1H/2025	48%	38%	4%	10%	21,593

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		**Six months ended**	
	June 30, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
Operating expenses	**48,962**	45,573	**99,700**	94,919
Less: Processing and other revenue	**(1,413)**	(1,158)	**(2,471)**	(2,322)
Net operating expenses	**47,549**	44,415	**97,229**	92,597

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		**Six months ended**	
	June 30, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
Petroleum and natural gas revenue	**231,641**	127,377	**398,287**	277,145
Royalties	**(39,610)**	(23,174)	**(64,089)**	(53,387)
Net operating expenses	**(47,549)**	(44,415)	**(97,229)**	(92,597)
Transportation expenses	**(5,072)**	(1,684)	**(9,991)**	(3,799)
Netback	**139,410**	58,104	**226,978**	127,362

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 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		**Six months ended**	
	June 30, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
Cash flow from investing activities	**50,743**	99,699	**95,635**	157,408
Change in non-cash working capital	**20,843**	(45,654)	**14,822**	(18,524)
Exploration and evaluation	**(8,011)**	(41,339)	**(8,300)**	(112,356)
Capital expenditures	**63,575**	12,706	**102,157**	26,528
Less:				
Capitalized G&A	**(722)**	(305)	**(1,969)**	(977)
Other assets	**(86)**	271	**(188)**	221
(Acquisitions)	**(3,907)**	-	**(4,834)**	-
Development capital expenditures	**58,860**	12,672	**95,166**	25,772

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	**June 30, 2026**	June 30, 2025
Working capital deficiency	**48,634**	45,945
Less current portion of:		
Lease liabilities	**1,921**	1,861
Decommissioning obligation	**6,180**	9,665
Fair value of financial instruments, net	**(1,759)**	1,461
Adjusted working capital deficiency	**42,292**	32,958

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.

The following table reconciles bank debt to net debt:

As at	**June 30, 2026**	June 30, 2025
Bank debt	**29,796**	94,649
Debentures	**100,579**	99,482
Adjusted working capital deficiency	**42,292**	32,958
Net debt	**172,667**	227,089

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		**Six months ended**	
	June 30, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
Cash flow from operating activities	**114,900**	43,591	**160,525**	107,840
Change in non-cash working capital	**5,331**	5,181	**16,290**	1,480
Funds flow	**120,231**	48,772	**176,815**	109,320
Decommissioning expenditures	**3,128**	647	**7,010**	2,345
Adjusted funds flow	**123,359**	49,419	**183,825**	111,665
Development capital expenditures	**(58,860)**	(12,672)	**(95,166)**	(25,772)
Free cash flow	**64,499**	36,747	**88,659**	85,893

NON-GAAP FINANCIAL RATIOS

Netback per boe

Cardinal utilizes operating netback per boe to assess the Company's operating performance of its petroleum and natural gas assets on a per unit of production basis. Netback per boe is calculated as netback divided by total production for the applicable period. The following table details the calculation of netback per boe:

	Three months ended		**Six months ended**	
	June 30, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
Petroleum and natural gas revenue	**99.29**	66.08	**85.32**	70.91
Royalties	**(16.98)**	(12.02)	**(13.73)**	(13.66)
Net operating expenses	**(20.38)**	(23.04)	**(20.83)**	(23.69)
Transportation expenses	**(2.17)**	(0.87)	**(2.14)**	(0.97)
Netback per boe	**59.76**	30.15	**48.62**	32.59

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 trailing twelve-month 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.

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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