CARDINAL
ENERGY LTD.

NEWS RELEASE **JUNE 1, 2021**

CARDINAL ENERGY LTD. ANNOUNCES STRATEGIC ACQUISITION

Calgary, Alberta – Cardinal Energy Ltd. ("**Cardinal**" or the "**Company**") (TSX: CJ) is pleased to announce it has entered into an arrangement agreement (the "**Arrangement Agreement**") to acquire Venturion Oil Limited ("**Venturion**"), a privately held company, for a purchase price of approximately $47.5 million. The consideration will consist of approximately 6.3 million Cardinal common shares (based on the ten-day volume weighted average share price of the Cardinal shares on the Toronto Stock Exchange prior to signing the Arrangement Agreement) and approximately $27.9 million of cash which will be firstly utilized to repay Venturion's outstanding net debt at closing (including closing costs) currently estimated to be approximately $10.9 million (the "**Acquisition**"). The Acquisition is expected to close on or before July 15, 2021.

Venturion's assets consist of approximately 2,400 boe/d of production (~83% oil) focused in central Alberta and other minor properties. The majority of the acquired assets fall into Cardinal's Wainwright operating area.

Strategic Rationale

- The Acquisition is a continuation of Cardinal's strategy of acquiring and developing low decline oil production;
- Synergistic with Cardinal's operations in the Wainwright area which will allow Cardinal to achieve economies of scale and utilize our existing infrastructure to reduce operating costs per boe;
- Proved developed producing reserves(1) of approximately 7.5 mmboe;
- High percentage of active producing Alberta properties with a Liability Management Rating of 5.3 strengthening Cardinal's overall liability position;

(1) Based on internally evaluated reserves as of July 1, 2021

The Acquisition is expected to be approximately 16% accretive to Cardinal's 2021 forecasted adjusted funds flow per share and is anticipated to decrease the Company's 2021 closing net debt to fourth quarter annualized adjusted funds flow ratio to 1.0x (0.8x net bank debt). With Cardinal's previously released increased budget combined with the Acquisition, average fourth quarter 2021 production is targeted to average approximately 21,500 boe/d, a 21% increase over our original 2021 budget.

In conjunction with the Acquisition, Cardinal intends to issue up to $12.5 million principal amount of subordinated second lien secured notes (the "**Notes**") which will bear interest at 10% per annum and have a three year term (the "**Note Financing**"). Interest will accrue semi-annually and be added to the principal amount and will be payable on maturity. As part of the Note Financing, Cardinal has also agreed to issue one common share purchase warrant ("**Warrant**") for each $5.00 principal amount of Notes. Each Warrant will entitle the holder to acquire one common share of Cardinal at an exercise price equal to the deemed price of the common shares being issued pursuant to the Acquisition for a period of 36 months commencing six months from issue date. The Note Financing is expected to be fully funded by insiders of the Company.

The remainder of the cash consideration will be financed from the Company's existing bank facility. Under current forecasts, the Company expects the free cash flow generated from our existing properties and the Acquisition will enable us to repay these additional bank drawings by the fourth quarter of 2021.

Completion of the Acquisition is subject to customary closing conditions, including Venturion shareholder approval and receipt of necessary regulatory approvals, including the Toronto Stock Exchange. Closing of the Note Financing is expected to occur on or about the closing date of the Acquisition, and is subject to the approval of the Toronto Stock Exchange and certain other funding conditions.

Advisor

Peters & Co. Limited is acting as strategic advisor to Cardinal with respect to the Acquisition.

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 strategy, plans, focus, objectives, priorities and position; the terms and conditions of the Acquisition including the purchase price and the components thereof; our continued strategy of acquiring and developing low decline oil production; that the Acquisition is synergistic with our operations in the Wainwright area; that the Acquisition will allow Cardinal to achieve economies of scale and utilize existing infrastructure to reduce operating costs per boe; that the Acquisition will strengthen Cardinal's overall liability position; that the free cash flow generated from Cardinal's existing properties and the Acquisition will enable it to repay these additional bank drawings by the fourth quarter of 2021; the financial benefits of the Acquisition including, without limitation, that the Acquisition will be accretive to Cardinal's forecasted adjusted funds flow per share, that the Acquisition will result in a decrease to the Company's forecasted 2021 year end net debt and net bank debt to fourth quarter annualized adjusted funds flow ratio, the Company's anticipated pro forma average fourth quarter 2021 production and the underlying assumptions; the sources of financing the purchase price of the Acquisition including the terms of and conditions thereof and level of insider participation therein; plans to repay additional bank indebtedness incurred as a result of the completion of the Acquisition and the timing therewith; the expected timing to close the Acquisition and Note Financing and our future ESG performance and plans.

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.

Forward-looking statements regarding Cardinal are based on certain key expectations and assumptions of Cardinal concerning anticipated financial performance, business prospects, strategies, regulatory developments, production curtailments, current and future commodity prices and exchange rates, applicable royalty rates, tax laws, industry conditions, availability of government subsidies and abandonment and reclamation programs, future well production rates and reserve volumes, future operating costs, the performance of existing and future wells, the success of 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 and power projects, the availability and cost of labor and services, the impact of competition, conditions in general economic and financial markets, availability of drilling and related equipment, effects of regulation by governmental agencies including curtailment, the ability to obtain financing on acceptable terms which are subject to change based on commodity prices, market conditions and drilling success and potential timing delays, the timing of the completion of the Acquisition and Note Financing and on the terms and conditions currently contemplated, and the receipt of applicable regulatory approvals and the satisfaction of other closing conditions on the timing and terms and conditions currently contemplated. In addition, certain forward-looking information in this press release is based on the Company's 2021 budget assumptions as disclosed in Cardinal's press release dated May 13, 2021.

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 including government subsidies and abandonment and reclamation programs; hazards such as fire, explosion, blowouts, and spills, each of which could result in substantial damage to wells, production facilities, other property and the environment or in personal injury; our ability to access sufficient capital from internal and external sources and failure to obtain required regulatory and other approvals and/or to satisfy the closing conditions for the Acquisition and the Note Financing.

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.

Reserves

Reserves estimates in this press release are gross (before the deduction of royalties) reserves and are based on Cardinal's internal evaluation and were prepared by a member of Cardinal's management who is a qualified reserves evaluator in accordance with National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities ("NI 51-101") with an effective date of July 1, 2021. Such estimates are based on values that Cardinal's management believes to be reasonable and are subject to the same limitations discussed above under "Note Regarding Forward-Looking Statements". The reserves estimates were prepared in accordance with the standards contained in the Canadian Oil and Gas Evaluation Handbook.

Supplemental Information Regarding Product Types

All references in this press release to production refers to net 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)
Q4/21	55%	28%	4%	13%	21,500
Venturion	27%	56%	1%	16%	2,400

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 "adjusted funds flow", "adjusted funds flow per share", "free cash flow", "net debt", "net bank debt"; "net debt to adjusted fund flow ratio" and "net bank debt to adjusted fund flow ratio" 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 and free cash flow 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. Adjusted funds flow is calculated as cash flows from operating activities adjusted for changes in non-cash working capital and decommissioning expenditures. Free cash flow is calculated as adjusted funds flow less dividends and capital expenditures. The term "net bank debt" is not recognized under GAAP and is calculated as bank debt plus working capital (adjusted for the fair value of financial instruments and the current portion of lease liabilities and decommissioning obligations). The term "net debt" is not recognized under GAAP and is calculated as net debt plus the principal amount of secured notes. Net bank debt and net debt are used by management to analyze the financial position, liquidity and leverage of Cardinal. "Net debt to annualized adjusted funds flow" and "net bank debt to annualized adjusted funds flow" are calculated as net debt or net bank debt divided by adjusted funds flow for the specified period. These ratios are used to measure the Company's overall debt position and to measure the strength of the Company's balance sheet. Cardinal monitors these ratios and uses them as a key measure in making decisions regarding financing, capital expenditures and shareholder returns.

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, Social and Governance profile and operate our assets in a responsible and environmentally sensitive manner. As part of this mandate, Cardinal injects and conserves more carbon than it directly 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.

For further information:
M. Scott Ratushny, CEO or Shawn Van Spankeren, CFO or Laurence Broos, VP Finance
Email: info@cardinalenergy.ca
Phone: (403) 234-8681
Website: www.cardinalenergy.ca