



Cardinal Energy Ltd. Announces Private Placement

CALGARY, Alberta, Dec. 07, 2020 -- Cardinal Energy Ltd. ("**Cardinal**" or the "**Company**") (TSX: CJ) announces that it has entered into subscription agreements for a non-brokered private placement of approximately \$16,920,833 principal amount of 2nd lien secured notes (the "**Notes**") issued at a 4% discount for gross proceeds of \$16,244,000. As part of the Note offering, each subscriber is also required to subscribe for a pro rata number of units (the "**Units**") totaling 8,122,000 Units, at a subscription price of \$0.50 per Unit for gross proceeds of \$4,061,000.

The Notes will bear interest at 12% per annum (all interest will accrue semi-annually and be added to the principal amount outstanding and will be payable on maturity) and will be due on June 30, 2022, subject to extension to November 30, 2022 by either Cardinal or the holders on 30 days' prior written notice. Each Unit will consist of one common share of Cardinal (a "**Common Share**") and one common share purchase warrant (a "**Warrant**"). Each Warrant will entitle the holder to purchase one Common Share at an exercise price of \$0.55 per Common Share for a period of three years from the closing date of the Private Placement.

The closing of the private placement of Notes and Units (the "**Private Placement**") is expected to occur on or about December 29, 2020, and is subject to the approval of the TSX, certain other funding conditions and satisfactory completion of the finalization of the terms of Cardinal's new credit facility. The proceeds of the Private Placement will be used to repay Cardinal's outstanding 5.50% subordinated convertible debentures (the "**5.50% Debentures**"), which are maturing on December 31, 2020 and for general corporate purposes.

N. Murray Edwards has agreed to participate in the Private Placement, either directly, or through a company wholly-owned by Mr. Edwards, for \$13,014,582 principal amount of the Notes and 6,247,000 Units for an aggregate purchase price of approximately \$15,617,500. Mr. Scott Ratushny, CEO of Cardinal states, "We welcome Mr. Edwards' investment in Cardinal and his confidence in our assets and business plan and look forward to working with him as we build our Company's future."

Mr. Edwards has indicated that his acquisition of the Notes and Units will be for investment purposes and that he may acquire, directly or indirectly, additional Common Shares or other securities of the Company from time to time, depending on market conditions. Mr. Edwards has advised that he currently owns, or exercises control or direction over, 11,040,000 Common Shares (representing approximately 9.6% of the issued and outstanding Common Shares), \$1,258,000 principal amount of 5.5% Debentures (which are currently convertible into 119,810 Common Shares) and \$26,000 principal amount of Cardinal's outstanding 8.0% convertible debentures (the "**8.0% Debentures**") (which are currently convertible into 20,800 Common Shares).

After giving effect to the Private Placement and assuming the exercise of the Warrants acquired pursuant to the Private Placement, Mr. Edwards will hold approximately 23,534,000 Common Shares or 18% of the issued and outstanding Common Shares (also assuming exercise of the Warrants acquired by the other subscribers pursuant to the Private Placement) and 18.3% of the issued and outstanding Common Shares (without assuming exercise of the Warrants acquired by the other subscribers pursuant to the Private Placement). In addition, assuming full conversion of Mr. Edwards' 5.5% Debentures and 8.0% Debentures, Mr. Edwards will hold approximately 23,674,610 Common Shares or 18.1% of the issued and outstanding Common Shares (also assuming exercise of the Warrants acquired by the other subscribers pursuant to the Private Placement) and 18.3% of the issued and outstanding Common Shares also (without assuming exercise of the Warrants acquired by the other subscribers pursuant to the Private Placement).

It was a condition to the financing that insiders of Cardinal also participate in the Private Placement. As a result, certain directors of Cardinal are participating in the Private Placement and will subscribe for approximately \$3,906,250 principal amount of the Notes and 1,875,000 Units, representing approximately 23% of the total Notes and Units to be issued pursuant to the Private Placement. Insider participation in the Private Placement will be "related party transactions" within the meaning of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in a Special Transaction* ("**MI 61-101**"). The Units to be acquired by the directors are exempt from the formal valuation and minority approval requirements of MI 61-101 pursuant to section 5.5(a) and 5.7(1)(a). The material change report in relation to this transaction will be filed less than 21 days before closing as the Private Placement was required to be completed earlier due to the December 31 maturity date of the 5.50% Debentures.

Forward Looking Information

Certain statements contained in this press release constitute forward-looking information including, without limitation, anticipated completion of the Private Placement on the terms and timing contemplated, the anticipated use of proceeds and our future plans. The use of any of the words "anticipate", "continue", "expect", "intend", "may", "will", "project", "should", "believe" and "confident" and similar expressions are intended to identify forward-looking information. These statements

involve known and unknown risks, uncertainties and other factors including the risk that the conditions to closing will not be satisfied and that that closing will not occur which may cause actual results or events to differ materially from those anticipated in such forward-looking information.

Cardinal believes that the expectations reflected in such forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking information included in this press release should not be unduly relied upon. These statements speak only as of the date of this press release. Cardinal undertakes no obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities laws.

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 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.

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