CARDINAL
ENERGY LTD.

FINANCIAL STATEMENTS

Q3 2014

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

(Unaudited, thousands)	*Note*	September 30, 2014	December 31, 2013
ASSETS			
Current assets			
Trade and other receivables		**$ 23,966**	$ 6,077
Deposits and prepaid expenses		**3,312**	1,391
Fair value of financial instruments	11	**2,140**	-
		29,418	7,468
Non-current assets			
Exploration and evaluation assets	4	**6,998**	4,921
Property, plant and equipment	5	**859,059**	390,785
		866,057	395,706
Total Assets		**$ 895,475**	$ 403,174
LIABILITIES			
Current liabilities			
Trade and other payables		**$ 21,237**	$ 7,350
Dividends payable	9	**3,966**	-
Fair value of financial instruments	11	**-**	602
		25,203	7,952
Non-current liabilities			
Deferred flow-through share premium		**18**	85
Bank debt	6	**62,277**	9,318
Decommissioning obligation	7	**77,721**	40,384
Deferred taxes		**939**	8,572
		140,955	58,359
Total Liabilities		**166,158**	66,311
SHAREHOLDERS' EQUITY			
Share capital	8	**684,135**	302,562
Warrants	8	**1,164**	1,756
Contributed surplus		**6,380**	1,167
Retained earnings		**37,638**	31,378
Total Shareholders' Equity		**729,317**	336,863
Total Liabilities and Shareholders' Equity		**$ 895,475**	$ 403,174
Commitments	12		
Subsequent events	13		

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS (LOSS) AND COMPREHENSIVE EARNINGS (LOSS)

(Unaudited, thousands except per share amounts)	*Note*	Three months ended September 30, **2014**	Three months ended September 30, 2013	Nine months ended September 30, **2014**	Nine months ended September 30, 2013
Revenue					
Petroleum and natural gas revenue		**$ 54,045**	$ 9,353	**$ 143,526**	$ 23,504
Royalties		**(7,346)**	(1,042)	**(18,552)**	(2,587)
Realized loss on commodity contracts	11	**(853)**	(764)	**(5,083)**	(784)
Unrealized gain (loss) on commodity contracts	11	**8,549**	(873)	**2,675**	(1,183)
		54,395	6,674	**122,566**	18,950
Expenses					
Operating		**$ 16,610**	3,316	**$ 43,118**	8,310
Unrealized loss (gain) on power contracts	11	**80**	4	**(67)**	4
General and administrative		**2,141**	861	**6,192**	2,436
Share-based compensation	10	**1,712**	476	**5,372**	1,345
Finance		**1,088**	374	**3,344**	1,057
Transaction costs		**949**	30	**949**	66
Depletion and depreciation	5	**15,235**	2,325	**39,625**	6,859
Gain on acquisition	3	**(9,351)**	-	**(9,351)**	-
		28,464	7,386	**89,182**	20,077
Earnings (loss) before deferred tax		**25,931**	(712)	**33,384**	(1,127)
Deferred tax expense (reduction)		**$ 3,681**	(58)	**$ 6,457**	108
Earnings (loss) and comprehensive earnings (loss) for the period		**$ 22,250**	$ (654)	**$ 26,927**	$ (1,235)
Earnings (loss) per share					
Basic		**$ 0.52**	$ (0.06)	**$ 0.69**	$ (0.11)
Diluted		**$ 0.50**	$ (0.06)	**$ 0.67**	$ (0.11)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited, thousands, except number of common shares)	Number of Common Shares		Share Capital		Warrants		Contributed Surplus		Retained Earnings (Deficit)		Total Shareholders' Equity
January 1, 2013	11,091,671	$	64,179	$	819	$	131	$	(3,820)	$	61,309
Issue of flow-through common shares	113,333		935		-		-		-		935
Common shares issued in connection with acquisitions	66,667		550		-		-		-		550
Common shares issued for undeveloped land	30,833		254		-		-		-		254
Exercise of warrants	1,600		7		(3)		-		-		4
Share-based compensation	-		-		694		756		-		1,450
Loss for the period	-		-		-		-		(1,235)		(1,235)
September 30, 2013	11,304,104	$	65,925	$	1,510	$	887	$	(5,055)	$	63,267
January 1, 2014	34,875,532	$	302,562	$	1,756	$	1,167	$	31,378	$	336,863
Issue of common shares	20,987,500		388,300		-		-		-		388,300
Exercise of options and warrants	656,901		3,827		(935)		(455)		-		2,437
Dividends ($0.50336 per share)	-		-		-		-		(20,667)		(20,667)
Issued pursuant to SDP and DRIP (1)	134,171		2,189		-		-		-		2,189
Share based compensation	-		-		343		5,668		-		6,011
Share issue costs, net of deferred tax of $4,248	-		(12,743)		-		-		-		(12,743)
Earnings for the period	-		-		-		-		26,927		26,927
September 30, 2014	**56,654,104**	**$**	**684,135**	**$**	**1,164**	**$**	**6,380**	**$**	**37,638**	**$**	**729,317**

(1) Stock Dividend Program ("SDP") and Dividend Reinvestment Plan ("DRIP")

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, thousands)	Note	Three months ended September 30, 2014	2013	Nine months ended September 30, 2014	2013
Cash provided by (used in)					
Operating activities					
Earnings (loss) for the period		**$ 22,250**	$ (654)	**$ 26,927**	$ (1,235)
Adjustments for					
Gain on acquisition	3	**(9,351)**	-	**(9,351)**	-
Share-based compensation	10	**1,712**	476	**5,372**	1,345
Depletion and depreciation	5	**15,235**	2,325	**39,625**	6,859
Unrealized loss (gain) on commodity contracts	11	**(8,549)**	873	**(2,675)**	1,183
Unrealized loss (gain) on power contracts	11	**80**	4	**(67)**	4
Deferred tax expense (reduction)		**3,681**	(58)	**6,457**	108
Accretion	7	**800**	115	**2,321**	339
Decommissioning obligation settled	7	**(253)**	-	**(518)**	(62)
Change in non-cash working capital		**(2,841)**	(56)	**(7,094)**	(212)
		22,764	3,025	**60,997**	8,329
Investing activities					
Exploration and evaluation expenditures		**(897)**	(3)	**(2,077)**	(2,607)
Property, plant and equipment expenditures		**(8,999)**	(770)	**(26,757)**	(6,238)
Corporate acquisition	3	**(8,200)**	-	**(8,200)**	-
Property acquisitions	3	**(401,015)**	(19,138)	**(432,752)**	(23,282)
Change in non-cash working capital		**(7,032)**	(155)	**1,293**	(2,234)
		(426,143)	(20,066)	**(468,493)**	(34,361)
Financing activities					
Issue of flow-through common shares		**-**	-	**-**	1,020
Issue of common shares	8	**360,300**	-	**388,300**	-
Share issue costs	8	**(15,331)**	-	**(16,991)**	-
Options and warrants exercised	8	**-**	-	**2,437**	5
Dividends	9	**(7,608)**	-	**(18,478)**	-
Increase in bank debt		**62,277**	17,041	**52,959**	25,007
Repayment of bank debt assumed in acquisition	3	**(3,800)**	-	**(3,800)**	-
Change in non-cash working capital		**1,998**	-	**3,069**	-
		397,836	17,041	**407,496**	26,032
Change in cash and cash equivalents		**(5,543)**	-	**-**	-
Cash and cash equivalents, beginning of period		**5,543**	-	**-**	-
Cash and cash equivalents, end of period		**$ -**	$ -	**$ -**	$ -

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1 REPORTING ENTITY

Cardinal Energy Ltd. ("Cardinal" or the "Company") was incorporated pursuant to the Business Corporations Act (Alberta) on December 21, 2010 as 1577088 Alberta Ltd and commenced activity on May 30, 2012. The Company's principal business activity is the acquisition, exploration and production of petroleum and natural gas in the provinces of Alberta and Saskatchewan. The condensed interim consolidated financial statements are comprised of the Company and its wholly owned subsidiary. Cardinal's principal place of business is located at 1400, 440 – 2nd Avenue SW, Calgary, Alberta, Canada, T2P 5E9.

2 BASIS OF PREPARATION

Statement of Compliance
These condensed interim consolidated financial statements ("financial statements") have been prepared in accordance with statement IAS 34 – Interim Financial Reporting of the International Financial Reporting Standards ("IFRS"). These financial statements use the accounting policies which the Company applied in its annual financial statements for the year ended December 31, 2013 and do not include certain disclosures that are normally required to be included in annual financial statements which have been condensed or omitted. Accordingly, these financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2013.

The financial statements were authorized for issue by the Board of Directors on November 3, 2014.

Use of Estimates and Judgements
The timely preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. As such, actual results may differ from these estimates as future confirming events occur. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Principles of Consolidation
These financial statements include the accounts of the Company and its wholly owned subsidiary and any reference to the Company throughout these financial statements refers to Cardinal and its wholly owned subsidiary. All intercompany balances, transactions, revenue and expenses are eliminated on consolidation.

3 ACQUISITIONS

If the significant acquisitions during the nine months ended September 30, 2014 outlined below had closed on January 1, 2014, Cardinal's pro forma petroleum and natural gas sales and operating income (petroleum and natural gas sales less royalties and operating expenses) for the nine months ended September 30, 2014 would have been as follows:

		Acquisition prior to closing			
	As stated	Bantry	Wainwright #2	Wainwright #3	Pro Forma
Petroleum and natural gas revenue	143,526	663	37,859	79,232	261,280
Operating income	81,856	538	22,269	35,510	140,173

Petroleum and natural gas sales and operating income for the nine months ended September 30, 2014 attributable to these acquisitions were as follows:

	Bantry	Wainwright #2	Wainwright #3	Total
Petroleum and natural gas revenue	4,352	6,265	-	10,617
Operating income	3,252	3,784	-	7,036

On, **September 30, 2014,** Cardinal acquired additional petroleum and natural gas properties to expand its core operating area at Wainwright, Alberta (the Wainwright #3 acquisition). Total consideration provided was $241 million in cash before closing adjustments with an associated decommissioning obligation of $17.4 million.

On **August 29, 2014**, Cardinal acquired all the issued and outstanding shares of a private oil and gas company ("PrivateCo"), for total cash consideration of $8.2 million and assumed debt of $3.8 million. The Company recorded a $9.4 million gain on this acquisition due to the deferred tax asset recognized which related to temporary differences in the carrying amount of the acquired properties and their tax bases.

Net assets acquired	
Working capital deficit	(775)
Petroleum and natural gas properties	12,774
Bank debt	(3,800)
Decommissioning liability	(557)
Deferred tax asset	9,909
Gain on acquisition	(9,351)
	8,200

Consideration	
Cash consideration	8,200
	8,200

On **August 22, 2014**, Cardinal acquired petroleum and natural gas properties to expand its core area at Wainwright, Alberta (the Wainwright #2 acquisition). Total consideration provided was $170 million in cash before closing adjustments with an associated decommissioning obligation of $10.3 million.

On **April 28, 2014**, Cardinal acquired petroleum and natural gas properties in Chauvin, Alberta. Total consideration provided was $5.2 million in cash, before closing adjustments, with an associated decommissioning obligation of $0.1 million.

On **January 28, 2014**, Cardinal acquired petroleum and natural gas properties in its core area at Bantry, Alberta. Total consideration provided was $27.0 million in cash, before closing adjustments, with an associated decommissioning obligation of $0.2 million.

The preceding estimates of fair value were made by management at the time of the preparation of these financial statements based on information then available. Amendments may be made to these amounts as values subject to estimate are finalized.

4 EXPLORATION AND EVALUATION ASSETS

	Exploration & Evaluation Assets
At December 31, 2012	$ 2,014
Additions	2,907
At December 31, 2013	4,921
Additions	2,077
At September 30, 2014	**$ 6,998**

5 PROPERTY, PLANT AND EQUIPMENT

Cost			
At January 1, 2013	$ 78,293	$ 76	$ 78,369
Additions	8,270	412	8,682
Acquisitions	316,150	-	316,150
At December 31, 2013	402,713	488	403,201
Additions	33,674	619	34,293
Acquisitions	473,606	-	473,606
At September 30, 2014	**$ 909,993**	**$ 1,107**	**$ 911,100**
Accumulated depletion and depreciation			
At January 1, 2013	$ (1,323)	$ (15)	$ (1,338)
Depletion and depreciation	(10,966)	(112)	(11,078)
At December 31, 2013	(12,289)	(127)	(12,416)
Depletion and depreciation	(39,560)	(65)	(39,625)
At September 30, 2014	**$ (51,849)**	**$ (192)**	**$ (52,041)**
Net book value			
At December 31, 2013	$ 390,424	$ 361	$ 390,785
At September 30, 2014	**$ 858,144**	**$ 915**	**$ 859,059**

The calculation of depletion for the nine months ended September 30, 2014 includes estimated future development costs of $48.0 million (2013 - $38.3 million) associated with the development of the Company's proved plus probable reserves.

During the three and nine months ended September 30, 2014, the Corporation capitalized $126 and $384, respectively, of general and administrative (three and nine months ended September 30, 2013: $46 and $102, respectively) and $218 and $639 of share-based compensation costs (three and nine months ended September 30, 2013: $36 and $105, respectively) directly attributable to development activities of the Company's petroleum and natural gas assets.

6 BANK DEBT

The Company's credit facilities at September 30, 2014 consisted of a $115 million syndicated revolving term credit facility and a $10 million non-syndicated revolving operating term credit facility (the "Facilities"). The Facilities are available on a revolving basis until May 29, 2015 and may be extended for a further 364 day period, subject to approval by the syndicate. If not extended, the Facilities will cease to revolve, the applicable margins will increase by 0.5% and all outstanding advances will become repayable on May 29, 2016.

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.

Advances under the Facilities are available by way of either prime rate loans which bear interest at the banks' prime lending rate plus 1.0 to 2.5% and bankers' acceptances and/or LIBOR loans, which are subject to fees and margins ranging from 2.0 to 3.5%. Interest and standby fees on the undrawn amounts of the Facilities depend upon the Company's debt to EBITDA ratio. The Facilities are secured by a general security agreement over all of the Company's assets and Cardinal must maintain a working capital ratio of not less than 1 to 1 at all times. The working capital ratio is defined as current assets (plus the undrawn amount under the Facilities) to current liabilities (less any current portion of bank debt) and excluding the fair value of commodity contracts. Cardinal was in compliance with the terms of the Facilities at September 30, 2014.

For the nine months ended September 30, 2014 the effective interest rate on the Company's bank debt was 4.0% (2013 – 4.0%).

7 DECOMMISSIONING OBLIGATION

		September 30, 2014		December 31, 2013
Balance, beginning of period	**$**	**40,384**	$	4,601
Liabilities incurred		**82**		200
Liabilities acquired		**28,637**		33,712
Change in estimates		**6,815**		1,466
Decommissioning expenditures		**(518)**		(262)
Accretion		**2,321**		667
Balance, end of period	**$**	**77,721**	$	40,384

The Company's decommissioning obligation results from its ownership interest in crude oil and natural gas assets including well sites, facilities and gathering systems. At September 30, 2014, the total estimated amount to settle Cardinal's decommissioning obligation was $245.8 million (2013 - $114.8 million) on an uninflated and undiscounted basis and $433.4 million (2013 - $192.9 million) on an inflated and undiscounted basis. The decommissioning obligation was determined by applying an inflation factor of 2% (2013 - 2%) and discounting the inflated amount using Cardinal's credit-adjusted rate of 7.0% (2013 – 7.5%) over the expected useful life of the underlying assets, currently expected to be 20 to 35 years.

8 SHARE CAPITAL AND WARRANTS

At September 30, 2014, the Company was authorized to issue an unlimited number of common voting shares without nominal or par value. Holders of common shares are entitled to one vote per share.

	Nine months ended September 30, 2014		Year ended December 31, 2013	
	Number of shares	**Amount**	Number of shares	Amount
Common shares, beginning of period	**34,875,532**	**$ 315,041**	11,091,671	$ 65,795
Flow-through common shares issued for cash	-	-	113,333	935
Issue of common shares	**20,987,500**	**388,300**	23,571,428	247,500
Issued pursuant to SDP and DRIP	**134,171**	**2,189**	-	-
Issued for acquisitions	-	-	66,667	550
Issued for E&E	-	-	30,833	254
Exercise of options and warrants	**656,901**	**3,827**	1,600	7
Common shares, end of period	**56,654,104**	**$ 709,357**	34,875,532	$ 315,041
Cummulative share issue costs, net of tax	-	**(25,222)**	-	(12,479)
Total shareholders' capital, end of period	**56,654,104**	**$ 684,135**	34,875,532	$ 302,562

Warrants

In 2012 Cardinal issued 2,833,333 units consisting of one common share and one half warrant (1,416,654 warrants) at $3.00 per unit. The warrants vest equally over five years, and are only exercisable if the market value of Cardinal's common shares is in excess of $6.00 per common share, with the first vesting date on December 31, 2012 and on December 31 of each year thereafter. The warrants are exercisable at $3.00 per warrant subject to an adjustment for dividends declared which reduced the exercise price at September 30, 2014 to $2.91 and increased the number of warrants then outstanding (note 10).

Earnings (Loss) per share

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	**2014**	2013
Net earnings (loss) for the period	**$ 22,250**	$ (654)	**$ 26,927**	$ (1,235)
Weighted average number of common shares				
- Basic	**42,997,245**	11,304,104	**39,101,485**	11,244,166
- Diluted	**44,424,555**	11,304,104	**40,383,246**	11,244,166

9 DIVIDENDS

The Company has adopted a dividend reinvestment plan ("DRIP") and a stock dividend program ("SDP") which enable shareholders to receive dividends in common shares rather than cash.

During the nine months ended September 30, 2014, $20.7 million of dividends ($0.50336 per common share) were declared of which $14.5 million was paid in cash, $4.0 million was recognized as a liability at September 30, 2014 and 134,171 common shares were issued pursuant to the Company's DRIP and SDP valued at $2.2 million. The dividend payable was settled on October 15, 2014 with cash of $3.5 million and the issue of 27,309 Cardinal common shares pursuant to the DRIP and SDP valued at $0.5 million.

10 SHARE-BASED COMPENSATION

The maximum number of common shares issuable under the Company's stock option plan, restricted bonus award plan and standalone grant of stock appreciation rights, in aggregate, cannot exceed five percent of the outstanding common shares.

Stock Options

The Company has a stock option plan that entitles officers, directors and employees to purchase common shares in the Company. Stock options are granted at the market price of the common shares at the date of grant and vest equally over three years with each tranche expiring three years following the vesting date. The following tables summarize information about stock options outstanding at September 30, 2014:

	Number of stock options		Weighted average exercise price
Balance at December 31, 2012	374,993	$	6.75
Granted	99,165	$	9.10
Forfeited	(31,666)	$	7.93
Balance at December 31, 2013	442,492	$	7.19
Exercised	(120,547)	$	6.90
Forfeited	(40,000)	$	6.75
Balance at September 30, 2014	**281,945**	**$**	**7.38**

		Options Outstanding				Options Exercisable			
	Exercise price per share	Number of options		Weighted average exercise price	Weighted average remaining life (years)	Number of options		Weighted average exercise price	Weighted average remaining life (years)
$	6.75	220,000	$	6.75	3.5	14,444	$	6.75	2.1
$	8.25	24,445	$	8.25	4.0	-	$	-	-
$	10.50	37,500	$	10.50	4.0	-	$	-	-
		281,945	**$**	**7.38**	**3.6**	**14,444**	**$**	**6.75**	**2.1**

Warrants

	Number of Warrants
Balance at December 31, 2012	1,416,654
Exercised	(1,600)
Forfeited	(6,399)
Balance at December 31, 2013	1,408,655
Exercised	(535,140)
Forfeited	(74,998)
Adjustment for dividends declared	24,674
Balance at September 30, 2014	823,191

At September 30, 2014, 28,336 warrants were exercisable and the weighted average remaining life of the warrants was 2.8 years.

Restricted Bonus Awards ("RA's")
The Company has a restricted bonus award plan whereby awards may be granted to officers, directors and employees. Awards granted according to the plan vest equally over three years from the date of grant and expire on December 15th of the third year following the year in which the award was granted. Awards are adjusted for dividends declared and are to be settled with either cash, common shares or a combination thereof at the Company's discretion. During the nine months ended September 30, 2014, 1,023,734 RA's were granted pursuant to the plan and 105,502 RA's were forfeited for a total of 918,232 RA's outstanding at September 30, 2014. The fair value of the RA's was determined based on the value of the Company's common shares at the grant date. The weighted average market price of the Company's common shares used to value the RA's granted was $11.61.

Stock Appreciation Rights ("SAR's")
On November 1, 2013, the Company granted an aggregate of 102,000 SARS's to certain directors, officers and employees of the Company. The SAR's were standalone grants and were not issued under a formal stock appreciation rights plan. Each SAR entitles the holder to receive one common share for each SAR granted including an adjustment for dividends declared. SAR's granted vest equally over three years from the grant date. The fair value of the SAR's was determined based on the value of the Company's common shares of $10.50 per share at the grant date. During the nine months ended September 30, 2014, 10,500 of SAR's were forfeited for a total of 91,500 SAR's outstanding at September 30, 2014.

Share-based Compensation
Share-based compensation for the nine months ended September 30, 2014 of $5,372 was expensed (2013 - $1,345) and $639 (2013 - $105) was capitalized.

11 FINANCIAL RISK MANAGEMENT

Cardinal's financial assets and liabilities consist of trade and other receivables, trade and other payables, risk management assets and liabilities, dividends payable and bank debt. Risk management assets and liabilities arise from the use of derivative financial instruments.

Carrying amount and fair value of financial assets and liabilities
A number of the Company's accounting policies and disclosures require the determination of fair value. Fair value has been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

The Company classifies the fair value of risk management assets and liabilities according to the following fair value hierarchy based on the amount of observable inputs used to value the instrument:

Level 1 - Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date.
Level 2 - Fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3 - Fair value is based on inputs for the asset or liability that are not based on observable market data.

Trade and other receivables are classified as financial assets at amortized cost and are reported at amortized cost. Trade and other payables, dividends payable and bank debt are classified as financial liabilities at amortized cost and are reported at amortized cost. The fair values of trade and other receivables, trade and other payables and dividends payable approximate their carrying amount due to the short-term maturity of these instruments. The fair value of bank debt approximates the carrying amount due to the floating rate of interest and the margin charged by the syndicate is indicative of current credit spreads.

As at September 30, 2014, the only asset or liability measured at fair value was risk management, which was classified as level 2.

Risk management contracts

The following tables outline the Company's crude oil and natural gas commodity contracts and power contracts as at September 30, 2014:

Remaining Term	Volume	Option Traded	Index	Fixed Price	Fair Value
October 1, 2014 - December 31, 2014	100 bbl/d	Swap	CAD WTI	$ 95.50	(51)
October 1, 2014 - December 31, 2014	500 bbl/d	Swap	CAD WTI	$ 102.65	68
October 1, 2014 - December 31, 2014	300 bbl/d	Swap	CAD WTI	$ 104.00	78
October 1, 2014 - December 31, 2014	100 bbl/d	Swap	CAD WTI	$ 106.25	47
October 1, 2014 - January 31, 2015	300 bbl/d	Swap	CAD WTI	$ 98.25	(97)
October 1, 2014 - February 28, 2015	500 bbl/d	Swap	CAD WTI	$ 103.50	209
October 1, 2014 - June 30, 2015	250 bbl/d	Swap	CAD WTI	$ 103.00	201
October 1, 2014 - June 30, 2015	250 bbl/d	Swap	CAD WTI	$ 103.00	201
January 1, 2015 - December 31, 2015	250 bbl/d	Swap	CAD WTI	$ 98.90	1
January 1, 2015 - December 31, 2015	200 bbl/d	Swap	CAD WTI	$ 100.40	109
January 1, 2015 - December 31, 2015	250 bbl/d	Swap	CAD WTI	$ 101.30	216
October 1, 2014 - June 30, 2015	250 bbl/d	Collar - put	CAD WTI	$ 95.00	163
		Collar - call	CAD WTI	$ 106.20	(118)
October 1, 2014 - June 30, 2015	250 bbl/d	Collar - put	CAD WTI	$ 95.00	138
		Collar - call	CAD WTI	$ 106.35	(95)
January 1, 2015 - December 31, 2015	300 bbl/d	Collar - put	CAD WTI	$ 95.00	409
		Collar - call	CAD WTI	$ 104.00	(340)
January 1, 2015 - December 31, 2015	200 bbl/d	Collar - put	CAD WTI	$ 95.00	303
		Collar - call	CAD WTI	$ 105.00	(231)
January 1, 2015 - December 31, 2015	250 bbl/d	Collar - put	CAD WTI	$ 97.50	421
		Collar - call	CAD WTI	$ 104.00	(277)
January 1, 2015 - December 31, 2015	500 bbl/d	Collar - put	CAD WTI	$ 95.00	719
		Collar - call	CAD WTI	$ 108.25	(377)
January 1, 2015 - December 31, 2015	1,000 bbl/d	Collar - put	CAD WTI	$ 95.00	1,423
		Collar - call	CAD WTI	$ 105.00	(1,071)
October 1, 2014 - March 31, 2015	500 gj/d	Swap	CAD AECO	$ 4.43	25
October 1, 2014 - March 31, 2015	500 gj/d	Swap	CAD AECO	$ 4.41	23
					2,097

Remaining Term	Quantity		Option Traded		Fixed Price	Fair Value
October 1, 2014 - December 31, 2014	1.00	MW/hr	Swap	$	48.39	26
October 1, 2014 - December 31, 2014	0.55	MW/hr	Swap	$	55.18	6
October 1, 2014 - December 31, 2014	2.50	MW/hr	Swap	$	52.60	41
October 1, 2014 - December 31, 2014	1.50	MW/hr	Swap	$	53.42	22
October 1, 2014 - December 31, 2014	0.30	MW/hr	Swap	$	57.26	2
October 1, 2014 - December 31, 2015	1.00	MW/hr	Swap	$	51.05	20
January 1, 2015 - December 31, 2015	1.00	MW/hr	Swap	$	51.05	(10)
January 1, 2015 - December 31, 2015	0.55	MW/hr	Swap	$	50.26	(1)
January 1, 2015 - December 31, 2015	1.00	MW/hr	Swap	$	51.00	(9)
January 1, 2015 - December 31, 2015	3.00	MW/hr	Swap	$	52.01	(54)
						43

Cardinal limits its credit risk by executing counterparty risk procedures which include transacting only with members of the syndicate for our credit facilities or institutions with high credit ratings and by obtaining financial security in certain circumstances. Based on September 30, 2014 commodity prices, a $1 per barrel change in the price of crude oil would have changed earnings before tax by $587 (2013 – $235) and a $0.10 per gigajoule change in the price of natural gas would have changed earnings before tax by $18 (2013 – nil).

12 COMMITMENTS

The Company has an operating lease commitment for its office premises expiring December 31, 2014 of approximately $1.0 million per annum. Cardinal has entered into an operating lease commitment for new office premises expiring December 30, 2023 of approximately $1.0 million per annum.

On March 31, 2013 Cardinal issued 113,333 flow-through common shares pursuant to a private placement for gross proceeds of $1,020,000. The Company has incurred $0.8 million of qualifying expenditure and is committed to incur the remaining balance prior to December 31, 2014.

13 SUBSEQUENT EVENTS

Subsequent to September 30, 2014, Cardinal entered into a derivative power contract for 1.0 MW/hr from November 1, 2014 to December 31, 2015 at $52.69/MW.

On **October 14, 2014**, the Company confirmed that a dividend of $0.07 per common share will be paid on November 17, 2014 to shareholders of record on October 31, 2014. The total amount of dividends declared at October 31, 2014 was $4.0 million.