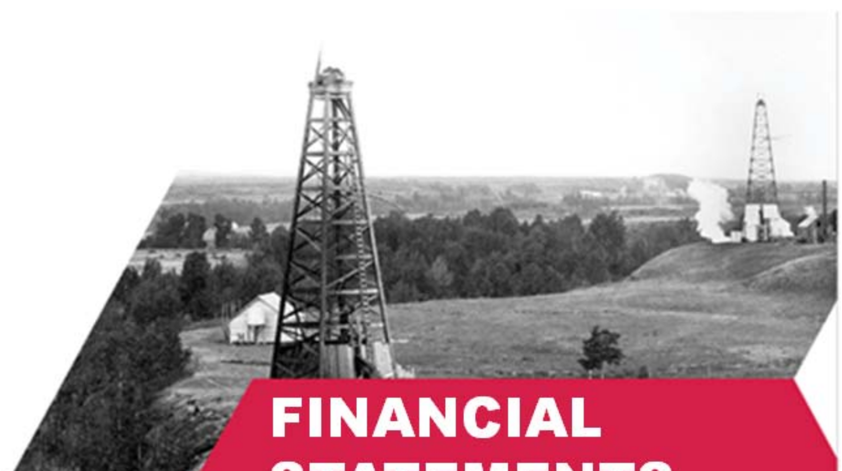
CARDINAL
ENERGY LTD.



FINANCIAL STATEMENTS

Q1 2016

CONDENSED INTERIM BALANCE SHEETS

As at *(Unaudited, thousands)*	*Note*		**March 31, 2016**		December 31, 2015
ASSETS					
Current assets					
Trade and other receivables		**$**	**19,650**	$	25,372
Deposits and prepaid expenses			**1,035**		1,271
Fair value of financial instruments	11		**23,083**		23,590
			43,768		50,233
Non-current assets					
Fair value of financial instruments	11		**4,651**		4,797
Exploration and evaluation assets	3		**3,706**		3,680
Property, plant and equipment	4		**802,134**		819,450
Deferred taxes			**91,739**		86,173
			902,230		914,100
Total Assets		**$**	**945,998**	$	964,333
LIABILITIES					
Current liabilities					
Trade and other payables		**$**	**28,602**	$	26,452
Dividends payable	9		**2,308**		4,559
Decommissioning obligation	7		**950**		950
Fair value of financial instruments	11		**3,357**		481
			35,217		32,442
Non-current liabilities					
Deferred flow-through share premium			**584**		721
Bank debt	5		**86,797**		91,817
Fair value of financial instruments	11		**1,223**		304
Liability component of convertible debentures	6		**45,706**		45,493
Decommissioning obligation	7		**115,008**		113,110
			249,318		251,445
Total Liabilities			**284,535**		283,887
SHAREHOLDERS' EQUITY					
Share capital	8		**764,746**		756,998
Warrants	8		**1,296**		1,456
Equity component of convertible debentures	6		**1,729**		1,729
Contributed surplus			**9,466**		13,476
Deficit			**(115,774)**		(93,213)
Total Shareholders' Equity			**661,463**		680,446
Total Liabilities and Shareholders' Equity		**$**	**945,998**	$	964,333
Subsequent event	12				

The accompanying notes are an integral part of these condensed interim financial statements.

CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited, thousands except per share amounts)	*Note*	Three months ended March 31, **2016**	2015
Revenue			
Petroleum and natural gas revenue		**$ 33,424**	$ 38,409
Royalties		**(4,623)**	(4,833)
Realized gain on commodity contracts	11	**10,838**	14,980
Unrealized loss on commodity contracts	11	**(4,296)**	(13,879)
		35,343	34,677
Expenses			
Operating		**27,871**	23,013
Unrealized loss on power contracts	11	**152**	542
General and administrative		**2,601**	2,914
Share-based compensation	10	**2,432**	2,256
Finance		**3,609**	2,080
Transaction costs		**37**	-
Depletion and depreciation	4	**19,988**	20,929
		56,690	51,734
Loss before deferred tax		**(21,347)**	(17,057)
Deferred tax reduction		**(5,703)**	(4,210)
Loss and comprehensive loss for the period		**$ (15,644)**	$ (12,847)
Loss per share	8		
Basic		**$ (0.24)**	$ (0.22)
Diluted		**$ (0.24)**	$ (0.22)

The accompanying notes are an integral part of these condensed interim financial statements.

CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited, thousands except number of common shares)	Number of Common Shares		Share Capital		Warrants		Equity Component of Convertible Debentures		Contributed Surplus		Retained Earnings (Deficit)		Total Shareholders' Equity
			(note 8)		*(note 8)*		*(note 6)*		*(note 10)*				
January 1, 2015	56,819,301	$	686,288	$	1,308	$	-	$	7,736	$	52,596	$	747,928
Exercise of options and warrants	114,099		674		(196)		-		(80)		-		398
Settlement of RAs [(1)]	318,610		3,511		-		-		(3,511)		-		-
Dividends ($0.21 per share)	-		-		-		-		-		(12,021)		(12,021)
Issued pursuant to SDP and DRIP [(2)]	81,909		1,099		-		-		-		-		1,099
Share-based compensation	-		-		82		-		2,452		-		2,534
Loss for the period	-		-		-		-		-		(12,847)		(12,847)
March 31, 2015	57,333,919	$	691,572	$	1,194	$	-	$	6,597	$	27,728	$	727,091
January 1, 2016	65,124,209	$	756,998	$	1,456	$	1,729	$	13,476	$	(93,213)	$	680,446
Exercise of options and warrants	100,223		494		(199)		-		(15)		-		280
Settlement of RAs [(1)]	630,061		6,680		-		-		(6,680)		-		-
Dividends ($0.105 per share)	-		-		-		-		-		(6,917)		(6,917)
Issued pursuant to SDP and DRIP [(2)]	81,757		574		-		-		-		-		574
Share-based compensation	-		-		39		-		2,685		-		2,724
Loss for the period	-		-		-		-		-		(15,644)		(15,644)
March 31, 2016	**65,936,250**	**$**	**764,746**	**$**	**1,296**	**$**	**1,729**	**$**	**9,466**	**$**	**(115,774)**	**$**	**661,463**

(1) Restricted Bonus Awards ("RAs")

(2) Stock Dividend Program ("SDP") and Dividend Reinvestment Plan ("DRIP")

The accompanying notes are an integral part of these condensed interim financial statements.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

(Unaudited, thousands)	*Note*	Three months ended March 31, **2016**	2015
Cash provided by (used in)			
Operating activities			
Loss for the period		**$ (15,644)**	$ (12,847)
Adjustments for			
Share-based compensation	10	**2,432**	2,256
Depletion and depreciation	4	**19,988**	20,929
Unrealized loss on commodity contracts	11	**4,296**	13,879
Unrealized loss on power contracts	11	**152**	542
Deferred tax reduction		**(5,703)**	(4,210)
Accretion	6,7	**2,237**	1,395
Decommissioning obligation settled	7	**(126)**	(457)
Change in non-cash working capital		**10,343**	2,161
		17,975	23,648
Investing activities			
Exploration and evaluation expenditures		**(26)**	(22)
Property, plant and equipment expenditures		**(2,205)**	(2,939)
Acquisitions, net		**(175)**	128
Change in non-cash working capital		**(2,270)**	(2,946)
		(4,676)	(5,779)
Financing activities			
Options and warrants exercised	8	**280**	398
Dividends	9	**(6,343)**	(10,922)
Decrease in bank debt		**(5,020)**	(7,640)
Change in non-cash working capital		**(2,216)**	117
		(13,299)	(18,047)
Change in cash and cash equivalents		**-**	(178)
Cash and cash equivalents, beginning of period		**-**	178
Cash and cash equivalents, end of period		**$ -**	$ -

The accompanying notes are an integral part of these condensed interim financial statements.

(Unaudited, thousands of dollars, except per share amounts or unless otherwise stated)

1 REPORTING ENTITY

Cardinal Energy Ltd. ("Cardinal" or the "Company") was incorporated pursuant to the Business Corporations Act (Alberta) on December 21, 2010 and commenced activity on May 30, 2012. The Company's principal business activity is the acquisition, exploration and production of petroleum and natural gas in the provinces of Alberta and Saskatchewan. Cardinal's principal place of business is located at 600, 400 – 3rd Avenue SW, Calgary, Alberta, Canada, T2P 4H2.

2 BASIS OF PREPARATION

Statement of Compliance
These condensed interim financial statements ("financial statements") have been prepared in accordance with statement IAS 34 – Interim Financial Reporting of the International Financial Reporting Standards ("IFRS"). The financial statements were prepared using the same accounting policies, critical judgments and key estimates which the Company applied in its annual financial statements for the year ended December 31, 2015 and do not include certain disclosures that are normally required to be included in annual financial statements which have been condensed or omitted. Accordingly, these financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2015.

The financial statements were authorized for issue by the Board of Directors on May 3, 2016.

Use of Estimates and Judgements
The timely preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. As such, actual results may differ from these estimates as future confirming events occur. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3 EXPLORATION AND EVALUATION ASSETS

	Exploration & Evaluation Assets
At December 31, 2014	$ 7,160
Additions	1,459
Transferred to PP&E	(26)
Impairment	(4,913)
At December 31, 2015	3,680
Additions	26
At March 31, 2016	**$ 3,706**

4 PROPERTY, PLANT AND EQUIPMENT

	Petroleum and natural gas assets	Corporate assets	Total
Cost			
At January 1, 2015	$ 914,832	$ 2,830	$ 917,662
Additions	36,980	111	37,091
Acquisitions, net	176,482	-	176,482
Transfer from E&E	26	-	26
At December 31, 2015	1,128,320	2,941	1,131,261
Additions	2,495	2	2,497
Acquisitions, net	175	-	175
At March 31, 2016	**$ 1,130,990**	**$ 2,943**	**$ 1,133,933**
Accumulated depletion and depreciation			
At January 1, 2015	$ (73,524)	$ (294)	$ (73,818)
Depletion and depreciation	(85,621)	(372)	(85,993)
Impairment	(152,000)	-	(152,000)
At December 31, 2015	(311,145)	(666)	(311,811)
Depletion and depreciation	(19,901)	(87)	(19,988)
At March 31, 2016	**$ (331,046)**	**$ (753)**	**$ (331,799)**
Net book value			
At December 31, 2015	$ 817,175	$ 2,275	$ 819,450
At March 31, 2016	**$ 799,944**	**$ 2,190**	**$ 802,134**

The calculation of depletion for the three months ended March 31, 2016 includes estimated future development costs of $44.0 million (2015 - $44.0 million) associated with the development of the Company's proved plus probable reserves. For the three months ended March 31, 2016, Cardinal capitalized $0.2 million of general and administrative (2015 - $0.1 million) and $0.3 million (2015 - $0.3 million) of share-based compensation.

5 BANK DEBT

The Company's credit facilities consist of a $130 million syndicated revolving term credit facility and a $20 million non-syndicated revolving operating term credit facility (the "Facilities") with a borrowing base of $325 million. The Facilities are available on a revolving basis until May 27, 2016 and may be extended for a further 364 day period, subject to approval by the syndicate. If not extended, the Facilities will cease to revolve, the applicable margins will increase by 0.5% and all outstanding advances will be repayable on May 27, 2017.

The available lending limits of the Facilities are reviewed semi-annually based on the syndicate's interpretation of the Company's reserves, future commodity prices and costs. As the available lending limit of the Facilities is based on the syndicate's interpretation of the Company's reserves and future commodity prices and costs, there can be no assurance that the amount of the Facilities will not decrease at the next scheduled review. Cardinal may request an increase in the Facilities up to the borrowing base.

Advances under the Facilities are available by way of either prime rate loans which bear interest at the banks' prime lending rate plus 0.7 to 2.0% and bankers' acceptances and/or LIBOR loans, which are subject to fees and margins ranging from 1.7 to 3.0%. Interest and standby fees on the undrawn amounts of the Facilities depend upon the Company's debt to EBITDA ratio. The Facilities are secured by a general security agreement over all of the Company's assets. There are no financial or other restrictive covenants related to the Facilities (provided that Cardinal is not in default of the terms of the Facilities).

Cardinal was in compliance with the terms of the Facilities at March 31, 2016. For the three months ended March 31, 2016 the effective interest rate on the Company's bank debt was 2.7% (2015 – 3.7%).

6 CONVERTIBLE DEBENTURES

	Number of Convertible Debentures	Liability Component	Equity Component
Balance at December 31, 2014	-	$ -	$ -
Issued	50,000	47,515	2,485
Issue costs	-	(2,224)	(116)
Deferred taxes	-	-	(640)
Accretion	-	202	-
Balance at December 31, 2015	50,000	45,493	1,729
Accretion	-	213	-
Balance at March 31, 2016	**50,000**	**$ 45,706**	**$ 1,729**

The Company has subordinated unsecured convertible debentures (the "convertible debentures") that bear interest at 5.5% payable semi-annually and have a maturity date of December 31, 2020**.** The convertible debentures are convertible into common shares of the Company at the option of the holder at a conversion price of $10.50 per common share at any time prior to the maturity date. The convertible debentures are redeemable by the Company after January 1, 2019 subject to certain conditions.

The convertible debentures have been classified as a liability, net of issue costs and net of the fair value of the conversion feature at the date of issue which has been classified as shareholders' equity. The liability component will accrete up to the principal balance at maturity. The accretion of the liability component and interest payable are expensed on the statements of earnings and comprehensive earnings. If the convertible debentures are converted to common shares, a portion of the value of the conversion feature under shareholders' equity and the liability component will be reclassified to shareholders' equity along with the conversion price.

For the three months ended March 31, 2016 Cardinal recognized $0.7 million of interest (2015 - nil) and $0.2 million of accretion (2015 - nil) related to the convertible debentures. At March 31, 2016, the fair value of the convertible debentures was $53.5 million (2015 – $51.5 million).

7 DECOMMISSIONING OBLIGATION

	Three months March 31, 2016	Year ended December 31, 2015
Balance, beginning of period	**$ 114,060**	$ 79,781
Liabilities incurred	**-**	84
Liabilities acquired	**-**	29,367
Liabilities divested	**-**	(122)
Decommissioning expenditures	**(126)**	(1,250)
Accretion	**2,024**	6,200
Balance, end of period	**115,958**	114,060
Less current portion	**(950)**	(950)
	$ 115,008	$ 113,110

The Company's decommissioning obligation results from its ownership interest in crude oil and natural gas assets including well sites, facilities and gathering systems. At March 31, 2016, the total estimated amount to settle Cardinal's decommissioning obligation was $314.9 million (2015 - $315.0 million) on an uninflated and undiscounted basis and $554.7 million (2015 - $554.8 million) on an inflated and undiscounted basis. The decommissioning obligation was determined by applying an inflation factor of 2% (2015 - 2%) and discounting the inflated amount using Cardinal's credit-adjusted rate of 7.0% (2015 – 7.0%) over the expected useful life of the underlying assets of 20 to 35 years.

8 SHARE CAPITAL AND WARRANTS

At March 31, 2016, the Company was authorized to issue an unlimited number of common voting shares without nominal or par value. Holders of common shares are entitled to one vote per share.

	Three months ended March 31, 2016		Year ended December 31, 2015	
	Number of shares	**Amount**	Number of shares	Amount
Common shares, beginning of period	**65,124,209**	**$ 784,059**	56,819,301	$ 711,518
Issue of common shares	**-**	**-**	6,627,500	55,008
Common shares issued in connection with acquisition	**-**	**-**	669,936	5,821
Issue of flow-through common shares	**-**	**-**	200,000	3,020
Issued pursuant to SDP and DRIP	**81,757**	**574**	307,575	3,713
Settlement of RAs	**630,061**	**6,680**	337,946	3,837
Exercise of options and warrants	**100,223**	**494**	126,877	827
Settlement of stock appreciation rights ("SARs")	**-**	**-**	35,074	315
Common shares, end of period	**65,936,250**	**$ 791,807**	65,124,209	$ 784,059
Cummulative share issue costs, net of tax	-	**(27,061)**	-	(27,061)
Total shareholders' capital, end of period	**65,936,250**	**$ 764,746**	65,124,209	$ 756,998

Warrants

In 2012 Cardinal issued 2,833,333 units consisting of one common share and one half warrant (1,416,654 warrants) at $3.00 per unit. The warrants vest equally over five years, with the first vesting date on December 31, 2012 and on December 31 of each year thereafter. The warrants are exercisable at $3.00 per warrant subject to an adjustment for dividends declared which reduced the exercise price at March 31, 2016 to $2.65 and increased the number of warrants then outstanding (note 10).

Flow-through shares

On May 25, 2015, Cardinal issued 200,000 flow-through common shares pursuant to a private placement at $19.00 per common share for gross proceeds of $3,800,000. The Company recorded a deferred liability for the related premium in the amount of $0.8 million. The Company is committed to incur qualifying Canadian Exploration Expenditures prior to December 31, 2016 (see Note 11).

Loss per share

	Three months ended March 31,	
	2016	2015
Net loss for the period	**$ (15,644)**	$ (12,847)
Weighted average number of common shares		
- Basic	**65,724,708**	57,196,670
- Diluted	**65,724,708**	57,196,670

For the three months ended March 31, 2016, 2,684,895 RAs (2015 – 1,481,510), 4,761,905 ($50.0 million at $10.50) convertible debentures (2015 – nil), 703,460 warrants (2015 – 750,158), 191,393 options (2015 – 207,505), and 30,996 SARs (2015 – 61,004) were excluded from the calculation of diluted loss per share as their effect was anti-dilutive.

9 DIVIDENDS

During the three months ended March 31, 2016, $6.9 million of dividends ($0.105 per common share) were declared of which $4.4 million was paid in cash, $2.3 million was recognized as a liability at March 31, 2016 and $0.2 million was settled on the issuance of 33,189 common shares pursuant to the Company's DRIP and SDP. The dividend payable was settled on April 15, 2016 with cash of $2.2 million and $0.1 million was recognized on the issuance of 9,761 Cardinal common shares pursuant to the DRIP and SDP.

The Company has a DRIP and SDP which enable shareholders to receive dividends in common shares rather than cash.

10 SHARE-BASED COMPENSATION

The maximum number of common shares issuable under the Company's stock option plan and restricted bonus award plan, in aggregate, cannot exceed five percent of the outstanding common shares. For the three months ended March 31, 2016, the Company's common shares traded at a weighted average share price of $7.33 (2015 - $13.69).

Stock Options

The Company has a stock option plan that entitles officers, directors and employees to purchase common shares in the Company. Stock options are granted at the market price of the common shares at the date of grant and vest equally over three years with each tranche expiring three years following the vesting date. The following tables summarize information about stock options outstanding at March 31, 2016:

	Number of stock options		Weighted average exercise price
Balance at December 31, 2014	225,836	$	7.54
Exercised	(31,109)	$	6.99
Balance at December 31, 2015	194,727	$	7.62
Exercised	(3,334)	$	6.75
Balance at March 31, 2016	**191,393**	**$**	**7.64**

		Options Outstanding				Options Exercisable			
Exercise price per share		Number of options		Weighted average exercise price	Weighted average remaining life (years)	Number of options		Weighted average exercise price	Weighted average remaining life (years)
$	6.75	134,447	$	6.75	2.2	134,447	$	6.75	2.2
$	8.25	19,446	$	8.25	2.6	13,334	$	8.25	2.4
$	10.50	37,500	$	10.50	2.5	25,001	$	10.50	2.0
		191,393	**$**	**7.64**	**2.3**	**172,782**	**$**	**7.41**	**2.2**

Warrants

	Number of Warrants
Balance at December 31, 2014	834,690
Exercised	(90,888)
Adjustment for dividends declared	48,318
Balance at December 31, 2015	792,120
Exercised	(96,889)
Adjustment for dividends declared	8,229
Balance at March 31, 2016	**703,460**

At March 31, 2016, 412,821 warrants (adjusted for dividends) were exercisable at a price of $2.65 per warrant and the weighted average remaining life of the warrants was 1.3 years.

Restricted Bonus Awards ("RAs")

The Company has a restricted bonus award plan whereby awards may be granted to officers, directors and employees. Awards granted according to the plan vest equally over three years from the date of grant and expire on December 15th of the third year following the year in which the award was granted. Awards are adjusted for dividends declared and are to be settled with either cash, common shares or a combination thereof at the Company's discretion.

	Number of RAs
Balance at December 31, 2014	965,593
Granted	850,507
Settled	(337,946)
Adjustment for dividends declared	17,883
Forfeited	(42,841)
Balance at December 31, 2015	1,453,196
Granted	1,806,568
Settled	(630,061)
Adjustment for dividends declared	76,983
Forfeited	(21,791)
Balance at March 31, 2016	**2,684,895**

The fair value of the RAs was determined based on the value of the Company's common shares at the grant date. The weighted average market price of the Company's common shares used to value the RAs granted was $6.79 (2015 - $12.71).

Stock Appreciation Rights ("SARs")
On November 1, 2013, the Company granted an aggregate of 102,000 SARs to certain directors, officers and employees of the Company. The SARs were standalone grants and were not issued under a formal stock appreciation rights plan. Each SAR entitles the holder to receive one common share for each SAR granted including an adjustment for dividends declared. SARs granted vest equally over three years from the grant date. The fair value of the SARs was determined based on the value of the Company's common shares of $10.50 per share at the grant date. During the three months ended March 31, 2016, no SARs were forfeited nor settled and at March 31, 2016, 30,996 SARs were outstanding.

Share-based Compensation
Share-based compensation for the three months ended March 31, 2016 of $2.4 million was expensed (2015 - $2.3 million) and $0.3 million (2015 - $0.3 million) was capitalized.

11 FINANCIAL RISK MANAGEMENT

Cardinal's financial assets and liabilities consist of trade and other receivables, trade and other payables, risk management assets and liabilities, dividends payable, bank debt and convertible debentures. Risk management assets and liabilities arise from the use of derivative financial instruments.

The Company classifies fair value according to the following fair value hierarchy based on the amount of observable inputs used to value the instrument:

Level 1 - Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date.
Level 2 - Fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3 - Fair value is based on inputs for the asset or liability that are not based on observable market data.

As at March 31, 2016 and 2015, the only assets or liabilities measured at fair value were the fair value of financial instruments which are classified as level 2 and the convertible debentures which are classified as Level 1.

Carrying amount and fair value of financial assets and liabilities
Trade and other receivables are classified as financial assets at amortized cost and are reported at amortized cost. Trade and other payables, dividends payable, liability component of the convertible debentures and bank debt are classified as financial liabilities at amortized cost and are reported at amortized cost. The fair values of trade and other receivables, trade and other payables and dividends payable approximate their carrying amount due to the short-term maturity of these instruments. The fair value of bank debt approximates the carrying amount due to the floating rate of interest and the margin charged by the syndicate is indicative of current credit spreads. The fair value of convertible debentures was determined based on the trading value on the TSX at the reporting date.

Commodity price risk
The Company is exposed to commodity price risk on petroleum and natural gas sales as well as power on electricity consumption. Commodity prices for crude oil and natural gas are impacted by not only the relationship between the Canadian and United States dollar, but also by world economic events that dictate the levels of supply and demand.

At March 31, 2016 Cardinal had the following commodity and power financial derivative contracts outstanding:

Type of Instrument	Remaining Term	Average Quantity			Average Strike Price	Fair Value
CAD WTI Swap	April 1, 2016 - June 30, 2016	1,000	bbl/d	$	76.00	2,196
CAD WTI Swap	April 1, 2016 - September 30, 2016	1,500	bbl/d	$	50.00	(871)
CAD WTI Swap	April 1, 2016 - July 31, 2016	500	bbl/d	$	46.00	(387)
CAD WTI Swap	April 1, 2016 - December 31, 2016	2,000	bbl/d	$	70.75	9,108
CAD WTI Swap	April 1, 2016 - December 31, 2017	500	bbl/d	$	78.60	7,026
CAD WTI Swap	April 1, 2016 - December 31, 2018	500	bbl/d	$	57.50	24
CAD WTI Swap	June 1, 2016 - July 31, 2017	500	bbl/d	$	55.00	(259)
CAD WTI Swap	July 1, 2016 - December 31, 2016	500	bbl/d	$	55.00	(22)
CAD WTI Swap	July 1, 2016 - June 30, 2017	1,750	bbl/d	$	67.86	7,306
CAD WTI Swap	September 1, 2016 - July 31, 2017	500	bbl/d	$	54.00	(481)
CAD WTI Swap	January 1, 2017 - December 31, 2017 (1)	1,500	bbl/d	$	66.33	303
CAD WTI Collar	April 1, 2016 - June 30, 2016	500	bbl/d	$	70.00	827
				$	78.00	
WCS Differential Swap	April 1, 2016 - December 31, 2016	4,000	bbl/d	$	18.44	(988)
WCS Differential Swap	April 1, 2016 - September 30, 2017	2,000	bbl/d	$	18.25	(332)
AECO Swap	May 1, 2016 - June 30, 2017	1,000	gj/d	$	2.00	(5)
AECO Swap	June 1, 2016 -December 31, 2017	1,000	gj/d	$	2.10	(73)
AECO Collar	April 1, 2016 - December 31, 2016	3,000	gj/d	$	2.00	401
				$	2.93	
						23,773
Power Swap	April 1, 2016 - December 31, 2016	9.00	MW/hr	$	39.98	(615)
Power Swap	July 1, 2016 - December 31, 2017	1.00	MW/hr	$	33.50	(4)
						(619)

(1) Cardinal granted an option to the counterparty to put Cardinal into a swap on December 31, 2016 for 500 bbl/d at $80 CAD WTI for the period January 1, 2017 to December 31, 2017. The option had a fair value liability of $0.1 million (included above).

Operating expenses for the three months ended March 31, 2016 include a realized loss on power contracts of $0.5 million (2015 – $0.5 million).

Cardinal limits its credit risk by executing counterparty risk procedures which include transacting only with members of the syndicate for our credit facilities or institutions with high credit ratings and by obtaining financial security in certain circumstances. Based on March 31, 2016 commodity prices, a $1 per barrel change in the price of crude oil would have changed the unrealized loss by $3.3 million (2015 – $1.8 million) and a $0.10 per gigajoule change in the price of natural gas would have changed the unrealized loss by $0.1 million (2015 - nil).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The financial liabilities on the balance sheet consist of trade and other payables, bank debt, and convertible debentures. Trade and other payables are considered due within one year. Bank debt is considered due between one and two years (see note 5) and the convertible debentures are due in 2020 (see note 6). The Company anticipates it will continue to have adequate liquidity to fund its financial liabilities. The Company has had no defaults or breaches on its financial liabilities.

At March 31, 2016, the Company had contractual obligations and commitments as follows:

	2016	2017	2018	2019	2020	Thereafter
Head office lease	802	1,070	1,070	1,070	1,070	3,210
Field office lease	98	130	130	22	-	-
Trade and other payables	28,602	-	-	-	-	-
Dividends payable	2,308	-	-	-	-	-
Bank debt	-	86,797	-	-	-	-
Convertible debentures	2,750	2,750	2,750	2,750	52,750	-
	$ 34,560	**$ 90,747**	**$ 3,950**	**$ 3,842**	**$ 53,820**	**$ 3,210**

Cardinal is also committed to incur $2.9 million of qualifying Canadian Exploration Expense prior to December 31, 2016.

12 SUBSEQUENT EVENT

On **April 15, 2016**, the Company confirmed that a dividend of $0.035 per common share would be paid on May 13, 2016 to shareholders of record on April 29, 2016. The total amount of dividends declared at April 29, 2016 was $2.3 million.