Cardinal Energy Ltd. Announces Fourth Quarter 2024 and Year-End Financial Results

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Calgary, March 13, 2025 - Cardinal Energy Ltd. (TSX: CJ) ("Cardinal" or the "Company") is pleased to announce its operating and financial results for the fourth quarter and year ended December 31, 2024.

HIGHLIGHTS FROM THE FOURTH QUARTER AND FULL YEAR OF 2024

- Average production for the fourth quarter was 21,916 boe/d which led to annual production of 21,776 boe/d, consistent with 2023 despite capital expenditures that were 12% lower year over year;
- Adjusted funds flow[1] for the fourth quarter was $65.1 million and for fiscal 2024 was $265.4 million, increases of 2% and 5% over the fourth quarter of 2023 and full year of 2023, respectively. For the full year 2024, adjusted funds flow was directed towards:
  - Direct returns to shareholders through $115.5 million in declared dividends;
  - Capital expenditures[1] on Cardinal's conventional assets of $103.3 million and thermal expenditures of $83.3 million; and
  - Asset retirement and decommissioning liability expenditures of $10.2 million;
- Conventional capital expenditures of $103.3 million were directed towards the drilling of 21 (20.1 net) wells across our asset base and continued infrastructure development;
- In 2024, Cardinal invested approximately $74.3 million directly related to the Reford steam-assisted gravity drainage ("SAGD") project and also incurred $9.0 million of SAGD expenditures de-risking and expanding future projects through land and seismic expenditures and other indirect costs;
- Net operating costs per boe[1] for the fourth quarter were 2% lower than the comparative quarter mainly due to reduced power costs; and
- At the end of 2024, Cardinal was drawn 31% or $85.6 million on our $275 million credit facility. In the first quarter of 2025, the Company closed two senior unsecured debenture financings totalling $105 million providing funding certainty for the Reford thermal project development and to de-risk future thermal projects.

The following table summarizes our fourth quarter and annual 2024 operating and financial highlights:

($000's except shares, per share and operating amounts)	Three months ended December 31			Year ended December 31		
	2024	2023	% Chg	2024	2023	% Chg
Financial						
Petroleum and natural gas revenue	147,778	148,042	-	605,348	589,605	3
Cash flow from operating activities	53,075	69,305	(23)	247,537	230,261	8
Adjusted funds flow[1]	65,084	63,968	2	265,441	253,698	5
per share - basic	$ 0.41	$ 0.40	2	$ 1.67	$ 1.61	4
per share - diluted	$ 0.40	$ 0.40	-	$ 1.65	$ 1.59	4
Earnings	25,817	20,388	27	108,354	103,598	5
per share - basic	$ 0.16	$ 0.13	23	$ 0.68	$ 0.66	3
per share - diluted	$ 0.16	$ 0.13	23	$ 0.68	$ 0.65	5
Development capital expenditures[1]	16,246	15,521	5	100,536	96,967	4
Other capital expenditures[1]	324	491	(34)	2,385	2,571	(7)

($000's except shares, per share and operating amounts)	Three months ended December 31			Year ended December 31		
	2024	2023	% Chg	2024	2023	% Chg
Property acquisitions, net(1)	360	25,290	(99)	360	17,720	(98)
Capital expenditures(1)	16,930	41,302	(59)	103,281	117,258	(12)
Exploration & evaluation expenditures ("E&E")	34,864	4,320	n/m	83,279	4,895	n/m
Common shares, net of treasury shares (000s)	159,203	158,095	1	159,203	158,095	1
Dividends declared	28,656	28,975	(1)	115,460	115,807	-
Per share	$ 0.18	$ 0.18	-	$ 0.72	$ 0.72	-
Total payout ratio(1)	69%	70%	(1)	81%	84%	(4)
Bank debt				85,610	44,920	91
Adjusted working capital deficiency(1)				52,697	38,730	36
Net debt(1)				138,307	83,650	65
Net debt to adjusted fund flow ratio(1)				0.5	0.3	67
Operating						
Average daily production						
Light oil (bbl/d)	7,271	8,566	(15)	7,222	8,084	(11)
Medium/heavy oil (bbl/d)	11,556	10,100	14	11,438	10,164	13
NGL (bbl/d)	827	891	(7)	817	817	-
Conventional natural gas (mcf/d)	13,569	15,644	(13)	13,795	15,838	(13)
Total (boe/d)	21,916	22,164	(1)	21,776	21,705	-
Netback ($/boe)(1)						
Petroleum and natural gas revenue	73.29	72.60	1	75.95	74.43	2
Royalties	(14.07)	(14.62)	(4)	(14.27)	(14.22)	-
Net operating expenses(1)	(22.76)	(23.19)	(2)	(24.23)	(24.31)	-
Transportation expenses	(1.21)	(1.10)	10	(1.10)	(1.00)	10
Netback(1)	35.25	33.69	5	36.35	34.90	4
Realized gain on commodity contracts	0.01	0.59	(98)	0.14	0.32	(56)
Interest and other	(0.68)	(0.89)	(24)	(0.64)	(0.83)	(23)
G&A	(2.30)	(2.02)	14	(2.55)	(2.37)	8
Adjusted funds flow(1)	32.28	31.37	3	33.30	32.02	4

(1) See non-GAAP and other financial measures.
n/m Not meaningful or not calculable

Fourth Quarter Overview

During the fourth quarter, oil prices were lower than the third quarter of 2024 and lower than the prior year comparative quarter. West Texas Intermediate ("WTI") benchmark oil price averaged US$70.27/bbl during the fourth quarter compared to US$75.10/bbl in the third quarter of 2024 and US$78.32/bbl in the prior year comparative quarter. Partially offsetting the decreased global oil prices, Canadian Western Canadian Select ("WCS") oil differentials narrowed by 7% over the third quarter of 2024 and by 43% over the comparative quarter in 2023. In addition, the Canadian dollar has weakened by approximately 3% which positively impacts the price Cardinal receives for its oil.

Despite the weaker global oil prices, Cardinal's oil revenue was consistent with the prior quarter due to a 3% increase in oil production combined with the narrower Canadian oil differentials and the weaker Canadian dollar. Increased production was due to new production additions from our successful third quarter drilling program partially offset by the Midale facility turnaround which occurred in the fourth quarter of 2024. Fourth quarter 2024 adjusted funds flow of $65.1 million was 2% higher than the same period in 2023 and consistent with the third quarter of 2024.

Capital expenditures for the fourth quarter were $16.9 million, including two (2.0 net) wells drilled and completed at Tide Lake, Alberta, $1.6 million on recompletions and workovers throughout our operating areas combined with continued facility and infrastructure upgrades. Cardinal continued our enhanced oil recovery operations, utilizing a combination of CO_2 injection and water flood.

The Company's financial position continues to be strong. In the fourth quarter of 2024, the Company increased its borrowing base credit facility to $275 million and added a new lender to the banking syndicate. In 2025, as previously announced, the Company closed two fixed term unsecured debenture financings totalling $105 million. With this incremental liquidity, we have de-risked the funding required for the completion of the Reford SAGD project and future SAGD projects while maintaining our long-term conventional production levels. Although we have access to sufficient capital resources, we will continue to be responsible in our capital allocation and endeavor to maintain a net debt to adjusted funds flow ratio(1) below 1.0x.

From a risk management perspective, in the first quarter of 2025, Cardinal fixed the WCS differential to WTI on 5,000 bbl/d at a price of -US$12.75/bbl for the period of April 2025 to September 2025 reducing the risk of differentials widening through the North American tariff uncertainty. The Company also has an AECO collar for 2025 on 2,500 GJ/d of natural gas with a floor of $1.75/GJ and a ceiling of $2.70/GJ.

(1) See non-GAAP and other financial measures.

Conventional Operations

Cardinal's average production was 21,776 boe/d in 2024. In Cardinal's conventional side of the business, the Company drilled 21 (20.1 net) wells in the year consisting of 18 (17.5 net) producing wells, two (1.6 net) injection wells and one (1.0 net) uneconomic well. Highlights from our 2024 drilling program include:

- At Nipisi, we executed our third successful winter program consisting of three (3.0 net) new drills. These wells began production at the end of the first quarter, and delivered IP90 rates of approximately 225 boe/d per well. After producing for nearly a full year, these wells continue to exceed our initial expectations, with current combined production of approximately 540 boe/d;
- In our Alderson, Alberta area, near Brooks, Alberta, we continued with successful multi-lateral Ellerslie oil drilling. Five (5.0 net) wells were drilled with the per-well average exceeding 300 boe/d over their initial 90 days of production. One (1.0 net) well was considered uneconomic and not completed;
- We drilled five (5.0 net) wells into our Buffalo Clearwater development during 2024. The program was very successful with these wells averaging 140 bbl/d of heavy oil each over their first 120 days of production; and
- At Elmworth, in northwest Alberta, we drilled two (2.0 net) Dunvegan wells, extending our development to the southwest. These wells came on early in the fall and each averaged approximately 225 boe/d over their first 90 days.

Saskatchewan Thermal Project Summary and Update

In 2024, Cardinal continued to advance our Reford, Saskatchewan SAGD project which, upon completion is expected to produce approximately 6,000 bbl/d (100% heavy crude oil). The initial construction, commissioning, and warm-up phases of the project are expected to be completed prior to the end of 2025.

In 2024, the Company invested $74.3 million of expenditures directly related to the Reford project which included in shop facility construction, site preparation and water disposal wells. Cardinal also deployed approximately $9 million of SAGD expenditures to de-risk and expand future projects through land and seismic acquisition, a four (4.0 net) stratigraphic test well program and other indirect costs.

Modular components started to be moved out to the site in the first quarter of 2025 and will continue to be transported through the first half of 2025. In the first quarter, the following has been completed at Reford:

- Two of three steam generators have been delivered to the Reford facility site;

- 50% of the facility tankage is now on lease;
- Drilling of the six initial well pairs is over halfway complete and we expect all the wells will be completed early in the second quarter;
- Construction of the 18 kilometer water source pipeline and 10 kilometer fuel gas supply line are now well underway with the completion of both projects forecasted before the end of April; and
- Cardinal's thermal team continues to be expanded as we have hired over half of the planned field operations team and they are contributing to the ongoing development of the Reford project as we plan for third quarter 2025 start-up.

The Reford project continues to be executed and developed as we forecasted with costs and timeframe tracking to our initial plan and budget.

Environmental, Social and Governance ("ESG")

Cardinal continued our CO_2 sequestration in Saskatchewan during 2024. Through our Carbon Capture and Sequestration ("CCS") enhanced oil recovery ("EOR") operation at Midale, the Company sequestered approximately 181,000 tonnes of CO_2 equivalent during 2024. To date, the Midale CCS EOR project has sequestered 5.8 million tonnes of CO_2 and has contributed to annual oil production decline rates from this project of approximately 3%.

Cardinal's safety record continues to be in the top tier of the industry, as is our regulatory compliance level.

In 2024, Cardinal continued its commitment to responsible, sustainable operations, spending $10.2 million on asset retirement activities. Cardinal participated in the abandonment of more than 55 gross wells, 128 kilometers of pipelines, and one facility during 2024. Cardinal also received 55 reclamation certificates in the year. These liability reduction activities, and associated spending, exceeded all regulatory requirements for the year.

Outlook

Cardinal continues to work to improve its business. Our goals are to continually improve the quality and sustainability of our assets, which serves to lower the break-even costs of our operations, while also extending asset duration.

Our conventional oil business continues to deliver solid, consistent results which allow us to undertake long lead time projects like our Reford thermal project. Because of the modest sustaining capital requirements of our low decline asset base, Cardinal generates significant, predictable free cash flow that we anticipate will continue to grow with our identified pipeline of conventional and thermal opportunities.

2025 is a pivotal year for the Company. Once the Reford thermal project is brought on to full production in early 2026, we feel that Cardinal will be able to fund future thermal projects from internally generated cash flows. As well as self-funding additional growth, our overall corporate health will significantly improve as our dividend becomes more sustainable at lower commodity prices. Our long-term goal is to build Cardinal into a Company that can not only provide predictable shareholder returns through unforeseen global events, but to take advantage of opportunities that may arise from this disruption.

Given WTI crude oil prices have averaged over US$70 year-to-date, which continues to be ahead of our 2025 budget marker, our original capital and production guidance remains unchanged at this juncture. Management appreciates recent market and oil price volatility brought forth by North American tariff uncertainty, and will consider necessary changes to our outlook should the implications have a meaningful effect on Cardinal's business.

In addition to utilizing hedging to mitigate risk to our financial outlook, we have also completed two debenture offerings raising a total of $105 million which carry term of five years. Longer term debt provides Cardinal with more sustainability through the cyclical nature of the oil and gas business. By balancing our debt between our current bank facilities and these longer-term debt instruments, it will allow us more flexibility to further develop long lead time projects like our Reford thermal project.

We are excited about the future of our Company. As we further develop a pipeline of growth projects, we look forward to enhanced returns for shareholders through debt repayment, responsible growth, an attractive and sustainable dividend, and opportunistic share repurchases.

On behalf of the Board of Directors, Management and Employees, we would like to thank our shareholders as we appreciate their continued support.

ANNUAL FILINGS

Cardinal also announces the filing of its Audited Financial Statements for the year ended December 31, 2024 and related Management's Discussion and Analysis with the Canadian securities regulatory authorities on SEDAR+ at www.sedarplus.ca ("SEDAR+"). In addition, Cardinal will file its Annual Information Form for the year ended December 31, 2024 on SEDAR+ on or prior to March 31, 2025. Electronic copies may be obtained on Cardinal's website at www.cardinalenergy.ca and on Cardinal's SEDAR+ profile at www.sedarplus.ca.

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: the Company's planned Saskatchewan thermal project in its Reford, Saskatchewan operating area, expected funding for current and future thermal oil projects; the timing of completion of the project, estimated future production levels from the Reford project; that the Reford project will be completed on time and on budget; Cardinal's goal to continually improve the quality and sustainability of our assets, which is expected to lower our operating costs and extend asset duration; Cardinal's expectation that once Reford thermal project is brought on to full production in early 2026, that Cardinal will be able to fund future thermal projects from cash flows and that the Company's overall corporate health will significantly improve as the Company's dividend becomes more sustainable at lower commodity prices; Cardinal's long-term goal to build Cardinal into a Company that can provide shareholder returns through unforeseen global events; Cardinal's expectation that by balancing its debt between its current bank facilities and longer-term debt instruments, it will allow more flexibility to further develop long lead time projects like our Reford thermal project; the ongoing and future benefits of the Company's 2024 drilling results, the benefit, if any, on financial and operational performance of the Company as a result of future drilling opportunities and locations, the timing, quantum and benefits of the Company's current and future environmental and decommissioning activities, the benefits of the Company's low decline asset base on future capital expenditures, expectations that free cash flow will continue to grow, the benefits and timing of the Company's enhanced oil recovery program(s), the benefits and ability to further develop the Company's land base through drilling programs or other relevant means; the ability to fund and execute the Company's 2025 budget and capital program, Cardinal's intention to continue to improve its sustainability, reduce risk and provide current and future returns to shareholders, the Company business strategies, plans and objectives, future ESG and related environmental performance, and the quality of the asset base and decline rates.

Forward-looking statements regarding Cardinal are based on certain key expectations and assumptions of Cardinal concerning anticipated financial performance, business prospects, strategies, regulatory developments, current and future commodity prices and exchange rates, project development costs, effects of inflation, that in respect of tariffs that have been publicly announced by the U.S. and Canadian governments (but which are either in effect or not yet in effect and otherwise delayed), the potential impact of such tariffs, and that other than the tariffs that have been announced, neither the U.S. nor Canada (i) increases the rate or scope of such tariffs, or imposes new tariffs, on the import of goods from one country to the other, and/or (ii) imposes any other form of tax, restriction or prohibition on the import or export of products from one country to the other; 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 our exploration and development activities, the sufficiency and timing of budgeted capital expenditures in carrying out planned activities, that Cardinal will complete its capital budget in the manner as currently contemplated, 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, 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.

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; the risk that (i) the U.S or Canadian governments increases the rate or scope of the currently implemented or proposed and announced tariffs, or imposes new tariffs on the import of goods from on the import or export of products from one country to the other, and (ii) the tariffs imposed by the U.S. on other countries and responses thereto could have a material adverse effect on the Canadian, U.S. and global economies, and by extension the oil and gas industry and the Company; 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 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; and ability to access sufficient capital from internal and external sources.

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.

Supplemental Information Regarding Product Types

This news release includes references to 2024 and 2023 production. The Company discloses crude oil production based on the pricing index that the oil is priced off. 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)
Q4/2024	48%	38%	4%	10%	21,916
Q4/2023	50%	34%	4%	12%	22,164
2024	48%	37%	4%	11%	21,776
2023	49%	35%	4%	12%	21,705
Nipisi - IP90	-	97%	-	3%	225
Nipisi - current	-	90%	-	10%	540
Alderson	85%	-	-	15%	300
Elmworth	68%	-	16%	16%	225

Non-GAAP and Other Financial Measures

This news release contains certain specified measures consisting of non-GAAP financial measures, capital management measures, non-GAAP financial ratios, and supplementary financial measures. Since these specified financial measures may not have a standardized meaning, they must be clearly defined and, where required, reconciled with their nearest GAAP measure and may not be comparable with the calculation of similar financial measures disclosed by other entities.

Non-GAAP Financial Measures

Net operating expenses

Net operating expenses is calculated as operating expense less processing and other revenue primarily generated by processing third-party volumes at processing facilities where the Company has an ownership interest, and can be expressed on a per boe basis. As the Company's principal business is not that of a midstream entity, management believes this is a useful supplemental measure to reflect the true cash outlay at its processing facilities by utilizing spare capacity to process third party volumes.

	Three months ended		Year ended	
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
Operating expenses	47,524	48,222	198,904	196,740
Less: Processing and other revenue	(1,634)	(946)	(5,774)	(4,131)
Net operating expenses	45,890	47,276	193,130	192,609

Netback

Cardinal utilizes netback as a key performance indicator and is utilized by Cardinal to better analyze the operating performance of its petroleum and natural gas assets against prior periods. Netback is calculated as petroleum and natural gas revenue deducted by royalties, net operating expenses, and transportation expenses. The following table reconciles petroleum and natural gas revenue to netback:

	Three months ended		Year ended	
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
Petroleum and natural gas revenue	147,778	148,042	605,348	589,605
Royalties	(28,377)	(29,806)	(113,747)	(112,618)
Net operating expenses	(45,890)	(47,276)	(193,130)	(192,609)
Transportation expenses	(2,438)	(2,239)	(8,744)	(7,946)
Netback	71,073	68,721	289,727	276,432

Capital expenditures and development capital expenditures

Cardinal utilizes capital expenditures as a measure of capital investment on property, plant and equipment compared to the annual budgeted capital expenditure. Capital expenditures is calculated as cash flow from investing activities excluding change in non-cash working capital and corporate acquisition.

Cardinal utilizes development capital expenditures as a measure of capital investment on property, plant and equipment excluding capitalized G&A, other assets and property acquisitions and is compared to the annual budgeted capital expenditures. Other capital expenditures include capitalized G&A and office expenditures. The following table reconciles cash flow from investing activities to total capital expenditures to total development capital expenditures:

	Three months ended		Year ended	
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
Cash flow from investing activities	40,223	39,140	163,970	114,635
Change in non-cash working capital	11,571	6,482	22,590	7,518
Exploration and evaluation expenditures	(34,864)	(4,320)	(83,279)	(4,895)
Capital expenditures	16,930	41,302	103,281	117,258
Less:				
Capitalized G&A	(309)	(364)	(1,582)	(1,996)
Other assets	(15)	(127)	(803)	(575)
Acquisitions, net	(360)	(25,290)	(360)	(17,720)

Development capital expenditures	16,246	15,521	100,536	96,967

Adjusted working capital deficiency

Management utilizes adjusted working capital to monitor its capital structure, liquidity, and its ability to fund current operations. Adjusted working capital is calculated as current liabilities less current assets (adjusted for the fair value of financial instruments, current decommissioning obligation, and current lease liabilities). The following table reconciles working capital deficiency to adjusted working capital deficiency:

As at	Dec 31, 2024	Dec 31, 2023
Working capital deficiency	61,599	49,077
Lease liabilities	1,711	1,370
Decommissioning obligation	7,125	9,081
Fair value of financial instruments	66	(104)
Adjusted working capital deficiency	52,697	38,730

Net debt

Management utilizes net debt to analyze the financial position, liquidity and leverage of Cardinal. Net debt is calculated as bank debt plus secured notes and adjusted working capital.

Net bank debt

Management utilizes net bank debt to analyze the financial position, liquidity, leverage and borrowing capacity on Cardinal's bank line. Net bank debt is calculated as net debt plus adjusted working capital deficiency.

The following table reconciles bank debt to net bank debt and net debt:

As at	Dec 31, 2024	Dec 31, 2023
Bank debt	85,610	44,920
Adjusted working capital deficiency	52,697	38,730
Net bank debt	138,307	83,650

Funds flow

Management utilizes funds flow as a useful measure of Cardinal's ability to generate cash not subject to short-term movements in non-cash operating working capital. As shown below, funds flow is calculated as cash flow from operating activities excluding the change in non-cash working capital.

Adjusted funds flow

Management utilizes adjusted funds flow as a key measure to assess the ability of the Company to generate the funds necessary for financing activities, operating activities, capital expenditures and shareholder returns. As shown below, adjusted funds flow is calculated as funds flow excluding transaction costs, decommissioning expenditures since Cardinal believes the timing of payment or incurrence of these items involves a high degree of discretion and variability. Expenditures on decommissioning obligations vary from period to period depending on the maturity of the Company's operating areas and availability of adjusted funds flow and are viewed as part of the Company's capital budgeting process.

Free cash flow

Management utilizes free cash flow as a measure to assess Cardinal's ability to generate cash, after taking into account the development capital expenditures, to increase returns to shareholders, repay debt, or for other corporate purposes. As shown below, free cash flow is calculated as adjusted funds flow less development capital expenditures.

The following table reconciles cash flow from operating activities, funds flow, adjusted funds flow, and free cash flow:

	Three months ended		Year ended	
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
Cash flow from operating activities	53,075	69,305	247,537	230,261
Change in non-cash working capital	8,714	(14,308)	7,682	274
Funds flow	61,789	54,997	255,219	230,535
Decommissioning expenditures	3,295	8,971	10,222	23,163
Adjusted funds flow	65,084	63,968	265,441	253,698
Total development capital expenditures	(16,246)	(15,521)	(100,536)	(96,967)
Free cash flow	48,838	48,447	164,905	156,731

Non-GAAP Financial Ratios

Netback per boe

Cardinal utilizes operating netback per boe to assess the Company's operating performance of its petroleum and natural gas assets on a per unit of production basis. Netback per boe is calculated as netback divided by total production for the applicable period. The following table details the calculation of netback per boe:

	Three months ended		Year ended	
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
Petroleum and natural gas revenue	73.29	72.60	75.95	74.43
Royalties	(14.07)	(14.62)	(14.27)	(14.22)
Net operating expenses	(22.76)	(23.19)	(24.23)	(24.31)
Transportation expenses	(1.21)	(1.10)	(1.10)	(1.00)
Netback per boe	35.25	33.69	36.35	34.90

Net debt to adjusted funds flow ratio

Cardinal utilizes net debt to adjusted funds flow to measure the Company's overall debt position and to measure the strength of the Company's balance sheet. Cardinal monitors this ratio and uses this as a key measure in making decisions regarding financing, capital expenditures and shareholder returns. Net debt to adjusted funds flow is calculated as net debt divided by annualized adjusted funds flow for the applicable period.

Total payout ratio

Cardinal utilizes this ratio as key measure to assess the Company's ability to fund financing activities, operating activities, and capital expenditures. Total payout ratio is calculated as the sum of dividends declared plus development capital expenditures divided by adjusted funds flow.

Net operating expenses per boe

Cardinal utilizes net operating expenses per boe to assess Cardinal's operating efficiency of its petroleum and natural gas assets on a per unit of production basis. Net operating expense per boe is calculated as net operating expenses divided by total production for the applicable period.

Adjusted funds flow per boe

Cardinal utilizes adjusted funds flow per boe as a measure to assess the ability of the Company to generate the funds necessary for financing activities, operating activities, capital expenditures and shareholder returns on a per boe basis. Adjusted funds flow per boe is calculated using adjusted funds flow divided by total production for the applicable period.

Adjusted funds flow per basic share

Cardinal utilizes adjusted funds flow per share as a measure to assess the ability of the Company to generate the funds necessary for financing activities, operating activities, capital expenditures and shareholder returns on a per basic share basis. Adjusted funds flow per basic share is calculated using adjusted funds flow divided by the weighted average basic shares outstanding.

Adjusted funds flow per diluted share

Cardinal utilizes adjusted funds flow per share as a measure to assess the ability of the Company to generate the funds necessary for financing activities, operating activities, capital expenditures and shareholder returns on a per diluted share basis. Adjusted funds flow per diluted share is calculated using adjusted funds flow divided by the weighted average diluted shares outstanding.

Supplementary Financial Measures

NI 52-112 defines a supplementary financial measure as a financial measure that: (i) is, or is intended to be, disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of an entity; (ii) is not disclosed in the financial statements of the entity; (iii) is not a non-GAAP financial measure; and (iv) is not a non-GAAP ratio. The supplementary financial measures used in this news release are either a per unit disclosure of a corresponding GAAP measure, or a component of a corresponding GAAP measure, presented in the financial statements. Supplementary financial measures that are disclosed on a per unit basis are calculated by dividing the aggregate GAAP measure (or component thereof) by the applicable unit for the period. Supplementary financial measures that are disclosed on a component basis of a corresponding GAAP measure are a granular representation of a financial statement line item and are determined in accordance with GAAP.

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.

Initial Production

Any references in this news release to initial production rates are useful in confirming the presence of hydrocarbons, however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for Cardinal.

Market, Independent Third Party and Industry Data

Certain market, independent third party and industry data, including for comparison purposes, contained in this news release is based upon information from government or other independent industry publications and reports or based on estimates derived from such publications and reports. Government and industry publications and reports generally indicate that they have obtained their information from sources believed to be reliable, but Cardinal has not conducted its own independent verification of such information. This news release also includes certain data derived from independent third parties. While Cardinal believes this data to be reliable, market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. Cardinal has not independently verified any of the data from independent third-party sources referred to in this news release or ascertained the underlying assumptions relied upon by such sources.

About Cardinal Energy Ltd.

Cardinal is a Canadian oil and natural gas company with operations focused on low decline oil in Western Canada. Cardinal differentiates itself from its peers by having the lowest decline conventional asset base in Western Canada. Cardinal has recently announced the commencement of its first thermal SAGD oil development project which will further increase the long-term sustainability of the Company.

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