



2016 ANNUAL REPORT

CORPORATE DIRECTORY

Board of Directors

Mark Connelly – Non-Executive Chairman
 Archie Koimtsidis – Managing Director
 Malik Easah – Executive Director
 Mark Thomas – Non-Executive Director
 Simon Jackson – Non-Executive Director



Company Secretary

Sarah Shipway

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Share Register

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Stock Exchange Code

CDV – Ordinary Shares

CDVOA – Listed Options

Auditors

Greenwich & Co Audit Pty Ltd
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 WEST PERTH WA 6005

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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 2016.

GHANA GOLD PROJECTS

Cardinal Resources Limited, through its wholly owned subsidiary, Cardinal Resources Ghana Limited, holds five tenements prospective for gold mineralisation in Ghana in two NE-SW trending Paleo-Proterozoic granite-greenstone belts: the **Bolgatanga and Namdini Projects** 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 Resources Tenements in Ghana

BOLGATANGA PROJECT, GHANA

During the year exploration activities were mainly comprised of RC and diamond drilling at the Namdini Project.

NAMDINI PROJECT

The Namdini tenement is located ~12 km SE from Cardinal’s Ndongo East Prospect and ~6 km SE of the producing Shaanxi Gold Mine. The area around the original Namdini Licence has been considerably expanded, which is anticipated to add to the Namdini Licence gold inventory already identified (Figure 2).

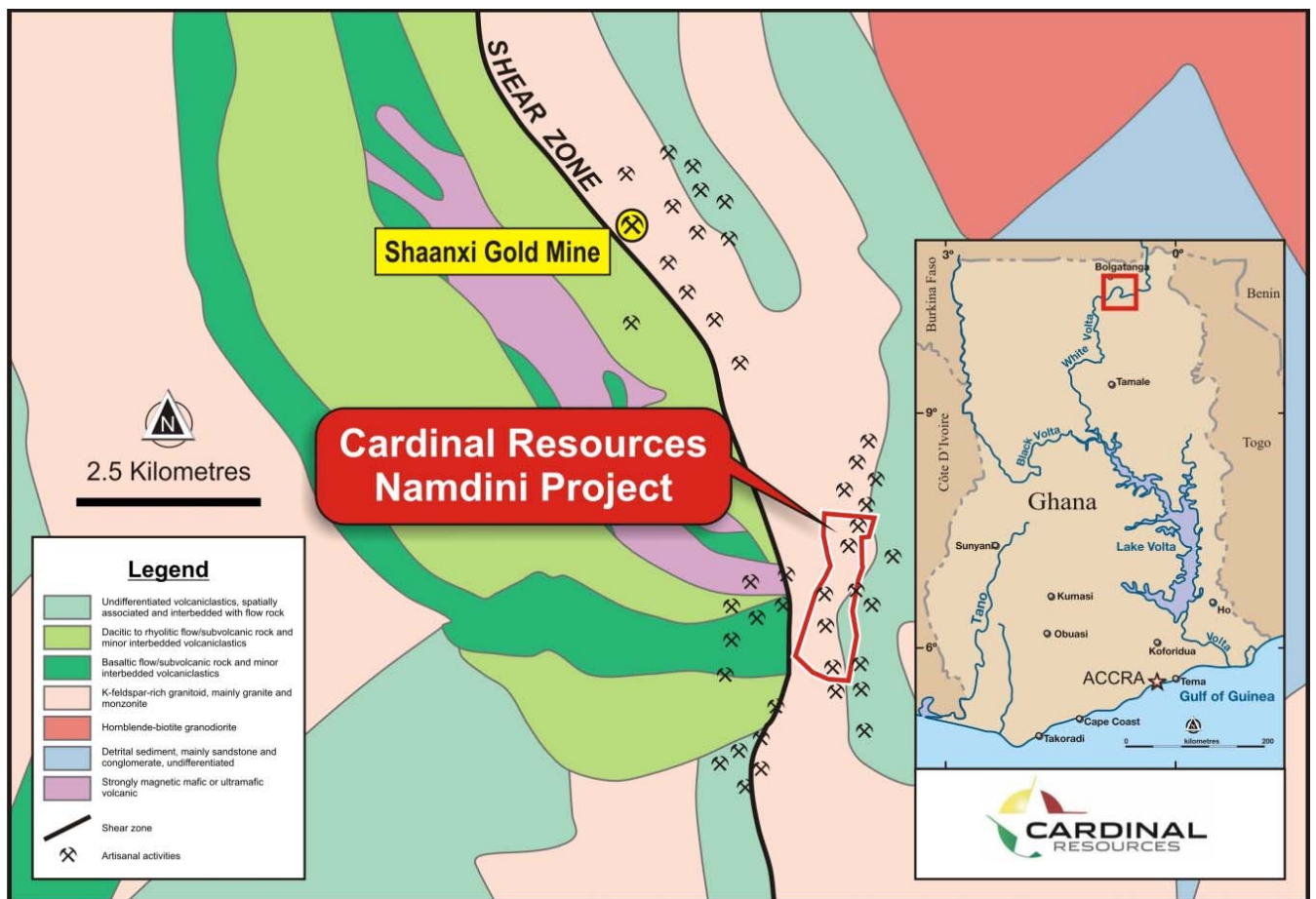


Figure 2: Namdini Project Area

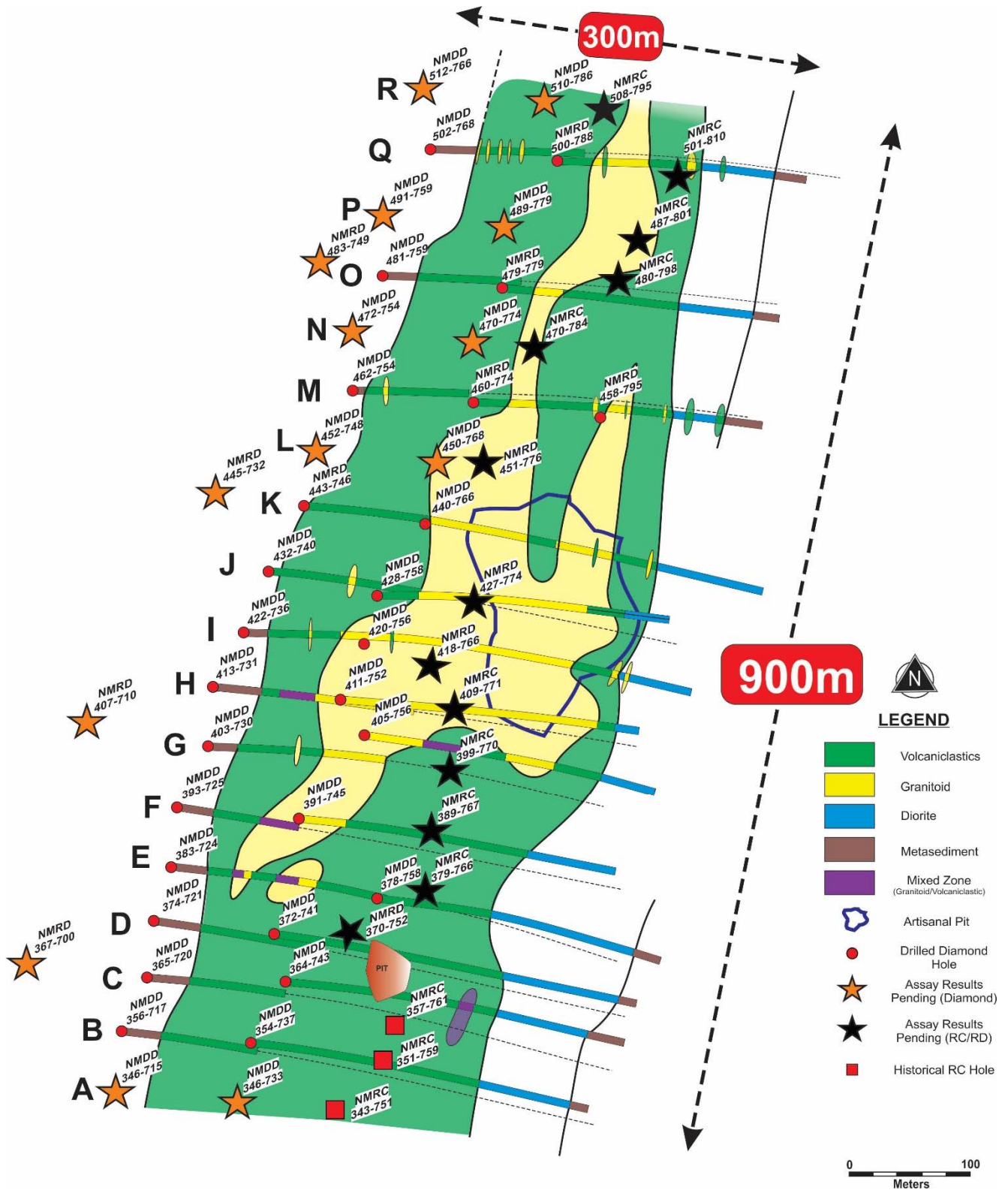


Figure 3: Namdini Project Area of geology and recent drill hole collars (to end June 2016)
(Surface projection from drill holes)

NAMDINI PROJECT DRILLING

A total of 33 Diamond, 28 RC and 17 RC + Diamond drill holes were completed during the year totalling 17,016.80m. A total of 18,040 samples, including duplicates, blanks and standards, were submitted to SGS Laboratories in Burkina Faso and Ghana, for standard fire assay (Table 1). QAQC protocols were observed by the taking of duplicates (RC drilling), and inserting in-house blanks and commercial certified reference material (CRM) as standards.

Drill Method	No. Holes	Total (m)	No. Samples	Duplicates	Blanks	Standards
DD Drilling	33	10,358.92	10,510	0	250	251
RC Drilling	28	2,570.30	2,506	124	64	62
RC+DD tails	17*	4,087.58	4,004	71	98	100
Totals		17,016.80	17,020	195	412	413

*4 RC+DD drill holes reported with only RC portions drilled during this reporting period

Table 1: Namdini Drilling (to end June 2016)

Diamond Drilling

The drill rigs for the diamond drill holes were all aligned at -65° dip drilling east which allows for the shallowing of the drill hole with depth. The azimuth was set at 095° instead of 100° (normal to the strike of the formations) as the borehole trace usually deflects to the right with depth due to the clockwise rotation of the drill rods.

The diamond drill holes were cored from surface. The soft near surface materials were drilled with a Triple Tube core barrel to reduce core losses. Once harder rock was encountered, then HW steel casing was inserted for drill hole stability and HQ size core was drilled to their final depths.

The diamond drill holes were surveyed near the top of each drill hole, then every 30m down the hole to determine the dip and azimuth of the drill holes with depth.

RC Drilling

The general strike of the host rocks is 010° and dipping at approximately -60° W. The RC drilling was orientated normal (at 90°) to the strike of 100° azimuth with all drill holes inclined to the east as these drill holes were all planned to be relatively shallow and did not deviate very much from their intended planned directions.

The soft near surface materials were drilled until harder formations were encountered, then PVC casings were inserted for drill hole stability. The transition and fresh rocks were drilled with button bits attached to the hammer and dry chips were recovered at 1m intervals through a cyclone.

Combination RC and Diamond Drilling

Where deeper drilling was planned, RC drilling was initially done until water was encountered, then HW steel casing was inserted for drill hole stability and HQ size core was drilled to the planned final depths.

The RC drill hole was surveyed only for dip at the end of the RC drilled portion of the drill hole as the azimuth could not be determined due to the proximity of the metal rods which affects the magnetic readings. The drill hole was surveyed for both azimuth and dip a short distance below the end of the HW casing, and then every 30m down the hole to determine the dip and azimuth of the drill hole until completed.

Diamond Drill Core

The core was orientated at each drill run using a digital instrument. The core was marked showing the base of the drill hole, then the core from each drill run was laid in a length of angle iron to fit the core together so that the orientation line could be drawn along the length of the core at the drill site. Initial geotechnical parameters were measured at the drill site, with more detailed parameters measured in the core shed using this orientation line as the datum line.

The core was photographed, cut in half, then quartered, with the same quarter sector consistently sampled to reduce sample bias. The remaining three quarters of core were stored in metal core trays and placed on metal racks under cover in the core shed at Bolgatanga (Figure 4). The quarter core samples were sent to the SGS Laboratories in both Burkina Faso and Tarkwa, Ghana for fire assay to speed up the receipt of results.



Figure 4: Core trays stacked under cover in Bolgatanga core shed

RC Drill Sampling

28 RC drill holes were completed which generated a total of 2,756 samples, including duplicates, blanks and standards (Table 1), submitted to the SGS Laboratories in Burkina Faso and Tarkwa, Ghana for assaying by standard fire assay methods. The addition of duplicates, blanks and standards into the sample stream were to observe the normal QAQC protocols to verify sample accuracy and repeatability by the two laboratories.

RC samples were weighed and split in the field to obtain two samples from each 1m drilled, with 1 sample for laboratory analysis and the other stored at the Bolgatanga core yard for repeat analyses if required. Chips selected from each 1m sample bag were washed, placed in chip trays, logged and photographed both dry and wet. Completed chip trays were stored at the Bolgatanga core shed.

NDONGO PROSPECT

Ndongo Far East Prospect

The airborne geophysical survey over the Ndongo Tenement identified a magnetic body intruded into the low pressure dilation zone around the southern and SE margins of the Pelungu Granite (Figure 5).

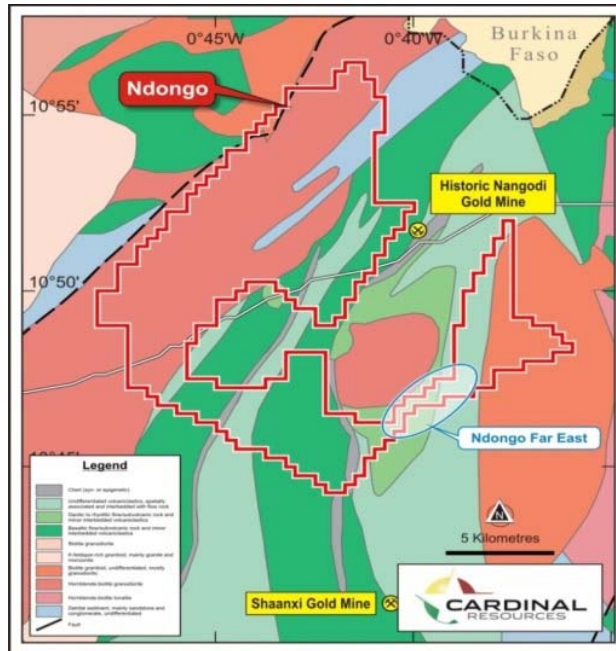


Figure 5: Ndongo Far East Prospect

Previous geochemical sampling in this area delineated anomalous gold-in-soil values around the margins of this magnetic intrusive (Figure 6).

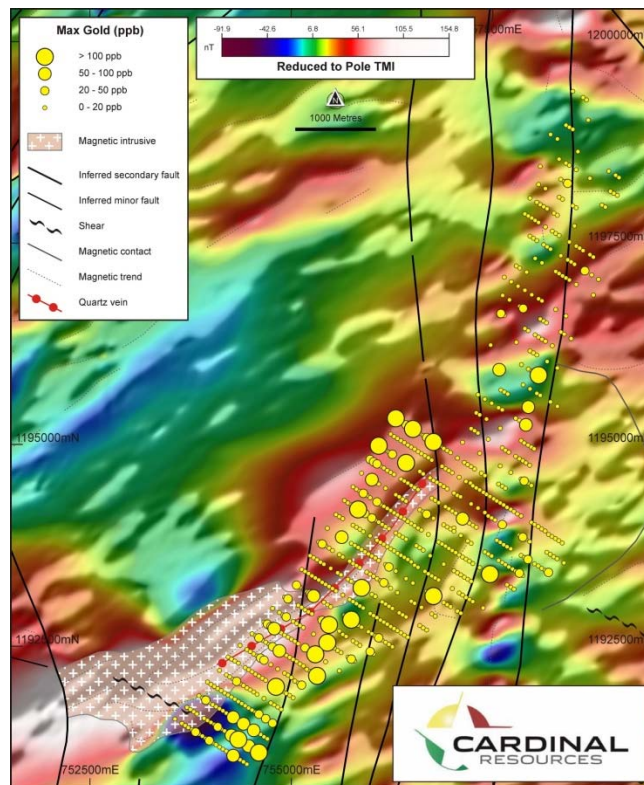


Figure 6: Ndongo Far East Prospect with gold-in-soil anomalies around magnetic intrusive

Gradient Array Induced Polarisation (GAIP) and Ground Magnetic (Gmag) surveys were completed over this target area during this review period. Southern Geoscience Consultants (SGC) of Perth, Western Australia have been contracted to process and interpret the acquired data which should indicate whether any gold-bearing sulphides are developed around the margins, or within, this magnetic intrusive. The results of these surveys are awaited.

BONGO PROSPECT

The airborne geophysical survey over the Bongo Prospect delineated six interpreted target areas containing ~40 km of possible mineralised structures (Figure 7).

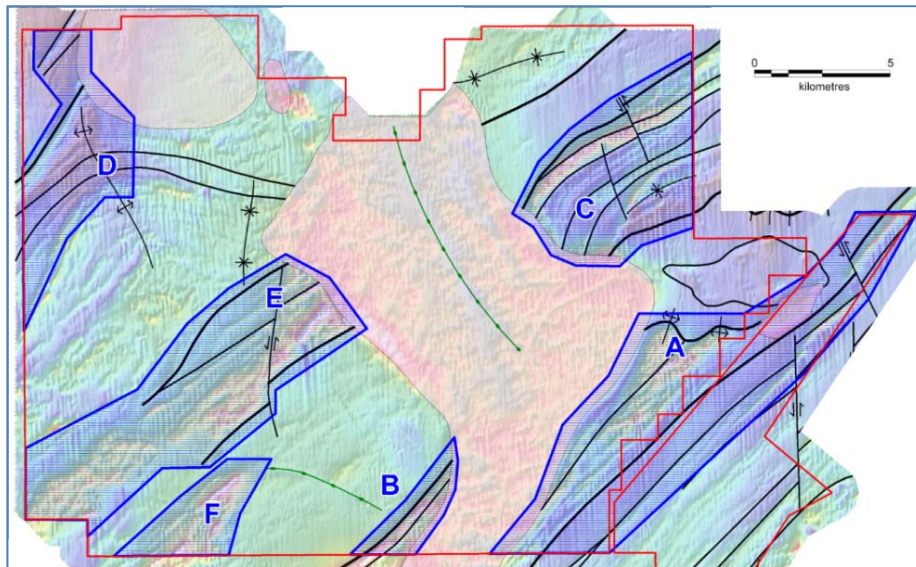


Figure 7: Bongo Prospect - 2013 airborne survey magnetic image with preliminary interpretation and six target zones

Target areas C and D were field checked to assess their suitability for Gradient Array Induced Polarisation (GAIP) surveys over them. Target C has the potential to contain base metal sulphides while Target D has the potential to contain gold-bearing sulphides.

KUNGONGO PROSPECT

The airborne geophysical survey over the Kungongo Prospect delineated two interpreted target areas (“A” and “B”) containing possible mineralised structures (Figure 8).

Target A occurs over a ~6-6.5 km long portion of the SW extension of the regional Bole-Bolgatanga Fault (Shear) Zone which extends over northern Ghana. Target B occurs over a ~7 km long area underlain by Birimian greenstones and granitoids.

Target A: Gradient Array Induced Polarisation (GAIP) and Ground Magnetic (Gmag) surveys were completed over this target area during this review period (Figure 9). Southern Geoscience Consultants (SGC) of Perth, Western Australia have been contracted to process and interpret the acquired data which should indicate whether any gold-bearing sulphides are developed along this shear zone.

A soil auger program is planned over this target area to identify anomalous zones, followed by RC and diamond drill programs to assess these anomalies.

Target B: A soil sampling program over Target B is planned to identify anomalous zones, followed by a RC drill program to assess these anomalies.

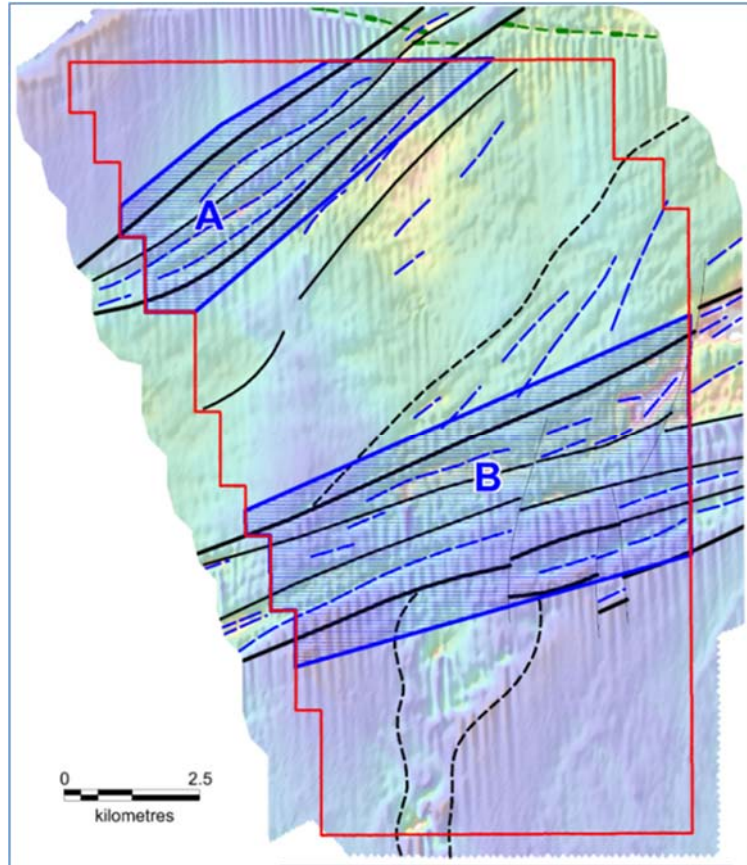


Figure 8: Kungongo – 2013 airborne survey magnetic image with preliminary interpretation and two target zones

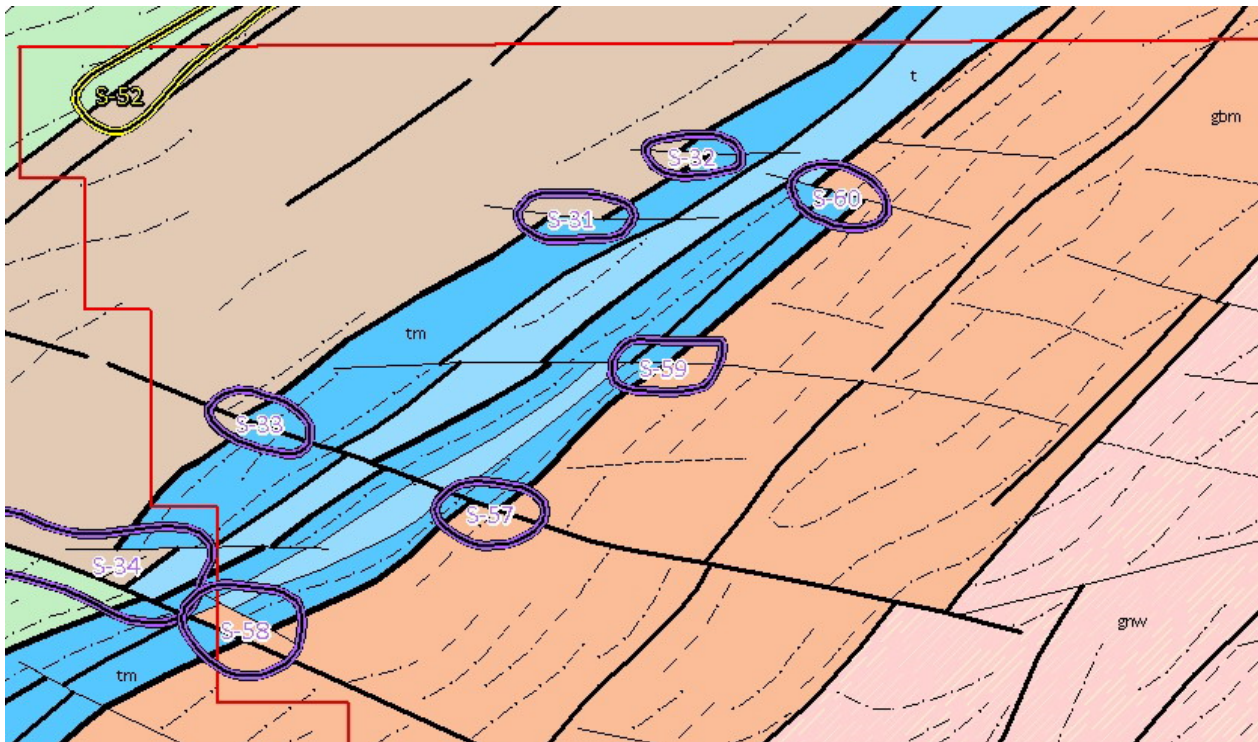


Figure 9: Target A, Kungongo Prospect with initial target areas

SUBRANUM PROJECT

Previous exploration at Subranum has established that the significant anomalous zone has a 5.2km strike length. Previous drilling, however, had been on 11 fences of varying distances between 200m to >500m apart (Figure 10).

To properly evaluate the gold mineralisation contained within these anomalous zones, Cardinal has planned a systematic diamond drilling program at regular intervals across the strike length of these anomalies. This planned program will then determine whether the gold mineralisation is continuous or not, and whether there is a plunge to the mineralisation.

This drill program is being planned subject to seasonal conditions.

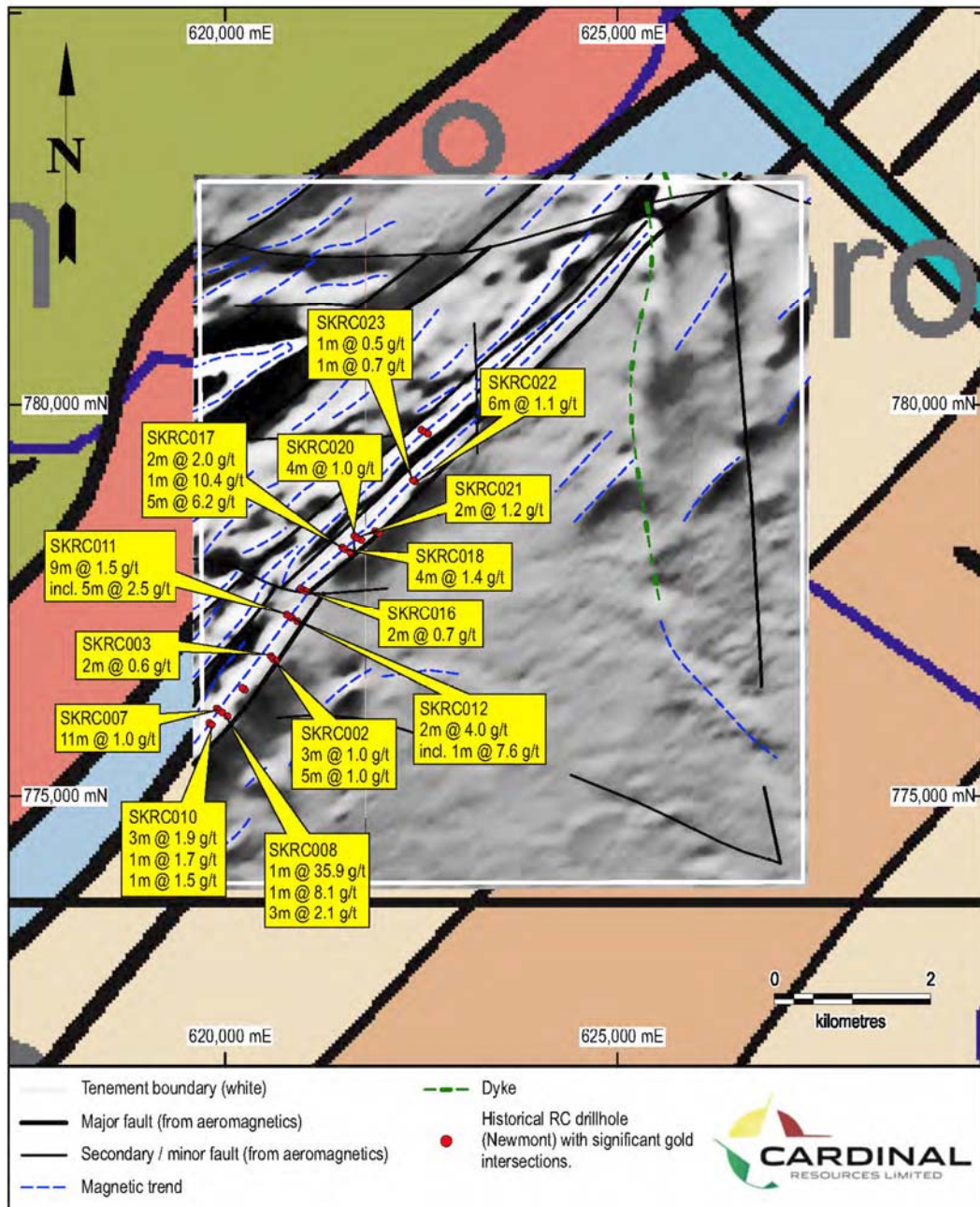


Figure 10: Historical RC drill holes (Newmont) with significant gold intersections highlighted. Magnetic greyscale image in background.

JORC 2012

The information in this operations report contains information extracted from the following ASX announcements which are available for viewing on the Company's website www.cardinalresources.com.au:

- 28 June 2016 310m Wide Gold Zone Intersected at Namdini Project
- 17 June 2016 190m Wide Gold Zone with Infill Drilling at Namdini
- 31 May 2016 220m Wide Gold Zone with Infill Drilling at Namdini
- 25 May 2016 Wide Gold Zones Continues with Infill Drilling at Namdini
- 10 May 2016 Wide Gold Zones Continue at Namdini Project
- 29 April 2016 Visible Gold in Diamond Drill Hole
- 13 April 2016 Strike Extension Ground Geophysics Begins at Namdini
- 12 April 2016 Additional Drill Rigs on Site to Expedite Program
- 7 April 2016 Additional Near Surface Gold Mineralisation at Namdini
- 03 December 2015 133m Gold Intersection within Diamond Drill Hole
- 18 August 2015 67m High Grade Gold Zone at Namdini Extension
- 29 July 2015 83m Mineralised Zone Further Along Strike at Namdini

No New Information

The Company confirms that it is not aware of any new information or data that materially affects the information included in any original ASX market announcements relating to exploration activities (including exploration results) carried out at Bolgatanga, Namdini and Subranum and that all material assumptions and technical parameters underpinning the exploration activities (including exploration results) and estimates of mineral resources or ore reserves in the relevant market announcements continue to apply and have not been materially 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.

CORPORATE UPDATE

The Company completed a number of successful capital raising initiative during the year.

On 21 September 2015 the Company confirmed it had successfully completed a capital raising to sophisticated and institutional investors to issue 52,215,000 fully paid ordinary shares at \$0.10 per share, together with one free attaching listed option ("Listed Option") for every two shares subscribed for, exercisable at \$0.15 on or before 30 September 2019, ("September 2015 Placement"). 26,107,500 fully paid ordinary shares and all the options were issued on 19 November 2015 after being approved at the Company's shareholder meeting held on 3 November 2014.

Further on 27 November 2015 the Directors of the Company (namely, Messrs Alec Pismiris, Archie Koimtsidis, Malik Easah, Simon Jackson and Mark Thomas) were allotted 8,117,116 fully paid ordinary shares and 4,058,558 Listed Option, on the same terms and conditions as the September 2015 Placement.

On 8 March 2016 the Company confirmed it had successfully completed a capital raising to sophisticated and institutional investors to issue 47,333,300 fully paid ordinary shares at \$0.12 per share ("March 2016 Placement"). 4,666,668 fully paid ordinary shares were issued on 9 May 2016 after being approved at the Company's shareholder meeting held on 27 April 2016.

Further on 9 May 2016 the Directors of the Company (namely, Messrs Archie Koimtsidis, Malik Easah and Mark Thomas) were allotted 1,750,002 fully paid ordinary shares, on the same terms and conditions as the March 2016 Placement.

Appointment of Chairman

On 19 November 2015 the Company announced that Mark Connelly had been appointed as the Non-Executive Chairman of the Company.

Mr Connelly has more than 27 years of experience in the mining industry, and has held senior executive positions with Newmont Mining Corporation and Inmet Mining Corporation. He has extensive experience in financing, development, construction and operation of mining projects in a variety of commodities including gold, base metals and other resources in West Africa, Australia, North America and Europe.

Mr Connelly replaces Mr Alec Pismiris, who resigned from the Board.

The Directors of Cardinal Resources Limited submit herewith the annual financial report of Cardinal Resources Limited for the period 1 July 2015 to 30 June 2016. 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 2016 and at the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

MARK CONNELLY

Non-Executive Chairman

Appointed 19 November 2015

Mr Connelly is the former Managing Director and Chief Executive Officer of Papillon Resources Limited, a Mali-based gold developer which recently merged with Vancouver-based B2Gold Corp in a US\$570 million deal.

Previously he was Chief Operating Officer of Endeavour Mining Corporation following its merger with Adamus Resources Limited where he was Managing Director and CEO.

Mr Connelly has more than 27 years of experience in the mining industry, and has held senior executive positions with Newmont Mining Corporation and Inmet Mining Corporation. He has extensive experience in financing, development, construction and operation of mining projects in a variety of commodities including gold, base metals and other resources in West Africa, Australia, North America and Europe.

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

Company	Date of Appointment	Date of Resignation
West African Resources	23 June 2015	Not Applicable
Saracen Mineral Holdings	15 April 2015	Not Applicable
Ausdrill	25 July 2012	Not Applicable
Tiger Resources Limited	31 December 2015	Not Applicable
B2 Gold Corp	3 October 2014	10 June 2016
Manas Resources Ltd	1 January 2013	10 June 2015
Papillion Resources Limited	27 November 2012	2 October 2014

ARCHIE KOIMTSIDIS MBA

Managing Director

Appointed 27 December 2012

Mr Koimtsidis has for the last 23 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.

MARK THOMAS B.Sc (Hons)

Non-Executive Director

Appointed 31 August 2015

Mark Thomas has over 28 years' experience in exploration and mining geology, geostatistics and mining finance. In 1994 Mr Thomas joined Macquarie Bank Limited in the Metals and Energy Capital Division undertaking a broad range of equity and debt finance transactions in the mining sector.

Mr Thomas was an Executive Director of Macquarie Bank for 11 years until his retirement in late 2014. He has extensive equity investment and banking experience with gold projects in West Africa, including undertaking transactions for several of the significant gold mining projects developed in Ghana over the past two decades.

Mr Thomas is a graduate from the University of Wales with a Bachelor of Science (Hons) in Geology.

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

SIMON JACKSON B.Com, FCA

Non-Executive Director

Appointed 31 August 2015

Simon Jackson is a Chartered Accountant with over 25 years gold industry experience in Australia and Africa.

Mr Jackson is the CEO and Managing Director at Beadell Resources Ltd, a Brazilian gold producer. Prior to this he was the Vice President Corporate Development and formerly the Chief Financial Officer for Red Back Mining Inc prior to its takeover by Kinross Gold Corporation in September 2010. He was an integral part of the senior management team that saw Red Back's market capitalisation grow from C\$40 million in 2004 upon listing on TSX to over C\$9 billion on takeover.

Mr Jackson is currently MD and CEO of Beadell Resources Ltd (ASX: BDR), Non-Executive Director of Sarama Resources Ltd (TSXV: SWA) and Chairman of Orca Gold Inc. (TSXV: ORG). He holds a Bachelor of Commerce degree from the University of Western Australia and is a Fellow of the Institute of Chartered Accountants in Australia, initially spending 8 years with KPMG.

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

Company	Date of Appointment	Date of Resignation
Beadell Resources Limited	10 November 2013	Not Applicable
Sarama Resources Ltd	11 March 2011	Not Applicable
Orca Gold Inc.	4 April 2013	Not Applicable
RB Energy Inc.	31 January 2014	2 April 2015

ALEC PISMIRIS B.Com, IGIA, MAICD

Non-Executive Chairman

Appointed 11 November 2010

Retired 19 November 2015

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, is a member of the Australian Institute of Company Directors and is an associate of The Governance Institute of Australia. 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.

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
Mark Connelly	1	-	-	1,000,000	-
Archie Koimtsidis	-	8,117,565	4,191,731	3,000,000	10
Malik Easah	-	7,681,815	6,560,423	2,000,000	10
Mark Thomas	-	3,833,334	1,950,000	1,500,000	-
Simon Jackson	-	1,000,000	500,000	1,000,000	-
Alec Pismiris	1	3,300,000	2,227,500	-	-

Note 1: Directors holdings as at the date of retirement or appointment, being 19 November 2015

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.

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 2015 to 30 June 2016 after income tax was a loss of \$9,243,909 (2015: loss of \$3,580,551).

The net assets of the consolidated group have increased from \$983,603 in 30 June 2015 to \$3,948,069 in 2016. This increase is largely due to the proceeds from the March 2016 share issue raising \$5,889,997.

The directors' believe the Group is in a strong and stable financial position to expand and grow its current operations.

A review of operations of the consolidated entity during the year ended 30 June 2016 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 2016 and the number of meetings attended by each director.

Name	Note	Eligible to attend	Attended
Mark Connelly	1	5	5
Archie Koimtsidis	-	10	10
Malik Easah	-	10	8
Mark Thomas	-	6	6
Simon Jackson	-	6	6
Alec Pismiris	1	5	5

Note 1: Mr Connelly was appointed on 19 November 2015 and Mr Pismiris retired on 19 November 2015

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 key management personnel (KMP)

Directors	Title	Date of Appointment	Date of Retirement
M Connelly	Non-Executive Chairman	19 November 2015	Not Applicable
A Koimtsidis	Managing Director	27 December 2012	Not Applicable
M Easah	Executive Director	27 December 2012	Not Applicable
M Thomas	Non-Executive Director	31 August 2015	Not Applicable
S Jackson	Non-Executive Director	31 August 2015	Not Applicable
A Pismiris	Non-Executive Chairman	11 November 2010	19 November 2015

The Company does not have any key management personnel 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.

Employment Details of Members of Key Management Personnel

The following table provides employment details of persons who were, during the financial year, members of KMP of the consolidated group. The table also illustrates the proportion of remuneration that was performance and non-performance based.

	Position Held as at 30 June 2016 and any change during the year	Contract Details (Duration and Termination)	Proportion of Elements of Remuneration Related to Performance (Other than Options Issued)		Proportion of Elements of Remuneration Not Related to Performance
			Non-Salary Cash-Based Incentives %	Shares/Units %	Fixed Salary/Fees %
M Connelly	Non-Executive Chairman commenced on 19 November 2015	No fixed term	-	-	26.60%
A Pismiris	Non-Executive Chairman resigned on 19 November 2015	No fixed term	-	-	100%
A Koimstidis	Managing Director	3-year contract, 3 months' notice required to terminate.	-	-	45.10%
M Easah	Executive Director	No fixed term, 12 months' notice required to terminate.	-	-	48.31%
M Thomas	Non-Executive Director commenced on 31 August 2015	No fixed term	-	-	31.25%
S Jackson	Non-Executive Director commenced on 31 August 2015	No fixed term	-	-	36.29%

The employment terms and conditions of all KMP are formalised in contracts of employment.

Terms of employment require that the Group is not required to provide an executive contracted person with a minimum notice period prior to termination of contract, unless otherwise stated above. Termination payments are not payable on resignation or under the circumstances of unsatisfactory performance.

Remuneration of key management personnel

Remuneration for the financial year ended 30 June 2016.

Directors	Short-Term Benefits		Post Employment Benefits	Long Term Benefits	Equity Settled Share-Based Payments	Total	
	Salary, Fees and Leave	Eligible Termination Payment	Non Monetary	Superannuation	Long Service Leave		Shares/Options
	\$	\$	(i) \$	\$	\$	(ii) \$	\$
M Connelly (iii)							
2016	29,476	-	1,054	2,800	-	92,000	125,330
2015	-	-	-	-	-	-	-
A Koimtsidis							
2016	222,500	-	4,230	-	-	276,000	502,730
2015	110,000	-	4,294	-	-	-	114,294
M Easah							
2016	168,995	-	2,996	-	-	184,000	355,991
2015	75,000	-	2,927	-	-	-	77,927
M Thomas							
2016	55,750	-	1,689	5,296	-	138,000	200,735
2015	-	-	-	-	-	-	-
S Jackson							
2016	46,750	-	1,215	4,441	-	92,000	144,406
2015	-	-	-	-	-	-	-
A Pismiris (iii)							
2016	17,000	-	144	-	-	-	17,144
2015	36,000	-	1,405	-	-	-	37,405
M Michael (iv)							
2016	-	-	-	-	-	-	-
2015	45,000	20,000	2,704	4,275	-	-	71,979
Total							
2016	540,471	-	11,328	12,537	-	782,000	1,346,336
2015	266,000	20,000	11,330	4,275	-	-	301,605

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

(ii) Unlisted options were granted as part of remuneration.

(iii) M Connelly was appointed on 19 November 2015 and A Pismiris retired on 19 November 2015.

(iv) M Michael retired on 11 June 2015.

Shareholdings of key management personnel

Director	Balance at Beginning of Year (iv)	Granted as Remuneration During the Year	Issued on Exercise of Options During the Year	Other Changes During the Year (i), (ii), (iii)	Balance at End of Year (v)
M Connelly	-	-	-	-	-
A Koimtsidis	5,265,000	-	-	1,852,565	7,117,565
M Easah	4,829,250	-	-	1,852,565	6,681,815
M Thomas	-	-	-	3,833,334	3,833,334
S Jackson	-	-	-	1,000,000	1,000,000
A Pismiris	3,000,000	-	-	300,000	3,300,000
Total	13,094,250	-	-	8,838,464	21,932,714

- (i) On 7 August 2015 1,838,462 fully paid ordinary shares and 1,838,462 Options exercisable at \$0.15 on or before 30 September 2019 were issued to directors on the same terms and conditions as the June 2015 Placement. The Directors' placement was approved at the Company General Meeting held on 27 July 2015.
- (ii) On 27 November 2015 7,117,116 fully paid shares and 3,558,558 Options exercisable at \$0.15 on or before 30 September 2019 were issued to directors on the same terms and conditions as the September 2015 Placement. The Directors' placement was approved at the Company Annual General Meeting held on 19 November 2015.
- (iii) On 9 May 2016 1,750,002 fully paid shares were issued to directors on the same terms and conditions as the March 2016 Placement. The Directors' placement was approved at the Company General Meeting held on 27 April 2016.
- (iv) Balance at the beginning of the financial year or at date of appointment, for those Directors who were appointed during the financial year.
- (v) 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 Beginning of Year (iv)	Granted as remuneration	Expired during the year	Other Changes During the Year (ii), (iii)	Balance at End of Year (v)
Mark Connelly	-	-	-	-	-
Archie Koimtsidis	3,172,500	-	-	1,019,231	4,191,731
Malik Easah	6,003,500	-	-	2,852,565	8,856,065
Mark Thomas	-	-	-	1,950,000	1,950,000
Simon Jackson	-	-	-	500,000	500,000
Alec Pismiris	1,927,500	-	-	300,000	2,227,500
Total	11,103,500	-	-	6,621,796	17,725,296

- (i) Expiry of listed options.
- (ii) On 7 August 2015 1,838,462 fully paid ordinary shares and 1,838,462 Options exercisable at \$0.15 on or before 30 September 2019 were issued to directors on the same terms and conditions as the June 2015 Placement. The Directors' placement was approved at the Company General Meeting held on 27 July 2015.
- (iii) On 27 November 2015 7,117,116 fully paid shares and 3,558,558 Options exercisable at \$0.15 on or before 30 September 2019 were issued to directors on the same terms and conditions as the September 2015 Placement. The Directors' placement was approved at the Company Annual General Meeting held on 19 November 2015.

DIRECTORS' REPORT

- (iv) Balance at the beginning of the financial year or at date of appointment, for those Directors who were appointed during the financial year.
- (v) 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 2015 (iii)	Granted as remuneration (ii)	Grant Value (\$)	Expired during the year (i)	Net other change	Balance at 30 June 2016 (iv)
Mark Connelly	-	1,000,000	92,000	-	-	1,000,000
Archie Koimtsidis	-	3,000,000	276,000	-	-	3,000,000
Malik Easah	-	2,000,000	184,000	-	-	2,000,000
Mark Thomas	-	1,500,000	138,000	-	-	1,500,000
Simon Jackson	-	1,000,000	92,000	-	-	1,000,000
Alec Pismiris	544,712	-	-	(544,712)	-	-
Total	544,712	8,500,000	782,000	(544,712)	-	8,500,000

- (i) Expired during the year.
- (ii) On the 18 March 2016 the Company issued unlisted employee options, exercisable at \$0.22 on or before 18 March 2020. The employee options were approved at the Company's General Meeting held on 17 February 2016.
- (iii) Balance at the beginning of the financial year or at date of appointment, for those Directors who were appointed during the financial year.
- (iv) Balance at the end of the financial year or at date of retirement, for Directors who retired before financial year end.

Directors	Balance at end of Year No.	Exercisable No.	Vested Unexercisable No.	Total at End of Year No.	Unvested Total at End of Year No.
Mark Connelly	1,000,000	1,000,000	-	1,000,000	-
Archie Koimtsidis	3,000,000	3,000,000	-	3,000,000	-
Malik Easah	2,000,000	2,000,000	-	2,000,000	-
Mark Thomas	1,500,000	1,500,000	-	1,500,000	-
Simon Jackson	1,000,000	1,000,000	-	1,000,000	-
Total	8,500,000	8,500,000	-	8,500,000	-

Description of Options Issued as Remuneration

Details of the options-grated as remuneration to key management personnel are as follows:

Grant Date	Issuer	Entitlement on Exercise	Dates Exercisable	Exercise Price \$	Value Per Option at Grant Date \$	Amount Paid/Payable by Recipient
18.03.2016	Cardinal Resources Limited	1:1 Ordinary Shares in Cardinal Resources Limited	18.03.2020	\$0.22	\$0.092	\$0

Option values at grant date were determined using the Black-Scholes method.

Class A Performance Shareholdings of key management personnel

Directors	Balance at 1 July 2015 (ii)	Granted as remuneration	Net other change	Balance at 30 June 2016 (i)
Mark Connelly	-	-	-	-
Archie Koimtsidis	10	-	-	10
Malik Easah	10	-	-	10
Mark Thomas	-	-	-	-
Simon Jackson	-	-	-	-
Alec Pismiris	-	-	-	-
Total	20	-	-	20

- (i) Balance at the end of the financial year or at date of retirement, for Directors who retired before financial year end.
- (ii) Balance at the beginning of the financial year or at date of appointment, for those Directors who were appointed during the financial year.
- (iii) On satisfaction of certain milestone events, each Class A Performance Share converts into 100,000 ordinary shares (refer to note 14) in which case each Director holding the Class A Performance Shares would become entitled to a further 1,000,000 ordinary shares.

Class B Performance Shareholdings of key management personnel

Directors	Balance at 1 July 2015 (ii)	Granted as remuneration	Net other change	Balance at 30 June 2016 (i)
Mark Connelly	-	-	-	-
Archie Koimtsidis	10	-	-	10
Malik Easah	10	-	-	10
Mark Thomas	-	-	-	-
Simon Jackson	-	-	-	-
Alec Pismiris	-	-	-	-
Total	20	-	-	20

- (i) Balance at the end of the financial year or at date of retirement, for Directors who retired before financial year end.
- (ii) Balance at the beginning of the financial year or at date of appointment, for those Directors who were appointed during the financial year.
- (iii) On 5 September 2016, the Class B Performance Shares were converted into fully paid ordinary shares of the Company upon vesting. Each Class B Performance Share converted into 100,000 ordinary shares in the Company.

Other Equity-related Key Management Personnel Transactions

There have been no other transactions involving equity instruments apart from those described in the tables above relating to options and shareholdings.

Other Transactions with Key Management Personnel and/or their Related Parties

There were no other transactions conducted between the Group and Key Management Personnel or their related parties, apart from those disclosed above relating to equity and compensation, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

END OF REMUNERATION REPORT

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 \$11,328 (2015: \$11,330) 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:

- 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.

SHARES OPTIONS***Unissued shares***

At the date of this report the Company had on issue 116,487,039 Listed Options in the Company, exercisable at \$0.15 on or before 30 September 2019. During the financial year none of these listed options were converted into fully paid shares.

As at the date of this report the Company had on issue 9,500,000 unlisted options, exercisable at \$0.22 on or before 18 March 2020. 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.

There have been no options granted over unissued shares or interests of any controlled entity within the Group during or since the end of the reporting period.

For details of options issued to directors and executives, refer to the remuneration report.

CORPORATE GOVERNANCE STATEMENT

Cardinal Resources is committed to ensuring that its policies and practices reflect a high standard of corporate governance. The Board has adopted a comprehensive framework of Corporate Governance Guidelines.

Throughout the 2016 financial year the Company's governance was consistent with the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The Group's Corporate Governance Statement can be viewed at the Company's Corporate Governance page at <http://cardinalresources.com.au>.

EVENTS SUBSEQUENT TO BALANCE DATE

On 19 July 2016 the Company announced that it completed a placement to sophisticated investors. 75,000,000 fully paid ordinary shares were issued at \$0.29 per share. 55,518,670 Fully paid ordinary shares were issued on 19 July 2016 and 19,481,330 were issued on 26 August 2016 after Shareholder approval was obtained at the General Meeting held on 19 August 2016.

On 26 August 2016, 5 September 2016 and 22 September 2016 500,000, 575,000 and 25,000 Listed Options were exercised, respectively.

On 5 September 2016 50 Class B Performance Shares were converted into 5,000,000 fully paid ordinary shares of the Company. The Class B Performance Shares converted to 5,000,000 fully paid ordinary shares when the Company satisfied the requirement that the market capitalization of the Company reached at least \$50 million on an undiluted basis, determined by reference to the preceding 30 day VWAP.

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 2016 has been received and can be found on page 52 of the financial report.

Non Audit Services

The Company's auditor, Greenwich & Co Audit Pty Ltd, did not provide any non-audit services to the Company during the financial year ended 30 June 2016.

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 30 September 2016

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

Australian Dollar (\$)	Note	30 JUNE 2016 \$	30 JUNE 2015 \$
REVENUE	3	<u>43,706</u>	<u>5,269</u>
EXPENDITURE			
Administration expenses	4	(2,090,910)	(616,772)
Depreciation expenses	11	(94,932)	(69,778)
Exploration expenses		(7,182,584)	(2,143,615)
Impairment expense	10	-	(781,903)
Foreign exchange gain		2,347	111,073
LOSS BEFORE INCOME TAX		<u>(9,322,373)</u>	<u>(3,495,726)</u>
Income tax	5(a)	-	-
LOSS AFTER INCOME TAX		<u>(9,322,373)</u>	<u>(3,495,726)</u>
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations	14(b)	78,464	(84,825)
TOTAL COMPREHENSIVE INCOME		<u>(9,243,909)</u>	<u>(3,580,551)</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF THE COMPANY		<u>(9,243,909)</u>	<u>(3,580,551)</u>
LOSS PER SHARE			
Basic and diluted – cents per share	16	<u>(5.55)</u>	<u>(3.82)</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 2016**

Australian Dollar (\$)	Note	30 JUNE 2016 \$	30 JUNE 2015 \$
CURRENT ASSETS			
Cash and cash equivalents	17(a)	4,864,822	839,755
Trade and other receivables	8(a)	16,280	12,878
Other assets	8(b)	104,523	22,474
TOTAL CURRENT ASSETS		4,985,625	875,107
NON CURRENT ASSETS			
Plant and equipment	11	675,911	476,644
TOTAL NON CURRENT ASSETS		675,911	476,644
TOTAL ASSETS		5,661,536	1,351,751
CURRENT LIABILITIES			
Trade and other payables	12	1,713,467	368,148
TOTAL CURRENT LIABILITIES		1,713,467	368,148
TOTAL LIABILITIES		1,713,467	368,148
NET ASSETS		3,948,069	983,603
EQUITY			
Issued capital	13	26,151,217	14,816,842
Reserves	14	1,043,600	354,952
Accumulated losses	15	(23,246,748)	(14,188,191)
TOTAL EQUITY		3,948,069	983,603

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 2016**

Australian (\$)	SHARE CAPITAL	OPTIONS RESERVE	FOREIGN EXCHANGE RESERVE	ACCUMULATED LOSSES	TOTAL EQUITY
	\$	\$	\$	\$	\$
BALANCE AT 1 JULY 2015	14,816,842	732,423	(377,471)	(14,188,191)	983,603
Total comprehensive income	-	-	78,464	(9,322,373)	(9,243,909)
Share and options issued during the year	12,042,719	-	-	-	12,042,719
Share issue expenses	(708,344)	-	-	-	(708,344)
Option based payments	-	874,000	-	-	874,000
Expiry of options	-	(263,816)	-	263,816	-
BALANCE AT 30 JUNE 2016	26,151,217	1,342,607	(299,007)	(23,246,748)	3,948,069
BALANCE AT 1 JULY 2014	12,871,486	263,816	(292,646)	(10,692,465)	2,150,191
Total comprehensive income	-	-	(84,825)	(3,495,726)	(3,580,551)
Share and options issued during the year	2,091,975	481,183	-	-	2,573,158
Share issue expenses	(146,619)	(12,576)	-	-	(159,195)
BALANCE AT 30 JUNE 2015	14,816,842	732,423	(377,471)	(14,188,191)	983,603

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 2016**

Australian Dollar (\$)	Note	30 JUNE 2016 \$	30 JUNE 2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Expenditure on mineral interests		(5,868,440)	(1,962,385)
Other payments to suppliers and employees		(1,295,294)	(564,600)
Interest received		30,325	5,269
Net cash outflow from operating activities	17(b)	<u>(7,133,409)</u>	<u>(2,521,716)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(155,471)	(50,465)
Net cash outflow from investing activities		<u>(155,471)</u>	<u>(50,465)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of shares and options net of capital raising costs		11,334,374	2,413,963
Net cash flows from financing activities		<u>11,334,374</u>	<u>2,413,963</u>
Net increase/(decrease) in cash and cash equivalents		<u>4,045,494</u>	<u>(158,218)</u>
Cash and cash equivalents at the beginning of the financial year		839,755	909,980
Exchange rate adjustment		(20,427)	87,993
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	17(a)	<u>4,864,822</u>	<u>839,755</u>

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") and its controlled entities ("the Group") for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the directors on 30 September 2016.

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 the year ended 30 June 2016 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) Adoption of new and revised standards

There are a number of new Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group and have not been applied in preparing these consolidated financial statements. The Group does not plan to adopt these standards early.

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

(d) Statement of compliance

The financial report complies with Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (“IFRS”).

(e) 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.

(f) Exploration and evaluation expenditure

The Group expenses all exploration and evaluation expenditure on areas of interest as incurred.

(g) 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.

(h) 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.

(i) 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.

(j) 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.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) 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.

Share-based payment transactions

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instrument at the date at which they are granted. The fair value of options granted is measured using the Black-Scholes option pricing model. The model uses assumptions and estimates as inputs.

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.

(p) Comparative information

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

3 REVENUE

	CONSOLIDATED 30 JUNE 2016 \$	CONSOLIDATED 30 JUNE 2015 \$
Other income		
Interest from financial institutions	30,325	5,269
Refunds	10,881	-
Insurance proceeds	2,500	-
	43,706	5,269

4 EXPENSES

Administration expenses include the following expenses:

	CONSOLIDATED 30 JUNE 2016 \$	CONSOLIDATED 30 JUNE 2016 \$
Salary, fees and leave	180,284	81,000
Eligible termination payment	-	20,000
Equity Based Payments	874,000	-
Defined contribution superannuation expense	12,538	4,275

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 2016	CONSOLIDATED 30 JUNE 2015
	\$	\$
Loss before income tax	(9,322,373)	(3,495,726)
Income tax calculated at 30%	(2,796,712)	(1,048,718)
Tax effect of:-		
Expenses not allowed	-	16
Sundry – temporary differences	(186,054)	477,812
Section 40-880 deduction	(110,229)	(67,729)
Future income tax benefit not brought to account	3,092,995	638,619
Income tax refund (payable) attributable to operating losses	-	-

(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 2016	CONSOLIDATED 30 JUNE 2015
	\$	\$
Auditing and review of the Company's financial statements	24,500	24,000
	24,500	24,000

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

Mark Connelly – Non-Executive Chairman – appointed on 19 November 2015

Archie Koimtsidis – Managing Director

Malik Easah – Executive Director

Mark Thomas – Non-Executive Director – appointed 31 August 2015

Simon Jackson – Non-Executive Director – appointed 31 August 2015

Alec Pismiris – Non-Executive Chairman – retired on 19 November 2015

(b) Compensation of key management personnel

	CONSOLIDATED 30 JUNE 2016	CONSOLIDATED 30 JUNE 2015
	\$	\$
Salaries, fees and leave	540,471	266,000
Eligible termination payment	-	20,000
Non monetary	11,328	11,330
Post employment benefits – superannuation	12,537	4,275
Equity based payments – Note 18	782,000	-
	<u>1,346,336</u>	<u>301,605</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 2016.

8 CURRENT ASSETS
(a) Trade and Other Receivables

	CONSOLIDATED 30 JUNE 2016	CONSOLIDATED 30 JUNE 2015
	\$	\$
Government taxes receivables	16,280	12,878
	<u>16,280</u>	<u>12,878</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 2016	CONSOLIDATED 30 JUNE 2015
	\$	\$
Prepayments	77,553	13,882
Cash deposits	26,970	8,592
	<u>104,523</u>	<u>22,474</u>

9 CAPITALISED EXPLORATION AND EVALUATION

	CONSOLIDATED 30 JUNE 2016	CONSOLIDATED 30 JUNE 2015
	\$	\$
Balance at the beginning of the year	-	771,450
Impairment (Note 10)	-	(781,903)
Foreign exchange movement	-	10,453
Balance at end of year (i)	<u>-</u>	<u>-</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 2016 \$	CONSOLIDATED 30 JUNE 2015 \$
Impairment expense (i)	-	781,903
	<u>-</u>	<u>781,903</u>

- (i) In light of the current market conditions, the Directors' have conservatively impaired its capitalised deferred exploration and evaluation expenditure by \$781,903 as at 30 June 2015. 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 2016 \$	CONSOLIDATED 30 JUNE 2015 \$
Plant and Equipment		
Carrying amount at the beginning of the year	476,644	556,636
Additions	215,521	50,465
Disposals	(11,592)	-
Depreciation expense	(94,932)	(69,778)
Foreign exchange movement	90,270	(60,679)
Total plant and equipment	<u>675,911</u>	<u>476,644</u>

	CONSOLIDATED 30 JUNE 2016 \$	CONSOLIDATED 30 JUNE 2015 \$
Plant and equipment		
At cost	977,014	666,623
Less: accumulated depreciation	(301,103)	(189,979)
Total plant and equipment	<u>675,911</u>	<u>476,644</u>

12 TRADE AND OTHER PAYABLES

	CONSOLIDATED 30 JUNE 2016 \$	CONSOLIDATED 30 JUNE 2015 \$
Trade and other payables	1,581,718	331,107
Other accrued expenses	131,749	37,041
	<u>1,713,467</u>	<u>368,148</u>

13 ISSUED CAPITAL
Movement in ordinary shares on issue

	NUMBER OF SHARES	\$
As 1 July 2014	73,356,576	12,871,486
Transactions during the year		
Shares issued (ii)	37,464,231	2,091,975
Less: transaction costs (iii)	-	(146,619)
At 30 June 2015	<u>110,820,807</u>	<u>14,816,842</u>
As 1 July 2015	110,820,807	14,816,842
Transactions during the year		
Shares issued (i)	111,253,890	12,042,719
Less: transaction costs (iii)	-	(708,344)
At 30 June 2016	<u>222,074,697</u>	<u>26,151,217</u>

(i) The following shares were issued during the financial year ended 30 June 2016

- On 7 August 2015 1,838,462 shares, together with one (1) free attaching option for everyone one (1) share subscribed for, were issued at \$0.065 per share to the directors' of the Company. The directors' participation was approved at the General Meeting held on 27 July 2015;
- On 25 September 2015 28,164,816 shares, together with one (1) free attaching option for two (2) shares subscribed for, were issued at \$0.10 per shares pursuant to a placement to sophisticated investors;
- On 27 November 2015 24,050,184 shares, together with one (1) free attaching option for two (2) shares subscribed for, were issued at \$0.10 per shares pursuant to a placement to sophisticated investors.
- On 27 November 2015 8,117,116 shares, together with one (1) free attaching option for two (2) shares subscribed for, were issued at \$0.10 per share to the directors' of the Company. The directors' participation was approved at the Annual General Meeting held on 19 November 2015;
- On 8 March 2016 42,666,642 shares were issued at \$0.12 per shares pursuant to a placement to sophisticated investors;
- On 9 May 2016 4,666,668 shares were issued at \$0.12 per shares pursuant to a placement to sophisticated investors; and
- On 9 May 2016 1,750,002 shares were issued at \$0.12 per share to the directors' of the Company. The directors' participation was approved at a General Meeting held on 17 February 2016.

(ii) The following shares were issued during the financial year ended 30 June 2015

- On 18 September 2014 18,000,000 shares, together with one (1) free attaching option for everyone one (1) share subscribed for, were issued at \$0.05 per share pursuant to a placement to sophisticated investors;
- On 10 November 2014 4,880,000 shares, together with one (1) free attaching option for everyone one (1) share subscribed for, were issued at \$0.05 per shares to the directors' of the Company. The directors' participation was approved at the Annual General Meeting held on 3 November 2014;
- On 5 June 2015 14,584,231 shares, together with one (1) free attaching option for everyone one (1) share subscribed for, were issued at \$0.065 per share pursuant to a placement to sophisticated investors;

(iii) Transactions costs represent the costs of issuing the shares.

14 RESERVES
(a) Movements in options reserve

	CONSOLIDATED 30 JUNE 2016	CONSOLIDATED 30 JUNE 2015
	\$	\$
At the beginning of the year	732,423	263,816
Options issued during the year	874,000	468,607
Expiry of unlisted options (i)	(263,816)	-
At reporting date	<u>1,342,607</u>	<u>732,423</u>

(i) On 11 January 2016 11,000,000 options expired. None of these options were exercised.

Movement in options exercisable at \$0.15 on or before 30 September 2019

	NUMBER OF OPTIONS	\$
As 1 July 2014	-	-
Transactions during the year		
Options issued (ii)	70,998,288	481,183
Exercise of Options	-	-
Less: transaction costs (iii)	-	(12,576)
At 30 June 2015	<u>70,998,288</u>	<u>468,607</u>
As 1 July 2015	70,998,288	468,607
Transactions during the year		
Options issued (i)	46,588,751	-
At 30 June 2016	<u>117,587,039</u>	<u>468,607</u>

(i) The following options were issued during the financial year ended 30 June 2016

- On 7 August 2015 1,838,462 shares, together with one (1) free attaching option for everyone one (1) share subscribed for, were issued at \$0.065 per share to the directors' of the Company. The directors' participation was approved at the General Meeting held on 27 July 2015;
- On 25 September 2015 28,164,816 shares, together with one (1) free attaching option for two (2) shares subscribed for, were issued at \$0.10 per shares pursuant to a placement to sophisticated investors ("September 2015 placement"); and
- On 27 November 2015 32,167,300 shares and 30,166,058 options were issued on the same terms as the September 2015 placement.

(ii) The following options were issued during the financial year ended 30 June 2015

- On 24 September 2014 the Company issued an Options Entitlement Prospectus that offered shareholders one (1) option for every two (2) shares held on 1 October 2014 at an issue price of \$0.01 per option. A total of 48,118,288 options were issued under the Prospectus.
- On 18 September 2014 18,000,000 shares, together with one (1) free attaching option for everyone one (1) share subscribed for, were issued at \$0.05 per share pursuant to a placement to sophisticated investors;
- On 10 November 2014 4,880,000 shares, together with one (1) free attaching option for everyone one (1) share subscribed for, were issued at \$0.05 per shares to the directors' of the Company. The directors' participation was approved at the Annual General Meeting held on 3 November 2014.

(iii) Transactions costs represent the costs of issuing the options.

Movement in unlisted options exercisable at \$0.22 on or before 18 March 2020

	NUMBER OF OPTIONS	\$
As 1 July 2015	-	-
Transactions during the year		
Options issued (i)	9,500,000	874,000
At 30 June 2016	9,500,000	874,000

(i) On 18 March 2016 the Company issued 9,500,000 unlisted options to employees and directors of the Company – Refer to Note 18 for details.

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

	NUMBER OF OPTIONS	\$
As 1 July 2014	11,000,000	10,000
Transactions during the year		
Options issued	-	-
At 30 June 2015	11,000,000	10,000
As 1 July 2015	11,000,000	10,000
Transactions during the year		
Options issued	-	-
Expired during the year	(11,000,000)	(10,000)
At 30 June 2016	-	-

Movement in Performance Shares

	NUMBER OF CLASS A PERFORMANCE SHARES (i)	\$
As 1 July 2014	50	-
Transactions during the year		
Performance shares issued	-	-
At 30 June 2015	50	-
As 1 July 2015	50	-
Transactions during the year		
Performance shares issued	-	-
At 30 June 2016	50	-

	NUMBER OF CLASS B PERFORMANCE SHARES (i)	\$
As 1 July 2014	50	-
Transactions during the year		
Performance shares issued	-	-
At 30 June 2015	50	-
As 1 July 2015	50	-
Transactions during the year		
Performance shares issued	-	-
At 30 June 2016	50	-

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

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 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 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 Class A 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 28 December 2012:
 - (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.

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 Class A performance shares in the Group’s financial statements.

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 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 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 Class B Performance Shares

- (j) As outlined at Note 20, on 5 September 2016 50 Class B Performance Shares were converted into 5,000,000 fully paid ordinary shares of the Company. The Class B Performance Shares converted to 5,000,000 fully paid ordinary shares when the Company satisfied the requirement that the market capitalization of the Company reached at least \$50 million on an undiluted basis, determined by reference to the preceding 30 day VWAP.

Class C Performance Shares

	NUMBER OF CLASS C PERFORMANCE SHARES (ii)	\$
As 1 July 2014	-	-
Transactions during the year		
Performance shares issued	60	-
At 30 June 2015	60	-
As 1 July 2015	60	-
Transactions during the year		
Performance shares issued	-	-
At 30 June 2016	60	-

(ii) The following Class C performance shares were issued during the financial year ended 30 June 2015

On 17 February 2015, 60 performance shares were issued pursuant to the Asset Sale Agreement with Savannah to purchase the highly prospective Ndongo North concession adjacent to the exiting Ndongo area within the Bolgatanga project area in North-East Ghana.

There are 60 Performance Shares (convertible into a maximum of 6,000,000 Shares) on issue at 30 June 2016.

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

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

The issue of 60 Performance Shares in the capital of the Company, each of which will convert to 100,000 Shares ranking equally with the existing Shares in the proportions set out below upon satisfaction of achieving a minimum JORC Inferred Resource of gold ounces within the Ndongo North Concession ("**Performance Hurdles**") by no later than five years after the date on which the Performance Shares are issued, being 18 February 2015;

Performance Shares	Performance Hurdles (JORC Inferred Au Resource)	Conversion to Ordinary Shares
10	500,000 ounces	1,000,000
5	750,000 ounces	500,000
5	1,000,000 ounces	500,000
5	1,250,000 ounces	500,000
5	1,500,000 ounces	500,000
5	1,750,000 ounces	500,000
5	2,000,000 ounces	500,000
5	2,250,000 ounces	500,000
5	2,500,000 ounces	500,000
5	2,750,000 ounces	500,000
5	3,000,000 ounces	500,000
60		6,000,000

In the event that the Company sells, transfers or otherwise disposes of all or part of the Ndongo North Concession to a third party prior to the issuing of any Shares upon conversion of any Performance Shares, Savannah will be entitled to an amount equal to 49% of the sale proceeds less any related selling costs,

exploration and mining costs (plus a fixed 30% overhead amount), purchase costs in connection with the acquisition of the Ndongo North Concession, and any other costs incurred with respect to the sale.

(b) Movements in foreign translation reserve

	CONSOLIDATED 30 JUNE 2016	CONSOLIDATED 30 JUNE 2015
	\$	\$
At the beginning of the year	(377,471)	(292,646)
Foreign translation	78,464	(84,825)
	<u>(299,007)</u>	<u>(377,471)</u>

15 ACCUMULATED LOSSES

	CONSOLIDATED 30 JUNE 2016	CONSOLIDATED 30 JUNE 2015
	\$	\$
Accumulated losses at the beginning of the year	(14,188,191)	(10,692,465)
Loss for the year	(9,322,373)	(3,495,726)
Expiry of unlisted options	263,817	-
Accumulated losses at the end of the year	<u>(23,246,747)</u>	<u>(14,188,191)</u>

16 LOSS PER SHARE

	CONSOLIDATED 30 JUNE 2016	CONSOLIDATED 30 JUNE 2015
	\$	\$
Loss attributable to the owners of the Company used in calculating basic and diluted loss per shares	(9,322,373)	(3,495,726)
	<u>(9,322,373)</u>	<u>(3,495,726)</u>
	2016 Number	2015 Number
Weighted average number of shares on issue during the financial year used in the calculation of basic earnings per share	167,886,217	91,614,740
Weighted average number of ordinary shares for diluted earnings per share	<u>167,886,217</u>	<u>91,614,740</u>

As the Company has made a loss for the year ended 30 June 2016, 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 2016	CONSOLIDATED 30 JUNE 2015
	\$	\$
Current – cash at bank	4,864,822	839,755
	<u>4,864,822</u>	<u>839,755</u>

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

	CONSOLIDATED 30 JUNE 2015	CONSOLIDATED 30 JUNE 2015
	\$	\$
Loss after income tax	(9,322,373)	(3,495,726)
Non-cash flows in profit		
Depreciation expense	94,932	69,778
Impairment expense	-	771,449
Share based payments	874,000	-
Foreign exchange movement	20,213	(111,073)
Changes in assets and liabilities		
Decrease in trade and other receivables	(3,402)	13,292
(Increase)/Decrease in prepayments	(82,049)	(9,153)
Increase/(Decrease) in trade and other payables	1,285,270	239,717
	<u>(7,133,409)</u>	<u>(2,521,716)</u>

18 SHARE BASED PAYMENTS

- (i) The Company agreed and approved at the Company's General Meeting held on 17 February 2016 to allot and issue a total of 9,500,000 Options employees of the Company. The terms and conditions of the options are detailed in the Notice of General Meeting dated 1 January 2016.

Using the Black & Scholes option model and based on the assumption below, the Options were ascribed the following value:

Class of Options	Number Options	Valuation Date	Market Price of Shares	Exercise Price	Expiry Date	Risk Free Interest Rate	Volatility (discount)	Indicative Value per Option
Unlisted Options	9,500,000	18.03.2016	\$0.15	\$0.22	18.03.2020	1.95%	97.48%	\$0.092

The Directors of the Company (being Key Management Personnel) were issued unlisted options, details below:

Director	Number Options
Mark Connelly	1,000,000
Archie Koimstidis	3,000,000
Malik Easah	2,000,000
Mark Thomas	1,500,000
Simon Jackson	1,000,000

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.

	2016	2015
	\$	\$
Not later than one year	-	-
Later than one year but not later than two years	-	-
	<u>-</u>	<u>-</u>

(b) Contingent liabilities and commitments

The Group fully owns five 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.

	2016	2015
	\$	\$
Not later than one year	404,373	1,606,269
Later than one year but not later than two years	1,145,724	391,773
	<u>1,550,097</u>	<u>1,998,042</u>

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, paid on 12 June 2016, 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.

20 EVENTS SUBSEQUENT TO BALANCE DATE

On 19 July 2016 the Company announced that is completed a placement to sophisticated investors. 75,000,000 fully paid ordinary shares were issued at \$0.29 per share. 55,518,670 Fully paid ordinary shares were issued on 19 July 2016 and 19,481,330 were issued on 26 August 2016 after Shareholder approval was obtained at the General Meeting held on 19 August 2016.

On 26 August 2016, 5 September 2016 and 22 September 2016 500,000, 575,000 and 25,000 Listed Options were exercised, respectively.

On 5 September 2016 50 Class B Performance Shares were converted into 5,000,000 fully paid ordinary shares of the Company. The Class B Performance Shares converted to 5,000,000 fully paid ordinary shares when the Company satisfied the requirement that the market capitalization of the Company reached at least \$50 million on an undiluted basis, determined by reference to the preceding 30 day VWAP.

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:

2016	Note	Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Weighted average interest rate
		\$	\$	\$	\$	%
Financial assets						
Cash and cash equivalents	17 (a)	3,497,522	-	1,367,300	4,864,822	1.11%
Trade and other receivables	8 (a)	-	-	16,280	16,280	-
Cash deposits	8 (b)	-	-	26,970	26,970	-
		3,497,522	-	1,410,550	4,908,072	-
Financial liabilities						
Trade and other payables	12	-	-	1,713,467	1,713,467	-
		-	-	1,713,467	1,713,467	-

2015	Note	Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Weighted average interest rate
		\$	\$	\$	\$	%
Financial assets						
Cash and cash equivalents	17 (a)	674,371	-	165,384	839,755	2.69%
Trade and other receivables	8 (a)	-	-	12,878	12,878	-
Cash deposits	8 (b)	-	-	8,592	8,592	-
		674,371	-	186,854	861,225	-
Financial liabilities						
Trade and other payables	12	-	-	368,148	368,148	-
		-	-	368,148	368,148	-

Based on the balances at 30 June 2016 a 1% movement in interest rates would increase/decrease the loss for the year before taxation by \$2,914 (2015: \$884).

(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	2,057,645	1,169,600	-	3,227,245
GHS New Cedi	-	(20,153)	(55,732)	(75,885)
Statement of financial position exposure	2,057,645	1,149,447	(55,732)	3,151,360

(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 2016 balances due from the subsidiaries, which have been fully provided for were:

Australian Dollar (\$)	30 JUNE 2016	30 JUNE 2015
	\$	\$
Cardinal Resources (Australia) Pty Ltd	5,964,901	4,306,405
Cardinal Resources Ghana Limited	4,752,980	1,548,460
Cardinal Resources Subranum Limited	87,714	8,020
Cardinal Mining Services Limited	3,918,000	340,190
Cardinal Namdini Mining Limited	-	-
	14,723,595	6,203,075

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

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 %	
		2016	2015
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%
Cardinal Namdini Mining Limited	Ghana	100%	-

25 PARENT COMPANY DISCLOSURE
(a) Financial Position for the year ended 30 June 2016

Australian Dollar (\$)	30 JUNE 2016 \$	30 JUNE 2015 \$
Assets		
Current assets	3,638,374	725,395
Non-current assets	-	-
Total assets	<u>3,638,374</u>	<u>725,395</u>
Liabilities		
Current liabilities	1,635,481	317,532
Non-current liabilities	-	-
Total liabilities	<u>1,635,481</u>	<u>317,532</u>
Net assets	<u>2,002,893</u>	<u>407,863</u>
Equity		
Issued capital	26,273,118	14,926,167
Reserves	1,342,606	744,999
Accumulated losses	(25,612,831)	(15,263,303)
Total equity	<u>2,002,893</u>	<u>407,863</u>

(b) Financial Performance for the year ended 30 June 2016

Australian Dollar \$	30 JUNE 2016 \$	30 JUNE 2015 \$
Loss for the year	(10,613,334)	(2,762,612)
Other comprehensive income	-	-
Total comprehensive loss	<u>(10,613,334)</u>	<u>(2,762,612)</u>

(c) Guarantees entered into by the Parent Entity

30 JUNE 2016 \$	30 JUNE 2015 \$
-	-
<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 2016 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 2016.

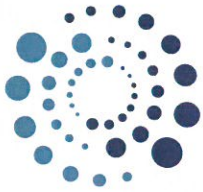
Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Board



Archie Koimtsidis
Managing Director

Dated this 30 September 2016
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 2016, I declare that, to the best of my knowledge and belief, there have been:

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

Greenwich & Co Audit Pty Ltd
Greenwich & Co Audit Pty Ltd

Andrew May
Audit Director

Perth

30 September 2016

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 consolidated statement of financial position as at 30 June 2016, consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement 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 Cardinal Resources Limited comprising the entity and the entities it controlled at the year's end or from time to time during the financial year.

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, 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.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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 consolidated entity's financial position as at 30 June 2016 and of its 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.

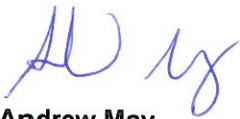
Report on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 23 of the directors' report for the year ended 30 June 2016. 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 2016 complies with section 300A of the *Corporations Act 2001*.

Greenwich & Co Audit Pty Ltd
Greenwich & Co Audit Pty Ltd



Andrew May
Audit Director

30 September 2016

Perth

1 Distribution of holders

As at 30 September 2016 the distribution of shareholders was as follows:

Ordinary shares

Size of holding	Number of holders
1 – 1,000	21
1,001 – 5,000	105
5,001 – 10,000	143
10,001 – 100,000	380
100,001 and over	187
Total	836

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 %
1832 Asset Management L.P Manager of the Dynamic Funds	26,977,379	9.07%
Precious Capital Global Mining and Metals Fund	16,414,507	5.52%

4 Top 20 shareholders

The names of the 20 largest shareholders on the share register as at 30 September 2016, who hold 71% of the ordinary shares of the Company, were as follows;

Shareholder	Number
HSBC Custody Nominees (Australia) Limited	79,398,046
Citicorp Nominees Pty Limited	26,694,052
J P Morgan Nominees Australia Limited	19,291,809
Macquarie Bank Limited <Metals Mining and AG A/C>	12,728,180
Oceanic Capital Pty Ltd	9,750,045
Mr Malik Mohammad Easah	7,681,815
National Nominees Limited	7,382,860
Mr Arthur Koimtsidis	6,902,565
St Barnabas Investments Pty Ltd	6,256,250
Arredo Pty Ltd	5,800,000
Merrill Lynch (Australia) Nominees Pty Limited	4,870,441
Panga Pty Ltd	3,920,000
Invia Custodian Pty Ltd <Mark Thomas Family A/C>	3,833,334
Corporate International Holdings BV	3,793,376
Redland Plains Pty Ltd <Brian Bernard Rodan S/F A/C>	3,055,026
Equity Trustees Limited <Lowell Resources Fund A/C>	3,051,153

SHAREHOLDER INFORMATION

HSBC Custody Nominees (Australia) Limited – GSCO ECA	2,956,013
HSBC Custody Nominees (Australia) Limited – A/C 3	2,792,144
BNP Paribas Noms Pty Ltd <DRP>	2,625,137
Yarandi Investments Pty Ltd <Griffith Family No 2 A/C>	2,458,288

5 Top 20 option holders

The names of the 20 largest option holders on the share register as at 30 September 2016, who hold 57% of the listed options of the Company, were as follows;

Optionholder	Number
Oceanic Capital Pty Ltd	8,058,390
Mr Malik Mohammad Easah	6,560,423
Macquarie Bank Limited <Metals Mining and AG A/C>	5,000,000
Corporate International Holdings BV	4,766,315
Denman Income Limited	4,748,432
Merrill Lynch (Australia) Nominees Pty Limited	4,524,421
Yarandi Investments Pty Ltd <Griffith Family No 2 A/C>	3,200,000
Cleverman Investments Pty Ltd <The AK Investment A/C>	3,085,000
Dixtru Pty Limited	3,000,000
RAG Property Group Pty Ltd	2,843,583
AWD Consultants Pty Ltd	2,500,000
Mr Hendrik Hartmann	2,430,000
Citicorp Nominees Pty Limited	2,259,880
Redland Plains Pty Ltd <Brian Bernard Rodan S/F A/C>	2,200,000
Arredo Pty Ltd	2,000,000
HSBC Custody Nominees (Australia) Limited	1,960,000
Invia Custodian Pty Ltd <Mark Thomas Family A/C>	1,950,000
Bainpro Nominees Pty Limited	1,947,168
Riverfront Nominees Pty Ltd <MCM Family A/C>	1,850,000
Mrs Sophie Kyriazia	1,767,944

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 30 September 2016

Project	Registered Holder	Note	Status	Equity	Registry No
GHANA					
Bolgatanga Project					
Ndongo Prospect	Cardinal Resources (Ghana) Limited		Prospecting	100%	PL9/22
Kungongo Prospect	Cardinal Resources (Ghana) Limited		Reconnaissance	100%	RL9/28
Bongo Prospect	Cardinal Resources (Ghana) Limited		Reconnaissance	100%	RL9/29
Namdini	-	2	13 Small Scale Licences	-	-
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.

2. **Namdini Project:** Cardinal Mining Services Limited (a subsidiary of Cardinal Resources Limited) acquired 13 Small Scale Licences (the "Namdini Project") through the sale and purchase agreement with Savannah Mining Limited (an affiliated company with Cardinal Mining Services).

Cardinal Resources Limited ABN 56 147 325 620

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