



CARDINAL
ENERGY LTD.

**MANAGEMENT DISCUSSION &
ANALYSIS**

Q3 2015

ADVISORIES

This management's discussion and analysis ("MD&A") is a review of operations, financial position and outlook for Cardinal Energy Ltd. ("Cardinal" or the "Company") for the three and nine months ended September 30, 2015 and is dated November 2, 2015. The MD&A should be read in conjunction with the unaudited interim condensed financial statements of Cardinal for the three and nine months ended September 30, 2015 and the audited consolidated financial statements of Cardinal for the years ended December 31, 2014 and 2013. There have been no significant changes to the critical estimates disclosed in the Company's audited consolidated financial statements for the years ended December 31, 2014 and 2013. Financial data presented has been prepared in accordance with International Financial Reporting Standards ("IFRS" or, alternatively, "GAAP"), unless otherwise indicated.

All figures in tables are stated in thousands of Canadian dollars (except operational and per share amounts and as noted).

Non-GAAP Financial Measures

Cardinal uses terms within the MD&A that do not have a standardized prescribed meaning under GAAP and these measurements may not be comparable with the calculation of similar measurements of other entities.

The terms "cash flow from operations", "cash flow from operations per share", "netback", "net debt", "net debt to cash flow from operations", "free cash flow", "simple payout ratio" and "total payout ratio" in this MD&A are not recognized measures under GAAP. Management believes that in addition to net earnings and cash flow from operating activities as defined by GAAP, these terms are useful supplemental measures to evaluate operating performance. Users are cautioned however, that these measures should not be construed as an alternative to net earnings or cash flow from operating activities determined in accordance with GAAP as an indication of Cardinal's performance.

Management utilizes "cash flow from operations" as a key measure to assess the ability of the Company to generate the funds necessary to finance operating activities, capital expenditures and dividends. Cash flow from operations is based on cash flow from operating activities before the change in non-cash working capital and decommissioning expenditures since Cardinal believes the timing of collection, payment or incurrence of these items involves a high degree of discretion and as such may not be useful for evaluating Cardinal's operating performance. The following table reconciles cash flow from operating activities to cash flow from operations:

	Three months ended			Nine months ended	
	Sep 30, 2015	June 30, 2015	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014
Cash flow from operating activities	32,497	21,469	22,764	77,614	60,997
Decommissioning expenditures	264	120	253	841	518
Change in non-cash working capital	(7,951)	8,348	2,841	(1,764)	7,094
Cash flow from operations	24,810	29,937	25,858	76,691	68,609

"Cash flow from operations per share" is calculated using the same weighted average number of shares outstanding used in calculating earnings per share.

"Netback" is calculated on a boe basis and is determined by deducting royalties and operating expenses from petroleum and natural gas revenue. Netback is utilized by Cardinal to better analyze the operating performance of its petroleum and natural gas assets against prior periods.

The term "net debt" is not recognized under GAAP and is calculated as bank debt plus the principal amount of convertible unsecured subordinated debentures and current liabilities less current assets (adjusted for the fair value of financial instruments and the current portion of the decommissioning obligation). Net debt is used by management to analyze the financial position, liquidity and leverage of Cardinal.



"Net debt to cash flow from operations" is calculated as net debt divided by cash flow from operations for the most recent quarter, annualized. The ratio of net debt to cash flow from operations is used 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 dividend levels.

"Free cash flow" represents cash flow from operations less dividends declared and less development capital expenditures necessary to maintain the Company's base production. "Total payout ratio" represents the ratio of the sum of dividends declared plus development capital expenditures necessary to maintain the Company's base production divided by cash flow from operations. "Simple payout ratio" represents the ratio of the amount of dividends declared, divided by cash flow from operations. Free cash flow, total payout ratio and simple payout ratio are other key measures to assess Cardinal's ability to finance operating activities, capital expenditures and dividends.

Forward-Looking Statements

Please refer to our disclaimer on forward looking statements at the end of this MD&A.

51-101 Advisory

In accordance with *Standards for Disclosure of Oil and Gas Activities* ("NI 51-101"), natural gas volumes have been converted to barrels of oil equivalent using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil. This ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. **The term "boe" may be misleading, particularly if used in isolation.**

HIGHLIGHTS

Production for the third quarter increased 48% to 11,220 boe/d compared to the third quarter of 2014. Development capital expenditures for the nine months ended September 30, 2015 totaled \$24.8 million and Cardinal's total payout ratio for the period was 80%.

Cash flow from operations for the third quarter of 2015 was \$24.8 million, consistent with the corresponding period in 2014.

Cardinal continued to focus on lowering cash costs in the third quarter of 2015. Operating and general and administrative expenses decreased by \$1.3 million and \$0.3 million respectively compared to the second quarter of 2015. Operating expenses per boe decreased by 13% and general and administrative expenses per boe decreased by 18% compared to the third quarter of 2014.

During the third quarter of 2015 Cardinal entered into a definitive agreement to acquire certain petroleum and natural gas properties (the "Acquisition") in a new core area at Mitsue, Alberta consisting of approximately 3,300 boe/d (78% light crude oil and NGL) production with an annual decline of approximately 10%. Total consideration for the Acquisition was \$144.4 million in cash before closing adjustments. Concurrent with the agreement to acquire the assets, Cardinal entered into a bought deal financing (the "Offering") with a syndicate of underwriters to issue 6,627,500 subscription receipts (the "Receipts") at \$8.30 per Receipt (including an over-allotment option) and \$50 million of 5.5% convertible unsecured subordinated debentures. On October 30, 2015 Cardinal closed the Acquisition and issued 6,627,500 common shares upon conversion of the subscription receipts without further consideration.



OPERATIONS

PRODUCTION

	Three months ended			Nine months ended	
	Sep 30, 2015	June 30, 2015	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014
Crude Oil (bbl/d)	10,278	10,317	6,820	10,251	6,035
NGL (bbl/d)	43	113	29	75	24
Oil and NGL (bbl/d)	10,321	10,430	6,849	10,326	6,059
Natural Gas (mcf/d)	5,390	5,179	4,424	5,120	4,321
boe/d	11,220	11,294	7,587	11,179	6,779
% Oil and NGL production	92%	92%	90%	92%	89%

Cardinal's production in the third quarter of 2015 increased by 48% to 11,220 boe/d compared to 7,587 boe/d in the third quarter of 2014 and was consistent with 11,294 boe/d in the second quarter of 2015. The increase compared to the third quarter of 2014 is primarily due to the Wainwright acquisitions that closed in the third quarter of 2014, our development drilling at Bantry and the Pinecrest acquisition.

Production increased to 11,179 boe/d for the nine months ended September 30, 2015 compared to 6,779 boe/d in 2014 due to the Wainwright acquisitions, our development drilling at Bantry and the Pinecrest acquisition.

REVENUE

	Three months ended			Nine months ended	
	Sep 30, 2015	June 30, 2015	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014
Crude Oil	41,373	52,060	52,242	130,606	137,416
NGL	141	161	185	411	472
Oil and NGL	41,514	52,221	52,427	131,017	137,888
Natural Gas	1,435	1,221	1,618	3,783	5,638
Petroleum and natural gas revenue	42,949	53,442	54,045	134,800	143,526
Cardinal average prices					
Crude Oil (\$/bbl)	\$ 43.75	\$ 55.45	\$ 83.26	\$ 46.67	\$ 83.40
Natural Gas (\$/mcf)	2.89	2.59	3.98	2.71	4.78
\$ per boe	\$ 41.61	\$ 52.00	\$ 77.43	\$ 44.17	\$ 77.55
Benchmark pricing					
Crude Oil - WTI (US \$/bbl)	\$ 46.43	\$ 57.94	\$ 97.17	\$ 51.00	\$ 99.61
Crude Oil - WCS (Cdn \$/bbl)	\$ 43.26	\$ 57.05	\$ 85.68	\$ 47.48	\$ 87.62
Natural Gas - AECO Spot (Cdn \$/mcf)	\$ 2.92	\$ 2.67	\$ 4.03	\$ 2.78	\$ 4.78
Exchange Rate - (US/CAD)	0.76	0.81	0.92	0.79	0.91

Petroleum and natural gas revenue decreased to \$42.9 million (\$41.61/boe) in the third quarter of 2015 compared to \$54.0 million (\$77.43/boe) in the third quarter of 2014 and \$53.4 million (\$52.00/boe) in the second quarter of 2015. The decrease compared to the third quarter of 2014 is primarily due to a 47% decrease in Cardinal's average crude oil price which was partially offset by an increase in crude oil production of 51%. The decrease in the average crude oil price was consistent with the 50% decrease in the WCS benchmark. The decrease compared to the second quarter of 2015 is due to a 21% decrease in Cardinal's average crude oil price. The WCS differential as a percentage of WTI widened in the third quarter of 2015 and tightened in the second quarter of 2015 and third quarter of 2014.



Petroleum and natural gas revenue decreased to \$134.8 million (\$44.17/boe) for the nine months ended September 30, 2015 compared to \$143.5 million (\$77.55/boe) for the same period in 2014. The decrease is due to a 44% decrease in Cardinal's average crude oil price which was partially offset by an increase in crude oil production of 70%.

Cardinal's average crude oil price was relatively consistent with WCS for all periods. For the nine months ended September 30, 2015 the WCS differential as a percentage of WTI tightened compared to the corresponding period in 2014. Current North American crude oil production and inventory levels continue to keep downward pressure on both current and forward prices for WTI prices (adjusted for the exchange rate).

Cardinal is primarily exposed to medium oil differentials at its oil and natural gas properties in Bantry and Wainwright. Management has focused its 2015 acquisitions on light oil properties and has entered into WCS differential swaps to mitigate this exposure. To mitigate commodity price risks Cardinal has an active 3 year hedging program for Canadian dollar denominated WTI prices.

FINANCIAL INSTRUMENTS

	Three months ended			Nine months ended	
	Sep 30, 2015	June 30, 2015	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014
Average crude oil volumes hedged (bbls/d)	4,950	4,450	2,833	4,594	2,633
Realized gain (loss) - commodity contracts	11,907	9,224	(853)	36,111	(5,083)
Unrealized gain (loss) - commodity contracts	16,989	(19,126)	8,549	(16,016)	2,675

Managing the variability in cash flow from operations is an integral component of Cardinal's business strategy. Changing business conditions are monitored regularly and reviewed with the Board of Directors to establish risk management guidelines used by management in carrying out the Company's risk management program. The risk exposure inherent in movements in the price of crude oil, natural gas and power are all proactively managed by Cardinal through the use of derivatives with investment-grade counterparties. The Company considers these derivative contracts to be an effective means to manage cash flow from operations.

The Company's crude oil and natural gas derivatives are referenced to WTI and AECO, unless otherwise noted. Cardinal utilizes a variety of derivatives, including swaps and collars to protect against downward commodity price movements. For commodities, Cardinal's risk management program allows for hedging a forward profile of 3 years, of up to 60% of gross average forecast production in the current year and up to 40% and 30% of the following 2 years.

As of the date of this MD&A Cardinal had the following commodity derivatives outstanding:



Remaining Term	Average Volume	Option Traded	Reference	Average Strike Price
October 1, 2015 - December 31, 2015	700 bbl/d	Swap	CAD WTI	\$ 100.19
October 1, 2015 - March 31, 2016	500 bbl/d	Swap	CAD WTI	\$ 67.00
October 1, 2015 - June 30, 2016	1,000 bbl/d	Swap	CAD WTI	\$ 76.00
January 1, 2016 - December 31, 2016 ⁽¹⁾	1,500 bbl/d	Swap	CAD WTI	\$ 76.67
January 1, 2016 - December 31, 2017	500 bbl/d	Swap	CAD WTI	\$ 78.60
July 1, 2016 - June 30, 2017	250 bbl/d	Swap	CAD WTI	\$ 79.00
October 1, 2015 - December 31, 2015	2,250 bbl/d	Collar - put	CAD WTI	\$ 95.28
		Collar - call	CAD WTI	\$ 105.48
October 1, 2015 - June 30, 2016	500 bbl/d	Collar - put	CAD WTI	\$ 70.00
		Collar - call	CAD WTI	\$ 78.00
			CAD WCS	
January 1, 2016 - December 31, 2016	1,000 bbl/d	Swap	differential	\$ 18.00
October 1, 2015 - December 31, 2015	1,000 gj/d	Swap	CAD AECO	\$ 3.65
January 1, 2016 - December 31, 2016	3,000 gj/d	Collar - put	CAD AECO	\$ 2.00
		Collar - call	CAD AECO	\$ 2.93

(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 (referenced to WTI) for the period January 1, 2017 to December 31, 2017.

ROYALTIES

	Three months ended			Nine months ended	
	Sep 30, 2015	June 30, 2015	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014
Royalties	5,622	6,655	7,346	17,110	18,552
As a percentage of oil and gas revenue	13.1%	12.5%	13.6%	12.7%	12.9%
\$/boe	\$ 5.45	\$ 6.48	\$ 10.52	\$ 5.61	\$ 10.02

Royalties are either paid or taken in kind and are owed to land and mineral rights owners and to provincial governments. The terms of the land and mineral rights owner agreements and provincial royalty regimes impact Cardinal's overall corporate royalty rate. Royalties were \$5.6 million (13.1% of revenue) for the third quarter of 2015 compared to \$7.3 million (13.6% of revenue) in the third quarter of 2014 and \$6.7 million (12.5% of revenue) in the second quarter of 2015. The decreases in royalties are primarily due to decreases in commodity prices.

Royalties for the nine months ended September 30, 2015 were \$17.1 million (12.7% of revenue) compared to \$18.6 million (12.9% of revenue) in 2014. Royalties decreased as increases in production were more than offset by a decrease in commodity prices and royalties as a percentage of revenue were consistent.

OPERATING EXPENSES

	Three months ended			Nine months ended	
	Sep 30, 2015	June 30, 2015	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014
Operating expenses	21,266	22,595	16,610	66,874	43,118
\$/boe	\$ 20.60	\$ 21.99	\$ 23.80	\$ 21.91	\$ 23.30



Operating expenses include activities in the field required to operate wells and facilities, lift to surface, gather, process, treat, store and ship production. Cardinal manages the variability in its power costs using financial derivative contracts.

For the third quarter of 2015, operating expenses increased to \$21.3 million (\$20.60/boe) compared to \$16.6 million (\$23.80/boe) in the third quarter of 2014 and decreased from \$22.6 million (\$21.99/boe) in the second quarter of 2015. The increase from the third quarter of 2014 is primarily due to production associated with the Wainwright acquisitions and the decrease in operating costs per boe is due to a reduction in power costs and the horizontal wells brought on production at Bantry that have lower unit operating expenses. The decrease from the second quarter of 2015 is primarily due to a reduction in power costs and workovers.

Operating expenses for the nine months ended September 30, 2015 increased to \$66.9 million (\$21.91/boe) from \$43.1 million (\$23.30/boe) in the same period in 2014. The increase in operating expenses is primarily due to production associated with the Wainwright acquisitions.

NETBACK

	Three months ended			Nine months ended	
	Sep 30, 2015	June 30, 2015	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014
Petroleum and natural gas revenue	\$ 41.61	\$ 52.00	\$ 77.43	\$ 44.17	\$ 77.55
Royalties	5.45	6.48	10.52	5.61	10.02
Operating expenses	20.60	21.99	23.80	21.91	23.30
Netback	\$ 15.56	\$ 23.53	\$ 43.11	\$ 16.65	\$ 44.23
Realized gain (loss)	11.53	8.98	(1.22)	11.83	(2.75)
Netback after risk management	\$ 27.09	\$ 32.51	\$ 41.89	\$ 28.48	\$ 41.48

Cardinal's netback decreased to \$15.56 in the third quarter of 2015 compared to \$43.11 in the third quarter of 2014 and \$23.53 in the second quarter of 2015. The decreases in netback are primarily due to decreases in commodity prices.

For the nine months ended September 30, 2015, Cardinal's netback decreased to \$16.65 compared to \$44.23 in the same period in 2014 primarily due to the decrease in commodity prices.

Netbacks after risk management reflect realized gains on commodity contracts in 2015 and realized losses on commodity contracts in 2014.

GENERAL AND ADMINISTRATIVE EXPENSES ("G&A")

	Three months ended			Nine months ended	
	Sep 30, 2015	June 30, 2015	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014
Gross G&A	2,856	2,911	2,297	8,876	6,787
Capitalized G&A and overhead recoveries	(246)	(29)	(156)	(470)	(595)
Net G&A	2,610	2,882	2,141	8,406	6,192
\$/boe	\$ 2.53	\$ 2.80	\$ 3.07	\$ 2.75	\$ 3.35

G&A for the third quarter of 2015 was \$2.6 million (\$2.53/boe) compared to \$2.1 million (\$3.07/boe) in the third quarter of 2014 and \$2.9 million (\$2.80/boe) in the second quarter of 2015. The increase in G&A compared to the third quarter of 2014 is primarily due to the cost of additional staff to manage the Wainwright properties acquired in 2014 and the decrease in G&A per boe is due to increased production. G&A and G&A per boe compared to the second quarter of 2015 have decreased slightly.



For the nine months ended September 30, 2015, G&A was \$8.4 million (\$2.75/boe) compared to \$6.2 million (\$3.35/boe) for the same period in 2014. G&A increased due to additional staff and other costs required to manage the properties acquired and the decrease in G&A per boe is due to increased production.

SHARE-BASED COMPENSATION

	Three months ended			Nine months ended	
	Sep 30, 2015	June 30, 2015	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014
Share-based compensation	2,432	2,281	1,712	6,969	5,372
\$/boe	\$ 2.36	\$ 2.22	\$ 2.45	\$ 2.28	\$ 2.90

For the third quarter of 2015 Cardinal recorded \$2.4 million (\$2.36/boe) of share-based compensation compared to \$1.7 million (\$2.45/boe) in the third quarter of 2014 and \$2.3 million (\$2.22/boe) in the second quarter of 2015. Share-based compensation for the third quarter of 2015 increased compared to the third quarter of 2014 primarily due to new restricted bonus awards (“RAs”) to staff and executives in the first quarter of 2015. Share-based compensation was consistent with the second quarter as forfeitures offset new RAs granted.

For the nine months ended September 30, 2015, share-based compensation was \$7.0 million (\$2.28/boe) compared to \$5.4 million (\$2.90/boe) in the same period in 2014. The increase in share-based compensation is primarily due to additional RAs granted in 2015.

FINANCE

	Three months ended			Nine months ended	
	Sep 30, 2015	June 30, 2015	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014
Interest	460	515	154	1,414	319
Accretion	1,497	1,450	800	4,342	2,321
Other finance charges	62	82	215	390	789
Finance income	-	-	(81)	-	(85)
Finance expense	2,019	2,047	1,088	6,146	3,344
Average bank debt	53,020	57,974	16,051	52,902	10,819
Interest rate	3.4%	3.5%	3.8%	3.6%	3.9%
\$/boe	\$ 1.96	\$ 1.99	\$ 1.56	\$ 2.01	\$ 1.81

Finance expense for the third quarter of 2015 was \$2.0 million (\$1.96/boe) compared to \$1.1 million (\$1.56/boe) in the third quarter of 2014 and \$2.0 million (\$1.99/boe) in the second quarter of 2015. Finance expense for the third quarter of 2015 increased compared to the third quarter of 2014 due to an increase in the average bank debt outstanding in the period and accretion of the decommissioning obligations associated with the Wainwright acquisitions. Finance expense was consistent compared with the second quarter of 2015.

For the nine months ended September 30, 2015, finance expense was \$6.1 million (\$2.01/boe) compared to \$3.3 million (\$1.81/boe) in the same period in 2014. The increase in finance expense is primarily due to an increase in the average bank debt outstanding in the period and accretion of the decommissioning obligations associated with the Wainwright acquisitions.

DEPLETION AND DEPRECIATION (“D&D”)

	Three months ended			Nine months ended	
	Sep 30, 2015	June 30, 2015	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014
Depletion and depreciation	22,258	22,048	15,235	65,235	39,625
\$/boe	\$ 21.56	\$ 21.45	\$ 21.83	\$ 21.37	\$ 21.41



Depletion is calculated based upon capital expenditures incurred since inception of the Company, future development costs associated with proved plus probable reserves, production rates, and proved plus probable reserves. In addition to depletion, Cardinal records depreciation on other capital equipment not directly associated with proved plus probable reserves.

D&D recorded in the third quarter of 2015 increased to \$22.3 million (\$21.56/boe) compared to \$15.2 million (\$21.83/boe) in the third quarter of 2014 and \$22.0 million (\$21.45/boe) in the second quarter of 2015. The increases in D&D are primarily due to increased production.

For the nine months ended September 30, 2015, D&D was \$65.2 million (\$21.37/boe) compared to \$39.6 million (\$21.41/boe) in the same period in 2014. The increase in D&D expense is due to the increase in production and depletion rates for all periods are relatively consistent.

IMPAIRMENT

	Three months ended			Nine months ended	
	Sep 30, 2015	June 30, 2015	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014
Impairment	156,913	-	-	156,913	-

PP&E

At September 30, 2015, due to a decrease in forward commodity prices and recent transaction metrics, Cardinal determined that there were triggers for impairment. Therefore, an impairment test was performed for all of the Company's CGU's. The recoverable value of the Company's CGU's was estimated as the fair value less costs to sell based on the net present value of before tax cash flows from crude oil and natural gas proved plus probable reserves originally estimated by Cardinal's third party reserve evaluators and internally updated for production since December 31, 2014 plus an internal estimate of incremental development drilling locations and a discount rate of 10%. In determining the appropriate discount rate, Cardinal referenced recent market transactions completed on assets similar to those in its CGU's. It was determined that the carrying value of certain CGU's exceeded the recoverable value and a \$152 million (2014 – nil) impairment was recognized. The impairment specifically relates to Alberta Central (\$86.0 million), Alberta South (\$62.0 million), and Jenner (\$4.0 million) and was the direct result of a decrease in commodity prices. The recoverable amount of the impaired CGUs was Alberta Central (\$367 million), Alberta South (\$169 million), and Jenner (\$42 million).

E&E

At September 30, 2015, due to decreases in forward commodity prices, Cardinal determined that there was a trigger for impairment requiring an impairment test to be performed. Based on the decrease in commodity prices and no planned activities at Hudson/Loverna, Cardinal recognized an impairment of the carrying value of \$4.9 million (2014 – nil) principally comprised of land acquisition costs.

DEFERRED TAXES

At September 30, 2015 the Company recorded a deferred tax asset of \$85.0 million (2014 – liability of \$9.8 million). The deferred tax asset is the result of the corporate acquisition of Pinecrest in the second quarter of 2015 and the impairment recognized in the third quarter of 2015. The deferred tax asset associated with Pinecrest was \$49.8 million (based on approximately \$199 million of tax pools at the then statutory rate of 25%). The remaining deferred tax asset is due to temporary differences related to property, plant and equipment and exploration and evaluation assets. These deferred tax assets were recognized as management considered it probable that there was sufficient future taxable income to utilize the benefits.

During the nine months ended September 30, 2015, there was an increase in the statutory tax rate from 25% to 27%, which resulted in a deferred tax reduction of \$5.7 million.



The Company has approximately \$0.9 billion of unrestricted tax pools available to be applied against future income for tax purposes. Based on available pools and current commodity prices, Cardinal does not expect to pay current income taxes until approximately 2020. Taxes payable beyond 2020 will be primarily a function of commodity prices, capital expenditures and production volumes.

NET EARNINGS (LOSS), CASH FLOW FROM OPERATING ACTIVITIES AND CASH FLOW FROM OPERATIONS

	Three months ended			Nine months ended	
	Sep 30, 2015	June 30, 2015	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014
Net earnings (loss)	(105,674)	21,685	22,250	(96,836)	26,927
\$/share					
Basic	\$ (1.83)	\$ 0.38	\$ 0.52	\$ (1.69)	\$ 0.69
Diluted	\$ (1.83)	\$ 0.37	\$ 0.50	\$ (1.69)	\$ 0.67
Cash flow from operating activities	32,497	21,469	22,764	1,764	60,997
Cash flow from operations	24,810	29,937	25,858	76,691	68,609
\$/share					
Basic	\$ 0.43	\$ 0.52	\$ 0.60	\$ 1.33	\$ 1.75
Diluted	\$ 0.43	\$ 0.51	\$ 0.58	\$ 1.33	\$ 1.70

For the third quarter of 2015 the Company had a net loss of \$105.7 million compared to net earnings of \$22.3 million in the third quarter of 2014 and net earnings of \$21.7 million in the second quarter of 2015. Cash flow from operations for the third quarter of 2015 was \$24.8 million compared to \$25.9 million in the third quarter of 2014 and \$29.9 million in the second quarter of 2015. The net loss for the third quarter of 2015 is due to the \$156.9 million impairment of the Company's E&E and PP&E assets. The decrease in cash flow from operations compared to the second quarter and third quarter of 2014 is due primarily to lower commodity prices.

For the nine months ended September 30, 2015 the Company reported a net loss of \$96.8 million compared to net earnings of \$26.9 million in 2014 while cash flow from operations increased to \$76.7 million from \$68.6 million in 2014. Net earnings have decreased mainly due to the \$156.9 million of impairment recorded offset by the \$27.8 million gain recorded on the acquisition of Pinecrest. Cash flow from operations increased primarily due to increases in production volumes offset by decrease in commodity prices.

CAPITAL EXPENDITURES

PP&E Expenditures

Corporate Acquisitions

On September 12, 2015, Cardinal acquired all of the issued and outstanding common shares of a private oil and gas company ("PrivateCo") with properties that complemented existing assets in Wainwright. Total consideration provided was \$7.8 million consisting of 669,936 common shares valued at \$8.69 per share and cash of \$2.0 million with an associated decommissioning obligation of \$0.2 million. The acquisition did not have full tax basis and the Company recorded a deferred tax liability of \$1.3 million.

On April 15, 2015, the Company acquired all of the issued and outstanding common shares of Pinecrest Energy Inc ("Pinecrest") from Virginia Hills Oil Corp. ("Virginia Hills") for cash consideration of \$23.5 million with an associated decommissioning obligation of \$1.1 million. Cardinal agreed to pay Virginia Hills an additional \$5.0 million of cash consideration, subject to certain conditions, that was valued at \$3.7 million. At acquisition, Pinecrest had no debt or outstanding liabilities. The Company recorded a \$27.8 million gain on this acquisition due to the deferred tax asset recognized which related to temporary differences in the carrying amount of the acquired properties and their tax bases.



Other PP&E expenditures

In the first nine months ended September 30, 2015 Cardinal drilled, completed and tied-in 6 (5.8 net) horizontal wells at Bantry and optimized certain wells and facilities.

PP&E Expenditures

	Three months ended			Nine months ended	
	Sep 30, 2015	June 30, 2015	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014
Land	\$ 6	\$ 5	\$ 1,376	\$ 37	\$ 1,527
Geological and geophysical	1,280	94	818	1,389	1,935
Drilling and completion	4,927	6,813	3,476	11,993	16,182
Equipment, facilities and pipelines	4,794	4,162	2,589	11,373	6,110
Capitalized overhead	158	171	125	500	384
Total exploration and development	11,165	11,245	8,384	25,292	26,138
Other assets	28	(5)	615	80	619
Non-cash expenditures ⁽¹⁾	5,821	3,700	-	9,521	-
Acquisitions, net	1,999	23,849	409,215	25,720	440,952
PP&E expenditures ⁽²⁾	\$ 19,013	\$ 38,789	\$ 418,214	\$ 60,613	\$ 467,709

E&E Expenditures

	Three months ended			Nine months ended	
	Sep 30, 2015	June 30, 2015	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014
Undeveloped land	\$ 700	\$ 2	\$ 884	\$ 724	\$ 2,063
Other assets	-	-	13	-	14
E&E expenditures	\$ 700	\$ 2	\$ 897	\$ 724	\$ 2,077
TOTAL CAPITAL EXPENDITURES ⁽²⁾	\$ 19,714	\$ 38,791	\$ 419,111	\$ 61,337	\$ 469,786

(1) Contingent consideration of \$3.7 million associated with the Pinecrest acquisition and share consideration of \$5.8 million associated with the PrivateCo acquisition.

(2) Expenditures exclude non-cash expenditures for the decommissioning obligation and capitalized share-based compensation.

DECOMMISSIONING OBLIGATION

The decommissioning obligation increased by \$4.9 million from \$79.8 million at December 31, 2014 to \$84.7 million at September 30, 2015. The increase relates to \$1.4 million for acquisitions, \$0.01 million of obligations incurred and \$4.3 million of accretion, offset by \$0.8 million for decommissioning obligations settled.

LIQUIDITY AND CAPITAL RESOURCES

Capitalization table	As at	
	Sep 30, 2015	Dec 31, 2014
Net debt	71,397	54,065
Shares outstanding	58,334,446	56,819,301
Market price at end of period (\$ per share)	\$ 8.90	\$ 13.51
Market capitalization	519,177	767,629
Total capitalization	590,574	821,694

The Company's net debt is calculated as bank debt plus current liabilities less current assets (adjusted for the fair value of commodity contracts and the current portion of the decommissioning obligation).



CAPITAL FUNDING

As at September 30, 2015 Cardinal had 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 \$300 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. As at September 30, 2015 Cardinal had a working capital deficiency of \$14.7 million (excluding the fair value of commodity contracts and the current portion of the decommissioning obligation) and unused capacity (total credit capacity less net debt) of \$78.6 million on its Facilities.

The next scheduled review of the borrowing base is to be completed on or before November 30, 2015. 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. In accordance with the agreements governing the Facilities Cardinal may request an increase in the Facilities up to the borrowing base. However, it is expected that the borrowing base will be increased slightly at the next scheduled review as incremental borrowing base associated with the Acquisition assets will offset the decrease in commodity prices.

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. Cardinal was in compliance with the terms of the Facilities at September 30, 2015.

On September 15, 2015 Cardinal entered into an Offering with a syndicate of underwriters to issue 6,627,500 subscription receipts (the “Receipts”) at \$8.30 per Receipt (including an over-allotment option) and \$50 million of 5.5% convertible unsecured subordinated debentures (“convertible debentures”) for total gross proceeds of \$105 million. The convertible debentures have a conversion price of \$10.50 per common share.

On October 30, 2015 Cardinal entered into a definitive agreement to sell a gas plant and associated infrastructure that was acquired in connection with the Acquisition for proceeds of \$12.75 million. The sale is expected to close on November 16, 2015.

GUIDANCE

Cardinal’s base capital expenditures budget (“budget”) for 2015 is anticipated to result in average and exit production for 2015 of approximately 11,200 boe/d and deploys total development capital of \$30 million. We continue to expect \$95 million in cash flow from operations based on a forecast WTI price of USD \$55/barrel, an exchange rate of 0.80 \$USD/CAD, a differential to WCS of \$15.75 and the effect of our then existing 2015 hedges. The budget achieves a total payout ratio of 82% in this lower commodity price environment. To date there has been no change in our guidance for 2015 and since the Acquisition closed late in 2015 we expect no significant further changes to Cardinal’s 2015 guidance.

The board of directors has approved a base 2016 capital expenditure budget (“budget”) that is anticipated to result in average production of 14,600 boe/d. The budget uses a crude oil price of \$50 WTI, Cardinal’s hedge position and the proceeds from the expected sale of the gas plant for proceeds of approximately \$12.75 million. The budget is summarized as follows:



	Budget
Average production (boe/d)	14,600
Percentage oil and NGL	87%
Cash flow from operations (\$ mm) ⁽¹⁾	\$92
- per share (basic) ⁽¹⁾	\$1.41
Net debt (\$ mm) ⁽¹⁾⁽²⁾	\$132
Dividend annualized (\$/share)	\$0.84
Development capital expenditures (\$ mm)	\$35
Net debt to cash flow from operations ⁽¹⁾⁽²⁾	1.4
Simple payout ratio ⁽³⁾	55%
Total payout ratio ⁽³⁾	93%

1. 2016 estimated WTI \$US 50 per bbl, FX rate of 0.75 \$US/\$CAD and a differential to WCS of \$17.00 CAD, AECO \$2.75 CAD, including the then existing hedges.
2. Net debt of \$82 million and net debt to cash flow from operations of 0.9 excluding the principal amount of convertible debentures.
3. Net of anticipated dividend re-investment plan and stock dividend program participation.

Cardinal has the ability to alter its base budget which would allow it to continue to pay its dividend down to \$45 WTI, high grade its capital program and have a 100% total payout ratio.

Management believes that with the Company's high quality low decline reserve base and development inventory, excellent balance sheet and hedging program, Cardinal is well positioned to meet its planned growth and development activities and generate strong operating and financial results for the balance of 2015 and beyond.

CAPITAL STRUCTURE

Cardinal manages its capital to provide a flexible structure to support production maintenance, capital programs, stability of dividends and other operational strategies. Maintaining a strong financial position enables the capture of business opportunities and supports Cardinal's strategy of providing shareholder return through growth of the business and dividend payments.

The key measures that the Company utilizes in evaluating its capital structure are the credit available from the syndicate in relation to the Company's budgeted capital expenditure program and the ratio of net debt to cash flow from operations. The ratio of net debt to cash flow from operations is calculated as net debt, defined as bank debt plus the principal amount of convertible unsecured subordinated debentures and current liabilities less current assets (adjusted for the fair value of financial instruments and the current portion of the decommissioning obligation), divided by cash flow from operating activities before changes in non-cash working capital and decommissioning obligation expenditures for the most recent quarter, annualized.

To manage its capital structure, Cardinal considers its net debt to cash flow from operations ratio, its capital expenditures program, the current level of credit available from the syndicate, the level of credit that may be attainable due to increases in petroleum and natural gas reserves and new equity if available on favourable terms. The Company prepares an annual capital expenditure budget, which is monitored quarterly and updated as necessary.



	Three months ended	
	Sep 30, 2015	Dec 31, 2014
Bank debt	\$ 56,724	\$ 47,735
Working capital deficiency	14,673	6,330
Net debt	\$ 71,397	\$ 54,065
Cash provided from operating activities	\$ 32,497	\$ 31,166
Decommissioning obligation expenditures	264	479
Change in non-cash working capital	(7,951)	(5,075)
Cash flow from operations	\$ 24,810	\$ 26,570
Cash flow from operations, annualized	\$ 99,240	\$ 106,280
Net debt to cash flow from operations	0.7	0.5

There were no changes in the Company's approach to capital management during the nine months ended September 30, 2015.

Following the successful closing of the Acquisition and the Offering, we expect that Cardinal will be above the target net debt to cash flow from operations of 1.0 as the convertible debentures will be included in net debt, however the ratio excluding the convertible debentures is expected to be 0.9. Given current low commodity prices Cardinal will change its target net debt to cash flow from operations from less than 1.0 to less than 2.0.

DIVIDENDS

On January 10, 2014 the Company adopted a dividend reinvestment plan ("DRIP") and a stock dividend program ("SDP") which enable shareholders to receive dividends in common shares rather than cash.

During the nine months ended September 30, 2015, \$36.2 million of dividends (\$0.63 per common share) were declared of which \$29.7 million was paid in cash, \$4.1 million was recognized as a liability at September 30, 2015 and \$2.4 million was recognized on the issuance of 178,932 common shares pursuant to the DRIP and SDP. The dividend payable was settled on October 15, 2015 with cash of \$3.8 million and \$0.3 million was recognized on the issuance of 26,752 Cardinal common shares pursuant to the DRIP and SDP.

SHARE CAPITAL

On January 7, 2015, Cardinal granted 813,449 Restricted Bonus Awards ("RAs") to officers, directors and employees pursuant to the Company's restricted bonus award plan.

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 \$3.8 million. The Company recorded a deferred liability for the premium in the amount of \$0.8 million.

On September 12, 2015 Cardinal issued 669,936 common shares valued at \$8.69 as partial consideration to acquire a private oil and gas company.

As at September 30, 2015, the Company had a total of 58,334,446 common shares, 1,475,593 RAs, 774,783 warrants (adjusted for dividends during the period), 203,061 stock options, and 61,004 Stock Appreciation Rights ("SARs") outstanding. The warrants have an exercise price of \$2.74 and the stock options have an average exercise price of \$7.59.



On October 30, 2015, Cardinal issued 6,627,500 common shares pursuant to a bought deal financing (including an over-allotment option) at \$8.30 per common share for gross proceeds of \$55 million and \$50 million of 5.5% convertible debentures at \$1,000 principal amount per convertible debenture. The convertible debentures have a conversion price of \$10.50 per common share.

As of the date of this MD&A, the Company had 64,988,698 common shares and 50,000 convertible debentures outstanding. There has been no change to the outstanding balance of RAs, warrants, stock options or SARs since September 30, 2015.

OFF BALANCE SHEET ARRANGEMENTS

Cardinal does not have any special purpose entities nor is it a party to any arrangements that would be excluded from the balance-sheet, other than the operating leases summarized in *Commitments and Contractual Obligations*.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

At September 30, 2015, the contractual maturities of Cardinal's obligations were as follows:

	2015	2016	2017	2018	2019	Thereafter
Head office lease	267	1,070	1,070	1,070	1,070	4,280
Field office lease	33	130	130	130	22	-
Trade and other payables ⁽¹⁾	26,922	-	-	-	-	-
Dividends payable	4,083	-	-	-	-	-
Bank debt	-	-	56,724	-	-	-
	\$ 31,305	\$ 1,200	\$ 57,924	\$ 1,200	\$ 1,092	\$ 4,280

(1) Excludes the \$3.7 million of contingent consideration associated with the Pinecrest acquisition

Cardinal is also committed to incur \$3.5 million of qualifying Canadian Exploration Expense prior to December 31, 2016 including a \$1.0 million commitment of PrivateCo.

SUBSEQUENT EVENTS

On September 15, 2015, Cardinal entered into a definitive agreement to acquire certain petroleum and natural gas properties (the "Acquisition") in a new core area at Mitsue, Alberta. Total consideration to be provided was \$144.4 million in cash before closing adjustments. The Company paid the vendor a non-refundable deposit of \$8.6 million representing the amount of damages owed to the vendor should closing of the agreement not occur due to a default by Cardinal.

On September 15, 2015 Cardinal entered into a bought deal financing (the "Offering") with a syndicate of underwriters to issue 6,025,000 subscription receipts (the "Receipts") at \$8.30 per Receipt and \$50 million of 5.5% convertible unsecured subordinated debentures. In connection with the Offering the underwriters were granted an over-allotment option to purchase an additional 602,500 Receipts at \$8.30 per Receipt and if exercised would result in total gross proceeds for the Offering of \$105 million. On **October 6, 2015**, Cardinal closed the Offering including the over-allotment option, on condition of successful closing of the Acquisition.

On **October 14, 2015**, the Company confirmed that a dividend of \$0.07 per common share will be paid on November 16, 2015 to shareholders of record on October 30, 2015.

On **October 30, 2015** Cardinal closed the Acquisition and issued 6,627,500 common shares in exchange for the subscription receipts which were cancelled without further consideration.



On **October 30, 2015** Cardinal entered into a definitive agreement to sell certain facilities that were acquired in connection with the Acquisition for proceeds of \$12.75 million. The sale is expected to close on November 17, 2015.

ADDITIONAL INFORMATION

CRITICAL ACCOUNTING ESTIMATES

There have been no changes in Cardinal's critical accounting estimates in the nine months ended September 30, 2015. Further information on the Company's critical accounting policies and estimates can be found in the notes to the annual consolidated financial statements and MD&A for the year ended December 31, 2014. Management used judgment to determine the likelihood of whether the deferred income tax asset recognized on the Pinecrest acquisition and the temporary differences resulting from the impairment would be recognized from future taxable income and to estimate the recoverable value of the Company's CGU's for the impairment test including the net present value of proved plus probable reserves and the discount rate.

INTERNAL CONTROL UPDATE

Cardinal is required to comply with National Instrument 52-109 "Certification of Disclosure on Issuers' Annual and Interim Filings". The certificate requires that Cardinal disclose in the interim MD&A any change in the Company's internal control over financial reporting ("ICOFR") that occurred during the period that have materially affected, or are reasonably likely to materially affect Cardinal's ICOFR. As of the date of this MD&A Cardinal confirms that there have been no such changes in Cardinal's ICOFR during the third quarter of 2015.

ENVIRONMENTAL RISKS

The oil and gas industry has a number of environmental risks and hazards and is subject to regulation by all levels of government. Environmental legislation includes, but is not limited to, operational controls, site restoration requirements and restrictions on emissions of various substances produced in association with oil and natural gas operations. Compliance with such legislation could require additional expenditures and a failure to comply may result in fines and penalties which could, in the aggregate and under certain unlikely assumptions, become material. Operations are continuously monitored to minimize the environmental impact and capital is allocated to reclamation and other activities to mitigate the impact on the areas in which we operate.

OUTLOOK

Cardinal has had significant growth by completing eight strategic acquisitions since the Company commenced operations in May of 2012. These accretive acquisitions have established three core areas at Bantry, Wainwright and Mitsue with a high quality, low decline reserve base and development inventory. The acquired assets, including the assets acquired on October 30, 2015, will enable the Company to realize its business plan. Management continues to evaluate other accretive acquisition opportunities to manage Cardinal's decline rate, maintain its dividend and provide additional production growth.

Cardinal has had significant drilling success at Bantry in 2014 and 2015 in the Glauconite formation. This play has enabled the Company to maintain or grow production organically with strong capital efficiencies. The 2015 wells at Bantry had average drilling and completion costs \$1.7 million, significantly lower than similar wells drilled in 2014. Management also sees development drilling opportunities in a bypass pay zone at Wainwright. In all of its core areas Cardinal also sees opportunities to enhance existing water flood schemes and improve recovery factors. Development drilling in all core areas will be balanced with acquisitions to maintain a low production decline portfolio of assets and provide organic growth while maintaining the Company's dividend.



In response to the decline in oil prices Cardinal implemented various initiatives throughout the first nine months of 2015 that have been realizing cost savings. These included decreases in general and administrative expenses due to terminating the services of head office consultants, a salary freeze for all employees and various initiatives for operating expenses including reductions to field consultants' daily rates. Cardinal expects to exit the year at 14,500 boe/d which includes the Company's base production of 11,200 boe/d and 3,300 boe/d from the Acquisition.



QUARTERLY DATA

	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014
Production				
Oil and NGL (bbl/d)	10,321	10,430	10,225	10,197
Natural gas (mcf/d)	5,390	5,179	4,785	4,147
Oil equivalent (boe/d)	11,220	11,294	11,023	10,888
Financial				
Revenue	42,949	53,442	38,409	63,159
Net earnings (loss)	(105,674)	21,685	(12,847)	26,879
Basic per share (\$)	\$ (1.83)	\$ 0.38	(0.22)	\$ 0.47
Diluted per share (\$)	\$ (1.83)	\$ 0.37	(0.22)	\$ 0.46
Cash flow from operating activities	32,497	21,469	23,648	31,166
Cash flow from operations	24,810	29,937	21,944	26,570
Basic per share (\$)	\$ 0.43	\$ 0.52	\$ 0.38	\$ 0.47
Diluted per share (\$)	\$ 0.43	\$ 0.51	\$ 0.38	\$ 0.46
Working capital surplus (deficiency) ⁽¹⁾	(14,673)	(9,205)	(5,840)	(6,330)
Total assets	812,378	920,025	883,738	913,253
Bank debt	56,724	53,227	40,095	47,735
Total long-term liabilities	140,347	136,509	124,089	135,548
Shareholders' Equity	634,612	743,034	727,091	747,928
Weighted average shares - basic (000's)	57,760	57,438	57,197	56,745
Weighted average shares - diluted (000's)	57,760	58,814	58,258	58,010
Common shares outstanding	58,334,446	57,586,023	57,333,919	56,819,301
Diluted shares outstanding	60,848,887	60,083,835	59,834,096	58,906,424
	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013
Production				
Oil and NGL (bbl/d)	6,849	5,800	5,513	1,965
Natural gas (mcf/d)	4,424	4,208	4,333	1,139
Oil equivalent (boe/d)	7,587	6,501	6,235	2,155
Financial				
Revenue	54,045	48,194	41,287	12,246
Net earnings	22,250	3,780	897	36,433
Basic per share (\$)	\$ 0.52	\$ 0.10	\$ 0.02	\$ 2.47
Diluted per share (\$)	\$ 0.50	\$ 0.10	\$ 0.02	\$ 2.33
Cash flow from operating activities	22,764	25,703	12,530	584
Cash flow from operations	25,858	23,522	19,229	1,211
Basic per share (\$)	\$ 0.60	\$ 0.62	\$ 0.53	\$ 0.08
Diluted per share (\$)	\$ 0.58	\$ 0.60	\$ 0.51	\$ 0.08
Working capital surplus ⁽¹⁾	2,075	518	135	118
Total assets	895,475	447,980	439,391	403,174
Bank debt	62,277	-	4,002	9,318
Total long-term liabilities	140,955	53,111	53,886	58,359
Shareholders' Equity	729,317	363,943	362,866	336,863
Weighted average shares - basic (000's)	42,997	37,734	36,502	14,751
Weighted average shares - diluted (000's)	44,425	38,962	37,524	15,646
Common shares outstanding	56,654,104	37,804,824	37,675,910	34,875,532
Diluted shares outstanding	58,768,972	39,949,851	39,901,401	36,828,679

(1) – Excluding the fair value of financial instruments and the current portion of decommissioning obligation



Quarterly production increased significantly in the first quarter of 2014 due to production associated with the South East Alberta acquisition properties included for the entire period and successful drilling at Bantry. The third and fourth quarters of 2014 increased primarily due to the Wainwright acquisitions. Production in the first, second and third quarters of 2015 increased compared with the fourth quarter of 2014 due to the success in drilling at Bantry and the Pinecrest acquisition. Revenue for the third quarter of 2015 decreased from the second quarter of 2015 predominantly due to a decrease in crude oil prices.

Cash flow from operations for the third quarter of 2015 decreased compared to the second quarter of 2015 primarily due to a decrease in commodity prices. Cardinal's quarterly net earnings (loss) has varied significantly due to changes in operations including an impairment of \$156.9 million in the third quarter of 2015, a gain on acquisition in the second quarter of 2015 of \$27.8 million, an unrealized gain on commodity contracts of \$39.0 million in the fourth quarter of 2014, a gain on acquisition of \$9.4 million and an \$8.5 million unrealized gain on commodity contracts in the third quarter of 2014 and a \$39.0 million gain on acquisitions in the fourth quarter of 2013. The net loss in the third quarter of 2015 was due to a \$156.9 million impairment of the Company's E&E and PP&E assets.

FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking statements and forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "believe", "plan", "intend", "objective", "continuous", "ongoing", "estimate", "expect", "may", "will", "project", "should", or similar words suggesting future outcomes. In particular, this MD&A contains forward-looking statements relating, but not limited to:

- capital expenditure budget and development capital plans;
- anticipated production and production mix, including expectations for 2015 and 2016;
- anticipated cash flow from operations;
- Cardinal's development drilling inventory;
- Cardinal's acquisition and growth plans and the source of funding;
- anticipated future production;
- estimated tax pools, future taxability and future taxable income;
- expectations for an increase in the borrowing base of the Facilities at the next scheduled review;
- maintaining a conservative leverage profile through a targeted net debt to cash flow from operations ratio of less than 2.0;
- the timing of closing and expected proceeds from the sale of the gas plant and associated infrastructure;
- anticipated decline rates;
- anticipated net debt;
- expectations with respect to payout ratios and other financial results;
- Cardinal's business strategy, goals and management focus;
- Cardinal's dividend plans, the amount and timing of the payment of future dividends and the consistency of our dividend policy;
- anticipated dividend re-investment plan and stock dividend program participation;
- Cardinal's risk management strategy and the benefits to be obtained therefrom;
- sources of funds for the Company's operations, capital expenditures and decommissioning obligations;
- future liquidity and the Company's access to sufficient debt and equity capital;
- Cardinal's asset base and future prospects for development and growth therefrom;
- expectations regarding the business environment, industry conditions, future commodity prices and differentials;
- expectations regarding the Company's cost savings initiatives and enhancements to capital efficiencies;
- future acquisition plans;
- Cardinal's capital management strategies; and
- treatment under governmental and other regulatory regimes and tax, environmental and other laws.



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 commodity prices and exchange rates, applicable royalty rates, tax laws, future well production rates and reserve volumes, future operating costs, the performance of existing and future wells, the success of its exploration and development activities, the sufficiency and timing of budgeted capital expenditures in carrying out planned activities, the availability and cost of labor and services, the impact of increasing 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, 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; 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; 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.

This MD&A contains future-oriented financial information and financial outlook information (collectively, "FOFI") about our prospective results of operations, cash flows, and components thereof, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this MD&A were made as of the date of this MD&A and is provided for the purpose of describing the anticipated effects of the acquisition and the offering on our business operations. We disclaim any intention or obligation to update or revise any FOFI contained in this document, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this document should not be used for purposes other than for which it is disclosed herein.

Management has included the forward-looking statements above and a summary of assumptions and risks related to forward-looking statements provided in this MD&A 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 MD&A 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.

Frequently Used Terms

Term or abbreviation

"bbl"	Barrel(s)
"bbl/d"	Barrel(s) per day
"boe"	Barrel(s) of oil equivalent
"boe/d"	Barrel(s) of oil equivalent per day
"GJ"	Gigajoule
"m" preceding a volumetric measure	1,000 units of the volumetric measure
"mcf"	Thousand cubic feet
"mcf/d"	Thousand cubic feet per day
"MW"	Megawatt



"NGL"	Natural gas liquids
"US"	United States
"USD"	United States dollars
"WCS"	Western Canadian Select
"WTI"	West Texas Intermediate

