



2014 ANNUAL REPORT

CORPORATE DIRECTORY

Board of Directors

Alec Pismiris – Non-Executive Chairman
 Archie Koimtsidis – Managing Director
 Malik Easah – Executive Director
 Marcus Michael – Executive Director

Company Secretary

Sarah Shipway

Registered Office

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Share Register

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Stock Exchange Code

CDV – Ordinary Shares

Auditors

Somes Cooke



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REVIEW OF OPERATIONS

The Directors are pleased to present their report on Cardinal Resources Limited (**Cardinal** or the **Company**) for the year ended 30 June 2014.

GHANA GOLD PROJECTS

Cardinal Resources Limited, through its wholly owned subsidiary, Cardinal Resources Ghana Limited, holds four tenements prospective for gold mineralisation in Ghana in two NE-SW trending Paleoproterozoic granite-greenstone belts: the **Bolgatanga Project** located within the Nangodi and Bole-Bolgatanga Greenstone Belts in NE Ghana and the **Subranum Project** located within the Sefwi Greenstone Belt in SW Ghana (Figure 1).



Figure 1: Cardinal Tenements in Ghana

Bolgatanga Project

The Bolgatanga Project has known gold mineralisation occurring in a variety of styles with identified historic gold resources, artisanal workings and producing mines. The three tenements in the Bolgatanga project area include Ndongo, Bongo and Kungongo (Figure 2), collectively covering an area of over 735 km².

Ndongo straddles the Nangodi Greenstone Belt, while Bongo and Kungongo cover part of the NE extensions of the Bole-Bolgatanga Greenstone Belt.

The Nangodi Belt is regarded as the southern extension of the Youga Greenstone Belt in Burkina Faso where it hosts the producing Endeavour Mining Corporation (ASX:EVR) Youga gold mine.

The historic Nangodi underground gold mine is located north of the Ndongo tenement and produced some 18,620 oz Au from 23,600 tonnes, at an average grade of approximately 24.75 g/t gold (Ghana Department of Mines records 1938).

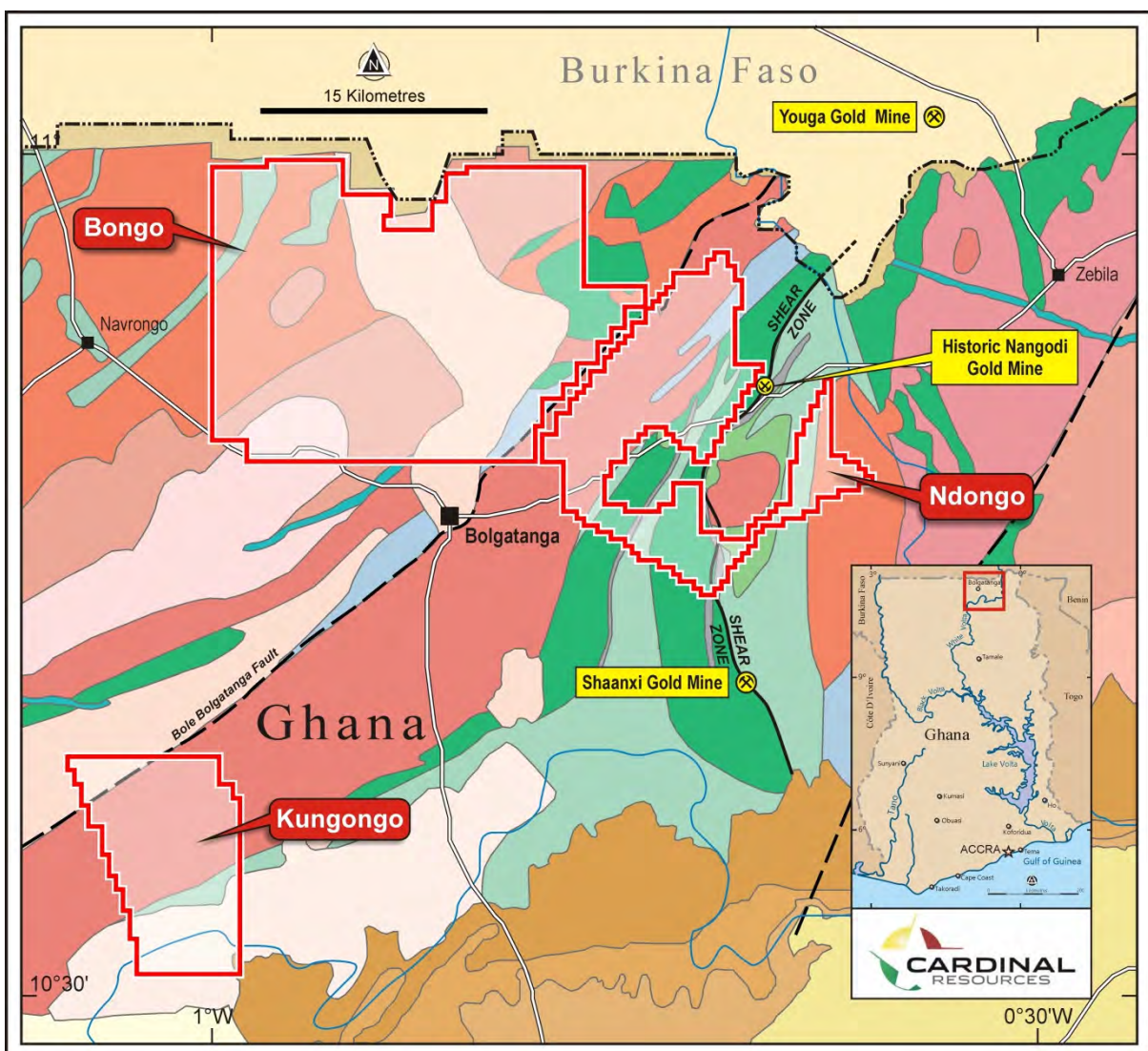


Figure 2: Bolgatanga Project Tenements

Subranum Project

The Subranum tenement is situated in the southern portion of Ghana, approximately 45km NW of the city of Kumasi, and 240 km NW of the capital city Accra, in the Sabranomu district. The granted Prospecting Licence is known as Subin-Kasu, which covers an area of 68.7 km² (Figure 3).

The Subranum Project comprises a single tenement situated within the Sefwi-Bibiani Greenstone Belt in SW Ghana, and is proximal to the currently producing Bibiani and Chirano gold mines. Bibiani has produced over 3.8 Moz gold since its discovery in 1902, from a mixture of open pit and underground mining methods.

The Chirano gold mine (Kinross Mining Corporation), proximal to the Bibiani mine, produced in excess of 275,000 oz gold in 2013 (Kinross Gold Corp, 2014).

Despite the existence of these large discoveries and the long history of gold production in the area, the remainder of the Sefwi-Bibiani greenstone belt remains comparatively under-developed. Exploration of the Subranum Project will be targeting structurally controlled greenstone belt deposits, comprising fault and shear hosted veins contained within intermediate volcanoclastic rocks and felsic intrusives.

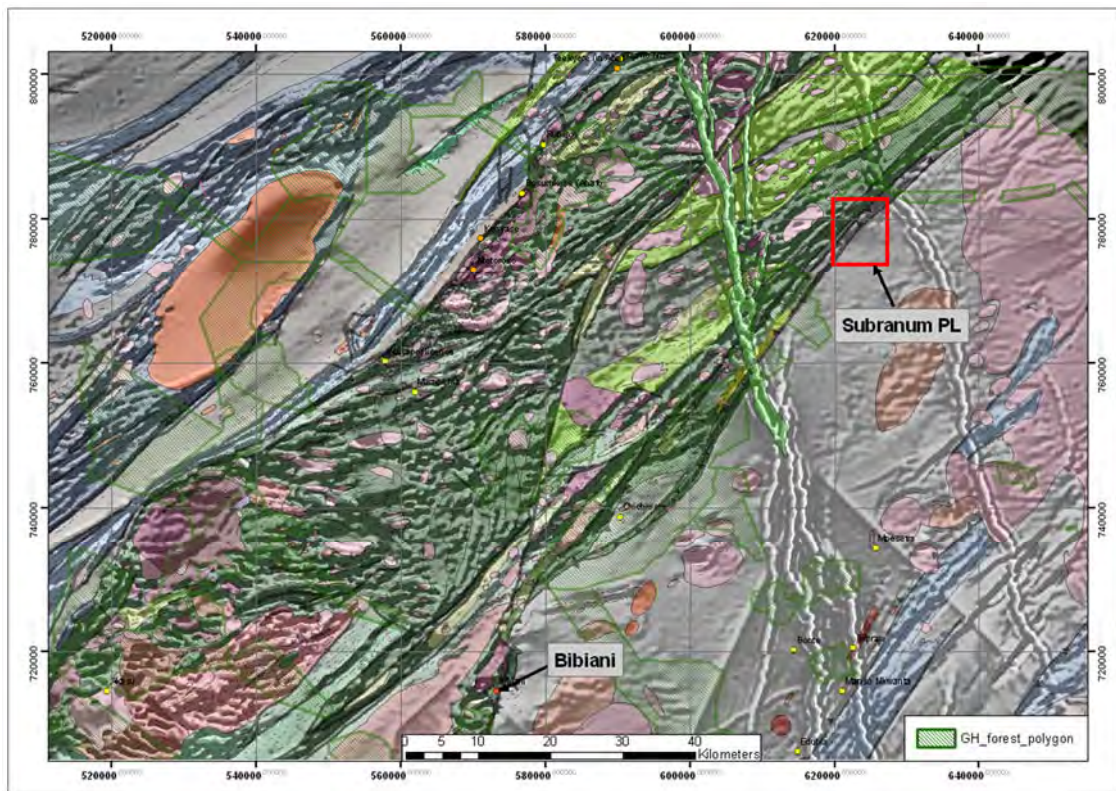


Figure 3: Location of Subranum Licence

Airborne Geophysical Survey

An airborne geophysical survey was completed over both the Bolgatanga tenements and the Subranum tenement by Terrascan Airborne GmbH and supervised by Southern Geoscience Consultants (SGC) in Perth. These surveys obtained magnetics, radiometrics and elevation data all of which were processed and interpreted by SGC. Images produced identified numerous target areas over all the Cardinal tenements for field checking and subsequent further exploration.

BOLGATANGA PROJECTS

Ndongo Prospect

The Ndongo Prospect comprises four anomalous areas (Figure 4).

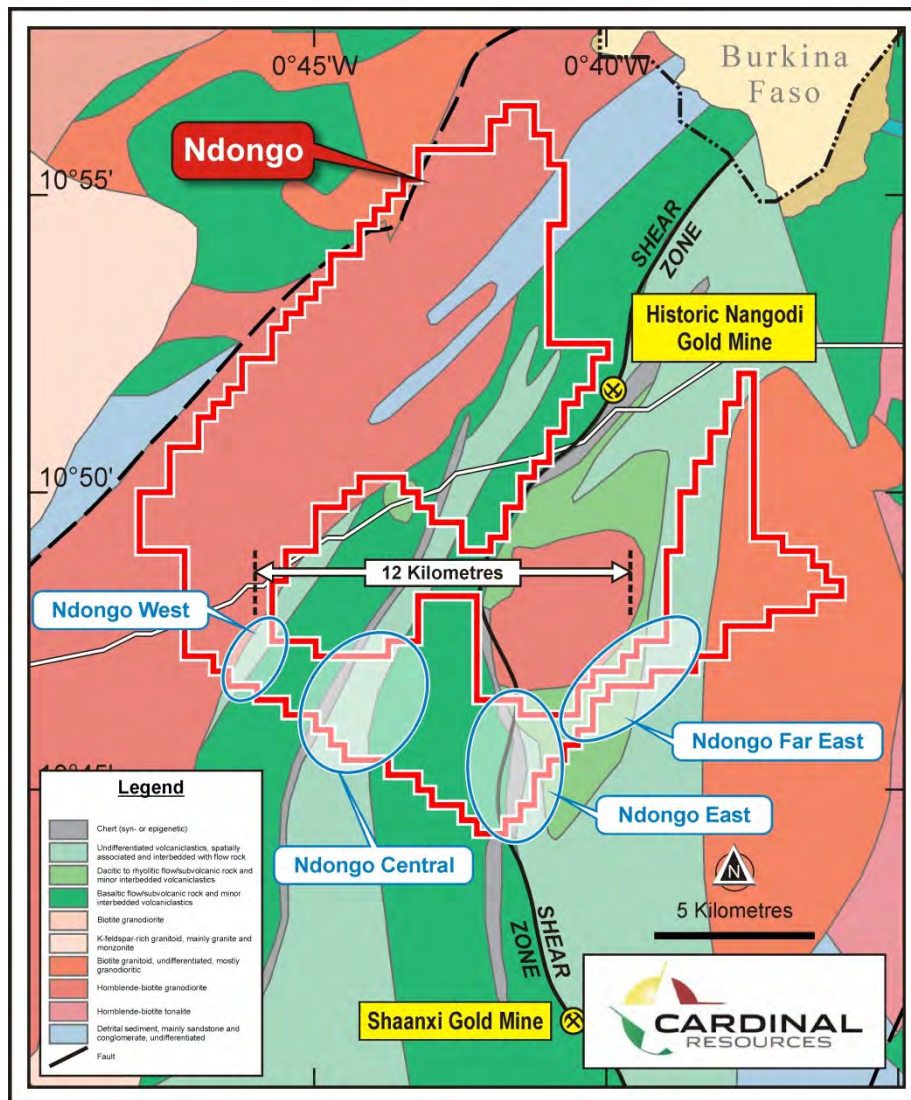


Figure 4: Ndongo Prospect with four areas explored and regional shear zone

Ndongo Central Area

Geochemical results from the 200m line grid identified an anomalous 3km long zone (Figure 5). Ground geophysics was completed over the Central Zone to obtain more detailed information to identify gold mineralisation. A Gradient Array IP method could not obtain any data due to the high surface conductivity and the survey was changed to the Dipole-Dipole IP (DDIP) method.

The DDIP survey was successfully completed and identified high conductivity zones coincident with the geochemical soil anomalies (Figure 5). High conductivity suggested either graphite or sulphides or a combination of both would be present in these areas. These high conductivity areas became the initial RC drilling targets.

RC drilling intersected mostly silicified and unsilicified graphitic phyllites with primary pyrite blebs and specks and quartz veinlets. Subsequent drilling intersected silicified rocks which defined a silica-rich zone

which extends NE and SW. The SW extension of this resistive zone has some soil anomalies which are planned to be drilled in the future.

Due to the complex refolding within this area, detailed structural mapping will be required before any further drilling is considered.

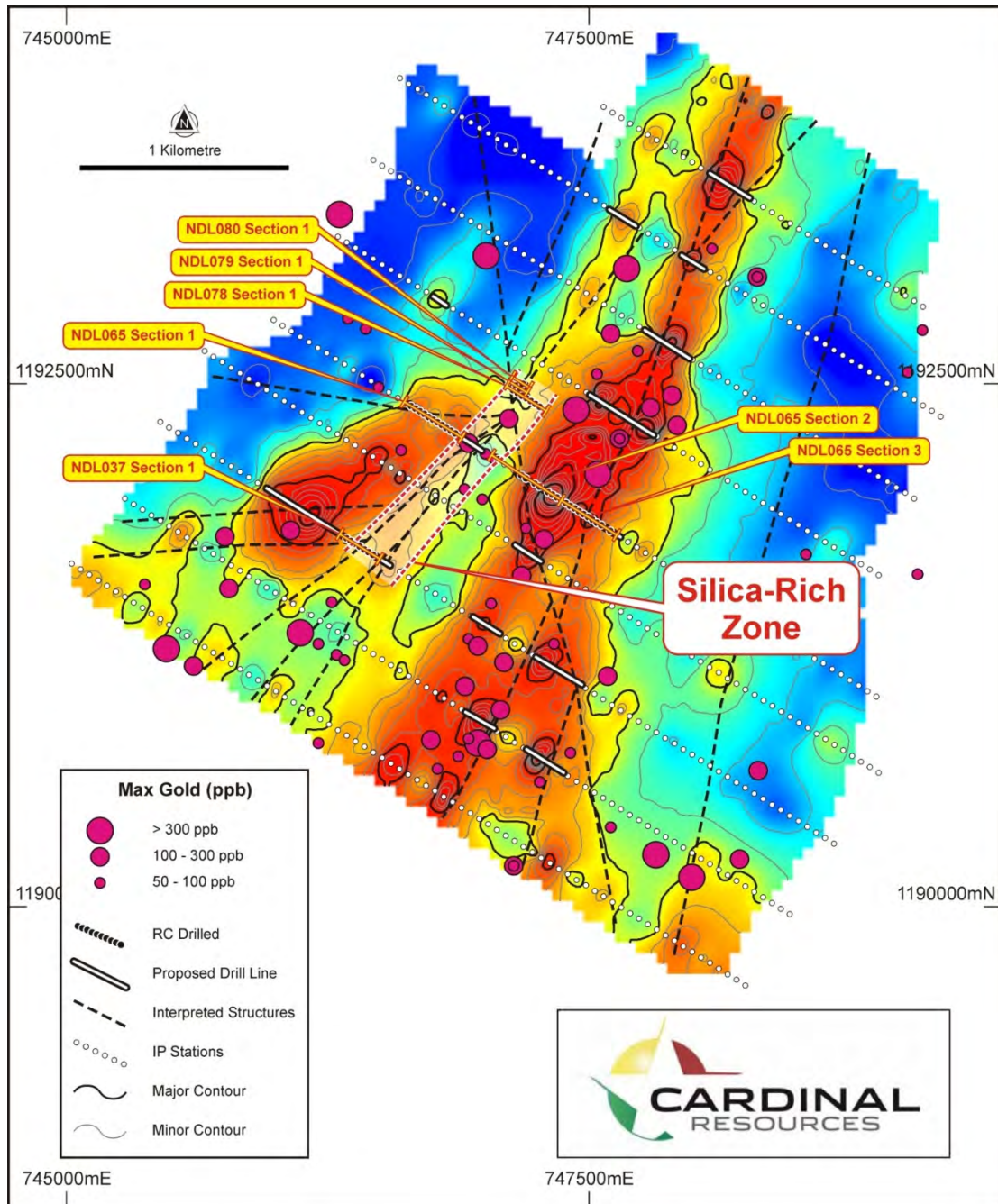


Figure 5: Ndongo Central Area DDIP chargeability image and anomalous gold-in-soil values with proposed drill lines and RC holes drilled

Ndongo West Prospect

A Gradient Array Induced Polarisation (GAIP) survey over Ndongo West defined a contact zone (resistive and chargeable rocks) which coincided with a number of gold-in-soil anomalous values (Figure 6). This contact zone was the RC drill target. An active artisanal shaft is located very near this contact zone. Several random samples from the artisanal shaft waste dump assayed between 0.4 g/t and 2.1 g/t, with an ore sample at 10.2 g/t.

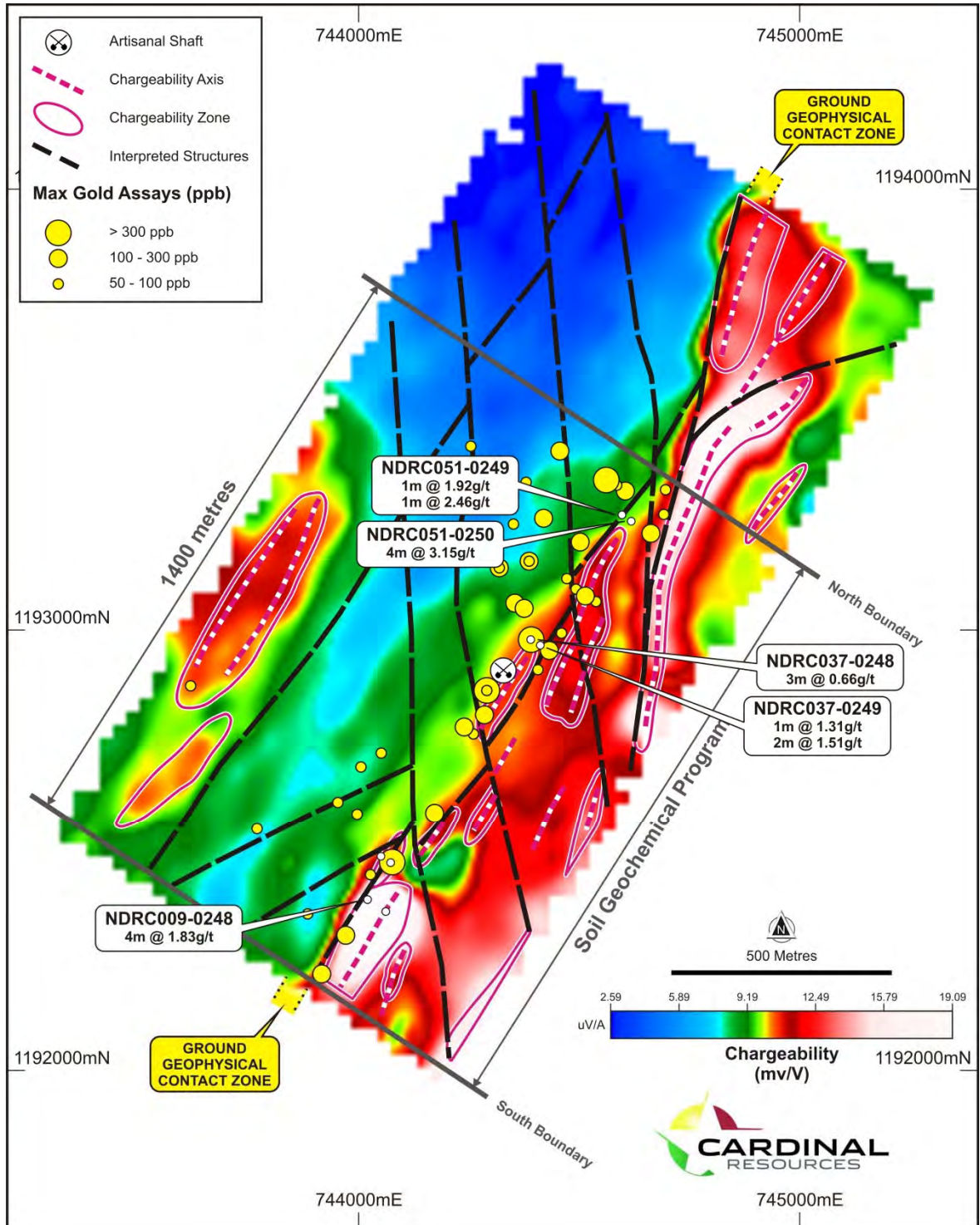


Figure 6: Ndongo West Area GAIP chargeability/resistivity, and RC drill results

Narrow zones of gold mineralisation were encountered near surface around the prominent contact zone and deeper drilling will be considered to identify possible wider zones of gold mineralisation.

Ndongo East Prospect

Cardinal’s airborne geophysics flown in 2013 delineated a major approximately 30 km long shear structure trending roughly N-S from the Ghana border (north) to the Voltaian escarpment (south) within the Nangodi Greenstone Belt. Located along this major shear structure are the historical Nangodi Gold Mine, the producing Shaanxi Gold Mine (Figure 4), as well as numerous Small Scale Licences and artisanal workings (Figure 4).

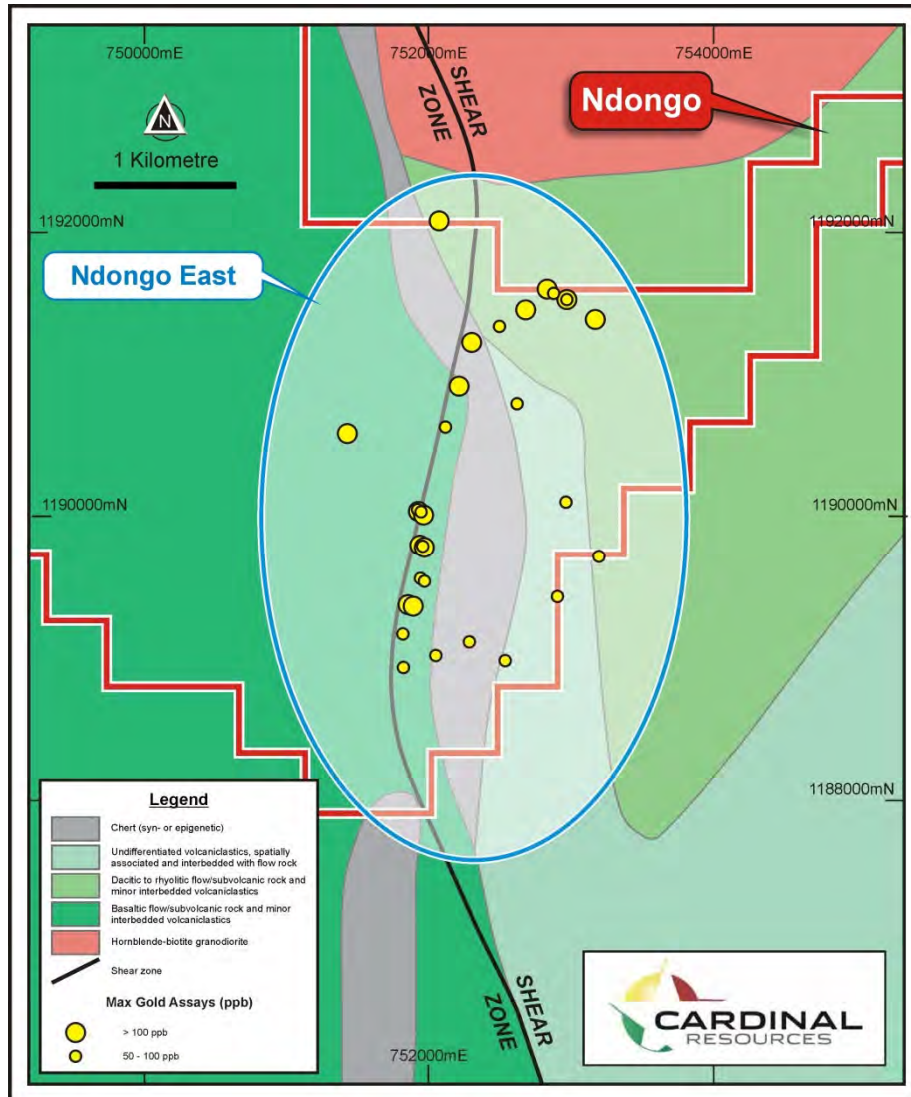


Figure 7: Ndongo East with rock and soil anomalies along regional shear

The major shear structure occurs over approximately 4 km along the eastern portion of the Ndongo tenement, trending roughly N-S (Figure 7). The major shear zone has significant outcrops of black manganese silicified chert, wide quartz zones and foliated metasediments which form prominent hills within the tenement.

Soil and rock chip samples delineated an approximately 1.3 km anomalous strike length adjacent to the major regional shear zone with anomalous gold values averaging 128ppb gold. Artisanal mining activity along this shear structure exposed fractured smokey quartz rock which is an indicator of gold mineralisation.

The initial RC drilling program was only partially completed with six drill holes out of the planned 20 hole RC drill program. The RC drilling program was at a shallow depth with an average of approximately 50m vertical depth for the six holes drilled.

As both the historic Nangodi Mine and the producing Shaanxi Mine, which are also located along this same major regional shear structure, discovered economic mineralisation beyond depths of 150 metres, a deeper combined RC and diamond drilling program will be given consideration.

Ndongo Far East Prospect

An extensive high magnetic body has been identified from the airborne geophysics. This body has intruded into the dilation (low pressure) zone formed at the southern end of the intrusive Pelungu Granitoid (Figure 8).

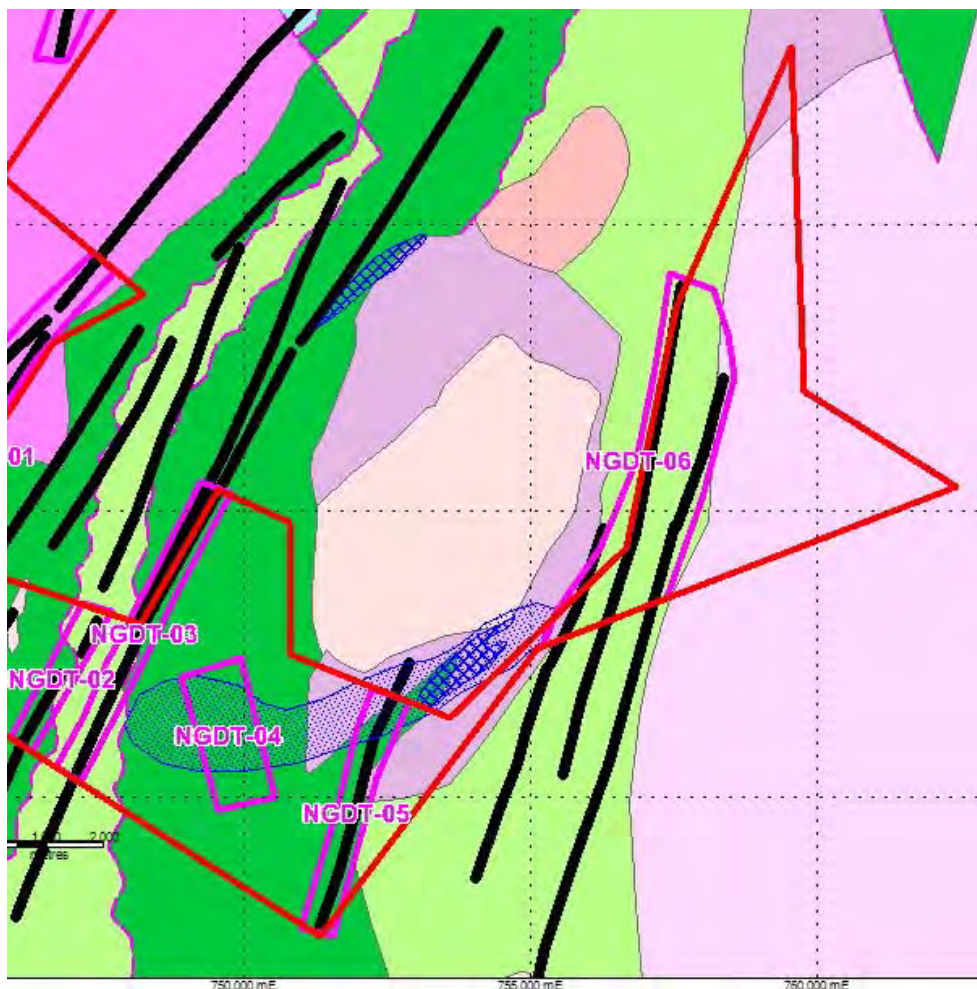


Figure 8: Ndongo Far East High Magnetic Body (from 2013 airborne survey)

A geochemical program has identified numerous encouraging gold-in-soil anomalies around this body which need to be further investigated (Figure 9).

The nature and composition of the intrusive high magnetic body and the causes of the anomalous gold-in-soil values will be considered using Gradient Array Induced Polarisation (GAIP) ground geophysical survey around this magnetic body. It is anticipated that the survey will determine the geometry of the intrusive body and whether there is a zone of brecciation or brittle deformation around it. Brittle deformation will allow any mineralised fluids generated by the intrusion of the magnetic body to precipitate in these porous areas which will then become the focus of a subsequent RC drilling program.

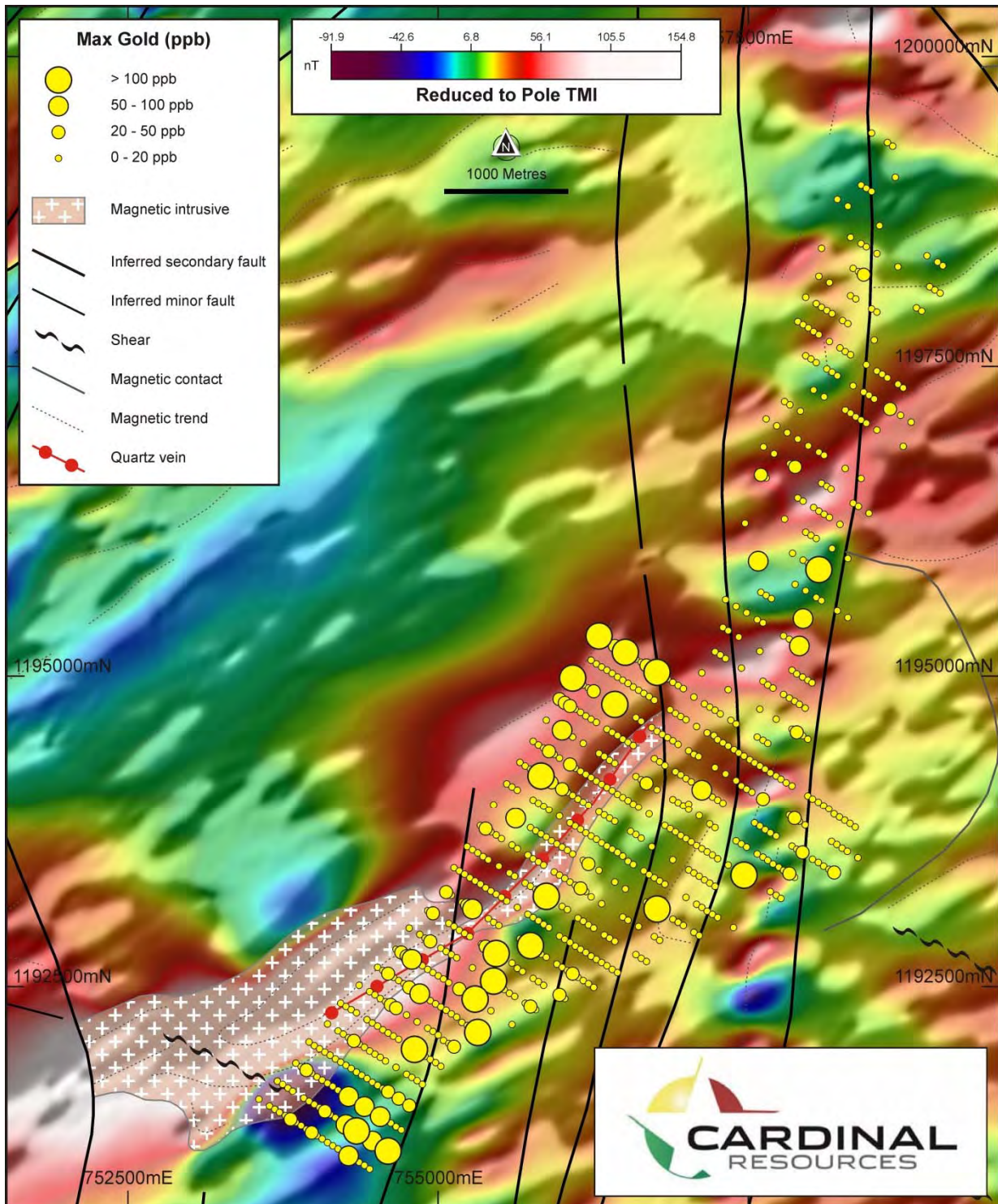


Figure 9: Ndongo Far East gold-in-soil anomalies around high magnetic intrusive

Kungongo Prospect

The regional Bole-Bolgatanga Fault (Shear) Zone crosses the NW corner of the Kungongo Tenement (Figure 10) and is a major exploration target area.

Artisanal mining activities to the NE along this shear zone, which are extracting high grade gold values (Table 1).

Sample ID	Weight (gms)	Au (g/t)	Description
KU00001	2,579	4.82	Artisanal mine silicified wallrock + py (from "waste" dump)
KU00002	2,797	10.50	Artisanal mine silicified wallrock + py (from "waste" dump)
KU00003	2,118	7.50	Artisanal mine silicified wallrock + py (from "waste" dump)
KU00004	1,435	8.03	Artisanal mine silicified wallrock + py (from "waste" dump)
KU00005	1,775	96.96	Artisanal mine ore + VG & py specks (from mine)

Table 1: Artisanal Mine Assay Results (NE of Kungongo Tenement)

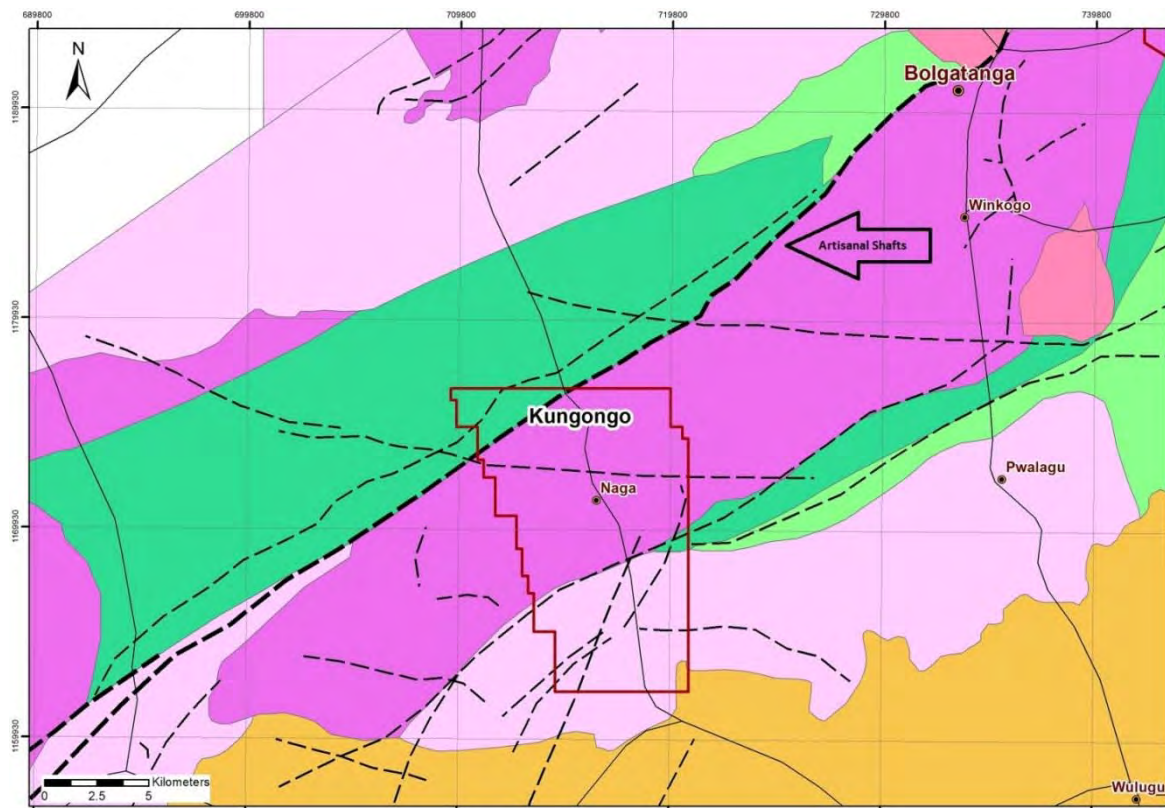


Figure 10: Kungongo Tenement with Bole-Bolgatanga Shear Zone (in NW) and active artisanal shafts

The magnetics from the airborne geophysical survey identified two broad fault/shear zones (roughly 30 km total length) bounding possible greenstone belt sequences (Figure 11).

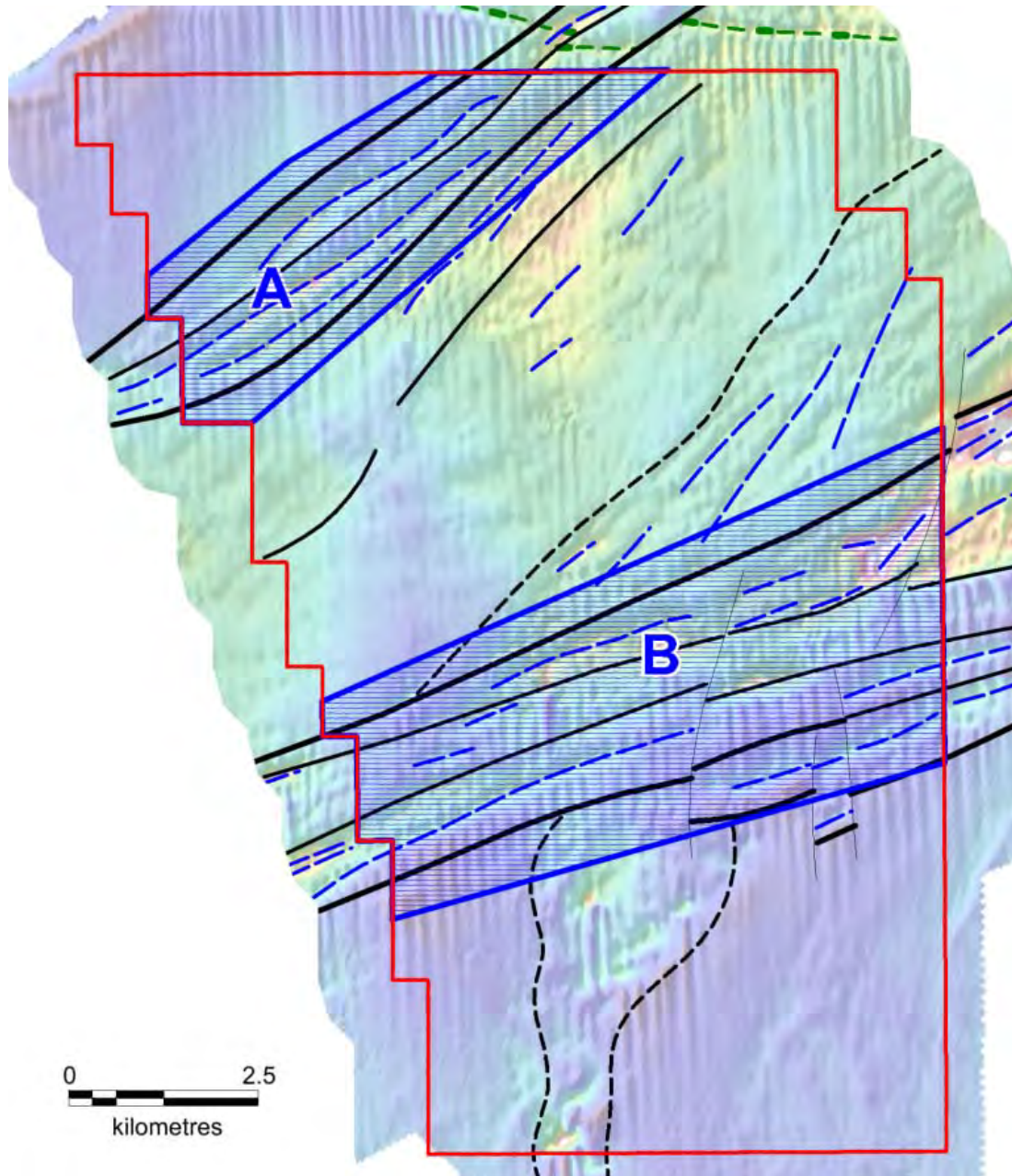


Figure 11: Kungongo Tenement Target Areas from 2013 detailed airborne survey

An initial exploration program would focus on Area A across the SW continuation of the major regional Bole-Bolgatanga Fault zone where six target areas have been identified along E-W and NW-SE trending cross faults. A Gradient Array Induced Polarisation (GAIP) ground geophysical survey is planned to further delineate RC drill targets in Area A.

A separate GAIP survey will then be considered over Area B to identify RC drill targets.

Bongo Prospect

The magnetics from the airborne geophysical survey identified six target areas (Figure 12) which were field checked. Three of the areas (A, C and D) warrant further exploration.

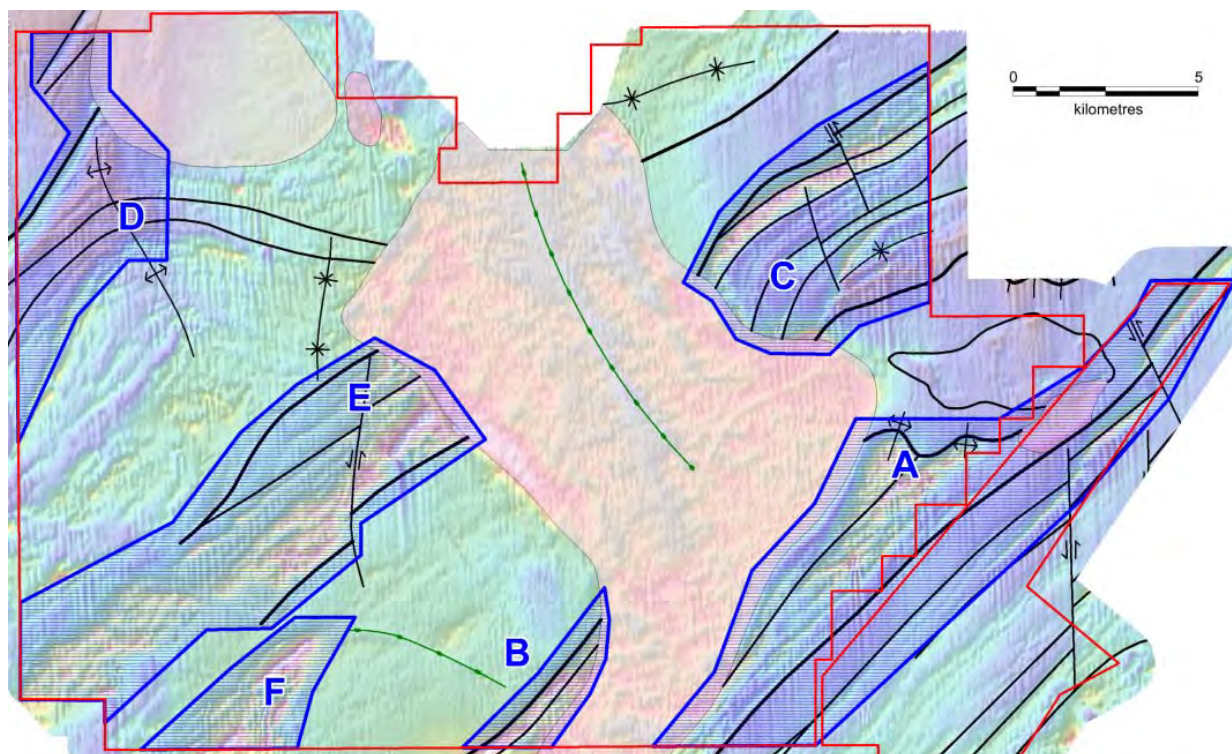


Figure 12: Bongo Tenement Target Areas (from 2013 Detailed Airborne Survey)

Area A occurs across the major NE-SW trending Bole-Bolgatanga Fault (Shear) Zone with an approximate 18 km strike length. Soil sampling and a GAIP ground geophysical survey are to be considered along this fault zone to generate drill targets.

Area C contains ultramafic and magnetic units. Soil sampling and a GAIP ground geophysical survey are to be considered along this fault zone to generate drill targets.

Area D is likely to be the SW continuation of anomalous gold bearing units which have been identified in Burkina Faso. Soil sampling and a GAIP ground geophysical survey are to be considered over this area to generate drill targets.

SUBRANUM PROJECT

The high resolution airborne geophysical survey over the Subranum Tenement was completed in December 2013 by Terrascan Airborne GmbH (Germany) and supervised by Southern Geoscience Consultants (SGC) in Perth.

Multiple structures have been identified over a nine km strike length correlating with significant gold-in-soil anomalies and gold intersections through previous drilling by several exploration companies within the tenement (Figure 13).

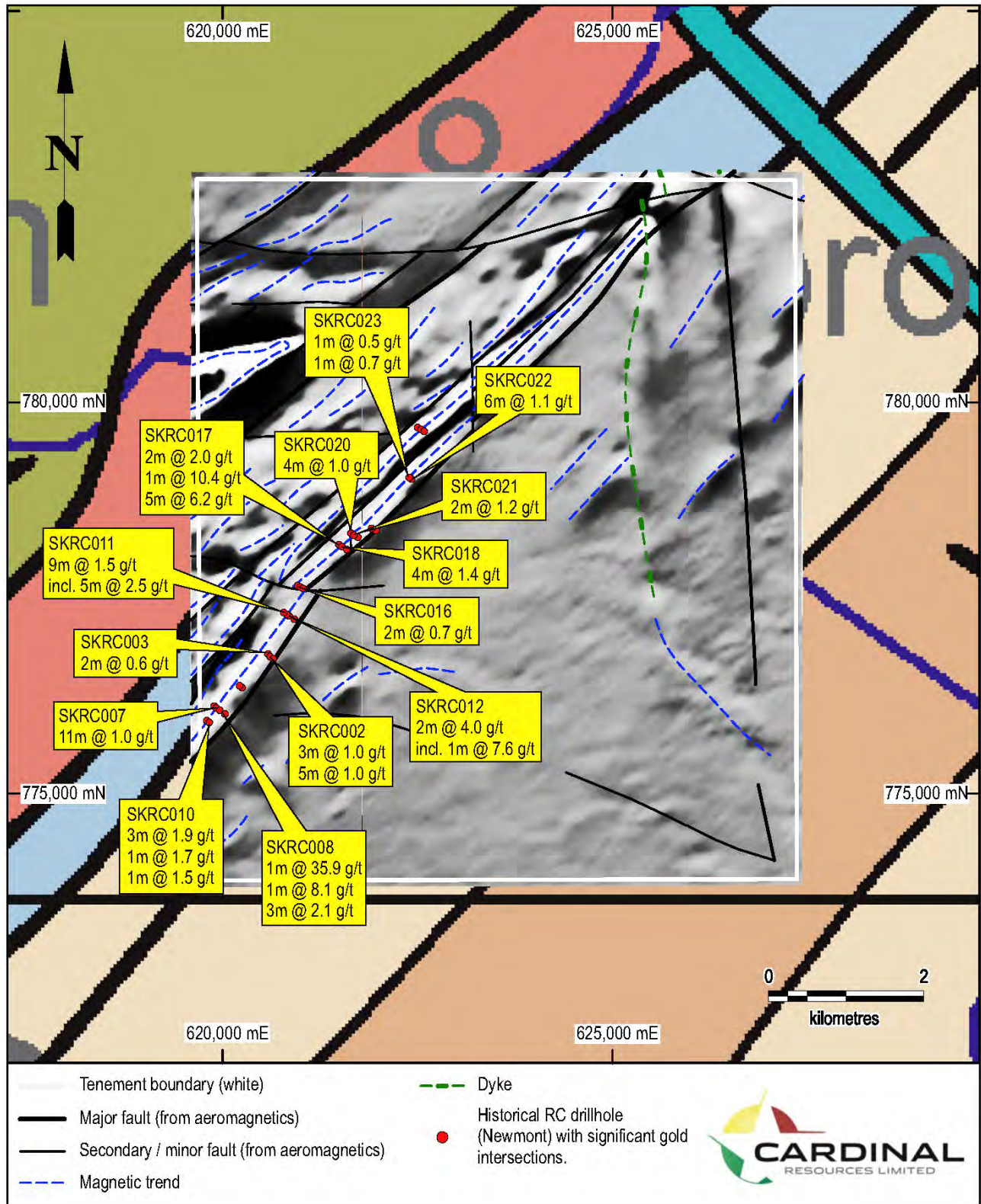


Figure 13: Historical RC drillholes (Newmont) with significant gold intersections highlighted. Magnetic greyscale image in background.

This recent high quality magnetic data show a great deal of additional structural and lithological detail which will aid geological mapping and targeting potassium-rich alteration zones typical of shear zone hosted gold deposits.

The results of the airborne geophysical survey have been integrated with Cardinal's extensive geological and sampling database which will identify targets for RC and diamond drilling.

A GAIP survey will be considered to further refine drill targets by identifying sulphidic and/or clay alteration zones.

JORC 2004

Information in this report that relates to the Bolgatanga and Subranum Projects are based on information compiled by Paul Abbott, a full time employee of Cardinal Resources, who is a fellow of the Australasian Institute of Mining and Metallurgy and a member of the South African Geological Society. Paul Abbott has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Paul Abbott consents to the inclusion in this report of the statements based on his information in the form and context in which it appears.

JORC 2012

The Company confirms it is not aware of any new information or data that materially affects the information included in market announcements relating to exploration activities carried out at the Bolgatanga and Subranum Projects, Ghana and all material assumptions and technical parameters underpinning the exploration activities in those market announcements continue to apply and have not been changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

The Directors of Cardinal Resources Limited submit herewith the annual financial report of Cardinal Resources Limited for the period 1 July 2013 to 30 June 2014. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

The names and particulars of the directors of the Company as at 30 June 2014 and at the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

ALEC PISMIRIS B.Com, IGIA, MAICD
Non-Executive Chairman
Appointed 11 November 2010

Mr Pismiris is currently a director of Capital Investment Partners, a company which provides corporate advisory services. Since 1990 Mr Pismiris has served as a director and company secretary for various ASX listed companies as well as a number of unlisted public and private companies.

Mr Pismiris completed a Bachelor of Commerce degree at the University of Western Australia, a member of the Australian Institute of Company Directors and is an associate of The Institute of Chartered Secretaries and Administrators. Mr Pismiris has over 25 years' experience in the securities, finance and mining industries. Mr Pismiris has participated numerous times in the processes by which boards have assessed the acquisition and financing of a diverse range of assets and has participated in and become familiar with the range of evaluation criteria used and the due diligence processes commonly adopted in the commercial assessment of corporate opportunities.

During the past 3 years he has also served as a director of the following listed companies;

Company	Date of Appointment	Date of Resignation
Mount Magnet South NL	2 August 2013	Not Applicable
Papillon Resources Limited	11 May 2006	Not Applicable
Agua Resources Limited	26 May 2014	Not Applicable
Global Resources Corporation Limited	3 October 2013	Not Applicable
Prairie Downs Metals Limited	16 October 2012	22 June 2012
Horseshoe Metals Limited	31 May 2011	25 May 2012

ARCHIE KOIMTSIDIS MBA
Managing Director
Appointed 27 December 2012

Mr Koimtsidis has for the last 20 years been involved in all facets of gold exploration, discovery, production and refining in West Africa and South America.

His most recent appointment prior to joining Cardinal was as the Deputy Country Manager of Ghana for PMI Gold Limited a joint TSXV and ASX listed company. During this time he was responsible for all field operational matters including coordination of exploration, drilling programs and human resource management relation to the Company's projects in Ghana.

Mr Koimtsidis has been instrumental in acquiring the Ghanaian projects on behalf of Cardinal and has a unique knowledge and understanding of geopolitical and operational matters relating to resources projects in West Africa.

During the past three years he has held no other listed company directorships.

MALIK EASAH

Executive Director

Appointed 27 December 2012

Mr Malik Easah is the principal of successful alluvial mining operations in the North West Adansi Gold Obotan concession and is currently developing additional payable gold permits within the Ashanti and Nangodi Gold belts of Ghana.

Mr Easah specializes in the manufacture of alluvial gold wash plants and recovery equipment and is regarded as an authority in the development of alluvial mining operations in Ghana.

Mr Easah is a resident in Ghana.

During the past three years he has held no other listed company directorships.

MARCUS MICHAEL CA, B.Bus

Executive Director

Appointed 27 December 2012

Mr Michael is a Chartered Accountant with extensive experience in the Australian financial markets including ASX company listings, equity and debt funding, mergers and acquisitions and corporate restructures and recapitalisations.

Mr Michael is a founding Director of Marshall Michael Pty Ltd, Chartered Accountants. Established in 1994 as a boutique corporate and business advisory, wealth management, tax advisory and financial and management reporting practice, servicing mining and exploration, healthcare and information technology sectors.

Mr Michael graduated from Curtin University with a Bachelor of Business and is a Member of the Institute of Chartered Accountants.

During the past 3 years he has also served as a director of the following listed companies;

Company	Date of Appointment	Date of Resignation
Argent Minerals Limited	4 April 2007	Not applicable
Beacon Minerals Limited	19 March 2012	Not applicable
St George Mining Limited	19 October 2009	Not applicable

KLAUS ECKHOF MAusIMM

Non-Executive Chairman

Appointed 1 February 2013

Retired 17 June 2014

Mr Eckhof is a senior exploration geologist with global contacts. Mr Eckhof has been instrumental in sourcing and developing successful projects in Australia, Africa, Russia, South America and the Philippines.

He was formerly President and Chief Executive Officer of Moto Goldmines Limited, a company which was listed on the Toronto Stock Exchange, before being acquired by Randgold Resources and AngloGold Ashanti, and within 4 years from Mr Eckhof's appointment discovered just under 20 Moz of gold, completing a Bankable Feasibility Study (BFS) in the Democratic Republic of Congo (DRC).

During the past 3 years he has also served as a director of the following listed companies;

Company	Date of Appointment	Date of Resignation
Burey Gold Limited	6 February 2012	Not Applicable
Carnavale Resources Ltd	1 January 2008	Not Applicable
Panex Resources Inc	30 May 2006	Not Applicable
AVZ Limited	12 May 2014	Not Applicable
Erongo Energy Limited	24 August 2011	4 October 2013
Condor Gold PLC	September 1996	April 2011
African Mining Limited	November 1995	January 2011
Kilo Goldmines Limited	13 April 2009	31 December 2011

COMPANY SECRETARY

Sarah Shipway was appointed Company Secretary of Cardinal Resources on 27 December 2012. Sarah has a Bachelor of Commerce from Murdoch University and is a member of the Institute of Chartered Accountants.

DIRECTORS' INTEREST

At the date of this report, unless otherwise stated, the Directors held the following interests in Cardinal Resources.

Name	Note	Ordinary Shares	Listed Options	Unlisted Options	Class A Performance Shares	Class B Performance Shares
Alec Pismiris	-	2,572,500	1,911,250	554,712	-	-
Archie Koimtsidis	-	4,225,000	2,037,500	-	10	10
Malik Easah	-	1,916,750	958,375	-	10	10
Marcus Michael	-	4,009,683	2,382,025	-	10	10
Klaus Eckhof	1	1,500,000	750,000	-	10	10

Note 1: Directors holdings as at the date of retirement, being 17 June 2014

Other than detailed below, the Directors have no interest, whether directly or indirectly, in a contract or proposed contract with Cardinal Resources Limited during the financial year end.

Marshall Michael Pty Ltd Chartered Accountants, of which Marcus Michael is a Director, provides accounting, bookkeeping, corporate secretarial and administrative services to the Company.

PRINCIPAL ACTIVITIES

The principal activity of the Group is mineral exploration in Ghana.

RESULTS AND REVIEW OF OPERATIONS

The result of the consolidated entity for the financial year from 1 July 2013 to 30 June 2014 after income tax was a loss of \$10,164,082 (2013: loss of \$2,007,516).

A review of operations of the consolidated entity during the year ended 30 June 2014 is provided in the "Review of the Operations" immediately preceding this Directors' Report.

LIKELY DEVELOPMENTS

The Group's focus over the next financial year will be on its key projects – the Ghanaian tenements. Further commentary on planned activities at these projects over the forthcoming year is provided in the "Review of Operations".

The Board will continue to focus on creating value from the Company's existing resource assets, as well as pursuing new opportunities in resources sector to complement the Company's current projects.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have not been any significant changes in the state of affairs of the Group during the financial year, other than as noted in this financial report.

ENVIRONMENTAL ISSUES

The Group is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all applicable regulations when carrying out exploration work.

DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

DIRECTORS' MEETINGS

The following table sets out the number of meetings held during each director's period of directorship during the year ended 30 June 2014 and the number of meetings attended by each director.

Name	Note	Eligible to attend	Attended
Alec Pismiris	-	8	8
Archie Koimtsidis	-	8	8
Malik Easah	-	7	4
Marcus Michael	-	8	8
Klaus Eckhof	1	7	7

Note 1: Mr Eckhof retired on 17 June 2014

REMUNERATION REPORT – AUDITED

Remuneration policy

The remuneration policy of Cardinal Resources Limited has been designed to align directors' objectives with shareholder and business objectives by providing a fixed remuneration component, which is assessed on an annual basis in line with market rates. The Board of Cardinal Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the Company.

The Board's policy for determining the nature and amount of remuneration for Board members is as follows:

- The remuneration policy and setting the terms and conditions for the Executive directors and other senior staff members is developed and approved by the Board based on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Independent advice is obtained when considered necessary to confirm that executive remuneration is in line with market practice and is reasonable within Australian executive reward practices.
- All executives receive a base salary (which is based on factors such as length of service and experience) and, if applicable, statutory superannuation.

- The Group is an exploration entity, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior executives are paid market rates associated with individuals in similar positions within the same industry. Options and performance incentives may be issued particularly as the entity moves from an exploration to a producing entity and key performance indicators such as profit and production and reserves growth can be used as measurements for assessing executive performance.
- The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Executive Directors, in consultation with independent advisors, determine payments to the non-executives and review their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and is currently \$350,000 per annum. Fees for independent non-executive directors are not linked to the performance of the Group. To align Directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.
- During the financial year the Company did not employ the use of remuneration consultants.

Details of directors and executives

Directors	Title	Date of Appointment	Date of Retirement
A Pismiris	Non-Executive Chairman	11 November 2010	Not Applicable
A Koimtsidis	Managing Director	27 December 2012	Not Applicable
M Easah	Executive Director	27 December 2012	Not Applicable
M Michael	Executive Director	27 December 2012	Not Applicable
K Eckhof	Non-Executive Chairman	1 February 2013	17 June 2014

The Company does not have any executives that are not Directors.

Executive Directors' remuneration and other terms of employment are reviewed annually by the non-executive director(s) having regard to performance against goals set at the start of the year, relative comparable information and independent expert advice.

Except as detailed in the Director's Report, no director has received or become entitled to receive, during or since the financial year end, a benefit because of a contract made by the Group or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors and shown in the Remuneration Report, prepared in accordance with the Corporations regulations, or the fixed salary of a full time employee of the Group.

Remuneration of directors and executives

Remuneration for the financial year ended 30 June 2014.

Directors	Short-Term Benefits		Post Employment Benefits	Long Term Benefits	Equity Settled Share-Based Payments	Total
	Salary Fees and Leave	Non Monetary	Superannuation	Long Service Leave	Shares/Options	
	\$	(i) \$	\$	\$	(ii) \$	\$
A Pismiris						
2014	36,000	713	-	-	-	36,713
2013	61,500	1,454	-	-	-	62,954
A Koimtsidis						
2014	220,000	4,356	-	-	-	224,356
2013	123,333	2,915	-	-	-	126,248
M Easah						
2014	150,000	2,970	-	-	-	152,970
2013	85,000	2,009	-	-	-	87,009
M Michael						
2014	90,000	1,947	8,325	-	-	100,272
2013	55,000	1,300	4,950	-	-	61,250
K Eckhof						
2014	34,500	684	-	-	-	35,184
2013	27,667	654	-	-	-	28,321
J Shervington						
2014	-	-	-	-	-	-
2013	32,500	768	-	-	-	33,268
D Kelly						
2014	-	-	-	-	-	-
2013	22,500	531	2,025	-	-	25,056
Total						
2014	530,500	10,670	8,325	-	-	549,495
2013	407,500	9,631	6,975	-	-	424,106

(i) Non monetary benefits are for directors' and officers' liability and legal expense insurance premiums.

(ii) No options or shares were granted as part of remuneration.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001, every Officer or agent of the Company shall be indemnified out of the property of the entity against any liability incurred by him in his capacity as Officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

During the year the Company agreed to pay an annual insurance premium of \$10,670 (2013: \$9,631) in respect of directors' and officers' liability and legal expenses' insurance contracts, for directors, officers and employees of the Company. The insurance premium relates to:

DIRECTORS' REPORT

- Costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever the outcome.
- Other liabilities that may arise from their position, with the exception of conduct involving a willful breach of duty.

Shareholdings of key management personnel

Directors	Balance at 1 July 2013	Granted as remuneration	Net other change	Balance at 30 June 2014
Alec Pismiris	2,572,500	-	-	2,572,500
Archie Koimtsidis	4,225,000	-	-	4,225,000
Malik Easah	1,916,750	-	-	1,916,750
Marcus Michael	4,009,683	-	-	4,009,683
Klaus Eckhof (iv)	1,500,000	-	-	1,500,000
Total	14,223,933	-	-	14,223,933

Directors	Balance at 1 July 2012	Granted as remuneration	Net other change	Balance at 30 June 2013
Klaus Eckhof (i)	1,500,000	-	-	1,500,000
Archie Koimtsidis (i)	4,225,000	-	-	4,225,000
Malik Easah (i)	1,916,750	-	-	1,916,750
Marcus Michael (i), (iii)	3,859,683	-	150,000	4,009,683
Alec Pismiris (ii), (iii)	1,010,000	-	1,562,500	2,572,500
Jeremy Shervington (iv)	1,800,397	-	60,000	1,860,397
David Kelly (iv)	500,000	-	-	500,000
Total	14,811,830	-	1,772,500	16,584,330

- (i) Balance at the beginning of the financial year or at the date the Director was appointed by the Company, if appointed during the financial year.
- (ii) On the 19 November 2012 Shareholders approved at the Company's Annual General Meeting the securities offered in relation to the acquisition of Cardinal Resources (Australia) Limited ("Cardinal Australia"), whereby Cardinal (Australia) shareholders would receive pro-rata in proportion to the number of shares held by them respectively on a basis of 3 shares for every 4 Cardinal Australia shares held and 1 Options for every 2 shares subscribed for.
- (iii) Pro-rata non-renounceable entitlement issued of three (3) New Shares for every (2) Ordinary Shares held by Cardinal at an issue price of \$0.20 per New Share with three (3) for two (2) free options, exercisable at \$.20 on or before 30 June 2014.
- (iv) Balance at the end of the financial year or at date of retirement, for Directors who retired before financial year end.

Listed Option holdings of key management personnel

Directors	Balance at 1 July 2013	Granted as remuneration	Net other change	Balance at 30 June 2014
Alec Pismiris	1,911,250	-	-	1,911,250
Archie Koimtsidis	2,037,500	-	-	2,037,500
Malik Easah	958,375	-	-	958,375
Marcus Michael	2,382,025	-	-	2,382,025
Klaus Eckhof (iv)	750,000	-	-	750,000
Total	8,039,150	-	-	8,039,150

Directors	Balance at 1 July 2012	Granted as remuneration	Net other change	Balance at 30 June 2013
Klaus Eckhof (i)	750,000	-	-	750,000
Archie Koimtsidis (i)	2,037,500	-	-	2,037,500
Malik Easah (i)	958,375	-	-	958,375
Marcus Michael (i), (iii)	2,157,025	-	225,000	2,382,025
Alec Pismiris (ii), (iii)	684,712	-	1,226,538	1,911,250
Jeremy Shervington (iv)	1,750,000	-	-	1,750,000
David Kelly (iv)	500,000	-	-	500,000
Total	8,837,612	-	1,451,538	10,289,150

- (i) Balance at the beginning of the financial year or at the date the Director was appointed by the Company, if appointed during the financial year.
- (ii) On the 19 November 2012 Shareholders approved at the Company's Annual General Meeting the securities offered in relation to the acquisition of Cardinal Resources (Australia) Limited ("Cardinal Australia"), whereby Cardinal (Australia) shareholders would receive pro-rata in proportion to the number of shares held by them respectively on a basis of 3 shares for every 4 Cardinal Australia shares held and 1 Options for every 2 shares subscribed for.
- (iii) Pro-rata non-renounceable entitlement issued of three (3) New Shares for every (2) Ordinary Shares held by Cardinal at an issue price of \$0.20 per New Share with three (3) for two (2) free options, exercisable at \$.20 on or before 30 June 2014.
- (iv) Balance at the end of the financial year or at date of retirement, for Directors who retired before financial year end.

Unlisted Option holdings of key management personnel

Directors	Balance at 1 July 2013	Granted as remuneration	Net other change	Balance at 30 June 2014
Alec Pismiris	544,712	-	-	544,712
Archie Koimtsidis	-	-	-	-
Malik Easah	-	-	-	-
Marcus Michael	-	-	-	-
Klaus Eckhof (ii)	-	-	-	-
Total	554,712	-	-	544,712

Directors	Balance at 1 July 2012	Granted as remuneration	Net other change	Balance at 30 June 2013
Klaus Eckhof (i)	-	-	-	-
Archie Koimtsidis (i)	-	-	-	-
Malik Easah (i)	-	-	-	-
Marcus Michael (i)	-	-	-	-
Alec Pismiris	554,712	-	-	554,712
Jeremy Shervington (ii)	-	-	-	-
David Kelly (ii)	-	-	-	-
Total	554,712	-	-	554,712

- (i) Balance at the beginning of the financial year or at the date the Director was appointed by the Company, if appointed during the financial year.
- (ii) Balance at the end of the financial year or at date of retirement, for Directors who retired before financial year end.

Class A Performance Shareholdings of key management personnel

Directors	Balance at 1 July 2013	Granted as remuneration	Net other change	Balance at 30 June 2014
Klaus Eckhof (ii)	10	-	-	10
Archie Koimtsidis	10	-	-	10
Malik Easah	10	-	-	10
Marcus Michael	10	-	-	10
Alec Pismiris	-	-	-	-
Total	40	-	-	40

Directors	Balance at 1 July 2012	Granted as remuneration	Net other change (i)	Balance at 30 June 2013
Klaus Eckhof	-	-	10	10
Archie Koimtsidis	-	-	10	10
Malik Easah	-	-	10	10
Marcus Michael	-	-	10	10
Alec Pismiris	-	-	-	-
Jeremy Shervington (ii)	-	-	-	-
David Kelly (ii)	-	-	-	-
Total	-	-	40	40

- (i) On satisfaction of certain milestone events, each Class A Performance Share converts into 100,000 ordinary shares (refer to note 13 (d)) in which case each Director would become entitled to a further 1,000,000 ordinary shares.
- (ii) Balance at the end of the financial year or at date of retirement, for Directors who retired before financial year end.

Class B Performance Shareholdings of key management personnel

Directors	Balance at 1 July 2013	Granted as remuneration	Net other change	Balance at 30 June 2014
Klaus Eckhof (ii)	10	-	-	10
Archie Koimtsidis	10	-	-	10
Malik Easah	10	-	-	10
Marcus Michael	10	-	-	10
Alec Pismiris	-	-	-	-
Total	40	-	-	40

Directors	Balance at 1 July 2012	Granted as remuneration	Net other change (i)	Balance at 30 June 2013
Klaus Eckhof	-	-	10	10
Archie Koimtsidis	-	-	10	10
Malik Easah	-	-	10	10
Marcus Michael	-	-	10	10
Alec Pismiris	-	-	-	-
Jeremy Shervington (ii)	-	-	-	-
David Kelly (ii)	-	-	-	-
Total	-	-	40	40

- (i) On satisfaction of certain milestone events, each Class B Performance Share converts into 100,000 ordinary shares (refer to note 13(d)) in which case each Director would become entitled to a further 1,000,000 ordinary shares.
- (ii) Balance at the end of the financial year or at date of retirement, for Directors who retired before financial year end.

END OF REMUNERATION REPORT**SHARES OPTIONS*****Unissued shares***

During the year the Company had on issue 56,657,620 listed options in the Company, exercisable at \$0.20 on or before 30 June 2014. On 30 June 2014 56,657,620 options expired unexercised.

As at the date of this report the Company had on issue 11,000,000 unlisted options, exercisable at \$0.20 on or before 31 December 2015. During the financial year none of these unlisted options were converted into fully paid shares.

Option holders do not have any rights to participate in any issues of shares of other interests in the Company or any other entity.

EVENTS SUBSEQUENT TO BALANCE DATE

On 18 September 2014 Cardinal announced the completion of a Placement of shares at 5.0 cents together with one free attaching options (New Options) for each share to raise up to \$900,000.

In addition to the Placement, the directors of the Company (namely, Messers Alec Pismiris, Archie Koimtsidis, Marcus Michael and Malik Easah) will, subject to shareholder approval, participate in a placement to subscribe for a total of 4.88 million Shares and 4.88 million New Options for an aggregate subscription amount of approximately \$244,000 (Director Placement). The Director Placement will be made on the same terms and conditions as the Placement.

The New Options will be exercisable at \$0.15 on or before 5:00pm (WST) on the date that is 5 years from the date of issue.

The New Options to be issued was part of the Placement and the Director Placement will be issued subject to shareholder approval being obtained.

The Company will also undertake a pro-rata non-renounceable rights issue of New Options on the basis of one New Option for every two shares held by eligible shareholders on the record date (Rights Issue).

The New Options to be issued under the Rights Issue will be issued on the same terms and conditions as the New Options to be issued as part the Placement, and the subscription price for the New Options under the Rights Issue will be \$0.01 per New Option.

Other than the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of the affairs of the Group in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

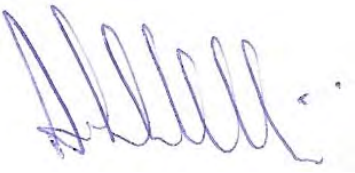
The auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 55 of the financial report.

Non Audit Services

The Company's auditor, Simes Cooke, did not provide any non-audit services to the Company during the financial year ended 30 June 2014.

Signed in accordance with a resolution of the directors made pursuant to s 298(2) of the Corporations Act 2001.

On behalf of the directors



ARCHIE KOIMTSIDIS

Managing Director

Dated this 25 September 2014

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

Australian Dollar (\$)	Note	30 JUNE 2014 \$	30 JUNE 2013 \$
REVENUE	3	<u>21,827</u>	<u>113,617</u>
EXPENDITURE			
Administration expenses	4	(566,432)	(756,027)
Exploration expenses		(1,989,996)	(1,472,680)
Exploration expenditure written off		(47,719)	-
Impairment expense	10	(7,309,500)	-
Foreign exchange expense		(73,528)	201,486
LOSS BEFORE INCOME TAX		<u>(9,965,348)</u>	<u>(1,913,604)</u>
Income tax	5(a)	-	-
LOSS AFTER INCOME TAX		<u>(9,965,348)</u>	<u>(1,913,604)</u>
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations	14	(198,734)	(93,912)
TOTAL COMPREHENSIVE INCOME		<u>(10,164,082)</u>	<u>(2,007,516)</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF THE COMPANY		<u>(10,164,082)</u>	<u>(2,007,516)</u>
LOSS PER SHARE			
Basic and diluted – cents per share	16	<u>(13.58)</u>	<u>(4.2)</u>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

Australian Dollar (\$)	Note	30 JUNE 2014 \$	30 JUNE 2013 \$
CURRENT ASSETS			
Cash and cash equivalents	17(a)	909,980	3,634,269
Trade and other receivables	8(a)	6,452	11,059
Other assets	8(b)	33,039	561,145
TOTAL CURRENT ASSETS		949,471	4,206,473
NON CURRENT ASSETS			
Capitalised exploration and evaluation	9	771,450	8,011,945
Plant and equipment	11	556,636	251,277
TOTAL NON CURRENT ASSETS		1,328,086	8,263,222
TOTAL ASSETS		2,277,557	12,469,695
CURRENT LIABILITIES			
Trade and other payables	12	127,366	155,422
TOTAL CURRENT LIABILITIES		127,366	155,422
TOTAL LIABILITIES		127,366	155,422
NET ASSETS		2,150,191	12,314,273
EQUITY			
Issued capital	13(a)	12,871,486	12,871,486
Reserves	14	(28,830)	1,572,404
Accumulated losses	15	(10,692,465)	(2,129,617)
TOTAL EQUITY		2,150,191	12,314,273

The above consolidated statement of financial position should be
read in conjunction with the accompanying notes

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014**

Australian (\$)	SHARE CAPITAL	OPTIONS RESERVE	FOREIGN EXCHANGE RESERVE	ACCUMULATED LOSSES	TOTAL EQUITY
	\$	\$	\$	\$	\$
BALANCE AT 1 JULY 2013	12,871,486	1,666,316	(93,912)	(2,129,617)	12,314,273
Total comprehensive income	-	-	(198,734)	(9,965,348)	(10,164,082)
Expiry of options	-	(1,402,500)	-	1,402,500	-
BALANCE AT 30 JUNE 2014	12,871,486	263,816	(292,646)	(10,692,465)	2,150,191
BALANCE AT 1 JULY 2012	2,024,917	253,816	-	(216,013)	2,062,720
Total comprehensive income	-	-	(93,912)	(1,913,604)	(2,007,516)
Shares issued during the year	11,317,998	1,412,500	-	-	12,730,498
Share issue expenses	(461,429)	-	-	-	(461,429)
Share based payment expense	(10,000)	-	-	-	(10,000)
BALANCE AT 30 JUNE 2013	12,871,486	1,666,316	(93,912)	(2,129,617)	12,314,273

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014**

Australian Dollar (\$)	Note	30 JUNE 2014 \$	30 JUNE 2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Expenditure on mineral interests		(2,003,253)	(1,226,038)
Other payments to suppliers and employees		(541,476)	(922,923)
Interest received		21,617	67,003
Net cash outflow from operating activities	17(b)	(2,523,112)	(2,081,958)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of mineral interest		(174,052)	-
Payments for term deposits		520,502	(449,381)
Purchase of plant and equipment		(477,099)	(72,800)
Cash acquired on acquisition of subsidiary	24	-	329,978
Net cash outflow from investing activities		(130,649)	(192,203)
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of shares and options net of capital raising costs		-	4,089,086
Net cash flows from financing activities		-	4,089,086
Net (decrease)/increase in cash and cash equivalents		(2,653,761)	1,814,925
Cash and cash equivalents at the beginning of the financial year		3,634,269	2,008,090
Exchange rate adjustment		(70,528)	(188,746)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	17(a)	909,980	3,634,269

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

1 CORPORATE INFORMATION

The financial report of Cardinal Resources Limited ("Cardinal Resources" or "the Company") for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 25 September 2014.

Cardinal Resources Limited is a company limited by shares, incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated financial statements of the Company for year ended 30 June 2014 comprise of the Company and its subsidiaries together referred to as the Group or consolidated entity.

The nature of the operations and principal activity of the Group is described in the directors' report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Preparation of the Financial Report**

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law. The financial report also complies with the International Financial Reporting Standards. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars. The following accounting policies have been adopted by the consolidated entity.

(b) Principles of Consolidation

The consolidated financial statements incorporate assets, liabilities and results of entities controlled by Cardinal Resources Limited at the end of the reporting period. A controlled entity is any entity over which Cardinal Resources has the power to govern the financial and operating policies so as to obtain the benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

When controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of year that they were controlled. A list of controlled entities is contained in note 24 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the equity section of the consolidated Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

(c) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

(d) Adoption of new and revised standards

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

Other standards not yet applicable

These standards are not expected to have a material impact on the entity in the current or future reporting periods.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 1031 'Materiality' (2013)	1 January 2017	30 June 2018
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015

(e) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS").

(f) Income Tax

Current income tax refunded/(expensed) charged to profit or loss is tax refundable/(payable). Those amounts recognised are expected to be recovered from/(paid to) the relevant taxation authority.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither that accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all the deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax is reviewed at each balance sheet date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are not in the income statement.

(g) Exploration and evaluation expenditure

All exploration and evaluation expenditure on areas of interest are expensed as incurred except for cost of acquisition, which may be capitalised to areas of interest and carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future. Where projects have advanced to the stage that directors have made a decision to mine, they are classified as development properties. When further development expenditure is incurred in respect of a development property, such expenditure is carried forward as part of the cost of that development property only when substantial future economic benefits are established. Otherwise such expenditure is classified as part of the cost of production or written off where production has not commenced.

(h) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Interest revenue is recognised using the effective interest method.

(i) Cash and cash equivalents

Cash and short-term deposits in the consolidated Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(j) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated cash outflows to be made to those benefits.

Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred.

(k) Impairment of assets

The consolidated group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the consolidated group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using fair value less cost to sell. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and it is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systemic basis over its remaining useful life.

(l) Earnings per share

Basic earnings per share is calculated as net loss attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

(m) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Consolidated Statement of Financial Position.

Cash Flows are included in the Consolidated Statement of Cash Flows on a net basis. The GST components of cash flows arising from investing and financial activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(n) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the consolidated profit or loss.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the profit or loss.

(o) Contributed equity

Ordinary shares and options are classified as contributed equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Significant accounting estimates and judgements

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Deferred taxation

The potential deferred tax asset arising from the tax losses and temporary differences have not been recognised as an asset because recovery of the tax losses is not yet considered probable (refer note 5).

Subsidiary Loans

Provision has been made for all unsecured loans with subsidiaries as it is uncertain if and when the loans will be recovered.

Exploration and evaluation assets

The accounting policy for exploration and evaluation expenditure results in expenditure being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

This policy requires management to make certain estimates as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy, a judgement is made that the recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to profit and loss.

Impairment

The consolidated group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the consolidated group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using various key assumptions.

(q) Comparative information

Comparative information is amended where appropriate to ensure consistency in presentation with the current year.

3 REVENUE

	CONSOLIDATED 30 JUNE 2014 \$	CONSOLIDATED 30 JUNE 2013 \$
Other income		
Interest from financial institutions	21,827	113,617
	<u>21,827</u>	<u>113,617</u>

4 EXPENSES

Administration expenses include the following expenses:

	CONSOLIDATED 30 JUNE 2014 \$	CONSOLIDATED 30 JUNE 2013 \$
Company secretarial fees	-	22,500
Directors fees	160,500	385,000
Defined contribution superannuation expense	8,325	6,975
	<u>168,825</u>	<u>414,475</u>

5 INCOME TAX
(a) Prima facie income tax benefit at 30% on loss from ordinary activities is reconciled to the income tax provided in the financial statements

	CONSOLIDATED 30 JUNE 2014 \$	CONSOLIDATED 30 JUNE 2013 \$
Loss before income tax	(9,965,348)	(1,913,604)
Income tax calculated at 30%	(2,989,603)	(574,081)
Tax effect of;-		
Expenses not allowed	14,365	135
Sundry – temporary differences	2,549,044	(92,432)
Section 40-880 deduction	(58,177)	(72,710)
Future income tax benefit not brought to account	484,371	739,088
Income tax refund (payable) attributable to operating losses	<u>-</u>	<u>-</u>

(b) Deferred tax assets

The potential deferred tax asset arising from the tax losses and temporary differences have not been recognised as an asset because recovery of tax losses is not yet probable.

The benefits will only be obtained if:

- (i) The Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the losses to be realised;
- (ii) The Group continues to comply with the conditions in deductibility imposed by the Law; and
- (iii) No change in tax legislation adversely affect the Group in realising the benefits from the deductions or the losses.

6 AUDITOR'S REMUNERATION

	CONSOLIDATED 30 JUNE 2014	CONSOLIDATED 30 JUNE 2013
	\$	\$
Auditing and review of the Company's financial statements	26,000	31,900
	<u>26,000</u>	<u>31,900</u>

7 KEY MANAGEMENT PERSONNEL
(a) Details of key management personnel
Directors and Executives

Alec Pismiris – Non-Executive Chairman – Prior to 17 June 2014 Non-Executive Director

Archie Koimtsidis – Managing Director

Malik Easah – Executive Director

Marcus Michael – Executive Director

Klaus Eckhof – Non-Executive Chairman – Retired 17 June 2014

(b) Compensation of key management personnel

	CONSOLIDATED 30 JUNE 2014	CONSOLIDATED 30 JUNE 2013
	\$	\$
Salaries, fees and leave	530,500	407,500
Non monetary	10,670	9,631
Post employment benefits – superannuation	8,325	6,975
	<u>549,495</u>	<u>424,106</u>

Refer to the remuneration report contained in the directors report for details of the remuneration paid/payable and share and options holdings in relation to each of Group's key management personnel for the year ended 30 June 2014.

8 CURRENT ASSETS
(a) Trade and Other Receivables

	CONSOLIDATED 30 JUNE 2014	CONSOLIDATED 30 JUNE 2013
	\$	\$
Other receivables	-	3,125
Government taxes receivables	6,452	7,934
	<u>6,452</u>	<u>11,059</u>

GST and income tax amounts are non-interest bearing and have repayment terms applicable under the relevant government authorities. No trade and other receivables are impaired or past due.

(b) Other Assets

	CONSOLIDATED 30 JUNE 2014 \$	CONSOLIDATED 30 JUNE 2013 \$
Prepayments	23,395	43,244
Cash deposits	9,644	517,901
	<u>33,039</u>	<u>561,145</u>

9 CAPITALISED EXPLORATION AND EVALUATION

	CONSOLIDATED 30 JUNE 2014 \$	CONSOLIDATED 30 JUNE 2013 \$
Balance at the beginning of the year	8,011,945	103,985
Cost of acquisitions	174,052	87,446
Expenditure written off	(47,719)	-
Acquired on acquisition of subsidiary (Note 24)	-	7,924,499
Impairment (Note 10)	(7,309,500)	(103,985)
Foreign exchange movement	(57,328)	-
Balance at end of year (i)	<u>771,450</u>	<u>8,011,945</u>

(i) The Recoupment of costs carried forwarded in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation on the sale of the respective area.

10 IMPAIRMENT EXPENSE

	CONSOLIDATED 30 JUNE 2014 \$	CONSOLIDATED 30 JUNE 2013 \$
Impairment expense (i)	7,309,500	-
	<u>7,309,500</u>	<u>-</u>

(i) In light of the current market conditions, the Directors' have conservatively estimated the recoverable amount of its mineral projects based on the Company's market capitalisation. As a result the Group has impaired its capitalised deferred exploration and evaluation expenditure by \$7,309,500 as at 30 June 2014. As this is an estimation, the actual recoverable amount may be significantly different to this value. Future exploration and evaluation results and changes in commodity prices may increase the estimated recoverable amount in the future, which may result in the reversal of some or all of impairment recognised.

11 PLANT AND EQUIPMENT

	CONSOLIDATED 30 JUNE 2014 \$	CONSOLIDATED 30 JUNE 2013 \$
Plant and Equipment		
Carrying amount at the beginning of the year	251,277	-
Additions	467,455	371,694
Depreciation expense	(91,219)	(120,417)
Foreign exchange movement	(70,877)	-
Total plant and equipment	<u>556,636</u>	<u>251,277</u>

	CONSOLIDATED 30 JUNE 2014 \$	CONSOLIDATED 30 JUNE 2013 \$
Plant and equipment		
At cost	691,542	369,418
Less: accumulated depreciation	(134,906)	(118,141)
Total plant and equipment	556,636	251,277

12 TRADE AND OTHER PAYABLES

	CONSOLIDATED 30 JUNE 2014 \$	CONSOLIDATED 30 JUNE 2013 \$
Trade and other payables	85,017	118,073
Other accrued expenses	42,349	37,349
	127,366	155,422

13 ISSUED CAPITAL
(a) Movement in ordinary shares on issue

	NUMBER OF SHARES	\$
At 1 July 2012	16,713,500	2,024,917
Transactions during the period		
Shares issued (i)	56,615,576	11,312,498
Exercise of options (ii)	27,500	5,500
Less: transaction costs (iii)	-	(471,429)
At 30 June 2013	73,356,576	12,871,486
As 1 July 2013	73,356,576	12,871,486
Transactions during the year		
Shares issued	-	-
Exercise of options	-	-
Less: transaction costs	-	-
At 30 June 2014	73,356,576	12,871,486

(i) The following shares were issued during the financial year ended 30 June 2013

- On 28 December 2012 20,450,576 shares were issued at \$0.20 per share were issued pursuant to the Non-Renounceable Entitlement Offer dated 15 November 2012;
- On 28 December 2012 33,000,000 shares were issued to shareholders of Cardinal Resources (Australia) Pty Ltd to acquire Cardinal Resources (Australia) Pty Ltd;
- On 28 December 2012 1,500,000 shares were issued in full satisfaction of loans made to Cardinal (Australia) Pty Ltd; and
- On 10 January 2013 1,665,000 shares were issued at \$0.20 per share pursuant to the Non-Renounceable Entitlement Offer dated 15 November 2012.

(ii) The following shares were issued on exercise of options during the financial year ended 30 June 2013

- On 23 November 2012 15,000 shares were issued on exercise of \$0.20 options expiring 30 June 2014; and

- On 28 November 2012 12,500 shares were issued on exercise of \$0.20 options expiring 30 June 2014.

(iii) Transactions costs represent the costs of issuing the shares, and includes

- On 8 February 2013 5,000,000 options were issued at \$0.002 per Option to the Lead Manager Azure Capital Limited as part consideration for underwriting up to \$4.0 million of the Cardinal Non-Renounceable Entitlement Offer (see note 18).

(b) Movement in options exercisable at \$0.20 on or before 30 June 2014

		NUMBER OF OPTIONS	\$
At 1 July 2012		6,261,750	-
Transactions during the period			
Options issued	(i)	50,423,370	1,402,500
Exercise of options	(ii)	(27,500)	-
At 30 June 2013		56,657,620	1,402,500
As 1 July 2013		56,657,620	1,402,500
Transactions during the year			
Options issued		-	-
Expiry of Options	(iii)	(56,657,620)	(1,402,500)
At 30 June 2014		-	-

(i) The following options were issued during the financial year ended 30 June 2013

- On 28 December 2012 30,675,870 options were issued pursuant to the Non-Renounceable Entitlement Offer dated 15 November 2012;
- On 28 December 2012 16,500,000 options were issued to shareholders of Cardinal Resources (Australia) Pty Ltd to acquire Cardinal Resources (Australia) Pty Ltd;
- On 28 December 2012 750,000 options were issued in full satisfaction of loans made to Cardinal (Australia) Pty Ltd; and
- On 10 January 2013 2,497,500 options were issued pursuant to the Non-Renounceable Entitlement Offer dated 15 November 2012.

(ii) The following shares were issued on exercise of options during the financial year ended 30 June 2013

- On 23 November 2012 15,000 shares were issued on exercise of \$0.20 options expiring 30 June 2014; and
- On 28 November 2012 12,500 shares were issued on exercise of \$0.20 options expiring 30 June 2014.

(iii) On 30 June 2014 56,657,620 options expired. None of these options were exercised.

(c) Movement in unlisted options exercisable at \$0.20 on or before 31 December 2015

		NUMBER OF OPTIONS	\$
At 1 July 2012		6,000,000	-
Transactions during the period			
Options issued	(i)	5,000,000	10,000
At 30 June 2013		11,000,000	10,000
As 1 July 2013		11,000,000	10,000
Transactions during the year			
Options issued		-	-
At 30 June 2014		11,000,000	10,000

(i) The following unlisted options were issued during the financial year ended 30 June 2013

- On 8 February 2013 in accordance with the terms of a corporate advisory mandate, Azure Capital Limited and its nominees were issued 5,000,000 Lead Manager Options were issued at \$0.002 per option as part consideration for underwriting up to \$4.0 million of the Cardinal Non-Renounceable Entitlement Issue (see note 18).

(d) Movement in Performance Shares

		NUMBER OF CLASS A PERFORMANCE SHARES	\$
At 1 July 2012		-	-
Transactions during the period			
Performance shares issued	(i)	50	-
At 30 June 2013		50	-
As 1 July 2013		50	-
Transactions during the year			
Performance shares issued		-	-
At 30 June 2014		50	-

		NUMBER OF CLASS B PERFORMANCE SHARES	\$
At 1 July 2012		-	-
Transactions during the period			
Performance shares issued	(i)	50	-
At 30 June 2013		50	-
As 1 July 2013		50	-
Transactions during the year			
Performance shares issued		-	-
At 30 June 2014		50	-

(i) The following performance shares were issued during the financial year ended 30 June 2013

On 28 December 2012, 100 performance shares were issued pursuant to the Cardinal offer.

There are 100 Performance Shares (convertible into a maximum of 10,000,000 Shares) on issue at 30 June 2014.

General terms attaching to the Performance Shares are set out below.

The Directors are currently of the opinion that the vesting conditions are unlikely to be met within 5 years from Completion date. As such, no value has been ascribed to the performance shares in the group's financial statements.

Class A Performance Shares

- (a) Performance Shares: Each Class A Performance Share is a share in the capital of the Company.
- (b) Class A Performance Shares shall confer on the holder (Holder) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. Holders have the right to attend general meetings of shareholders of the Company.
- (c) The Class A Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.
- (d) The Class A Performance Shares do not entitle the Holder to any dividends.
- (e) The Class A Performance Shares are not transferable.
- (f) If at any time the issue capital of the Company is restructured, all rights of a Holder will be changed to the extent necessary to comply with the applicable Listing Rules at the time of reorganisation.
- (g) The Class A Performance Shares will not be quoted on ASX. However, upon conversion of the Class A Performance Shares into Shares, the Company must within seven (7) days after the conversion, apply for the official quotation of the Shares arising from the conversion on ASX.
- (h) The Class A Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be required by ASX.
- (i) The Shares into which the Class A Performance Shares will convert will rank pari passu in all respects with the other Shares on issue.

Conversion of the Performance Shares

- (j) Each Class A Performance Share will convert into 100,000 Shares upon satisfaction of one of the following performance hurdles to the reasonable satisfaction of the Company by no later than 5 years from the Completion Date:
 - (i) The establishment of an inferred resources (JORC compliant) of at least 1 million ounces of gold within the tenements owned by the Company or any of its subsidiaries comprised by the Ghanaian Projects and DRC Projects;
 - (ii) A project owned by the Company or any of its subsidiaries being comprised by the tenements the subject of all or part of the Ghanaian Projects or DRC Projects, being sold for at least \$25 million in cash or cash equivalent; or

- (iii) A joint venture arrangement being entered into in respect of any tenement or tenements owned by the Company or of any of its subsidiaries and being comprised by all or part of the Ghanaian Projects or DRC Projects resulting in a payment in cash or cash equivalent of the Company or not less than \$25 million.

(with all of the above performance hurdles constituting the “Class A Performance Hurdle)

- (k) The Company will issue the Holder with new holding statements for the Shares as soon as practicable following the conversion of the Class A Performance Shares into Shares.

Class B Performance Shares

- (a) Performance Shares: Each Class B Performance Share is a share in the capital of the Company.
- (b) Class B Performance Shares shall confer on the holder (Holder) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. Holders have the right to attend general meetings of shareholders of the Company.
- (c) The Class B Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.
- (d) The Class B Performance Shares do not entitle the Holder to any dividends.
- (e) The Class B Performance Shares are not transferable.
- (f) If at any time the issue capital of the Company is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the applicable Listing Rules at the time of reorganisation.
- (g) The Class B Performance Shares will not be quoted on ASX. However, upon conversion of the Class B Performance Shares into Shares, the Company must within seven (7) days after the conversion, apply for the official quotation of the Shares arising from the conversion on ASX.
- (h) The Class B Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be required by ASX.
- (i) The Shares into which the Class B Performance Shares will convert will rank pari passu in all respects with the other Shares on issue.

Conversion of the Performance Shares

- (j) Each Class B Performance Share will convert into 100,000 Shares upon satisfaction of one of the following performance hurdles to the reasonable satisfaction of the Company by no later than 5 years from the Completion Date:

- (i) The market capitalisation of the Company reaching at least \$50 million on an undiluted basis determined by reference to the preceding 30 day VWAP;

(with all of the above performance hurdles constituting the “Class B Performance Hurdle)

- (k) The Company will issue the Holder with new holding statements for the Shares as soon as practicable following the conversion of the Class B Performance Shares into Shares.

14 RESERVES
Movements in options reserve

	CONSOLIDATED 30 JUNE 2014	CONSOLIDATED 30 JUNE 2013
	\$	\$
At the beginning of the year	1,666,316	253,816
Options issued during the year (i), (ii)	-	1,412,500
Expiry of unlisted options (iii)	(1,402,500)	-
At reporting date	<u>263,816</u>	<u>1,666,316</u>

- (i) On 28 December 2012, as part consideration for the acquisition of Cardinal Resources (Australia) Limited (Note 24), the parent entity issued 16,500,000 options to subscribe for ordinary shares, exercisable at \$0.20 each on or before 30 June 2014. The fair value of the options issued was estimated at the date of grant using the Binomial Option Pricing Model. The following table sets out the assumptions made in determining the fair value of the options granted:

Grant Date	28 December 2012
Dividend yield	0.00%
Expected volatility	80.00%
Risk-free interest rate	2.62%
Option exercise price	\$0.20
Expected life (years)	1.5
Share price on date of grant	\$0.204

- (ii) On 8 February 2013 in accordance with the terms of a corporate advisory mandate, Azure Capital Limited and its nominees were issued 5,000,000 Lead Manager Options were issued at \$0.002 per option as part consideration for underwriting up to \$4.0 million of the Cardinal Non-Renounceable Entitlement Issue (see note 18).
- (iii) On 30 June 2014 56,657,620 options expired. None of these options has been exercised.

Movements in foreign translation reserve

	CONSOLIDATED 30 JUNE 2014	CONSOLIDATED 30 JUNE 2013
	\$	\$
At the beginning of the year	(93,912)	-
Foreign translation	(198,734)	(93,912)
	<u>(292,646)</u>	<u>(93,912)</u>

15 ACCUMULATED LOSSES

	CONSOLIDATED 30 JUNE 2014	CONSOLIDATED 30 JUNE 2013
	\$	\$
Accumulated losses at the beginning of the year	(2,129,617)	(216,013)
Loss for the year	(9,965,348)	(1,913,604)
Expiry of unlisted options	1,402,500	-
Accumulated losses at the end of the year	<u>(10,692,465)</u>	<u>(2,129,617)</u>

16 LOSS PER SHARE

	CONSOLIDATED 30 JUNE 2014 \$	CONSOLIDATED 30 JUNE 2013 \$
Loss attributable to the owners of the Company used in calculating basic and diluted loss per shares	(9,965,348)	(1,913,604)
	<u>(9,965,348)</u>	<u>(1,913,604)</u>
	2014 Number	2013 Number
Weighted average number of shares on issue during the financial year used in the calculation of basic earnings per share	73,356,576	45,366,169
Weighted average number of ordinary shares for diluted earnings per share	<u>73,356,576</u>	<u>45,366,169</u>

As the Company has made a loss for the year ended 30 June 2014, all options on issue are considered anti-dilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

17 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
(a) Reconciliation of cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash at bank and in hand and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

	CONSOLIDATED 30 JUNE 2014 \$	CONSOLIDATED 30 JUNE 2013 \$
Current – cash at bank	909,980	3,127,529
Short term deposits	-	506,740
	<u>909,980</u>	<u>3,634,269</u>

(b) Reconciliation of loss after tax to net cash flows from operations

	CONSOLIDATED 30 JUNE 2014 \$	CONSOLIDATED 30 JUNE 2013 \$
Loss after income tax	(9,965,348)	(1,913,604)
Non-cash flows in profit		
Depreciation expense	91,219	70,887
Exploration write off	47,719	-
Impairment expense	7,309,500	-
Changes in assets and liabilities		
Decrease in trade and other receivables	2,006	26,409
Decrease/(increase) in prepayments	19,850	(111,764)
(Decrease) in trade and other payables	(28,058)	(153,886)
	<u>(2,523,112)</u>	<u>(2,081,958)</u>

Non-Cash Transactions

- (a) **Acquisition of Entities**
During the year ended 30 June 2013 the Company acquired 100% of Cardinal Resources (Australia) Pty Ltd and repaid loans by the issue of ordinary shares see note 13(a)(i), 13(b)(i) and 24.
- (b) Underwriting fee see note 13(c)(i).
- (c) Repayment of subsidiary loans see note 13(a)(i).

18 SHARE BASED PAYMENTS
(a) Supplier Options

- (i) There were no supplier options issued during the year ended 30 June 2014.
- (ii) On 8 February 2013 in accordance with the terms of a corporate advisory mandate, Azure Capital Limited and its nominees were issued 5,000,000 Lead Manager Options were issued at \$0.002 per option as part consideration for underwriting up to \$4.0 million of the Cardinal Non-Renounceable Entitlement Issue.

The fair value of the options issued, being \$0.082 per option, was estimated at the date of grant using the Binomial Option Pricing Model. The following table sets out the assumptions made in determining the fair value of the options granted:

Grant Date	8 February 2013
Dividend yield	0.00%
Expected volatility	80.00%
Risk-free interest rate	2.62%
Option exercise price	\$0.20
Expected life (years)	2.0
Share price on date of grant	\$0.17

19 COMMITMENTS AND CONTINGENCIES
(a) Commitment
Mineral exploration commitment

In order to maintain the current rights of tenure to exploration tenements, the Group has the following discretionary exploration expenditure requirements.

	2014 \$	2013 \$
Not later than one year	-	-
Later than one year but not later than two years	-	-
	-	-

(b) Contingent liabilities and commitments

The Group fully owns four subsidiaries, the main activities of which are exploration. The effect of these subsidiaries is to make the Cardinal Resources owned subsidiaries contractually responsible for any transactions undertaken by the subsidiary. The parent entity has provided certain guarantees to third parties whereby certain liabilities of the subsidiary are guaranteed.

The Group has no contingent liabilities and commitments at 30 June 2013 and 30 June 2014.

20 EVENTS SUBSEQUENT TO BALANCE DATE

On 18 September 2014 Cardinal announced the completion of a Placement of shares at 5.0 cents together with one free attaching options ("New Options") for each share to raise up to \$900,000.

In addition to the Placement, the directors of the Company (namely, Messers Alec Pismiris, Archie Koimtsidis, Marcus Michael and Malik Easah) will, subject to shareholder approval, participate in a placement to subscribe for a total of 4.88 million Shares and 4.88 million New Options for an aggregate subscription amount of approximately \$244,000 ("Director Placement"). The Director Placement will be made on the same terms and conditions as the Placement.

The New Options will be exercisable at \$0.15 on or before 5:00pm (WST) on the date that is 5 years from the date of issue.

The New Options to be issued was part of the Placement and the Director Placement will be issued subject to shareholder approval being obtained.

The Company will also undertake a pro-rata non-renounceable rights issue of New Options on the basis of one New Option for every two shares held by eligible shareholders on the record date ("Rights Issue").

The New Options to be issued under the Rights Issue will be issued on the same terms and conditions as the New Options to be issued as part the Placement, and the subscription price for the New Options under the Rights Issue will be \$0.01 per New Option.

Other than the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of the affairs of the Group in future financial years.

21 FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that the financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

2014	Note	Floating interest rate	Fixed interest rate	Non- interest bearing	Total	Weighted average interest rate
		\$	\$	\$	\$	%
Financial assets						
Cash and cash equivalents	17 (a)	88,375	-	821,605	909,980	2.82%
Trade and other receivables	8 (a)	-	-	6,452	6,452	-
Other assets	8 (b)	-	-	33,039	33,039	-
		88,375	-	861,096	949,471	-
Financial liabilities						
Trade and other payables	12	-	-	127,366	127,366	-
		-	-	127,366	127,366	-

2013	Note	Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Weighted average interest rate
		\$	\$	\$	\$	%
Financial assets						
Cash and cash equivalents	17 (a)	3,331,100	-	303,168	3,634,268	4.01%
Trade and other receivables	8 (a)	-	-	11,059	11,059	-
Other assets	8 (b)	-	517,901	43,243	561,144	6.42%
		3,331,100	517,901	357,470	4,206,471	-
Financial liabilities						
Trade and other payables	12	-	-	155,422	155,422	-
		-	-	155,422	155,422	-

Based on the balances at 30 June 2014 a 1% movement in interest rates would increase/decrease the loss for the year before taxation by \$884 (2013: \$38,490).

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any allowance for doubtful debts, as disclosed in the statement of financial position and notes to the financial report.

The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group.

(c) Net Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements represent their respective net fair value and is determined in accordance with the accounting policies disclosed in note 2 to the financial statements.

(d) Financial risk management

The Group's financial instruments consist mainly of deposits with recognised banks, investment in bank bills up to 90 days, accounts receivable and accounts payable. Liquidity is managed, when sufficient funds are available, by holding sufficient funds in a current account to service current obligations and surplus funds invested in bank bills. The directors analyse interest rate exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The main risks the Group is exposed to is through its financial instruments is the depository banking institution itself, holding the funds, and interest rates. The Group's credit risk is minimal as being an exploration Company, it has no significant financial assets other than cash and term deposits.

(e) Foreign Currency Risk

Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operations. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate.

Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or new investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recouped in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cashflows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

The following table shows the foreign currency risk on the financial assets and liabilities of the Group's operations denominated in currencies other than the functional currency of the operations. The foreign currency risk in the books of the parent entity is considered immaterial and is therefore not shown.

Consolidated Group	Net Financial Assets/(Liabilities) In AUD			
	AUD	USD	GHS	Total AUD
Functional currency of entity:				
Australian dollar	573,847	774,821	-	1,348,668
GHS New Cedi	-	-	801,523	801,523
Statement of financial position exposure	573,847	774,821	801,523	2,150,191

(f) Market Price Risk

The Group is not exposed to market price risk as it does not have any investments other than an interest in the subsidiaries.

22 RELATED PARTY TRANSACTIONS

The Group has no related parties other than the 100% owned subsidiaries disclosed in note 24 and the key management personnel as detailed in the remuneration report and disclosed in note 7. At 30 June 2014 balances due from the subsidiaries were:

Australian Dollar (\$)	30 JUNE 2014	30 JUNE 2013
	\$	\$
Cardinal Resources (Australia) Pty Ltd	4,129,130	3,908,930
Cardinal Resources Ghana Limited	814,485	124,538
Cardinal Resources Subranum Limited	8,670	-
Cardinal Mining Services Limited	-	-
	4,952,285	4,033,468

These amounts comprise of funds provided by the parent company for exploration activities.

During the financial year nil fees (2013: \$272,812) were paid and accrued under normal terms and conditions to Azure Capital Limited, of which Mr Pismiris was a Director.

During the financial year fees of \$5,926 (2013: \$163,341) were paid and accrued under normal terms and conditions to Drungaghan Pty Ltd of which Mr Shervington is a Director, including nil fees (2013: \$32,500) for the provision of services in his capacity as a Director and \$5,926 (2013: \$130,841) for legal services at normal commercial terms.

Accounting, bookkeeping, corporate secretarial and administration service fees of \$160,542 (2013: \$128,098) were paid or payable on ordinary commercial terms during the year to Marshall Michael Pty Ltd, a company in which Mr Michael is a director.

23 SEGMENT REPORTING

For management purposes, the Group is organised into one main operating segment, which involves the exploration of minerals in Ghana. All of the Group's activities are interrelated, and discrete financial information is reported to the Board as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment.

The financial results from this segment are equivalent to the financial statements of the Group as a whole.

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of these financial statements.

24 SUBSIDIARIES

The parent entity, Cardinal Resources Limited, has 100% interest in the below subsidiaries. Cardinal Resources Limited is required to make all the financial and operating policy decisions of these subsidiaries.

Subsidiaries of Cardinal Resources Limited	Country of incorporation	Percentage owned %	
		2014	2013
Cardinal Resources (Australia) Pty Ltd	Australia	100%	100%
Cardinal Resources Ghana Limited	Ghana	100%	100%
Cardinal Resources Subranum Limited	Ghana	100%	100%
Cardinal Mining Services Limited	Ghana	100%	100%

The parent entity acquired a 100% interest in Cardinal Resources (Australia) Limited on 28 December 2012. Cardinal Resources (Australia) Limited has a 100% interest in Cardinal Resources Ghana Limited, Cardinal Mining Services Limited, and Cardinal Resources Subranum Limited. Details of the acquisition were as follows:

	Fair Value \$
Purchase Consideration	
Ordinary Shares (note 13 (a))	6,600,000
Options (note 13 (b))	1,402,500
	<u>8,002,500</u>

Fair value of net assets acquired on date of acquisition

Cash and cash equivalent	329,978
Current trade and other receivables	6,286
Plant and equipment	249,364
Exploration project interests	7,924,499
Trade and other payables	(218,244)
Loans payable	(289,383)
	<u>8,002,500</u>

25 PARENT COMPANY DISCLOSURE
(a) Financial Position for the year ended 30 June 2014

Australian Dollar (\$)	30 JUNE 2014 \$	30 JUNE 2013 \$
Assets		
Current assets	152,631	1,784,280
Non-current assets	693,000	12,040,679
Total assets	<u>845,631</u>	<u>13,824,959</u>
Liabilities		
Current liabilities	89,119	190,309
Non-current liabilities	-	3,908,930
Total liabilities	<u>89,119</u>	<u>4,099,239</u>
Net assets	<u>756,512</u>	<u>9,725,720</u>
Equity		
Issued capital	12,993,387	12,993,387
Reserves	263,816	1,666,316
Accumulated losses	(12,500,691)	(4,933,983)
Total equity	<u>756,512</u>	<u>9,725,720</u>

(b) Financial Performance for the year ended 30 June 2014

Australian Dollar \$	30 JUNE 2014 \$	30 JUNE 2013 \$
Profit (loss) for the year	(8,969,208)	(4,717,969)
Other comprehensive income	-	-
Total comprehensive income (loss)	<u>(8,969,208)</u>	<u>(4,717,969)</u>

(c) Guarantees entered into by the Parent Entity

	30 JUNE 2014 \$	30 JUNE 2013 \$
	-	-
	<u>-</u>	<u>-</u>

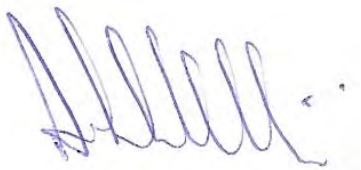
In the opinion of the Directors of Cardinal Resources Limited ("the Company")

- (a) The financial statements and the notes and the additional disclosures included in the directors' report designated as audited of the Group are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended that date; and
 - (ii) Complying with Accounting Standards and Corporations Regulations 2001, and:
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) The financial statements and notes comply with International Financial Reporting Standards as disclosed in note 2.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Board



Archie Koimtsidis
Managing Director

Dated this 25 September 2014
Perth, Western Australia

Auditor's Independence Declaration

To those charged with governance of Cardinal Resources Limited

As auditor for the audit of Cardinal Resources Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Somes Cooke



Kevin Somes
Partner

Perth
25 September 2014

Independent Auditor's Report

To the members of Cardinal Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Cardinal Resources Limited, which comprises the statement of financial position as at 30 June 2014, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Cardinal Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Cardinal Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2014 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements and notes also comply with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 26 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Cardinal Resources Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001



Somes Cooke



Kevin Somes
Partner

25 September 2014

Level 2, 35 Outram Street,
West Perth
WA 6005

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Cardinal Resources Limited (Cardinal) adhere to strict principles of corporate governance.

The Board of Directors of Cardinal is responsible for the overall corporate governance of the Company, guiding and monitoring the business and affairs of Cardinal on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Corporate Governance Statement is structured with reference to the Australian Stock Exchange Corporate Governance Council's (Council) "Principles of Good Corporate Governance and Best Practice Recommendations". In accordance with the recommendations of the Council, the Corporate Governance Statement must now contain certain specific information and must disclose the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, that fact must be disclosed, together with the reasons for the departure. Cardinal's Corporate Governance Statement has been structured with reference to the Council's principles and recommendations. The following is a summary of Cardinal's adherence to the Council's principles and recommendations:

- Principle 1. Lay solid foundations for management and oversight**
Cardinal largely complies with this recommendation except the Board and senior management of Cardinal actively participate in the operations of the Company due to the scale and nature of the Company's current operations.
- Principle 2. Structure the Board to add value**
Cardinal complies with this recommendation.
- Principle 3. Promote ethical and responsible decision making**
Cardinal complies with this recommendation except that it has not adopted a formal policy on diversity due to the scale and nature of the Company's current operations.
- Principle 4. Safeguard integrity in financial reporting**
Cardinal largely complies with this recommendation except that it has not established an Audit Committee due to the scale and nature of the Company's current operations. The Board carried out the duties of the audit committee.
- Principle 5. Make timely and balanced disclosure**
Cardinal complies with this recommendation.
- Principle 6. Respect the rights of shareholders**
Cardinal complies with this recommendation.
- Principle 7. Recognise and manage risk**
Cardinal complies with this recommendation.
- Principle 8. Remunerate fairly and responsibly**
Cardinal largely complies with this recommendation except that it has not established a Remuneration Committee due to the scale and nature of the Company's current operations. The Company will consider long term incentives including the grant of options or performance rights. The objective of long term incentives is to ensure maximum stakeholder benefit is achieved from the retention of a high quality Board and to provide incentive for Directors to identify new commercial opportunities for the Company.

The Cardinal Resources Limited corporate governance policies and procedures are largely consistent with the Council's best practice recommendations. The process to achieve consistency with the Council's recommendations are gradual and where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company does not consider that the practices are appropriate for the Company due to the scale and nature of the Company's operations.

To illustrate where the Company has addressed each of the Council's recommendations, the following table cross-references each recommendation with sections of this report. The table does not provide the full text of each recommendation but rather the topic covered.

Recommendation	Section
Recommendation 1.1 Functions of the Board and Management	1.1
Recommendation 1.2 Senior Executive Evaluation	1.3
Recommendation 1.3 Reporting on Principle 1	1
Recommendation 2.1 Independent Directors	1.2
Recommendation 2.2 Independent Chair	1.2
Recommendation 2.3 Role of the Chair and CEO	Not Applicable
Recommendation 2.4 Establishment of Nomination Committee	2.3
Recommendation 2.5 Board and Individual Director Evaluation	1.4.11
Recommendation 2.6 Reporting on Principle 2	2
Recommendation 3.1 Code of Conduct	2.4
Recommendation 3.2 Company Diversity Policy	1.4.10
Recommendation 3.3 Reporting on Principle 3	1.1
Recommendation 4.1 Establishment of Audit Committee	2.1
Recommendation 4.2 Structure of the Audit Committee	2.1
Recommendation 4.3 Audit Committee Charter	2.1
Recommendation 4.4 Reporting on Principle 4	2.1
Recommendation 5.1 Policy for Compliance with Continuous Disclosure	1.4.4
Recommendation 5.2 Reporting on Principle 5	2.5
Recommendation 6.1 Communications Strategy	1.4.8 and 2.5
Recommendation 6.2 Reporting on Principle 6	1.4.8 and 2.5
Recommendation 7.1 Policies on Risk Oversight and Management	2.1
Recommendation 7.2 Risk Management Report	1.4.12
Recommendation 7.3 CEO and CFO Assurance	1.4.12
Recommendation 7.4 Reporting on Principle 7	2.4
Recommendation 8.1 Establishment of Remuneration Committee	2.2
Recommendation 8.2 Structure of Remuneration Committee	2.2
Recommendation 8.3 Executive and Non-Executive Director Remuneration	2.2
Recommendation 8.3 Reporting on Principle 8	2.2

1. Board of Directors**1.1 Role of the Board**

The Board's current role is to collectively govern and manage the Company. The Directors must act in the best interests of the Company as a whole. It is the role of the Board to govern and manage the Company in accordance with the stated objectives of the Company. In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

To assist the Board in carrying out its functions, it has developed a Code of Conduct to guide the Directors in the performance of their roles.

1.2 Composition of the Board

To add value to the Company, the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. The names of the Directors and their qualifications and experience are stated in the Director's Report. Directors are appointed based on their experience and on the independence of their decision-making and judgment.

The Company's Constitution provides for the appointment of a minimum number of Directors as three and up to a maximum of seven. Currently the Company has four Directors comprising of a Non-Executive Chairman, a Managing Director and two Executive Directors. The Constitution does not require a shareholding qualification for Directors.

The Company recognises the importance of Non-executive Directors and the external perspective and advice that Non-executive Directors can offer.

An independent Director:

- is a Non Executive Director and;
- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an Executive capacity by the Company or another Company member, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another Company member, or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company or another Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company or other Company member other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

The Company has no non-executive directors.

1.3 Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

- (i) Leadership of the organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board, management and employees.
- (ii) Strategy formulation: working to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
- (iii) Overseeing planning activities: overseeing the development of the Company's strategic plan and approving that plan as well as the annual and long-term budgets.
- (iv) Shareholder liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
- (v) Monitoring, compliance and risk management: overseeing the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.
- (vi) Company finances: approving expenses in excess of those approved in the annual budget and approving and monitoring acquisitions, divestitures and financial and other reporting.
- (vii) Human resources: appointing, and, where appropriate, removing the Managing Director/Chief Executive Officer and Chief Financial Officer as well as reviewing their performance and monitoring the performance of senior management in their implementation of the Company's strategy.
- (viii) Ensuring the health, safety and well-being of employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.
- (ix) Delegation of authority: where appropriate delegating appropriate powers to the Company's Executives to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of any Committees of the Board.

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following.

1.4 Board Policies

1.4.1 Conflicts of Interest

Directors must disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company and if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

1.4.4 Continuous Disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules, the Company immediately notifies the ASX of information:

- Concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- That would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

Upon confirmation of receipt from the ASX, the Company is able to publish the information in accordance with this policy.

1.4.5 Education and Induction

New Directors undergo an induction process in which they are given a full briefing on the Company. Information conveyed to new Directors includes:

- Details of the roles and responsibilities of a Director with an outline of the qualities required to be a successful Director;
- Formal policies on Director appointment as well as conduct and contribution expectations;
- Details of all relevant legal requirements;
- A copy of the Board Charter;
- Guidelines on how the Board processes function;
- Details of past, recent and likely future developments relating to the Board including anticipated regulatory changes;
- Background information on and contact information for key people in the organisation including an outline of their roles and capabilities;
- An analysis of the Company;
- A synopsis of the current strategic direction of the Company including a copy of the current strategic plan and annual budget; and
- A copy of the Constitution of the Company.

1.4.6 Independent Professional Advice

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities.

1.4.7 Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company and will be reported in writing to each Board meeting. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

1.4.8 Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- (i) Communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company;
- (ii) Giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- (iii) Making it easy for shareholders to participate in general meetings of the Company; and
- (iv) Requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and for shareholders to make enquiries of the Company.

1.4.9 Trading in Company Securities

The Company has a Code for Trading in Securities ("Code") which sets out the requirements for Directors and Employees trading in Company Securities. In order to ensure that Directors and Employees do not inadvertently breach the insider trading provisions of the Corporations Act, Directors and Employees are only permitted to trade in Company Securities in limited circumstances determined by this Code. The circumstances in which Directors and Employees are not permitted to trade in Company Securities are called Closed Periods and are defined as:

- Directors and/or Employees possessing information that they know, or ought reasonably to know, is inside information in relation to Company Securities; or
- the Company Secretary has issued an instruction prohibiting trading in Company Securities by Directors and Employees; or
- it is the day on which the Company has made, or is expected to make, an announcement to the ASX; or
- when Directors and/or Employees wishing to trade in Company securities have not complied with the requirement to seek written approval from the Chair of the Board or his or her delegate.

Consideration will be given to any special circumstances (eg financial hardship).

The completion of any such trade by a Director must also be notified to the Company Secretary who in turn advises the ASX.

1.4.10 Diversity Policy

The Board is committed to establishing a policy concerning diversity including but not limited to gender, age, ethnicity and cultural background. On establishment of a diversity policy, the Board intends to introduce procedures to ensure its proper implementation.

1.4.11 Performance Review/Evaluation

The Board intends to conduct an evaluation of its performance annually. There was no evaluation conducted during the financial period.

1.4.12 Recognise and Manage Risk

The Board will seek the relevant assurance from the chief executive officer and chief financial officer (or their equivalents) at the relevant time that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risk.

2. Board Committees

2.1 Audit and Compliance Committee

The Directors have elected not to appoint an Audit and Compliance Committee due to the scale and nature of the Company's activities.

It is the Board's responsibility to ensure that an effective internal control framework exists within the Company to deal with the effectiveness and efficiency of business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information. The Board has been delegated the responsibility for the establishment and maintenance of the internal control framework and ethical standards. The responsibilities include the following:

- Oversee and appraise the independence, quality and extent of the total audit effort;
- Perform an independent overview of the financial information prepared by Company management for shareholders and prospective shareholders;
- Evaluate the adequacy and effectiveness of the Company's risk management and financial control, and other internal control systems and evaluate the operation thereof;
- Review and endorse the annual and half year attestation statements in accordance with regulatory requirements;
- The appointment of external auditors;
- Review and implement risk management and internal control structures appropriate to the needs of Cardinal;
- Monitor compliance issues applicable laws and regulations, particularly compliance with the Stock Exchange Listing Rules;
- Review all public releases to the ASX of material consequence, prior to release to the market; and
- Review of Corporate Governance Practices.

2.2 Remuneration Committee

The Directors have elected not to appoint a Remuneration Committee due to the scale and nature of the Company's activities.

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board by remunerating Directors fairly and appropriately with reference to relevant market conditions. To assist in achieving this objective, the Board attempts to link the nature and amount of Directors' emoluments to the Company's performance. The outcome of the remuneration structure is:

- Reward Executives for Company and individual performance against appropriate benchmarks;
- Align the interests of the Executives with those of shareholders;

- Link reward with the strategic goals and performance of the Company; and
- Ensure remuneration is comparable to market standards.

For details of the amount of remuneration and all monetary and non-monetary components for each of the Directors during the financial period, refer to the Directors' Report.

There is no scheme to provide retirement benefits, other than statutory superannuation, to Directors.

For further information in relation to the remuneration of Directors, refer to the Directors' Report.

2.3 Nomination Committee

The Directors have elected not to appoint a Nomination Committee due to the scale and nature of the Company's activities.

Subject to the provision of the Company's Constitution, the issues of Board composition and selection criteria for Directors are dealt with by the full Board. The Board continues to have the mix of skills and experience necessary for the conduct of the Company's activities.

The Constitution provides for events whereby Directors may be removed from the Board. Similarly shareholders have the ability to nominate, appoint and remove Directors. In addition, the Constitution provides for the regular rotation of Directors which ensures that Directors seek re-election by shareholders at least once every three years.

Given these existing regulatory requirements, Directors are not appointed for a specified term and Directors' continuity of service is in the hands of shareholders.

2.4 Company Code Of Conduct

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders. These stakeholders include employees, clients, customers, government authorities, creditors and the community as whole.

This Code includes the following:

Responsibilities to Shareholders and the Financial Community Generally

The Company complies with the spirit as well as the letter of all laws and regulations that govern shareholders' rights. The Company has processes in place designed to ensure the truthful and factual presentation of the Company's financial position and prepares and maintains its accounts fairly and accurately in accordance with the generally accepted accounting and financial reporting standards.

Responsibilities to Clients, Customers and Consumers

Each employee has an obligation to use their best efforts to deal in a fair and responsible manner with each of the Company's clients, customers and consumers. The Company for its part is committed to providing clients, customers and consumers with fair value.

Employment Practices

The Company endeavours to provide a safe workplace in which there is equal opportunity for all employees at all levels of the Company. The Company does not tolerate the offering or acceptance of bribes or the misuse of Company assets or resources.

Obligations Relative to Fair Trading and Dealing

The Company aims to conduct its business fairly and to compete ethically and in accordance with relevant competition laws. The Company strives to deal fairly with the Company's customers, suppliers, competitors and other employees and encourages its employees to strive to do the same.

Responsibilities to the Community

As part of the community the Company is committed to conducting its business in accordance with applicable environmental laws and regulations and encourages all employees to have regard for the environment when carrying out their jobs.

Responsibility to the Individual

The Company is committed to keeping private information collected during the course of its activities, confidential and protected from uses other than those for which it was provided.

Conflicts of Interest

Employees and Directors must avoid conflicts as well as the appearance of conflicts between personal interests and the interests of the Company.

How the Company Complies with Legislation Affecting its Operations

Within Australia, the Company strives to comply with the spirit and the letter of all legislation affecting its operations. Outside Australia, the Company will abide by local laws in all countries in which it operates. Where those laws are not as stringent as the Company's operating policies, particularly in relation to the environment, workplace practices, intellectual property and the giving of "gifts", Company policy will prevail.

How the Company Monitors and Ensures Compliance with its Code

The Board, management and all employees of the Company are committed to implementing this Code of Conduct and each individual is accountable for such compliance. Disciplinary measures may be imposed for violating the Code.

2.5 Shareholder Communication

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders as follows:

- The Annual Financial Report is distributed to all shareholders (unless a shareholder has specifically requested not to receive the document). The Board ensures that the annual report includes relevant information about the operations of the Company during the financial year, changes in the state of affairs of the Company and details of future developments, in addition to other disclosures required by the Corporations Act 2001;
- developments, in addition to other disclosures required by the Corporations Act 2001;
- Release of a Half-Yearly Report to the Australian Stock Exchange Limited;
- The Company's website at www.cardinalresources.com.au; and
- Proposed major changes in the economic entity which may impact on share ownership rights are submitted to a vote of shareholders.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Shareholders are responsible for voting on appointment of Directors, appointment of auditors, level of remuneration of Non-Executive Directors and any matters of special business.

1 Distribution of holders

As at 25 September 2014 the distribution of shareholders was as follows:

Ordinary shares

Size of holding	Number of holders
1 – 1,000	2
1,001 – 5,000	6
5,001 – 10,000	92
10,001 – 100,000	136
100,001 and over	110
Total	346

2 Voting rights

There are no restrictions to voting rights attached to the ordinary shares. On a show of hands every member present in person will have one vote and upon a poll, every member present or by proxy will have one vote each share held.

3 Substantial shareholders

The names of the substantial shareholders who have notified the Company in accordance with Section 671B of the Corporation Act 2001 are;

Shareholder	Shares held	Percentage interest %
St Barnabas Investments Pty Ltd	5,668,432	7.73%
Arthur Koimtsidis	4,225,000	5.89%
Panga Pty Ltd	4,150,397	5.79%
Riverfront Nominees Pty Ltd	3,859,683	5.38%
Oceanic Capital Pty Ltd	3,844,012	5.24%

4 Top 20 shareholders

The names of the 20 largest shareholders on the share register as at 25 September 2014, who hold 55.82% of the ordinary shares of the Company, were as follows;

Shareholder	Number
St Barnabas Investments Pty Ltd	5,256,250
Mr Arthur Koimtsidis	4,050,000
Panga Pty Ltd	4,040,000
Riverfront Nominees Pty Ltd <MCM Family A/C>	3,587,500
Oceanic Capital Pty Ltd	2,783,512
Mr Malik Mohammad Easah	1,916,750
HSBC Custody Nominees (Australia) Limited	1,896,308
Oceanic Capital Pty Ltd	1,710,500
Mr John Missailidis	1,706,250
ACP Investments Pty Ltd <The ACP Investment A/C>	1,562,500
Bellarine Gold Pty Ltd <Ribblesdale Super Fund A/C>	1,555,256
Mr Klaus Eckhof	1,500,000
Mr Robert Wittenoom	1,500,000

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Mr William Henry Hernstadt	1,461,051
McNeil Nominees Pty Ltd	1,265,168
Bainpro Nominees Pty Limited	1,174,627
Surfboard Pty Ltd <ARW Super Fund No1 A/C>	1,062,500
Paticoa Nominees Pty Ltd	1,048,051
ACP Investments Pty Ltd	1,000,000
AWD Consultants Pty Ltd <Stevens Super Fund A/C>	875,000

5 Top 20 option holders

The names of the 20 largest option holders on the share register as at 25 September 2014, who hold 52.37% of the listed options of the Company, were as follows;

Optionholder	Number
Panga Pty Ltd	3,435,000
HSBC Custody Nominees (Australia) Limited	2,814,462
St Barnabas Investments Pty Ltd	2,628,125
Oceanic Capital Pty Ltd	2,347,768
Bellarine Gold Pty Ltd <Ribblesdale Super Fund A/C>	2,332,884
Mr Arthur Koimtsidis	2,025,000
Riverfront Nominees Pty Ltd <MCM Family A/C>	1,793,750
Archfield Holdings Pty Ltd	1,744,977
ACP Investments Pty Ltd <The ACP Investments A/C>	1,031,250
Nutsville Pty Ltd <Industrial Elect Co S/F A/C>	965,814
Mr Malik Mohammad Easah	958,375
Orca Capital GMBH	956,250
Mr Kenneth Ronald Lewis	935,000
ACP Investments Pty Ltd	875,000
Mr William Henry Hernstadt	866,577
Mr John Missailidis	853,125
Skink Resources Pty Ltd	800,000
Clariden Capital Limited	787,500
McNeil Nominees Pty Limited	768,750
Mr Klaus Eckhof	750,000

6 Consistency with business objectives

The Company has used its cash and assets in a form readily convertible to cash that it had at the time of listing in a way the consistent with its stated objectives.

SCHEDULE OF TENEMENTS

Cardinal Resources Limited mineral interest as at 25 September 2014

Project	Registered Holder	Note	Status	Equity	Registry No
GHANA					
Bolgatanga Project					
Ndongo Prospect	Cardinal Resources (Ghana) Limited		Reconnaissance	100%	PL9/22
Kungongo Prospect	Cardinal Resources (Ghana) Limited		Reconnaissance	100%	RL9/28
Bongo Prospect	Cardinal Resources (Ghana) Limited		Reconnaissance	100%	RL9/29
Subranum Project					
Subranum Prospect	Newmont	1	Prospecting	-	PL6/309

1. Subranum Project: Cardinal Resources Subranum Limited has entered into a Sale and Purchase agreement with Newmont Ghana Gold Limited (a subsidiary of Newmont Mining Corporation) for the purchase of Subin Kasu Prospecting Licence (the "Subranum Project").

Subject to the approval of the sale by the relevant Minister for the Ghanaian Mining Act, Cardinal Resources Subranum Limited will acquire 100% of the Subin Kasu Prospecting Licence and pay to Newmont Ghana Gold Limited US\$50,000 on or before 10 days after the approval date, US\$50,000 on the first anniversary of the approval date and a final \$100,000 on the second anniversary date. In addition Cardinal Resources Subranum Limited will be required to spend US\$250,000 on exploration within the first year from approval and a further US\$750,000 in the second year.

Cardinal Resources Subranum Limited will be required to pay Newmont Ghana Gold Limited US\$50,000 per annum from the date which Cardinal Resources Subranum Limited reports a "gold resource estimate" of 1 Moz of Gold. Subject to the grant of a Mining Lease under the Ghanaian Mining Act, Cardinal Resources Subranum Limited will be required to pay Newmont Ghana Gold Limited a 2% Net Smelter Royalty.



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