CARDINAL
ENERGY LTD.

NEWS RELEASE **MAY 7, 2020**

CARDINAL ENERGY LTD. ANNOUNCES FIRST QUARTER 2020 FINANCIAL RESULTS

Calgary, Alberta – Cardinal Energy Ltd. ("**Cardinal**" or the "**Company**") (TSX: CJ) is pleased to announce its operating and financial results for the first quarter ended March 31, 2020.

Selected financial and operating information is shown below and should be read in conjunction with Cardinal's unaudited condensed interim financial statements and related Management's Discussion and Analysis for the three months ended March 31, 2020 which are available at www.sedar.com and on our website at www.cardinalenergy.ca.

Financial and Operating Highlights

($ 000's except shares, per share and operating amounts)	Three months ended March 31,		
	2020	**2019**	% Change
Financial			
Petroleum and natural gas revenue	**63,473**	94,050	(33)
Cash flow from operating activities	**22,041**	27,506	(20)
Adjusted funds flow[(1)]	**14,948**	29,639	(50)
basic and diluted per share	**$ 0.13**	$ 0.25	(48)
Loss	**(450,944)**	(16,506)	n/m
basic and diluted per share	**$ (3.98)**	$ (0.14)	n/m
Development capital expenditures [(1)]	**21,782**	11,152	95
Other capital expenditures	**359**	432	(17)
Total capital expenditures	**22,141**	11,584	91
Common shares, net of treasury shares	**113,354**	116,617	(3)
Dividends declared	**3,511**	3,619	(3)
Per share	**$ 0.03**	$ 0.03	-
Net debt [(1)]	**273,805**	257,880	6
Net debt to adjusted funds flow ratio [(1)]	**2.6**	2.9	(10)

Financial and Operating Highlights

($ 000's except shares, per share and operating amounts)	Three months ended March 31, 2020	2019	% Change
Operating			
Average daily production			
Light oil (bbl/d)	**7,792**	8,246	(6)
Medium/heavy oil (bbl/d)	**9,301**	8,542	9
NGL (bbl/d)	**836**	964	(13)
Natural gas (mcf/d)	**14,368**	15,930	(10)
Total (boe/d)	**20,323**	20,407	-
Netback[(1)]			
Petroleum and natural gas revenue	**$ 34.32**	$ 51.21	(33)
Royalties	**(5.56)**	(7.37)	(25)
Net operating expenses	**(20.58)**	(22.63)	(9)
Transportation	**(0.31)**	(0.19)	63
Netback	**7.87**	$ 21.02	(63)
Realized gain (loss) on commodity contracts	**4.44**	(0.79)	n/m
Netback after risk management [(1)]	**12.31**	$ 20.23	(39)
Interest and other	**(1.59)**	(1.83)	(13)
G&A	**(2.64)**	(2.26)	17
Adjusted funds flow netback [(1)]	**8.09**	$ 16.14	(50)

(1) See non-GAAP measures

FIRST QUARTER OVERVIEW

Cardinal's first quarter 2020 was focused on drilling seven (7.0 net) horizontal wells earning additional undeveloped land in our Southern Alberta business unit. Six (6.0 net) of these wells were completed during the first quarter and we also completed three (3.0 net) wells that were drilled in 2019. These well results, which were above expectations, along with the continued low decline performance of our asset base, led the Company to achieve daily production levels over 21,500 boe/d midway through the first quarter ahead of our initial forecast. In March, as world oil prices rapidly dropped due to supply disagreements between Russia and Saudi Arabia combined with the demand destruction caused by the COVID-19 pandemic, Cardinal reacted swiftly shutting in these wells along with other uneconomic production to preserve the long-term value of our reserves. We expect the success of our first quarter drilling program will allow us to return to 2019 average production levels without any additional drilling when oil prices recover.

First quarter net income was negatively impacted as forward oil price forecasts were slashed by reserve evaluators impacting the estimated future recoverable value of the Company's reserves. During the first quarter of 2020, Cardinal took a non-cash accounting impairment charge of $343 million on our property plant and equipment net book value of $1.0 billion. In addition, Cardinal's deferred tax asset was derecognized as there is not sufficient certainty the tax asset can be utilized given the current environment resulting in a deferred tax expense of $102.9 million. The Company's tax pools are unaffected by the derecognition of the asset.

Cardinal's response to the current low oil pricing environment has been swift. A summary of our immediate initiatives is as follows:

- Reduced our 2020 annual capital budget by 54% to $31 million of which $22 million was spent in the first quarter;
- Suspended our dividend effective March 2020 saving the Company approximately $1.8 million per month;
- Shut-in approximately 20% to 25% of our higher operating cost production allowing Cardinal to retain the long-term value of our reserves;
- Reduced our Board, Executive, office and field staff salaries and retainers by 20%;
- Ceased our corporate bonus program;
- Applied for the Canada Emergency Wage Subsidy;
- Reduced our corporate savings plan contributions;
- Negotiated various cost reductions with key service providers;
- Submitted over 1,000 applications for projects eligible to access Phase 1 funding associated with the recently announced Alberta Site Rehabilitation program.

The corporate compensation reduction and elimination of our dividend are estimated to save the Company approximately $3.4 million per month or $40 million annually which materially reduces Cardinal's cost structure during these uncertain times.

The Company has started its annual renewal process with our syndicate of banks. The reduction in commodity pricing has impacted our projected future cash flows and together with market conditions could impact our borrowing base. Cardinal believes it is eligible for announced government liquidity support programs should the need arise. At March 31, 2020 Cardinal had a working capital deficiency of $35.9 million and unused capacity of $130.4 million on our bank facility, after taking into effect outstanding letters of credit.

OUTLOOK

Cardinal's focus through this pandemic and economic crisis are the health and safety of our employees and service providers, and maintaining our liquidity through disciplined efficient management of our assets, production and costs. During these unprecedented times, we are proud of our staff who have safely worked hard to manage our assets through this crisis. Cardinal is taking this pandemic seriously and have implemented social distancing and preventative procedures to ensure we don't compromise the health and safety of our employees as shown by no known Cardinal office staff, field employees or contract operators have tested positive COVID-19.

As a result of the uncertain market conditions, Cardinal is withdrawing its 2020 corporate guidance originally announced on December 9, 2019 and updated on March 17, 2020. Cardinal continues to manage its assets with a view to long-term sustainability and will shut-in uneconomic production when it is safe and rational to do so. The Company has a limited capital budget for the remainder of 2020 and does not have any immediate plans to drill any more wells in the year. Cardinal's top tier low decline rate will support the Company's oil production and we can rapidly bring back on shut-in wells with limited additional costs when the price recovery occurs.

We will continue to navigate through these challenging times by acting quickly to implement change and reduce costs. We thank our shareholders and stakeholders for their perseverance and look forward to coming out of this crisis with a stronger sustainable Company.

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 business strategies, plans and objectives, our expectations that our shut-in production will allow Cardinal to retain the long-term value of our reserves and replace production to 2019 levels, the monthly and annual savings that Cardinal will achieve as a result of the corporate compensation reduction and elimination of our dividend, expectations that our borrowing base may be impacted by current commodity prices and market conditions, that Cardinal is eligible for announced government liquidity support programs, our focus and plans during the pandemic and economic crisis, expectations that Cardinal will shut-in uneconomic production when it is safe and rational to do so, the Company's 2020 capital budget and drilling plans, decline rates and expectations that Cardinal can rapidly bring back on shut-in wells with limited additional costs, expectations regarding future commodity prices, plans to act quickly to implement change and reduce costs as required, our Environmental, Safety and Governance mandate and plans to operate our assets in a responsible and environmentally sensitive manner.

Forward-looking statements regarding Cardinal are based on certain key expectations and assumptions of Cardinal concerning anticipated financial performance, business prospects, strategies, regulatory developments, future production, the impact (and the duration thereof) that the COVID-19 pandemic will have on (i) the demand for crude oil, NGLs and natural gas, (ii) our supply chain, including our ability to obtain the equipment and services we require, and (iii) our ability to produce, transport and/or sell our crude oil, NGLs and natural gas; the ability of OPEC+ nations and other major producers of crude oil to reduce crude oil production and thereby arrest and reverse the steep decline in world crude oil prices; future production rates, 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 timing and success of our cost cutting initiatives, 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 including curtailment, the renewal of our credit facility and level of liquidity and our 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 the COVID-19 pandemic, general economic conditions; volatility in market prices for crude oil and natural gas; industry conditions; our and ability to access sufficient capital from internal and external sources, 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; and 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.

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 press release includes references to 2020 and 2020 production. The Company discloses crude oil production based on the pricing index that the oil is priced off of. The following table is intended to provide the product type composition as defined by NI 51-101.

	Light/Medium Crude Oil	Heavy Oil	NGL	Conventional Natural Gas	Total (boe/d)
Q1/20	56%	28%	4%	12%	20,323
Q1/19	54%	28%	5%	13%	20,407
Current - March, 2020	56%	27%	4%	13%	21,500

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.

Non-GAAP measures

This press release contains the terms "development capital expenditures", "adjusted funds flow", "adjusted funds flow per basic share", "adjusted funds flow per diluted share", "net debt", "net debt to adjusted funds flow ratio", "net operating expenses", "netback", "netback after risk management contracts" and "adjusted funds flow netback" 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 basic and diluted share and net debt to adjusted funds flow ratio to analyze operating performance and assess leverage. Cardinal feels these benchmarks are a key measure of profitability and overall sustainability for the Company. Adjusted funds flow is not intended to represent operating profits nor should it be viewed as an alternative to cash flow provided by operating activities, net earnings or other measures of performance calculated in accordance with GAAP. As shown below, adjusted funds flow is calculated as cash flows from operating activities adjusted for changes in non-cash working capital, decommissioning expenditures and transaction costs. Development capital expenditures represents expenditures on property, plant and equipment (excluding capitalized G&A, other assets and acquisitions). The term "net debt" is not recognized under GAAP and as shown below, 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, the current portion of lease liabilities, the current portion of the decommissioning obligation and the current portion of the liability component of convertible debentures). Net debt is used by management to analyze the financial position, liquidity and leverage of Cardinal. Net debt is used by management to analyze the financial position, liquidity and leverage of Cardinal. Net debt to adjusted funds flow ratio is calculated as net debt divided by the trailing 12 months adjusted funds flow. 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 through processing third party volumes. Netback is calculated on a boe basis and is determined by deducting royalties, transportation costs and net operating expenses from petroleum and natural gas revenue. Netback after risk management contracts includes realized gains or losses on commodity contracts in the period on a boe basis. Adjusted funds flow netback is calculated as netback after risk management and also includes interest and other costs and G&A costs on a boe basis. Netback, netback after risk management contracts and adjusted funds flow netback are utilized by Cardinal to better analyze the operating performance of our petroleum and natural gas assets taking into account our risk management program, interest and G&A costs against prior periods.

	Three months ended	
	March 31, 2020	March 31, 2019
Cash flow from operating activities	22,041	27,506
Change in non-cash working capital	(8,565)	1,242
Funds flow	13,476	28,748
Decommissioning expenditures	1,472	891
Adjusted funds flow	14,948	29,639

	As at	
	March 31, 2020	March 31, 2019
Bank debt	192,965	206,151
Principal amount of Convertible Debentures	44,931	45,000
Working capital deficiency (1)	35,909	6,729
Net debt	273,805	257,880

(1) Includes current assets less current liabilities excluding the fair value of financial instruments, current decommissioning obligation, current lease liabilities, and the current portion of the liability component of convertible debentures.

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.

One of Cardinal's goals is to continually improve our Environmental, Safety and Governance mandate and operate our assets in a responsible and environmentally sensitive manner. As part of this mandate, Cardinal injects and conserves more carbon than it emits making us one of the few Canadian energy companies to have a negative carbon footprint.

Cardinal is a Canadian oil focused company with operations focused on low decline light, medium and heavy quality oil in Western Canada.

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