FORM 51-102F3
MATERIAL CHANGE REPORT

1. Name and Address of Corporation:

Cardinal Energy Ltd. ("**we**", "**us**" "**our**" or "**Cardinal**")
Suite 600, 400 – 3rd Avenue S.W.
Calgary, Alberta T2P 4H2

2. Date of Material Change:

June 1, 2017

3. News Release:

On June 1, 2017 at Calgary, Alberta a news release was issued and disseminated through the facilities of a recognized news service.

4. Summary of Material Change:

On June 1, 2017, we announced a significant light oil acquisition (the "**Acquisition**") in the Weyburn/Midale area of southeast Saskatchewan and in the House Mountain area of Alberta, with part of the purchase price of the Acquisition to be funded with a concurrent $170 million bought-deal financing (the "**Offering**").

5. Full Description of Material Change:

The Acquisition

On June 1, 2017, we entered into an agreement (the "**Acquisition Agreement**") to purchase high quality, low decline light oil assets in the Weyburn/Midale area of southeast Saskatchewan and in the House Mountain area of Alberta (the "**Acquired Assets**") for cash consideration of $330 million (the "**Purchase Price**") before closing adjustments and before the sale of certain royalty interests (which may include newly created royalty interests) and fee title lands (the "**RI**") associated with the Acquired Assets, which we plan to monetize prior to year end (the "**Disposition**"). We have not entered into a binding agreement with respect to the Disposition as of the date hereof. We plan to market the sale of the RI following completion of the Acquisition and we anticipate that funds from the Disposition will be approximately $130 million which will be applied to repay all or part of the Purchase Price funded by our credit facilities.

The Acquisition will be funded with the proceeds from the Offering and by our credit facilities. We expect that the available lending limit under our credit facilities will be increased concurrent with the closing of the Acquisition.

Conditions to closing of the Acquisition include, but are not limited to, the following: the accuracy of representations and warranties and performance of covenants contained in the Acquisition Agreement; and receipt of all necessary approvals under the *Competition Act* (Canada).

The Acquired Assets will add 5,000 Boe/d (100% oil and NGLs) of low decline light oil operated production that will generate significant free cash flow and include a significant light oil development drilling inventory. The Acquisition is consistent with our strategy and business plan and will add $55 million of annualized operating income (revenue less royalties and operating expenses) to us (based on the Q1 2017 production and realized prices from the Acquired Assets). Minimal capital has been spent on the Acquired Assets over the past few years and we believe that there are numerous optimization opportunities available as well as the potential to reduce operating costs.

The benefits of the Acquisition for us are as follows:

- Increases our pro forma Q1 2017 netback by 19% to $19.64/Boe (based on the Q1 2017 average WTI price of US$51.90).
- Increases our light oil weighting by 20% to 45% of our oil production and our oil and NGLs weighting by 4% to 86%.
- Initially reduces our operating costs per Boe by 3% which we expect 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 our producing reserves as a percentage of total proved and probable reserves from 86% to 90%.
- Increases our pro forma total proved plus probable reserve life index ("**RLI**") (based on our year end gross reserves and annualized fourth quarter production and production of 5,000 Boe/d and company interest reserves for the Acquired Assets) from 12.7 to 13.4 years.
- Adds a new light oil sales point which has opportunities for further consolidation.
- Adds over 300 light oil drilling locations.
- Together with the Offering, increases our overall market capitalization moving us towards index inclusion and increasing overall adjusted funds flow and relevance.
- The Acquisition improves our Liability Management Rating ("**LMR**").

Terms used in the above paragraph, including adjusted funds flow and netback are non-GAAP measures. See "*Non-GAAP Measures*".

The Acquired Assets are located in the Weyburn/Midale area of southeast Saskatchewan and in the House Mountain area of Alberta. The Weyburn/Midale property consists of operated production from the Midale unit with a 68.8% working interest. The surrounding area has operated and non-operated production including royalty interests in the Midale and Weyburn Units.

The Weyburn/Midale assets include production of 2,850 Boe/d (100% light oil and NGLs) and proved plus probable gross reserves effective as of December 31, 2016 of 17 MMboe (which excludes 1.3 MMboe of royalty interest reserves). This long life reserve property has a 16 year RLI on a total proved plus probable gross reserves basis (18 year RLI on a company interest reserves basis) (based on the production of 2,850 Boe/d). Historical operating costs for these assets have averaged $18.00/Boe for 2016 and for Q1 2017 using a WTI oil average price of US$50.00 and an exchange rate of 0.74, the assets would have a $30.00/Boe netback.

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. The House Mountain assets consist of production of 2,150 Boe/d (100% light oil and NGLs) and total gross proved plus probable reserves of 10.2 MMboe, with a resultant 13 year RLI on a total gross proved plus probable reserves basis (based on the production of 2,150 Boe/d).

The Acquired Assets have the following characteristics:

Purchase Price:	$330 million ($320 million, net of estimated closing adjustments with an effective date of January 1, 2017
Current production:	5,000 Boe/d (100% oil and NGLs)
Proved plus probable gross producing reserves: (1)(3)	27.2 MMboe (99% oil and NGLs)
Proved plus probable gross reserves: (1)(3)	27.3 MMboe (99% oil and NGLs)
Proved plus probable net present value: (1)(2)(3)	$413 million
Proved plus probable RLI:	16 years

Notes:

(1) Based on a report as to the oil, NGLs and natural gas reserves attributable to the Acquired Assets as evaluated by GLJ Petroleum Consultants Ltd. with an effective date of December 31, 2016 (the "**Acquisition Report**").
(2) Before tax net present value based on a 10 percent discount rate and Sproule's December 31, 2016 forecast prices.
(3) Does not include 1.3 MMBoe of royalty interest proved plus probable reserves.

The Offering

In connection with the Acquisition, we have entered into an agreement with a syndicate of underwriters lead by RBC Dominion Securities Inc., and including CIBC World Markets Inc., GMP Securities L.P., National Bank Financial Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc., Canaccord Genuity Corp., Cormark Securities Inc., Peters & Co. Limited and TD Securities Inc. (collectively the "**Underwriters**") pursuant to which they have agreed to purchase for resale to the public, on a bought deal basis, 30,910,000 subscription receipts (the "**Subscription Receipts**"), at a price of $5.50 per Subscription Receipt, 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.

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 us 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 Québec 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 Offering is subject to certain conditions including the receipt of all necessary regulatory approvals, including the approval of the Toronto Stock Exchange. Closing of the Offering is expected to occur on June 21, 2017 and the Acquisition is expected to close on or about June 30, 2017.

6. Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102:

N/A

7. Omitted Information:

N/A

8. **Executive Officer:**

The name and business numbers of the executive officer of us who is knowledgeable of the material change and this report is:

M. Scott Ratushny
Chief Executive Officer and Chairman
Telephone: (403) 216-2706
Facsimile: (403) 234-0603

8. **Date of Report:**

June 9, 2017

Note Regarding Forward-Looking Statements and Other Advisories

This report contains forward-looking statements and forward-looking information (collectively "**forward-looking information**") within the meaning of applicable securities laws relating to our plans and other aspects of our anticipated future operations, management focus, strategies, financial, operating and production results and business opportunities, including expected product mix and operating costs.

In addition, and without limiting the generality of the foregoing, this report contains forward-looking information regarding the Acquisition and the Acquired 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 and reserve life index, 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, free cash flow and anticipated operational synergies, the effect of the Acquisition on our LMR ratings, the timing and anticipated closing date for the Acquisition and the Offering, the impact of the Offering on Cardinal; 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 concurrent with the closing of the Acquisition, our plans to sell the RI prior to year end and 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.

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 Cardinal'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 Offering.

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 we believe 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 we can give no assurance that they will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature it involves inherent risks and uncertainties. The Acquisition and the Offering may not be completed on the anticipated time frames or at all and our 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 we will derive there from. Management has included the above summary of assumptions and risks related to forward-looking information provided in this report in order to provide securityholders with a more complete perspective on the our 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 report and we disclaim 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 report contains future-oriented financial information and financial outlook information (collectively, "**FOFI**") about our prospective results of operations, 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 report was made as of the date of this report and was provided for the purpose of describing the anticipated effects of the Offering and the Acquisition on our business operations. We disclaim any intention or obligation to update or revise any FOFI contained in this report, 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 report should not be used for purposes other than for which it is disclosed herein.

Drilling Locations

This report 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 report is based on the Acquisition Report and was prepared in accordance with NI 51-101 effective December 31, 2016. **The estimated future net revenues contained in this report 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 reserves 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 report contains an oil and gas metric which does not have a standardized meaning or standard method 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 metric has been prepared by management and is included in this report to provide readers with an additional measure to evaluate the Acquired Assets and our performance however, such measure is not a reliable indicator of our future performance and future performance may not compare to our performance in previous periods and therefore such metric should not be unduly relied upon. Reserve life index in this report is calculated by dividing estimated reserves by production.

Non-GAAP Measures

This report contains the terms "adjusted funds flow", "development capital expenditures", "free cash flow" and "netback" which do not have a standardized meanings 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. We use adjusted funds flow and free cash flow to analyze operating performance. We feel these benchmarks are key measures of profitability and overall sustainability for Cardinal. Adjusted funds flow and free cash flow 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.

"Development capital expenditures" represent expenditures on property, plant and equipment (excluding corporate and other assets and acquisitions) to maintain and grow our base production.

"Free cash flow" represents adjusted funds flow less dividends declared (net of participation in the dividend reinvestment plan and stock dividend program) and less development capital expenditures.

"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 us to better analyze the operating performance of our petroleum and natural gas assets against prior periods.

This report 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.