NOT FOR DISSEMINATION IN THE UNITED STATES, FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF UNITED STATES SECURITIES LAW.

CARDINAL
ENERGY LTD.

NEWS RELEASE **JUNE 1, 2017**

CARDINAL ANNOUNCES ACQUISITION OF QUALITY LOW DECLINE LIGHT OIL ASSETS, $170 MILLION FINANCING AND UPDATED 2017 GUIDANCE

Calgary, Alberta – Cardinal Energy Ltd. ("Cardinal" or the "Company") (TSX: CJ) is pleased to announce that it has entered into an agreement (the "Acquisition") to purchase high quality, low decline light oil assets in Western Canada (the "Assets") for cash consideration of $330 million (the "Purchase Price") before closing adjustments. The Assets to be acquired are in the Weyburn/Midale area of southeast Saskatchewan and in the House Mountain area of Alberta. The Assets will add 5,000 boe/d (100% oil and NGL's) of low decline light oil production (99% operated) that generate significant free cash flow and include a significant light oil development drilling inventory.

The Acquisition will be funded with a $170 million bought deal financing (the "Financing") and by Cardinal's credit facilities. We expect that the available lending limit under our credit facilities will be increased to $325 million following the closing of the Acquisition.

Cardinal is focused on keeping our debt to adjusted funds flow ratio to less than 1X.

Cardinal anticipates selling royalty interests and fee title lands (the "RI") associated with the Assets prior to year end, the proceeds of which will be applied to repay all or part of the Purchase Price funded by our credit facilities.

The Acquisition is consistent with Cardinal's strategy and business plan and will add $55 million of annualized operating income (revenue less royalties and operating expenses) to Cardinal based on the Assets Q1 2017 production and realized prices. Minimal capital has been spent on the Assets over the past few years and Cardinal believes that there are numerous optimization opportunities available as well as a potential to reduce operating costs per boe. The multiple of adjusted funds flow for the Acquisition based on the Purchase Price less estimated adjustments and the operating income above is 5.8X. Cardinal anticipates the adjusted funds flow multiple will fall below 4.0x after giving effect to the RI sales.

<u>Benefits to Cardinal</u>

- Is 42% accretive to Q1 2017 adjusted funds flow per share (basic).
- On a pro forma look forward, our annualized second half adjusted funds flow will increase to $1.38/share.
- Increases our pro forma Q1 2017 netback by 19% to $19.64/boe (based on the Q1 2017 average WTI price of $51.90).
- Increases our light oil weighting by 20% to 45% of our oil production and our oil and NGL's weighting by 4% to 86%.
- Initially reduces our operating costs per boe by 3% which we believe will be further reduced in 2018.
- Decreases the decline of our base assets (not including our 2016/17 drill programs) to less than a 10% decline per year.
- Improves the percentage of Cardinal's producing reserves as of a percentage of total proved and probable ("2P") reserves from 86% to 90%.
- Adds a new light oil sales point which has opportunities for further consolidation.
- Adds over 300 light oil drilling locations.
- Together with the Financing, increases Cardinal's overall market capitalization moving the Company towards index inclusion and increasing overall adjusted funds flow and relevance.

Southeast Saskatchewan

Pursuant to the Acquisition, Cardinal will acquire a small working interest and RI in the Weyburn Unit and both a RI and a operated (68.84%) interest in the Midale Unit, both located in southeast Saskatchewan. All of these properties are under enhanced recovery schemes ("EOR") which are currently CO_2/water floods. The Midale and Weyburn Units are two of the lowest decline oil units in Western Canada (below 6%) and both units have significant development drilling upside.

The Midale Unit has been under exploited as compared to the Weyburn Unit. Approximately one-third of the Midale Unit is under CO_2/water flood and Cardinal believes there are significant upside opportunities with EOR optimization and expansion, infill drilling and recompletions. We estimate that there are up to 250 drilling locations in Midale.

The southeast Saskatchewan assets consist of production of 2,850 boe/d (100% light oil and NGL's) and 2P reserves effective as of December 31, 2016 of 18.4 MMboe, which includes 1.3 MMboe of royalty interest reserves. This long life reserve property has an 18 year reserve life index ("RLI") on a 2P basis (based on the production of 2,850 boe/d).

Historical operating costs for the southeast Saskatchewan assets have averaged $18.00/boe for 2016 and Q1 2017 and at $50 WTI (USD) and an exchange rate of 0.74, the assets have a $30.00/boe netback.

House Mountain Assets

The House Mountain property is operated and is located approximately 50 kilometres from our existing Mitsue field and will benefit from operational synergies in the area. The property includes an average 80% operated interest in 4 light oil producing units as well as a 100% interest in various non unit lands.

These assets produce light oil from the Beaverhill Lake formation. Numerous optimization and field operating cost reduction opportunities are available on these assets. Additionally there are over 25 un-fractured wells that can be multi-staged fractured to increase production. Cardinal has also identified in excess of 50 light oil drilling locations that will add to our future growth plans.

The House Mountain assets consist of production of 2,150 boe/d (100% light oil and NGL's) and 2P reserves of 10.2 MMboe, with a resultant 13 year RLI on a 2P basis (based on the production of 2,150 boe/d).

Total Reserves to be Acquired

This Acquisition adds to Cardinal's already high RLI properties. Cardinal's pro forma 2P RLI will increase from 12.7 to 13.4 years and the percentage of its 2P producing reserves will increase from 86% at year end 2016 to 90%. The Acquisition's 2P producing reserves represent 99% of the total 2P reserves being acquired.

Based on the report prepared by GLJ Petroleum Consultants Ltd. ("GLJ") as of December 31, 2016, the Acquisition will add significant reserves, increasing Cardinal's pro forma 2P producing reserves by 49%. The Acquisition's company interest reserves are as follows:

	Company Interest Reserves (1)(5)
Proved developed producing	21.9 MMboe
Proved plus probable producing reserves	28.3 MMboe
Proved plus probable reserves (2)	28.6 MMboe
Proved plus probable net present value (3)	$413 million
RLI (4)	16 years

1. Company Interest reserves are gross reserves before deduction of royalties but include royalty benefits to be received.
2. Includes 1,348 Mboe of 2P royalty interest reserves, of which 1,300 Mboe are associated with the SE Saskatchewan assets.
3. Before tax net present value based on a 10 percent discount rate and Sproule Associates Limited's January 1, 2017 forecast prices.
4. Based on 2P reserves and current production of 5,000 boe/d.
5. See "Advisory Regarding Oil and Gas Information" below.

Summary of Transaction

(Millions of dollars)	**Without RI Sales**	**With RI Sales**
Purchase Price	$330	$330
Closing Adjustments (estimated) [1]	($10)	($10)
	$320	$320
Net Proceeds from Financing [2]	$163	$163
	$157	$157
Anticipated RI Sales Proceeds	$0	$130
Increase in Bank Debt	$157	$27

1. The effective date of the Acquisition is January 1, 2017.
2. Does not include proceeds from the exercise of the Over-Allotment Option (as defined below), if any.

Without RI Sales

Based on the adjusted closing purchase price of $320 million, the deal metrics would be:

- $64,000 per flowing boe;
- Recycle ratio of 2.0X [1];
- Adjusted funds flow multiple of 5.8X;
- Net bank debt to annualized adjusted funds flow ratio of 1.48 [2].

1. See "Advisory Regarding Oil and Gas Information" below.
2. See "Non-GAAP Measures" below.

Potential RI Disposition

Cardinal plans to market the sale of the RI following completion of the Acquisition. The funds from these dispositions, anticipated to be approximately $130 million, will be applied to our credit facilities. After giving effect to the RI disposition, the deal metrics would be:

- $38,000 per flowing boe;
- Recycle ratio of 2.5X [1];
- Adjusted funds flow multiple of < 4X;
- Net bank debt to annualized adjusted funds flow ratio of 0.63 [2].

1. See "Advisory Regarding Oil and Gas Information" below.
2. See "Non-GAAP Measures" below.

Liability Management Rating

Cardinal will improve its Liability Management Rating ("LMR") after the completion of the Acquisition. Our LMR in Saskatchewan will be an estimated 2.91 and our Alberta LMR improves to 2.17. The Acquisition includes estimated abandonment and reclamation liability costs of $8.9 million discounted at 10%.

Financing

In connection with the Acquisition, Cardinal has entered into an agreement with a syndicate of underwriters led by RBC Capital Markets, and including CIBC Capital Markets, GMP First Energy, National Bank Financial Inc., Scotiabank, BMO Capital Markets, Canaccord Genuity Corp., Cormark Securities Inc., Peters and Co. Limited and TD Securities Inc. (collectively the "Underwriters"), pursuant to which the Underwriters have agreed to purchase for resale to the public, on a bought deal basis, 30,910,000 subscription receipts ("Subscription Receipts") of Cardinal at a price of $5.50 per share for gross proceeds of approximately $170 million. The Underwriters have been granted an option to purchase up to an additional 3,091,000 Subscription Receipts issued under the Offering to cover over-allotments (the "Over-Allotment Option"), if any, exercisable in whole or in part at any time until 30 days after the closing date. Members of Cardinal's Board of Directors, management and employees intend on participating in the Financing.

The gross proceeds from the sale of Subscription Receipts will be held in escrow pending the completion of the Acquisition. If all outstanding conditions to the completion of the Acquisition (other than funding) are met and all necessary approvals for the Acquisition have been obtained on or before August 31, 2017, the net proceeds from the sale of the Subscription Receipts will be released from escrow to Cardinal and each Subscription Receipt will be exchanged for one common share ("Common Share") of Cardinal for no additional consideration. If the Acquisition is not completed on or before August 31, 2017, then the purchase price for the Subscription Receipts will be returned to subscribers, together with a *pro rata* portion of interest earned on the escrowed funds. The Subscription Receipts will be distributed by way of a short form prospectus in all provinces of Canada except Quebec and Prince Edward Island and in the United States, the United Kingdom and certain other jurisdictions as Cardinal and the Underwriters may agree on a private placement basis. Completion of the Acquisition and the Financing is subject to certain conditions including the receipt of all necessary regulatory approvals, including the approval of the Toronto Stock Exchange. Closing of the Financing is expected to occur on June 21, 2017 and the Acquisition is expected to close on or about June 30, 2017.

This press release is not an offer of the Subscription Receipts or underlying Common Shares for sale in the United States. The Subscription Receipts and underlying Common Shares may not be offered or sold in the United States absent registration or an exemption from registration. The Subscription Receipts and underlying Common Shares will not be publicly offered in the United States. The Subscription Receipts and underlying Common Shares have not been and will not be registered under the *U.S. Securities Act*, or any state securities laws.

2017 Updated Guidance

	2017 Original Guidance	2017 Guidance with the Acquisition and the Financing [1]
Production		
Oil and NGL's (bbl/d)	13,900 – 14,300	16,300 – 16,700
Natural Gas (mcf/d)	17,400 – 18,000	17,400 – 18,000
Average production (boe/d)	16,800 – 17,300	19,200 – 19,700
Operating costs per boe	$19.75 – $20.25	$19.75 – $20.25
G&A per boe	$2.10 – $2.30	$2.05 – $2.25
Adjusted funds flow (000s) [2][3]	$92,000	$120,000
Adjusted funds flow per share (basic) [2][3]	$1.18	$1.28
Dividend per share annualized	$0.42	$0.42
Development capital expenditures (000s)	$58,000	$68,000
Acquisitions (000s)	$41,000	$356,000
Simple payout ratio [2][4]	33%	32%
Total payout ratio [2][4]	95%	89%

1. Guidance after giving effect to the Financing not including the exercise of the Over-Allotment Option.
2. See "Non-GAAP Measures" below.
3. Based on 2017 estimated WTI $55.00 US per bbl, FX rate of 0.74 $US/$CAD and a differential to WCS of $19.00 CAD, AECO $3.00 CAD, including existing hedges.
4. Net of dividend re-investment plan and stock dividend program participation which was suspended in April 2017.

2017 Second Half Guidance Sensitivities

The following are sensitivities for the second half of 2017 at varying oil prices both before and after giving effect to the anticipated RI disposition:

2nd Half 2017 Sensitivities
Post $130 MM Royalty Disposition
(6 months)

WTI Oil price (USD)	**$45**	**$50**	**$55**	**$60**
FX (USD/CAD)	0.70	0.72	0.74	0.76
OPERATING STATISTICS				
Operating costs per boe	$20.03	$20.03	$20.03	$20.03
Netback per boe	$17.50	$20.63	$23.58	$26.38
FINANCIAL				
Operating income (millions)	$72	$84	$97	$108
Adjusted funds flow (millions) (1)	$57	$66	$74	$81
Net bank debt, end of period (millions) (1)	$121	$108	$95	$84
Adjusted funds flow per share, basic (1)(2)	$0.53	$0.60	$0.67	$0.74
Adjusted funds flow per share, diluted (1)(2)(3)	$0.51	$0.58	$0.65	$0.71
RATIOS				
Net bank debt to annualized adjusted funds flow (1)	1.05	0.82	0.65	0.52
Simple payout ratio (1)(2)	40%	35%	31%	29%
Total payout ratio (1)(2)	96%	84%	75%	68%

1. See "Non-GAAP Measures" below.
2. After giving effect to the Financing not including the exercise of the Over-Allotment Option.
3. Does not include Common Shares issuable upon conversion of outstanding convertible debentures.

2nd Half 2017 Sensitivities
No Royalty Sale
(6 months)

WTI Oil price (USD)	**$45**	**$50**	**$55**	**$60**
FX (USD/CAD)	0.70	0.72	0.74	0.76
OPERATING STATISTICS				
Operating costs per boe	$20.03	$20.03	$20.03	$20.03
Netback per boe	$18.35	$21.50	$24.47	$27.29
FINANCIAL				
Operating income (millions)	$75	$88	$100	$112
Adjusted funds flow (millions) (1)	$59	$68	$76	$83
Net bank debt, end of period (millions) (1)	$249	$236	$223	$211
Adjusted funds flow per share, basic (1)(2)	$0.54	$0.62	$0.69	$0.76
Adjusted funds flow per share, diluted (1)(2)(3)	$0.52	$0.60	$0.67	$0.73
RATIOS				
Net bank debt to annualized adjusted funds flow (1)	2.10	1.75	1.47	1.28
Simple payout ratio (1)(2)	39%	34%	30%	28%
Total payout ratio (1)(2)	93%	81%	73%	66%

1. See "Non-GAAP Measures" below.
2. After giving effect to the Financing not including the exercise of the Over-Allotment Option.
3. Does not include Common Shares issuable upon conversion of outstanding convertible debentures.

Note Regarding Forward-Looking Statements and Other Advisories

This press release contains forward-looking statements and forward-looking information (collectively "forward-looking information") within the meaning of applicable securities laws relating to the Company's plans and other aspects of Cardinal's anticipated future operations, management focus, strategies, dividend policy, financial, operating and production results and business opportunities, including expected 2017 production, product mix, operating costs, G&A, adjusted funds flow, dividends, development capital expenditures, capital expenditures and simple payout ratio.

In addition, and without limiting the generality of the foregoing, this press release contains forward-looking information regarding the Acquisition and the Assets including their quality, decline rate, ability to generate free cash flow, drilling inventory, drilling and reserve potential, anticipated rates of return, netbacks, operating costs and other economics, production levels, cash flow, optimization and expansion opportunities, recycle ratio, reserve life index and abandonment and reclamation costs, the impact of the Acquisition on Cardinal and our results and development plans, including, on our annual operating income, anticipated adjusted funds flow, production, product mix, netback, operating costs, decline rate, reserves, cash flow, development capital spending and free cash flow, anticipated operational synergies, the effect of the Acquisition on our LMR ratings, the timing and anticipated closing date for the Acquisition and the Financing, the impact of the Financing; the anticipated purchase price of the Acquisition, estimated closing adjustments, sources of funding the Acquisition, expectations that the lending limit under our credit facilities will be increased following closing of the Acquisition, our plans to sell the RI prior to year end, the anticipated proceeds therefrom and our plans to apply such proceeds sales to repay all or part of the portion of the Purchase Price funded by our credit facilities, the anticipated participation of our directors, management and employees in the Financing.

Forward-looking information typically uses words such as "anticipate", "believe", "project", "expect", "goal", "plan”, "intend" or similar words suggesting future outcomes, statements that actions, events or conditions "may", "would", "could" or "will" be taken or occur in the future. The forward-looking information is based on certain key expectations and assumptions made by the Company's management, including expectations and assumptions concerning prevailing commodity prices, exchange rates, interest rates, applicable royalty rates and tax laws; future production rates and estimates of operating costs; performance of existing and future wells; reserve and resource volumes; anticipated timing and results of capital expenditures; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future drilling operations; the state of the economy and the exploration and production business; results of operations; performance; business prospects and opportunities; the availability and cost of financing, labour and services; the impact of increasing competition; ability to market oil and natural gas successfully, Cardinal's ability to access capital, obtaining the necessary regulatory approvals, including the Toronto Stock Exchange and satisfaction of the other conditions to closing the Acquisition and the Financing.

Statements relating to "reserves" are also deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future.

Although the Company believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because Cardinal can give no assurance that they will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature they involve inherent risks and uncertainties. The Acquisition and the Financing may not be completed on the anticipated time frames or at all and the Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits that the Company will derive there from. Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide securityholders with a more complete perspective on the Company's future operations and such information may not be appropriate for other purposes.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that could affect our operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

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 information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

Forward Looking Financial Information

This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Cardinal's prospective results of operations, cash flows, net bank debt, operating costs 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 was made as of the date of this press release and was provided for the purpose of describing the anticipated effects of the Financing and the Acquisition on Cardinal's business operations. Cardinal disclaims 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.

Drilling Locations

This press release discloses up to 300 unbooked drilling locations. Unbooked locations are internal estimates based on the 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. 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 we 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.

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.

The reserves information contained in this press release are based on the Acquisition Report and were prepared in accordance with NI 51-101 effective December 31, 2016. **The estimated future net revenues contained in this press release do not necessarily represent the fair market value of the reserves.** There is no assurance that the forecast price and cost assumptions will be attained and variations could be material. The recovery and reserve described herein are estimates only. The actual reserves may be greater or less than those calculated. The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

This press release contains certain oil and gas metrics which do not have standardized meanings or standard methods of calculation and therefore such measure may not be comparable to similar measures used by other companies and should not be used to make comparisons. Such metrics have been prepared by management and are included in this press release to provide readers with additional measure to evaluate the Assets and our performance however, such measures are not reliable indicators of our future performance and future performance may not compare to our performance in previous periods and therefore such metrics should not be unduly relied upon. Reserve life index in this press release is calculated by dividing estimated reserves by production. Recycle ratio is calculated by dividing operating netback per boe (based on USD $55 WTI) by the finding, development and acquisition costs for the relevant reserve category. Finding development and acquisition costs are calculated on a per boe basis by dividing the aggregate of the future development costs and the cost of the Acquisition by the reserves acquired.

Non-GAAP Measures

This press release contains the terms "adjusted funds flow", "adjusted funds flow per share", "simple payout ratio", "total payout ratio", "netback", "net debt", "net bank debt" and "net bank debt to annualized adjusted funds flow" 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 adjusted funds flow, adjusted funds flow per share, 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. Adjusted funds flow, 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.

Adjusted funds flow is calculated as cash flows from operating activities adjusted for changes in non-cash working capital and decommissioning expenditures. Adjusted funds flow per share is calculated using the same weighted average number of shares outstanding used in calculating earnings per share.

"Simple payout ratio" represents the ratio of the amount of dividends declared (net of participation in the DRIP and SDP), divided by adjusted funds flow. "Total payout ratio" represents the ratio of the sum of dividends declared (net of participation in the DRIP and SDP) plus development capital expenditures divided by adjusted funds flow. "Netback" is calculated on a boe basis and is determined by deducting royalties and operating expenses from petroleum and natural gas revenue in accordance with the COGE Handbook. Netback is utilized by Cardinal to better analyze the operating performance of its petroleum and natural gas assets against prior periods.

The term "net debt" is not recognized under GAAP and is calculated as bank debt plus the principal amount of convertible unsecured subordinated debentures "convertible debentures" and current liabilities less current assets (adjusted for the fair value of financial instruments and the current portion of the decommissioning obligation). "Net bank debt" is calculated as net debt less the principal amount of convertible debentures. Net debt and net bank debt are used by management to analyze the financial position, liquidity and leverage of Cardinal.

"Net bank debt to annualized adjusted funds flow" is calculated as net bank debt divided by the annualized adjusted funds flow for the period indicated. The ratio of net bank debt to annualized adjusted funds flow 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.

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 all season access areas in Alberta.

For further information: M. Scott Ratushny, CEO or Laurence Broos, VP Finance, Cardinal Energy Ltd., 600, 400 – 3rd Avenue SW, Calgary, AB T2P 4H2, Main Phone: (403) 234-8681 Website: www.cardinalenergy.ca