DECEMBER 18, 2024

CARDINAL ENERGY LTD.

BOUGHT DEAL TREASURY OFFERING OF SENIOR SUBORDINATED UNSECURED DEBENTURES AND COMMON SHARE PURCHASE WARRANTS

TERM SHEET

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THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND ARE BEING OFFERED AND SOLD IN THE UNITED STATES EXCLUSIVELY TO QUALIFIED INSTITUTIONAL BUYERS, AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT. EACH OFFEREE IN THE UNITED STATES IS HEREBY NOTIFIED THAT THE OFFER AND SALE OF SECURITIES TO IT IS BEING MADE IN RELIANCE UPON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

(ALL AMOUNTS ARE STATED IN CANADIAN DOLLARS UNLESS OTHERWISE NOTED).

ISSUER:	Cardinal Energy Ltd. (the "Company").
OFFERING:	Treasury offering of 50,000 Units (the "Units").
ISSUE PRICE:	$1,000 per Unit (the "Issue Price").
ISSUE SIZE:	$50 million (up to $60 million if the Underwriter's Option is exercised in full).
UNITS:	Each Unit will consist of one senior subordinated unsecured debenture (each a "Debenture") with a par value of $1,000 each and 65 common share purchase warrants (each full warrant, a "Warrant").
COMMON SHARE PURCHASE WARRANT:	Each Warrant will entitle the holder to acquire one common share of the Company (each a "Common Share") from the Company at a price of $7.00 per Common Share, representing a premium of approximately 12.4% to the last trade on the Toronto Stock Exchange (the "TSX") on December 17, 2024, for a period of three years following Closing.
UNDERWRITERS' OPTION:	The Company has granted the underwriters an option to purchase up to an additional $10 million of Units, such option to be exercised in whole or in part at the sole discretion of the underwriters, at any time until two business days prior to the Closing Date.
USE OF PROCEEDS:	The Company intends to use the net proceeds of the Offering to repay outstanding indebtedness on its senior credit facility, further the completion of its Reford thermal project, accelerate the development of future thermal projects and for general corporate purposes.
DEBENTURE COUPON:	7.75% per annum from Closing, payable semi-annually in arrears on the last business day of March and September of each year commencing on March 31, 2025 until the maturity date of the Debentures; the first payment will include accrued and unpaid interest for the period from the Closing

Date to, but excluding, March 31, 2025.

DEBENTURE MATURITY DATE:	March 31, 2030.
RANKING:	The Debentures will be direct senior unsecured obligations of the Company and will rank (i) subordinate to all existing and future Senior Secured Indebtedness (as defined below) of the Company, (ii) subordinate to all existing and future secured indebtedness of the Company that is not Senior Secured Indebtedness, but only to the extent of the value of the assets securing such other secured indebtedness, or other indebtedness of the Company that ranks senior to the Debentures by operation of law, (iii) *pari passu* with each debenture issued under the Indenture and with all other present and future unsecured unsubordinated indebtedness of the Company that is not Senior Secured Indebtedness or indebtedness that is described in (ii) above, including trade creditors, (iv) senior in right of payment to indebtedness of the Company that by its terms is subordinated in right of payment to the Debentures, and (v) structurally subordinated to all existing and future obligations, including indebtedness (which shall include indebtedness under or in relation to Senior Secured Indebtedness) and trade payables, of the Company's subsidiaries (if any). The payment of principal and premium, if any, of, and interest on, the Debentures will be subordinated in right of payment to all Senior Secured Indebtedness of the Company and the indebtedness contemplated in (ii) above, as will be set forth in the indenture under which the Debentures will be issued (the "Indenture"). The Indenture will not restrict the Company or its subsidiaries from incurring additional indebtedness or from mortgaging, pledging or charging its properties to secure any indebtedness or liabilities. None of the Company's subsidiaries (if any) will guarantee the Debentures. "Senior Secured Indebtedness" means any indebtedness (including without limitation, under guarantees, indemnities and similar instruments) of the Company and any of its subsidiaries (including, without limitation, principal, interest, fees, premiums, make whole amounts and any other amounts owing in respect of such indebtedness) that is secured by a first priority lien on a material portion of the assets of the Company and its subsidiaries, which for certainty shall include all indebtedness under the Company's existing credit agreement with its financial institution lenders and derivative, swap, hedging or cash management arrangements with any lender or affiliate of any lender under that credit agreement.
REDEMPTION:	Except pursuant to a Change of Control (as described further below), the Debentures will not be redeemable before March 31, 2028 (the "First Call Date"). On and after the First Call Date and prior to March 31, 2029, the Debentures will be redeemable in whole or in part from time to time at the Company's option at a redemption price equal to 103.875% of the principal amount of the Debentures redeemed plus accrued and unpaid interest, if any, up to but excluding the date set for redemption. On and after March 31, 2029 and prior to the Maturity Date, the Debentures will be redeemable, in whole or in part, from time to time at the Company's option at par plus accrued and unpaid interest, if any, up to but excluding the date set for redemption. The Company shall provide not more than 60 nor less than 30 days' prior notice of redemption of the Debentures. Any redemption of the Debentures will be subject to compliance with the Company's existing credit agreement with its bank lenders and the terms of any future Senior

Secured Indebtedness.

COMMON SHARE PAYMENT OPTION ON REDEMPTION OR MATURITY:

Subject to any required regulatory approval and provided no Event of Default (as defined below) has occurred and is continuing, the Company has the option, upon not more than 60 nor less than 40 days' prior written notice, to satisfy its obligations to pay on redemption or maturity of the Debentures, the principal amount of and premium (if any) on the Debentures, in whole or in part, by delivering freely tradeable Common Shares to Debenture holders (the "Common Share Payment Option"). Any accrued and unpaid interest will be paid in cash, subject to the Common Share Interest Payment Option described below.

In such event, payment will be satisfied by delivering for each $1,000 due, that number of freely tradeable Common Shares obtained by dividing $1,000 by 95% of the Current Market Price (as defined below) on the date fixed for redemption or on the date of maturity of the Debentures, as the case may be.

CURRENT MARKET PRICE:

Current Market Price is defined as, generally, the arithmetic average of the per Common Share volume weighted average trading price of the Common Shares on the Toronto Stock Exchange (the "TSX") for the 20 consecutive trading days ending on the fifth trading day preceding the date of determination.

RESTRICTION ON COMMON SHARE PAYMENT OPTION:

The Company shall not, directly or indirectly (through a subsidiary or otherwise) undertake or announce any rights offering, issuance of securities, subdivision of Common Shares, dividend or other distribution on the Common Shares or any other securities, capital reorganization, reclassification or any similar type of transaction in which:

a) the number of securities to be issued;

b) the price at which securities are to be issued, converted or exchanged; or

c) any property or cash that is to be distributed or allocated,

is in whole or in part based upon, determined in reference to, related to or a function of, directly or indirectly: (i) the exercise or potential exercise of the Common Share Payment Option on redemption or maturity of the Debentures, or (ii) the Current Market Price determined in connection with the exercise or potential exercise of the Common Share Payment Option on redemption or maturity of the Debentures.

COMMON SHARE INTEREST PAYMENT OPTION:

The Company may elect from time to time, subject to any required regulatory approval and provided that no Event of Default has occurred and is continuing, to satisfy all or part of its interest payment obligations under the Debentures by issuing and delivering a sufficient number of freely tradeable Common Shares to the trustee for sale, in which event holders of Debentures will be entitled to receive a cash payment equal to the interest owed, from the proceeds of the sale of the requisite number of Common Shares by the trustee.

CHANGE OF CONTROL:

Upon a Change of Control, which is defined generally as the acquisition of voting control or direction over more than 50% of the then issued and outstanding Common Shares, by any person or group of persons acting jointly or in concert, or on a sale, transfer or other disposition, directly or indirectly, of all or substantially all of the assets and properties of the

Company and its subsidiaries, taken as a whole (each a "Change of Control"), the Company will be required within 30 days of the occurrence of a Change of Control to make an offer in writing to holders of the Debentures (a "Change of Control Offer") to purchase within the time period more specifically set out in the Indenture, all Debentures then outstanding at a purchase price equal to 100% of the principal amount thereof plus accrued and unpaid interest.

If holders of 90% or more of the aggregate outstanding principal amount of Debentures tender to the Change of Control Offer, the Company will have the right to redeem all of the remaining Debentures at the same price per Debenture.

Further, upon the occurrence of a Change of Control, the Company may redeem the Debentures, at its option and for cash only, prior to the First Call Date**,** at a cash redemption price equal to 103.875% of the principal amount of the Debentures plus an aggregate amount equal to the interest that (i) has accrued and is unpaid to such date of redemption; and (ii) would have accrued and been payable up to and including the First Call Date had the Debentures not been redeemed.

The Company may not, without the consent of the holders of the Debentures, consolidate with or amalgamate or merge with or into any person (other than a directly or indirectly wholly-owned subsidiary of the Company) or sell, convey, transfer or lease (other than a sale and leaseback transaction) all or substantially all of the properties and assets of the Company to another person (other than a directly or indirectly wholly-owned subsidiary of the Company) unless the person formed by such consolidation or into which the Company is amalgamated or merged, or the person which acquires by sale, conveyance, transfer or lease all or substantially all of the properties and assets of the Company, satisfies certain key terms as set out in the Indenture.

EVENTS OF DEFAULT: The Indenture will include usual and customary events of default, including, without limitation, the following:(each, an "Event of Default"):

a) failure for 15 days to pay interest on the Debentures when due;

b) failure to pay principal or premium, if any, on the Debentures when due whether at maturity, upon redemption, by declaration or otherwise;

c) default in the observance of the covenant of the Company relating to maintaining listing of the Common Shares and Debentures on the TSX, and to maintaining the Company's status as a "reporting issuer", which defaults continue for 10 business days;

d) a default in performing or observing any of the covenants, agreements or obligations of the Company described in the Indenture and the continuance of such default for 30 days after written notice to the Company by the trustee under the Indenture (the "Trustee") or by the holders of not less than 25% in principal amount of outstanding Debentures requiring the same to be remedied;

e) the failure of the Company to (i) make a Change of Control Offer within 30 days of the occurrence of a Change of Control, or (ii) take up and pay for, within the time period set out in the Indenture, any Debentures then outstanding and tendered by any Debenture holders in acceptance of the Change of Control Offer;

f) if a decree or order of a Court having jurisdiction is entered adjudging the Company or any of its material subsidiaries bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or issuing sequestration or process of execution against, or against any substantial part of, the property of the Company or any of its material subsidiaries, or appointing a receiver of, or of any substantial part of, the property of the Company or any of its material subsidiaries or ordering the winding-up or liquidation of its or their affairs, and any such decree or order continues unstayed and in effect for a period of 60 days;

g) if any of the Company or its material subsidiaries institutes proceedings to be adjudicated bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or consents to the filing of any such petition or to the appointment of a receiver of, or of any substantial part of, the property of the Company or any of its material subsidiaries or makes a general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due;

h) any substantial part of the property of the Company or any of its material subsidiaries shall be sequestered or attached and shall not be returned to the possession of the Company or such material subsidiary or released from such attachment, as the case may be, whether by filing of a bond, or stay or otherwise, within 60 consecutive days thereafter;

i) if a resolution is passed for the winding-up or liquidation of the Company or any of its material subsidiaries except in the course of carrying out or pursuant to a transaction in respect of which the conditions set out in the terms of the Debentures are duly observed and performed;

j) if, after the date of this Offering, any proceedings with respect to the Company or any of its material subsidiaries are taken with respect to a compromise or arrangement, with respect to creditors of the Company generally, under the applicable legislation of any jurisdiction;

k) default in the delivery, when due, of any Common Shares, which default continues for 15 days; and

l) cross acceleration to indebtedness subordinated or *pari passu* to the Debentures, subject to a C$25 million threshold.

NON-FINANCIAL COVENANTS: Usual and customary non-financial covenants, including, without limitation, the following : (a) to pay principal, premium (if any) and interest; (b) to pay the Trustee's remuneration; (c) to give notice of an Event of Default; (d) preservation of existence; (e) keeping of books; (f) annual certificate of compliance; (g) performance of covenants by Corporation or, in certain circumstances, by the Trustee; (h) no distributions on Common Shares if Event of Default; (i) withholding tax matters; and (j) maintain reporting issuer status and listing of the Debentures and the Common Shares.

PURCHASE FOR CANCELLATION:	The Company will have the right at any time to purchase the Debentures for cancellation in the market, by tender, by private contract or otherwise, subject to regulatory requirements and compliance with the Company's existing credit agreement or other Senior Secured Indebtedness.
RATINGS:	The Debentures are unrated. The Company does not intend to apply for any credit ratings in respect of the Debentures.
LISTING:	The Offering is conditional on the Company obtaining approval to list the Debentures and the Warrants, and the Common Shares underlying such Warrants, on the TSX. The Company shall apply to list the Debentures and the Warrants, and such underlying Common Shares, on the TSX. Listing will be subject to the Company fulfilling all of the listing requirements of the TSX.
FORM OF OFFERING:	Public offering in all provinces of Canada (other than the province of Quebec) by way of a prospectus supplement to the Base Shelf Prospectus. Private placement in the United States to "qualified institutional buyers" pursuant to Rule 144A of the U.S. Securities Act of 1933. Copies of the Base Shelf Prospectus and of the prospectus supplement and any amendments thereto will be available on www.sedarplus.ca.
FORM OF UNDERWRITING:	Bought deal, subject to the entering into an underwriting agreement including "Disaster Out", "Regulatory Out" and "Material Adverse Change or Fact Out" clauses running until the Closing Date, and other industry standard provisions.
ELIGIBILITY:	Eligible under the usual Canadian statutes as well as for RRSPs, RESPs, RRIFs, RDSPs, TFSAs, DPSPs and FHSAs.
BOOKRUNNER:	CIBC Capital Markets
UNDERWRITING FEE:	4.00%, provided up to $5 million of Units may be sold to current executives, directors and employees of the Company at a reduced underwriting fee of 2.00%.
CLOSING DATE:	On or about January 3, 2025.