NEWS RELEASE **JANUARY 14, 2016**

CARDINAL ENERGY LTD. UPDATES GUIDANCE AND REDUCES DIVIDEND

Calgary, Alberta – Cardinal Energy Ltd. ("**Cardinal**" or the "**Company**") (TSX: CJ) believes it is prudent to reset the Company's budget to reflect the prolonged downturn in oil prices.

Cardinal has reduced its 2016 capital expenditure program from $35 million to $25 million. With the reduced capital program Cardinal expects to produce an average of 14,600 boe/d in 2016, consistent with our previous guidance. Q4 2015 production averaged approximately 13,800 boe/d. We expect cash flow from operations for 2016 to be reduced from our previous guidance of $92 million to $60 million in this lower commodity price environment.

The low decline nature of Cardinal's assets, combined with strong drilling results in our Bantry property and optimization opportunities at Mitsue will enable Cardinal to achieve strong capital efficiencies in this low commodity price environment. We expect that our capital efficiencies for 2016 will see considerable improvement over 2015; as service costs are further reduced, and spending not directly related to production additions or cost reductions is reduced.

Our sustaining capital requirements are considerably lower than other producers given the low decline nature of our asset base. Our capital requirement to hold production flat in 2016 is approximately 42% of our cash flow from operations at current strip pricing after taking into account our hedge position.

In 2015, we took advantage of the low pricing environment and significantly increased our land position in the Bantry area. Cardinal also completed a large 3-D seismic shoot in Bantry. We saw substantial savings in the costs to shoot and process seismic and purchased land at both crown land sales and through freehold acquisitions at prices that were approximately 80% less than in 2014.

In all, we added 60 net sections (approximately 38,000 acres) of undeveloped land. We have added an additional 50 drilling locations giving us approximately 150 net undeveloped locations at Bantry. In the context of our production base, we are budgeting to drill 8 net wells this year in Bantry to hold production flat at 14,600 boe/d.

We will continue to add to our drilling inventory and optimization opportunities throughout our asset base in 2016 and will be in a strong position to grow when commodity pricing improves.

Cardinal has realized significant cost reductions in 2015 and will continue to focus on lowering costs of drilling, completions and operating expenses and expects to see further cost reductions after Q1 2016.

The Company believes that right sizing its dividend for the current crude oil price environment is prudent and will allow Cardinal to maintain its total payout ratio at less than 100% of cash flow from operations. The Company will not use its balance sheet to fund its dividend.

Cardinal is committed to stability and sustainability and as such has decided to reduce its dividend from $0.84 per year ($0.07 per month) to $0.42 per year ($0.035 per month) effective for the January 2016 dividend payable in February. The resizing of the dividend is intended to be a one time reduction for the year 2016.

With our commodity hedge portfolio and at current strip pricing, we expect to be able to maintain this reset dividend level and complete our revised capital budget with a total payout ratio of less than 100% and at a simple payout ratio of approximately 47%. In the event that crude oil prices continue to decline we have the ability to pull back about $15 million of our capital program but would see a 5-10% reduction in production for the year.

The revised 2016 guidance and capital program projects that Cardinal's expected year end net bank debt of $90 million will remain unchanged through this year resulting in a net bank debt to cash flow from operations ratio of 1.6 and a net debt to cash flow from operations ratio of 2.4.

January Dividend

Cardinal confirms that a dividend of $0.035 per common share will be paid on February 15, 2016 to shareholders of record on January 29, 2016. The Board of Directors of Cardinal has declared the dividend payable in either cash or common shares at the election of the shareholder. This dividend has been designated as an "eligible dividend" for Canadian income tax purposes.

About Cardinal Energy Ltd.

Cardinal is a junior Canadian oil focused company built to provide investors with a stable platform for dividend income and growth. Cardinal's operations are focused in Alberta.

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 our dividend policy, hedging plans, future payout ratios, capital expenditure plans including the 2016 capital expenditure budget, expected development capital, average production, capital efficiencies, anticipated costs reductions, cash flow from operations, payout ratios, net bank debt, net bank debt and debt to cash flow from operations, future drilling, completion and optimization results and opportunities, commodity prices and differentials, anticipated dividend re-investment plan and stock dividend participation, Cardinal's asset base and future prospects for development and growth therefrom.

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, future well production rates and reserve volumes, future operating costs, the performance of existing and future wells, the success of its 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, 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, 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; 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; 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.

This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about our prospective results of operations, cash flows, payout ratios and components thereof, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this press release were made as of the date hereof and is provided for the purpose of describing our anticipated future business operations. We disclaim any intention or obligation to update or revise any FOFI contained in this press release, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this press release should not be used for purposes other than for which it is disclosed herein.

Advisory Regarding Oil and Gas Information

Where applicable, oil equivalent amounts have been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil. Boes 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 is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Utilizing a conversion ratio at 6 Mcf: 1 Bbl may be misleading as an indication of value.

Drilling Locations

This press release discloses drilling locations in three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. Proved locations and probable locations are derived from the Sproule report in accordance with National Instrument 51-101 effective December 31, 2014 and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates based on the Company’s prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources. Of the 150 drilling locations identified at Bantry, 14 are booked locations and 136 are unbooked locations. Unbooked locations have been identified by management as an estimation of our multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that the

Company will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which we actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been derisked by drilling existing wells in relative close proximity to such unbooked drilling locations, other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

Non-GAAP measures

This press release contains the terms "cash flow from operations", "simple payout ratio", "total payout ratio", "net bank debt", "net debt", "net bank debt to cash flow from operations" and "net debt to cash flow from operations" which do not have a standardized meaning prescribed by International Financial Reporting Standards ("IFRS" or, alternatively, "GAAP") and therefore may not be comparable with the calculation of similar measures by other companies. Cardinal uses cash flow from operations, simple payout ratio and total payout ratio to analyze operating performance. Cardinal feels these benchmarks are key measures of profitability and overall sustainability for the Company. Cash flow from operations, simple payout ratio and total payout ratio are not intended to represent operating profits nor should they be viewed as an alternative to cash flow provided by operating activities, net earnings or other measures of performance calculated in accordance with GAAP. Cash flow from operations is calculated as cash flows from operating activities adjusted for changes in non-cash working capital and decommissioning expenditures. "Simple payout ratio" represents the ratio of the amount of dividends declared (net of participation in the DRIP and SDP), divided by cash flow from operations. "Total payout ratio" represents the ratio of the sum of dividends declared (net of participation in the DRIP and SDP) plus development capital expenditures necessary to maintain the Company's base production divided by cash flow from operations. Simple payout ratio and total payout ratio are key measures to assess our ability to finance operating activities, capital expenditures and dividends. The term "net bank debt" is not recognized under GAAP and is calculated as bank debt plus working capital deficiency or minus working capital surplus (adjusted for the fair value of financial instruments and the current portion of the decommissioning obligation). "Net bank debt to cash flow from operations" is calculated as net bank debt divided by cash flow from operations for the most recent quarter, annualized. The term "net debt" is not recognized under GAAP and is calculated as bank debt plus working capital deficiency or minus working capital surplus (adjusted for the fair value of financial instruments and the current portion of the decommissioning obligation) plus the principal amount of convertible debentures. "Net debt" is used by management to analyze the financial position, liquidity and leverage of Cardinal. "Net debt to cash flow from operations" is calculated as net debt divided by cash flow from operations for the most recent quarter, annualized. The ratio of net debt to cash flow from operations is used 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 dividend levels.

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