



**CARDINAL**  
ENERGY LTD.

**OVERVIEW**  
**INFORMATION**

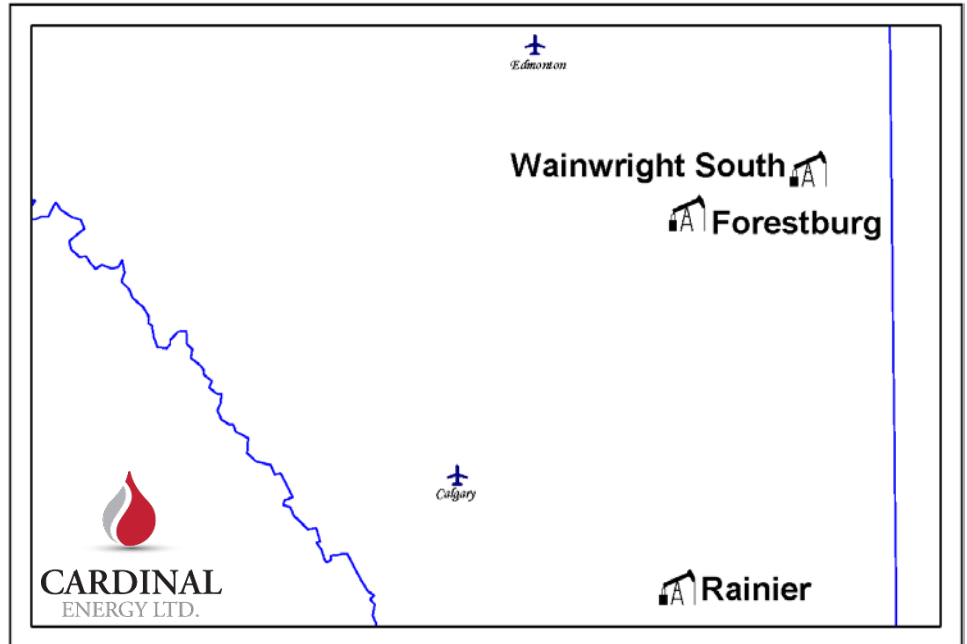
**Non-Core Property Divestiture:  
Various Areas, Alberta  
131 bbl/d of Oil**



Cardinal Energy Ltd. (“Cardinal” or the “Company”) has engaged **Sayer Energy Advisors** to assist the Company with the sale of certain non-core oil and natural gas interests located in the *Rainier, Forestburg and Wainwright South* areas of Alberta (the “Properties”).

The Properties consist primarily of operated, high working interest oil production. Cardinal is selling the Properties in order to focus its operations in its core areas.

Average daily production net to Cardinal from the Properties for the first two months of 2023 was approximately 131 barrels of oil per day.



Operating income net to Cardinal from the Properties in the first two months of 2023 averaged approximately \$72,000 per month, or \$864,000 on an annualized basis.

**PROCESS & TIMELINE**

Sayer Energy Advisors is accepting cash offers to acquire the Properties until **12:00 pm on Thursday June 15, 2023.**

Timeline		
Week of May 8, 2023		Preliminary Information Distributed
Week of May 8, 2023		Data Room Opens
<b>June 15, 2023</b>	<b>12:00 noon</b>	<b>Bid Deadline</b>
June 1, 2023		Effective Date
July/August 2023		Closing Date

*Sayer Energy Advisors does not conduct a “second-round” bidding process; the intention is to attempt to conclude transaction(s) with the party(ies) submitting the most acceptable proposal(s) at the conclusion of the process.*

**Sayer Energy Advisors is accepting cash offers from interested parties until noon on Thursday June 15, 2023.**



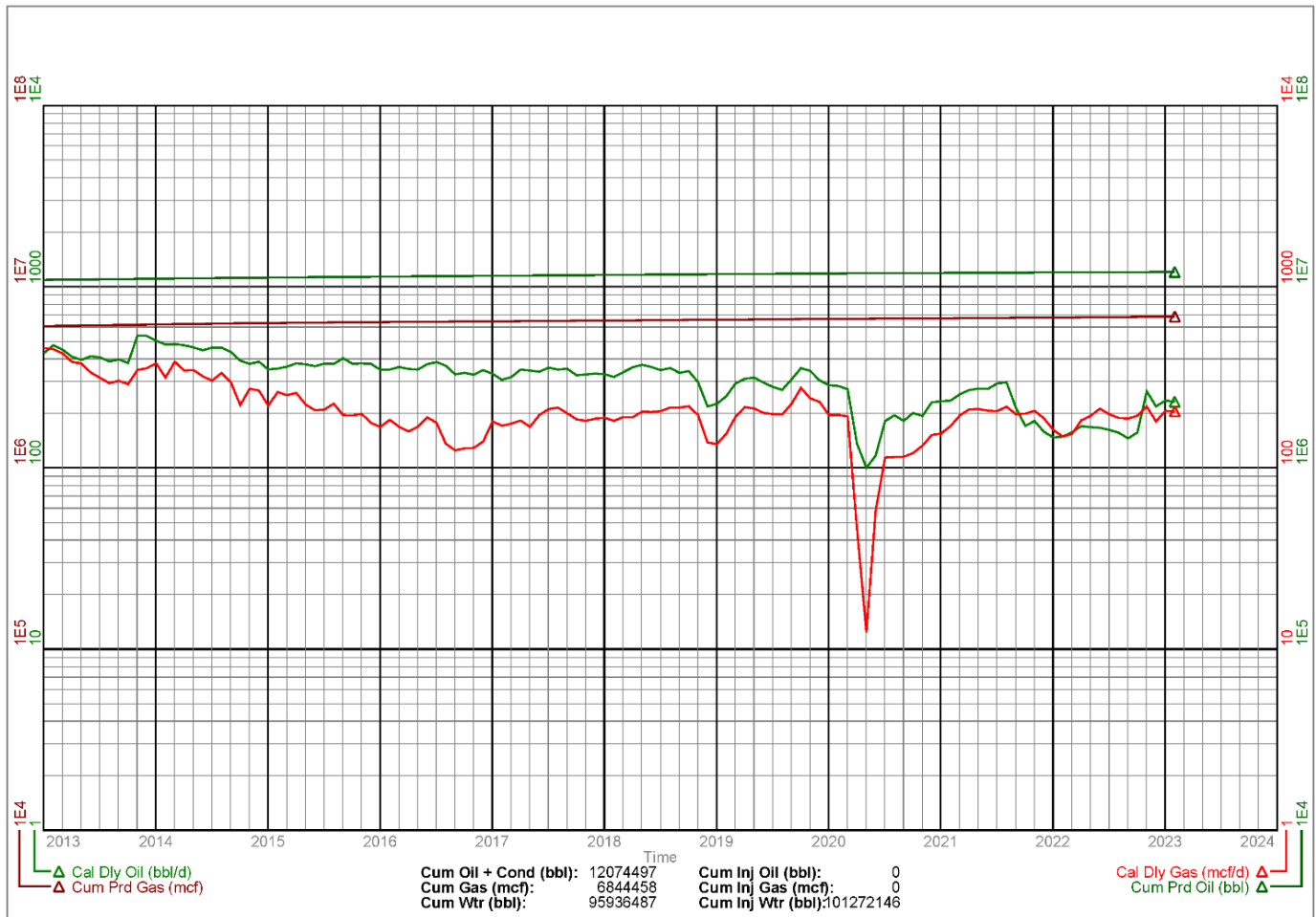
### Production & NOI Overview

Average daily production net to Cardinal from the Properties for the first two months of 2023 was approximately 131 barrels of oil per day as outlined below.

PROPERTY	Jan-Feb 2023 NET PRODUCTION (Average Daily)				NOI Jan-Feb 2023 Monthly
	Oil	Ngl	Nat. Gas	Total	
	bbl/d	bbl/d	Mcf/d	boe/d	
Rainier	34	-	-	34	\$27,700
Forestburg	44	-	-	44	\$27,600
Wainwright South	53	-	-	53	\$16,700
<b>TOTAL</b>	<b>131</b>	<b>-</b>	<b>-</b>	<b>131</b>	<b>\$72,000</b>

Operating income net to Cardinal from the Properties in the first two months of 2023 averaged approximately \$72,000 per month, or \$864,000 on an annualized basis.

### Gross Production Group Plot of Cardinal’s Oil & Natural Gas Wells





## Reserves Overview

GLJ Ltd. (“GLJ”) prepared an independent reserves evaluation of the Properties (the “GLJ Report”) as part of the Company’s year end reporting. The GLJ Report is effective December 31, 2022 using an average of GLJ, McDaniel & Associates Consultants Ltd. and Sproule Associates Limited’s January 1, 2023 forecast pricing (“3C Average”).

GLJ estimated that, as at December 31, 2022, the Properties contained remaining proved plus probable reserves of 507,000 barrels of oil and natural gas liquids and 58 MMcf of natural gas (517,000 boe), with an estimated net present value of \$8.0 million using forecast pricing at a 10% discount.

GLJ Ltd. as at December 31, 2022							
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	8%	10% (000s)	15%
<b>Proved Developed Producing</b>	<b>310</b>	<b>45</b>	<b>5</b>	<b>323</b>	<b>\$6,067</b>	<b>\$5,670</b>	<b>\$4,901</b>
Proved Non-Producing/Undeveloped	63	0	0	63	\$878	\$799	\$640
<b>Total Proved</b>	<b>373</b>	<b>45</b>	<b>5</b>	<b>386</b>	<b>\$6,945</b>	<b>\$6,469</b>	<b>\$5,541</b>
Probable	128	13	1	131	\$1,802	\$1,547	\$1,117
<b>Total Proved Plus Probable</b>	<b>501</b>	<b>58</b>	<b>6</b>	<b>517</b>	<b>\$8,747</b>	<b>\$8,016</b>	<b>\$6,658</b>

The reserve estimates and forecasts of production and revenues for the Company’s properties were prepared within the context of a group of properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the “Total” row may not correspond to the total of the values presented due to rounding.

## LMR Summary

The LMR for each of the Properties as of March 4, 2023 is summarized below.

### Summary of LMR by Property

PROPERTY	Deemed Assets	Deemed Liabilities	LMR
Forestburg	\$2,387,517	\$1,799,724	1.33
Rainier	\$1,621,853	\$1,051,892	1.54
Wainwright South	\$3,021,048	\$4,829,205	0.63
<b>TOTAL OFFERING</b>	<b>\$7,030,417</b>	<b>\$7,680,821</b>	<b>0.92</b>

## Seismic Overview

The Company does not have an interest in any seismic data relating to the Properties.





## Rainier Property

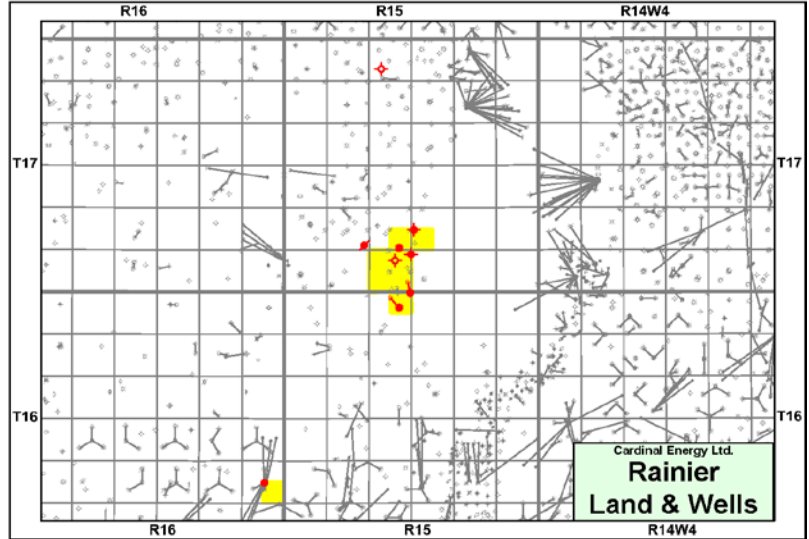
## Township 16-17, Range 15-16 W4

At *Rainier*, Cardinal holds a 100% working interest in two sections of land on which there are four wells producing oil from the Mannville Group.

Average daily production net to Cardinal from *Rainier* for the first two months of 2023 was approximately 34 barrels of oil per day.

Operating income net to Cardinal from *Rainier* in the first two months of 2023 averaged approximately \$27,700 per month, or \$333,000 on an annualized basis.

At *Rainier*, Cardinal has identified two horizontal drilling locations in the Ellerslie Formation of the Lower Mannville Group in Section 04-017-15W4.



## Rainier Reserves

GLJ Ltd. (“GLJ”) prepared an independent reserves evaluation of the Properties (the “GLJ Report”) as part of the Company’s year end reporting. The GLJ Report is effective December 31, 2022 using an average of GLJ, McDaniel & Associates Consultants Ltd. and Sproule Associates Limited’s January 1, 2023 forecast pricing (“3C Average”).

GLJ estimates that, as at December 31, 2022, the *Rainier* property contained remaining proved plus probable reserves of 118,000 barrels of oil and natural gas liquids and 58 MMcf of natural gas (128,000 boe), with an estimated net present value of \$3.2 million using forecast pricing at a 10% discount.

	GLJ Ltd. as at December 31, 2022				PV BEFORE TAX		
	COMPANY GROSS RESERVES				8%	10%	15%
	Oil	Natural Gas	Ngl	Total			
	Mbbl	MMcf	Mbbl	MBOE		(000s)	
<b>Proved Developed Producing</b>	<b>87</b>	<b>45</b>	<b>5</b>	<b>100</b>	<b>\$2,889</b>	<b>\$2,707</b>	<b>\$2,345</b>
Proved Non-Producing/Undeveloped	0	0	0	0	\$0	\$0	\$0
<b>Total Proved</b>	<b>87</b>	<b>45</b>	<b>5</b>	<b>100</b>	<b>\$2,889</b>	<b>\$2,707</b>	<b>\$2,345</b>
Probable	25	13	1	28	\$535	\$456	\$322
<b>Total Proved Plus Probable</b>	<b>112</b>	<b>58</b>	<b>6</b>	<b>128</b>	<b>\$3,424</b>	<b>\$3,163</b>	<b>\$2,667</b>

The reserve estimates and forecasts of production and revenues for the Company’s properties were prepared within the context of a group of properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the “Total” row may not correspond to the total of the values presented due to rounding.

## Rainier LMR as of March 4, 2023

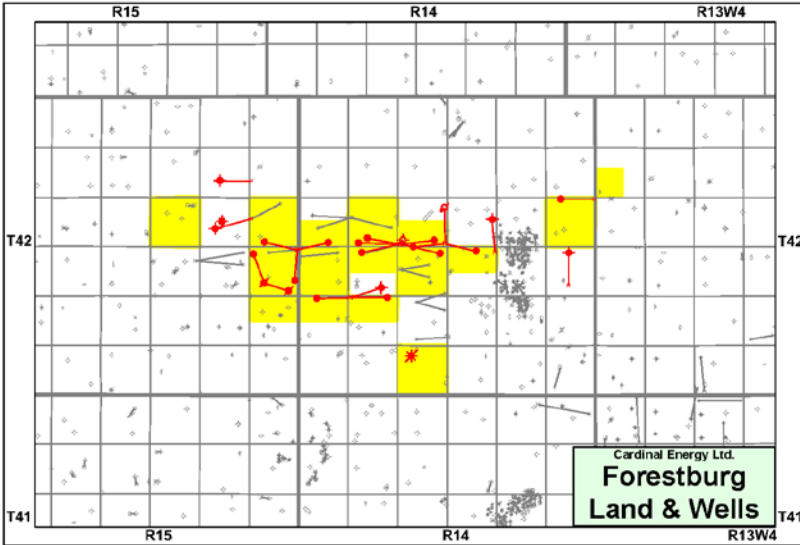
Deemed Assets	Deemed Liabilities	LMR
\$1,621,853	\$1,051,892	1.54





### Forestburg Property

### Township 42, Range 13-15 W4



In the *Forestburg* area, Cardinal holds a 50%-100% working interest in 11.75 sections of land on which there are several wells producing oil and natural gas from the Viking Formation. Water injection was implemented in August 2019 in the well *Muirfieldres Killam 00/16-21-042-14W4/0*.

Average daily production net to Cardinal from *Forestburg* for the first two months of 2023 was approximately 44 barrels of oil per day.

Operating income net to Cardinal from *Forestburg* in the first two months of 2023 averaged approximately \$27,600 per month, or \$331,000 on an annualized basis.

The Company has identified an inventory of over 40 horizontal Viking drilling locations based on net oil pay on its lands at *Forestburg*.

### Forestburg Reserves

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GLJ estimates that, as at December 31, 2022, the *Forestburg* property contained remaining proved plus probable reserves of 60,000 barrels of oil, with an estimated net present value of \$1.0 million using forecast pricing at a 10% discount.

	GLJ Ltd. as at December 31, 2022						
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbbl	Natural Gas MMcf	Ngli Mbbbl	Total MBOE	8%	10% (000s)	15%
<b>Proved Developed Producing</b>	45	0	0	45	\$811	\$796	\$761
Proved Non-Producing/Undeveloped	0	0	0	0	\$0	\$0	\$0
<b>Total Proved</b>	<b>45</b>	<b>0</b>	<b>0</b>	<b>45</b>	<b>\$811</b>	<b>\$796</b>	<b>\$761</b>
Probable	15	0	0	15	\$224	\$212	\$186
<b>Total Proved Plus Probable</b>	<b>60</b>	<b>0</b>	<b>0</b>	<b>60</b>	<b>\$1,035</b>	<b>\$1,008</b>	<b>\$947</b>

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### Forestburg LMR as of March 4, 2023

<b>Deemed Assets</b>	<b>Deemed Liabilities</b>	<b>LMR</b>
\$2,387,517	\$1,799,724	1.33



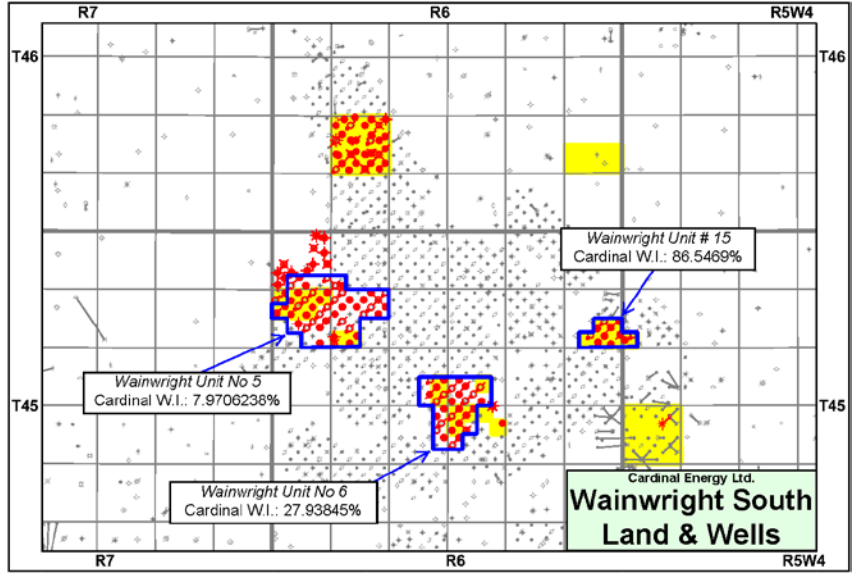


### Wainwright South Property

### Township 45-46, Range 5-6 W4

In the *Wainwright South* area, Cardinal holds various working interests in 3.75 sections of land including a 67.37% working interest in Section 08-046-06W4, a 7.9706238% working interest in the *Wainwright Unit No 5* operated by **Cenovus Energy Inc.**, a 27.93845% working interest in the *Wainwright Unit No 6* operated by Cenovus and an 86.5469% operated working interest in the *Wainwright Unit #15*. The Company produces oil and natural gas primarily from the Sparky Formation from several wells.

Average daily production net to Cardinal from *Wainwright South* for the first two months of 2023 was approximately 53 barrels of oil per day.



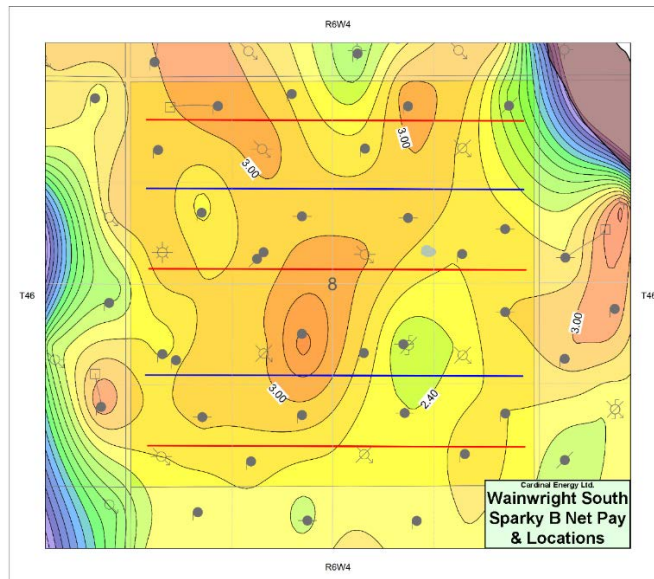
The *Wainwright Unit No 5* was shut-in from September 2021 until October 2022 and is now producing approximately 100 bbl/d of oil gross. The *Wainwright Unit No 6* is currently shut-in.

Operating income net to Cardinal from *Wainwright South* in the first two months of 2023 averaged approximately \$17,000 per month, or \$200,400 on an annualized basis.

### Wainwright South Upside

At *Wainwright South*, Cardinal has identified infill drilling locations in the Sparky B Formation of the Upper Mannville Group in Section 08-046-06W4.

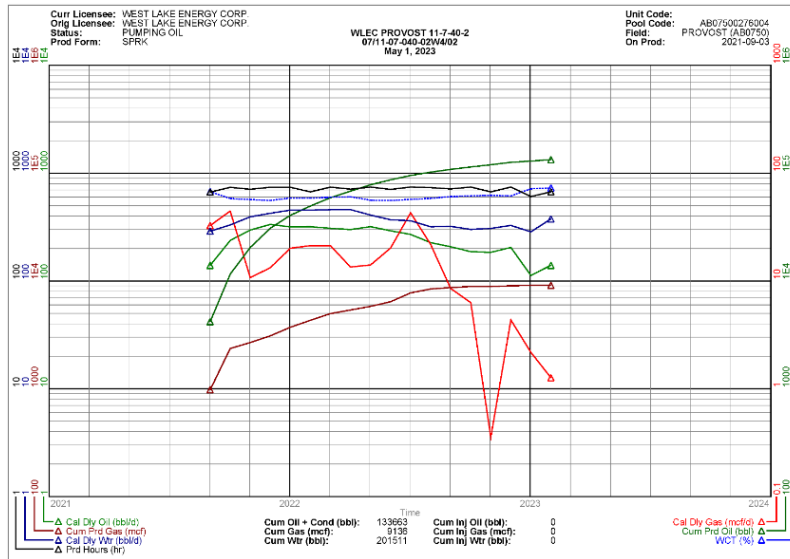
Three horizontal infill drilling locations are shown in red as well as two horizontal injection wells shown in blue on the following map. Net pay thickness in the Sparky B in Section 8 is approximately 2-3 metres.





The Sparky A is also productive in the area. The Sparky B pool has low enough recovery and low water cut to support additional horizontal drilling locations.

The following production plot is an analogous Sparky well *WLEC Provost 107/11-07-040-02W2/02*.



### Wainwright South Reserves

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GLJ estimates that, as at December 31, 2022, the *Wainwright South* property contained remaining proved plus probable reserves of 329,000 barrels of oil, with an estimated net present value of \$3.8 million using forecast pricing at a 10% discount.

	GLJ Ltd. as at December 31, 2022				PV BEFORE TAX		
	Oil	Natural Gas	Ngl	Total	8%	10%	15%
	Mbbl	MMcf	Mbbl	MBOE		(000s)	
<b>Proved Developed Producing</b>	<b>178</b>	<b>0</b>	<b>0</b>	<b>178</b>	<b>\$2,367</b>	<b>\$2,167</b>	<b>\$1,795</b>
Proved Non-Producing/Undeveloped	63	0	0	63	\$878	\$799	\$640
<b>Total Proved</b>	<b>241</b>	<b>0</b>	<b>0</b>	<b>241</b>	<b>\$3,245</b>	<b>\$2,966</b>	<b>\$2,435</b>
Probable	88	0	0	88	\$1,043	\$879	\$609
<b>Total Proved Plus Probable</b>	<b>329</b>	<b>0</b>	<b>0</b>	<b>329</b>	<b>\$4,288</b>	<b>\$3,845</b>	<b>\$3,044</b>

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### Wainwright South LMR as of March 4, 2023

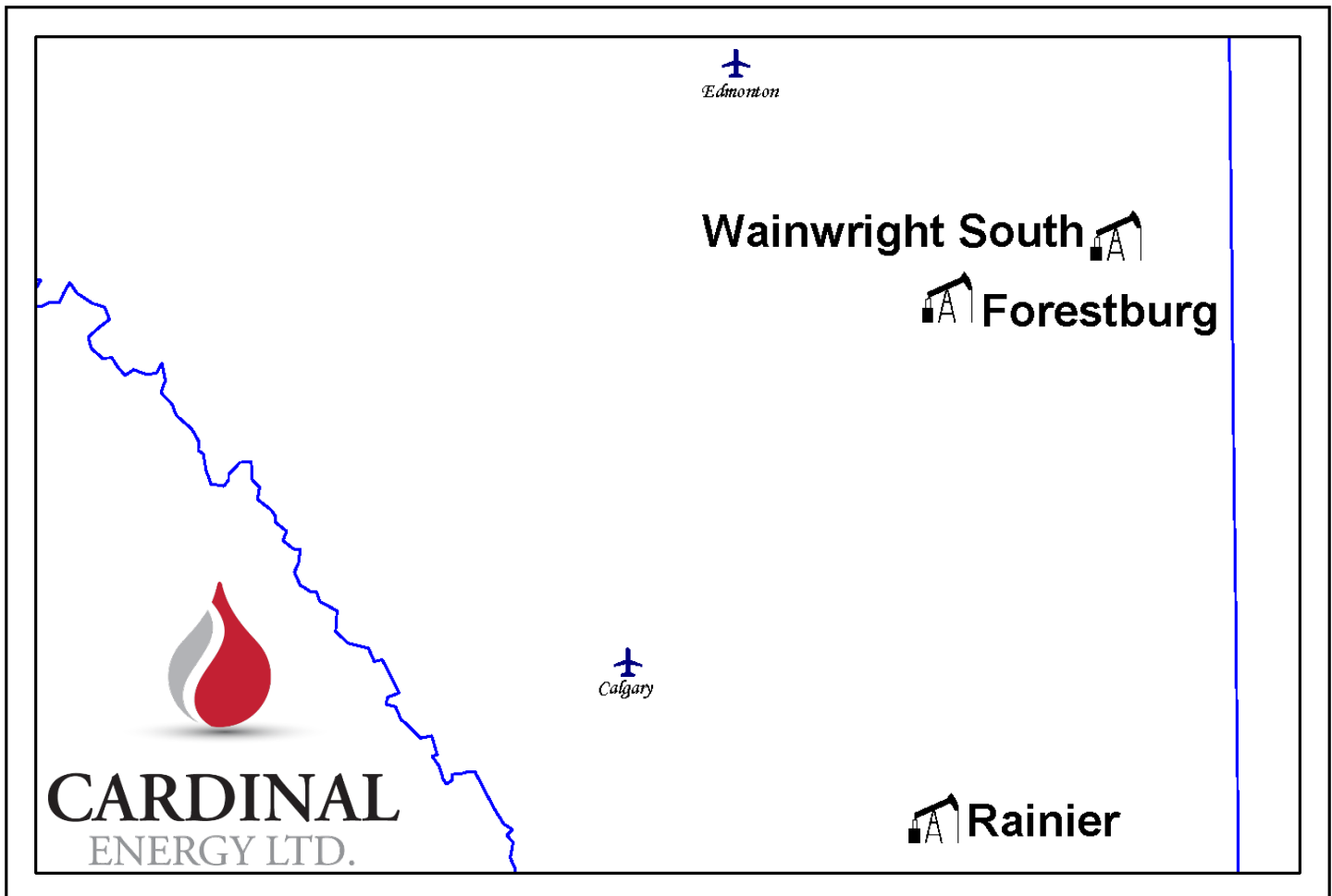
Deemed Assets	Deemed Liabilities	LMR
\$3,021,048	\$4,829,205	0.63







# **Cardinal Energy Ltd. Non-Core Property Divestiture Spring 2023**



## **CONTACT**

Parties wishing to receive access to the confidential information with detailed technical information relating to this opportunity should execute the confidentiality agreement which is available on Sayer Energy Advisors' website ([www.sayeradvisors.com](http://www.sayeradvisors.com)) and return one copy to Sayer Energy Advisors by courier, email ([tpavic@sayeradvisors.com](mailto:tpavic@sayeradvisors.com)) or fax (403.266.4467).

Included in the confidential information is the following: summary land information, the GLJ Report, LMR information, most recent net operations summary, detailed facilities information and other relevant technical information.

To receive further information on the Properties please contact Tom Pavic, Ben Rye or Sydney Birkett at 403.266.6133.



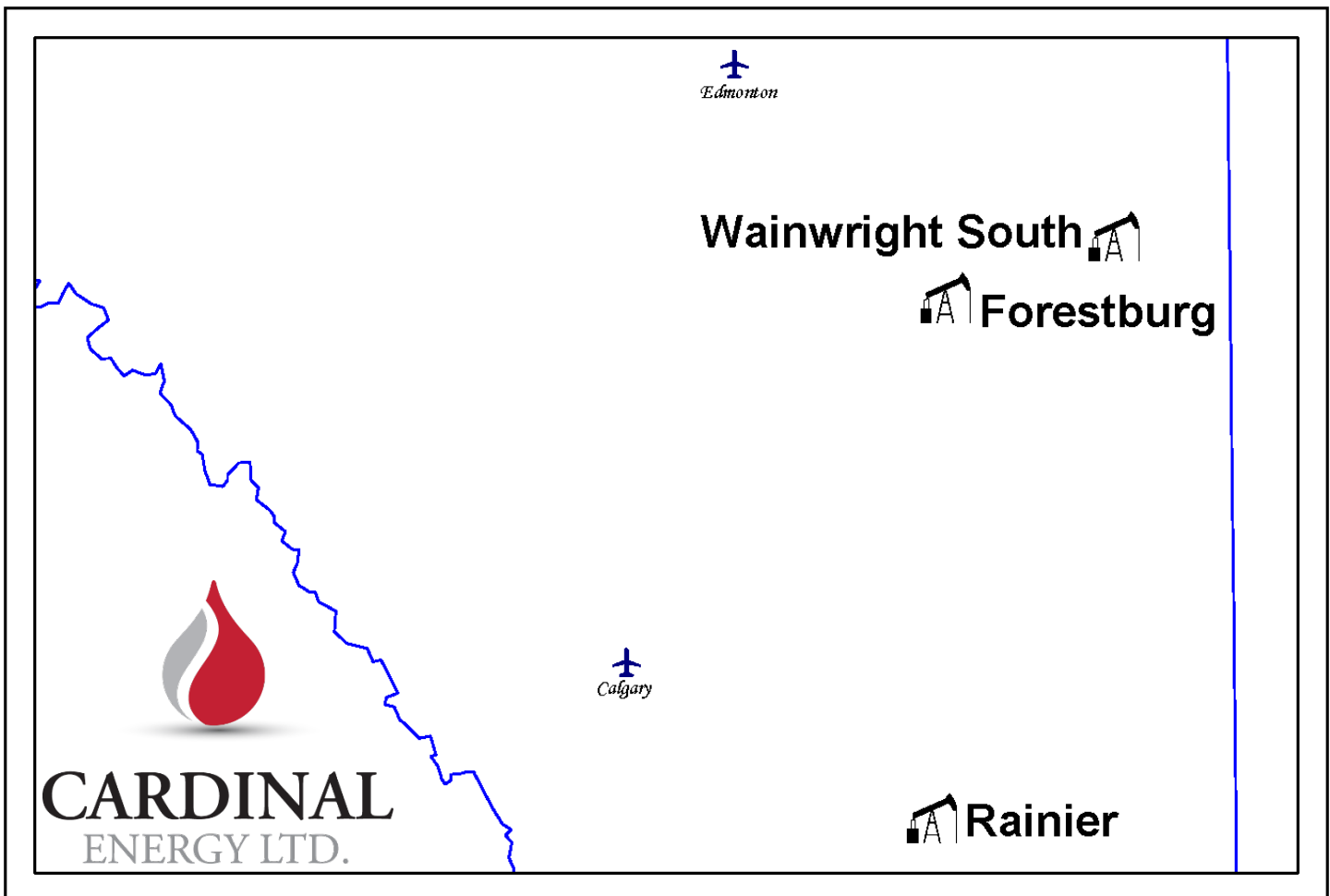
## Overview

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### Overview Map Showing the Location of the Divestiture Properties



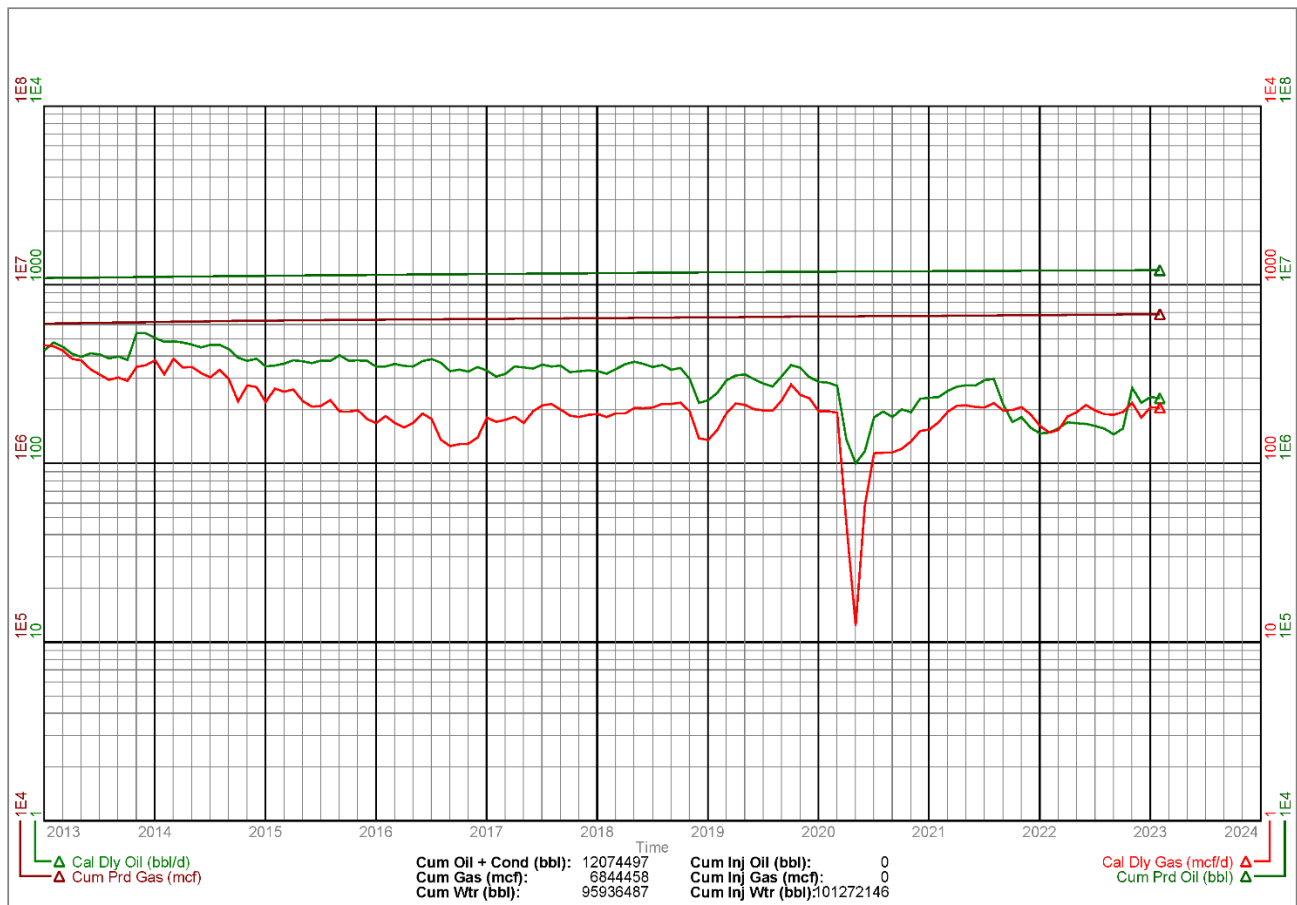
## Production Overview

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<b>TOTAL</b>	<b>131</b>	<b>-</b>	<b>-</b>	<b>131</b>	<b>\$72,000</b>

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## Gross Production Group Plot of Cardinal's Oil & Natural Gas Wells



## LMR Summary

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### Summary of LMR by Property

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<b>TOTAL OFFERING</b>	<b>\$7,030,417</b>	<b>\$7,680,821</b>	<b>0.92</b>

## Seismic Overview

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## Reserves Overview

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<b>Total Proved</b>	<b>373</b>	<b>45</b>	<b>5</b>	<b>386</b>	<b>\$6,945</b>	<b>\$6,469</b>	<b>\$5,541</b>
Probable	128	13	1	131	\$1,802	\$1,547	\$1,117
<b>Total Proved Plus Probable</b>	<b>501</b>	<b>58</b>	<b>6</b>	<b>517</b>	<b>\$8,747</b>	<b>\$8,016</b>	<b>\$6,658</b>

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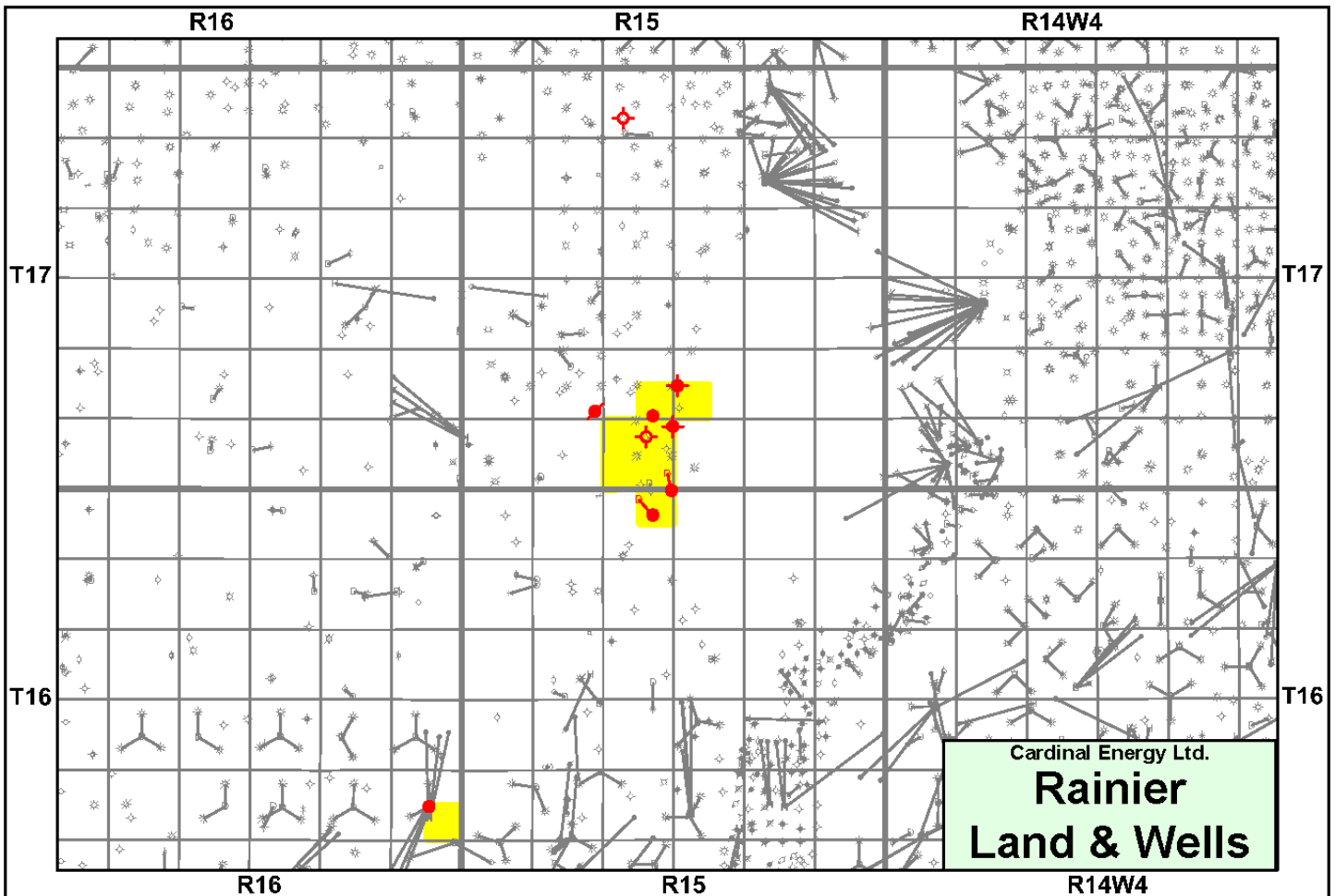
## Rainier Property

## Township 16-17, Range 15-16 W4

At *Rainier*, Cardinal holds a 100% working interest in two sections of land on which there are four wells producing oil from the Mannville Group.

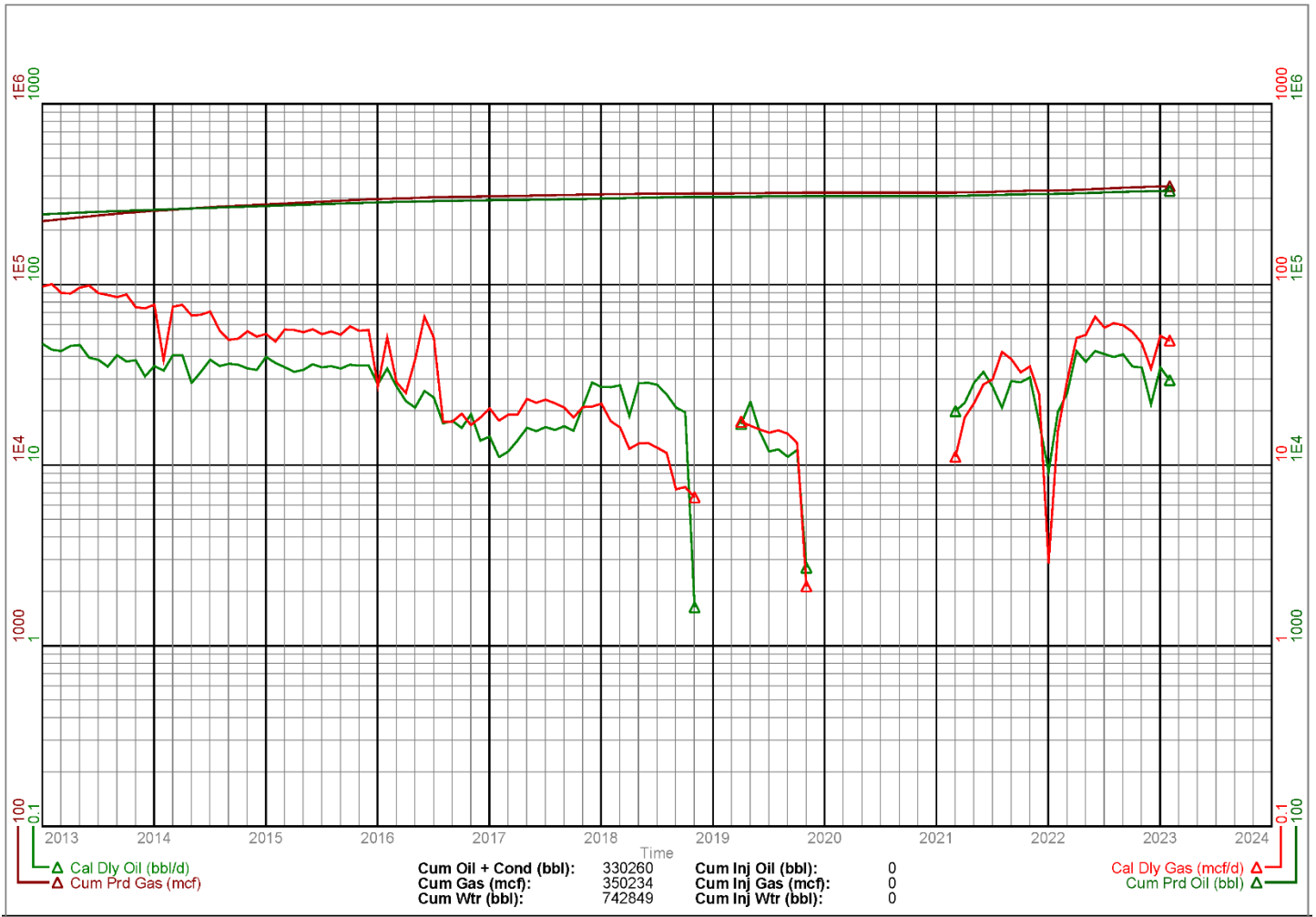
Average daily production net to Cardinal from *Rainier* for the first two months of 2023 was approximately 34 barrels of oil per day.

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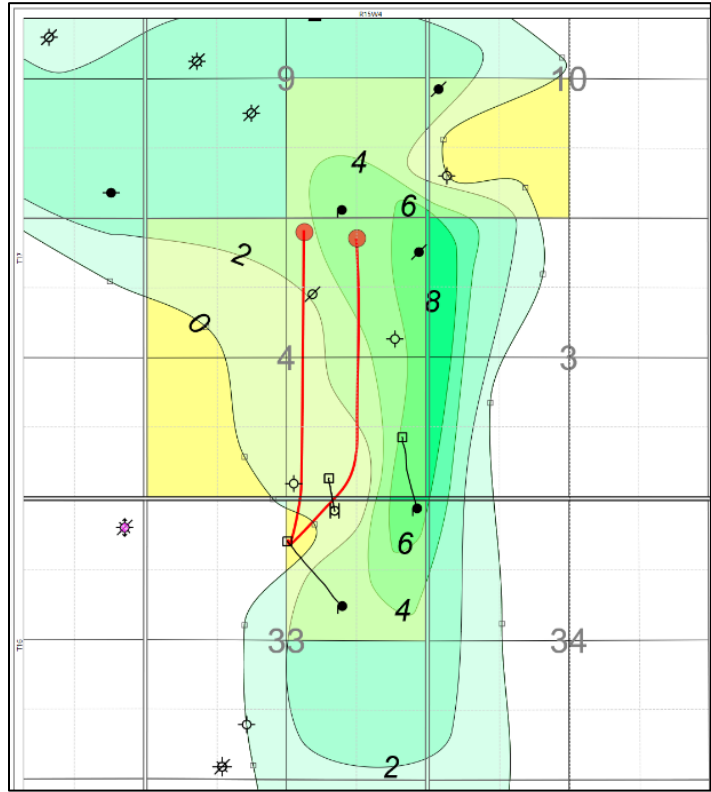
### Rainier, Alberta – Gross Production Group Plot of Cardinal’s Oil and Natural Gas Wells





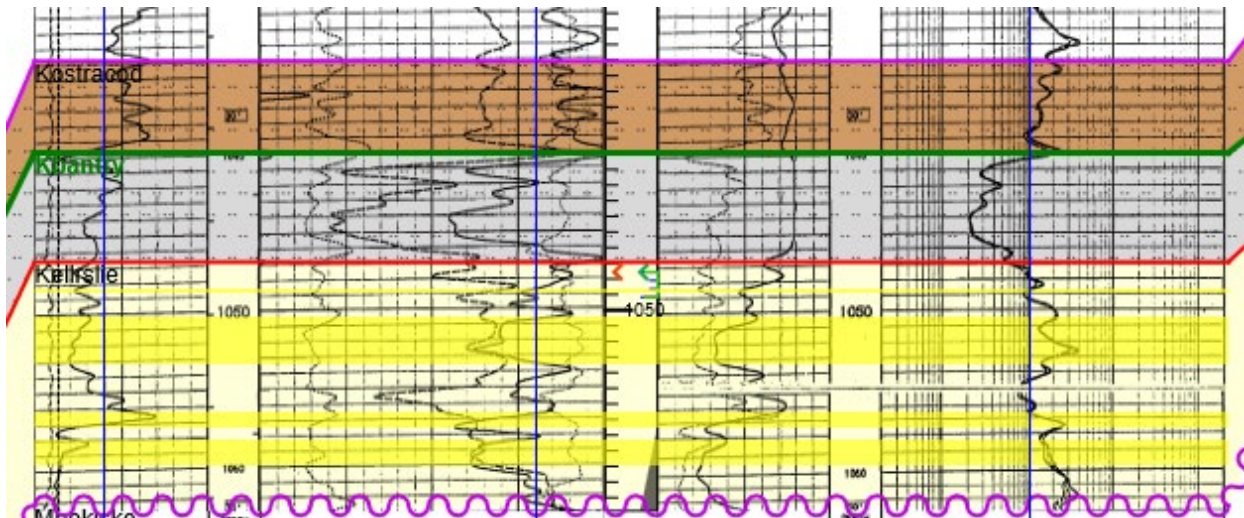
### Rainier Upside

At *Rainier*, Cardinal has identified two horizontal drilling locations in the Ellerslie Formation of the Lower Mannville Group in Section 04-017-15W4 as shown on the following map.



The logs below show the target reservoir at *Rainier* with net pay of approximately six metres.

**Cardinal Rainier 100/16-33-016-15W4/0 – Ellerslie Formation Type Log**





## Rainier Facilities

At *Rainier*, Cardinal has a 100% working interest in one multi-well oil battery as outlined below.

Facility Name	Facility Type	Surface Location	W.I.%
PENN WEST RAINIER 01-04	Multi Well Battery	01-04-017-15W4M	100

## Rainier Marketing

The Company trucks its oil from *Rainier* to its facility at Scots Lake 13-07-16-11W4, from where it is then transferred through a LACT unit to **Inter Pipeline Ltd.**





## Rainier Reserves

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Proved Non-Producing/Undeveloped	0	0	0	0	\$0	\$0	\$0	
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## Rainier LMR as of March 4, 2023

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## Rainier Well List

See well list in Excel.



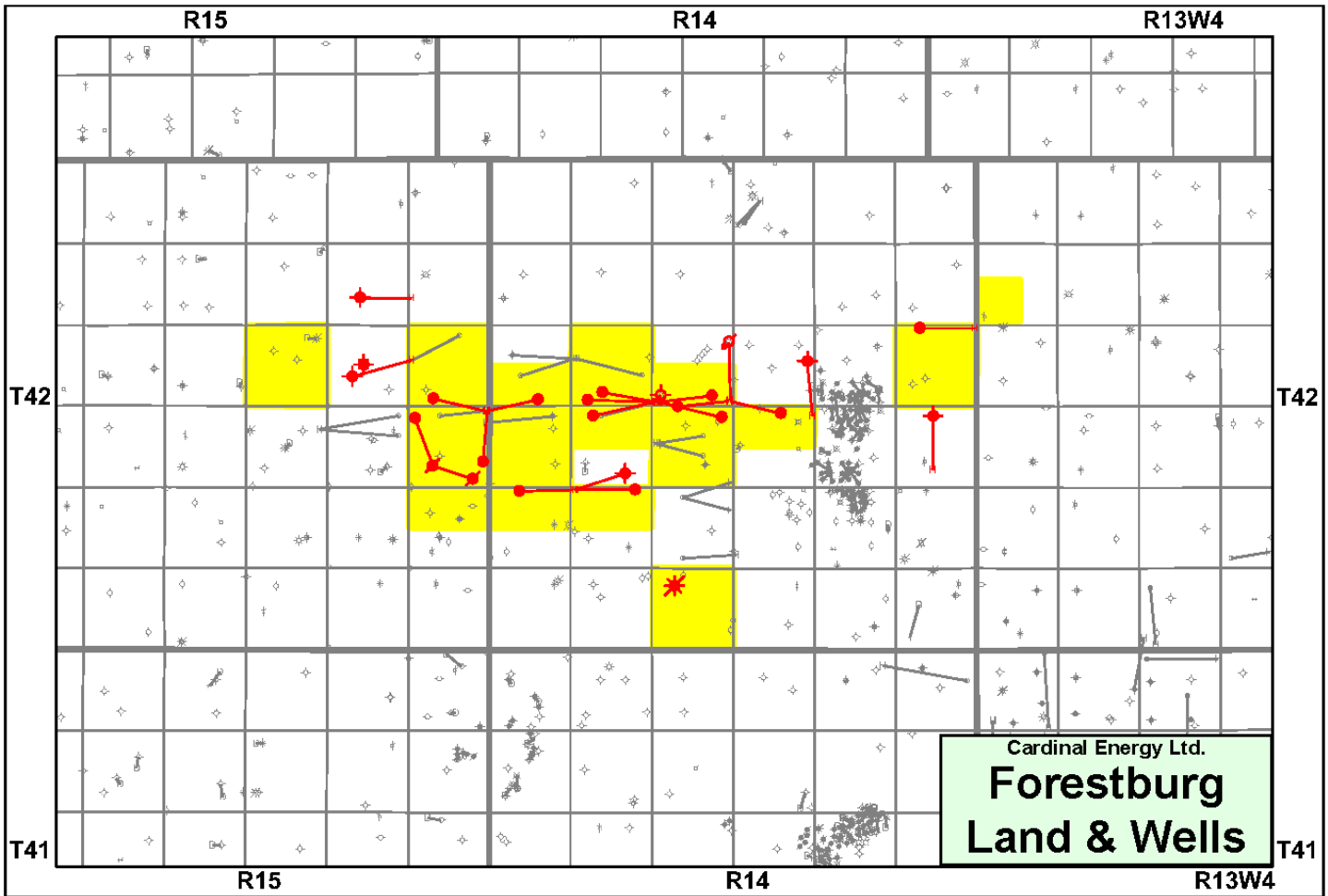
### Forestburg Property

### Township 42, Range 13-15 W4

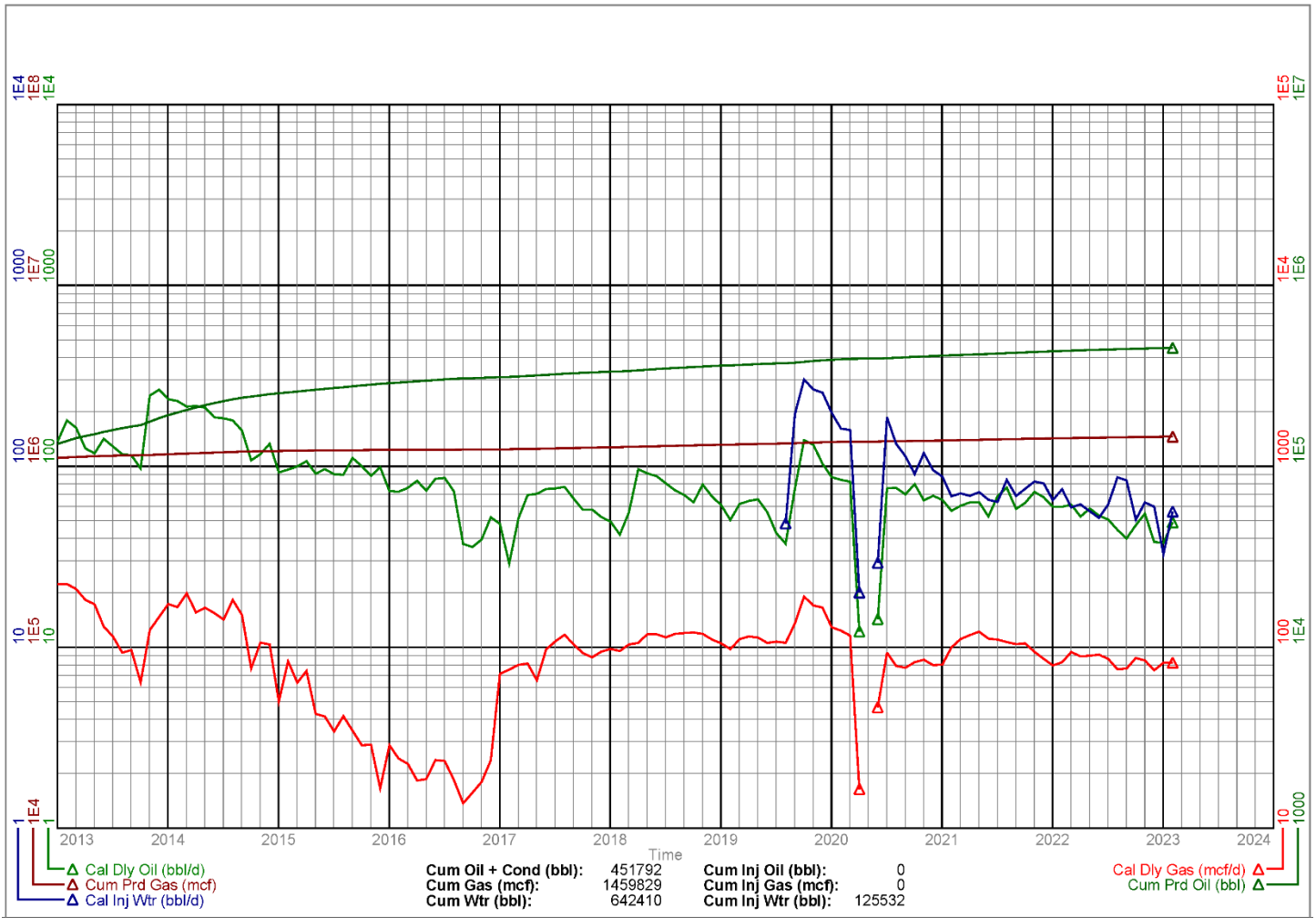
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Average daily production net to Cardinal from *Forestburg* for the first two months of 2023 was approximately 44 barrels of oil per day.

Operating income net to Cardinal from *Forestburg* in the first two months of 2023 averaged approximately \$27,600 per month, or \$331,000 on an annualized basis.

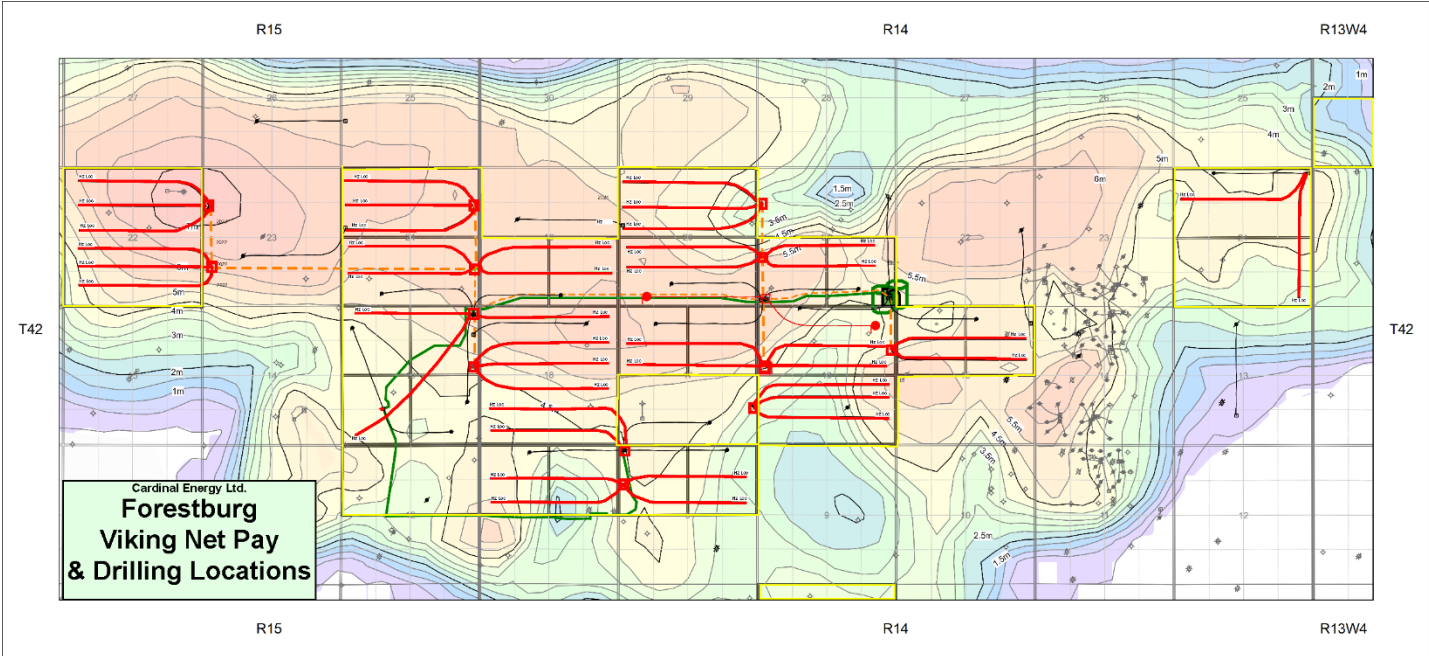


Forestburg, Alberta – Gross Production Group Plot of Cardinal’s Oil & Natural Gas Wells





The following map outlines the Company's Viking drilling inventory based on net oil pay on its lands at *Forestburg*. Cardinal has identified an inventory of over 40 horizontal Viking drilling locations.



## Forestburg Facilities

At *Forestburg*, Cardinal has a 100% working interest in the following facilities.

Facility Name	Facility Type	Surface Location	W.I.%
FORESTBURG 13-08-042-14W4 MULTI	Battery	13-08-042-14W4M	100
KILLAM PRORATED MULTI 01-21 OIL BT 06-13-042-15W4 SATELLITE	Battery	01-21-042-14W4M	100
FORESTBURG 16-13-042-15W4 FACILITY	Battery	06-13-042-15W4M	100

## Forestburg Marketing

The Company trucks its oil from *Forestburg* to the **Inter Pipeline Ltd.** 05-15-038-20W4 Stettler terminal.

## Forestburg Reserves

GLJ Ltd. (“GLJ”) prepared an independent reserves evaluation of the Properties (the “GLJ Report”) as part of the Company’s year end reporting. The GLJ Report is effective December 31, 2022 using an average of GLJ, McDaniel & Associates Consultants Ltd. and Sproule Associates Limited’s January 1, 2023 forecast pricing (“3C Average”).

GLJ estimates that, as at December 31, 2022, the *Forestburg* property contained remaining proved plus probable reserves of 60,000 barrels of oil, with an estimated net present value of \$1.0 million using forecast pricing at a 10% discount.

	GLJ Ltd. as at December 31, 2022						
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	8%	10% (000s)	15%
<b>Proved Developed Producing</b>	<b>45</b>	<b>0</b>	<b>0</b>	<b>45</b>	<b>\$811</b>	<b>\$796</b>	<b>\$761</b>
Proved Non-Producing/Undeveloped	0	0	0	0	\$0	\$0	\$0
<b>Total Proved</b>	<b>45</b>	<b>0</b>	<b>0</b>	<b>45</b>	<b>\$811</b>	<b>\$796</b>	<b>\$761</b>
Probable	15	0	0	15	\$224	\$212	\$186
<b>Total Proved Plus Probable</b>	<b>60</b>	<b>0</b>	<b>0</b>	<b>60</b>	<b>\$1,035</b>	<b>\$1,008</b>	<b>\$947</b>

The reserve estimates and forecasts of production and revenues for the Company’s properties were prepared within the context of a group of properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the “Total” row may not correspond to the total of the values presented due to rounding.

## Forestburg LMR as of March 4, 2023

Deemed Assets	Deemed Liabilities	LMR
\$2,387,517	\$1,799,724	1.33

## Forestburg Well List

See well list in Excel.

**Wainwright South Property**

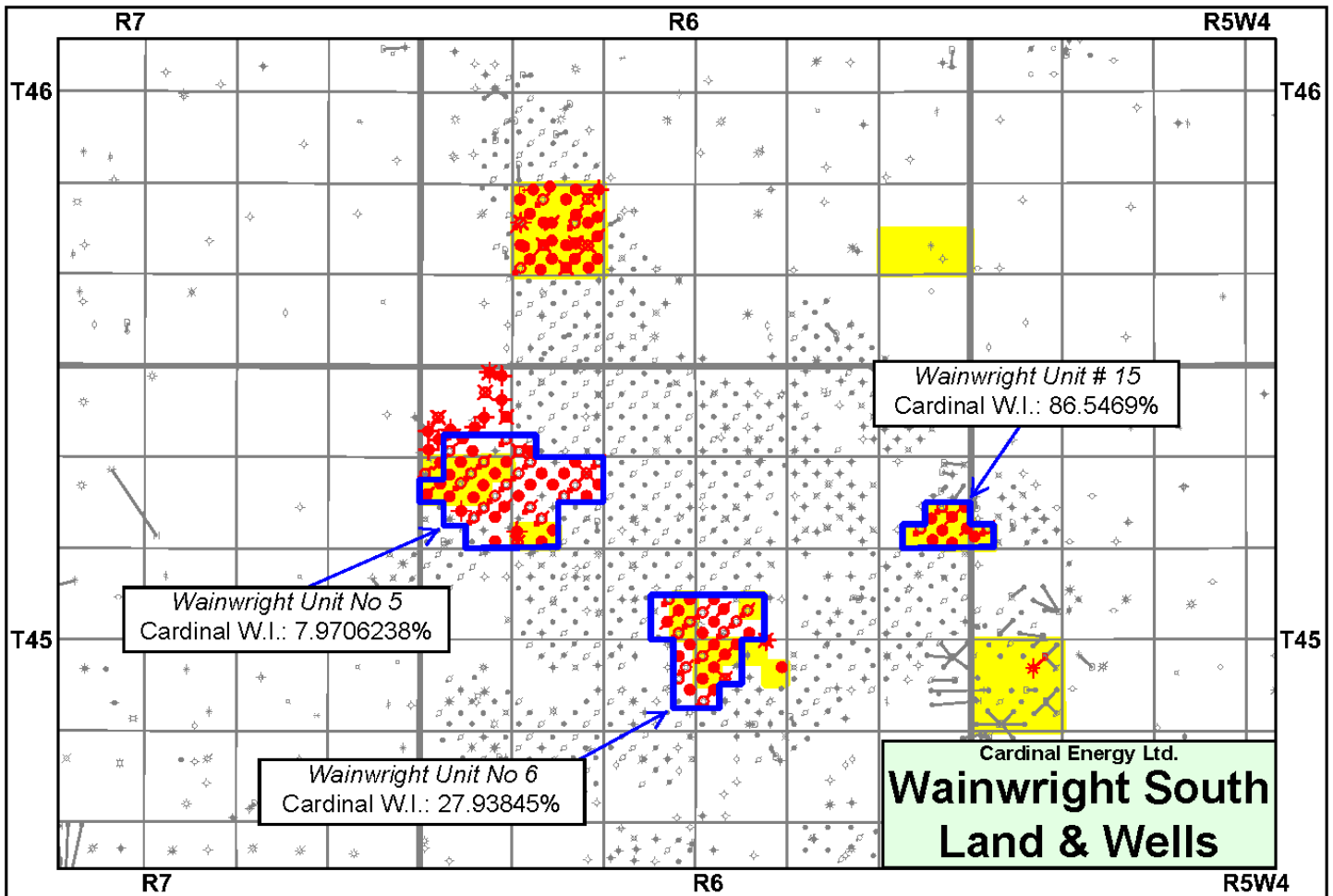
**Township 45-46, Range 5-6 W4**

In the *Wainwright South* area, Cardinal holds various working interests in 3.75 sections of land including a 67.37% working interest in Section 08-046-06W4, a 7.9706238% working interest in the *Wainwright Unit No 5* operated by **Cenovus Energy Inc.**, a 27.93845% working interest in the *Wainwright Unit No 6* operated by Cenovus and an 86.5469% operated working interest in the *Wainwright Unit #15*. The Company produces oil and natural gas primarily from the Sparky Formation from several wells.

Average daily production net to Cardinal from *Wainwright South* for the first two months of 2023 was approximately 53 barrels of oil per day.

The *Wainwright Unit No 5* was shut-in from September 2021 until October 2022 and is now producing approximately 100 boe/d of oil gross. The *Wainwright Unit No 6* is currently shut-in.

Operating income net to Cardinal from *Wainwright South* in the first two months of 2023 averaged approximately \$17,000 per month, or \$200,400 on an annualized basis.



Wainwright Unit No 5 Interest Holders

Interest % (%)	Participant Name
60.8654560	CENOVUS ENERGY INC.
18.69829830	EDDIES OIL LTD.
12.46553230	ORICAN ENERGY INC.
7.97062380	CARDINAL ENERGY LTD.

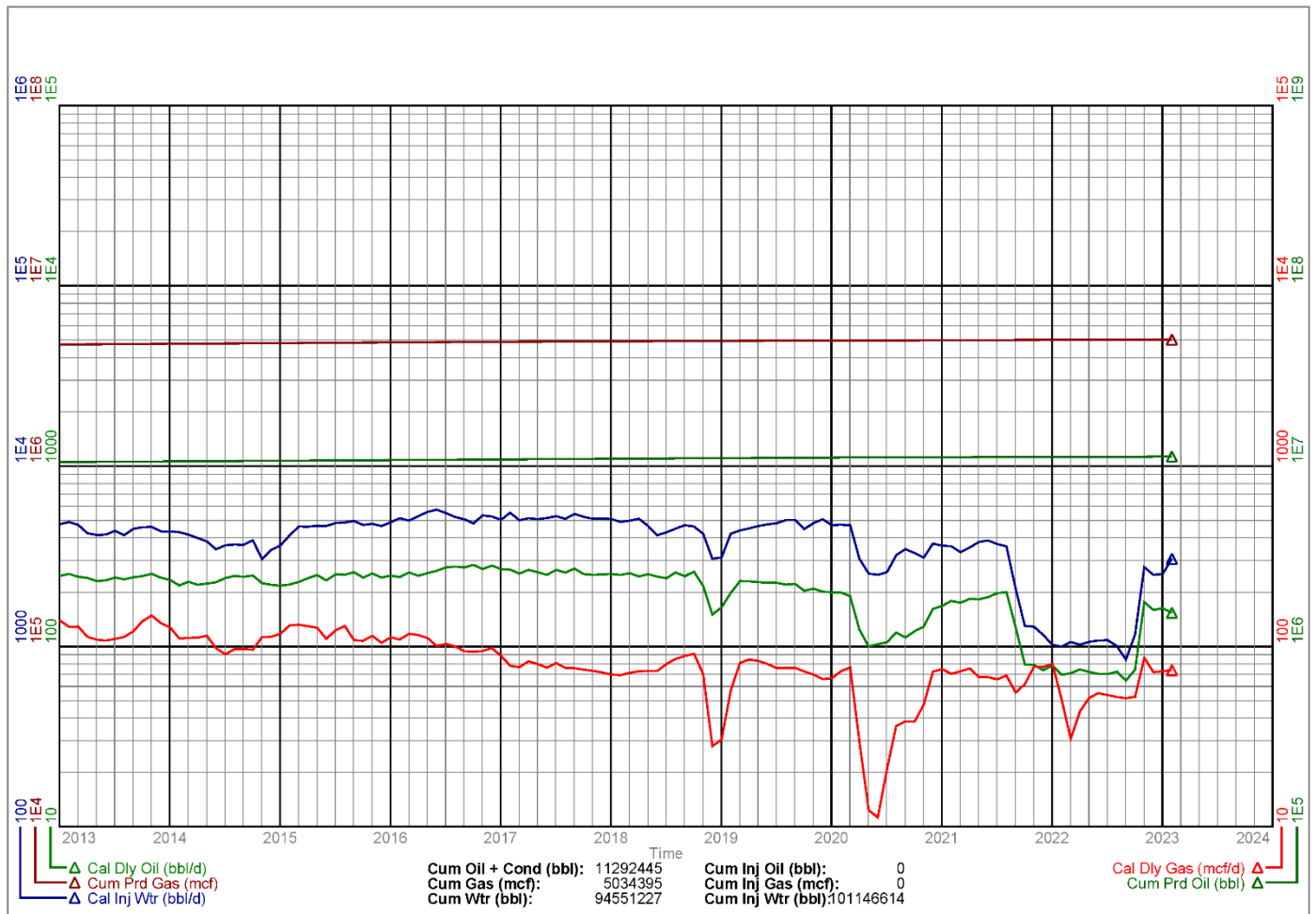
Wainwright Unit No 6 Interest Holders

Interest % (%)	Participant Name
72.06155000	CENOVUS ENERGY INC.
27.93845000	CARDINAL ENERGY LTD.

Wainwright Unit #15 Interest Holders

Interest % (%)	Participant Name
86.54690000	CARDINAL ENERGY LTD.
13.20550000	SURGE GENERAL PARTNERSHIP
0.24760000	WAGNER HELENA RHAE

Wainwright South, Alberta – Gross Production Group Plot of Cardinal’s Oil & Natural Gas Wells





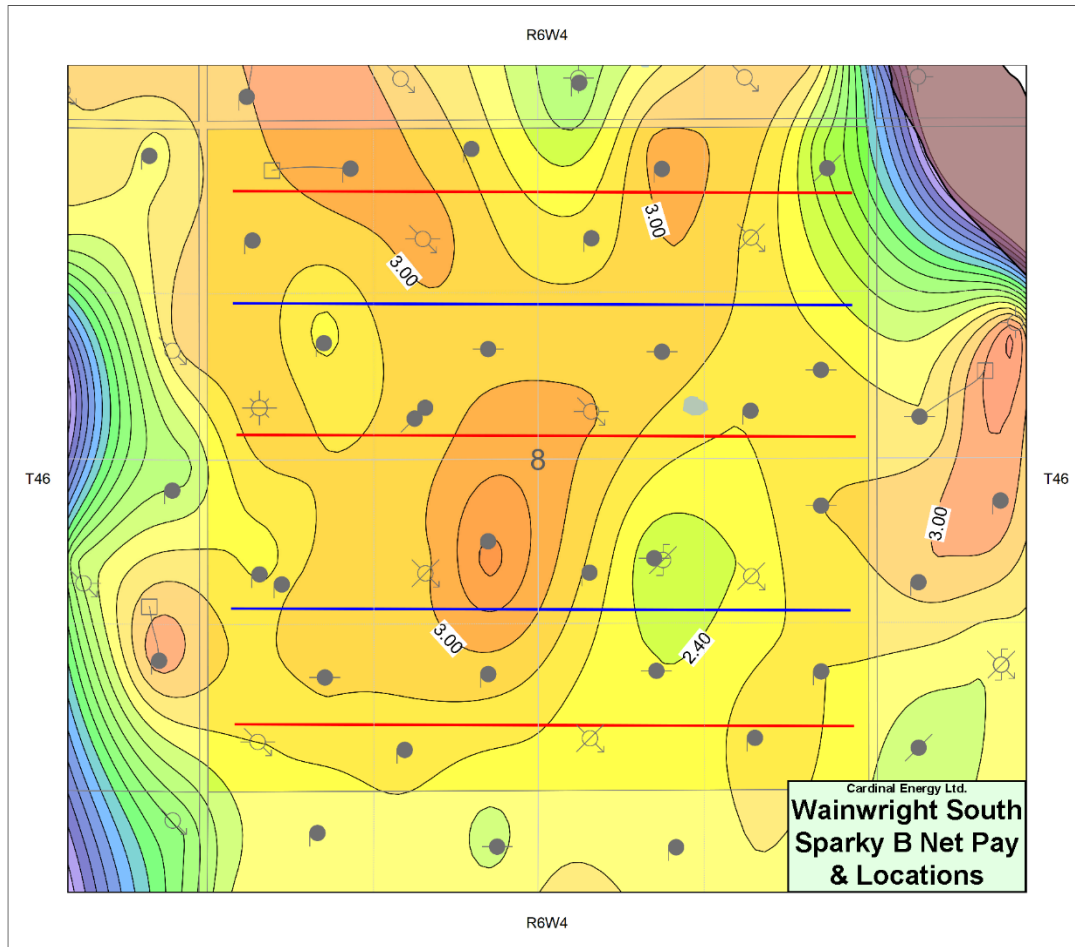


## Wainwright South Upside

At *Wainwright South*, Cardinal has identified infill drilling locations in the Sparky B Formation of the Upper Mannville Group in Section 08-046-06W4.

Three horizontal infill drilling locations are shown in red as well as two horizontal injection wells shown in blue on the following map.

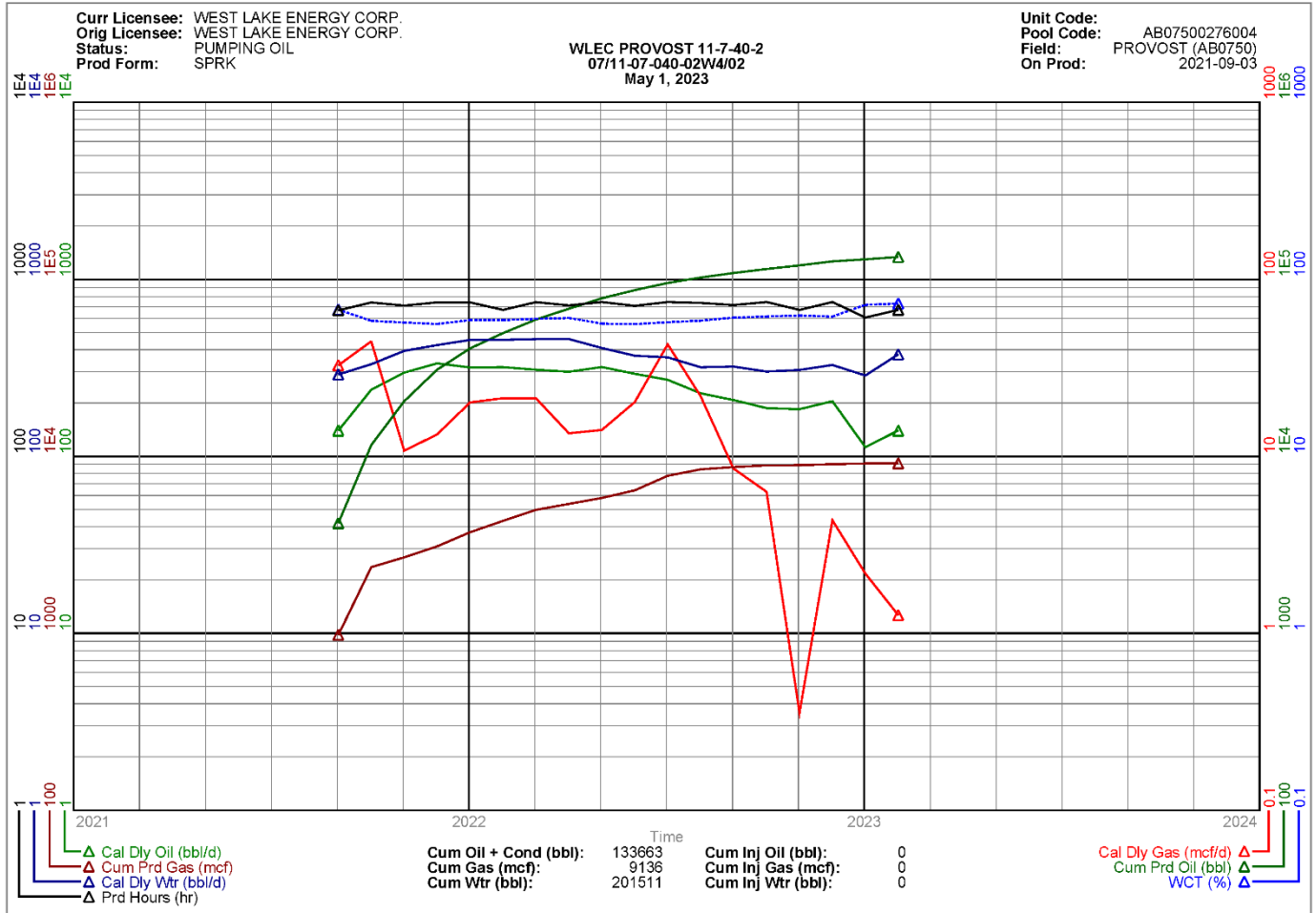
Net Pay thickness in the Sparky B in Section 8 is approximately 2-3 metres.





The Sparky A is also productive in the area. The Sparky B pool has low enough recovery and low water cut to support additional horizontal drilling locations.

The following production plot is an analogous Sparky well *WLEC Provost 107/11-07-040-02W2/02*.



## Wainwright South Facilities

At *Wainwright South*, Cardinal has various working interest in the following facilities.

Facility Name	Facility Type	Surface Location	W.I.%
COMPRESSOR 10-18-45-5	Compressor (Site Reclaimed)	10-18-045-05W4M	100
CORVAIR WAINWR BTY 2-25	Battery	02-25-045-06W4M	86.55
CARDINAL 7-8-46-6	Battery	07-08-046-06W4M	67.37

## Wainwright South Marketing

The Company trucks its operated oil production from *Wainwright South* to the CJ Wain B 04-24-048-09W4 oil battery to be cleaned and shipped via the **Husky Midstream General Partnership** sales oil pipeline.

## Wainwright South Reserves

GLJ Ltd. (“GLJ”) prepared an independent reserves evaluation of the Properties (the “GLJ Report”) as part of the Company’s year end reporting. The GLJ Report is effective December 31, 2022 using an average of GLJ, McDaniel & Associates Consultants Ltd. and Sproule Associates Limited’s January 1, 2023 forecast pricing (“3C Average”).

GLJ estimates that, as at December 31, 2022, the *Wainwright South* property contained remaining proved plus probable reserves of 329,000 barrels of oil, with an estimated net present value of \$3.8 million using forecast pricing at a 10% discount.

	GLJ Ltd. as at December 31, 2022						
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	8%	10% (000s)	15%
<b>Proved Developed Producing</b>	<b>178</b>	<b>0</b>	<b>0</b>	<b>178</b>	<b>\$2,367</b>	<b>\$2,167</b>	<b>\$1,795</b>
Proved Non-Producing/Undeveloped	63	0	0	63	\$878	\$799	\$640
<b>Total Proved</b>	<b>241</b>	<b>0</b>	<b>0</b>	<b>241</b>	<b>\$3,245</b>	<b>\$2,966</b>	<b>\$2,435</b>
Probable	88	0	0	88	\$1,043	\$879	\$609
<b>Total Proved Plus Probable</b>	<b>329</b>	<b>0</b>	<b>0</b>	<b>329</b>	<b>\$4,288</b>	<b>\$3,845</b>	<b>\$3,044</b>

The reserve estimates and forecasts of production and revenues for the Company’s properties were prepared within the context of a group of properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the “Total” row may not correspond to the total of the values presented due to rounding.

## Wainwright South LMR as of March 4, 2023

Deemed Assets	Deemed Liabilities	LMR
\$3,021,048	\$4,829,205	0.63

## Wainwright South Well List

See well list in Excel.

RECIPIENT COMPANY LETTERHEAD

\_\_\_\_\_, 20\_\_\_\_

**CARDINAL ENERGY LTD.**  
**c/o Sayer Energy Advisors**  
**1620, 540 - 5<sup>th</sup> Avenue SW**  
**Calgary, Alberta T2P 0M2**

Attention: Tom Pavic

Re: **Confidentiality Agreement**  
**Non-Core Property Divestiture**

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\_\_\_\_\_ (“Recipient”) has expressed an interest in the purchase of certain oil and natural gas properties owned by Cardinal Energy Ltd. (“Cardinal”) in the areas as indicated on Schedule “A” (the “Properties”). Cardinal is prepared to provide the Recipient access to certain information relating to the Properties, including but not limited to land schedules, financial results, marketing materials, geological and geophysical information and other documentation (“Confidential Information”). In consideration of Cardinal providing the Confidential Information, Recipient agrees as follows:

1. Recipient acknowledges that all Confidential Information provided to Recipient is proprietary to Cardinal and its joint venture partners except for Confidential Information which is set out and described in Clause 5.
2. The Confidential Information shall be kept in the strictest of confidence and shall not be used for any purpose whatsoever other than evaluating a possible transaction between Recipient and Cardinal. The Confidential Information shall not be disclosed to any person other than Recipient and to such of its directors, employees, agents, consultants, representatives and advisors (the “Representatives”) who have a need to know such information for the purpose of appraising the Properties. Recipient shall take all steps that are necessary to ensure that its Representatives are aware of the terms and conditions of this Agreement and that such terms and conditions are binding upon any and all of its Representatives. Upon request, Recipient shall provide Cardinal with a list of the Representatives who have received the Confidential Information.
3. Recipient agrees that it and its Representatives shall not disclose to any person or publish or disperse in any form, any terms, conditions or other facts with respect to any possible transaction relating to the Properties for which the Confidential Information was disclosed.
4. Notwithstanding the foregoing terms, Recipient shall be permitted to disclose such Confidential Information that is required to be disclosed pursuant to any law, rule or regulation. In the event that Recipient receives a request or legal directive to disclose Confidential Information, Recipient shall promptly provide written and verbal notification to Cardinal of such a request. Recipient shall consult with Cardinal on the advisability of taking steps to resist or narrow such request or directive. If disclosure is deemed advisable, Recipient shall cooperate with Cardinal in any attempt that Cardinal may make to obtain an order or other reliable assurance that confidential treatment will be accorded by the requesting or directing party to the information required to be disclosed.

5. The restrictions set forth in Clauses 2 and 3 above shall not apply to any part of the Confidential Information which is:
  - (a) now in the public domain or becomes part of the public domain other than through an act of the Recipient or its Representatives; or
  - (b) in the lawful possession of the Recipient prior to its disclosure by Cardinal; or
  - (c) subject to disclosure required by law, rule or regulation provided that Cardinal is given notice pursuant to Clause 4 prior to such disclosure; or
  - (d) made available to the Recipient or its Representatives from a source who may reasonably be believed to legally hold such information and who is not bound to Cardinal under a confidentiality agreement.
  
6. Recipient acknowledges the competitive value of the Confidential Information. Accordingly, without limitation and in addition to any rights of Cardinal and its joint venture partners against the Recipient arising by any breach hereof, the Recipient shall:
  - (a) be liable to Cardinal for all losses, costs, damages and expenses whatsoever which they may suffer, sustain, pay or incur; and in addition,
  - (b) indemnify Cardinal against any and all actions, proceedings, claims, demands, losses, costs, damages and expenses whatsoever which may be brought against or suffered by Cardinal or which Cardinal may suffer, sustain, pay or incur;resulting from disclosure by the Recipient, or its Representatives, of all or any part or parts of the Confidential Information.
  
7. At any time, at the request of Cardinal, Recipient shall immediately return or cause to be returned to Cardinal all of the Confidential Information which may have been released to the Recipient. Recipient shall not retain any copies or other reproductions or extracts of the Confidential Information. Furthermore, Recipient shall, if so requested by Cardinal, provide certification from an officer of the Recipient to Cardinal that the terms and conditions of this Clause have been complied with. The Recipient will return all requested Confidential Information except to the extent that computer systems are back-up or archived. The Recipient will be able to retain a copy of any analysis of Confidential Information in respect to a possible transaction with Cardinal for any internal management and/or board of directors recommendations or approvals.
  
8. Recipient understands and agrees that no contract or agreement providing for the sale of the Properties shall be deemed to exist between the Recipient and Cardinal unless and until a definitive purchase and sale agreement has been accepted in writing by Cardinal. For greater clarity the Recipient acknowledges that this Agreement does not constitute a definitive purchase and sale agreement. Recipient hereby waives, in advance, any claims (including, without limitation, breach of contract) in connection with the sale of the Properties unless and until a definitive purchase and sale agreement from Recipient has been accepted in writing by Cardinal.
  
9. This Confidentiality Agreement shall remain in force for a period of one year from the date hereof, or until such time as all of the Confidential Information becomes part of the public domain through conventional processes and through no violation of this Agreement, whichever comes first.

10. Recipient understands that in providing access to the Confidential Information, Cardinal makes no representation or warranty as to the accuracy or completeness of the Confidential Information. Recipient agrees that neither Cardinal nor anyone representing Cardinal shall have any liability to the Recipient or any of its Representatives as a result of the use of the information by it or its Representatives.
11. Neither the Recipient nor its Representatives shall visit any of the properties of Cardinal without prior written consent of an authorized representative of Cardinal. Any such visits as may be authorized shall be at the Recipient's sole cost and risk. In the event that the Recipient is granted physical access to any of Cardinal's properties, the Recipient agrees to indemnify, defend and hold harmless Cardinal and its Representatives from and against any and all liabilities, claims and causes of action for personal injury, death or property damage occurring on or to such person or property as a direct result of entry onto the premises by the Recipient or its Representatives. The Recipient and its Representatives agree to comply fully with all rules, regulations and instructions issued by Cardinal and its Representatives regarding actions while upon entering or leaving the property.
12. Where any of the Confidential Information includes information which indicates that Cardinal's title to a lease or other property could be challenged or is in any way invalid (often referred to as "title defect"), then even if the information necessary to identify the title defect (e.g. lease agreements, production histories) area available to the public, the existence of such a title defect shall not be considered to be "available to the public" for the purposes hereof. In addition, the Recipient agrees that it shall not, and shall ensure that its Representatives do not top lease the property which is the subject of the title defect or take any other similar action or inform any other person of the existence of any such title defect. The provisions of this paragraph will survive indefinitely, irrespective of the term or termination of this agreement.
13. This Agreement shall be construed and determined according to the laws of the Province of Alberta.
14. Recipient acknowledges and agrees that Cardinal may be irreparably injured by a breach of this Confidentiality Agreement that could not be adequately compensated for by damages. Cardinal and its joint venture partners shall be entitled to equitable relief, including injunctive relief and specific performance, in the event of a breach of any of the provisions of this Confidentiality Agreement. Such remedies shall be in addition to all other remedies available at law or in equity.
15. Recipient understands and agrees that:
  - (a) Cardinal shall be free to conduct the process for the sale of the Properties in its sole discretion and shall determine, without limitation, the course and nature of the marketing process relating to the Properties, the course and nature of negotiations with any prospective buyer and the acceptance of a definitive purchase and sale agreement without prior notice to the Recipient, its Representatives or any other person or corporate entity; and
  - (b) Recipient shall not have any claims whatsoever against Cardinal or any of its directors, officers, stockholders, owners, affiliates, representatives, advisors or agents arising out of or relating to the sale of the Properties other than as a party to a definitive purchase and sale agreement accepted in writing by Cardinal and

then only against Cardinal and in accordance with the terms of said offer to purchase.

16. Recipient hereby acknowledges that it is aware and that it will advise its Representatives privy to the Confidential Information that applicable security laws prohibit any person who has received from an issuer material, non-public information concerning the matters which are the subject of this Agreement from purchasing or selling securities of such issuer or from communicating such information to any other person, under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities.
17. Recipient shall not initiate or arrange, directly or indirectly, or maintain contact regarding Cardinal's business operations, prospects or finances (except as contemplated herein and for those contacts made in the ordinary course of business unrelated to the possible transaction) with any officer, director, employee, consultant or other representative of Cardinal, or with any customer, supplier, sales representative, or competitor of Cardinal except with the express written permission of Cardinal. Any such permission granted by Cardinal may be revoked at any time.
18. If any provision of this agreement is wholly or partially unenforceable for any reason, such unenforceability shall not affect the enforceability of the balance of this Confidentiality Agreement.
19. This Confidentiality Agreement shall be binding upon, and enure to the benefit of, the parties hereto, and their respective successors and permitted assigns.

The Recipient accepts the Confidential Information to be provided relating to the Properties subject to the terms and conditions set forth in this Confidentiality Agreement.

Yours truly,

\_\_\_\_\_  
COMPANY NAME

\_\_\_\_\_  
OFFICER'S SIGNATURE

\_\_\_\_\_  
OFFICER'S PRINTED NAME & TITLE

I certify that no changes have been made to this Confidentiality Agreement that have not been clearly marked and initialed.



**CONFIDENTIAL INFORMATION DELIVERY OPTIONS:** *(please check one)*

\_\_\_\_\_ Electronic or \_\_\_\_\_ Hard copy (binder)

\_\_\_\_\_  
NAME OF CONTACT PERSON TO FORWARD INFORMATION

\_\_\_\_\_  
CONTACT ADDRESS

\_\_\_\_\_  
TELEPHONE NUMBER

\_\_\_\_\_  
EMAIL ADDRESS

**Option to Attach Business Card Here:**

**Accepted by Cardinal Energy Ltd. this** \_\_\_ day of \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
Rob Sheedy  
Land Manager

**SCHEDULE "A"**

Recipient wishes to obtain additional information relating to the following Properties:

\_\_\_ **RAINIER**

\_\_\_ **FORESTBURG**

\_\_\_ **WAINWRIGHT SOUTH**