



# 2018 ANNUAL REPORT



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(the “Company” or the “Corporation” or “Cardinal”)

## **MANAGEMENT’S DISCUSSION AND ANALYSIS**

### **For the year ended June 30, 2018**

#### **GENERAL**

This Management’s Discussion and Analysis (“**MD&A**”) supplements but does not form part of the audited consolidated financial statements of the Company for the three and twelve months ended June 30, 2018. The following information, prepared as of September 28, 2018, should be read in conjunction with the Company’s audited consolidated financial statements for the year ended June 30, 2018 and the audited consolidated financial statements for the year ended June 30, 2017. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board (“**IASB**”). All amounts are expressed in Australian dollars unless otherwise indicated.

Additional information relevant to the Company’s activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

Cardinal’s shares are listed on the Australian Securities Exchange (“**ASX**”) and Toronto Stock Exchange (“**TSX**”) under the symbol “**CDV**”, while its listed stock options (warrants) are listed on the ASX under the symbol “**CDVOA**”

#### **FORWARD LOOKING INFORMATION**

This MD&A may contain “forward-looking information” under applicable Canadian securities laws that reflects the Company’s current expectations and projections about its future results. When used in this MD&A, words such as “will”, “may”, “should”, “estimate”, “intend”, “expect”, “anticipate” and similar expressions are intended to identify forward-looking information, which, by its very nature, is not a guarantee of the Company’s future operational or financial performance.

Forward-looking information includes statements that are not historical facts and includes but is not limited to:

Estimates and their underlying assumptions;

- A. Statements regarding plans, objectives and expectations with respect to the effectiveness of the Company’s business model, future operations, the impact of regulatory initiatives on the Company’s operations and market opportunities;
- B. General industry and macroeconomic growth rates;
- C. Expectations related to possible joint or strategic ventures; and
- D. Statements regarding future performance.

Forward-looking information used in this MD&A is subject to various known and unknown risks, uncertainties and other factors, most of which are difficult to predict and generally beyond the control of the Company. These risks, uncertainties and other factors may include, but are not limited to, unavailability of financing, failure to identify commercially viable mineral reserves, fluctuations in the market valuation for commodities, difficulties in obtaining required approvals for the development of a mineral project, and other factors.

With respect to forward-looking information contained in this MD&A, the Company has made assumptions.

Readers are cautioned not to place undue reliance on forward-looking information, which speaks only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks, uncertainties and other factors, including the risks, uncertainties and other factors identified above and elsewhere in this MD&A, actual events may differ materially from those anticipated in such forward-looking information. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by securities law.

## DESCRIPTION OF BUSINESS

The principal activity of the Corporation (and its subsidiaries) is gold exploration in Ghana. The Corporation holds interests in five tenements prospective for gold mineralization in Ghana in two NE-SW trending Paleo-Proterozoic granite-greenstone belts: the Bolgatanga Project and the Namdini Gold Project (“**Namdini Gold Project**” or “**Namdini**”), which are, respectively, located within the Nangodi and Bole-Bolgatanga Greenstone Belts in northeast Ghana, and the Subranum Project, which is located within the Sefwi Greenstone Belt in southwest Ghana.

The main focus of activity is the Namdini Gold Project where an Indicated Mineral Resource of **180 Mt** grading **1.1 g/t Au** for **6.5 Moz Au** and an Inferred Mineral Resource of **13 Mt** grading **1.2 g/t Au** for **0.5 Moz Au** each at a 0.5 g/t Au cutoff grade, has been established. The map below shows the location of the Namdini Gold Project and the Corporation’s other properties in Ghana.

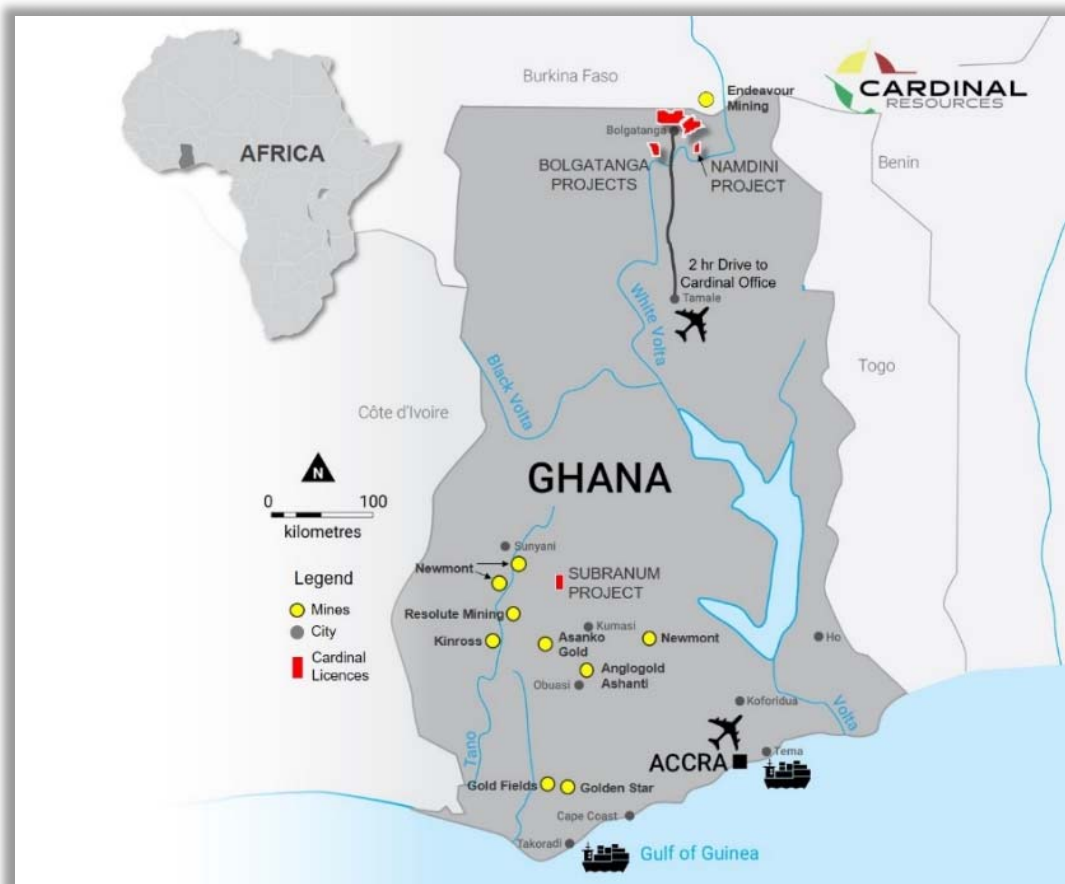


Figure 1 Cardinal Resource’s Tenements in Ghana

## CORPORATE HIGHLIGHTS

- On April 4, 2018, the Company advised that first pass regional exploration drilling was underway. Recent RC drilling results on the Kungongo Prospect were announced which focused primarily on shallow auger soil gold anomalies and ground magnetics targets. Drilling confirmed a sequence of mixed sediments and mafic volcanics. The initial RC drilling was completed on a series of fences between 400m and 1,600m apart. Hole spacing on lines was at 50m to 100m centres with the drilling covering approximately 3.6km of strike length along the target. Gold intersections returned were encouraging with some significant grades and multiple zones encountered.
- On April 19, 2018, a Technical Report on the Namdini Gold Project was filed on SEDAR where the Company announced an updated Mineral Resource estimate of an Indicated Mineral Resource of 180 Mt grading 1.1 g/t Au for **6.5 Moz Au** and an Inferred Mineral Resource of 13 Mt grading 1.2 g/t Au for **0.5 Moz Au**, each at a 0.5 g/t Au cut off. The mineralisation remains open along strike and down dip. The NI43-101 Technical Report was authored by MPR Geological Consultants Pty Ltd and has an effective date of March 5, 2018. The Technical Report can be viewed under the Company's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com) or the Company's website [www.cardinalresources.com.au](http://www.cardinalresources.com.au)
- On May 28, 2018, the Company announced that encouraging first pass shallow RC drilling gold results were returned from one of the six coincident gold-in-soil and geophysical targets on the Ndongo Licence within the Bolgatanga Project, which is located ~15 km north of the Company's Namdini Gold Project with an Indicated Mineral Resource of 6.5 Moz Au (Figure 2). These preliminary results were very positive and confirmed previous historical exploration by Etruscan Resources.
- On July 16, 2018, the Company announced that it had intersected further gold mineralisation at a new discovery named Ndongo East on its 100% owned Ndongo License, located approximately 15 km north of the Company's flagship Namdini Gold Project which has a 6.5 Moz Indicated Mineral Resource (Figure 3). During the next quarter, the Company expects to announce further exploration results from its comprehensive campaign to continue to add value to its Bolgatanga exploration tenement package.
- On July 31, 2018, the Company announced that it had received investment committee approval from and executed a term sheet with Sprott Private Resource Lending (Collector), L.P. ("Sprott") to be provided with a US\$25 million senior secured credit facility ("Facility"). The Facility is subject to mutually satisfactory documentation and other customary conditions precedent, which are expected to be completed on or about 17 August 2018. The US\$25 million Facility will provide working capital and funding to complete the Preliminary and Definitive Feasibility Studies for Namdini.
- On August 22, 2018, The Company announced that it had completed the final legal and formal documentation allowing it to enter into a transaction for US\$25 million with Sprott.
- On September 18, 2018, the Corporation announced the results of its pre-feasibility study (PFS) on the Namdini Project, highlighted by a 4.76 Moz maiden probable ore reserve at a 1.14 g/t cut-off. A press release announcing the results of the PFS is available on SEDAR at [www.sedar.com](http://www.sedar.com). A technical report containing the PFS and prepared in accordance with NI 43-101 will be available on SEDAR at [www.sedar.com](http://www.sedar.com) within 45 days.

## OUTLOOK

The principal activity of the Corporation (and its subsidiaries) is gold exploration in Ghana. The main focus of activity is the development of the Namdini Gold Project. The Namdini Project location has attractive advantages from a development and infrastructure point of view. Located near water, power, sealed roads to air and seaports. Ghana also provides skilled labour through its extensive history of mining and the large number of operating mines in country.

As key milestones are achieved, the Company will continue to generate news flow from its ongoing metallurgical test work, greenfield exploration assets and Preliminary Feasibility Study activities.

Development work includes progressing all necessary permits and design study phases required to construct and commission a fully operational mine.

Given the PEA recommendation, further evaluations and trade-offs in relation to mine scheduling, plant design and costings have been initiated to support the PFS stage.

Cardinal Resources has attracted support, as the Namdini Gold Project is located in Ghana, a jurisdiction with a long history of mining, and stable political system. Ghana is home to several junior, intermediate and senior mining companies. Ghana has an established mining and tax regime in place that provides a clear framework for advancing projects.

Diamond (“DD”), Reverse Circulation (“RC”) and Auger drilling is also planned for Cardinal’s regional tenements in the Bolgatanga area which consist of the Ndongo Prospect, the Kungongo Prospect and the Bongo Prospect. Detailed ground Geophysical surveys have also been in progress at these tenements.

## THE NAMDINI GOLD PROJECT

### Mining Licence / Property Title

During the December 2017 quarter, a Large-Scale Mining Licence covering the Namdini Mining Lease was assigned to Cardinal Namdini Mining Limited (“**Cardinal Namdini**”), a wholly owned subsidiary of Cardinal, by the Minister of Lands and Natural Resources under the Ghanaian Minerals and Mining Act 2006 (Act 703). The Large-Scale Mining Licence, which covers 19.54 km<sup>2</sup> in the Dakoto area of the Talensi District Assembly in Upper East Region of Ghana evidenced by a Mining Lease is for an initial period of 15 years and is renewable.

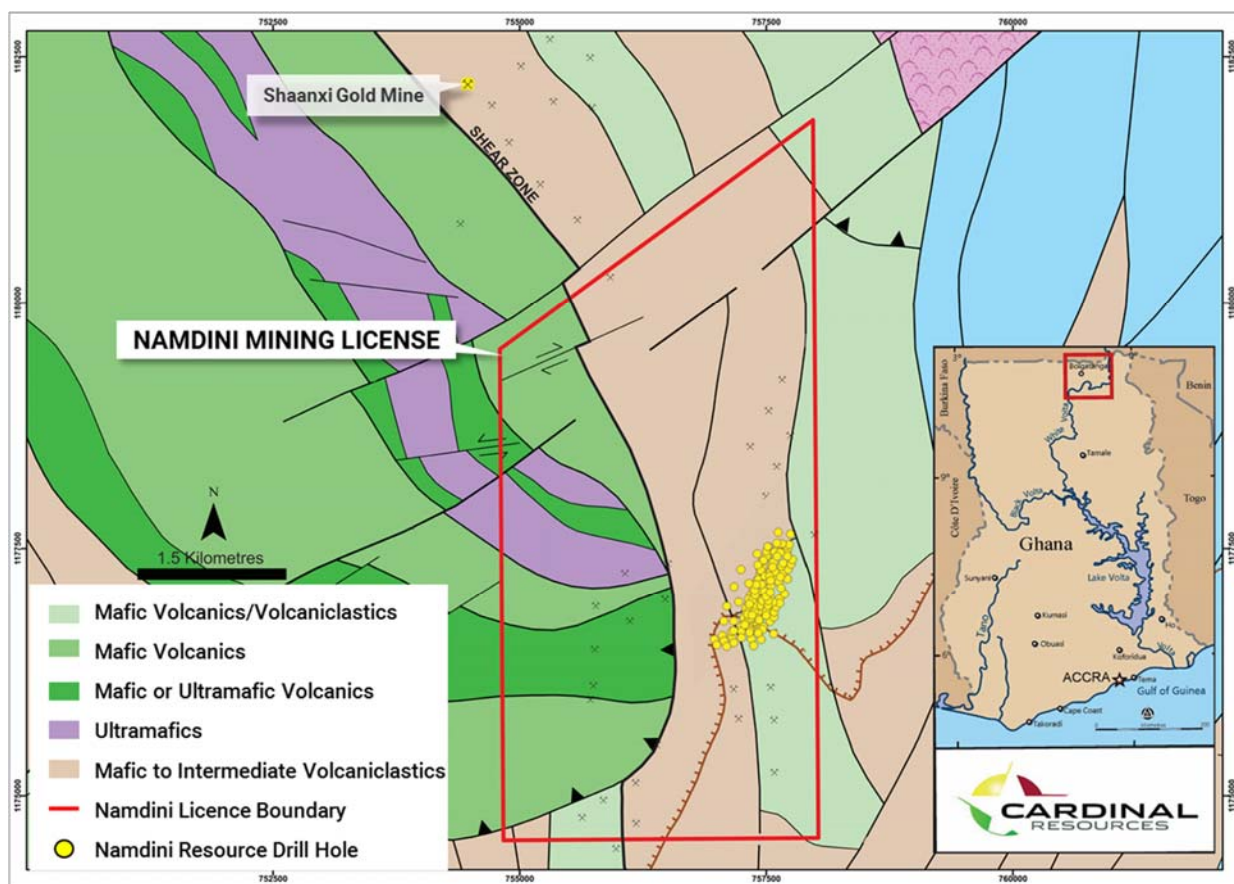


Figure 2 Namdini Project Proximity Map

## Mineral Resources

In March 2018, Cardinal released an updated Mineral Resource estimate for its Namdini Gold Project in Ghana, West Africa which incorporates the results from the latest infill drilling program completed in Q4 of 2017 totalling approximately 15,684m in 35 drill holes. The primary aim of the drilling program was to infill the deposit within the conceptual pit to focus on converting the remaining Inferred Mineral Resources to the Indicated category.

Lower cut-off grade (Au g/t)	Million Tonnes (Mt)	Average Grade (Au g/t)	Million Ounces (Au Moz)
<b>Indicated Mineral Resources</b>			
0.4	210	1.0	6.9
0.5	180	1.1	6.5
0.6	152	1.2	6.0
<b>Inferred Mineral Resources</b>			
0.4	15	1.1	0.6
0.5	13	1.2	0.5
0.6	11	1.4	0.5

Table 1: March 2018 MPR MIK NI43-101 and JORC 2012 compliant Mineral Resource estimate

### Notes

- JORC (2012) Code was followed for the Mineral Resources. MPR has reconciled the Mineral Resources to CIM Definition Standards (2014) and there are no material differences.
- Mineral Resources are estimated at a cut-off grade of 0.5 g/t Au constrained by a preliminary pit shell.



3. Incorporates drill holes completed as of February 2018.
4. Numbers may not add due to rounding.

The table above (Table 1) highlights Mineral Resource estimations at a series of cut-off grades. Currently, the 0.5 g/t Au cut-off grade approximates to an operational parameter that the Company believes to be applicable. This is in accordance with the guidelines of Reasonable Prospects for Eventual Economic Extraction (“RPEEE”) per the Canadian Institute of Mining, Metallurgy and Petroleum “CIM Definition Standards for Mineral Resources and Mineral Reserves” (CIM, 2014) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code 2012).

### **Project Development Activities**

Cardinal is progressing with their prefeasibility study program to further advance the Namdini Gold Project. This consists of continuing with previously selected and newly selected consultants to assist with the phased development of the Namdini Gold Project. The consultants and their roles are tabulated below:

<b><u>Golder Associates</u></b>	Study Managers. Mine planning and Whittle Optimisation. Pit design and mine scheduling. Geotechnical, Hydrology and Hydrogeology engineering. Responsible for the compilation of the NI43-101 reports
<b><u>Lycopodium Limited</u></b>	Process plant and associated infrastructure. Capital and Operating cost estimation and input into the NI43-101 reports
<b><u>Orway Minerals Consultants</u></b>	Comminution data analysis and crushing and grinding circuit option study
<b><u>ALS Laboratory (Perth)</u></b>	Metallurgical testwork to support the process design and criteria
<b><u>Knight Piesold Consulting</u></b>	Tailings Storage Facility and associated infrastructure design
<b><u>IMO Metallurgy</u></b>	Metallurgical and process flowsheet development
<b><u>MPR Geological Consultants</u></b>	Mineral Resource Modelling of the Namdini Deposit
<b><u>Orefind</u></b>	Geology and deposit structural genesis
<b><u>Intermine</u></b>	Mine Schedule Optimisation
<b><u>Nemas Consult Pty Ltd</u></b>	Environmental Impact Assessment Study
<b><u>BDO</u></b>	Financial Model Reviewer

## Project Development Timeline



**Figure 2: Namdini Project Development Timeline**

As a result of Cardinal's infill drilling programme in Q3 and Q4 2017, the Company has been highly successful in delivering a substantial conversion of the Inferred category ounces into the Indicated Mineral Resource category which is now at 6.5Moz of Indicated Mineral Resources and 0.5Moz of Inferred Mineral Resources (TSX/ASX Press Release March 5, 2018). This compares favourably against the previous Mineral Resource estimate of 4.3Moz Indicated and 3.1Moz Inferred (ASX/TSX Press Release September 18, 2017).

Cardinal's understanding of the geology, structural constraints and distribution of the mineralisation has significantly improved from the results of the drilling. The NI 43-101 Mineral Resource Estimation Technical Report April 18, 2018 can be viewed under the Company's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.cardinalresources.com.au](http://www.cardinalresources.com.au).

The higher-grade areas of the deposit, close to surface, will be targeted within the Stage 1 pit in the early years of production. This is a region where higher-grade gold mineralisation is located at and just below the topographic surface. Ongoing studies indicate this pit will be the area most likely to repay capital investment soonest. It is envisaged that approximately 900,000 oz to 1,000,000 oz will be produced over three to four years at an average head grade of approximately 1.3 to 1.5 g/t Au.

These higher-grade areas were tested with a close spaced RC Drilling pattern which emulated the expected Grade Control parameters that will be applied during production. This Grade Control drilling targeted the near surface portion of the modelled mineralisation, as defined by the broad spaced resource definition drilling and subsequent Mineral Resource Model. The program was designed to define the grade distribution of gold mineralisation at and near surface within the targeted Starter Pit area (Press Release December 11, 2017 Cardinal Grade Control Drill Results Returned).

Ongoing metallurgical optimisation testwork is being performed at the ALS Laboratory in Perth as part of Cardinal's metallurgical testwork programme for its Namdini Gold Project. Part of the programme is specifically targeting the envisaged starter pit area since it includes over a quarter of the expected total gold ounce count. Further testing is also ongoing on life of mine samples which are separated by our three main lithologies; metavolcanic, granite and diorite.

A maiden Mineral Ore Reserve is expected to be announced as part of the PFS study, currently underway for the Namdini Open Pit Project.

Further studies are being conducted on HV power supply which include back-up power and alternative power supply opportunities.

In support of the mine design, Golder has carried out a study of existing geotechnical information, reviewed information on mineral resource estimates, conducted a site visit and gathered detailed core logging data from specific geotechnically targeted drill locations within the project area. The life-of-mine pit design will consider slope performance based on models developed from laboratory results of sampled drill core. The report will present feasibility-level slope designs based on data collected in the field and reports made available by Cardinal.

A hydrogeological fieldwork programme was undertaken comprising a hydro-census of surrounding properties to identify groundwater users. Groundwater exploration drilling of five pairs of boreholes converted to deep and shallow monitoring wells was completed. Characterisation of groundwater quality by sampling and laboratory analysis, groundwater monitoring and hydraulic testing was completed. Development of a conceptual model for assessment of pit inflows, potential impacts on mine dewatering on local, plus regional groundwater and surface water systems, has been completed in support of the mine design.

A hydrology programme including the development of a stormwater plan and overall site water balance was also completed. Hydrological design criteria are being developed, largely based on International Finance Corporation requirements.

Savannah Mining Ghana Limited ("**Savannah**") completed an EIS for Namdini and filed the EIS with the Environmental Protection Agency ("**EPA**"). In accordance with EPA Regulations 15(1b) and (1c) of the Environmental Assessment Regulations, 1999 (LI 1652) and Ghana's Environmental Impact Assessment (EIA) Procedures, the Environmental Protection Agency (EPA) issued a public notification on the proposed Namdini Gold Mining Project. Cardinal will submit to the Minerals Commission an updated EIS and an application for an Operating Permit for the project scale envisioned in the PFS.

BDO have provided a detailed, independent, financial model review of all procedures and internal logic applied in the model. BDO confirmed that the model is in good standing and provided a written report to this effect.

Due to the larger indicated resource, the Company is also considering larger throughput options in parallel, which may have positive outcomes on project economics.

## REGIONAL EXPLORATION UPDATE

### *Bolgatanga Project*

The Bolgatanga Project includes the Ndongo, Kungongo and Bongo Prospects (Figure 3). The main focus of the Company's Diamond (DD) and Reverse Circulation (RC) drilling was on the highly prospective areas along the Nangodi Shear Zone during this quarter. Detailed ground geophysical surveys were also in progress over the Ndongo and Kungongo tenements.

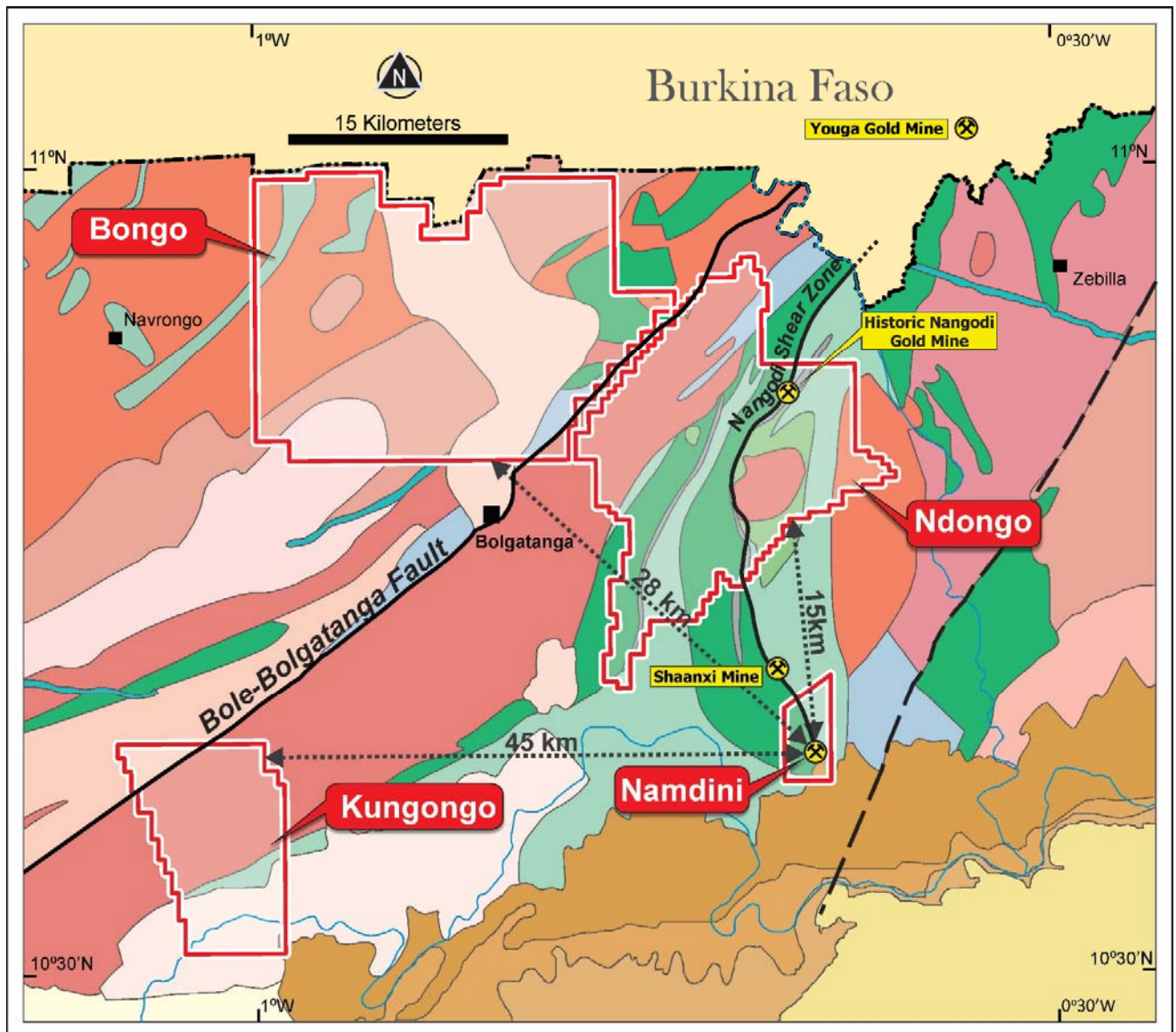


Figure 3: Bolgatanga Project Tenements

### *Subranum Project*

The Subranum Project is located in southwest Ghana (Figure 1). DD and Auger drilling are planned for this project.

## BOLGATANGA PROJECT

### Exploration Drilling

A total of 117 RC holes were drilled on the enlarged Ndongo tenement during the quarter with 15,049 samples, including QAQC controls, submitted to Ghana based laboratories for fire assay (Table 2).

Prospect	Drill Method	No. Holes	Total (m)	No. Samples	Duplicates	Blanks	Stds	Total Samples
Ndongo	RC Drilling	117	13,764	13,698	672	342	337	15,049
<b>Total</b>		<b>117</b>	<b>13,764</b>	<b>13,698</b>	<b>672</b>	<b>342</b>	<b>337</b>	<b>15,049</b>

**Table 2: Exploration Drilling for Q2 2018**

### Ndongo Tenement

The Company has concentrated its exploration focus this quarter on the Ndongo Licence which covers an area of 295km<sup>2</sup>. The area was recently expanded by the purchase of two exploration licence areas from Kinross Gold in August 2017 (Figure 3). Exploration has defined six prospects totalling 70km in strike length only 15km north of the Namdini Gold Project.

The Company considers the Licence area to be highly prospective for the discovery of economic gold mineralisation associated with the prolific Nangodi Shear Zone, a splay fault off the main regional-scale Bole-Bolgatanga Shear. Elsewhere, the Nangodi Shear Zone is spatially related to no fewer than four major gold discoveries, including the Company's Namdini Gold Project, the Shaanxi Mine, the historic Nangodi Gold Mine and the Youga Gold Mine in Burkina Faso, adjacent to the Ghana border (Figure 3). In addition, there are numerous historic shallow artisanal workings along many parts of this shear zone.

### Target A – Prospect Zupeliga South

Target A was previously named Ndongo West prior to the acquisition of the surrounding Kinross ground. Numerous gold-in-soil anomalies, RAB drilling, shallow artisanal diggings and several deeper artisanal shafts all indicate the gold-bearing potential of this recently acquired area (Figure 4).

At Ndongo West, Gradient Array IP ("GAIP") and ground magnetic surveys identified a very well-developed contact zone between conductive and resistive units, along which the artisanal shafts are located.

Once the former Kinross ground was added to Ndongo West, this extended the Target A strike length to 12 km and 1.5 km width and is now called Zupeliga South Prospect (Figure 4).

The prospect is underlain by weakly to strongly magnetic mafic-ultramafic volcanic units which are intruded locally by granodiorite. The volcanic units are altered and contain pyrite, minor pyrrhotite, magnetite, minor arsenopyrite and silica.

The geology of this prospect is more complex as folding has been identified with the fold axis orientated ~020°, and the rock units striking ~300° and dipping north at ~60°. The structures imply open anticlinal folds although plunges have yet to be determined.

Gold of variable grades is found within highly magnetised mafic volcanic horizons with disseminated sulphides and cross-cutting pyrite and smoky quartz veinlets. Higher gold grades occur within a sheared, less magnetic and siliceous altered inner zone within the magnetic corridor which also has cross-cutting pyrite and quartz veinlets.

Gold mineralisation has initially been located within an area of ~200 m strike length by ~100 m width within the larger Target A area which has a strike length of ~12 km and a width of ~1.5 km. At this early stage,

mineralisation appears to be open along strike, especially along the fold axes and at depth with further drilling planned to evaluate the two limbs of the anticlines.

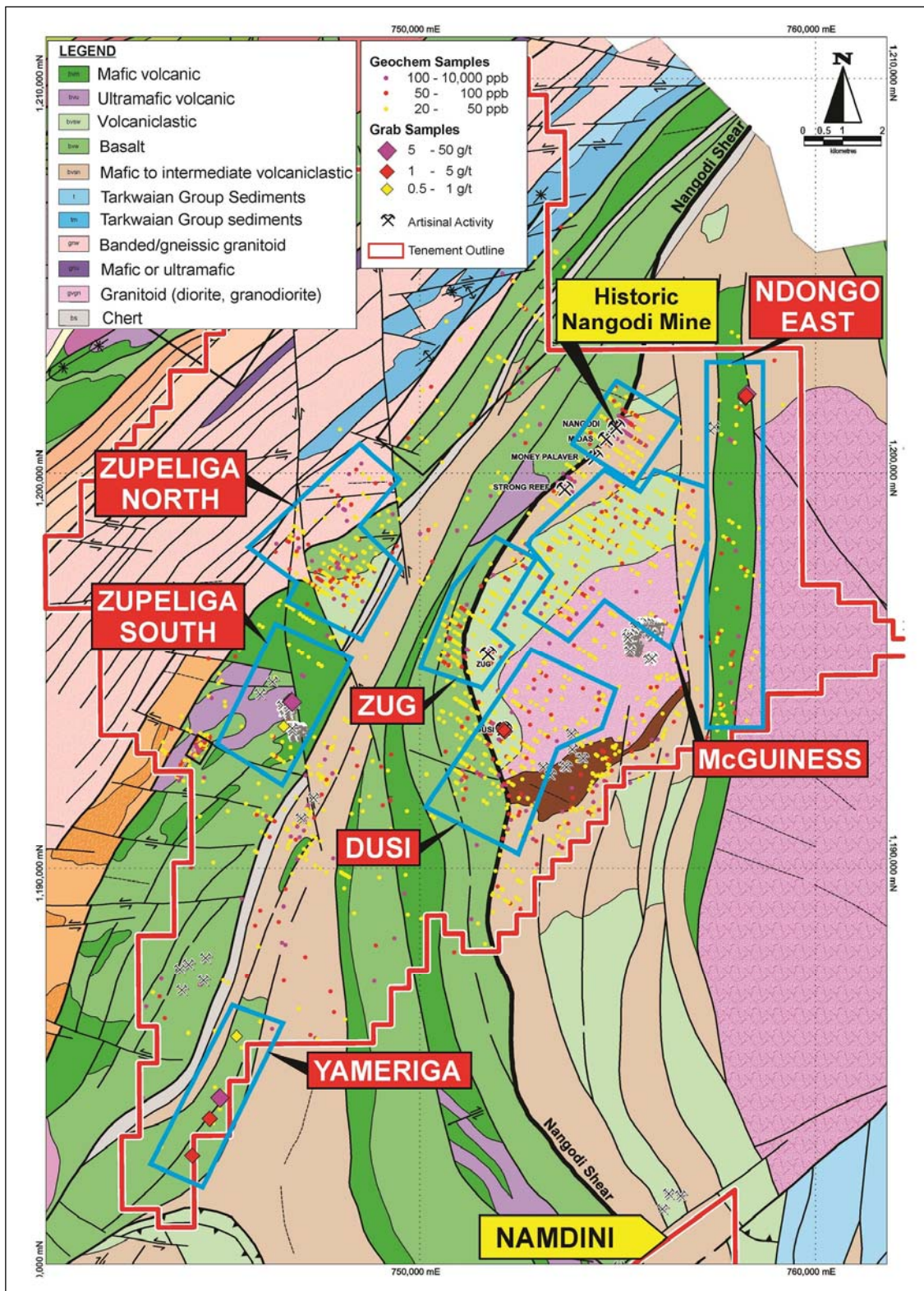


Figure 4: Ndongo Prospecting Licence showing local prospects

Six large scale targets which are considered highly prospective for gold mineralisation, have been defined from coincident historical drill data, auger soil anomalies and geophysical surveys (Press Release May 18, 2018 Encouraging First Pass Gold Results at Ndongo).

Exploration will continue over the tenements with field confirmation and exploration drilling required to test the targets that have been generated.

### **Kungongo Tenement**

The Kungongo Licence is located in northeast Ghana some 45km west of the Company's Namdini Gold Project. The Licence covers an area of 122 km<sup>2</sup> and is a renewable Exploration Licence (Figure 3).

Recent RC drilling has focused primarily on shallow auger soil gold anomalies and ground magnetics. Drilling has confirmed a sequence of mixed sediments and mafic volcanics. The initial RC drilling was completed on a series of fences between 400m and 1,600m apart. Hole spacing on lines was at 50m to 100m centres with the drilling covering approximately 3.6km of strike length along the target. Gold intersections returned were encouraging with some significant grades and multiple zones encountered, (ASX Release April 4, 2018 First Pass Regional Exploration Drilling Underway).

No drilling was conducted by the company on the Kungongo Prospect during the quarter ended June 30, 2018. However, ground geophysical surveys have continued.

5,000m of RC and diamond drilling is designed to follow up the widely-spaced anomalous first pass results.

### **Bongo Prospect**

The Bongo Licence covers an area of 453 km<sup>2</sup> adjacent to the regional Bole-Bolgatanga Shear and is dominated by three major intrusive complexes, predominantly granitoids of intermediate to foliated felsic basin types intercalated with mafic volcanic flows (Figure 3).

Six target areas were initially identified from the airborne geophysical survey. Three of these target areas totaling 26km in strike length within the northwestern, northeastern and southeastern parts of the Bongo Licence were generated from auger soil anomalies, previous air magnetic interpretation, mapping and ground truthing over the Licence.

Reconnaissance RC drilling was delayed and is now expected to commence Q3 2018 across all anomalous targets.

## **SUBRANUM PROJECT**

The Subranum Project covers an area of 69 km<sup>2</sup> located in southwest Ghana. The license straddles the eastern margin of the Sefwi Gold Belt. There is 9 km of prospective sheared contact between Birimian phyllites and greywackes to the east and mafic to intermediate volcanics and volcanoclastics to the west. Granitoid stocks of the Dixcove suite intrude this shear zone. The Sefwi Belt is highly prospective and is spatially related to major discoveries including the 7 Moz Bibiani Gold Mine (approximately 70 km southwest), Newmont's Ahafo 23 Moz Gold Mine (approximately 53 km west) and Kinross' Chirano 5 Moz Gold Mine (approximately 110 km southwest).

Clearing of the previous drill access tracks was completed during the previous quarter, with diamond (DD) drilling now started during this quarter (Table 3).

Prospect	Drill Method	No. Holes	Total (m)	No. Samples	Duplicates	Blanks	Stds	Total Samples
Subranum	DD Drilling	4	695.60	0	0	0	0	0
<b>Total</b>		<b>4</b>	<b>695.60</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Table 3: Exploration Drilling for Q2 2018

As the gold mineralised, NE-SW trending Bibiani Shear Zone is developed throughout the tenement, the initial drilling will focus on a 5.2 km strike length from the southwestern edge of the tenement towards the northeast along strike (Figure 5).

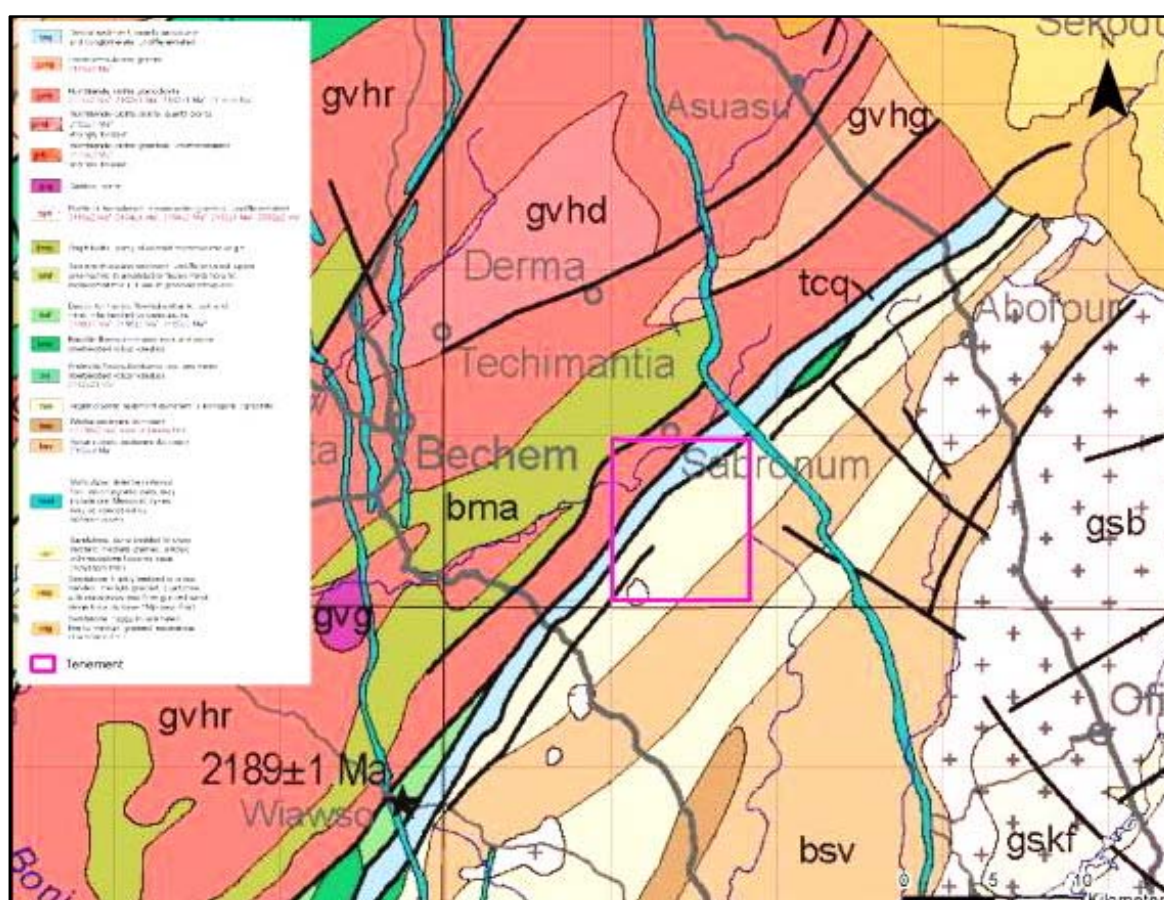


Figure 5: Subranum Project with Bibiani Shear through the tenement

A soil auger programme planned for the remaining 3.8 km strike length in the NE portion of the tenement to initially cover a ~400m width across the strike of the Bibiani Shear Zone, was delayed due to extensive rain and will commence in Q3 2018, weather permitting.



## CORPORATE

Subsequent to the quarter end the Company was pleased to announce that it had received investment committee approval from and executed a term sheet with Sprott Private Resource Lending (Collector), L.P. (“**Sprott**”) to be provided with a US\$25 million senior secured credit facility (“**Facility**”). The Facility is subject to mutually satisfactory documentation and other customary conditions precedent, which was completed on 22 August 2018.

A positive Preliminary Economic Assessment released in March this year clearly demonstrated Cardinal’s flagship Namdini Gold Project in Ghana to be a low capital cost, high-margin development opportunity.

The US\$25 million Facility will provide working capital and funding to complete the Preliminary and Definitive Feasibility Studies for Namdini.

### Key terms of the Facility are as follows:

- Committed loan facility for US\$25 million to be funded on the closing date
- 30-month repayment term
- Interest rate of LIBOR + 7.75%
- Early repayment flexibility
- Issue of 4,250,000 ordinary shares issued to Sprott (subject to regulatory approvals)
- The Facility is secured against assets of Cardinal and its wholly owned subsidiary, Cardinal Namdini Mining Limited.

### Competent / Qualified Person Statement

All production targets for the Namdini Gold Mine referred to in this report are underpinned by estimated Mineral Resources which were prepared by competent persons and qualified persons in accordance with the requirements of the JORC Code and National Instrument 43-101- Standards of Disclosure for Mineral Projects (“NI43-101”), respectively.

The information in this report that relates to Namdini Mineral Resources is based on information compiled and reviewed by Mr Nicholas Johnson, a Competent Person who is a Member of the Australian Institute of Geoscientists and a full-time employee of MPR Geological Consultants Pty Ltd. Mr Johnson has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the JORC Code 2012 and is a qualified person for the purposes of NI43-101. Mr Johnson has no economic, financial or pecuniary interest in the company and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Namdini Ore Reserves and mining studies is based on information compiled and reviewed by Mr Glenn Turnbull, a Competent Person who is a Chartered Engineer and Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Golder. Mr Turnbull has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the JORC Code 2012 and is a qualified person for the purposes of NI43-101. Mr Turnbull has no economic, financial or pecuniary interest in the company and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The scientific and technical information in this MD&A that relates to the Namdini Gold Project has been reviewed and approved by Mr. Richard Bray, a Registered Professional Geologist with the Australian Institute of Geoscientists and Mr. Ekow Taylor, a Chartered Professional Geologist with the Australasian Institute of Mining and Metallurgy. Mr. Bray and Mr. Taylor have more than five years' experience relevant to the styles of mineralization and type of deposits under consideration and to the activity which is being undertaken to qualify as a Competent Person, as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and as a Qualified Person for the purposes of NI43-101. Mr. Bray and Mr. Taylor are full-time employees of Cardinal and hold equity securities in the Company.

The scientific and technical information in this MD&A that relates to Exploration Results, Mineral Resources or Ore Reserves at the Bolgatanga Project and Subranum Project is based on information prepared by Mr. Paul Abbott, a full-time employee of Cardinal Resources, who is a member of the Geological Society of South Africa. Mr. Abbott has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and the activity which he is undertaking to qualify as a Competent Person, as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

### JORC 2012

This report contains information extracted from the following reports which are available for viewing on the Company's website [www.cardinalresources.com.au](http://www.cardinalresources.com.au):

- 18 Sep 2018 Cardinal Namdini Pre-Feasibility Study 4.76Moz Ore Reserve
- 16 July 2018 Cardinal Makes New Gold Discovery at Ndongo East
- 28 May 2018 Encouraging First Pass Gold Results at Ndongo
- 19 April 2018 Technical Report on Namdini Gold Project Filed on SEDAR
- 04 April 2018 First Pass Regional Exploration Drilling Underway
- 05 Mar 2018 Cardinal Upgrades Indicated Mineral Resource to 6.5Moz
- 22 Feb 2018 Cardinal Infill Drilling Results Returned
- 05 Feb 2018 Namdini Gold Project Preliminary Economic Assessment
- 22 Jan 2018 Namdini Infill Drilling Results Returned
- 14 Dec 2017 Namdini Drilling and Regional Exploration Update
- 12 Dec 2017 Cardinal Grade Control Drill Results Returned

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

**SELECTED ANNUAL INFORMATION**

The following table provides information for the year ended June 30, 2018, 2017 and 2016:

	June 30, 2018	June 30, 2017	June 30, 2016
Exploration and evaluation expenditures	\$ 26,747,592	\$ 15,794,617	\$ 7,182,584
Corporate general and administration	5,945,652	3,637,864	1,216,910
Share based payments	4,742,362	1,964,324	874,000
Amortisation	217,454	426,572	94,932
Net comprehensive loss	37,690,470	21,724,298	9,243,909
Loss per share – basic and fully diluted	10.22	7.12	5.55
Total assets	10,241,614	30,109,678	5,661,536
Total liabilities	4,766,976	3,903,107	1,713,467
<b>Shareholders' equity</b>	<b>10,241,614</b>	<b>26,206,571</b>	<b>3,948,069</b>

Exploration and evaluation expenditures were all incurred in Ghana. The Company maintains a policy to expense all exploration and evaluation expenses as incurred; these costs include tenement acquisition costs.

Starting in 2015, due to the exploration success at the Company's Namdini Gold Project, the Company has on a year-over-year basis increased exploration and evaluation spending, in order to outline and ultimately increase the confidence level in the Namdini resource base.

During the year the Company released an updated resource was published in September 2017, in February 2018 the Company published its Preliminary Economic Assessment at Namdini and a Pre-Feasibility Study at Namdini published in September 2018.

During this period, minimal expenditures were incurred on the Bolgatanga Project and Subranum Project.

Corporate general and administration expenses increased due to increased corporate activity, as a result of the exploration success at Namdini, which resulted in a TSX listing in July 2017, the C\$12 million financing that occurred in Q4 2017 and increased legal, staffing, professional fees, travel and promotional costs.

From January 1, 2017, the Company's corporate general and administration expenses increased due to an increase of Perth staff from 3 personnel to 7 personnel, which included the appointment of a Project Manager, Geology Manager, Canadian Corporate Secretary and Chief Financial Officer. There have been no significant changes to staff from the quarter ended June 30, 2017 to June 30, 2018 and as a result the expenses are regular.

Corporate general and administration expenses consist of corporate administration costs incurred by the corporate office in Perth. Perth office expenses include personnel, professional fees, compliance and regulatory fees, and investor relations expenses.

Share based payments represents the expensing of fair value of the award on grant date. Under the fair value-based method, compensation cost attributable to options granted is measured at fair value on the grant date and amortized over the vesting period. The amount recognized as an expense is adjusted to reflect any changes in the Company's estimate of the shares that will eventually vest and the effect of any non-market vesting conditions.

Share based payment arrangements in which the Company receives goods or services as consideration are measured at the fair value of the good or service received, unless that fair value cannot be estimated.

The variances in total assets and shareholders' equity are mainly attributable to equity placements, which increased cash resources, while funding the Company's exploration and evaluation expenditures and administration expenses decreased cash resources.

As the Company is in the exploration stage, it does not generate operating revenue.

### SELECTED QUARTERLY INFORMATION

The following table provides information for the eight quarters:

	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Exploration and evaluation expenditures	\$ 3,653,287	\$ 4,640,781	\$ 8,978,587	\$ 9,474,793
Corporate general and administration	1,646,341	1,151,889	1,833,531	1,313,891
Share/Option based payments	899,469	1,582,306	1,107,762	1,152,825
Amortization	67,080	50,674	62,813	36,887
Net comprehensive loss	6,148,313	7,357,850	12,249,188	12,066,104
Loss per share – basic and fully diluted	1.62	0.02	0.03	3.44
Total assets	10,241,614	15,406,176	20,938,595	21,342,325
Total liabilities	4,766,976	4,789,126	4,617,683	6,411,267
Shareholders' equity	5,474,638	10,617,050	16,320,912	14,931,058

	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016
Exploration and evaluation expenditures	\$ 5,561,110	\$ 3,996,084	\$ 4,529,757	\$ 1,378,046
Corporate general and administration	1,327,354	1,395,836	504,573	422,216
Share/Option based payments	1,416,544	433,481	114,299	-
Amortization	40,856	30,653	37,559	317,504
Net comprehensive loss	8,422,184	5,964,073	5,113,088	2,161,417
Loss per share – basic and fully diluted	4.98	2.26	0.02	1.28
Total assets	30,109,678	13,327,164	19,133,568	22,842,390
Total liabilities	3,903,107	1,416,759	1,692,945	453,227
Shareholders' equity	26,206,571	11,910,405	17,440,623	22,389,163

Exploration and evaluation expenditures were all incurred in respect of the Company's Ghanaian mining assets. The Company maintains a policy to expense all exploration and evaluation expenditures as incurred. These costs include tenement license acquisition costs.

Starting in 2015, due to the exploration success at the Company's Namdini Gold Project, the Company has on a year-over-year basis increased exploration and evaluation spending, in order to outline and ultimately increase the confidence level in the Namdini resource base and to prepare initial technical evaluations of development scenarios.

From January 1, 2017, the Company significantly increased its operations, given the inaugural resource estimate for the Namdini Gold Project in November 2016.

During this period, minimal expenditures were incurred on the Bolgatanga Project and Subranum Project.

Corporate general and administration expenses increased due to increased corporate activity, as a result of the exploration success at Namdini, which resulted in a TSX listing in July 2017, the C\$12 million financing that occurred in Q4 2017 and increased legal, staffing, professional fees, travel and promotional costs.

From January 1, 2017, the Company's corporate general and administration expenses increased due to an increase of Perth staff from 3 personnel to 7 personnel, which included the appointment of a Project Manager, Geology Manager, Canadian Corporate Secretary and Chief Financial Officer. There have been no significant changes to staff from the quarter ended June 30, 2017 to June 30, 2018 and as a result the expenses are regular.

Corporate general and administration expenses consist of corporate administration costs incurred by the corporate office in Perth. Perth office expenses include personnel, professional fees, compliance and regulatory fees, and investor relations expenses.

Share based payments represents the expensing of fair value of the award on grant date. Under the fair value-based method, compensation cost attributable to options granted is measured at fair value on the grant date and amortized over the vesting period. The amount recognized as an expense is adjusted to reflect any changes in the Company's estimate of the shares that will eventually vest and the effect of any non-market vesting conditions.

Share based payment arrangements in which the Company receives goods or services as consideration are measured at the fair value of the good or service received, unless that fair value cannot be estimated.

The variances in total assets and shareholders' equity are mainly attributable to equity placements, which increased cash resources, while funding the Company's exploration and evaluation expenditures and administration expenses decreased cash resources.

The increase in total liabilities for the year ended June 30, 2018 is mainly attributable to increased operations at the Namdini Gold Project and corporate activities.

As the Company is in the exploration stage, it does not generate operating revenue.

## RESULTS OF OPERATIONS

	Three months ended June 30,		Twelve months ended June 30,	
	2018	2017	2018	2017
Exploration and evaluation expenditures	\$ 3,653,287	5,878,614	26,747,592	15,794,617
Corporate general and administration	1,646,341	1,327,354	5,945,652	3,637,864
Share/Option based payments	899,469	1,416,544	4,742,362	1,964,324
Amortization	67,080	40,853	217,454	426,572
Interest and other income	33,006	117,176	174,313	149,596
Foreign exchange loss (gain)	193,028	193,499	295,903	116,923
<b>Net Loss for the period</b>	<b>6,148,313</b>	<b>8,422,184</b>	<b>37,690,470</b>	<b>21,790,704</b>

- For the three and twelve months ended June 30, 2018, exploration and evaluation expenditures increased from comparable periods due to the increase in exploration activities at the Namdini Gold Project, with minimal expenditures on the Bongo, Kungongo and Subranum Projects. Namdini exploration activities included but was not limited to infill drilling, geotechnical drilling, grade control drilling at the proposed starter pit location, preparation of the PEA and metallurgical test work, while 2017 activities included the preparation of an initial resource estimate and resource drilling.
- The Company's corporate general and administration expenses have increased from the prior year due to an increase in costs due the Company's listing on the TSX in July 2017. Incremental costs were incurred in respect of the July 2017 TSX listing, staffing, legal fees, office rental, professional fees and investor relations costs.

- For the three months ended June 30, 2018, share based payments have remained regular. For the twelve months ended June 30 2018 share based payments have increased, compared to the same period in 2017, primarily due to the issuance of milestone options on March 18 and December 21, 2017 to directors, officers, and consultants. The fair value of the option grants is being amortized to income over their respective vesting periods.

For the three and twelve months ended June 30, 2018 and 2017, exploration and evaluation expenditures comprise:

	Three months ended June 30,		Twelve months ended June 30,	
	2018	2017	2018	2017
Direct exploration costs	<b>2,788,986</b>	4,590,908	<b>19,352,705</b>	12,831,069
Indirect exploration costs	<b>590,126</b>	782,418	<b>5,189,502</b>	1,662,790
Site general and administration costs	<b>274,175</b>	187,784	<b>2,205,242</b>	1,300,758
<b>Exploration and evaluation expenditures</b>	<b>3,653,287</b>	5,561,110	<b>26,747,449</b>	15,794,617

Direct and indirect exploration costs increased for twelve months ended June 30, 2018, compared to the same period in 2017, mainly due to the execution of larger drill programs to define and to upgrade gold resources at Namdini. In the second half of 2017, Namdini activities included the preparation and drilling of an extensive resource estimate upgrade programme. This included but was not limited to resource extension drilling, infill drilling and grade control drilling.

The cost also included activities required for the preparation and completion of a Preliminary Economic Assessment and associated metallurgical test work. Costs were also attributable to engineering design and metallurgical testwork underway towards the Preliminary Feasibility Study due in Q3 2018. In the nine months ended March 2018, the Company initiated additional regional exploration activities.

Site general and administration costs increased for the twelve months ended June 30, 2018, compared to the same period in 2017, mainly due to increased salaries, office and administrative, professional fees and travel expenses associated with the increased activities at Namdini and Ndongo.

#### *Corporate, General and Administration Expenses*

Corporate administration expenditures for the three and twelve months ended June 30, 2018 increased, compared to the same periods in 2017, mainly due to increase payroll expenses for increased staffing, increased legal and professional fees, increased compliance and regulatory expenses in relation for the TSX listing in Canada in July 2017, and increased travel and investor relation expenses associated with the increased corporate and project activities.

#### *Share based Payments*

For the three and twelve months period ended June 30, 2018, share based payments increase, compared to the same periods in 2016, mainly due to the on October 23, 2017 the Company issued a notice of meeting to issue milestone options to key management personnel, including directors, of the Company. The milestone options were issued on December 21, 2017.

The increase in share based payments is also attributable to Milestone 1, of the milestone options issued, vesting during the year.

## FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2018, the Company had cash and cash equivalents of \$7,303,807 (June 30, 2017 - \$28,592,718) and current liabilities of \$4,766,976 (June 30, 2017 - \$3,903,107).

As at June 30, 2018, the Company had a working capital balance of \$3,517,055 (June 30, 2017 - \$25,741,175).

On 21 November 2017, by way of a Bought Deal Financing, 18,461,600 shares were issued at CA\$0.65 per share to raise a total of CA\$12,000,040 (AU\$12,396,736).

The decreases in cash and working capital from June 30, 2017 to June 2018 was \$22,224,120 and was primarily due to the Company's ongoing exploration & evaluation activities at the Namdini Gold Project and at its regional tenements.

Funds raised from previous financings are being used toward continued advancement and development of the Company's Projects and general working capital purposes. After year end, on August 22, 2018 the Company completed a credit facility with Sprott for US\$25m. The Company expects its current capital resources to be sufficient to advance its planned activities.

Actual funding requirements may vary from those planned due to a number of factors, including the progress of the Company's business activities and current economic and financial market conditions. The Company will continue to pursue opportunities to raise additional capital through equity markets to fund its future exploration, development and operating activities; however, there can be no assurance that such financing will be available on a timely basis and under terms which are acceptable to the Company.

## COMMITMENTS AND CONTINGENCIES

The Corporation has commitments in respect to the use of an office premises in Perth, Western Australia, for \$5,300 per month until 30 September 2018. The Corporation has an option to extend the lease for three months after 30 September 2018.

The Corporation has commitments in respect to the use of an office outside of Australia, for C\$1,863 per month until 31 March 2019.

Cardinal Resources Subranum Limited entered into a sale and purchase agreement dated 6 April 2012 with Newmont Ghana Gold Limited (a subsidiary of Newmont Mining Corporation) for the purchase of the Subranum Project. On 24 November 2015, the relevant Minister of the 2006 Mining Act approved the sale. Cardinal Resources Subranum Limited acquired 100% of the Subin Kasu Prospecting License and paid to Newmont Ghana Gold Limited US\$50,000 on 12 June 2016.

On 7 November 2017 US\$50,000 was paid to Newmont Ghana Gold Limited on the one anniversary and on 23 November 2017 a final payment of US\$100,000 was made for 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 21 June 2016 and a further US\$750,000 being 12 June 2018. The Company has met the minimum expenditure requirements.

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 1Moz of gold. Subject to the grant of a Mining Lease under the 2006 Mining Act, Cardinal Resources Subranum Limited will be required to pay Newmont Ghana Gold Limited a 2% net smelter royalty.

Cardinal Namdini Mining Limited (Cardinal Namdini), entered into a Net Smelter Royalty Deed, whereby Cardinal Namdini will pay to Savannah a Royalty equal to:

- (a) 4% of the Net Smelter Return on the first 50,000 ounces of Specified Minerals produced within each small-scale license which was purchased by Savannah within the Large Scale Mining License; and
- (b) A 2% Net Smelter Return, effective from production of the 50,001 ounces of Specified Minerals produced within each small-scale licence which was purchased by Savannah within the Large Scale Mining License.

Cardinal entered into a definitive agreement with Kinross Gold Group subsidiary Red Back Mining Ghana Limited (Red Back) to acquire 100% ownership of two large scale prospecting licences located in North East Ghana. Cardinal has entered into a Royalty Agreement with Red Back, whereby Cardinal shall pay to Red back a 1% net smelter return royalty on any minerals produced from the properties.

The Corporation has commitments in respect to a secured credit facility, completed on August 22, 2018. The key terms of the credit facility are as follows:

- Committed loan facility of US\$25 million
- 30-month repayment term
- Interest rate of LIBOR + 7.75%

#### **OFF-BALANCE SHEET ARRANGEMENTS**

There are no off-balance sheet arrangements to which the Company is committed.

#### **PROPOSED TRANSACTIONS**

There are no proposed transactions that have not been disclosed herein.

#### **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout the consolidated financial statements.

The Company is exposed to the following financial risks: credit risk, liquidity risk, market risk, currency risk and interest rate risk.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:



### Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents. The Company limits exposure to credit risk by maintaining its cash and cash equivalents with large financial institutions.

	June 30, 2018	June 30, 2017
Cash held in bank accounts	\$ 2,819,794	\$ 9,562,815
Term deposits	4,484,013	19,029,903
	<b>\$ 7,303,807</b>	<b>\$ 28,592,718</b>

### Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

At June 30, 2018, the Company had cash and cash equivalents of \$7,303,807 (June 30, 2017 - \$28,592,715) available and current liabilities of \$4,766,976 (June 30, 2017 - \$3,903,107). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

### Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates and foreign exchange rates. Management closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

### Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to fluctuations in foreign currencies through its operations in Ghana. The Company monitors this exposure, but has no hedge positions.

As at June 30, 2018, the Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Australian dollar:

DESCRIPTION	June 30, 2018		June 30, 2017	
	US\$ AUD Equivalent	Ghana Cede AUD Equivalent	US\$ AUD Equivalent	Ghana Cede AUD Equivalent
Cash	\$ 2,681,665	\$ 93,508	\$ 1,040,823	\$ 39,709
Other receivables	0	0	0	0
Value added tax receivables	0	724,137	0	0
Accounts payable and accrued liabilities	(3,267,257)	(616,542)	(1,921,309)	(347,494)
<b>Total</b>	<b>\$ (585,592)</b>	<b>\$ 201,103</b>	<b>\$ (880,486)</b>	<b>\$ (307,785)</b>

Based on the balances as at June 30, 2018, a 1% movement in foreign exchange rates would increase/decrease the loss for the year before taxation by \$3,585 (2017: \$12,395).

### Interest Rate Risk

Interest rate risk consists of two components:

To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company considers interest rate risk to not be significant.

### Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The carrying amounts for accounts payable and accrued liabilities and due to related parties' approximate fair values due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

### Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in levels 1 to 3 based on the degree to which the fair value is observable:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2	Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2018 and June 30, 2017, the Company's financial instruments are comprised of cash and cash equivalents, other receivables, value added tax receivable, accounts payable and accrued liabilities, and due to related parties. With the exception of cash and cash equivalents, all financial instruments held by the Company are measured at amortized cost.

### CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to advance its mineral properties. The Company defines its capital as all components of equity and short-term debt. The Company manages its capital structure and makes adjustments to it to effectively support the acquisition and exploration of mineral properties. The property in which the Company currently has an interest is in the exploration stage; as such, the Company is dependent on external financing to fund its activities.

The Company will spend its existing working capital and seek to raise additional amounts as needed by way of equity financing or debt to carry out its planned corporate development and general administrative costs. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's investment policy is to hold cash in interest-bearing bank accounts or highly liquid short-term interest-bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar

products. The Company expects its current capital resources to be sufficient to cover its operating costs and to carry out its exploration activities through the next twelve months. As such, the Company will seek to raise additional capital and believes it will be able to do so, but recognizes the uncertainty attached thereto. There have been no changes to the Company's approach to capital management during the three months ended June 30, 2018.

## RELATED PARTY TRANSACTIONS

The Company had transactions during the three and nine months ended June 30, 2018 with related parties consisting of directors, officers and companies with common directors and/or officers:

### *Namdini Gold Project*

During the year ended 30 June 2018, Cardinal Resources Limited advanced \$4,000,674 to Savannah, a related entity to Director Mr Malik Easah. The purpose of the advance was development of a mining licence in areas in respect of which Savannah had entered into agreements with holders of small scale licences. As at the date of this report, \$916,362 has been recorded as a prepayment in the consolidated financial statements of Cardinal Resources Limited. The difference has been applied toward the development of the mining licence and expensed during the period.

### *Consulting Agreement*

Tomlinson Consultancy, of which Kevin Tomlinson is a director, provided geological consulting services to the Company. Amounts that have been paid or payable for the twelve months ended June 30, 2018 was \$337,218 (2017: \$280,000).

Robert Schafer, a director, provided consulting services to the Company. Amount that have been paid or payable for the twelve months ended June 30, 2018 was \$12,911 (2017: \$0).

HopgoodGanim of which Michele Muscillo, a director, is a partner of, provided legal services to the Company. Amounts that have been paid or payable total \$3,506 (2017: \$0).

For the twelve months ended June 30, 2018 830,000 shares have been issued to employees of the Company as part consideration for services provided to the Company.

A total of 189,390 shares were issued to Dr Julian Barnes, a former consultant of the corporation, for consideration for services provided to the Company.

## KEY MANAGEMENT COMPENSATION

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. Key management compensation comprises:

	Three months ended June 30,		Twelve months ended June 30,	
	2018	2017	2018	2017
Salaries, fees and leave	\$ 403,203	\$ 337,690	\$ 1,239,277	\$ 736,957
Non-monetary	23,943	4,061	38,850	9,725
Superannuation expense	-	2,305	4,268	10,363
Equity based payments	478,619	308,450	2,955,160	308,450
	<b>\$ 905,765</b>	<b>\$ 652,506</b>	<b>\$ 4,237,555</b>	<b>\$ 1,065,495</b>

## SHARE POSITION AND OUTSTANDING WARRANTS AND OPTIONS

The Company's outstanding share position as at the date hereof, is as follows:

	Number of shares
Common shares	378,323,580
Listed options	113,619,906
Unlisted options	7,000,000
Milestone Options	28,294,200
60 Class C Performance Shares	6,000,000
<b>Fully diluted share capital</b>	<b>533,237,686</b>

### *Common Shares*

The Corporation is authorised to issue an unlimited number of Ordinary Shares, subject to certain restrictions prescribed in the ASX Listing Rules, the Corporations Act and the Corporation's constitution. Under the ASX Listing Rules, subject to certain exceptions and without the approval of Shareholders, the Corporation may not issue or agree to issue during any 12-month period equity securities (including options and other securities convertible into equity) if the number of securities issued or agreed to be issued would exceed 15% of the total equity securities on issue at the commencement of the 12-month period. At the Corporation's annual general meeting held on November 22, 2017, shareholders approved the issue of an additional 10% of the Corporation's issued capital, subject to satisfaction of certain criteria prescribed in the ASX Listing Rules and the Corporation's notice of annual general meeting dated October 18, 2017.

### *Listed Options*

Details of listed options (ASX: CDVOA) outstanding as of the date hereof are:

	Expiry	Number of Options	Weighted Average Exercise Price
Listed Options	September 30, 2019	113,619,906	\$0.15

### *Stock Options ("Unlisted Options")*

The Company has in place a stock option plan (the "Plan"), which allows the Company to issue options to certain directors, officers, employees and consultants of the Company. The aggregate number of securities reserved for issuance will be not more than 5% of the number of ordinary shares issued and outstanding from time to time. The Plan provides that the number of stock options held by any one individual may not exceed 5% of the number of issued and outstanding ordinary shares. Options granted under the Plan may have a maximum term of ten years. The exercise price of options granted under the Plan will not be less than the market price of the Company's shares on the day prior to the grant date. Stock options granted under the Plan may be subject to vesting terms if imposed by the Board of Directors or required by the TSX Exchange. The milestone options were not issued under the Company's stock option plan.

The following is a summary of share purchase options activity for the three and twelve months ended June 30, 2018:

Grant Date	Expiry Date	Exercise Price	During the period				Closing Balance	Vested and Exercisable	Unvested
			Opening Balance	Granted	Exercised	Expired / Cancelled			
03.18.16	03.18.20	\$0.22	8,000,000	nil	2,000,000	nil	6,000,000	6,000,000	-
04.03.17	04.12.22	\$0.50	23,500,000	nil	nil	5,000,000	18,500,000	5,550,000	12,950,000
12.21.17	12.21.22	\$0.75	nil	1,000,000	nil	nil	1,000,000	1,000,000	-
12.21.17	12.21.22	\$0.825	nil	5,758,000	nil	nil	5,758,000	1,727,400	4,030,600
12.21.17	12.21.22	\$0.965	nil	4,036,200	nil	nil	4,036,200	nil	4,036,200
<b>Weighted average exercise price \$0.57</b>									

### Performance Shares

During Q4 2017, Class A Performance Shares expired.

Holders of Class A Performance Shares were entitled to conversion of each Class A Performance Share into 100,000 Ordinary Shares upon the achievement of certain milestones or events. The conversion of Class A Performance Shares was dependent upon satisfaction of one of the following performance hurdles to the reasonable satisfaction of the Corporation by December 27, 2017, the Class A Performance Shares expired unexercised on December 28, 2017.

- the establishment of a JORC compliant inferred resource of at least 1 million ounces of gold within the Exploration Tenements (as defined by the November 15, 2012 Prospectus for Non-Renounceable Entitlement Issue);
- a project owned by the Corporation or any of its subsidiaries comprising all or part of the Exploration Tenements being sold for at least \$25 million in cash or cash equivalent; or
- a joint venture arrangement being entered into in respect of any of the Exploration Tenements resulting in cash or cash equivalent to the Corporation of not less than \$25 million.

Ghanaian projects for the Class A Performance Shares was defined by the Notice of Meeting dated 2 October 2012, being the assets owned by Cardinal located in Ghana, being the Bolgatanga Project area (Kungongo, Bongo and Ndongo) and the Subranum Project.

The conversion of Class C Performance Shares will occur upon satisfaction of achieving a minimum inferred resource (JORC compliant) of gold within the Ndongo Prospect by February 18, 2020, being no later than five years after the date on which the Class C Performance Shares were issued. The table below sets out the conversion of the Class C Performance Shares based on the achievement of performance hurdles.

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
<b>60</b>		<b>6,000,000</b>

## OTHER DATA

Additional information related to the Company is available for viewing at [www.sedar.com](http://www.sedar.com).

## ADOPTION OF NEW AND AMENDED IFRS PRONOUNCEMENTS

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 July 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments requirements for financial instruments and hedge accounting.

- AASB 2014-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

AASB 2014-7 (issued December 2014) gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issue of AASB 9: Financial Instruments (December 2014). More significantly, additional disclosure requirements have been added to AASB 7: Financial Instruments: Disclosures regarding credit risk exposures of the entity. This Standard also makes various editorial corrections to Australian Accounting Standards and an Interpretation.

AASB 2014-7 mandatorily applies to annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted, provided AASB 9 (December 2014) is applied for the same period.

- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 July 2018, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).

AASB 2014-5: Amendments to Australian Accounting Standards arising from AASB 15

This Standard is applicable to annual reporting periods beginning on or after 1 January 2017 and makes consequential amendments to various Australian Accounting Standards arising as a result of the issue of AASB 15: Revenue from Contracts with Customers. AASB 2014-5 is not expected to impact the Group's financial statements.

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements.

- AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 July 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and lease liability for all leases (excluding short-term leases with a lease term 12 months or less of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

## **RISKS AND UNCERTAINTIES**

### ***Risks Related to the Industry***

#### **Mineral Exploration, Development and Operating Risks**

Mineral exploration is highly speculative in nature, generally involves a high degree of risk and frequently is non-productive. The mineral tenements of the Corporation are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of these tenements, or any other tenements that may be acquired in the future, will

result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited or will result in a profitable commercial mining operation.

Resource acquisition, exploration, development and operation involve significant financial and other risks over an extended period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. Significant expenses are required to locate and establish economically viable mineral deposits, to acquire equipment, and to fund construction, exploration and related operations, and few mining properties that are explored are ultimately developed into producing mines.

Success in establishing an economically viable project is the result of a number of factors, including the quantity and quality of minerals discovered, proximity to infrastructure, metal and mineral prices which are highly cyclical, costs and efficiencies of the recovery methods that can be employed, the quality of management, available technical expertise, taxes, royalties, environmental matters, government regulation (including land tenure, land use and import/export regulations) and other factors. Even in the event that mineralization is discovered on a given property, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change as a result of such factors. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Corporation not receiving an adequate return on its invested capital, and no assurance can be given that any exploration program of the Corporation will result in the establishment or expansion of resources or reserves.

The Corporation's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of gold and other minerals, including hazards relating to the discharge of pollutants or hazardous chemicals, changes in anticipated grade and tonnage of ore, unusual or unexpected adverse geological or geotechnical formations, unusual or unexpected adverse operating conditions, slope failures, rock bursts, cave-ins, seismic activity, the failure of pit walls, pillars or dams, fire, explosions, and natural phenomena and 'acts of God' such as inclement weather conditions, floods, earthquakes or other conditions, any of which could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, damage to property, environmental damage, unexpected delays, monetary payments and possible legal liability, which could have a material adverse impact upon the Corporation. In addition, any future mining operations will be subject to the risks inherent in mining, including adverse fluctuations in fuel prices, commodity prices, exchange rates and metal prices, increases in the costs of constructing and operating mining and processing facilities, availability of energy and water supplies, access and transportation costs, delays and repair costs resulting from equipment failure, changes in the regulatory environment, and industrial accidents and labour actions or unrest. The occurrence of any of these risks could materially and adversely affect the development of a project or the operations of a facility, which could have a material adverse impact upon the Corporation.

#### **Estimation of Mineralization, Resources and Reserves**

There is a degree of uncertainty attributable to the calculation of mineralization, resources and reserves and corresponding grades being mined or dedicated to future production. Until reserves or mineralization are actually mined and processed, the quantity of mineralization and reserve grades must be considered estimates only. These estimates depend upon geological interpretation and statistical inference drawn from drilling and sampling analysis, which may prove unreliable. There can be no assurance such estimates will be accurate. In addition, the quantity of reserves and mineralization may vary depending on commodity prices. Any material changes in quantity of reserves, mineralization, grade or stripping ratio may affect the economic viability of a mine. In addition, there can be no assurance that recoveries from laboratory tests will be duplicated in tests under on-site conditions or during production. The inclusion of mineral resource estimates should not be regarded as a representation that these amounts can be economically exploited and no assurances can be given that such resource estimates will be converted into reserves. Different experts may provide different interpretations of resource estimates.



### **Environmental, Health and Safety Regulations of the Resource Industry**

Environmental matters in Ghana, including those related to mining, fall primarily under the oversight of the EPA, as well as the Minerals Commission and the Mines Inspectorate Division of the Minerals Commission. The Environmental Protection Agency Act, 1994 (Act 490), and the Environmental Assessment Regulations, 1999 (L.I. 1652) govern, among other things, environmental and socio-economic impact assessments and statements, environmental management plans, emissions into the environment, environmental auditing and review, and mine closure and reclamation, to which the Corporation's operations are subject.

Additional provisions governing mine environmental management are provided in the Minerals and Mining Act, 2006 (Act 703), and Minerals and Mining Regulations (Health, Safety and Technical) 2012 (L.I. 2182). The Corporation believes it is in substantial compliance with these laws and regulations; however, the Corporation notes a continuing trend toward substantially increased environmental requirements and evolving corporate social responsibility expectations in Ghana, including the requirement for more permits, analysis, data gathering, community hearings and negotiations than have been required in the past for both routine operational needs and for new development projects.

Due to bureaucratic delays, there can be no assurance that all permits which the Corporation may require for construction of mining facilities and conduct of mining operations, particularly environmental permits, will be obtainable on reasonable terms or timeframes or that compliance with such laws and regulations would not have an adverse effect on the profitability of any mining project that the Corporation might undertake.

All phases of the Corporation's operations are subject to environmental regulations in various jurisdictions. If the Corporation's properties are proven to host economic reserves of metals, mining operations will be subject to national and local laws relating to the protection of the environment, including laws regulating removal of natural resources from the ground and the discharge of materials into the environment.

Mining operations will be subject to national and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of mining methods and equipment. Various permits from government bodies are required for mining operations to be conducted; no assurance can be given that such permits will be received.

No assurance can be given that environmental standards imposed by national or local authorities will not be changed or that any such changes would not have material adverse effects on the Corporation's activities. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on the Corporation. Additionally, the Corporation may be subject to liability for pollution or other environmental damage, which it may not be able to insure against.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Corporation and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

### **Competitive Conditions**

There is aggressive competition within the mineral exploration and mining industry for the discovery and acquisition of properties considered to have commercial potential, and for management and technical personnel.

The Corporation's ability to acquire projects in the future is highly dependent on its ability to operate and develop its current assets and its ability to obtain or generate the necessary financial resources. The Corporation will compete with other parties in each of these respects, many of which have greater financial resources than the Corporation. Accordingly, there can be no assurance that any of the Corporation's future acquisition efforts will be successful, or that it will be able to attract and retain required personnel. Any such failure could have a material adverse impact upon the Corporation.

### ***Risks Related to the Business***

#### **Operational Risks**

The Corporation has not previously generated revenues from operations and its mineral projects are at an exploration stage. Therefore, it is subject to many risks common to comparable companies, including under-capitalisation, cash shortages and limitations with respect to personnel, financial and other resources as well as a lack of revenues. The Corporation has historically incurred significant losses as it has no sources of revenue (other than interest income), and has significant cash requirements to meet its exploration commitments, administrative overhead and maintain its mineral interests. The Corporation expects to continue to incur net losses unless or until one or more of its properties enters into commercial production and generates sufficient revenue to fund continuing operations. There can be no assurance that current exploration or development programs will result in the discovery of commercial deposits or, ultimately, in profitable mining operations. See also "Liquidity and Financing Risk" and "Funding Risk" below.

#### **Liquidity and Financing Risk**

The Corporation has no source of operating cash flow and may need to raise additional funding in the future through the sale of equity or debt securities or by optioning or selling its properties. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. No assurance can be given that additional funding will be available for further exploration and development of the Corporation's properties when required, upon terms acceptable to the Corporation or at all. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties, or even a loss of property interest, which would have a material adverse impact upon the Corporation.

#### **Funding Risk**

At the date of this MD&A, the Corporation has no income producing assets and will generate losses for the foreseeable future. Until it is able to develop a project and generate appropriate cash flow, it is dependent upon being able to obtain future equity or debt funding to support long term exploration. Neither the Corporation nor any of the Directors nor any other party can provide any guarantee or assurance that if further funding is required, such funding can be raised on terms favourable to the Corporation (or at all). Any additional equity funding will dilute existing shareholders. Also, no guarantee or assurance can be given as to when a project can be developed to the stage where it will generate cash flow. As such, a project would be dependent on many factors, for example exploration success, subsequent development, commissioning and operational performance.

#### **Exploration Costs**

The exploration costs of the Corporation are based on certain cost estimates and assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Corporation's viability.

#### **Uninsurable Risks**

In the course of exploration, development and production of mineral properties, risks, including, but not limited to, unexpected or unusual geological or operating conditions, natural disasters, inclement weather conditions,

pollution, rock bursts, cave-ins, fires, flooding, earthquakes, civil unrest, terrorism and political violence may occur. It is not always possible to fully insure against all risks associated with Cardinal's operations and Cardinal may decide not to take out insurance against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of Cardinal.

### **Conflicts of Interest**

Certain directors of the Corporation are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Corporation. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors may conflict with the interests of the Corporation. Any Directors with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

### ***Risks Related to Operating in Ghana***

#### **Environmental Bonds**

The EPA from time to time reviews the reclamation bonds that are placed on the Corporation's projects in Ghana. As part of its periodic assessment of mine reclamation and closure costs, the EPA reviews the adequacy of reclamation bonds and guarantees.

In certain cases, the EPA has requested higher levels of bonding based on its findings. If the EPA were to require additional bonding at the Corporation's properties, it may be difficult, if not impossible, to provide sufficient bonding. If the Corporation is unable to meet any such increased bonding requirements or negotiate an acceptable solution with the Government of Ghana, its operations and exploration and development activities in Ghana may be materially adversely affected.

The Corporation is not in a position to state whether a review in respect of any of the Corporation's projects in Ghana is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Corporation.

#### **Risks of Operating in Ghana**

The Corporation's projects in Ghana are subject to the risks of operating in foreign countries, including political and economic considerations such as civil and tribal unrest, war (including in neighbouring countries), terrorist actions, criminal activity, nationalization, invalidation of governmental orders, failure to enforce existing laws, labour disputes, corruption, sovereign risk, political instability, the failure of foreign parties, courts or governments to honour or enforce contractual relations or uphold property rights, changing government regulations with respect to mining (including royalties, environmental requirements, labour, taxation, land tenure, foreign investments, income repatriation and capital recovery), fluctuations in currency exchange and inflation rates, import and export restrictions, challenges to the title to properties or mineral rights in which the Corporation has interests, problems or delays renewing licenses and permits, opposition to mining from local, environmental or other non-governmental organizations, increased financing costs, instability due to economic under-development, inadequate infrastructure, and the expropriation of property interests, as well as by laws and policies of Canada affecting foreign trade, investment and taxation. As African governments continue to struggle with deficits and depressed economies, the strength of commodity prices has resulted in the gold mining sector being targeted as a source of revenue. Governments are continually assessing the terms for a mining company to exploit resources in their country.

Furthermore, the Corporation requires consultants and employees to work in Ghana to carry out its planned exploration and development programs. It may be difficult from time to time to find or hire qualified people in the mineral exploration industry who are situated in Ghana, or to obtain all of the necessary services or expertise in

Ghana, or to conduct operations on its projects at reasonable rates. If qualified people and services or expertise cannot be obtained in Ghana, the Corporation may need to seek and obtain those services from service providers located outside of Ghana which could result in delays and higher costs to the Corporation.

Ghana's Income Tax Act, 2015, Act 896 (together with its subsequent amendments, the "Ghanaian Tax Act") provides for a withholding tax on payments to goods and service providers. The Ghanaian Tax Act provides for withholding tax in the range of 5-20% depending on the nature of the item or service acquired. Additionally, the Ghanaian Tax Act provides for a withholding tax of 3% on the supply or use of goods to a resident. The Corporation is required to make assessments as liabilities are incurred to ensure the appropriate amount is withheld and remitted to the Ghanaian Revenue Authority. Failure to withhold the applicable amounts could result in penalties and interest for late payment. Failure to comply with the Ghanaian Tax Act, as the same may be amended from time to time, could result in adverse tax consequences which may have a material adverse effect on the Corporation's financial condition. Further, no assurance can be given that new taxation rules or accounting policies will not be enacted by the government of Ghana or that existing rules will not be applied in a manner which could result in Cardinal being subject to additional taxation or which could otherwise have a material adverse effect on Cardinal's profitability, results of operations, financial condition and the trading price of Cardinal's securities.

Mineral resource companies face increasing public scrutiny of their activities, and are under pressure to demonstrate that their operations have potential to generate satisfactory returns not only to their shareholders, but also to benefit local governments and the communities surrounding its properties where it operates. The potential consequences of these pressures include reputational damage, lawsuits, increasing social investment obligations and pressure to increase taxes and future royalties payable to local governments and surrounding communities. As a result of these considerations, the Corporation may incur increased costs and delays in permitting and other operational matters with respect to its property interests in Ghana.

Any of the above events could delay or prevent the Corporation from exploring or developing its properties even if economic quantities of minerals are found, and could have a material adverse impact upon the Corporation's foreign operations.

### **Government Policy Changes**

The mineral exploration activities undertaken by the Corporation are subject to laws and regulations governing health and worker safety, employment standards, exports, taxation, waste disposal, management and use of toxic substances and explosives, protection of the environment, mine development and production, protection of endangered and protected species, reclamation, historic and cultural preservation and other matters. Exploration activities may also be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on future exploration and production, price controls, royalties, export controls, currency availability, foreign exchange controls, income taxes, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental and other non-governmental organizations, limitations on foreign ownership, expropriation of property, ownership of assets, environmental legislation, labour relations, limitations on repatriation of income and return of capital, limitations on mineral exports, high rates of inflation, increased financing costs, and site safety.

The Corporation's exploration programs with respect to the Corporation's projects in Ghana will, in general, be subject to approval by the Minerals Commission and other governmental agencies. Development of any of the Corporation's properties will be dependent on the Namdini Gold Project meeting environmental guidelines set by EPA and, where required, being approved by governmental authorities such as the Minerals Commission.

Failure to comply with applicable laws, regulations and permits, even if inadvertent, may result in enforcement actions thereunder, including the forfeiture of claims, orders by regulatory or judicial authorities requiring operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or costly remedial actions, which could have a material adverse impact upon the Corporation. The Corporation may be required to compensate those claiming to suffer loss or damage by

reason of its activities and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits, which could have a material adverse impact upon the Corporation.

In addition, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail development or future potential production. Adverse changes in government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the Corporation. It is possible that the current system of exploration and mine permitting in Ghana may change, resulting in impairment of rights and possibly expropriation of the Corporation's properties without adequate compensation.

### **Ownership Risks**

The Constitution of Ghana vests title in every mineral in its natural state to the Government of Ghana. The exercise of any mineral right in the form of reconnaissance, exploration or exploitation of any mineral in Ghana requires an appropriate license or mineral right to be issued by the Government of Ghana acting through the Minister. There is no assurance that title to the properties in which the Corporation has interests will not be challenged. The acquisition of title to mineral exploration properties is a very detailed and time-consuming process. Title to and the area of mineral properties may be disputed. While the Corporation has diligently investigated title to the properties in which it has an interest, it may be subject to prior unregistered agreements or transfers or indigenous land claims and title may be affected by undetected defects. Consequently, the boundaries may be disputed.

There can be no assurance that there are no prior unregistered agreements, claims or defects that may result in the title to the properties in which the Corporation has an interest being challenged. Further, the Corporation's interests in the properties are subject to the risks that counterparties will fail to honour their contractual commitments, that courts will not enforce such contractual obligations and that required governmental approvals will not be obtained. A successful challenge to the precise area and location of these claims, or the failure of counterparties to honour or of courts to enforce such contractual obligations could result in the Corporation being unable to operate on its properties as anticipated or being unable to enforce its rights with respect to its properties which could have a material adverse impact upon the Corporation.

### **Permitting and Licensing Risks**

In addition to mineral rights, the Corporation will require some or all of the following permits, licenses or other regulatory approvals to be able to carry out business operations in Ghana as it advances its projects: (i) environmental permits; (ii) approved environmental management plans and environmental certificates; (iii) reclamation bonds and approved reclamation plans; (iv) water usage permits; (v) business operating permits; (vi) licenses to export, sell or dispose of minerals; (vii) permits/licenses to retain a specified percentage of mineral export proceeds for purposes of debt servicing, dividend payment to foreign shareholders and acquisition of plant and machinery for the mining project; (viii) permits to operate foreign exchange retention accounts with a trustee bank; and (ix) immigration quotas to employ a specified number of non-Ghanaians to work on mining projects. The Corporation believes that it will be able to obtain and maintain in the future all such necessary licenses and permits to carry on the activities which it intends to conduct, and intends to comply in all material respects with the terms of such licenses and permits.

There can be no guarantee, however, that the Corporation will be able to obtain and maintain, at all times, all the necessary licenses and permits required to undertake the proposed exploration and development or to place its properties into commercial production and to operate mining facilities thereon. In the event of commercial production, the cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or preclude the economic development of a particular property.

### **Artisanal Miners**

The Corporation's property interests are held in areas of Ghana that have historically been mined by artisanal miners. As the Corporation further explores and advances its projects, the removal of any artisanal miners

operating on its properties may be required. There is a risk that such artisanal miners may oppose the Corporation's operations, which may result in a disruption to any planned development and/or mining and processing operations. In addition, artisanal miners have historically used chemicals that are harmful to the environment to separate the precious metals from the ore. There can be no assurance that the Corporation will not be subject to environmental liabilities resulting from such operations in the future, which could have a material adverse impact on the Corporation. In addition, artisanal work practices are often unsafe and accidents and/or incidents may occur on the Corporation's property, and there is an added reputational risk that third parties may wish to link the activities of the artisanal miners to that of the Corporation in the event of accidents or incidents, which could have a material adverse impact on the Corporation.

### **General Risks**

#### **Market Conditions**

Share market conditions may affect the value of the Corporation's quoted securities regardless of the Corporation's operating performance. Share market conditions are affected by many factors such as: general economic outlook; introduction of tax reform or other new legislation; interest rates and inflation rates; changes in investor sentiment toward particular market sectors; the demand for, and supply of, capital; and terrorism or other hostilities. The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. The Corporation does not warrant the future performance of the Corporation or any return on an investment in the Corporation.

#### **Stress in the Global Economy**

Reduction in credit, combined with reduced economic activity and the fluctuations in the Australian dollar may adversely affect businesses and industries that purchase commodities, affecting commodity prices in more significant and unpredictable ways than the normal risks associated with commodity prices. The availability of services such as drilling contractors and geological service companies and/or the terms on which these services are provided may be adversely affected by the economic impact on the service providers. The adverse effects on the capital markets generally make the raising of capital by equity or debt financing much more difficult and the Corporation is dependent upon the capital markets to raise financing. Any of these events, or any other events causing turmoil in world financial markets, may have a material adverse effect on the Corporation's business, operating results and financial condition.

#### **Current Global Financial Condition**

Current global financial conditions have been subject to increased volatility. As such, the Corporation is subject to counterparty risk and liquidity. The Corporation is exposed to various counterparty risks including, but not limited to financial institutions that hold the Corporation's cash, and through companies that have payables to the Corporation. The Corporation is also exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Corporation to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Corporation. If these increased levels of volatility and market turmoil continue, the Corporation's operations could be adversely impacted and the trading price of the shares could be adversely affected.

#### **Exchange Rate and Currency Risks**

The Corporation undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Corporation does not hedge this exposure. The Corporation manages its foreign exchange risk by constantly reviewing its exposure and ensuring that there are appropriate cash balances in order to meet its commitments.

Currency fluctuations may affect the cash flow which the Corporation may realise from its operations, since most mineral commodities are sold in a world market in USD. The Corporation's costs are incurred in AUD, GHS, USD and CAD.

### **Commodity Prices**

The price of the Ordinary Shares, and the Corporation's profitability, financial results and exploration activities may in the future be significantly adversely affected by declines in the price of precious metals. Precious metal prices fluctuate on a daily basis and are affected by a number of factors beyond the control of the Corporation, including the US dollar and other foreign currency exchange rates, central bank and financial institution lending and sales, producer hedging activities, global and regional supply and demand, production costs, confidence in the global monetary system, expectations of the future rate of inflation, the availability and attractiveness of alternative investment vehicles, interest rates, terrorism and war, and other global or regional political or economic events or conditions.

The price of gold has fluctuated widely in recent years, and future trends cannot be predicted with any degree of certainty. In addition to adversely affecting the Corporation's financial condition and exploration and development activities, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project, as well as have an impact on the perceptions of investors with respect to gold equities, and therefore, the ability of the Corporation to raise capital. A sustained, significant decline in the price of gold could also cause development of any properties in which the Corporation may hold an interest from time to time to be impracticable. Future production from the Corporation's future properties, if any, will be dependent upon, among other things, the price of gold being adequate to make these properties economic. There can be no assurance that the market price of gold will remain at current levels, that such price will increase or that market prices will not fall.

### **Reliance on Key Personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Corporation depends substantially on its senior management and its key personnel. There can be no assurance that there will be no detrimental impact on the Corporation if one or more of these employees cease their employment.

### **Dilution Risk**

Cardinal has outstanding options and Performance Shares. Should these securities be exercised or converted (as applicable), the holders have the right to acquire additional Ordinary Shares, in accordance with the terms of such securities. During the life of these securities, the holders have the opportunity to profit from a rise in the market price of the Cardinal shares, possibly resulting in the dilution of existing securities.

### **CRITICAL ACCOUNTING ESTIMATES**

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 recognized as an asset because recovery of the tax losses is not yet considered probable.

#### ***Provisions***

On an ongoing basis, the Company is subject to various claims and other legal disputes for which the outcomes cannot be assessed with a high degree of certainty. A liability is recognized where, based on the Company's legal views and advice, it is considered probable that an outflow of resources will be required to settle a present obligation that can be measured reliably.

By their nature, these provisions will only be resolved when one or more future events occur or fail to occur. The assessment of such provisions inherently involves the exercise of significant judgment of the potential outcome of future events.

## MINERAL RESOURCE ESTIMATES

The Mineral Resources for the Corporation's properties have been estimated in accordance with the JORC Code and reconciled with the Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards for Mineral Resources and Mineral Reserves adopted by the CIM Council on May 10, 2014 (the "**CIM Definition Standards**").

### *JORC Code*

The following definitions are reproduced from the JORC Code:

**"Mineral Resource"** means a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.

**"Inferred Mineral Resource"** means that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource (as defined herein) and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

**"Indicated Mineral Resource"** means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors (as defined herein) as described below in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource (as defined herein) and may only be converted to a Probable Ore Reserve (as defined herein).

**"Measured Mineral Resource"** means that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Ore Reserve (as defined herein) or to a Probable Ore Reserve.

**"Ore Reserve"** means the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Ore Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a



saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported.

**“Probable Ore Reserve”** means the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Ore Reserve is lower than that applying to a Proven Ore Reserve.

**“Proved Ore Reserve”** means the economically mineable part of a Measured Mineral Resource. A Proved Mineral Reserve implies a high degree of confidence in the Modifying Factors.

For the purposes of the JORC Code and CIM Definition Standards, **“Modifying Factors”** are considerations used to convert Mineral Resources to Mineral Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

There can be no assurance that those portions of such Mineral Resources will ultimately be converted into Ore Reserves. Mineral Resources are not Ore Reserves and do not have demonstrated economic viability.

#### **CAUTIONARY NOTE TO UNITED STATES SHAREHOLDERS CONCERNING ESTIMATES OF MINERAL RESERVES AND MINERAL RESOURCES**

This MD&A uses the terms **“Probable Ore Reserve”**, **“Measured Mineral Resource”**, **“Indicated Mineral Resource”** and **“Inferred Mineral Resource”**. United States Shareholders are advised that while such terms are recognized and required by Canadian and Australian standards or regulations, the SEC does not recognise them. In particular, and without limiting the generality of this cautionary note, the term **“Mineral Resource”** does not equate to the term **“Ore Reserve”**. This MD&A may use the terms **“Probable Ore Reserves”** and **“Proved Ore Reserves”** as such terms are used under NI 43-101, CIM Standards and the JORC Code, which standards differ from the standards that apply under SEC Industry Guide 7. Under United States standards, mineralization may not be classified as an **“Ore Reserve”** unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. As such, certain information contained in this MD&A concerning descriptions of mineralization and resources and reserves under NI 43-101, CIM Standards and the JORC Code are not comparable to disclosures made by United States reporting companies. **“Inferred Mineral Resources”** have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of a Probable Ore Reserve, Measured Mineral Resource, Indicated Mineral Resource or an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian and Australian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. United States Shareholders are cautioned not to assume that all or any part of Measured, Indicated or Inferred Mineral Resources will ever be converted into Ore Reserves. United States Shareholders are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists, or is economically or legally mineable.

#### **INTERNAL CONTROL OVER FINANCIAL REPORTING**

Internal controls have been designed to provide reasonable assurance regarding the reliability of the Company’s financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. As at June 30, 2018, the Company’s Chief Executive Officer and Chief Financial Officer evaluated or caused to be evaluated under their supervision the effectiveness of the Company’s internal control over financial reporting. The Chief Executive Officer and the Chief Financial Officer concluded that, as of June 30, 2018, the Company’s internal control over financial reporting was effective and no material weaknesses were identified.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management, including the Chief Executive Officer and Chief Financial Officer, does not expect that its disclosure controls and procedures or internal controls and procedures will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

The Company is required under Canadian securities laws to disclose herein any change in the Company's internal control over financial reporting that occurred during the Company's most recent interim period that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. There have been no changes in the Company's internal control over financial reporting that occurred during the Company's most recent interim period that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

#### **DISCLOSURE CONTROLS AND PROCEDURES**

Management is responsible for establishing and maintaining adequate internal controls over disclosure controls and procedures, as defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings of the Canadian Securities Administrators and Rules 13a-15(e) and Rule 15d-15(e) under the United States Exchange Act of 1934, as amended. Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. As at June 30, 2018 management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that, as of June 30, 2018, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the publicly filed reports is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

# CONSOLIDATED FINANCIAL STATEMENTS (II)





**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**



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The Directors of Cardinal Resources Limited submit herewith the annual financial report of Cardinal Resources Limited for the period 1 July 2017 to 30 June 2018. 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 2018 and at the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

**KEVIN TOMLINSON**

Non-Executive Chairman

Appointed: 7 November 2016

Mr Tomlinson possesses over 30 years' experience in Geology and Finance with enormous experience within the Toronto, Australian and London Stock Exchanges.

Mr Tomlinson holds an MSc in Structural Geology and a Grad Dip in Finance. From 1998 Mr Tomlinson has worked in the finance sector raising over US\$2 billion in equity.

Mr Tomlinson was previously Managing Director of Investment Banking at Westwind Partners/Stifel Nicolaus where he advised a number of resource companies including Centamin Plc, Platinum Group Metals, Trelawney Resources and Allied Gold. He was also an integral part of the Team raising finance for Osisko Mining and Semafo Inc.

Mr Tomlinson was Director of Natural Resources at Williams de Broë and Head of Research for Hartleys Ltd in Australia. Recent Directorships include Centamin Plc (producer), Orbis Gold (developer) and Medusa Mining (producer) where he chaired the company through growth from \$30m to over \$700m market capitalisation in less than 4 years.

Mr Tomlinson is a Fellow of the Institute of Directors, a Fellow of the Chartered Institute for Securities & Investment and a Liveryman of the Worshipful Company of International Bankers.

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

<b>Company</b>	<b>Date of Appointment</b>	<b>Date of Resignation</b>
Xanadu Mines Limited	29 May 2017	Not Applicable
Plymouth Minerals Limited	8 June 2017	Not Applicable
Samco Gold Limited	16 January 2012	Not Applicable
Centamin PLC	17 January 2012	16 May 2016
Orbis Gold Ltd	11 April 2017	17 February 2015

**ARCHIE KOIMTSIDIS MBA**

Managing Director

Appointed: 27 December 2012

Mr Koimtsidis has for the last 27 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 in 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.

### **ROBERT SCHAFFER B.Sc (Hons)**

Non-Executive Director

Appointed 10 July 2017

Robert has over 30 years of international experience as a geologist exploring for mineral deposits in more than 70 countries. As an executive, manager and field geologist with companies including Billiton, BHP, Kinross and Hunter Dickinson, Robert led teams to the discovery of several deposits in the western USA (Briggs and Griffon gold mines), as well as developing strategies that led to brownfields discoveries in western Canada, southern Africa and far east Russia (Birkachan gold mine).

Robert is the immediate Past President of the Prospectors and Developers Association of Canada (PDAC) as well as Past President of both the Canadian Institute for Mining, Metallurgy and Petroleum (CIM) and the Mining and Metallurgical Society of America (MMSA). He is a Certified Corporate Director (ICD.D), a RPGeo and is also an active member of the Society for Mining, Metallurgy and Exploration (SME) in the USA, where he served on its Board for more than a decade.

Robert serves as a member of the Board of Directors for both the Canadian Mining Hall of Fame and National Mining Hall of Fame in the USA. He is the recipient of the William Lawrence Saunders Gold Medal from the American Institute of Mining, Metallurgical and Petroleum Engineers (AIME) and the Daniel C. Jackling Award from SME for career achievements, two of the highest mining recognitions in the USA.

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

Company	Date of Appointment	Date of Resignation
Amur Minerals Inc	1 February 2006	Not Applicable
Trigon Mining Inc	20 April 2017	Not Applicable
Volcanic Gold Mines Inc.	14 March 2017	Not Applicable
Orosur Mining Inc.	19 June 2018	Not Applicable
Minera IRL	12 September 2016	30 November 2016
Orex Exploration	10 September 2010	18 May 2017
Curtis Resources Ltd	28 January 2011	20 November 2014
Galway Gold	21 December 2012	5 November 2014
Lincoln Mining Corporation	9 April 2014	12 December 2016

Martina Minerals Corp	19 July 2005	25 February 2015
Rathdowney Resources Ltd	15 March 2011	15 April 2015

**JACQUES MCMULLEN**

Non-Executive Director

Appointed: 11 October 2017

Mr McMullen retired in 2012 after a distinguished 35-year career in the mining industry of which the last 17 years were with Barrick Gold Corporation where he held the positions of Senior VP Special Projects and Technical Services. In his role as Senior VP of Barrick, Jacques was instrumental in the development of many mines including Goldstrike, Veladero, Lagunas Norte, Cowal and Bulyanhulu. His experience includes all phases of development including feasibility, construction, commissioning, ramp-up and operation's optimization.

Following his retirement, Mr. McMullen joined BBA as Principal, Mines & Metals and Director. BBA is a Canadian based, global engineering firm. At BBA, Jacques focused on the Borden Lake development project which was purchased by Goldcorp. Additionally, Jacques was Chairman of Orvana Minerals Corp. (TSX: ORV) and is currently a Director at Equinox Gold Ltd. (TSX-V: EQX), Excellon Resources (TSX:EXN) and a corporate advisor to Detour Gold Corporation (Detour Gold: TSX: DGC).

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

Company	Date of Appointment	Date of Resignation
Excellon Resources	3 November 2017	Not Applicable
Equinox Gold	22 December 2017	Not Applicable
New Castle Gold	11 October 2017	22 December 2017

**MICHELE MUSCILLO**

Non-Executive Director

Appointed: 11 October 2017

Mr Muscillo is a Partner with HopgoodGanim Lawyers in Australia. Michele has practised exclusively in corporate law for over 15 years and has extensive experience in capital markets transactions, including the negotiation of significant commercial contracts and agreements. As part of this role, Mr Muscillo has acted on numerous IPOs and debt and equity raisings, and advised both bidders and targets on public market control transactions. His key areas of practice include Corporate Advisory and Governance, Capital Markets, Resources and Energy.

Mr Muscillo is currently a Non-Executive Director with Aeris Resources Limited (ASX:AIS) and Xanadu Mines Limited (ASX: XAM). Formerly, Michele was also Non-Executive Director of Orbis Gold Limited which is currently owned by TSX-Listed SEMAFO Inc. (TSX:SMF).

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

Company	Date of Appointment	Date of Resignation
Xanadu Mines Limited	14 August 2017	Not Applicable
Mako Gold Limited	20 April 2017	Not Applicable
Aeris Resources	2 May 2013	Not Applicable

**MARK CONNELLY**

Non-Executive Director

Appointed: 19 November 2015

Retired: 11 October 2017

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 28 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

### **SIMON JACKSON** B.Com, FCA

Non-Executive Director

Appointed: 31 August 2015

Retired: 11 October 2017

Simon Jackson is a Chartered Accountant with over 26 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

### **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	Ordinary Shares	Listed Options	Unlisted Options
Kevin Tomlinson	-	400,000	5,000,000
Archie Koimtsidis	8,017,565	4,191,731	7,500,000
Malik Easah	7,681,815	6,560,423	6,000,000
Robert Schafer	10,000	-	2,897,000
Jacques McMullen	-	-	2,018,100
Michele Muscillo	-	-	2,018,100

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 2017 to 30 June 2018 after income tax was a loss of \$37,182,844 (2017: loss of 21,790,704).

The net assets of the consolidated group have decreased from \$26,206,571 at 30 June 2017 to \$5,474,638 as at 30 June 2018. Total assets and Shareholder's equity decreased in 2018 due to a decrease in cash resources as at June 30, 2018.

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 2018 is provided in the Management Discussion & Analysis immediately preceding the consolidated financial statement.

**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 Management Discussion & Analysis.

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 of the Company's Directors held during the financial year ended 30 June 2018 and the number of meetings attended by each Director. There were three committees of Directors in existence during the financial year, these being the Audit and Risk Committee, the Remuneration and Nomination Committee and the Health and Safety Committee. We refer to the Company's 2018 Corporate Governance Statement for more information.

	Note	Directors' Meeting	Audit and Risk Committee	Remuneration and Nomination Committee	Health and Safety Committee
<b>Number of Meetings Held</b>	-	<b>5</b>	<b>5</b>	<b>3</b>	<b>3</b>
K Tomlinson	-	5	1	2	3
A Koimtsidis	-	5	-	-	-
M Easah	-	5	-	-	-
R Schafer	-	5	3	1	3
J McMullen	1	3	3	1	3
M Muscillo	1	3	3	1	-
M Connelly	2	1	1	2	-
S Jackson	2	1	2	2	-

\*By invitation

Note 1: Mr McMullen and M Muscillo were appointed to the Board on 11 October 2017

Note 2: Mr Connelly and Mr Jackson retired from the Board on 11 October 2017

**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 has been obtained 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.

#### ***Reliance on external remuneration consultants***

In July 2017, the remuneration committee engaged BDO (WA) Pty Ltd (BDO) to review existing remuneration policies and to provide recommendations on executive short-term and long-term incentive plan. BDO was paid \$6,250 for these services.

BDO has confirmed that any remuneration recommendations have been made free from undue influence by members of the group's key management personnel.

The following arrangements were made to ensure that the remuneration recommendations were free from undue influence:

- BDO was engaged by, and reported directly to, the chair of the remuneration committee. The agreement for the provision of remuneration consulting services was executed by the chair of the remuneration committee under delegated authority on behalf of the Board;
- The report containing the remuneration recommendations was provided by BDO directly to the chair of the remuneration committee; and
- BDO was permitted to speak to management throughout the engagement to understand company processes, practices and other business issues and obtain management perspectives.

As a consequence, the Board is satisfied that the recommendations were made free from undue influence from any members of the key management personnel.

#### ***Details of key management personnel (KMP)***

<b>Directors</b>	<b>Title</b>	<b>Date of Appointment</b>	<b>Date of Retirement</b>
K Tomlinson	Non-Executive Chairman	7 November 2016	Not Applicable
A Koimtsidis	Managing Director	27 December 2012	Not Applicable
M Easah	Executive Director	27 December 2012	Not Applicable
R Schafer	Non-Executive Director	10 July 2017	Not Applicable
J McMullen	Non-Executive Director	11 October 2017	Not Applicable
M Muscillo	Non-Executive Director	11 October 2017	Not Applicable
M Connelly	Non-Executive Director	19 November 2015	11 October 2017
S Jackson	Non-Executive Director	31 August 2015	11 October 2017

<b>Executives</b>	<b>Title</b>	<b>Date of Appointment</b>	<b>Date of Retirement</b>
D Weyrauch	Chief Financial Officer	10 July 2017	Not Applicable

#### **Remuneration Governance**

##### ***Role of the Remuneration and Nomination Committee***

The Remuneration and Nomination Committee's role is to review and recommend remuneration for key management personnel and review remuneration policies and practices including Company incentive schemes and superannuation arrangements.

The Committee considers independent advice, where circumstances require, on the appropriateness of remuneration to ensure the Group attracts, motivates and retains high quality people. An advisor was engaged for the year ended 30 June 2017 and recommendations implemented through 30 June 2018.

The ASX Listing Rules require that the maximum aggregate amount of remuneration to be allocated among the non-executive Directors be approved by shareholders in a general meeting. In proposing the maximum amount for consideration by shareholders and in determining the allocation, the Remuneration and Nomination Committee takes account of the time demands made on Directors and such factors as fees paid to non-executive Directors in comparable companies.

The Remuneration and Nomination Committee comprises of three non-executive Directors.

Remuneration arrangements for Directors and executives are reviewed by the Remuneration and Nomination Committee and recommended to the Board for approval. The Remuneration and Nomination Committee considers external data and information, where appropriate, and may engage independent advisors where appropriate to establish market benchmarks.

Remuneration arrangements are determined in conjunction with the annual review of the performance of Directors, executives and employees of the Group. Performance of the Directors and the CFO of the Group is evaluated by the Board, assisted by the Remuneration and Nomination Committee.

### **Remuneration policy and link to performance**

The Company's remuneration committee is made up of independent non-executive directors. The committee reviews and determines the Company's remuneration policy and structure annually to ensure it remains aligned to business needs and meets the Company's remuneration principles. The committee also engages external remuneration consultants, if required, to assist with this review. In particular, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent
- aligned to the Company's strategic and business objectives and the creation of shareholder value
- transparent and easily understood; and
- acceptable to shareholders.

### **Remuneration Framework**

Element	Purpose	Performance Metric	Potential Value	Change for FY 2018
Fixed Remuneration (FR)	Provide competitive market salary, including superannuation and non-monetary benefits	Nil	Positioned at median market rate	Reviewed in line with market position
Short Term Incentives (STI)	Reward for in-year performances	N/A	N/A	N/A
Long Term Incentives (LTI)	Alignment to long-term shareholder value	Five-year milestone hurdles	KMP and employees have received 13,500,000 unlisted options exercisable at \$0.50 on meeting of milestones.	Introduce milestone LTI

### **Statutory performance indicators**

The Company aims to align the executive remuneration to the Company's strategic and business objectives and the creation of shareholder wealth. The below table, titled "Statutory Key Performance Indicators of the Group over the Last Five Years", details measures of the group's financial performance over the last five years as required by the *Corporations Act 2001*. However, these are not necessarily consistent with the measures used in

determining the variable amounts of remuneration to be awarded to KMPs. As a consequence, there may not always be a direct correlation between statutory key performance measures and the variable remuneration awarded.

#### **Statutory Key Performance Indicators of the Group over the Last Five Years**

	2018	2017	2016	2015	2014
Total Comprehensive Loss Attributable to Member of the Company	37,690,470	21,724,298	9,243,909	3,580,551	10,164,082
Basic Loss Per Share	10.22	7.12	5.55	3.82	13.58
Increase/(decrease) in share price (%)	(1.23)	+1.76	+6.00	+2.5	-2.5

#### **Non-Executive Director Remuneration Policy**

The 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 \$573,000 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

Except as detailed in the Directors' 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 2018 and any change during the year	Fixed Remuneration	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
				%	%	%
<b>K Tomlinson</b>	Non-Executive Chairman	\$9,198 per month	No fixed term	-	-	14%
<b>A Koimtsidis</b>	Managing Director	\$300,000 per annum	No fixed term, 12 months' notice required to terminate.	-	-	31%
<b>M Easah</b>	Executive Director	US\$210,000 per annum	No fixed term, 6 months' notice required to terminate.	-	-	32%

<b>R Schafer</b>	Non-Executive Director commenced on 10 July 2017	\$87,600 plus statutory superannuation per annum	No fixed term	-	-	15%
<b>J McMullen</b>	Non-Executive Director commenced on 11 October 2017	\$87,600 plus statutory superannuation per annum	No fixed term	-	-	31%
<b>M Muscillo</b>	Non-Executive Director commenced on 11 October 2017	\$87,600 plus statutory superannuation per annum	No fixed term	-	-	31%
<b>M Connelly</b>	Non-Executive Director retired on 11 October 2017	\$80,000 plus statutory superannuation per annum	No fixed term	-	-	100%
<b>S Jackson</b>	Non-Executive Director retired on 11 October 2017	\$80,000 plus statutory superannuation per annum	No fixed term	-	-	100%
<b>D Weyrauch</b>	Chief Finance Officer commenced on 10 July 2017	CA\$250,000 plus Australian statutory superannuation per annum	No fixed term, 3 months' notice required to terminate.	-	-	39%

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***

##### **(i) Milestone Options exercise price of \$0.50 granted to key management personnel**

The Company agreed and approved at the Company's General Meeting held on 3 April 2017 to allot and issue a total of 26,000,000 Milestone Options to key management personnel and employees of the Company; 5,000,000 Milestone Options were cancelled during the year (2017: 2,500,000). As at 30 June 2018, the Company had 18,500,000 milestone options on issue of which 13,500,000 milestone options relate to key management personnel.

The Milestone Options shall vest and are exercisable at any time on and from:

- (i) **Milestone 1** - the earlier of:
  - (A) the completion of a scoping study; or
  - (B) the completion of a preliminary economic assessment, of the Ghanaian Assets;
- (ii) **Milestone 2** - on the beginning of earthworks for gold production at the Ghanaian Assets; and
- (iii) **Milestone 3** - on the first pouring of gold at the Ghanaian Assets, until 12 April 2022.

A probability of 100% has been applied to the milestones occurring for the milestone options on issue. During the year Milestone 1 vested. The expected accounting vesting date determined at grant date for Milestones 2 and 3 was 31 March 2020 and 31 March 2022, respectively.

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

## DIRECTORS' REPORT

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	Total Value (\$)	Expense for the year (\$)
<b>Milestone 1</b>	4,050,000	27.02.17	\$0.525	\$0.50	18.04.22	2.17%	99.50%	\$0.39	1,604,610	1,063,878
<b>Milestone 2</b>	4,050,000	27.02.17	\$0.525	\$0.50	18.04.22	2.17%	99.50%	\$0.39	1,604,610	534,870
<b>Milestone 3</b>	5,400,000	27.02.17	\$0.525	\$0.50	18.04.22	2.17%	99.50%	\$0.39	2,139,480	427,896

During the year 5,000,000 milestone options issued to key management were forfeited during the year, an expense totalling \$320,524 was reversed.

The milestone options with an exercise price of \$0.50 were issued to below key management personnel and vest on meeting of the milestones.

Director	Milestone 1	Milestone 2	Milestone 3	Total Milestone Options
K Tomlinson	1,500,000	1,500,000	2,000,000	5,000,000
A Koimtsidis	1,350,000	1,350,000	1,800,000	4,500,000
M Easah	1,200,000	1,200,000	1,600,000	4,000,000

### (ii) Milestone Options exercise price of \$0.825 granted to key management personnel

During the year the Company issued 5,758,000 options to key management personnel of the Company, which have an exercise price of \$0.825.

The Milestone Options shall vest and are exercisable at any time on and from:

- (i) **Milestone 1** - the earlier of:
  - (A) the completion of a scoping study; or
  - (B) the completion of a preliminary economic assessment, of the Ghanaian Assets;
- (ii) **Milestone 2** - on the beginning of earthworks for gold production at the Ghanaian Assets; and
- (iii) **Milestone 3** - on the first pouring of gold at the Ghanaian Assets, until 21 December 2022.

A probability of 100% has been applied to the milestones occurring for the milestone options on issue. During the year Milestone 1 vested. The expected accounting vesting date determined at grant date for Milestones 2 and 3 was 31 March 2020 and 31 March 2022, respectively.

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	Total Value (\$)	Expense for the year (\$)
<b>Milestone 1</b>	1,727,400	22.11.17	\$0.555	\$0.825	21.12.22	1.50%	99.50%	\$0.385	665,540	665,540
<b>Milestone 2</b>	1,727,400	22.11.17	\$0.555	\$0.825	21.12.22	1.50%	99.50%	\$0.385	665,540	172,664
<b>Milestone 3</b>	2,303,200	22.11.17	\$0.555	\$0.825	21.12.22	1.50%	99.50%	\$0.385	887,387	123,717

The milestone options with an exercise price of \$0.825 were issued to below key management personnel and vest on meeting of the milestones.

Director	Milestone 1	Milestone 2	Milestone 3	Total Milestone Options
B Schafer	863,700	863,700	1,151,600	2,879,000
D Weyrauch	863,700	863,700	1,151,600	2,879,000



**(iii) Milestone Options exercise price of \$0.965 granted to key management personnel**

During the year the Company 4,036,200 options to key management personnel of the Company, which have an exercise price of \$0.965.

The Milestone Options shall vest and are exercisable at any time on and from:

- (i) **Milestone 2** - on the beginning of earthworks for gold production at the Ghanaian Assets; and
- (ii) **Milestone 3** - on the first pouring of gold at the Ghanaian Assets, until 21 December 2022.

A probability of 100% has been applied to the milestones occurring for the milestone options on issue. The expected accounting vesting date determined at grant date for Milestones 2 and 3 was 31 March 2020 and 31 March 2022, respectively.

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	Total Value (\$)	Expense for the year (\$)
<b>Milestone 2</b>	1,729,800	22.11.17	\$0.555	\$0.965	21.12.22	1.50%	99.50%	\$0.37	644,738	167,267
<b>Milestone 3</b>	2,306,400	22.11.17	\$0.555	\$0.965	21.12.22	1.50%	99.50%	\$0.37	859,651	119,850

The milestone options with an exercise price of \$0.965 were issued to below key management personnel and vest on meeting of the milestones.

Director	Milestone 1	Milestone 2	Milestone 3	Total Milestone Options
J McMullen	-	864,900	1,153,200	2,018,100
M Muscillo	-	864,900	1,153,200	2,018,100

The below Key Management Personnel were issued unlisted options on 18 March 2016, details below:

Director	Total Unlisted Options
A Koimtsidis	3,000,000
M Easah	2,000,000

The milestone options granted to key management personnel were granted as remuneration. All rights expiry on the earlier of their expiry date or termination of individual's employment. The rights granted carry no dividend or voting rights.

The value of the rights included in remuneration for the year is calculated in accordance with Australian Accounting Standards.

Key Management Personnel	Salary, Fees and Leave	Short-Term Benefits	Post Employment Benefits	Long Term Benefits	Equity Settled Share-Based Payments	Total
		Non Monetary	Superannuation	Long Service Leave	Shares/Options	
		(i)			(ii)	
	\$	\$	\$	\$	\$	\$
<b>K Tomlinson</b>						
2018	110,375	7,402	-	-	750,609	<b>868,386</b>
2017	73,854	3,862	-	-	320,422	<b>398,138</b>
<b>A Koimtsidis</b>						
2018	300,000	8,386	-	-	675,548	<b>983,934</b>
2017	286,667	5,634	-	-	288,380	<b>580,681</b>
<b>M Easah</b>						
2018	271,013	7,492	-	-	600,487	<b>878,992</b>
2017	233,901	4,802	-	-	256,337	<b>495,040</b>
<b>R Schafer (iii)</b>						
2018	81,044	4,831	-	-	480,961	<b>566,836</b>
2017	-	-	-	-	-	-
<b>J McMullen (iv)</b>						
2018	62,050	1,768	-	-	143,559	<b>207,377</b>
2017	-	-	-	-	-	-
<b>M Muscillo (iv)</b>						
2018	62,050	1,768	-	-	143,559	<b>207,377</b>
2017	-	-	-	-	-	-
<b>D Weyrauch (iii)</b>						
2018	307,821	6,781	-	-	480,961	<b>795,563</b>
2017	-	-	-	-	-	-
<b>M Connelly (iv)</b>						
2018	22,462	211	2,134	-	(160,262)	<b>(135,455)</b>
2017	69,333	2,313	6,586	-	160,211	<b>238,443</b>
<b>S Jackson (iv)</b>						
2018	22,462	211	2,134	-	(160,262)	<b>(135,455)</b>
2017	69,333	2,313	6,586	-	160,211	<b>238,443</b>
<b>E Palmbachs (vi)</b>						
2018	-	-	-	-	-	-
2017	62,500	670	5,398	-	-	<b>69,108</b>
<b>M Thomas (v)</b>						
2018	-	-	-	-	-	-
2017	26,154	281	2,485	-	-	<b>28,920</b>
<b>Total</b>						
<b>2018</b>	<b>1,239,277</b>	<b>38,850</b>	<b>4,268</b>	-	<b>2,955,160</b>	<b>4,237,555</b>
<b>2017</b>	<b>821,742</b>	<b>11,328</b>	<b>12,537</b>	-	<b>782,000</b>	<b>1,346,336</b>

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

(ii) Unlisted options were granted as part of remuneration. No cash benefit is received by the key management personnel of the Group, until the sale of the resultant shares, which cannot be done unless and until the rights have vested and the shares issued.

(iii) R Schafer and D Weyrauch were appointed on 10 July 2017.

(iv) J McMullen and M Muscillo were appointed on 11 October 2017 and M Connelly and S Jackson retired on 11 October 2017.

(v) M Thomas resigned on 7 November 2016.

(vi) E Palmbachs was appointed on 1 March 2017 and his appointment ended on 24 May 2017.

**Shareholdings of key management personnel**

Key Management Personnel	Balance at Beginning of Year (i)	Granted as Remuneration During the Year	Issued on Exercise of Options During the Year	Other Changes During the Year	Balance at End of Year (ii)
K Tomlinson	-	-	-	-	-
A Koimtsidis	8,117,565	-	-	(100,000)	8,017,565
M Easah	7,681,815	-	-	-	7,681,815
R Schafer	10,000	-	-	-	10,000
J McMullen	-	-	-	-	-
M Muscillo	-	-	-	-	-
D Weyrauch	80,000	-	-	-	80,000
M Connelly	-	-	-	-	-
S Jackson	1,000,000	-	-	-	1,000,000
	<b>16,889,380</b>	-	-	<b>(100,000)</b>	<b>16,789,380</b>

- (i) Balance at the beginning of the financial year or at date of appointment, for those key management personnel who were appointed during the financial year.
- (ii) Balance at the end of the financial year or at date of retirement, for key management personnel who retired before financial year end.

**Listed Option holdings of key management personnel**

Key Management Personnel	Balance at Beginning of Year (i)	Granted as remuneration	Expired during the year	Other Changes During the Year	Balance at End of Year (ii)
K Tomlinson	400,000	-	-	-	400,000
A Koimtsidis	4,191,731	-	-	-	4,191,731
M Easah	6,560,423	-	-	-	6,560,423
R Schafer	-	-	-	-	-
J McMullen	-	-	-	-	-
M Muscillo	-	-	-	-	-
D Weyrauch	-	-	-	-	-
M Connelly	-	-	-	-	-
S Jackson	500,000	-	-	-	500,000
<b>Total</b>	<b>11,652,154</b>	-	-	-	<b>11,652,154</b>

- (i) Balance at the beginning of the financial year or at date of appointment, for those key management personnel who were appointed during the financial year.
- (ii) Balance at the end of the financial year or at date of retirement, for key management personnel who retired before financial year end.

Key Management Personnel	Balance at Beginning of Year (v)	Granted as remuneration	Grant Value (\$)	Expired during the year (i)	Net other change (ii)	Balance at End of Year (vi)
K Tomlinson	5,000,000	-	-	-	-	5,000,000
A Koimtsidis	7,500,000	-	-	-	-	7,500,000
M Easah	6,000,000	-	-	-	-	6,000,000
R Schafer (iii)	-	2,879,000	1,109,233	-	-	2,879,000
J McMullen (iv)	-	2,018,100	752,195	-	-	2,018,100
M Muscillo (iv)	-	2,018,100	752,195	-	-	2,018,100
D Weyrauch (iii)	-	2,879,000	1,109,233	-	-	2,879,000
M Connelly	3,500,000	-	-	(2,500,000)	(1,000,000)	-
S Jackson	3,500,000	-	-	(2,500,000)	(1,000,000)	-
<b>Total</b>	<b>25,500,000</b>	<b>9,794,200</b>	<b>3,722,856</b>	<b>(5,000,000)</b>	<b>(2,000,000)</b>	<b>28,294,200</b>

(i) Forfeited during the year.

(ii) Exercised during the year.

(iii) On the 21 December 2017 the Company issued unlisted employee options, exercisable at \$0.825 on or before 21 December 2022, the options vest on certain milestones being achieved. The employee options were approved at the Company's General Meeting held on 22 November 2017.

(iv) On the 21 December 2017 the Company issued unlisted employee options, exercisable at \$0.965 on or before 21 December 2022, the options vest on certain milestones being achieved. The employee options were approved at the Company's General Meeting held on 22 November 2017.

(v) Balance at the beginning of the financial year or at date of appointment, for those key management personnel who were appointed during the financial year.

(vi) Balance at the end of the financial year or at date of retirement, for key management personnel who retired before financial year end.

Key Management Personnel	Balance at end of Year	Exercisable	Total Vested During the Year	Unvested Total at End of Year
	No.	No.	No.	No.
Kevin Tomlinson	5,000,000	1,500,000	1,500,000	3,500,000
Archie Koimtsidis	7,500,000	4,350,000	1,350,000	3,150,000
Malik Easah	6,000,000	3,200,000	1,200,000	2,800,000
R Schafer	2,879,000	863,700	863,700	2,015,300
J McMullen	2,018,100	-	-	2,018,100
M Muscillo	2,018,100	-	-	2,018,100
D Weyrauch	2,879,000	863,700	863,700	2,015,300
<b>Total</b>	<b>28,294,200</b>	<b>10,777,400</b>	<b>5,777,400</b>	<b>17,516,800</b>

#### Class A Performance Shareholdings of key management personnel

On satisfaction of certain milestone events, each Class A Performance Share converts into 100,000 ordinary shares (refer to note 12) in which case each key management personnel holding the Class A Performance Shares would become entitled to a further 1,000,000 ordinary shares.

Key Management Personnel	Balance at 1 July 2017 (ii)	Granted as remuneration	Net other change (iii)	Balance at 30 June 2018 (i)
K Tomlinson	-	-	-	-
A Koimtsidis	10	-	(10)	-
M Easah	10	-	(10)	-
R Schafer	-	-	-	-
J McMullen	-	-	-	-
M Muscillo	-	-	-	-
D Weyrauch	-	-	-	-
M Connelly	-	-	-	-
S Jackson	-	-	-	-
<b>Total</b>	<b>20</b>	<b>-</b>	<b>(20)</b>	<b>-</b>

- (i) Balance at the end of the financial year or at date of retirement, for key management personnel who retired before financial year end.
- (ii) Balance at the beginning of the financial year or at date of appointment, for those key management personnel who were appointed during the financial year.
- (iii) Expired during the year.

#### Class C Performance Shareholdings of key management personnel

On satisfaction of certain milestone events, each Class C Performance Share converts into 500,000 ordinary shares (refer to note 12) in which case each key management personnel holding the Class C Performance Shares would become entitled to a further 500,000 ordinary shares.

Key Management Personnel	Balance at 1 July 2017 (ii)	Granted as remuneration	Net other change (iii)	Balance at 30 June 2018 (i)
K Tomlinson	-	-	-	-
A Koimtsidis	-	-	-	-
M Easah	60	-	-	60
R Schafer	-	-	-	-
J McMullen	-	-	-	-
M Muscillo	-	-	-	-
D Weyrauch	-	-	-	-
M Connelly	-	-	-	-
S Jackson	-	-	-	-
<b>Total</b>	<b>60</b>	<b>-</b>	<b>-</b>	<b>60</b>

- (i) Balance at the end of the financial year or at date of retirement, for key management personnel who retired before financial year end.
- (ii) Balance at the beginning of the financial year or at date of appointment, for those key management personnel who were appointed during the financial year.
- (iii) Expired during the year.
- (iv) Mr. Easah is the sole shareholder of Savannah Mining Ghana Limited, which holds the 60 outstanding Class C Performance Shares.

#### 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**

Tomlinson Consultancy, of which Kevin Tomlinson is a director, provided geological consulting services to the Company. Amounts that have been paid or payable total \$337,218 (2017: \$280,000).

Robert Schafer, a director, provided consulting services to the Company. Amount that have been paid or payable total \$12,911 (2017: \$0).

HopgoodGanim of which Michele Muscillo, a director, is a partner of, provided legal services to the Company. Amounts that have been paid or payable total \$3,506 (2017: \$0).

During the year ended 30 June 2018, Cardinal Resources Limited advanced \$4,000,674 to Savannah, a related entity to Director Mr Malik Easah. The purpose of the advance was development of a mining licence in areas in respect of which Savannah had entered into agreements with holders of small scale licences. As at the date of this report, \$916,362 has been recorded as a prepayment in the consolidated financial statements of Cardinal Resources Limited. The difference has been applied toward the development of the mining licence and expensed during the period.

Other than the above 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 \$38,850 (2017: \$19,875) 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 113,619,906 Listed Options in the Company, exercisable at \$0.15 on or before 30 September 2019. During the financial year 2,019,633 of these listed options were converted into fully paid shares.

As at the date of this report the Company had on issue 6,000,000 unlisted options, exercisable at \$0.22 on or before 18 March 2020, 18,500,000 unlisted milestone options, exercisable at \$0.50 on or before 12 April 2022, 5,758,000 unlisted milestone options, exercisable at \$0.825 on or before 21 December 2022, 4,036,200 unlisted milestone options, exercisable at \$0.965 on or before 21 December 2022 and 1,000,000 unlisted options, exercisable at \$0.75 on or before 21 December 2022.

The milestone options vest on the Company achieving certain milestones. 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 2018 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 20 September 2018 the Company announced that 125,000 Listed Options had been exercised.

On 31 July 2018 the Company announced that it had received investment committee approval from and executed a term sheet with Sprott Private Resource Lending (Collector), L.P. ("Sprott") to provide a US\$25 million senior secured credit facility ("Facility").

The Company announced on 23 August 2018 the completion of the satisfactory documentation and other customary conditions precedent in relation to the facility. The facility commenced on 23 August 2018.

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.

### **Non Audit Services**

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the group are important.

Details of the amounts paid or payable to the BDO (WA) Pty Ltd (BDO) for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor

- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year the following fees were paid or payable for non-audit services provided by BDO, its related practices and non-related audit firms:

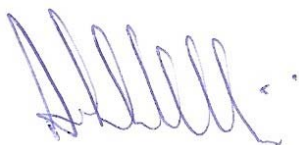
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Remuneration for non-audit services</b>		
Remuneration advice (including remuneration recommendations)	-	6,250
Taxation advice and review of financial model	4,400	-
Other	35,295	-
<b>Total remuneration for non-audit services</b>	<b>39,695</b>	<b>6,250</b>

**AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on page 58 of the financial report.

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**

CEO/MD

Dated this 28 September 2018



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE THREE AND TWELVE MONTHS ENDED 30 JUNE 2018**

For the period ended	Note	Unaudited Three Months Ended		Twelve Months Ended	
		June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Revenue	4	\$ 33,006	117,176	174,312	149,596
<b>Operating expenses</b>					
Corporate administration expenses	5	(2,545,810)	(2,784,541)	(10,688,014)	(5,602,188)
Depreciation expense	9	(67,080)	(40,853)	(217,454)	(426,572)
Exploration and evaluation expenses		(3,653,287)	(5,878,614)	(26,747,592)	(15,794,617)
Foreign exchange gain/(loss)		193,028	38,344	295,904	(116,923)
<b>Net Loss for the period</b>		<b>\$ (6,040,143)</b>	<b>(8,548,488)</b>	<b>(37,182,844)</b>	<b>(21,790,704)</b>
Income tax	6(a)	-	-	-	-
<b>Loss after income tax</b>		<b>\$ (6,040,143)</b>	<b>(8,548,488)</b>	<b>(37,182,844)</b>	<b>(21,790,704)</b>
<b>Other comprehensive gain (loss)</b>					
Items that may be reclassified to profit or loss:					
Unrealized foreign exchange on translation		(108,170)	126,307	(507,626)	66,406
<b>Comprehensive loss for the period</b>		<b>\$ (6,148,313)</b>	<b>(8,422,181)</b>	<b>(37,690,470)</b>	<b>(21,724,298)</b>
<b>Loss per share, basis and diluted</b>		<b>\$ (1.62)</b>	<b>(2.73)</b>	<b>(10.22)</b>	<b>(7.12)</b>
<b>Weighted average number of common shares outstanding</b>	13	372,820,197	312,906,521	363,630,782	305,800,068

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 2018**

As at	Note	June 30, 2018	June 30, 2017
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	14(a)	7,303,807	28,592,718
Trade and other receivables	8(a)	980,224	132,655
Other assets	8(b)	1,393,434	918,909
		<b>9,677,465</b>	<b>29,644,282</b>
<b>Non-current assets</b>			
Plant and equipment	9	564,149	465,396
		<b>564,149</b>	<b>465,396</b>
<b>TOTAL ASSETS</b>		<b>10,241,614</b>	<b>30,109,678</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Trade and other payables	10	4,707,018	3,883,409
Provisions		59,958	19,698
		<b>4,766,976</b>	<b>3,903,107</b>
<b>Shareholders' equity</b>			
Issued capital	11	81,369,056	68,628,035
Reserves	12	6,003,878	2,477,988
Accumulated losses		(81,898,296)	(44,899,452)
		<b>5,474,638</b>	<b>26,206,571</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>10,241,614</b>	<b>30,109,678</b>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE TWELVE MONTHS ENDED 30 JUNE 2018**

Australian (\$)	SHARE CAPITAL	OPTIONS RESERVE	FOREIGN EXCHANGE RESERVE	ACCUMULATED LOSSES	TOTAL EQUITY
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	<b>68,628,035</b>	<b>2,710,589</b>	<b>(232,601)</b>	<b>(44,899,452)</b>	<b>26,206,571</b>
Loss for the year	-	-	-	(37,182,844)	(37,182,844)
Other comprehensive loss	-	-	(507,626)	-	(507,626)
<b>Total comprehensive loss</b>	<b>-</b>	<b>-</b>	<b>(507,626)</b>	<b>(37,182,844)</b>	<b>(37,690,470)</b>
Shares issued during the year	12,396,736	-	-	-	12,396,736
Exercise/expiry of options	742,945	(184,000)	-	184,000	742,945
Share/Option based payments	524,846	4,217,516	-	-	4,742,362
Share issue expenses	(923,506)	-	-	-	(923,506)
<b>Balance at 30 June 2018</b>	<b>81,369,056</b>	<b>6,744,105</b>	<b>(740,227)</b>	<b>(81,898,296)</b>	<b>5,474,638</b>
<b>Balance at 1 July 2016</b>	<b>26,151,217</b>	<b>1,342,607</b>	<b>(299,007)</b>	<b>(23,246,748)</b>	<b>3,948,069</b>
Loss for the year	-	-	-	(21,790,704)	(21,790,704)
Other comprehensive loss	-	-	66,406	-	66,406
<b>Total comprehensive loss</b>	<b>-</b>	<b>-</b>	<b>66,406</b>	<b>(21,790,704)</b>	<b>(21,724,298)</b>
Shares issued during the year	44,549,133	-	-	-	44,549,133
Exercise/expiry of options	215,625	(138,000)	-	138,000	215,625
Share/Option based payments	395,285	1,505,982	-	-	1,901,267
Shares issue expenses	(2,683,225)	-	-	-	(2,683,225)
<b>Balance at 30 June 2017</b>	<b>68,628,035</b>	<b>2,710,589</b>	<b>(232,601)</b>	<b>(44,899,452)</b>	<b>26,206,571</b>

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

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THREE AND TWELVE MONTHS ENDED 30 JUNE 2018**

For the period ended	Note	Unaudited Three months ended		Twelve months ended	
		June 30, 2018	June 30, 2017	30 June, 2018	30 June, 2017
<b>Operating activities</b>					
Expenditure on mineral interests		(4,661,452)	(3,546,212)	(26,726,883)	(14,553,197)
Payments to suppliers and employees		(1,169,548)	(1,413,783)	(6,183,954)	(3,616,893)
Interest received		22,316	70,344	161,864	143,074
<b>Net cash outflow used in operating activities</b>	14(b)	<b>(5,808,684)</b>	<b>(4,889,651)</b>	<b>(32,748,973)</b>	<b>(18,027,016)</b>
<b>Investing activities</b>					
Purchase of plant and equipment		(132,190)	(151,506)	(316,207)	(339,902)
<b>Net cash outflow used in investing activities</b>		<b>(132,190)</b>	<b>(151,506)</b>	<b>(316,207)</b>	<b>(339,902)</b>
<b>Financing activities</b>					
Issue of shares and options net of capital raising costs		45,299	21,250,426	12,145,849	42,081,533
<b>Net cash inflow from financing activities</b>		<b>45,299</b>	<b>21,250,426</b>	<b>12,145,849</b>	<b>42,081,533</b>
Net increase/(decrease) in cash and cash equivalents		<b>(5,895,575)</b>	<b>16,209,269</b>	<b>(20,919,331)</b>	<b>23,714,615</b>
Cash and cash equivalents at the beginning of the period		13,304,533	12,195,074	28,592,718	4,864,822
Effect of changes in exchange rates on cash		(105,151)	188,375	(369,580)	13,281
<b>Cash and cash equivalents at the end of the financial year</b>	14(a)	<b>7,303,807</b>	<b>28,592,718</b>	<b>7,303,807</b>	<b>28,592,718</b>

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 2018 was authorised for issue in accordance with a resolution of the directors on 28 September 2018.

Cardinal Resources Limited is a company limited by shares, incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (“ASX”) and Toronto Stock Exchange (“TSX”). The consolidated financial statements of the Company for the year ended 30 June 2018 is comprised of the Company and its subsidiaries, together referred to as the Group or consolidated entity. The Company’s registered office is Suite 1, 28 Ord Street, West Perth, Western Australia 6005, Australia.

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

**2. BASIS OF PRESENTATION**

**(a) Statement of compliance**

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 International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

**(b) Basis of preparation of the financial report**

The financial report has been prepared on a historical cost basis.

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	
		2018	2017
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%	100%

All inter-company balances have been eliminated in the consolidated financial statements.

**(c) 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 operates. The consolidated financial statements are presented in Australian dollars, which is the Cardinal Resources’ functional currency. Cardinal Resources’ Ghanaian subsidiaries’, as detailed in note 2(b), functional currency is Ghana Cedis.

**(d) Principles of consolidation**

*Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity

and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

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 2(b) 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.

**(e) 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:

***Determination of functional currency***

The functional currency of the Company has been assessed by management based on consideration of the currency and economic factors that mainly influence the Company's operations. Changes to these factors may have an impact on the judgment applied in the determination of the Company's functional currency.

***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 to note 6).

***Provisions***

On an ongoing basis, the Company is subject to various claims and other legal disputes for which the outcomes cannot be assessed with a high degree of certainty. A liability is recognised where, based on the Company's legal views and advice, it is considered probable that an outflow of resources will be required to settle a present obligation that can be measured reliably.

By their nature, these provisions will only be resolved when one or more future events occur or fail to occur. The assessment of such provisions inherently involves the exercise of significant judgment of the potential outcome of future events.

***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 (refer to note 15).

A probability of 100% has been applied to the milestones occurring for the milestone options on issue. During the year Milestone 1 vested. The expected accounting vesting date determined at grant date for Milestones 2 and 3 was 31 March 2020 and 31 March 2022, respectively.

A probability of 0% has been applied to the C Performance Shares hurdles occurring.

***Impairment of non-financial assets***

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

There are no impairment indicators for the year.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***(a) Exploration and evaluation expenditure***

The Group expenses all exploration and evaluation expenditure incurred.

An area of interest is established where a discovery of economically recoverable resource is made. The area of interest will be established as a mineral project. All activity relating to the area of interest would then be subsequently capitalised. When development is anticipated, costs will be carried forward until the decision to develop is made.

***(b) Revenue***

Revenue is recognised when significant risks and rewards of ownership have been transferred to the buyer, there is no continuing managerial involvement with respect to the goods sold and they can be reliably measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group.

Interest revenue is recognised using the effective interest method.

***(c) Employee benefits***

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the statement of financial position 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, are 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 are 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.

**(d) Share based payment transactions**

The Company accounts for all equity-settled stock-based payments based on the fair value of the award on grant date. Under the fair value based method, compensation cost attributable to options granted is measured at fair value at the grant date and amortised over the vesting period. The amount recognised as an expense is adjusted to reflect any changes in the Company's estimate of the shares that will eventually vest and the effect of any non-market vesting conditions.

Share-based payment arrangements in which the Company receives goods or services as consideration are measured at the fair value of the good or service received, unless that fair value cannot be reliably estimated.

**(e) Foreign currency translation**

The Australian dollar is considered to be the functional currency of the Company. Monetary assets and liabilities of the Company's operations are translated into Australian dollars at the rate of exchange in effect at the statement of financial position date, and non-monetary assets and liabilities are translated at the historical rate of exchange. Transactions in foreign currencies are translated at the actual rates of exchange. Foreign currency gains and losses are recognised in profit or loss.

**(f) Income tax**

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

Deferred income tax is provided on all temporary differences at the statement of financial position 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 goodwill or 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 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 interests 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 statement of financial position date and reduced to the extent that it 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 statement of financial position date.

Income taxes relating to items recognised directly in equity are not in the statement of profit or loss and other comprehensive income. Deferred income tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income tax assets relate to the same taxable entity and the same taxation authority.

**(g) Earnings per share**

Basic earnings/(loss) per share is calculated as profit or 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 outstanding in the year, adjusted for any bonus element.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential shares and the weighted average number of additional shares that would have been outstanding assuming the conversion of all dilutive potential shares.

**(h) Cash and cash equivalents**

Cash and short-term deposits in the Consolidated Statement of Financial Position comprise cash in 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) Plant and equipment**

The Company's plant and equipment are measured at cost less accumulated depreciation and impairment losses. The cost of an item of plant and equipment includes expenditures that are directly attributable to the acquisition or construction of the asset. The cost includes the cost of materials and direct labour, site preparation costs, installation and assembly costs, and any other costs directly attributable to bringing the assets to the location and conditions necessary for the assets to be capable of operating in the manner intended by management.

Depreciation is recorded over the estimated useful lives as outlined below:

Plant and Equipment	– First year depreciation percentage is between 25% and 37.50%. Subsequent years depreciation percentage is between 18.75 and 25%.
Motor Vehicles	– 25% per year.

Significant components of plant and equipment that are identified as having different useful lives are depreciated separately over their respective useful lives. Depreciation methods, useful lives and residual values, if applicable, are reviewed and adjusted, if appropriate, at the end of each reporting period.

Gains and losses on disposal of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the plant and equipment and are recognised in profit or loss.

**(j) Impairment of non-financial assets**

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amount of relevant assets is the higher

of value in use and 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).

Fair value less cost of disposal is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Costs of disposal are incremental costs directly attributable to the disposal of an asset or cash-generating unit, excluding finance costs and income tax expense.

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 the 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) 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.

#### ***(l) Financial instruments***

##### ***Financial assets***

The Company initially recognises financial assets at fair value on the date that they originated. All financial assets are recognised initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company classifies its financial assets, being cash and cash equivalents and trade and other receivables, as loans and receivables. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment losses.

##### ***Financial liabilities***

The Company initially recognises financial liabilities at fair value on the date that they originate. All financial liabilities are recognised initially on the date at which the Company becomes a party to the contractual provisions

of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company classifies its financial liabilities, being trade and other payables, as other liabilities. Subsequent to initial recognition, other liabilities are measured at amortised cost using the effective interest rate method.

#### ***Effective interest rate method***

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

#### ***Transaction costs***

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

#### ***Impairment of financial assets***

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

#### ***(m) Fair value***

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In assessing the fair value of a particular contract, the market participant would consider the credit risk of the counterparty to the contract. Consequently, when it is appropriate to do so, the Group adjusts its valuation models to incorporate a measure of credit risk.

In measuring fair value, the Group uses valuation techniques that would maximise the use of observable inputs and minimise the use of unobservable inputs.

For assets and liabilities for which fair value is measured or disclosed in the financial report, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Level 1 – quoted prices (unadjusted) of identical instruments in active markets that the reporting entity has the ability to access at the measurement date.

Level 2 – inputs are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – one or more significant inputs used in a valuation technique that are unobservable for the instruments.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

**(n) 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 relevant taxation authority. 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 relevant taxation authority 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 relevant taxation authority are classified as operating cash flows.

**(o) Provisions**

Provisions are recognised when it is probable that the Company is required to settle an obligation, as a result of a past event, and the obligation can be reliably estimated. The provision represents the Company's best estimate of the amounts required to settle the obligation at the end of the reporting period. When a provision is determined using the expected cash flow method, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the amounts required to settle a provision are expected to be recoverable from a third party, a receivable is recognised when it is virtually certain reimbursement is receivable and the expected reimbursement can be reliably measured.

**(p) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

**(q) Adoption of new and revised standards**

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 July 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments requirements for financial instruments and hedge accounting.

- AASB 2014-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)  
AASB 2014-7 (issued December 2014) gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issue of AASB 9: Financial Instruments (December 2014). More significantly, additional disclosure requirements have been added to AASB 7: Financial Instruments: Disclosures regarding credit risk exposures of the entity. This Standard also makes various editorial corrections to Australian Accounting Standards and an Interpretation.

AASB 2014-7 mandatorily applies to annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted, provided AASB 9 (December 2014) is applied for the same period.

- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 July 2018, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).

AASB 2014-5: Amendments to Australian Accounting Standards arising from AASB 15

This Standard is applicable to annual reporting periods beginning on or after 1 January 2017 and makes consequential amendments to various Australian Accounting Standards arising as a result of the issue of AASB 15: Revenue from Contracts with Customers. AASB 2014-5 is not expected to impact the Group's financial statements.

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements.

- AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 July 2019). When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and lease liability for all leases (excluding short-term leases with a lease term 12 months or less of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

**4. REVENUE**

	June 30, 2018	June 30, 2017
<b>Other income</b>		
Interest from financial institutions	161,962	149,596
Reimbursements	11,032	-
Insurance proceeds	1,318	-
	<b>174,312</b>	<b>149,596</b>

**5. EXPENSES**

(i) Corporate general and administration expenses include the following expenses:

	June 30, 2018	June 30, 2017
<b>Employee benefit expense</b>		
Salaries, fees and leave	1,272,896	666,858
Equity based payments (note 15)	4,871,593	1,964,325
Defined contribution superannuation expense	85,015	48,337
<b>Other corporate general and administration expenses</b>		
Accounting, legal and consulting fees	1,917,148	1,202,691
Audit fees (note 5(ii))	67,144	60,855
Regulatory fees	272,656	87,750
Information technology expenses	91,080	88,698
Insurance expenses	79,730	47,375
Promotional and conference expenses	580,777	384,291
Travel expenses	989,730	755,742
Other administration expenses	460,245	295,266
<b>Total</b>	<b>10,688,014</b>	<b>5,602,188</b>

(ii) Auditors' Remuneration

	June, 30 2018	June, 30 2017
Auditing and review of the Company's consolidated financial statements:		
BDO (WA) Pty Ltd	67,144	60,355
Greenwich & Co Audit Pty Ltd	-	500
	<b>67,144</b>	<b>60,855</b>

The Company engaged BDO (WA) Pty Ltd for non-audit services, which included but not limited to tax advice and review of financial model to the Company for \$39,695 (2017: \$6,250).

**6. INCOME TAX**

(a) **Prima facie income tax benefit at 27.5% (2017: 28.5%) on loss from ordinary activities is reconciled to the income tax provided in the consolidated financial statements.**

	<b>30 JUNE 2018</b>	<b>30 JUNE 2017</b>
	<b>\$</b>	<b>\$</b>
Loss before income tax	(37,182,844)	(21,790,704)
Income tax calculated at 27.5% (2017: 28.5%)	<u>(10,225,282)</u>	<u>(5,992,443)</u>
Tax effect of:		
Expenses not allowed	3,232	-
Sundry – temporary differences	(785,890)	2,287,753
Section 40-880 deduction	(5,417)	(220,528)
Future income tax benefit not brought to account	<u>11,013,357</u>	<u>3,925,218</u>
<b>Income tax refund (payable) attributable to operating losses</b>	<u>-</u>	<u>-</u>

(b) **Deferred tax assets**

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

The benefits will only be obtained if:

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

(c) **Tax losses**

As at June 30, 2018, the Company's Australian tax losses that can be applied against future taxable profit in the amount of \$46,507,346.

The Company's also has Ghanaian tax losses that can be applied against future taxable profit in the amount of \$31,972,400.

**7. KEY MANAGEMENT PERSONNEL**

(a) **Details of key management personnel**

**Directors and Executives**

Kevin Tomlinson – Non-Executive Chairman

Archie Koimtsidis – Managing Director

Malik Easah – Executive Director

Robert Schafer - Non-Executive Director – Appointed on 10 July 2017

Jacques McMullen - Non-Executive Director Appointed on 11 October 2017

Michele Muscillo - Non-Executive Director Appointed on 11 October 2017

Derrick Weyrauch – Chief Financial Officer – Appointed 10 July 2017

Mark Connelly – Non-Executive Director – Retired on 11 October 2017

Simon Jackson – Non-Executive Director – Retired on 11 October 2017

**(b) Compensation of key management personnel**

	<b>30 JUNE 2018</b>	<b>30 JUNE 2017</b>
	<b>\$</b>	<b>\$</b>
Salaries, fees and leave	1,239,277	821,742
Non-monetary (i)	38,850	19,875
Post employment benefits – superannuation	4,268	21,595
Equity based payments – Note 15	2,955,160	1,185,561
	<u><b>4,237,555</b></u>	<u><b>2,048,773</b></u>

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

Refer to the remuneration report contained in the directors' report for details of the remuneration paid/payable and share and option holdings in relation to each of Group's key management personnel for the year ended 30 June 2018.

**(c) Other transactions with key management personnel**

Tomlinson Consultancy, of which Kevin Tomlinson is a director, provided geological consulting services to the Company. Amounts that have been paid or payable total \$337,218 (2017: \$280,000).

Robert Schafer, a director, provided consulting services to the Company. Amount that have been paid or payable total \$12,911 (2017: \$0).

HopgoodGanim of which Michele Muscillo, a director, is a partner of, provided legal services to the Company. Amounts that have been paid or payable total \$3,506 (2017: \$0).

During the year ended 30 June 2018, Cardinal Resources Limited advanced \$4,000,674 to Savannah, a related entity to Director Mr Malik Easah. The purpose of the advance was development of a mining licence in areas in respect of which Savannah had entered into agreements with holders of small scale licences. As at the date of this report, \$916,362 has been recorded as a prepayment in the consolidated financial statements of Cardinal Resources Limited. The difference has been applied toward the development of the mining licence and expensed during the period.

Other than the above 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.

**8. CURRENT ASSETS**

**(a) Trade and other receivables**

	<b>June 30, 2018</b>	<b>June 30, 2017</b>
Government taxes receivable	818,752	126,461
Interest receivable	6,292	6,194
Other	155,180	-
	<u><b>980,224</b></u>	<u><b>132,655</b></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**

	June 30, 2018	June 30, 2017
Prepayments (i)	1,393,434	914,776
Cash deposits	-	4,133
	<b>1,393,434</b>	<b>918,909</b>

(i) Prepayments include an advance of \$916,362 to Savannah Mining Ghana Limited ("Savannah"), a related entity to Director Mr Malik Easah. The purpose of the advance was development of a mining licence in areas in respect of which Savannah had entered into agreements with holders of small-scale licences. During the year ended 30 June 2018, Cardinal Resources Limited advanced \$4,000,674 to Savannah. As at the date of this report, \$916,362 has been recorded as a prepayment in the consolidated financial statements of Cardinal Resources Limited. The difference has been applied toward the development of the mining licence and expensed during the period.

**9. PLANT AND EQUIPMENT**

	Plant and Equipment	Vehicles	Total
<b>Cost</b>			
Balance as at July 1, 2017	832,291	293,668	1,125,959
Additions	226,903	87,984	314,887
Disposals	(2,776)	-	(2,776)
Foreign exchange movement	(25,023)	2,647	(22,376)
<b>Balance as at June 30, 2018</b>	<b>\$1,031,395</b>	<b>\$384,299</b>	<b>\$1,415,694</b>
Balance as at July 1, 2016	704,108	272,906	977,014
Additions	222,527	57,327	279,854
Disposals	-	-	-
Foreign exchange movement	(94,344)	(36,565)	(130,909)
Balance as at June 30, 2017	\$832,291	\$293,668	\$1,125,959
<b>Accumulated depreciation</b>			
Balance as at July 1, 2017	467,844	192,719	660,563
Depreciation for the period	188,154	29,300	217,454
Disposals	(2,132)	-	(2,132)
Foreign exchange movement	(40,031)	15,691	(24,340)
<b>Balance as at June 30, 2018</b>	<b>\$613,835</b>	<b>\$237,710</b>	<b>\$851,545</b>
Balance as at July 1, 2016	222,991	78,112	301,103
Depreciation for the period	290,568	136,004	426,572
Disposals	-	-	-
Foreign exchange movement	(45,715)	(21,397)	(67,112)
Balance as at June 30, 2017	\$467,844	\$192,719	660,563
<b>Carrying amounts</b>			
<b>As at 30 June 2018</b>	<b>\$417,560</b>	<b>\$146,589</b>	<b>\$564,149</b>
As at 30 June 2017	\$364,447	\$100,949	\$465,396

**10. TRADE AND OTHER PAYABLES**

	June 30, 2018	June 30, 2017
Trade and other payables (i)	3,450,142	2,038,115
Other accrued expenses	1,256,876	1,845,294
	<b>4,707,018</b>	<b>3,883,409</b>

(i) Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values due to their short-term nature.

**11. ISSUED CAPITAL**

**(a) Ordinary shares**

The Company is authorised to issue an unlimited number of ordinary shares. All issued shares are fully paid and have no par value. Changes in ordinary shares for the year ended 30 June 2018 and 2017 are as follows:

	Number of Shares	
As at July 1, 2016	222,074,707	\$26,151,217
Transactions during the year		
Shares issued (i)	125,598,266	44,549,133
Share based payments (iii)	952,484	395,285
Options exercised (v)	1,437,500	215,625
Less: transaction costs (vii)	-	(2,683,225)
As at June 30, 2017	350,062,957	68,628,035
As at July 1, 2017	350,062,957	\$68,628,035
Transactions during the year		
Shares issued (ii)	18,461,600	12,396,736
Share based payments (iv)	1,019,390	524,846
Options exercised (v)	2,019,633	302,945
Unlisted options exercise (vi)	2,000,000	440,000
Less: transaction costs (vii)	-	(923,506)
<b>As at June 30, 2018</b>	<b>373,563,580</b>	<b>81,369,056</b>

(i) The following shares were issued during the financial year ended 30 June 2017

- On 19 July 2016, 55,518,670 shares were issued at \$0.29 per share pursuant to a placement to sophisticated investors;
- On 26 August 2016, 19,481,330 shares were issued at \$0.29 per share pursuant to a placement to sophisticated investors;
- On 5 September 2016, 5,000,000 shares were issued on conversion of Class B Performance Shares. The Class B Performance shares were issued as part of the acquisition of the share capital of Cardinal (Australia) Pty Ltd by Cardinal Resources (previously Ridge Resources Limited). The issue of these shares was approved by Shareholders of the Company at the General Meeting held on 19 November 2012; and
- On 21 April 2017, 45,598,266 shares were issued at \$0.50 per share pursuant to a placement to sophisticated investors.

(ii) The following shares were issued during the financial year ended 30 June 2018

- On 22 November 2017, 18,461,600 shares were issued at \$0.671 (C\$0.65) per share pursuant to a placement to a 'brought deal' basis with a syndicated of underwriters.

(iii) Share based payments (refer to note 15) for the year ended 30 June 2017

A total of 952,484 shares were issued to Dr Julian Barnes for consideration for services provided to the Company, for more information please see Notice of Meeting dated 28 September 2017. The shares were issued in two tranches:

- (a) On 29 November 2016, 476,247 shares issued for services provided; and
- (b) On 25 May 2017, 476,247 shares issued for services provided.

(iv) Share based payments (refer to note 15) for the year ended 30 June 2018

A total of 1,019,390 shares were issued to employees of the Company for consideration for services provided to the Company.

- (a) On 21 December 2017, 190,000 shares at \$0.50 per share issued for services provided;
- (b) On 2 May 2018, 300,000 shares at \$0.50 per share issued for services provided; and
- (c) On 12 June 2018 340,000 shares at \$0.50 per share issued for services provided.

The shares were valued as per the trading price as at the date issue, refer to note 15(iv).

On 21 December 2017, 189,390 shares at \$0.58 per share issued to Dr Julian Barnes for consideration for services provided to the Company, for more information please see Notice of Meeting dated 28 September 2017.

The shares were valued as per the trading price as at the date issue, refer to note 15(iii).

(v) Exercise of Listed Options

(vi) Exercise of unlisted options, exercise price \$0.22 per share.

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

**12. RESERVES**

**(a) Movement in options reserve**

	June 30, 2018 \$	June 30, 2017 \$
As at the beginning of the year	2,710,589	1,342,607
Options issued during the year (ii)	4,217,516	1,505,982
Expiry of unlisted options (i)	(184,000)	(138,000)
<b>As at reporting date (ii)</b>	<b>6,744,105</b>	<b>2,710,589</b>

- (i) On 19 October 2017, 5,000,000 options were expired on retirement of key management personnel.
- (ii) The below options were on issue as at 30 June 2018.

Grant Date		2018 Number of Options Balance at 30 June 2018	2018 Expense During the Period	2017 Number of Options Balance at 30 June 2017	2017 Expense During the Period
12 April 2017	Milestone Options Ex. \$0.50	18,500,000	2,456,729	23,500,000	1,505,982
21 December 2017	Milestone Options Ex. \$0.50	5,758,000	961,921	-	-
21 December 2017	Milestone Options Ex. \$0.965	4,036,200	287,117	-	-
21 December 2017	Unlisted Options Ex.	1,000,000	511,749	-	-
<b>Total</b>	-	<b>29,294,200</b>	<b>4,217,516</b>	<b>23,500,000</b>	<b>1,505,982</b>

**(b) Movement in options exercisable at \$0.15 on or before 30 September 2019**

	Number of Options	\$
As at 1 July 2016	117,587,039	468,607
Transactions during the year		
Exercise of options	(1,437,500)	-
<b>As at 30 June 2017</b>	<b>116,149,539</b>	<b>468,607</b>
As at 1 July 2017	116,149,539	468,607
Transactions during the year		
Exercise of options	(2,019,633)	-
<b>As at 30 June 2018</b>	<b>114,129,906</b>	<b>468,607</b>

**(c) Movement in unlisted options exercisable at \$0.22 on or before 18 March 2020**

	Number of Options	\$
As at 1 July 2016	9,500,000	874,000
Transactions during the year		
Expiry of options	(1,500,000)	(138,000)
<b>As at 30 June 2017</b>	<b>8,000,000</b>	<b>736,000</b>
As at 1 July 2017	8,000,000	736,000
Transactions during the year		
Exercise of options (ii)	(2,000,000)	(184,000)
Expiry of options	-	-
<b>As at 30 June 2018</b>	<b>6,000,000</b>	<b>552,000</b>

- (i) On 18 March 2016, the Company issued 9,500,000 unlisted options to employees and directors of the Company.
- (ii) On the 19 October 2017 1,000,000 unlisted options were exercised and on 10 November 2017 1,000,000 unlisted options were exercised.

**(d) Movement in unlisted milestones options exercisable at \$0.50 on or before 12 April 2022**

	Number of Options	\$
As at 1 July 2016	-	-
Transactions during the year		
Options issued	26,000,000	1,666,192
Cancelled or forfeited during the year	(2,500,000)	(160,210)
<b>As at 30 June 2017</b>	<b>23,500,000</b>	<b>1,505,982</b>
As at 1 July 2017	23,500,000	1,505,982
Transactions during the year		
Options issued	-	-
Options expense during the period	-	2,777,253
Cancelled or forfeited during the year	(5,000,000)	(320,524)
<b>As at 30 June 2018</b>	<b>18,500,000</b>	<b>\$3,962,711</b>

**(e) Movement in unlisted milestones options exercisable at \$0.825 on or 21 December 2022**

	Number of Options	\$
As at 1 July 2017	-	-
Transactions during the year		
Options issued	5,758,000	961,821
Cancelled or forfeited during the year	-	-
<b>As at 30 June 2018</b>	<b>5,758,000</b>	<b>961,821</b>

**(f) Movement in unlisted milestones options exercisable at \$0.965 on or before 21 December 2022**

	Number of Options	\$
As at 1 July 2017	-	-
Transactions during the year		
Options issued	4,036,200	287,117
Cancelled or forfeited during the year	-	-
<b>As at 30 June 2018</b>	<b>4,036,200</b>	<b>287,117</b>

**(g) Movement in unlisted options exercisable at \$0.75 on or before 21 December 2022**

	Number of Options	\$
As at 1 July 2017	-	-
Transactions during the year		
Options issued	1,000,000	511,748
Cancelled or forfeited during the year	-	-
<b>As at 30 June 2018</b>	<b>1,000,000</b>	<b>511,748</b>

## FINANCIAL REPORT FOR THE THREE AND TWELVE MONTHS ENDED 30 JUNE 2018

The following table shows the movement of listed and unlisted options for the years ended 30 June 2018 and 2017:

	Number of Options	Weighted Average Exercise Price \$
Balance as at 1 July 2017	147,649,539	\$0.20
Options granted (note 12 (e),(f),(g))	10,794,200	\$0.87
Options forfeited/exercised (note 12 (b), (c) and (d))	(9,019,633)	(\$0.36)
<b>Balance as at 30 June 2018</b>	<b>149,424,106</b>	<b>\$0.25</b>
Balance as at 1 July 2016	127,087,039	\$0.15
Options granted (note 12 (d))	26,000,000	\$0.50
Options forfeited/exercised (note 12 (b), (c) and (d))	(5,437,500)	(\$0.18)
<b>Balance as at 30 June 2017</b>	<b>147,649,539</b>	<b>\$0.20</b>

The table below shows the outstanding options as at 30 June 2018 and 2017:

30 June	Exercise Price \$	Outstanding		Vested	
		Number of Options	Weighted Average Remaining Contractual life (days)	Number of Options	Weighted Average Remaining Contractual life (days)
2018	0.150	114,129,906	457	114,129,906	349
2018	0.220	6,000,000	627	6,000,000	25
2018	0.500	18,500,000	1,382	5,550,000	51
2018	0.825	5,578,000	1,635	1,727,400	19
2018	0.965	4,036,200	1,635	-	-
2018	0.750	1,000,000	1,635	1,000,000	11
2017	0.15	116,149,539	822	116,149,539	651
2017	0.22	8,000,000	992	8,000,000	47
2017	0.50	23,500,000	1,746	-	-

### (i) Movement in Performance Shares

	Number of Class A Performance Shares	\$
As at 1 July 2016	50	-
Transactions during the year		
Performance Shares expired	-	-
<b>As at 30 June 2017</b>	<b>50</b>	<b>-</b>
As at 1 July 2017	50	-
Transactions during the year		
Performance Shares expired (i)	(50)	-
<b>As at 30 June 2018</b>	<b>-</b>	<b>-</b>

(i) During the year 50 Class A Performance Shares expired.

	Number of Class B Performance Shares	\$
As at 1 July 2016	50	-
Transactions during the year		
Performance Shares issued (i)	(50)	-
As at 30 June 2017	-	-
As at 1 July 2017	-	-
Transactions during the year		
Performance Shares issued	-	-
<b>As at 30 June 2018</b>	<b>-</b>	<b>-</b>

- (ii) On 5 September 2016, the Class B Performance Shares were converted to 5,000,000 ordinary shares under the terms and conditions of the Performance Shares.

General terms attaching to the Performance Shares are set out below. For further details, see the Notice of Meeting dated 19 November 2012.

#### **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 (the "Holder") the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. Holders have the right to attend general meetings of shareholders of the Company.
- (c) The Class A Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.
- (d) The Class A Performance Shares do not entitle the Holder to any dividends.
- (e) The Class A Performance Shares are not transferable.
- (f) If at any time the issue capital of the Company is restructured, all rights of a Holder will be changed to the extent necessary to comply with the applicable Listing Rules at the time of reorganisation.
- (g) The Class A Performance Shares will not be quoted on the ASX. However, upon conversion of the Class A Performance Shares into shares, the Company must within 7 days after the conversion, apply for the official quotation of the shares arising from the conversion on the 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 the 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 28 December 2012:

- (i) The establishment of 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 of 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 of 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.

#### ***Expiry of Class A Performance Shares***

The Class A performance shares expired on 28 December 2017.

#### **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 (the “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 the ASX. However, upon conversion of the Class B Performance Shares into shares, the Company must within 7 days after the conversion, apply for the official quotation of the shares arising from the conversion on the 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 the 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 in note 11, 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.

For further details, see the Notice of Meeting dated 19 November 2012.

**Class C Performance Shares**

	<b>Number of Performance Shares</b>	
As at 1 July 2016	60	-
Transactions during the year		
Performance shares issued	-	-
As at 30 June 2017	60	-
<b>Number of Performance Shares</b>		
As at 1 July 2017	60	-
Transactions during the year		
Performance shares issued	-	-
<b>As at 30 June 2018</b>	<b>60</b>	<b>-</b>

**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 2018.

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 of issue. As such, no value has been ascribed to the Performance Shares in the Group's consolidated 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:

<b>Performance Shares</b>	<b>Performance Hurdles (JORC Inferred Au Resource)</b>	<b>Conversion to Ordinary Shares</b>
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
<b>60</b>		<b>6,000,000</b>

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.

**13. LOSS PER SHARE**

	<b>June 30, 2018</b>	<b>June 30, 2017</b>
Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	(37,182,844)	(21,790,704)
	<b>2018 Number</b>	<b>2017 Number</b>
Weighted average number of shares on issue during the financial year used in the calculation of basic earnings per share	363,630,782	305,800,068
<b>Weighted average number of ordinary shares for diluted earnings per share</b>	<b>363,630,782</b>	<b>305,800,068</b>

As the Company has a loss for the three and twelve months ended June 30, 2018 and 2017, 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.

**14. 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.

	<b>June 30, 2018</b>	<b>June 30, 2017</b>
Current – cash at bank	2,819,794	9,562,815
Term deposits (i)	4,484,013	19,029,903
	<b>7,303,807</b>	<b>28,592,718</b>

**(i) Terms of term deposits**

<b>Term</b>	<b>Interest Rate</b>
30 days	1.50%
60 days	2.50%

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

	<b>June 30, 2018</b>	<b>June 30, 2017</b>
Loss after income tax	(37,182,844)	(21,790,704)
Non-cash flows in profit		
Depreciation expense	217,454	426,572
Equity based payments	4,871,593	1,964,325
Foreign exchange movement	295,904	(116,923)
Changes in assets and liabilities		
Increase in trade and other receivables	(847,673)	(116,375)
Increase in prepayments	(147,798)	(814,386)
Increase/(decrease) in trade and other payables	4,131	2,400,777
Increase/(decrease) in provisions	40,260	19,698
	<b>(32,748,973)</b>	<b>(18,027,016)</b>

**15. SHARE BASED PAYMENTS**

- (i) The Company agreed and approved at the Company's General Meeting held on 3 April 2017 to allot and issue a total of 26,000,000 Milestone Options to key management personnel and employees of the Company; 5,000,000 Milestone Options were cancelled during the year (2017: 2,500,000). As at 30 June 2018, the Company had 18,500,000 milestone options on issue of which 13,500,000 milestone options relate to key management personnel.

The terms and conditions of the options are detailed in the Notice of General Meeting dated 1 March 2017.

The Milestone Options shall vest and are exercisable at any time on and from:

- (i) **Milestone 1** - the earlier of:  
 (A) the completion of a scoping study; or  
 (B) the completion of a preliminary economic assessment, of the Ghanaian Assets;  
 (ii) **Milestone 2** - on the beginning of earthworks for gold production at the Ghanaian Assets; and  
 (iii) **Milestone 3** - on the first pouring of gold at the Ghanaian Assets, until 12 April 2022.

During the year Milestone 1 vested. The expected accounting vesting date determined at grant date for Milestones 2 and 3 was 31 March 2020 and 31 March 2022, respectively.

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

Class of Options	Number of Options	Valuation Date	Market Price of Shares	Exercise Price	Expiry Date	Risk Free Interest Rate	Volatility (discount)	Indicative Value per Option	Total Value (\$)	Expense for the year (\$)
<b>Milestone 1</b>	5,550,000	27.02.17	\$0.525	\$0.50	18.04.22	2.17%	99.50%	\$0.39	2,198,910	1,457,907
<b>Milestone 2</b>	5,550,000	27.02.17	\$0.525	\$0.50	18.04.22	2.17%	99.50%	\$0.39	2,198,910	732,970
<b>Milestone 3</b>	7,400,000	27.02.17	\$0.525	\$0.50	18.04.22	2.17%	99.50%	\$0.39	2,931,880	586,376
<b>Total</b>	<b>18,500,000</b>	<b>27.02.17</b>	<b>\$0.525</b>	<b>\$0.50</b>	<b>18.04.22</b>	<b>2.17%</b>	<b>99.50%</b>	<b>\$0.39</b>	<b>7,329,700</b>	<b>2,777,253</b>

A probability of 100% has been applied to the milestones occurring.

During the year 5,000,000 milestone options issued to key management were forfeited during the year, an expense totalling \$320,524 was reversed.

- (ii) During the year the Company 5,758,000 options to key management personnel of the Company, which have an exercise price of \$0.825.

The terms and conditions of the options are detailed in the Notice of General Meeting dated 18 October 2017.

The Milestone Options shall vest and are exercisable at any time on and from:

- (i) **Milestone 1** - the earlier of:  
 (A) the completion of a scoping study; or  
 (B) the completion of a preliminary economic assessment, of the Ghanaian Assets;  
 (ii) **Milestone 2** - on the beginning of earthworks for gold production at the Ghanaian Assets; and  
 (iii) **Milestone 3** - on the first pouring of gold at the Ghanaian Assets, until 21 December 2022.

During the year Milestone 1 was met. The expected accounting vesting date determined at grant date for Milestones 2 and 3 was 31 March 2020 and 31 March 2022, respectively.

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	Total Value (\$)	Expense for the year (\$)
<b>Milestone 1</b>	1,727,400	22.11.17	\$0.555	\$0.825	21.12.22	1.50%	99.50%	\$0.385	665,540	665,540
<b>Milestone 2</b>	1,727,400	22.11.17	\$0.555	\$0.825	21.12.22	1.50%	99.50%	\$0.385	665,540	172,664
<b>Milestone 3</b>	2,303,200	22.11.17	\$0.555	\$0.825	21.12.22	1.50%	99.50%	\$0.385	887,387	123,717
<b>Total</b>	<b>5,758,000</b>	<b>22.11.17</b>	<b>\$0.555</b>	<b>\$0.825</b>	<b>21.12.22</b>	<b>1.50%</b>	<b>99.50%</b>	<b>\$0.385</b>	<b>2,218,467</b>	<b>961,921</b>

A probability of 100% has been applied to the milestones occurring.

The milestone options vest on meeting of the milestones.

- (iii) During the year the Company 4,036,200 options to key management personnel of the Company, which have an exercise price of \$0.965.

The terms and conditions of the options are detailed in the Notice of General Meeting dated 18 October 2017.

The Milestone Options shall vest and are exercisable at any time on and from:

- (i) **Milestone 2** - on the beginning of earthworks for gold production at the Ghanaian Assets; and  
 (ii) **Milestone 3** - on the first pouring of gold at the Ghanaian Assets, until 21 December 2022.

The expected accounting vesting date determined at grant date for Milestones 2 and 3 was 31 March 2020 and 31 March 2022, respectively.

## FINANCIAL REPORT FOR THE THREE AND TWELVE MONTHS ENDED 30 JUNE 2018

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

Class of Options	Number of Options	Valuation Date	Market Price of Shares	Exercise Price	Expiry Date	Risk Free Interest Rate	Volatility (discount)	Indicative Value per Option	Total Value (\$)	Expense for the year (\$)
<b>Milestone 2</b>	1,729,800	22.11.17	\$0.555	\$0.965	21.12.22	1.50%	99.50%	\$0.37	644,738	167,267
<b>Milestone 3</b>	2,306,400	22.11.17	\$0.555	\$0.965	21.12.22	1.50%	99.50%	\$0.37	859,651	119,850
<b>Total</b>	<b>4,036,200</b>	<b>22.11.17</b>	<b>\$0.555</b>	<b>\$0.965</b>	<b>21.12.22</b>	<b>1.50%</b>	<b>99.50%</b>	<b>\$0.37</b>	<b>1,504,389</b>	<b>287,117</b>

A probability of 100% has been applied to the milestones occurring.

(iii) During the year, 189,390 fully paid ordinary shares were issued for services rendered; the shares were ascribed the following value:

Date of Issue	Number of Shares	Price of Shares (a)	Total Value (\$)	Expense for the year (\$)
21.12.2017	189,390	\$0.58	109,846	109,846

(a) The value of the shares was determined at the date it was agreed to issue the shares for services.

(iv) During the year, 830,000 fully paid ordinary shares to employees of the Company for services rendered to the Company; the shares were ascribed the following value:

Date of Issue	Number of Shares	Price of Shares (a)	Total Value (\$)	Expense for the year (\$)
21.12.2017	190,000	\$0.50	95,000	95,000
02.05.2018	300,000	\$0.50	150,000	150,000
12.06.2018	340,000	\$0.50	170,000	170,000

(a) The value of the shares was determined at the date it was agreed to issue the shares for services.

(v) During the year the Company agreed to issue 1,000,000 unlisted options for services rendered to the Company. The value of the service was unable to be reliably measured and as such the options were measured at their fair value.

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

Class of Options	Number of Options	Valuation Date	Market Price of Shares	Exercise Price	Expiry Date	Risk Free Interest Rate	Volatility (discount)	Indicative Value per Option	Expense for the year (\$)
<b>Unlisted Options</b>	1,000,000	18.10.2017	\$0.69	\$0.75	21.12.2022	1.50%	99.50%	\$0.51	511,749

**16. 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.

	<b>2018</b>	<b>2017</b>
Not later than one year	135,366	130,480
Later than one year but not later than two years	135,366	130,480
	<b>270,732</b>	<b>260,960</b>

**(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.

	<b>2018</b>	<b>2017</b>
Not later than one year	385,329	1,254,717
Later than one year but not later than two years	147,340	15,900
	<b>532,669</b>	<b>1,270,617</b>

The Corporation has commitments in respect to the use of an office premises in Perth, Western Australia, for \$5,300 per month until 30 September 2018. The Corporation has an option to extend the lease for three months after 30 September 2018.

The Corporation has commitments in respect to the use of an office outside of Australia, for C\$1,863 per month until 31 March 2019.

Cardinal Resources Subranum Limited entered into a sale and purchase agreement dated 6 April 2012 with Newmont Ghana Gold Limited (a subsidiary of Newmont Mining Corporation) for the purchase of the Subranum Project. On 24 November 2015, the relevant Minister of the 2006 Mining Act approved the sale. Cardinal Resources Subranum Limited acquired 100% of the Subin Kasu Prospecting License and paid to Newmont Ghana Gold Limited US\$50,000 on 12 June 2016.

On 7 November 2017 US\$50,000 was paid to Newmont Ghana Gold Limited on the one anniversary and on 23 November 2017 a final payment of US\$100,000 was made for 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 21 June 2016 and a further US\$750,000 being 12 June 2018. The Company has met the minimum expenditure requirements.

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 1Moz of gold. Subject to the grant of a Mining Lease under the 2006 Mining Act, Cardinal Resources Subranum Limited will be required to pay Newmont Ghana Gold Limited a 2% net smelter royalty.

Cardinal Namdini Mining Limited (Cardinal Namdini), entered into a Net Smelter Royalty Deed, whereby Cardinal Namdini will pay to Savannah a Royalty equal to:

- (a) 4% of the Net Smelter Return on the first 50,000 ounces of Specified Minerals produced within each small-scale licence which was purchased by Savannah within the Large Scale Mining License; and
- (b) A 2% Net Smelter Return, effective from production of the 50,001 ounces of Specified Minerals produced within each small-scale licence which was purchased by Savannah within the Large Scale Mining License.

Cardinal entered into a definitive agreement with Kinross Gold Group subsidiary Red Back Mining Ghana Limited (Red Back) to acquire 100% ownership of two large scale prospecting licences located in North East Ghana. Cardinal has entered into a Royalty Agreement with Red Back, whereby Cardinal shall pay to Red back a 1% net smelter return royalty on any minerals produced from the properties.

The Corporation has commitments in respect to a secured credit facility, completed on August 22, 2018. The key terms of the credit facility are as follows:

- Committed loan facility of US\$25 million
- 30-month repayment term
- Interest rate of LIBOR + 7.75%

## 17. 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:

2018	Note	Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Weighted average interest rate
<b>Financial assets</b>						
Cash and cash equivalents	14 (a)	4,465,327	18,686	2,819,794	7,303,807	0.76%
Trade and other receivables	8 (a)	-	-	980,224	980,224	-
Cash deposits	8 (b)	-	-	-	-	-
		<b>4,465,327</b>	<b>18,686</b>	<b>3,800,018</b>	<b>8,284,031</b>	-
<b>Financial liabilities</b>						
Trade and other payables	10	-	-	3,746,767	3,746,767	-
		-	-	<b>3,746,767</b>	<b>3,746,767</b>	-
2017	Note	Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Weighted average interest rate
<b>Financial assets</b>						
Cash and cash equivalents	14 (a)	8,448,385	19,029,903	1,114,430	28,592,718	0.54%
Trade and other receivables	8 (a)	-	-	132,655	132,655	-
Cash deposits	8 (b)	-	-	4,133	4,133	-
		<b>8,448,385</b>	<b>19,029,903</b>	<b>1,251,218</b>	<b>28,729,506</b>	-
<b>Financial liabilities</b>						
Trade and other payables	10	-	-	3,883,409	3,883,409	-
		-	-	<b>3,883,409</b>	<b>3,883,409</b>	-

Based on the balances as at 30 June 2018, a 1% movement in interest rates would increase/decrease the loss for the year before taxation by \$3,721 (2017: \$7,040).

**(b) Credit risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at the statement of financial position 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.

To manage credit risk from cash and cash equivalents, it is the Group's policy to only deposit with banks maintaining a minimum independent rating of 'AA'.

**(c) Net fair values**

The carrying amount of financial assets and financial liabilities recorded in the consolidated financial statements represents their respective net fair value and is determined in accordance with the accounting policies disclosed in note 3 to the financial statements.

**(d) Financial risk management**

The Group's financial instruments consist mainly of deposits with recognised banks, investment in term deposits 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 term deposits. 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 through its financial instruments are 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**

Exposure to foreign exchange risk may result in the fair value or future cashflows of a financial instrument to fluctuate due to movements 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 of the parent entity is considered immaterial and is therefore not shown.



## FINANCIAL REPORT FOR THE THREE AND TWELVE MONTHS ENDED 30 JUNE 2018

2018	Net Financial Assets/(Liabilities) In AUD				
	AUD	USD	GHS	CAD	Total AUD
Australian dollar	3,843,939	374,412	(523,034)	(138,276)	3,557,040
GHS New Cedi	-	-	-	-	-
<b>Statement of financial position exposure</b>	<b>3,843,939</b>	<b>374,412</b>	<b>(523,034)</b>	<b>(138,276)</b>	<b>3,557,040</b>

2017	Net Financial Assets/(Liabilities) In AUD				
	AUD	USD	GHS	CAD	Total AUD
Australian dollar	25,897,586	(880,486)	(307,785)	-	24,709,315
GHS New Cedi	-	-	-	-	-
<b>Statement of financial position exposure</b>	<b>25,897,586</b>	<b>(880,486)</b>	<b>(307,785)</b>	<b>-</b>	<b>24,709,315</b>

Based on the statement of exposure at 30 June 2017, a 1% movement in foreign exchange rates would increase/decrease the loss for the year before taxation by \$3,585 (2017: \$12,395).

### (f) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will maintain cash or credit terms with its suppliers to meet the operating requirements of the business and invest excess funds in highly liquid short term cash deposits. Maintaining surplus working capital in highly liquid short term deposits allows the Group to meet its primary objectives by being able to fund new development and acquisition opportunities at short notice.

The responsibility for liquidity risk rests with the Board of Directors. The Group's liquidity needs can likely be met through cash on hand, short and long term borrowings subject to the current forecast operating parameters being met.

The contractual maturities of the Group's financial liabilities are as follows:

	June 30, 2018	June 30, 2017
<b>Within one month</b>		
Trade and other payables	3,746,767	3,883,409
<b>Later than one month and no later than one year</b>		
Trade and other payables	-	-
	<b>3,746,767</b>	<b>3,883,409</b>

### 18. RELATED PARTY TRANSACTIONS

Tomlinson Consultancy, of which Kevin Tomlinson is a director, provided geological consulting services to the Company. Amounts that have been paid or payable total \$337,218 (2017: \$280,000).

Robert Schafer, a director, provided consulting services to the Company. Amount that have been paid or payable total \$12,911 (2017: \$0).

HopgoodGanim of which Michele Muscillo, a director, is a partner of, provided legal services to the Company. Amounts that have been paid or payable total \$3,506 (2017: \$0).

During the year ended 30 June 2018, Cardinal Resources Limited advanced \$4,000,674 to Savannah, a related entity to Director Mr Malik Easah. The purpose of the advance was development of a mining licence in areas in respect of which Savannah had entered into agreements with holders of small scale licences. As at the date of this report, \$916,362 has been recorded as a prepayment in the consolidated financial statements of Cardinal Resources Limited. The difference has been applied toward the development of the mining licence and expensed during the period.

Other than the above 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.

## 19. 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 consolidated financial statements.

## 20. UNCONSOLIDATED PARENT COMPANY DISCLOSURE

### (a) Financial position for the year ended 30 June 2018

As at	June 30 ,2018	June 30, 2017
<b>Assets</b>		
Current assets	5,138,918	27,953,124
Non-current assets	186,144	129,365
<b>Total assets</b>	<b>5,325,062</b>	<b>28,082,489</b>
<b>Liabilities</b>		
Current liabilities	2,008,057	3,553,384
Non-current liabilities	-	-
<b>Total liabilities</b>	<b>2,008,057</b>	<b>3,553,384</b>
<b>Equity</b>		
Issued capital	81,369,056	68,628,036
Reserves	6,744,105	2,477,985
Accumulated losses	(84,796,156)	(46,576,916)
<b>Total equity</b>	<b>3,317,005</b>	<b>24,529,105</b>

**(b) Financial performance for the year ended 30 June 2018**

	<b>30 JUNE 2018</b>	<b>30 JUNE 2017</b>
	<b>\$</b>	<b>\$</b>
Loss for the year	(25,695,715)	(8,589,150)
Other comprehensive income	-	-
<b>Total comprehensive loss</b>	<b>(25,695,715)</b>	<b>(8,589,150)</b>

**21. EVENTS SUBSEQUENT TO STATEMENT OF FINANCIAL POSITION DATE**

On 20 September 2018 the Company announced that 125,000 Listed Options had been exercised.

On 31 July 2018 the Company announced that it had received investment committee approval from and executed a term sheet with Sprott Private Resource Lending (Collector), L.P. ("Sprott") to provide a US\$25 million senior secured credit facility ("Facility").

The Company announced on 23 August 2018 the completion of the satisfactory documentation and other customary conditions precedent in relation to the facility. The facility commenced on 23 August 2018.

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.

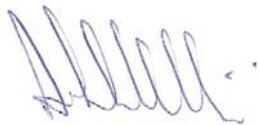
In the opinion of the Directors of Cardinal Resources Limited ("the Company")

- (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 2018 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 2018.

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  
CEO/MD

Dated this 28 September 2018  
Perth, Western Australia

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF CARDINAL RESOURCES LIMITED

As lead auditor of Cardinal Resources Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Cardinal Resources Limited and the entities it controlled during the period.



Jarrad Prue  
Director

BDO Audit (WA) Pty Ltd  
Perth, 28 September 2018

## INDEPENDENT AUDITOR'S REPORT

To the members of Cardinal Resources Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Cardinal Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the 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, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is 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 2018 and of its financial performance for the year ended on that date; and
- (ii) Complying with International Financial Reporting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Measurement of Share-based Payments

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>During the financial year ended 30 June 2018, the Group issued options and shares to key management personnel, consultants and employees, which have been accounted for as share based payments.</p> <p>Refer to Note 2(e) and Note 3(d) of the financial report for a description of the accounting policy and significant estimates and judgements applied to these arrangements and Notes 11, 12 and 15 of the financial report for disclosure of the arrangements.</p> <p>Share-based payments are a complex accounting area and due to the complex and judgemental estimates used in determining the fair value of the share-based payments in accordance with IFRS 2: Share Based Payments, we consider the Group's calculation of the share-based payment expense to be a key audit matter.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Reviewing market announcements and board minutes to ensure all the new share-based payments granted during the year have been accounted for;</li> <li>• Reviewing relevant supporting documentation to obtain an understanding of the contractual nature and terms and conditions of the share-based payment arrangements;</li> <li>• Evaluating management's methodology for calculating the fair value of the share-based payments including assessing the valuation inputs using internal specialists where required;</li> <li>• Recalculating estimated fair value of the share based payments using relevant valuation methodologies;</li> <li>• Assessing the allocation of the share-based payment expense over management's expected vesting period;</li> <li>• Assessing management's determination of achieving milestones; and</li> <li>• Assessing the adequacy of the related disclosures in Notes 2(e), 3(d), 11, 12 and 15 to the financial report.</li> </ul>

### Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the directors 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 International Financial Reporting 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 preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Financial Reporting Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located in Appendix 1 to this report.

This description forms part of our auditor's report.

#### Report on the Remuneration Report

##### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 19 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Cardinal Resources Limited, for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

##### Responsibilities

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 conducted in accordance with International Standards on Auditing.

BDO Audit (WA) Pty Ltd



Jarrad Prue  
Director

Perth, 28 September 2018



## Appendix 1

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## 1 Distribution of holders

As at 28 September 2018 the distribution of shareholders was as follows:

### Ordinary shares

Size of holding	Number of holders
1 – 1,000	79
1,001 – 5,000	105
5,001 – 10,000	117
10,001 – 100,000	310
100,001 and over	132
<b>Total</b>	<b>743</b>

## 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 %
Bank of Nova Scotia and each of its associates/affiliates	32,227,379	9.77%
Corporate International Holdings BV (together, the Gold Fields Group)	30,861,553	8.80%
Van Eck Associates Corporation (and its associates)	26,256,988	7.49%

## 4 Top 20 shareholders

The names of the 20 largest shareholders on the share register as at 28 September 2018, who hold 82.83% of the ordinary shares of the Company, were as follows;

Shareholder	Number
HSBC Custody Nominees (Australia) Limited	105,432,057
Corporate International Holdings BV	42,818,182
Canadian Register Control	35,932,692
Citicorp Nominees Pty Ltd	34,161,082
Zero Nominees Pty Ltd	17,250,000
J P Morgan Nominees Australia Limited	17,039,532
Oceanic Capital Pty Ltd	10,475,045
Mr Malik Mohammad Easah	7,681,815
CS Third Nominees Pty Limited <HSBC Cust Nom Au Ltd 13 A/C>	5,807,991
Arredo Pty Ltd	5,800,000
Neon Capital Ltd	4,000,000
Panga Pty Ltd	3,920,000
St Barnabas Investments Pty Ltd	3,865,625

## SHAREHOLDER INFORMATION

Invia Custodian Pty Ltd <Mark Thomas Family A/C>	3,833,334
Redland Plains Pty Ltd <Brian Bernard Rodan S/F A/C>	3,757,860
Yarandi Investments Pty Ltd <Griffith Family No 2 A/C>	2,498,288
Payzone Pty Ltd <St Barnabas Superfund A/C>	2,390,625
AWD Consultants Pty Ltd	2,372,676
Mr David Ian Raymond Hall + Mrs Denise Allison Hall	2,250,000
Budworth Capital Pty Ltd <Rolling Hills Capital A/C>	2,067,100

### 5 Top 20 option holders

The names of the 20 largest option holders on the share register as at 28 September 2018, who hold 77.08% of the listed options of the Company, were as follows;

Optionholder	Number
Corporate International Holdings BV	38,220,051
Oceanic Capital Pty Ltd	8,058,390
Mr Malik Mohammad Easah	6,560,423
HSBC Custody Nominees (Australia) Limited	3,379,599
Citicorp Nominees Pty Limited	3,337,461
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
Redland Plains Pty Ltd <Brian Bernard Rodan S/F A/C>	2,200,000
Arredo Pty Ltd	2,000,000
Invia Custodian Pty Ltd <Mark Thomas Family A/C>	1,950,000
Mrs Sophie Kyriazis	1,767,944
Mr Hendrik Hatmann	1,670,400
Mr Sean Andrew Morrison	1,586,073
J P Morgan Nominees Australia Limited	1,419,231
Mr David Ian Raymond Hall + Mrs Denise Allison Hall	1,300,027
Mr Owen Barry Merrett + Mrs Joanne Ross Merrett <Merrett Super Fund A/C>	1,300,000
Bainpro Nominees Pty Limited	1,209,76
Mr Trent Brindle	1,200,000
ACP Investments Pty Ltd <The ACP Investment A/C>	1,200,000
Mr Danny Murphy + Mrs Susan Murphy <Danny Murphy Super Fund A/C>	1,135,000

### 6 Consistency with business objectives

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

## TENEMENT INFORMATION

Cardinal Resources Limited mineral interest as at 28 September 2018

Tenement	Licence Status	Ref	Note	Interest Acquired During Quarter	Interest Divested During Quarter	Interest Held at End of Quarter
<b>Ghana</b>						
<b><i>Bolgatanga Project</i></b>						
Ndongo	Prospecting	PL9/22	-	-	-	100%
Kungongo	Reconnaissance	RL9/28	-	-	-	100%
Bongo	Reconnaissance	RL9/29	-	-	-	100%
Nangodi	Prospecting	PL9/13	-	-	-	100%
Yamergia	Prospecting	PL9/19	-	-	-	100%
<b><i>Namdini Project</i></b>						
Namdini	Mining Licence	LVB14619/09	-	-	-	100%
<b><i>Subranum Project</i></b>						
Subranum	Prospecting	PL/309	-	-	-	100%

# ANNUAL INFORMATION FORM (III)





# **ANNUAL INFORMATION FORM**

**For the year ended June 30, 2018**

**Dated as of September 28, 2018**

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## INTRODUCTORY NOTES

In this Annual Information Form (the “AIF”), Cardinal Resources Limited is referred to as “Cardinal” or the “Corporation”. Unless otherwise indicated, all information contained herein is as at September 28, 2018. Unless otherwise indicated, in this AIF all references to (i) “\$” or “AUD” are to Australian dollars; (ii) “US\$” and “USD” are to United States dollars; (iii) “C\$” or “CAD” are to Canadian dollars; and (iv) “GHS” are to Ghanaian cedi.

The Canadian dollar rates of exchange on were:

United States dollar <sup>(1)</sup>	Australian dollar <sup>(1)</sup>
C\$1.00=US\$0.76	C\$1.00=\$0.942

Note:

(1) Bank of Canada average exchange rate for September 28, 2018 as reported on the Bank of Canada website.

### Financial Statements

This AIF should be read in conjunction with the Corporation’s consolidated financial statements and management’s discussion and analysis for the 12 months ended June 30, 2018. The consolidated financial statements and management’s discussion and analysis are available on the Corporation’s website at [www.cardinalresources.com.au](http://www.cardinalresources.com.au) and under the Corporation’s profile on the SEDAR website at [www.sedar.com](http://www.sedar.com). All financial statements are prepared in accordance with International Financial Reporting Standards and are reported in Australian dollars.

### Cautionary Statement Regarding Forward-Looking Information

Certain statements contained in this AIF constitute forward-looking information under applicable Canadian securities laws. These statements relate to future events or future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “objectives”, “strategies”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in its AIF should not be unduly relied upon.

In particular, this AIF contains forward-looking statements pertaining to the following:

- Mineral Resource estimates;
- targeting additional Mineral Resources and expansion of deposits;
- the Corporation’s expectations, strategies and plans for the Ghanaian Projects, including the Corporation’s planned exploration activities;
- the amount of funds required to fund the development of the mining licence in areas in respect of which Savannah had entered into agreements with holders of small scale mining licences;

- 
- the results of future exploration and drilling and estimated completion dates for certain milestones;
  - successfully adding or upgrading Mineral Resources and successfully developing new deposits;
  - the timing, receipt and maintenance of approvals, licences and permits from the Ghanaian government and from any other applicable government, regulator or administrative body;
  - future financial or operating performance and condition of the Corporation and its business, operations and properties; and
  - any other statement that may predict, forecast, indicate or imply future plans, intentions, levels of activity, results, performance or achievements.

The actual results could differ materially from those anticipated in these forward-looking statements or information as a result of the risk factors set forth below and elsewhere in this AIF:

- mineral exploration, development and operating risks;
- estimation of mineralization, resources and reserves;
- environmental, health and safety regulations of the resource industry;
- competitive conditions;
- operational risks;
- liquidity and financing risks;
- funding risk;
- exploration costs;
- uninsurable risks;
- environmental bonds;
- conflicts of interest;
- risks of operating in Ghana;
- government policy changes;
- ownership risks;
- permitting and licencing risks;
- artisanal miners;
- difficulty in enforcement of judgments;
- market conditions;
- stress in the global economy;
- current global financial condition;
- reliance on key personnel;
- dilution risk;
- exchange rate and currency risks;
- commodity prices;
- other factors discussed under “*Risk Factors*”; and
- other risks and uncertainties described elsewhere in this AIF.

Although the forward-looking statements contained in this AIF are based upon assumptions which the Corporation believes to be reasonable, there can be no assurance that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements contained in this AIF, the Corporation has made assumptions regarding: future commodity prices and royalty regimes; availability of skilled labour; timing and amount of capital expenditures; future currency exchange and interest rates; the impact of increasing competition; general conditions in economic and financial markets; availability of drilling and related equipment; effects of regulation by governmental agencies; royalty rates; future tax rates; future

operating costs; availability of future sources of funding; ability to obtain financing and assumptions underlying estimates related to adjusted funds from operations. The Corporation has included the above summary of assumptions and risks related to forward-looking information provided in this AIF in order to provide readers with a more complete perspective on the Corporation's future operations and such information may not be appropriate for other purposes. The Corporation's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Corporation will derive therefrom. These forward-looking statements are made as of the date of this AIF and the Corporation disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

### Technical Information

Where appropriate, certain information contained in this AIF relating to the Namdini Gold Project is supported by the technical report titled "National Instrument 43-101 Mineral Resource Estimation Technical Report", dated effective March 5, 2018 (the "**Technical Report**"), prepared by prepared by or under the supervision of Nicolas Johnson, MAIG, an employee of MPR Geological Consultants Pty Ltd. Mr. Johnson is an independent "Qualified Person" as such term is defined in NI 43-101 and has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity that he is undertaking to qualify as a "Competent Person" as such term is defined in the JORC Code. Mr. Johnson consents to the inclusion in this AIF of such scientific and technical information in the form and context in which it appears.

The Technical Report is subject to certain assumptions, qualifications and procedures described therein. Reference should be made to the full text of the Technical Report, which has been filed with Canadian securities regulatory authorities pursuant to NI 43-101 and is available for review under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com). The Technical Report is not and shall not be deemed to be incorporated by reference in this AIF.

The scientific and technical information in this AIF that relates to Exploration Results at the Bolgatanga Project and Subranum Project is based on information prepared by Mr. Paul Abbott, a full-time employee of Cardinal Resources Limited, who is a Member of the Geological Society of South Africa. Mr. Abbott has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person, as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

The scientific and technical information in this AIF that relates to the Namdini Gold Project has been reviewed and approved by Mr. Richard Bray, a Registered Professional Geologist with the Australian Institute of Geoscientists and Mr. Ekow Taylor, a Chartered Professional Geologist with the Australasian Institute of Mining and Metallurgy. Mr. Bray and Mr. Taylor have more than five years' experience relevant to the styles of mineralisation and type of deposits under consideration and to the activity which is being undertaken to qualify as a Competent Person, as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and as a Qualified Person for the purposes of NI43-101. Mr. Bray and Mr. Taylor are full-time employees of Cardinal and hold equity securities in the Company.

### Mineral Resource Estimates

The Mineral Resources for the Corporation's properties have been estimated in accordance with the JORC Code and reconciled with the Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards for Mineral Resources and Mineral Reserves adopted by the CIM Council on May 10, 2014 (the "**CIM Definition**").

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**Standards”).**

### **JORC Code**

The following definitions are reproduced from the JORC Code:

**“Mineral Resource”** means a concentration or occurrence of solid material of economic interest in or on the Earth’s crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.

**“Inferred Mineral Resource”** means that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource (as defined herein) and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

**“Indicated Mineral Resource”** means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors (as defined herein) as described below in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource (as defined herein) and may only be converted to a Probable Ore Reserve (as defined herein).

**“Measured Mineral Resource”** means that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proved Ore Reserve (as defined herein) or to a Probable Ore Reserve.

**“Ore Reserve”** means the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Ore Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported.

**“Probable Ore Reserve”** means the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Ore Reserve is lower than that applying to a Proved Ore Reserve.

“**Proved Ore Reserve**” means the economically mineable part of a Measured Mineral Resource. A Proved Mineral Ore Reserve implies a high degree of confidence in the Modifying Factors.

For the purposes of the JORC Code and CIM Definition Standards, “**Modifying Factors**” are considerations used to convert Mineral Resources to Mineral Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

There can be no assurance that those portions of such Mineral Resources will ultimately be converted into Ore Reserves. Mineral Resources are not Ore Reserves and do not have demonstrated economic viability.

#### **Cautionary note to US Shareholders Concerning Estimates of Mineral Reserves and Mineral Resources**

This AIF uses the terms “**Probable Ore Reserve**”, “**Measured Mineral Resource**”, “**Indicated Mineral Resource**” and “**Inferred Mineral Resource**”. United States Shareholders are advised that while such terms are recognized and required by Canadian and Australian standards or regulations, the SEC does not recognize them. In particular, and without limiting the generality of this cautionary note, the term “**Mineral Resource**” does not equate to the term “**Ore Reserve**”. This AIF also uses the terms “**Probable Ore Reserves**” and “**Proved Ore Reserves**” as such terms are used under NI 43-101, CIM Standards and the JORC Code, which standards differ from the standards that apply under SEC Industry Guide 7. Under United States standards, mineralization may not be classified as an “**Ore Reserve**” unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. As such, certain information contained in this AIF concerning descriptions of mineralization and resources and reserves under NI 43-101, CIM Standards and the JORC Code are not comparable to disclosures made by United States reporting companies. “**Inferred Mineral Resources**” have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of a Probable Ore Reserve, Measured Mineral Resource, Indicated Mineral Resource or an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian and Australian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. United States Shareholders are cautioned not to assume that all or any part of Measured, Indicated or Inferred Mineral Resources will ever be converted into Ore Reserves. United States Shareholders are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists, or is economically or legally mineable.

#### **Glossary**

In this AIF, unless otherwise indicated or the context otherwise requires, the following terms shall have the meaning set forth below:

“**2006 Mining Act**” means the Minerals and Mining Act 2006 (Act 703) (Ghana);

“**AIF**” means this Annual Information Form;

“**affiliate**” has the meaning ascribed thereto in National Instrument 62-104 — *Take-Over Bids and Issuer Bids*;

“**ASX**” means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange operated by ASX Limited (as the context requires);

“**ASX Listing Rules**” means the official listing rules of the ASX, as amended from time to time;

“**Au**” means gold;

“**Audit and Risk Committee**” means the audit and risk committee of the Board;

“**BIA**” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3

“**Board**” means the board of directors of the Corporation;

“**Bolgatanga Project**” means, collectively, the Ndongo License Area, the Kungongo License Area and the Bongo License Area in the Upper East Region of Ghana;

“**Bongo License Area**” means the property located in the Upper East Region of the Town of Bolgatanga covered by reconnaissance licence number 2/2011 issued by the Government of Ghana through the Minister and of which an application for renewal has been granted and is pending the signature of the Minister. The Bongo licence covers an area of 453km<sup>2</sup>;

“**Cardinal**” or the “**Corporation**” means Cardinal Resources Limited, a corporation incorporated under the laws of Australia, and unless otherwise stated or the context otherwise requires, references to the Corporation mean the Corporation and its current and proposed subsidiaries on a consolidated basis;

“**Cardinal Subranum**” means Cardinal Resources Subranum Limited, a subsidiary of the Corporation;

“**CCAA**” means the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36;

“**Class A Performance Shares**” means the Class A performance shares of the Corporation, each of which is convertible into 100,000 Ordinary Shares;

“**Class C Performance Shares**” means the Class C performance shares of the Corporation, each of which is convertible into 100,000 Ordinary Shares;

“**cm**” means centimeter;

“**CMS**” means Cardinal Mining Services Limited, a subsidiary of the Corporation;

“**CMN**” means Cardinal Namdini Mining Limited, a subsidiary of the Corporation;

“**Corporations Act**” means the *Corporations Act, 2001* (Commonwealth of Australia), as amended, including the regulations promulgated thereunder;

“**DD**” means diamond drill;

“**Director**” means a director of the Corporation;

“**EPA**” means the Ghana Environmental Protection Agency;

“**Exploration Tenements**” means the tenements forming part of the Bolgatanga Project and the Subranum Project. For the avoidance of doubt, the Exploration Tenements do not include the tenements forming the Namdini Gold Project;

“**g**” means grams;

“**Ghanaian Projects**” means the Namdini Gold Project, the Bolgatanga Project and the Subranum Project;

“**Ghanaian Subsidiaries**” means, collectively, Cardinal Subranum, Cardinal Mining Services, Cardinal Resources Ghana Limited and Cardinal Namdini Mining Limited;

“**g/t**” means grams per tonne;

“**IFRS**” means International Financial Reporting Standards as adopted by the International Accounting Standards Board;

“**JORC**” means the Australasian Joint Ore Reserves Committee;

“**JORC Code**” means the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves;

“**kg**” means kilogram;

“**km**” means kilometre;

“**km<sup>2</sup>**” means square kilometre;

“**Kungongo Licence Area**” means the property located in the Upper East Region of the Town of Bolgatanga covered by reconnaissance licence number 1/2011 issued by the Government of Ghana through the Minister. The Kungongo license covers an area of 122km<sup>2</sup>;

“**kV**” means kilovolt;

“**Listed Option**” means a listed option (warrant) to purchase Ordinary Shares;

“**m**” means metre;

“**MASL**” means metres above sea level;

“**Minister**” means the Minister responsible for Lands and Natural Resources of Ghana;

“**Minerals Commission**” means the Minerals Commission of the Government of Ghana.

“**mm**” means millimetre;

“**MPR Geological**” means MPR Geological Consultants Pty Ltd.;

“**Namdini Gold Project**” means the Large-Scale Mining Licence covering the Namdini Mining Lease. The Large-Scale Mining Licence covers 19.54km<sup>2</sup> in the Datoko area of the Talensi District Assembly in Upper East Region of Ghana.

“**Ndongo Licence Area**” means the combined Ndongo Prospecting licence number 17/2010 and the Nangodi and Yameriga Prospecting licence number PL9/19 located in the Upper East Region of the town of Bolgatanga issued by the Government of Ghana through the Minister. The Ndongo license covers an area of 295km<sup>2</sup>

“**NI 43-101**” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, as amended from time to time;

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*, as amended from time to time;

“**Option Agreement**” means the option and loan agreement between Mr. Easah, Savannah and CMS, pursuant to which CMS holds an option to purchase all the outstanding shares of Savannah from Mr. Easah for US\$1.00;

“**Option Exercise Deed**” means the option exercise deed dated May 11, 2017 between CMS, Savannah and Cardinal Namdini Mining Limited;

“**Ordinary Shares**” means ordinary shares in the capital of the Corporation;

“**oz**” means Troy ounces (31.1035 g);

“**Performance Shares**” means, the Class C Performance Shares;

“**Properties**” means, collectively, the Bolgatanga Project, the Namdini Gold Project and the Subranum Project;

“**QAQC**” means quality control and quality assurance;

“**Remuneration and Nomination Committee**” means the remuneration and nomination committee of the Board;

“**RC**” means reverse circulation;

“**RPA**” means Roscoe Postle Associates Inc.;

“**Savannah**” means Savannah Mining Ghana Limited, of which Malik Easah is the sole shareholder;

“**Savannah Agreement**” means the binding heads of agreement dated July 23, 2014 between CMS and Savannah, pursuant to which CMS obtained a right of first refusal to provide all technical and financial support for the development of mining licences held by Savannah;

“**SEC**” means the United States Securities and Exchange Commission;

“**Shareholders**” means the holders of Ordinary Shares;

“**Subin Kasu Prospecting Licence**” means prospecting licence number PL6/309 issued by the Government of Ghana through the Minister;

“**Subranum Project**” means the Subranum project, consisting of the Subin Kasu Prospecting Licence, in southwest Ghana;

“**t**” means metric tonne;

“**Technical Report**” means the technical report titled “National Instrument 43-101 Mineral Resource Estimation Technical Report,”, dated effective April 5, 2018;

“**TSX**” means the Toronto Stock Exchange;

“**TSXV**” means the TSX Venture Exchange;

“**Unlisted Option**” means an unlisted option to purchase Ordinary Shares;

“**US**” means the United States of America; and



“VWAP” means volume-weighted average trading price on the ASX.

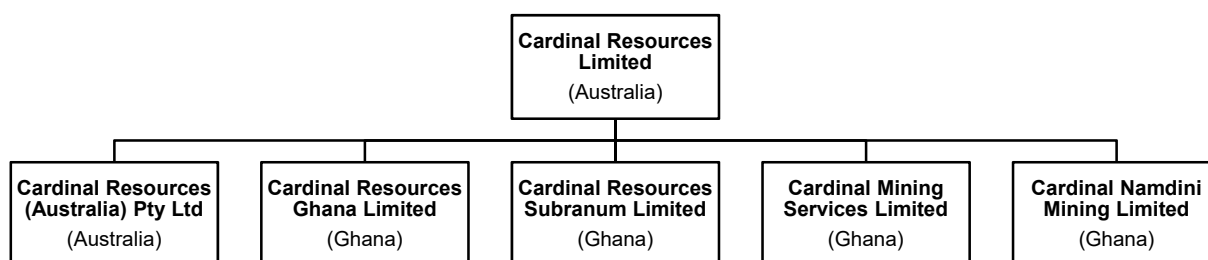
### CORPORATE STRUCTURE

Cardinal Resources Limited was incorporated as Heguy Resources Limited under the Corporations Act on November 11, 2010 and changed its name to Ridge Resources Limited (“Ridge”) on May 9, 2011 and then to Cardinal Resources Limited on December 27, 2012. The Corporation’s head and registered office is at Suite 1, 28 Ord Street, West Perth, Australia, 6005. The Corporation maintains offices outside of Australia.

On August 27, 2012, Ridge announced that it had entered into an Implementation Agreement with Cardinal Resources Limited, whereby Ridge would acquire 100% of the share capital of Cardinal. Ridge completed the acquisition of Cardinal on December 27, 2012 and subsequently changed its name to Cardinal Resources Limited.

The Corporation’s business under Ridge was operating as a Western Australian mineral exploration company. The Corporation’s business since December 27, 2012 has been to explore and develop its Ghanaian Projects, which consist of the Namdini Gold Project, the Bolgatanga Project and the Subranum Project.

The corporate structure is shown in the chart below. All of Cardinal’s subsidiaries are 100% owned.



The Corporation is a reporting issuer in the province of Ontario, Canada. The Corporation’s Ordinary Shares are listed and posted for trading on the Toronto Stock Exchange in Canada (the “TSX” or the “Exchange”) and on the Australian Securities Exchange (the “ASX”) in Australia, in each case under the symbol “CDV”.

### DESCRIPTION OF THE BUSINESS

#### The Corporation

The principal activity of the Corporation (and its subsidiaries) is gold exploration in Ghana. The Corporation holds interests in seven prospective tenements for gold mineralization in Ghana in two NE-SW trending Paleo-Proterozoic granite-greenstone belts: the Bolgatanga Project and the Namdini Gold Project, which are, respectively, located within the Nangodi and Bole-Bolgatanga Greenstone Belts in northeast Ghana, and the Subranum Project, which is located within the Sefwi Greenstone Belt in southwest Ghana. The main focus of activity is the Namdini Gold Project. The maps that follow show the location of the Namdini Gold Project and the Corporation’s other properties in Ghana.

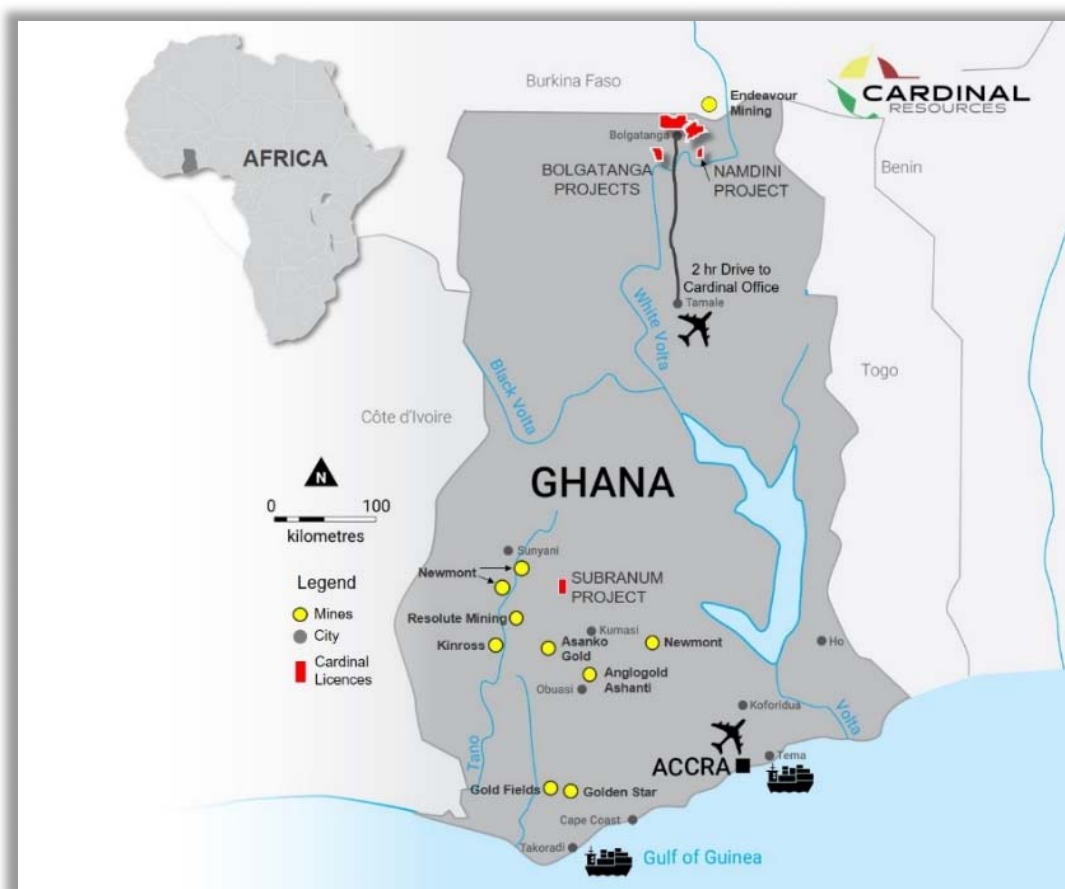


Figure 1 Cardinal Resource's Tenements in Ghana

### Employees

The Corporation employed 53 full-time employees as of June 30, 2018 and continued to employ 48 full-time employees as of the date of this AIF.

### Three Year History

The following summary sets out the notable events in the Corporation's history since the beginning of the financial year ended June 30, 2016:

On September 1, 2015, Cardinal announced that Mark Thomas and Simon Jackson had been appointed as non-executive Directors of the Corporation.

On September 21, 2015, the Corporation confirmed it had completed a capital raising thereby issuing 52,215,000 fully paid Ordinary Shares at \$0.10 per Ordinary Share, together with one free attaching Listed Option for every two Ordinary Shares subscribed for (the "**September 2015 Placement**"). The first tranche of such placement was completed on September 25, 2015, when 28,164,816 Ordinary Shares were issued to raise a total of \$2,816,481. On November 27, 2015, following the receipt of shareholder approval, the second

tranche of Ordinary Shares and all the Listed Options that were part of the September 2015 Placement were issued. The second tranche included the issue of 10,000,000 Ordinary Shares and 5,000,000 Listed Options to Macquarie Bank Limited. On November 27, 2015, the Directors of the Corporation (namely, Messrs. Alec Pismiris, Archie Koimtsidis, Malik Easah, Simon Jackson and Mark Thomas) purchased 8,117,116 Ordinary Shares and 4,058,558 Listed Options for proceeds to the Corporation of approximately \$812,000, on the same terms and conditions as the September 2015 Placement.

On November 19, 2015, the Corporation announced the appointment of Mr. Mark Connelly as the Non-Executive Chairman. Mr. Connelly replaced Mr. Alec Pismiris, who resigned from the Board.

On March 8, 2016, the Corporation confirmed it had completed a capital raising thereby issuing 47,333,310 fully paid Ordinary Shares at \$0.12 per Ordinary Share (the "**March 2016 Placement**"). 4,666,668 fully paid Ordinary Shares forming part of the March 2016 Placement were issued on May 9, 2016 after being approved at the Corporation's meeting of Shareholders held on April 27, 2016. On May 9, 2016, the Directors of the Corporation (namely, Messrs. Archie Koimtsidis, Malik Easah and Mark Thomas) purchased 1,750,002 fully paid Ordinary Shares for proceeds to the Corporation of approximately \$210,000, on the same terms and conditions as the March 2016 Placement.

On July 19, 2016, the Corporation announced that it had issued 55,518,670 fully paid Ordinary Shares at a price of \$0.29 per Ordinary Share as the first part of a placement (the "**July 2016 Placement**"). On August 26, 2016, the Corporation announced the completion of the second tranche of the July 2016 Placement and that, following shareholder approval at the general meeting of Shareholders, 19,481,330 fully paid Ordinary Shares had been issued at a price of \$0.29 per Ordinary Share.

On September 5, 2016, 50 Class B performance shares (the "**Class B Performance Shares**") were converted to 5,000,000 Ordinary Shares when the Corporation satisfied the vesting requirement of the Class B Performance Shares.

Between August 26, 2016 and October 28, 2016, 1,435,000 Listed Options were exercised.

On November 7, 2016, Cardinal reported an initial resource estimate for the Namdini Gold Project of 3.8 million ounces of inferred gold resources and 0.25 million ounces of indicated gold resources, calculated in accordance with the JORC Code.

On November 7, 2016, the Corporation announced that Mr. Kevin Tomlinson had been appointed to the Board and would serve as non-executive chairman, that Mr. Mark Connelly, who had previously served as non-executive chairman, would remain as a non-executive Director and that Mr. Mark Thomas, previously a non-executive Director, had retired as a Director.

On November 28, 2016, 476,247 Ordinary Shares were issued to Mr. Julian Barnes for services provided to the Corporation. The issue was approved at the Corporation's annual general meeting held on November 7, 2016.

On January 4, 2017, the Corporation announced that Mr. Bruce Lilford had been appointed Project Manager at the Namdini Gold Project, effective January 3, 2017.

On February 2, 2017, Cardinal reported an interim metallurgical update for the Namdini Gold Project identifying a number of conventional gold recovery techniques to enhance recoveries.

On February 6, 2017, the Corporation announced that Mr. Erik Palmbachs had been appointed as the Corporation's Chief Financial Officer, effective March 1, 2017. Mr. Palmbachs' appointment as Chief Financial

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Officer ended on May 24, 2017.

On February 7, 2017, Cardinal reporting drilling assay results at the Namdini Gold Project that demonstrated resource extensions to the east and south and at depth.

On February 28, 2017, the Corporation announced that BDO (WA) Pty Ltd had been appointed as auditor for the Corporation.

On March 21, 2017, Cardinal reported that conventional gold recovery techniques for the Namdini Gold Project are showing overall gold recoveries of 84% are achievable and that crush-float-fine grind processing allows for a low mass flotation concentrate with superior operating costs due to low volumes of high grade concentrate to be processed.

On April 12, 2017, following the receipt of Shareholder approval, 26,000,000 Unlisted Options were issued to Directors and certain officers of the Corporation. Such Unlisted Options vest in three tranches upon the achievement of certain specified performance criteria, have an exercise price of \$0.50 and expire on April 12, 2022.

On April 21, 2017, the Corporation announced the completion of a share placement (the "April 2017 Placement") of 45,598,266 Ordinary Shares at an issue price of \$0.50 per Ordinary Share for aggregate gross proceeds of \$22,799,133.

On May 24, 2017, Sarah Shipway was appointed interim Chief Financial Officer of the Corporation.

On May 25, 2017, 476,247 Ordinary Shares were issued to Mr. Julian Barnes for services provided to the Corporation. The issue was approved at the Corporation's annual general meeting held on November 7, 2016.

On July 10, 2017, the Corporation's Ordinary Shares commenced trading on the TSX.

On July 10, 2017, Robert Schafer was appointed non-executive Director of the Corporation and Derrick Weyrauch was appointed as Chief Financial Officer of the Corporation.

On July 12, 2017, the Corporation announced that it had been granted a Large-Scale Mining licence over an area of approximately 19.54 sq km covering the Corporation's Namdini Gold Project and that an initial Environmental Impact Statement was lodged with the EPA.

On July 26, 2017, the Corporation announced that interim results for Phase Two of its metallurgical test programme for the Namdini Gold Project had demonstrated an overall increased gold recovery rate of 86% utilizing standard gold recovery techniques.

On August 14, 2017, the Corporation announced two auger gold-in-soil anomalies (4.2 km long x 300 m wide and 800 m x 250 m) were discovered with +100ppb gold anomaly along the entire strike of both anomalies from exploration activities on its Kungongo Prospect.

On August 15, 2017, the Corporation announced that it had entered into a definitive agreement with Red Back Mining Ghana Limited, a wholly-owned subsidiary of Kinross Gold Corp., to acquire two large-scale prospecting licences which encompass the Namdini regional shear and which contains the historic producing "Nangodi" gold mine and that combined with the Corporation's existing Ndongo holdings, increases the land area to 287.67 km<sup>2</sup>.

On September 18, 2017, the Corporation announced an updated Mineral Resource estimate for its Namdini Gold Project, including an Indicated Mineral Resource of 120 M tonnes grading 1.1 g/t Au for 4.3 Moz Au and an Inferred Mineral Resource of 84 M tonnes grading 1.2 g/t Au for 3.1 Moz Au at 0.5 g/t Au cut-off. The effective date of the Mineral Resource Estimate is September 11, 2017.

On October 12, 2017, the Corporation announced the appointment of two new Non-Executive Directors, namely Jacques McMullen and Michele Muscillo. The Corporation also advised that Mark Connelly and Simon Jackson had resigned from the Board of Directors.

On October 20, 2017, the Corporation filed on SEDAR an updated technical report titled “Technical Report Mineral Resource Estimation for the Namdini Gold Project, Ghana”, in respect of the Company’s Namdini Gold Project in Ghana, West Africa.

On October 20, 2017, 1,000,000 fully paid ordinary shares were issued on exercise of Unlisted Options and 5,000,000 Unlisted Options expired, unexercised.

On October 23, 2017, the Corporation announced that it had entered into an agreement with Clarus Securities Inc., on behalf of a syndicate of underwriters (collectively, the “Underwriters”), pursuant to which the Underwriters have agreed to purchase, on a “brought deal” basis, 18,461,600 ordinary shares of the Company at a price of C\$0.65 per ordinary share for aggregate proceeds to the Company of C\$12,000,040. On November 22, 2017 the brought deal was closed.

On November 10, 2017, 1,000,000 Unlisted Options were exercised.

On November 22, 2017, 5,758,000 Unlisted Options exercisable at \$0.825 on or before 21 December 2022, 4,036,200 Unlisted Options exercisable at \$0.965 on or before 21 December 2022, 1,000,000 Unlisted Options exercisable at \$0.75 on or before 21 December 2022 and 379,390 fully paid ordinary shares were issued.

On December 21, 2017, the Company issued 379,390 shares for services, 190,000 at a deemed value of \$0.50 and 189,390 at a deemed value of \$0.58.

On January 3, 2018, 50 Class A Performance shares expired.

On February 5, 2018, the Corporation released the results of its Preliminary Economic Assessment/Scoping Study for the Namdini Project in Ghana, West Africa.

On March 1, 2018, 160,500 fully paid ordinary shares were issued on exercise of Listed Options.

On March 5, 2018, the Corporation advised that it had completed an update to the Mineral Resource estimate for its Namdini Gold Project in Ghana, West Africa. As a result of an additional 15,684m of HQ diamond drilling within 35 holes since the last Mineral Resource estimate in September 2017, the infill drill program has been successful in delivering a substantial conversion of the inferred category ounces into the Indicated Mineral Resource category which is now at 6.5Moz of Indicated Mineral Resource and 0.5Moz of Inferred Mineral Resources.

On March 12, 2018, 189,500 fully paid ordinary shares were issued on exercise of Listed Options.

On March 14, 2018, the Corporation announced that it had filed a National Instrument 43-101 Technical Report in respect to the Preliminary Economic Analysis announced on February 5, 2018.

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On March 28, 2018, 403,500 fully paid ordinary shares were issued on exercise of Listed Options.

On April 10, 2018, 100,000 fully paid ordinary shares were issued on exercise of Listed Options.

On April 18, 2018, the Corporation announced that it had filed a National Instrument 43-101 Technical Report in respect of the Mineral Resource Estimation announced on March 5, 2018.

On April 19, 2018, 500,000 fully paid ordinary shares were issued on exercise of Listed Options.

On May 2, 2018, 150,000 fully paid ordinary shares were issued on exercise of Listed Options. 300,000 fully paid ordinary shares were issued for services rendered to the Company.

On May 29, 2018, 49,507 fully paid ordinary shares were issued on exercise of Listed Options.

On June 12, 2018, 24 ordinary fully paid shares were issued on exercise of Listed Options. 340,000 fully paid ordinary shares were issued for services rendered to the Company.

On July 16, 2018, the Corporation announced that it had intersected further gold at a new discovery named Ndongo East on its 100% owned Ndongo Licence, located approximately 15km north of the Company's flagship Namdini Gold Project which has a 6.5Moz indicated Mineral Resource.

On July 31, 2018, the Corporation announced that it had received investment committee approval from and executed a term sheet with Sprott Private Resource Lending (Collector), L.P. to be provided with a US\$25 million senior secured credit facility. The Corporation announced on August 22, 2018 that the facility had been finalised.

On July 31, 2018, 385,000 fully paid ordinary shares were issued on exercise of Listed Options.

On August 28, 2018, 4,250,000 fully paid ordinary shares were issued to Sprott Private Resource Lending (Collector), L.P. as part of the senior secured credit facility.

On September 18, 2018, the Corporation announced the results of its pre-feasibility study (PFS) on the Namdini Project, highlighted by a 4.76 Moz maiden probable ore reserve at a 1.14 g/t cut-off.

On September 19, 2018, 125,000 fully paid ordinary shares were issued on exercise of Listed Options.

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## The Ghanaian Mining Industry

### Mining in Ghana

#### *Ghana*

Ghana is situated on the west coast of Africa, approximately 600 km north of the Equator on the Gulf of Guinea. Accra, the capital city of Ghana, is located almost exactly on the Prime Meridian. The former British colony changed its name from the Gold Coast to Ghana on achieving independence on March 6, 1957. Ghana is now a republic with a population of approximately 25 million people and a democratically elected government. English remains the official and commercial language.

The total land area of the country is approximately 238,000 km<sup>2</sup> and the topography is relatively flat. Ghana has a tropical climate with two rainy seasons and two dry seasons in the southern sector each year. The climate condition in the Upper East Region of Ghana, where the Namdini Gold Project and the Bolgatanga Project are located, is tropical with a rainy season from May to October and a long dry season with virtually no rainfall from October to April. Temperatures range between a maximum of 40°C in March/April and a minimum of 12°C in December. The natural vegetation in the Western Region, where the Subranum Project is located, is moist tropical forest with a majority of the land converted to agricultural pursuits. The physiography of the Namdini Gold Project area is primarily savannah grassland characterized by short scattered drought-resistant trees, scattered scrub, and grass that gets burnt by bushfire or scorched by the sun during the long dry season. The climate is very dry. The most common trees are the Sheanut, Dawadawa, and Baobab.

The Ghanaian legal system is generally modelled after and based on British common law. The laws of Ghana include the Constitution, national laws passed by Parliament (or under authority granted by Parliament) and the common law of Ghana. The common law of Ghana includes customary rules which apply to particular communities in Ghana.

The Corporation has found Ghana to be stable (politically and economically) over the time in which it has engaged in operations in Ghana.

#### *Mining Rights*

The Constitution of Ghana vests title in every mineral in its natural state to the President of Ghana on behalf of, and in trust for, the people of Ghana. The exercise of any mineral right in the form of reconnaissance, exploration or exploitation of any mineral in Ghana requires an appropriate mineral right to be issued by the Government of Ghana acting through the Minister responsible for Lands and Natural Resources (the “**Minister**”). The Minister administers, promotes and regulates Ghana’s mineral wealth through the Minerals Commission, a governmental organization established in accordance with the Minerals Commission Act 1993 (Act 450) and the Minerals and Mining Act 2006 (Act 703) (the “**2006 Mining Act**”).

Pursuant to the 2006 Mining Act, a number of regulations were passed in 2012 to clarify and implement provisions of the 2006 Mining Act. These regulations relate to matters such as licensing, local content, technical issues, mineral right holding costs, mine support services and resettlement and payment of compensation to persons impacted by mining operations.

The 2006 Mining Act provides for a number of categories of licences.

A reconnaissance licence confers on the holder the right to search for a specific mineral or commodity within the licence area by geochemical and photo-geological surveys or other remote sensing techniques. Except as

otherwise provided in the licence, it does not permit drilling, excavation or other sub-surface techniques. A reconnaissance licence is normally granted for up to one year and may be renewed by the Minister from time to time for periods up to one year at a time upon application by the holder. The size of the area over which a reconnaissance licence may be granted is limited to 5,000 contiguous blocks or 1,050 km<sup>2</sup>.

A corporate body duly registered in Ghana can apply to the Minerals Commission for a renewable exploration (prospecting) licence granting exclusive rights to explore for a particular mineral in a selected area for an initial period not exceeding three years. A prospecting licence may be renewed for a maximum of two further terms of up to three years each, subject to surrender of a portion of the area.

When exploration has successfully delineated a mineral reserve, an application may be made to the Minerals Commission for conversion to a mining lease, granting a company the right to produce a specific product from the concession area, normally for a period of 30 years or a lesser period that may be agreed upon with the applicant.

Once a mineral right is issued to an entity by the Government of Ghana, Ghanaian mining laws prevent that mineral right from being transferred, assigned or mortgaged by the licensee or mineral right holder without the prior written approval of the Minister. The Ghana Minerals Commission is also required to maintain a public register of all applications, grants, variations, transfers, suspensions and cancellations of such licences or mineral rights. Official searches may be conducted in the public register to obtain information regarding any mineral right granted by the Government of Ghana.

The 2006 Mining Act requires that any person who intends to acquire a controlling share of the equity of any mining company that has been granted a mineral right must first give notice of its intent to the Minister and also obtain the no objection of the Minister prior to acquiring a controlling share.

Under the 2006 Mining Act, the Government of Ghana is entitled to a 10% free carried interest in all companies that hold mining leases. The 10% free carried interest entitles the Government of Ghana to a pro-rata share of future dividends. The Government of Ghana has no obligation to contribute development capital or to operating expenses.

The Government of Ghana also has the right to acquire an additional interest in such companies for a price fixed by agreement.

Under the 2006 Mining Act, the Government of Ghana is empowered to acquire a special or “golden” share in any mining company. The special share would constitute a separate class of shares with such rights as the Government of Ghana and the mining company might agree. Though deemed a preference share, it could be redeemed without any consideration or for a consideration determined by the mining company and payable to the holder on behalf of the Government of Ghana.

In the absence of any such agreement, the special share would have the following rights:

- it would carry no voting rights but the holder would be entitled to receive notice of, and to attend and speak at, any general meeting of the members or any separate meeting of the holders of any class of shares;
- it could only be issued to, held by, or transferred to the Government of Ghana or a person acting on behalf of the Government of Ghana;
- the written consent of the holder would be required for all amendments to the organizational documents



of the Corporation, the voluntary winding-up or liquidation of the Corporation, or the disposal of any mining lease, or the whole or any material part of the assets of the Corporation;

- it would not confer a right to participate in the dividends, profits or assets of the Corporation or a return of assets in a winding-up or liquidation of the Corporation; and
- the holder of a special share may require the Corporation to redeem the special share at any time for no consideration or for a consideration determined by the Corporation.

To the Corporation's knowledge, for as long as it has been operating in Ghana, no mining company has been requested to issue a special share.

The Government of Ghana has a pre-emptive right to purchase all gold and other minerals produced by mines in Ghana. The purchase price would be agreed by the Government of Ghana and the mining company, or the price established by any gold hedging arrangement between the Corporation and any third party approved by the Government of Ghana, or the publicly quoted market price prevailing for the minerals or products as delivered at the mine or plant where the right of pre-emption was exercised. The Corporation understands that the Government of Ghana has indicated it does not intend to take pre-emptive action pursuant to its right to purchase gold or other minerals so long as mining companies sell gold in accordance with certain procedures approved by the Bank of Ghana.

#### ***Ghanaian Royalties and Taxes***

Ghanaian law sets mineral royalties at a flat rate of 5% of mineral revenues. The corporate income tax rate is 35% of taxable income for mining companies. Capital expenditures (tax depreciation) are deductible at a flat rate of 20% per year over a five-year period.

The tax regulations disallow expenditures from one mining area as a deduction from revenues in a separate mining area belonging to the same company in determining the Corporation's taxable income for tax purposes.

Under the 2006 Mining Act, the Government of Ghana may enter into a stability agreement with the holder of a mining lease, to ensure that the holder of the mining lease will not, for a period not exceeding 15 years from the date of the agreement,

1. be adversely affected by a new enactment, order, instrument or other action made under a new enactment or changes to an enactment, order, instrument that existed at the time of the stability agreement, or other action taken under these that have the effect or purport to have the effect of imposing obligations upon the holder or applicant of the mining lease, and
2. be adversely affected by subsequent changes to:
  - (a) the level of and payment of customs or other duties relating to the entry of materials, goods, equipment and any other inputs necessary to the mining operations or project,
  - (b) the level of and payment of royalties, taxes, fees and other fiscal imports, and
  - (c) laws relating to exchange control, transfer of capital and dividend remittance.

A stability agreement entered into is subject to ratification by the Parliament of Ghana.

In 2011, the Government of Ghana established a tax stability renegotiation team to review the existing tax stability agreements of some major mining companies operating in Ghana.

### ***Environmental and Other Laws and Regulations***

All phases of mineral exploration, project development, and operations are subject to environmental laws and regulations. These laws and regulations may define, among other things, air and water quality standards, waste management requirements, and closure and rehabilitation obligations. In general, environmental legislation is evolving to require stricter operating standards, more detailed socio-economic and environmental impact assessments for proposed projects, and a heightened degree of accountability of companies and their officers, directors, and employees for corporate social responsibility, and health and safety. Changes in environmental regulations, and the way they are interpreted by the regulatory authorities, could affect the way the Corporation operates, resulting in higher environmental and social operating costs that may affect the viability of operations.

Environmental matters in Ghana, including those related to mining, fall primarily under the oversight of the Environmental Protection Agency (“EPA”), as well as the Minerals Commission and the Inspectorate Division of the Minerals Commission. The EPA has laws and regulations that govern, among other things, environmental and socio-economic impact assessments and statements, environmental management plans, emissions into the environment, environmental auditing and review, and mine closure and reclamation, to which the Corporation’s operations are subject. Additional provisions governing mine environmental management are provided in the 2006 Mining Act and the various Minerals and Mining Regulations which came into force in 2012.

The Corporation notes a continuing trend toward substantially increased environmental requirements and evolving corporate social responsibility expectations in Ghana, including the requirement for more permits, analysis, data gathering, community hearings, and negotiations than have been required in the past for both routine operational needs and for new development projects. There has been a trend to longer lead times in obtaining environmental permits.

The Corporation’s mineral exploration activities and anticipated development, mining and processing operations will also be subject to various laws governing prospecting, development, production, taxes, labor standards, occupational health and safety, land rights of local people and other matters. New rules and regulations may be enacted or existing rules and regulations may be modified and applied in a manner that could have an adverse effect on the Corporation’s financial position and results of operations.

The Corporation established objectives to achieve regulatory requirements in its exploration, development, operation, closure, and post-closure activities so that its employees, the local environment, and its stakeholder communities are protected and that the next land use contributes to the sustainability of the local economy. In order to meet its objectives, the Corporation:

- educates its managers so that they are committed to creating a culture that makes social and environmental matters an integral part of short-term and long-term operations and performance management systems;
- works with its employees so they understand and accept environmental and social policies and procedures as a fundamental part of the business;
- established, and continues to improve, operating standards and procedures that aim to meet or exceed requirements in relevant laws and regulations, the commitments made in its environmental impact

statements, environmental and socio-economic management plans, rehabilitation and closure plans, and any international protocols to which the Corporation is a signatory;

- incorporated environmental and human rights performance requirements into relevant contracts;
- provides training to employees and contractors in environmental matters;
- regularly prepares, reviews, updates, and implements site-specific environmental management and rehabilitation and closure plans;
- works to progressively rehabilitate disturbed areas in conformance with site-specific environmental plans;
- consults with local communities and regulators to communicate its environmental management policies and procedures;
- regularly reviews its environmental performance;
- intends to complete resettlement projects in accordance with the International Finance Corporation Performance Standard 5 on land acquisition and involuntary resettlement when required; and
- publicly reports social, health, safety and environmental performance.

## **MINERAL PROPERTIES**

### **Namdini Gold Project**

Where appropriate, certain information contained in this AIF updates information derived from the Technical Report the Corporation filed on April 18, 2018 in respect of the Mineral Resource Estimation announced on March 5, 2018. Any updates to the scientific and technical information derived from the Technical Report was prepared by or under the supervision of Nicolas Johnson, MAIG, an employee of MPR Geological. Mr. Johnson is a “qualified person” for the purposes of NI 43-101.

On September 18, 2018, the Corporation announced the results of its pre-feasibility study (PFS) on the Namdini Project, highlighted by a 4.76 Moz maiden probable ore reserve at a 1.14 g/t cut-off. A press release announcing the results of the PFS is available on SEDAR at [www.sedar.com](http://www.sedar.com). A technical report containing the PFS and prepared in accordance with NI 43-101 will be available on SEDAR at [www.sedar.com](http://www.sedar.com) within 45 days.

### **Property Description, Location and Access**

The Namdini Gold Project is located in the northeastern region of Ghana approximately 50 km southeast of the regional centre of Bolgatanga, and close to the southern border of Burkina Faso. The Namdini Gold Project area is located approximately six kilometres southeast of the operating Shaanxi Mining Company Limited’s underground gold mine. The Universal Transverse Mercator (UTM) co-ordinates for the approximate centre of the Namdini Gold Project are 756400.0 m N, 1177050.0 m E in WGS84/NUTM30 projection or 10°38’ 21” N Latitude and -0°39’ 23” W Longitude. The nearest airport is located in Tamale, approximately a 2.5 hour drive south of Bolgatanga via 160 km of paved road on National Highway N10. Tamale, located approximately 450 km north of the capital city of Accra, Ghana, is serviced by daily one hour scheduled commercial flights. Total access time from the Accra to the Namdini Gold Project is approximately four hours using a combination of air and road travel, and approximately 14 hours solely by road travel. Accra has direct flights to the United Kingdom, Europe, South Africa, and the Middle East via regularly scheduled international commercial carriers.

The Namdini Gold Project area is readily accessible from Bolgatanga along paved highway followed by 15 km of well-travelled gravel roads. Access during the rainy season is slower due to waterlogged roads; however, the main access roads are passable year-round.

The Namdini Gold Project, along with Cardinal's larger Bolgatanga Project, encompasses approximately 660 km<sup>2</sup> of Paleo-Proterozoic greenstone belts in North Eastern Ghana. The Bolgatanga Project includes the Kungongo and Bongo Reconnaissance Licences and the Ndonggo Prospecting Licence. None of the Bolgatanga Project tenements are contiguous with the Namdini Gold Project.

### Property Ownership

Cardinal holds its interest in the Namdini Gold Project through a Large-Scale Mining Licence covering the Namdini Mining Lease, which was issued in the December 2017 quarter. The Namdini Mining Lease was assigned to CNM, a wholly owned subsidiary of Cardinal, by the Minister of Lands and Natural Resources under the Ghanaian Minerals and Mining Act 2006 (act 703). The Large-Scale Mining Licence, which covers 19.54km<sup>2</sup> in the Dakoto area of the Talensi District Assembly in Upper East Region of Ghana evidenced by a Mining Lease is for an initial period of 15 years and is renewable.

Prior to the Mining Licence being issued, Cardinal held its interest through an agreement dated July 23, 2014 (as amended, the "**Savannah Agreement**") between Savannah Mining Ghana Limited ("**Savannah**") and Cardinal Mining Services Limited ("**CMS**"), a wholly-owned subsidiary of Cardinal, and agreements with the holders of small scale mining licences within the area comprising the Namdini Gold Project.

Pursuant to the Savannah Agreement, Savannah has entered into Sale and Purchase Agreements and licence relinquishment agreements with holders of small scale mining licences within the area of the Namdini Lease (as defined below) where the holders of these small-scale mining licences will have surrendered their small-scale licenses and all mineral rights to form part of the proposed Namdini Lease area.

Malik Easah, an executive director of Cardinal, is also the sole shareholder and director of Savannah. Savannah's sole business is the Savannah Agreement.

Pursuant to the Option Agreement, Savannah has agreed to hold any mining licences applied for, or granted in favour, of Savannah as trustee for CMS pending CMS's exercise of its option to purchase such mining licences. The Option Agreement has an indefinite term, and may be terminated by a non-breaching party in the event that a party is in breach of the agreement and such breach remains uncured for 90 days. CMS is entitled to assign its rights and obligations under the Option Agreement in its absolute discretion and the other parties to the Option Agreement are not permitted to assign their rights or obligations thereunder without the written consent of CMS.

The Minister signed a mining lease for Savannah (the "Namdini Lease") on October 12, 2016 over an area of approximately 19.54 km<sup>2</sup> in the Dakoto area of the Talensi District Assembly in the Upper East Region of Ghana. The Namdini Lease is for an initial period of fifteen years ending October 11, 2031. An application can also be submitted for an extension of the Namdini Lease if required. The final registration of the Namdini Lease to Savannah by the Ghana Government was completed during July 2017.

On May 11, 2017 Savannah, CMS, CMN and Mr. Easah signed an agreement (the "Option Exercise Deed") giving effect to and providing for the assignment of the Namdini Lease to CMN. Pursuant to the Option Exercise Deed, the parties agreed that, upon receipt of a written direction in agreed form from CMS, Savannah would take all action and execute all instruments required to effect the assignment of all of Savannah's rights and obligations under the Namdini Lease to CMN. Under the Option Exercise Deed, CMN was also appointed as Savannah's

attorney to do anything that it is obliged but has failed to do under the Option Exercise Deed or the Namdini Lease. The Option Exercise deed is for an indefinite term.

Cardinal and Savannah have both signed the necessary documentation to assign the Namdini Mining Licence to Cardinal Namdini Mining Limited (Cardinal Namdini), a wholly owned subsidiary of Cardinal, for \$1.00 as per the Savannah Agreement.

There are no known significant factors or risks that may affect access, title or the right or ability to perform the proposed work program on the property, including any environmental liabilities. The Corporation has all required permits to conduct the proposed work program on the property.

### **Climate**

The mean annual temperature in Bolgatanga is 28.3°C. The climate is characterized by one rainy season between May and October where the rainfall is erratic spatially and in duration. The mean annual rainfall during this period is between 800 mm and 1,100 mm. Temperatures during this period can be as low as 20°C at night, but can reach more than 35°C during the daytime.

There is a long spell of dry season from December to late January, characterized by cool, dry and dusty Harmattan winds. Temperatures during this period can be as low as 15°C at night and as high as 40°C during the daytime. Humidity is, however, very low.

Climatic conditions have not affected Cardinal's exploration activities, nor would they be expected to materially affect any potential mining operations.

### **Local Resources**

Ghana has long mining history and has experienced technical personnel including geologists and engineers. Exploration and mining supplies are readily available within Ghana.

There is a significant labour pool available for training and recruitment for any envisioned mining operation. The Namdini Gold Project enjoys the support of local communities.

### **Existing Infrastructure**

No Cardinal infrastructure is present at the Namdini Gold Project site other than two Security Huts. Fuel supply for the drills is provided by diesel tankers. Fresh water is taken from a borehole located on the Namdini Gold Project site. Cardinal maintains trails on the Namdini Gold Project site in order to facilitate exploration and drilling activities.

Numerous historical trenches and adits, as well as organized artisanal gold mining sites, are located throughout the property and only approximately 5% of the permit area has been affected by these activities. Artisanal miners extract gold from the saprolite horizon, but also sink shafts as deep as 20 m to recover gold from quartz veins.

Infrastructure at the Bolgatanga Project exploration office area includes the following:

- A fenced and gated compound patrolled by security.
- A brick constructed administrative office building including kitchen and bedroom accommodations.

- Gated and fenced core processing area consisting of:
  - Outdoor roofed open core logging areas
  - Indoor core sawing area
  - Locked storage area for pulps and duplicates
- Gated and fenced core storage area consisting of:
  - Outdoor roofed core storage racks
  - Bulk density station
- Security office and camp support staff accommodation.

Power is distributed to Bolgatanga from the Ghanaian national transmission and distribution system based on 225 kV above ground transmission lines.

For any future development activities, it will be necessary to build all-weather access roads and a bridge, as well as infrastructure for sufficient power and water supplies. Cardinal's surface rights allow sufficient areas for potential processing plant sites, tailings storage areas, and waste disposal areas.

### **Physiography**

The topography is generally flat with gently undulating terrain. The topography rises to the south where the area is overlain by the sediments. Elevation varies from 175 MASL to 250 MASL. The average elevation of the flat Savannah area is approximately 190 MASL.

The physiography of the Namdini Gold Project area is primarily savannah grassland characterized by short scattered drought-resistant trees, scattered scrub, and grass that gets burnt by bushfire or scorched by the sun during the long dry season. The climate is very dry. The most common trees are the Sheanut, Dawadawa, and Baobab.

The White Volta River is located approximately 7km west of the Namdini Gold Project area.

### **History**

The discovery of gold in this region occurred in late 1930s when a British businessman was shown some gold-bearing quartz veins at Nangodi by a local farmer. During the early 1960s, the Ghana Geological Survey Department carried out limited shallow drilling around prospects, which had been identified by earlier work in the 1930s. Again in the 1970s, some soil geochemistry and trenching were carried out over a 7 km stretch in the Nangodi area where most of the known prospects occur.

Driven by activity elsewhere in Ghana and Burkina Faso during the mid-1990s, numerous Canadian and Australian junior explorers started to explore the north of Ghana. In particular, the discovery of Youga deposit in Burkina Faso by International Gold Resources ("IGR") is significant. During the same period in the mid-1990s, small-scale miners inundated the area as the traditional small-scale mining sites in southern Ghana were closed (Tarkwa, Obuasi, Konongo, etc.).

BHP was the first to conduct a major reconnaissance exploration program in the mid-1990s, covering most of

the Nangodi area. Other groups that acquired prospecting concessions in the mid-1990s include IGR, Cluff Resources, Teberebie Goldfields, Ashanti Goldfields, and Africwest Gold. Renewed interest in the area, after the market downturn in 1997, began around 2004, with an increase in the gold price, and as a result of the development of mines on the Burkina Faso side of the border.

The Namdini Gold Project was first discovered in September 2013 by prospecting. A small scale mining licence was approved in 2014 and reverse circulation (“RC”) drilling began shortly thereafter. Prior to Cardinal, no systematic exploration had been undertaken on the Namdini Gold Project. Small scale artisanal mining began on the property circa 2013 following Cardinal’s initial exploration activities.

### **Geological Setting and Mineralization**

The regional geological setting discussion presented below has been summarized from Pittuck and Arthur (2015).

The Namdini Gold Project occurs in Paleo-Proterozoic granite–greenstone terrain in the northeastern district of Ghana, close to the border with Burkina Faso. The region contains several producing mines both on the Ghana side of the border (Shaanxi Gold Mine) and in Burkina Faso (Youga Gold Mine). Evidence of artisanal workings occurs throughout the area.

The Namdini Gold Project area is located in the Nangodi Greenstone Belt (NGB). The NGB is the extension of the belt that crosses the border into Southern Burkina Faso. In Ghana, there are seven Paleo-Proterozoic granite–greenstone belts, which form part of the northeastern extension of the Paleo-Proterozoic Birimian basins that were created during the collision of the West African and Guyana Archean Shields. The main lithologies in the belts are volcanic–sediment sequences of Birimian age (interbedded basic to intermediate flows, felsic tuffs and fine-grained sediments) overlying the earlier intervening sedimentary basins (greywackes and phyllites) of the Tarkwaian formation. These basins are separated by major faults that probably controlled early syn-Birimian sedimentary basin downfaulting.

Locally the NGB trends north-northeast to south-southwest over a distance of 30 km and turns to an east-northeast to south-southwest trend in the south of the area around Namdini. The belt is comprised of Birimian age interbedded meta-volcanics (mainly basalt flows) and meta-sediments (phyllites) and occasional cherty horizons. Some small basic to intermediate intrusions occur within the belt and have associated gold mineralization. Meta-sediments of Tarkwaian age occur adjacent to the belt and host the gold mineralization of the nearby Youga mine. Much of the area to the south of the tenements is covered by later Voltaian Basin sediments. The belts continue underneath this cover.

The Namdini Gold Project covers the southern extension of the Nangodi Greenstone Belt. In 2016, geological consultants from Orefind Pty Ltd. (“Orefind”) conducted an on-site structural study and then developed a structural framework with controls on, and geometry of, the gold mineralization comprising the Namdini deposit.

Orefind concluded that the rock types comprising the Namdini Gold Project include a steeply dipping Birimian sequence of inter-bedded foliated meta-sedimentary and meta-volcanic units, which have been intruded by a medium-grained granitoid and diorite. The southern part of the Namdini Gold Project is covered by flat lying Voltaian Basin clastic sedimentary rocks that have been deposited unconformably on the Birimian sequence and postdate mineralization and the host sequence.

Underneath the weathering profile, from west to east across the Namdini Gold Project area, the Birimian units include meta-sedimentary, meta-volcaniclastic, granitoid (tonalite), diorite, and meta-sedimentary.

The meta-sedimentary and volcanoclastic rocks have been intensely altered with a pyrite-carbonate-muscovite-chlorite-quartz. Alteration is prevalent in the volcanoclastic rocks. Similarly, the tonalite is extensively altered and has been overprinted by silica-sericite-carbonate assemblages. The identity of carbonate alteration is difficult and is best described as iron-carbonate in the absence of petrological or geochemical characterization.

Namdini mineralization is located in the Namdini Greenstone Belt within a host sequence of meta-volcaniclastics, granitoids (tonalite) and diorites. The deposit is bounded on hanging wall and footwall sides by metasediments.

Drilling has outlined mineralization with three-dimensional continuity, with a size of approximately 1,200 m long, 350 m wide and 650 m in depth.

In all rock types, the mineralization is accompanied by visible disseminated sulphides of pyrite and arsenopyrite in both the veins and wall rocks. In diamond drill core, the mineralized zones are visually distinctive due to the presence of millimetre to centimetre wide quartz-carbonate veins that are commonly folded and possess yellow-brown sericite-carbonate selvages.

Visible gold occurs in strongly altered granite and is associated with sub-millimetre wide silica-sericite shears.

### **Deposit Types**

The Namdini gold deposit appears to be a typical Birimian gold deposit, hosted in a mixture of meta-sediments, volcanoclastics and intrusives. Birimian rocks are composed of granitic-gneiss terranes separated by linear greenstone belts of meta-sedimentary and meta-volcanic rocks.

### **Exploration**

All exploration work on the Namdini Gold Project has been completed by Cardinal. A field office, including core logging and storage facilities, is located in Bolgatanga.

The primary objectives of Cardinal's exploration strategy are to:

1. Improve on the existing knowledge of the deposit and increase the future potential of the Namdini Gold Project.
2. Extensional drill-outs both along strike and down-dip to increase the Mineral Resource base.
3. Upgrade Mineral Resource to enable optimized mine design, schedules and profitable gold production.
4. Continue with ongoing metallurgical optimization test work.
5. Progress with Preliminary Feasibility Study, ("PFS") due for release in Q3 2018.

The Namdini Gold Project was first discovered in September 2013 by prospecting. A small-scale Mining Licence was approved in 2014 and RC drilling began shortly thereafter. After reviewing initial results, Cardinal drilled additional RC holes in the same licence area. After approximately 88 RC holes, Cardinal had sufficient confidence in the potential size of the Namdini Gold Project that it stepped out 600 m north along strike and drilled a surface diamond drill hole (NMDD002) that intersected 87 m at 1.08 g/t Au and numerous other significant intersections.



## Drilling

All exploration at the Namdini Gold Project has been completed by Cardinal. Following the discovery drilling in 2013, an initial program of detailed RC drilling was undertaken in one small area, followed by a program of sectional diamond drilling. A number of holes have RC collars and diamond drill tails. The below table presents a summary of the drilling completed to September 2018.

**Drilling Summary to September 2018**

Year	RC		DD		RC Collar / DD Tail		Total	
	No.	Metres	No.	Metres	No.	Metres	No.	Metres
2014	45	4,815.00	-	-	-	-	45	4,815.00
2015	42	4,619.30	5	1,656.55	5	1,184.68	52	7,460.53
2016	19	2,540.00	56	14,163.32	14	3,295.42	89	19,998.74
2017	36	7,841.00	47	24,737.32	3	827.83	86	33,406.15
2018	75	8,348.20	22	7,326.79	-	-	97	15,673.99
<b>Total</b>	<b>217</b>	<b>28,163.50</b>	<b>130</b>	<b>47,883.98</b>	<b>22</b>	<b>5,307.93</b>	<b>466</b>	<b>81,354.41</b>

## Sampling, Analysis and Security

Cardinal's grassroots exploration procedures are generally focused on staged exploration in order to achieve quick and effective means of sampling vast areas of land for the purpose of generating targets for further detailed work. Sampling is conducted according to Cardinal existing protocols and Quality Control procedures as per industry best practice.

All samples collected for assaying are retained in a locked secure shed until they are collected by the assay laboratory. Retained drill core is securely stored in the core storage compound and pulps are securely stored in the exploration core logging area.

Sample delivery is managed by Cardinal. At the time of sample collection, a sign-off process between Cardinal and the laboratory delivery truck driver ensures that samples and paperwork correspond. The samples are then transported to the laboratory where they are receipted against the dispatch documents. The assay laboratories are responsible for the samples from the time of collection from Namdini Project site until final results are returned and checked by Cardinal.

Sample pulps and coarse rejects are retained by the laboratories and are shipped back to Namdini after final results are returned where they are stored under security.

As part of Cardinal's QAQC protocol, a suite of internationally accredited and certified reference material and locally sourced blanks are included in the sample submission sequence on a regular basis. The certified reference materials and blanks are inserted in the ratio of 1:20. Duplicates are taken at the riffle splitter every 20th sample. No duplicate samples are taken from core samples.

Pulps from the original samples are submitted to a secondary laboratory for checks on accuracy and precision of the primary laboratory (Check Assays). Coarse rejects are submitted back to the primary laboratory to assess the adequacy of the sub-sampling process (Check Samples).

Samples have been prepared and analyzed at SGS and Intertek Minerals Ltd (Intertek) laboratories in Tarkwa, Ghana. Both SGS and Intertek are officially recognized by the South African National Accreditation System (SANAS) under a Quality System, which accords to ISO/IEC 17025 standards.

Samples have principally been analyzed for Au by Fire Assay using 50 g of the sample (FAA303 or FAA505) with an atomic absorption finish. The sub-sample is mixed with a fluxing agent and then melt it to create a "button". Each button is dissolved in aqua and then aspirated in an acetylene flame. This process typically returns results between 0.01 ppm Au and 100 ppm Au. Samples values below 0.01 ppm Au are returned as being below detection limit. Sample values obtained above 100 ppm Au are re-analyzed with a gravimetric finish, which can determine values up to 3,000 ppm Au

The laboratories conduct their own internal quality checks including the use of certified reference materials and/or in-house controls, blanks and replicates. These quality results are reported along with sample results in the final reports.

No employee, officer, director or associate of Cardinal carried out any sample preparation on samples from the Namdini Gold Project exploration program. Drill core was transported from the drill site by Cardinal vehicle to the secure core yard facility at the Bolgatanga Field Exploration Office.

#### **Data Verification**

Cardinal employs SQL as the central data storage system using DataShed™ software front-end. The database is managed by an independent data management consultant, Maxwell Geoservices (Maxwell). User access to the database is regulated by specific user permissions. Existing protocols maximise data functionality and quality whilst minimising the likelihood of error introduction at primary data collection points and subsequent database upload, storage and retrieval points.

Data templates with lookup tables and fixed formatting are used for collecting primary data on field Toughbook laptops and data subsequently imported into a secure central database. The SQL server database is configured for optimal validation through constraints, library tables, triggers and stored procedures.

Data is captured onto the geologist laptop and synchronized into the drill hole database at the end of every shift. Field data is transferred by the project geologist to the database the same day as samples are submitted to the laboratory for analysis.

The independent Maxwell database administrator then validates the data in DataShed and, if any problems are encountered, the project geologist is immediately contacted and the necessary corrections made before the data is final imported into the SQL database. Data must be in the database before any assay results are received from the laboratory. Data exported out of the database is checked and signed off by Maxwell.

Assay results are reported electronically by the laboratory, in pdf and csv formats, sent via email to Cardinal and Maxwell which is then loaded into the database by Maxwell.

Cardinal technical staff carry out routine analysis of the quality control data on receipt of assay results from the laboratory in order to determine if the batch of samples has passed industry standard levels for control samples. If the batch 'fails', the batch of assays is rejected and a re-assay request for the batch of samples is made to the laboratory.

#### **Mineral Processing and Metallurgical Testing**

The Corporation's ongoing metallurgical testwork programme continues to demonstrate support for standard

gold recovery techniques. Phase 3 of the metallurgical programme being performed at Suntech Laboratories in South Africa, which demonstrated an overall recovery of 86%, was completed in Q3 2017.

The PFS testwork programme was relocated to ALS Laboratory in Perth in Q4 2017. This phase of metallurgical testwork is focusing on optimising a process flowsheet which is described as a conventional primary crush, SAG/Ball mill, re-crush, flotation, regrind and carbon-in-leach circuit.

The PFS metallurgical testing programmes are categorized in four main parts being

- I. Comminution Testwork,
- II. Starter Pit and Flotation Testwork,
- III. Life of Mine Testwork and
- IV. Variability Testwork. The latest geostatistical resource model was used to target the average grade of the combined sample for each target sample, based on a notional cut-off grade of 0.5 g/t Au. The intervals were selected to ensure that the following criteria were met:
  - a. representative spatial distribution within the overall Namdini gold deposit;
  - b. a range of gold grades, predicted to be encountered during normal mining operations;
  - c. average gold grades matching the overall Namdini geostatistical Mineral Resource above a 0.5 g/t Au cut-off; and
  - d. for the variability testwork, a range of gold and sulfur grades.

The PFS metallurgical testwork is ongoing.

### Mineral Resources

Geological interpretation and Mineral Resource estimation were completed by MPR incorporating drill holes completed as of March 5 2018. The Mineral Resource has been prepared in accordance with both the Canadian Institute of Mining, Metallurgy and Petroleum CIM Definition Standards for Mineral Resources and Mineral Reserves (2014) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code 2012). MPR estimated recoverable resources using Multiple Indicator Kriging with post processing block support adjustment, a method that has been demonstrated to provide reliable estimates of recoverable open pit resources in gold deposits of diverse geological styles. A cut-off grade of 0.5 g/t Au was used for resource reporting. The table below summarizes Mineral Resources at the Namdini Gold Project.

**Table 2 - Summary of Mineral Resources**

Category	Tonnage (000 t)	Grade (g/t Au)	Contained Metal (000 oz Au)
Indicated Mineral Resource	180,000	1.1	6,500
Inferred Mineral Resource	13,000	1.2	500

Notes:

- (1) The Mineral Resource has been prepared in accordance with both the Canadian Institute of Mining, Metallurgy and Petroleum CIM Definition Standards for Mineral Resources and Mineral Reserves (2014) and the

Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code 2012).

- (2) Mineral Resources are estimated at a cut-off grade of 0.5 g/t Au.
- (3) Mineral Resources are estimated using a long-term gold price of US\$1,500 per ounce.
- (4) Incorporates drill holes completed as of March 5, 2018.
- (5) Numbers may not add due to rounding.

MPR is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors that could materially affect the Mineral Resource estimate.

### **Environmental Studies**

Environmental matters in Ghana, including those related to mining, fall primarily under the oversight of the EPA, as well as the Minerals Commission and the Inspectorate Division of the Minerals Commission. The EPA has laws and regulations that govern, among other things, environmental and socio-economic impact assessments and statements, environmental management plans, emissions into the environment, environmental auditing and review, and mine closure and reclamation, to which the Corporation's operations are subject. Additional provisions governing mine environmental management are provided in the 2006 Mining Act and the various Minerals and Mining Regulations which came into force in 2012.

Savannah Mining Ghana Limited ("Savannah") has completed an EIS ("Environmental Impact Statement") scoping report for Namdini and has filed the EIS with the Environmental Protection Agency ("EPA"). In accordance with EPA Regulations 15(1b) and (1c) of the Environmental Assessment Regulations, 1999 (LI 1652) and Ghana's Environmental Impact Assessment (EIA) Procedures, the Environmental Protection Agency (EPA) issued a public notification on the proposed Namdini Gold Mining Project. Cardinal will submit to the EPA and Minerals Commission an updated EIS for the selected project scale option envisioned for the DFS prior to commencement thereof.

NEMAS Consult has undertaken a site reconnaissance visit and completed the scoping stage of the process in accordance with the Ghanaian Environmental Protection Agency procedures for the EIA. The scoping study included preliminary field surveys, literature reviews and examination of appropriate legal and regulatory frameworks.

In compliance with the above regulations, the Namdini Gold Project was registered with the Ghana EPA for environmental permitting. The EPA in response to the registration application by the Proponent in a letter dated November 23, 2016 indicated that the project which falls under schedule 2 makes mandatory a full-scale Environmental Impact Assessment ("EIA") study and submission of Environmental Impact Statement ("EIS") to the EPA.

In compliance with directives by the EPA, a scoping report was prepared and submitted to the Agency on June 22, 2017, which also set out the Terms of Reference ("ToR") for the EIA and EIS (the "ESIA") study. The scoping report highlighted the following issues among others: Project Description, Environmental and Social baseline conditions (mostly from secondary sources) and key environmental and social issues of impact and some preliminary proposed mitigation measures. The scoping report also captured the various national and internal laws, policies and guidelines that shall be triggered in course of the study. Additionally, the concerns of some key stakeholders consulted were captured in the report and other key stakeholders needed to be consulted were also identified.

On receiving the Scoping Report the EPA posted a Scoping Report Notification on page 24 of the August 18, 2017 edition of the Ghanaian Times (a government owned daily newspaper with a wide national circulation)

requesting persons who have an interest, concern or special knowledge relating to the potential environmental effect of the proposed undertaking to contact or submit such concerns, etc., before the Environmental Impact Statement notification, to the Executive Director at its National Office in Accra and/or the Regional Director at its Regional office in Bolgatanga or the Managing Director of the proponent's company in Bolgatanga. The EPA also provided copies of the Scoping Report to the Talensi District Assembly in Tongu and to its Regional Office in Bolgatanga.

NEMAS are in the process of a detailed environmental study which will be submitted to the Ghanaian EPA for approval.

### **Social or Community Impact**

The only local community near the Namdini Gold Project site comprises artisanal miners and their families. The Corporation believes that relations between Cardinal and the local artisanal miners are cordial and respectful, especially as they are allowed to proceed with minor surface artisanal mining whilst Cardinal exploration activities are ongoing.

Local community members are hired and trained by Cardinal for exploration activities including clearing lines for geochemical surveys, drill site preparation and clean up, and assisting Geological Technicians with RC sample collection. All Cardinal personnel are given a preliminary induction briefing on site relative to the tasks required. Personnel protective equipment is provided as required. For the security of all, the Ghana Police Service patrol the Namdini Gold Project site 24 hours a day, 7 days a week.

Cardinal has an excellent relationship with neighbouring stakeholders, including engagement with the local stakeholders. Granted mining leases cover all of the proposed mining and processing assets. There are no title claims pending.

Expatriate and skilled Ghanaians from outside the local community will be accommodated in a single status camp on site. An allowance for an accommodation camp to house up to 200 people has been made in the capital cost estimate.

The local workforce will be bussed from the neighbouring population centres.

Compensation agreements are being negotiated for the proposed mining operation.

### ***Current Work and Future Plans***

The Corporation is focused on the development of the Namdini Project.

Should the outcome of the PFS be positive, the Cardinal Board will approve the progression to a Feasibility Study (FS) on the Project to further define and support the case for full project funding and development.

### **Other Properties and Assets**

In addition to the Namdini Gold Project, the Corporation is carrying out exploration activities on its other licences, although its main focus is on the Namdini Gold Project. Cardinal during the year has also focused its attention at the Ndongu Licence, with an exploration program being completed at Ndongu during the year.

Cardinal does not consider the other properties to be material. No resources have as yet been established on the Corporation's other properties.

### ***Bolgatanga Project***

The Bolgatanga Project consists of the Ndongo Licence Area, the Kungongo Licence Area and the Bongo Licence Area.

#### Ndongo Licence Area

The Ndongo Licence comprises the combined, Ndongo Prospecting Licence, Nangodi Prospecting licence and Yameriga Prospecting licence granted to Cardinal to prospect for and prove gold in the Bolgatanga and Telensi Nabdam District in the Upper East Region in the Republic of Ghana.

The Ndongo prospecting licence number 17/2010 covering a land size of 173.36 km<sup>2</sup> was granted to Cardinal Resources Ghana Limited on July 7, 2014 for a period of two years ending July 6, 2016. On October 31, 2016, the Minerals Commission extended the Ndongo Prospecting Licence until October 31, 2017. On February 27, 2017, the Minerals Commission confirmed that Cardinal Resources Ghana Limited is the holder and owner of the Ndongo Prospecting Licence.

In August 2017, Cardinal entered into a definitive agreement with Red Back Mining Ghana Limited to acquire 100% ownership of Nangodi and Yameriga Prospecting Licences PL9/19, located adjacent to the Ndongo project in which expanded the combined Ndongo Licence Area to 286.67km<sup>2</sup>.

#### Kungongo Licence Area

The Kungongo Prospecting Licence was originally granted to Cardinal Resources Ghana Limited on January 21, 2011 as a reconnaissance licence for one year ending January 20, 2012. After the expiration of the reconnaissance licence, the Minerals Commission on its own upgraded the Kungongo Reconnaissance Licence to a Prospecting Licence. On October 13, 2015, the Minerals Commission wrote to Cardinal Resources Ghana Limited requesting it to pay for the extension of the Kungongo Prospecting Licence for a period of 12 months. Cardinal Resources Ghana Limited made the payment for the extension of the Kungongo Prospecting Licence on June 17, 2016. On July 26, 2016, the Minerals Commission extended the Kungongo Prospecting Licence to July 25, 2017. On February 27, 2017, the Minerals Commission confirmed that Cardinal Resources Ghana Limited is the holder and owner of the Kungongo Prospecting Licence.

The Kungongo Prospecting Licence covers a total land size of 120.12 km<sup>2</sup> and is eligible for renewal.

#### Bongo Licence Area

The Bongo Reconnaissance Licence was granted to Cardinal Resources Ghana Limited on January 21, 2011 for a period of one year ending January 20, 2012. Cardinal Resources Ghana Limited has applied for a renewal of the Bongo Reconnaissance Licence and the Minerals Commission has recommended that the Minister renew the Bongo Reconnaissance Licence in the name of Cardinal Resources Ghana Limited. The Minister is yet to sign the renewal letter. However, on February 27, 2017, the Minerals Commission confirmed that Cardinal Resources Ghana Limited is the holder and owner of the Bongo Reconnaissance Licence.

### ***Subranum Project***

Cardinal Resources Subranum Limited ("**Cardinal Subranum**") is the beneficial and title holder of Subin-Kasu Prospecting Licence, which comprises the Subranum Project.

The Subin-Kasu Prospecting Licence was originally granted to Newmont Ghana Gold Limited. On April 6, 2012,

Newmont Ghana Gold Limited entered into a Purchase and Sale Agreement with Cardinal Subranum and assigned the Subin-Kasu Prospecting Licence to Cardinal Subranum, in consideration for certain cash payments and Cardinal's agreement to incur certain exploration expenses.

Under the Purchase and Sale Agreement, Cardinal Subranum shall pay a two percent net smelter returns royalty on all minerals mined, removed and sold in respect of the Subin-Kasu Prospecting Licence.

On November 24, 2015, the Minister approved the Purchase and Sale Agreement and Cardinal Subranum became the title holder of Subin-Kasu Prospecting Licence until September 15, 2016. On November 18, 2016, the Minerals Commission wrote to Cardinal Subranum requesting it to make payment for the extension of the Subin-Kasu Prospecting Licence for a period of 12 months. Cardinal Subranum made the payment for the extension of the Subin-Kasu Prospecting Licence on December 14, 2016. On February 27, 2017, the Minerals Commission confirmed that Cardinal Resources Ghana Limited is the holder and owner of the Subin-Kasu Prospecting Licence.

The Subin-Kasu Prospecting Licence covers a total land size of 68.70 km<sup>2</sup> located in the Offinso and Ahafo-Ano South District of the Ashanti Region in the Republic of Ghana, expires on September 15, 2017, and is eligible for renewal.

### **Cardinal's Operations in Ghana**

The Corporation holds its material assets and carries on its business in Ghana largely through separate, wholly-owned, operating subsidiaries. As discussed above, Cardinal Subranum, Cardinal Mining Services, Cardinal Resources Ghana Limited and Cardinal Namdini Mining Limited (collectively, the "**Ghanaian Subsidiaries**") are incorporated under the laws of the Republic of Ghana. The Ghanaian Subsidiaries are indirectly wholly owned by the Corporation.

The Corporation has established systems of corporate governance, internal controls over financial reporting and disclosure controls and procedures that apply at all levels of the Corporation's corporate structure. Such systems are overseen by the Board and implemented by senior management of the Corporation. Certain significant features of these systems are described below:

*Control over Subsidiaries* – The Corporation's corporate structure has been designed to ensure that the Corporation is able to direct the operations of its subsidiaries. All of the Corporation's subsidiaries, including the Ghanaian Subsidiaries, are wholly-owned. Accordingly, the Corporation controls the appointments of the directors of the Corporation's subsidiaries and the directors of such subsidiaries are ultimately accountable to the Board and senior management. Mr. Koimtsidis and Mr. Easah, both of whom are directors of the Corporation, are the only directors of the Ghanaian Subsidiaries. The corporate records, including minute books, of the Ghanaian Subsidiaries are kept at the Corporation's head office.

Under Ghanaian law, the shareholders of a corporation are entitled to remove directors at a duly convened general meeting of a corporation. In the event that the Corporation wished to remove a director of a Ghanaian Subsidiary, the Corporation would cause the shares in such Ghanaian Subsidiary to be voted for the removal of such director. Removal would take place at a meeting duly convened for the purpose of such removal and held at least 35 days after the notice of the meeting has been served on such director and any other directors of such Ghanaian Subsidiary who are entitled to attend the general meeting.

As noted above, the only directors of Ghanaian Subsidiaries also serve as directors of the Corporation. In the event that the Corporation wished to remove an officer of a Ghanaian Subsidiary, the directors of such Ghanaian Subsidiary would take the requisite corporate action to remove such officer.

*Risk Assessment* – The Board is responsible for the management of the Corporation and, as such, supervises the management of the business and affairs of the Corporation. The Board is responsible for approving any capital expenditures and other transactions and matters that are considered material to the Corporation, including matters of the Corporation’s subsidiaries that are considered material to the Corporation. In addition, the Board has delegated certain risk-management functions to the Audit and Risk Committee. The Audit and Risk Committee is responsible for overseeing the Corporation’s risk management systems, practices and procedures, for identifying and managing business, economic, environmental and social sustainability risks and for reviewing the Corporation’s risk management framework at least annually.

*Internal Control over Financial Reporting* – The Corporation prepares its consolidated financial statements and MD&A on a quarterly and annual basis, using International Financial Reporting Standards (IFRS), which require financial information and disclosures from the Corporation’s subsidiaries. The Corporation implements internal controls over the preparation of its financial statements and other financial disclosures to provide reasonable assurance that its financial reporting is reliable and that the quarterly and annual financial statements and MD&A are being prepared in accordance with IFRS. These internal controls include the following:

- Management of the Corporation has direct access to relevant financial management of the Corporation’s subsidiaries in order to verify and clarify all information required.
- All public documents and statements relating to the Corporation and its subsidiaries containing material information (including financial information) are reviewed by senior management (including the Chief Executive Officer and Managing Director) before such material information is disclosed, to make sure that all material information has been considered by management of the Corporation and properly disclosed.
- The Audit and Risk Committee will review and approve the Corporation’s quarterly financial statements and MD&A and will recommend to the Board for the Board’s approval the Corporation’s annual financial statements and MD&A, and any other financial information requiring Board approval, prior to their publication or release.
- The Audit and Risk Committee assesses and evaluates the adequacy of the procedures in place for the review of the Corporation’s public disclosure of financial information extracted or derived from the Corporation’s financial statements, other than annual and quarterly financial disclosure.

In addition, the Corporation engages its external auditor to perform an audit of the annual consolidated financial statements in accordance with IFRS.

*Disclosure Controls and Procedures* – The responsibilities of the Audit and Risk Committee include oversight of the Corporation’s internal control systems including identifying, monitoring and mitigating business risks as well as compliance with legal, ethical and regulatory requirements.

*CEO and CFO Certifications* – In order for the Corporation’s Managing Director and Chief Executive Officer and its Chief Financial Officer to be in a position to attest to the matters addressed in the quarterly and annual certifications required by National Instrument 52-109 – *Certification of Disclosure in Issuers’ Annual and Interim Filings*, the Corporation has developed internal procedures and responsibilities throughout the organization for its regular periodic and special situation reporting, in order to provide assurances that information that may constitute material information will reach the appropriate individuals who review public documents and statements relating to the Corporation and its subsidiaries containing material information, is prepared with input from the responsible officers and employees, and is available for review by the Managing Director and Chief Executive Officer and the Chief Financial Officer in a timely manner.



These systems of corporate governance, internal control over financial reporting and disclosure controls and procedures are designed to ensure that, among other things, the Corporation has access to all material information about its subsidiaries, including the books and records of its subsidiaries.

The Corporation provides funds to the Ghanaian Subsidiaries for exploration activities. As part of its corporate governance practices, Cardinal has developed a Delegation of Authority Manual. The Delegation of Authority Manual contains guidelines for delegated authorities that help in maintaining adequate controls within the organization, including the flow of funds between Australia and Ghana.

## RISK FACTORS

Prospective investors should carefully consider the following risk factors in addition to the other information contained in this AIF. The risks and uncertainties described below are not the only ones facing the Corporation. Additional risks and uncertainties not presently known to the Corporation or that the Corporation currently considers immaterial may also impair the business and operations of the Corporation and cause the price of the Ordinary Shares to decline. If any of the following risks actually occur, the Corporation's business may be harmed and the financial condition and results of operations may suffer significantly. In that event, the trading price of the Ordinary Shares could decline and holders of the Ordinary Shares may lose all or part of their investment.

### Risks Related to the Industry

#### *Mineral Exploration, Development and Operating Risks*

Mineral exploration is highly speculative in nature, generally involves a high degree of risk and frequently is non-productive. The mineral tenements of the Corporation are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of these tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited or will result in a profitable commercial mining operation.

Resource acquisition, exploration, development and operation involve significant financial and other risks over an extended period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. Significant expenses are required to locate and establish economically viable mineral deposits, to acquire equipment, and to fund construction, exploration and related operations, and few mining properties that are explored are ultimately developed into producing mines.

Success in establishing an economically viable project is the result of a number of factors, including the quantity and quality of minerals discovered, proximity to infrastructure, metal and mineral prices which are highly cyclical, costs and efficiencies of the recovery methods that can be employed, the quality of management, available technical expertise, taxes, royalties, environmental matters, government regulation (including land tenure, land use and import/export regulations) and other factors. Even in the event that mineralization is discovered on a given property, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change as a result of such factors. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Corporation not receiving an adequate return on its invested capital, and no assurance can be given that any exploration program of the Corporation will result in the establishment or expansion of resources or reserves.

The Corporation's operations are subject to all the hazards and risks normally encountered in the exploration,

development and production of gold and other minerals, including hazards relating to the discharge of pollutants or hazardous chemicals, changes in anticipated grade and tonnage of ore, unusual or unexpected adverse geological or geotechnical formations, unusual or unexpected adverse operating conditions, slope failures, rock bursts, cave-ins, seismic activity, the failure of pit walls, pillars or dams, fire, explosions, and natural phenomena and 'acts of God' such as inclement weather conditions, floods, earthquakes or other conditions, any of which could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, damage to property, environmental damage, unexpected delays, monetary payments and possible legal liability, which could have a material adverse impact upon the Corporation. In addition, any future mining operations will be subject to the risks inherent in mining, including adverse fluctuations in fuel prices, commodity prices, exchange rates and metal prices, increases in the costs of constructing and operating mining and processing facilities, availability of energy and water supplies, access and transportation costs, delays and repair costs resulting from equipment failure, changes in the regulatory environment, and industrial accidents and labour actions or unrest. The occurrence of any of these risks could materially and adversely affect the development of a project or the operations of a facility, which could have a material adverse impact upon the Corporation.

#### ***Estimation of Mineralization, Resources and Reserves***

There is a degree of uncertainty attributable to the calculation of mineralization, resources and reserves and corresponding grades being mined or dedicated to future production. Until reserves or mineralization are actually mined and processed, the quantity of mineralization and reserve grades must be considered estimates only. These estimates depend upon geological interpretation and statistical inference drawn from drilling and sampling analysis, which may prove unreliable. There can be no assurance such estimates will be accurate. In addition, the quantity of reserves and mineralization may vary depending on commodity prices. Any material change in quantity of reserves, mineralization, grade or stripping ratio may affect the economic viability of a mine. In addition, there can be no assurance that recoveries from laboratory tests will be duplicated in tests under on-site conditions or during production. The inclusion of mineral resource estimates should not be regarded as a representation that these amounts can be economically exploited and no assurances can be given that such resources estimates will be converted into reserves. Different experts may provide different interpretations of resource estimates.

#### ***Environmental, Health and Safety Regulations of the Resource Industry***

Environmental matters in Ghana, including those related to mining, fall primarily under the oversight of the EPA, as well as the Minerals Commission and the Mines Inspectorate Division of the Minerals Commission. The Environmental Protection Agency Act, 1994 (Act 490), and the Environmental Assessment Regulations, 1999 (L.I. 1652) govern, among other things, environmental and socio-economic impact assessments and statements, environmental management plans, emissions into the environment, environmental auditing and review, and mine closure and reclamation, to which the Corporation's operations are subject.

Additional provisions governing mine environmental management are provided in the Minerals and Mining Act, 2006 (Act 703), and Minerals and Mining Regulations (Health, Safety and Technical) 2012 (L.I. 2182). The Corporation believes it is in substantial compliance with these laws and regulations; however, the Corporation notes a continuing trend toward substantially increased environmental requirements and evolving corporate social responsibility expectations in Ghana, including the requirement for more permits, analysis, data gathering, community hearings, and negotiations than have been required in the past for both routine operational needs and for new development projects.

Due to bureaucratic delays, there can be no assurance that all permits which the Corporation may require for construction of mining facilities and conduct of mining operations, particularly environmental permits, will be

obtainable on reasonable terms or timeframes or that compliance with such laws and regulations would not have an adverse effect on the profitability of any mining project that the Corporation might undertake.

All phases of the Corporation's operations are subject to environmental regulations in various jurisdictions. If the Corporation's properties are proven to host economic reserves of metals, mining operations will be subject to national and local laws relating to the protection of the environment, including laws regulating removal of natural resources from the ground and the discharge of materials into the environment.

Mining operations will be subject to national and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of mining methods and equipment. Various permits from government bodies are required for mining operations to be conducted; no assurance can be given that such permits will be received.

No assurance can be given that environmental standards imposed by national or local authorities will not be changed or that any such changes would not have material adverse effects on the Corporation's activities. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on the Corporation. Additionally, the Corporation may be subject to liability for pollution or other environmental damage, which it may not be able to insure against.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulation and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Corporation and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

### ***Competitive Conditions***

There is aggressive competition within the mineral exploration and mining industry for the discovery and acquisition of properties considered to have commercial potential, and for management and technical personnel. The Corporation's ability to acquire projects in the future is highly dependent on its ability to operate and develop its current assets and its ability to obtain or generate the necessary financial resources. The Corporation will compete with other parties in each of these respects, many of which have greater financial resources than the Corporation. Accordingly, there can be no assurance that any of the Corporation's future acquisition efforts will be successful, or that it will be able to attract and retain required personnel. Any such failure could have a material adverse impact upon the Corporation.

### **Risks Related to the Business**

#### ***Operational Risks***

The Corporation has not previously generated revenues from operations and its mineral projects are at an exploration stage. Therefore, it is subject to many risks common to comparable companies, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources as well as a lack of revenues. The Corporation has historically incurred significant losses as it has no sources of revenue

(other than interest income), and has significant cash requirements to meet its exploration commitments, administrative overhead and maintain its mineral interests. The Corporation expects to continue to incur net losses unless or until one or more of its properties enters into commercial production and generates sufficient revenue to fund continuing operations. There can be no assurance that current exploration or development programs will result in the discovery of commercial deposits or, ultimately, in profitable mining operations. See also “Liquidity and Financing Risk” and “Funding Risk” below.

### ***Liquidity and Financing Risk***

The Corporation has no source of operating cash flow and may need to raise additional funding in the future through the sale of equity or debt securities or by optioning or selling its properties. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. No assurance can be given that additional funding will be available for further exploration and development of the Corporation’s properties when required, upon terms acceptable to the Corporation or at all. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties, or even a loss of property interest, which would have a material adverse impact upon the Corporation.

### ***Funding Risk***

At the date of this AIF, the Corporation has no income producing assets and will generate losses for the foreseeable future. Until it is able to develop a project and generate appropriate cash flow, it is dependent upon being able to obtain future equity or debt funding to support long term exploration. Neither the Corporation nor any of the Directors nor any other party can provide any guarantee or assurance that if further funding is required, such funding can be raised on terms favourable to the Corporation (or at all). Any additional equity funding will dilute existing shareholders. Also, no guarantee or assurance can be given as to when a project can be developed to the stage where it will generate cash flow. As such, a project would be dependent on many factors, for example exploration success, subsequent development, commissioning and operational performance.

### ***Exploration Costs***

The exploration costs of the Corporation are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realized in practice, which may materially and adversely affect the Corporation’s viability.

### ***Uninsurable Risks***

In the course of exploration, development and production of mineral properties, risks, including, but not limited to, unexpected or unusual geological or operating conditions, natural disasters, inclement weather conditions, pollution, rock bursts, cave-ins, fires, flooding, earthquakes, civil unrest, terrorism and political violence may occur. It is not always possible to fully insure against all risks associated with Cardinal’s operations and Cardinal may decide not to take out insurance against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of Cardinal.

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***Conflicts of Interest***

Certain directors of the Corporation are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Corporation. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors may conflict with the interests of the Corporation. Any Directors with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

***Risks Related to Operating in Ghana******Environmental Bonds***

The EPA from time to time reviews the reclamation bonds that are placed on the Corporation's projects in Ghana. As part of its periodic assessment of mine reclamation and closure costs, the EPA reviews the adequacy of reclamation bonds and guarantees.

In certain cases, the EPA has requested higher levels of bonding based on its findings. If the EPA were to require additional bonding at the Corporation's properties, it may be difficult, if not impossible, to provide sufficient bonding. If the Corporation is unable to meet any such increased bonding requirements or negotiate an acceptable solution with the Government of Ghana, its operations and exploration and development activities in Ghana may be materially adversely affected.

The Corporation is not in a position to state whether a review in respect of any of the Corporation's projects in Ghana is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Corporation.

***Risks of Operating in Ghana***

The Corporation's projects in Ghana are subject to the risks of operating in foreign countries, including political and economic considerations such as civil and tribal unrest, war (including in neighbouring countries), terrorist actions, criminal activity, nationalization, invalidation of governmental orders, failure to enforce existing laws, labour disputes, corruption, sovereign risk, political instability, the failure of foreign parties, courts or governments to honour or enforce contractual relations or uphold property rights, changing government regulations with respect to mining (including royalties, environmental requirements, labour, taxation, land tenure, foreign investments, income repatriation and capital recovery), fluctuations in currency exchange and inflation rates, import and export restrictions, challenges to the title to properties or mineral rights in which the Corporation has interests, problems or delays renewing licences and permits, opposition to mining from local, environmental or other non-governmental organizations, increased financing costs, instability due to economic under-development, inadequate infrastructure, and the expropriation of property interests, as well as by laws and policies of Canada affecting foreign trade, investment and taxation. As African governments continue to struggle with deficits and depressed economies, the strength of commodity prices has resulted in the gold mining sector being targeted as a source of revenue. Governments are continually assessing the terms for a mining company to exploit resources in their country.

Furthermore, the Corporation requires consultants and employees to work in Ghana to carry out its planned exploration and development programs. It may be difficult from time to time to find or hire qualified people in the mineral exploration industry who are situated in Ghana, or to obtain all of the necessary services or expertise in Ghana, or to conduct operations on its projects at reasonable rates. If qualified people and services or expertise cannot be obtained in Ghana, the Corporation may need to seek and obtain those services from

service providers located outside of Ghana which could result in delays and higher costs to the Corporation.

Mineral resource companies face increasing public scrutiny of their activities, and are under pressure to demonstrate that their operations have potential to generate satisfactory returns not only to their shareholders, but also to benefit local governments and the communities surrounding its properties where it operates. The potential consequences of these pressures include reputational damage, lawsuits, increasing social investment obligations and pressure to increase taxes and future royalties payable to local governments and surrounding communities. As a result of these considerations, the Corporation may incur increased costs and delays in permitting and other operational matters with respect to its property interests in Ghana.

Any of the above events could delay or prevent the Corporation from exploring or developing its properties even if economic quantities of minerals are found, and could have a material adverse impact upon the Corporation's foreign operations.

### ***Government Policy Changes***

The mineral exploration activities undertaken by the Corporation are subject to laws and regulations governing health and worker safety, employment standards, exports, taxation, waste disposal, management and use of toxic substances and explosives, protection of the environment, mine development and production, protection of endangered and protected species, reclamation, historic and cultural preservation and other matters. Exploration activities may also be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on future exploration and production, price controls, royalties, export controls, currency availability, foreign exchange controls, income taxes, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental and other non-governmental organizations, limitations on foreign ownership, expropriation of property, ownership of assets, environmental legislation, labour relations, limitations on repatriation of income and return of capital, limitations on mineral exports, high rates of inflation, increased financing costs, and site safety.

The Corporation's exploration programs with respect to the Corporation's projects in Ghana will, in general, be subject to approval by the Minerals Commission and other governmental agencies. Development of any of the Corporation's properties will be dependent on the Namdini Gold Project meeting environmental guidelines set by EPA and, where required, being approved by governmental authorities such as the Minerals Commission.

Failure to comply with applicable laws, regulations and permits, even if inadvertent, may result in enforcement actions thereunder, including the forfeiture of claims, orders by regulatory or judicial authorities requiring operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or costly remedial actions, which could have a material adverse impact upon the Corporation. The Corporation may be required to compensate those claiming to suffer loss or damage by reason of its activities and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits, which could have a material adverse impact upon the Corporation.

In addition, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail development or future potential production. Adverse changes in government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the Corporation. It is possible that the current system of exploration and mine permitting in Ghana may change, resulting in impairment of rights and possibly expropriation of the Corporation's properties without adequate compensation.

### ***Ownership Risks***

The Corporation holds its interests in the Namdini Gold Project through a Large-Scale Mining Licence. For more information, please see “*Namdini Gold Project*”.

The Constitution of Ghana vests title in every mineral in its natural state to the Government of Ghana. The exercise of any mineral right in the form of reconnaissance, exploration or exploitation of any mineral in Ghana requires an appropriate licence or mineral right to be issued by the Government of Ghana acting through the Minister. There is no assurance that title to the properties in which the Corporation has interests will not be challenged. The acquisition of title to mineral exploration properties is a very detailed and time-consuming process. Title to and the area of mineral properties may be disputed. While the Corporation has diligently investigated title to the properties in which it has an interest, it may be subject to prior unregistered agreements or transfers or indigenous land claims and title may be affected by undetected defects. Consequently, the boundaries may be disputed.

There can be no assurance that there are no prior unregistered agreements, claims or defects that may result in the title to the properties in which the Corporation has an interest being challenged. Further, the Corporation’s interests in the properties are subject to the risks that counterparties will fail to honour their contractual commitments, that courts will not enforce such contractual obligations and that required governmental approvals will not be obtained. A successful challenge to the precise area and location of these claims, or the failure of counterparties to honour or of courts to enforce such contractual obligations could result in the Corporation being unable to operate on its properties as anticipated or being unable to enforce its rights with respect to its properties which could have a material adverse impact upon the Corporation.

#### ***Permitting and Licensing Risks***

In addition to mineral rights, the Corporation will require some or all of the following permits, licences or other regulatory approvals to be able to carry out business operations in Ghana as it advances its projects: (i) environmental permits; (ii) approved environmental management plans and environmental certificates; (iii) reclamation bonds and approved reclamation plans; (iv) water usage permits; (v) business operating permits; (vi) licences to export, sell or dispose of minerals; (vii) permits/licences to retain a specified percentage of mineral export proceeds for purposes of debt servicing, dividend payment to foreign shareholders and acquisition of plant and machinery for the mining project; (viii) permits to operate foreign exchange retention accounts with a trustee bank; and (ix) immigration quotas to employ a specified number of non-Ghanaians to work on mining projects. The Corporation believes that it will be able to obtain and maintain in the future all such necessary licences and permits to carry on the activities which it intends to conduct, and intends to comply in all material respects with the terms of such licences and permits.

There can be no guarantee, however, that the Corporation will be able to obtain and maintain, at all times, all the necessary licences and permits required to undertake the proposed exploration and development or to place its properties into commercial production and to operate mining facilities thereon. In the event of commercial production, the cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or preclude the economic development of a particular property.

#### ***Artisanal Miners***

The Corporation’s property interests are held in areas of Ghana that have historically been mined by artisanal miners. As the Corporation further explores and advances its projects, it may be required to require the removal of any artisanal miners operating on its properties. There is a risk that such artisanal miners may oppose the Corporation’s operations, which may result in a disruption to any planned development and/or mining and processing operations. In addition, artisanal miners have historically used chemicals that are harmful to the environment to separate the precious metals from the ore. There can be no assurance that the

Corporation will not be subject to environmental liabilities resulting from such operations in the future, which could have a material adverse impact on the Corporation. In addition, artisanal work practices are often unsafe and accidents and/or incidents may occur on the Corporation's property, and there is an added reputational risk that third parties may wish to link the activities of the artisanal miners to that of the Corporation in the event of accidents or incidents, which could have a material adverse impact on the Corporation.

### ***Difficulty in Enforcement of Judgements***

All of the subsidiaries of the Corporation and the majority of its assets are located outside of Canada. Accordingly, it may be difficult for investors to enforce within Canada any judgments obtained against the Corporation, including judgments predicated upon the civil liability provisions of applicable Canadian securities laws. Consequently, investors may be effectively prevented from pursuing remedies against the Corporation under Canadian securities laws or otherwise.

The Corporation has subsidiaries incorporated in Australia and Ghana. Many of the directors and officers of the Corporation reside outside of Canada, and substantially all of the assets of these persons are located outside of Canada. It may not be possible for shareholders to effect service of process against the Corporation's directors and officers who are not resident in Canada. In the event a judgment is obtained in a Canadian court against one or more of the Corporation's directors or officers for violations of Canadian securities laws, it may not be possible to enforce such judgment against those directors and officers. Additionally, it may be difficult for an investor, or any other person or entity, to assert Canadian securities law claims in original actions instituted in Australia or Ghana. Courts in these jurisdictions may refuse to hear a claim based on a violation of Canadian securities laws on the grounds that such jurisdiction is not the most appropriate forum to bring such a claim. Even if a foreign court agrees to hear a claim, it may determine that the local law, and not Canadian law, is applicable to the claim. If Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by foreign law.

### **General Risks**

#### ***Market Conditions***

Share market conditions may affect the value of the Corporation's quoted securities regardless of the Corporation's operating performance. Share market conditions are affected by many factors such as: general economic outlook; introduction of tax reform or other new legislation; interest rates and inflation rates; changes in investor sentiment toward particular market sectors; the demand for, and supply of, capital; and terrorism or other hostilities. The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. The Corporation does not warrant the future performance of the Corporation or any return on an investment in the Corporation.

#### ***Stress in the Global Economy***

Reduction in credit, combined with reduced economic activity and the fluctuations in the Australian dollar may adversely affect businesses and industries that purchase commodities, affecting commodity prices in more significant and unpredictable ways than the normal risks associated with commodity prices. The availability of services such as drilling contractors and geological service companies and/or the terms on which these services are provided may be adversely affected by the economic impact on the service providers. The adverse effects on the capital markets generally make the raising of capital by equity or debt financing much more difficult and the Corporation is dependent upon the capital markets to raise financing. Any of these events, or any other



events causing turmoil in world financial markets, may have a material adverse effect on the Corporation's business, operating results and financial condition.

### ***Current Global Financial Condition***

Current global financial conditions have been subject to increased volatility. As such, the Corporation is subject to counterparty risk and liquidity. The Corporation is exposed to various counterparty risks including, but not limited to, financial institutions that hold the Corporation's cash, and through companies that have payables to the Corporation. The Corporation is also exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Corporation to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Corporation. If these increased levels of volatility and market turmoil continue, the Corporation's operations could be adversely impacted and the trading price of the shares could be adversely affected.

### ***Exchange Rate and Currency Risks***

The Corporation undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Corporation does not hedge this exposure. The Corporation manages its foreign exchange risk by constantly reviewing its exposure and ensuring that there are appropriate cash balances in order to meet its commitments.

Currency fluctuations may affect the cash flow which the Corporation may realize from its operations, since most mineral commodities are sold in a world market in USD. The Corporation's costs are incurred in AUD, GHS, USD and CAD.

### ***Commodity Prices***

The price of the Ordinary Shares, and the Corporation's profitability, financial results and exploration activities may in the future be significantly adversely affected by declines in the price of precious metals. Precious metal prices fluctuate on a daily basis and are affected by a number of factors beyond the control of the Corporation, including the US dollar and other foreign currency exchange rates, central bank and financial institution lending and sales, producer hedging activities, global and regional supply and demand, production costs, confidence in the global monetary system, expectations of the future rate of inflation, the availability and attractiveness of alternative investment vehicles, interest rates, terrorism and war, and other global or regional political or economic events or conditions.

The price of gold has fluctuated widely in recent years, and future trends cannot be predicted with any degree of certainty. In addition to adversely affecting the Corporation's financial condition and exploration and development activities, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project, as well as have an impact on the perceptions of investors with respect to gold equities, and therefore, the ability of the Corporation to raise capital. A sustained, significant decline in the price of gold could also cause development of any properties in which the Corporation may hold an interest from time to time to be impracticable. Future production from the Corporation's future properties, if any, will be dependent upon, among other things, the price of gold being adequate to make these properties economic. There can be no assurance that the market price of gold will remain at current levels, that such price will increase or that market prices will not fall.

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**Reliance on Key Personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Corporation depends substantially on its senior management and its key personnel. There can be no assurance that there will be no detrimental impact on the Corporation if one or more of these employees cease their employment.

**Dilution Risk**

Cardinal has outstanding options and Performance Shares, as detailed in the most recent financial statements for the year ended June 30, 2018 and elsewhere in this AIF. Should these securities be exercised or converted (as applicable), the holders have the right to acquire additional Ordinary Shares, in accordance with the terms of such securities. During the life of these securities, the holders have the opportunity to profit from a rise in the market price of the Cardinal shares, possibly resulting in the dilution of existing securities.

**DIVIDENDS**

To date, the Corporation has not paid any dividends on its Ordinary Shares and anticipates that it will retain all future earnings and other cash resources for the future operation and development of its business. The Corporation does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the Board after taking into account many factors, including the Corporation's operating results, financial condition and current and anticipated cash needs.

**DESCRIPTION OF CAPITAL STRUCTURE****Ordinary Shares**

The Corporation's authorized capital stock consists of an unlimited number of Ordinary Shares, of which 378,823,580 Ordinary Shares are issued and outstanding as of the date of this AIF.

All Ordinary Shares rank equally as to dividends, voting powers and participation in the distribution of assets. All holders of Ordinary Shares are entitled to receive notice of any meetings of Shareholders of the Corporation, and to attend and cast one vote per Ordinary Share at all such meetings. Holders of Ordinary Shares do not have cumulative voting rights with respect to the election of directors. Holders of Ordinary Shares are entitled to receive on a pro rata basis such dividends, if any, as and when declared by the Board at its discretion from funds legally available therefor, and upon the liquidation, dissolution or winding up of the Corporation are entitled to receive on a pro rata basis the net assets of the Corporation after payment of liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Ordinary Shares with respect to dividends or liquidation. The Ordinary Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

The Corporation is authorized to issue an unlimited number of Ordinary Shares, subject to certain restrictions prescribed in the ASX Listing Rules, the Corporations Act and the Corporation's constitution. Under the ASX Listing Rules, subject to certain exceptions and without the approval of Shareholders, the Corporation may not issue or agree to issue during any 12-month period equity securities (including options and other securities convertible into equity) if the number of securities issued or agreed to be issued would exceed 15% of the total equity securities on issue at the commencement of the 12-month period. At the Corporation's annual general meeting held on November 22, 2017, Shareholders approved the issue of an additional 10% of the Corporation's issued capital, subject to satisfaction of certain criteria prescribed in the ASX Listing Rules and the Corporation's notice of annual general meeting dated October 18, 2017.

### Listed Options (Warrants)

As of the date of this AIF, the Corporation has 113,619,906 Listed Options outstanding. Each Listed Option is exercisable until September 30, 2019 and, upon payment of \$0.15, a holder of such Listed Option is entitled to receive one Ordinary Share. The Listed Options are listed and posted for trading on the ASX under the symbol "CDVOA".

### Unlisted Options

The Corporation's share option plan permits the Board to grant to directors, officers, consultants and employees of the Corporation Unlisted Options to purchase Ordinary Shares from the Corporation. As at the date of this AIF, the Corporation has issued 7,000,000 Unlisted Options under the share option plan.

As at the date of this AIF, there were 35,294,200 Unlisted Options to acquire Ordinary Shares outstanding.

### Performance Shares

The Corporation is authorized to grant an unlimited number of Class C Performance Shares. As at the date of this AIF, there was 60 Class C Performance Shares issued and outstanding. Holders of Performance Shares are entitled to conversion of each Performance Share into 100,000 Ordinary Shares upon the achievement of certain milestones or events as outlined below. The total number of Ordinary Shares that would be issuable upon the conversion of all Class C Performance Shares pursuant to the milestones and events having been achieved would be 6 million Ordinary Shares.

The conversion of Class C Performance Shares will occur upon satisfaction of achieving a minimum inferred resource (JORC compliant) of gold within the Ndongo Prospect by February 18, 2020, being no later than five years after the date on which the Class C Performance Shares were issued. The table below sets out the conversion of the Class C Performance Shares based on the achievement of performance hurdles.

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
<b>60</b>		<b>6,000,000</b>

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

### Class C Performance Shares

(a) Each Class C Performance Share is a share in the capital of the Corporation.

- (b) Class C Performance Shares shall confer on the holder the right to receive notices of general meetings and financial reports and accounts of the Corporation that are circulated to shareholders. Holders have the right to attend general meetings of shareholders of the Corporation.
- (c) The Class C Performance Shares do not entitle the holder to vote on any resolutions proposed at a general meeting of shareholders of the Corporation.
- (d) The Class C Performance Shares do not entitle the holder to any dividends.
- (e) The Class C Performance Shares are not transferable.
- (f) If at any time the issued capital of the Corporation is reorganized, 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 C Performance Shares will not be quoted on ASX. However, upon conversion of the Class C Performance Shares into Ordinary Shares, the Corporation must, within seven (7) days after the conversion, apply for the official quotation of the Ordinary Shares arising from the conversion on ASX.
- (h) The Class C 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 Ordinary Shares into which the Class C Performance Shares will convert will rank pari passu in all respects with the other Ordinary Shares on issue.

## MARKET FOR SECURITIES

### Trading Price and Volume

#### Ordinary Shares

The Ordinary Shares are listed on the ASX and TSX and trade under the symbol "CDV". The following table sets forth the price range and trading volume of the Ordinary Shares on the ASX for each month during the most recently completed financial year. The Ordinary Shares commenced trading on the TSX on July 10, 2017.

Month	ASX Trading			TSX Trading		
	Price Per Ordinary Share		Trading Volume	Price Per Ordinary Share		Trading Volume
	High (\$)	Low (\$)		High (CA\$)	Low (CA\$)	
<b>2017</b>						
July	0.68	0.47	6,825,701	0.80	0.54	3,748,401
August	0.70	0.57	9,621,051	0.72	0.60	6,024,025
September	0.71	0.57	7,802,169	0.70	0.55	597,065
October	0.74	0.56	7,418,662	1.05	0.59	3,462,057
November	0.63	0.55	4,719,659	0.65	0.54	4,951,514

Month	ASX Trading			TSX Trading		
	Price Per Ordinary Share		Trading Volume	Price Per Ordinary Share		Trading Volume
	High (\$)	Low (\$)		High (CA\$)	Low (CA\$)	
December	0.61	0.44	7,105,203	0.60	0.42	2,325,750
<b>2018</b>						
January	0.56	0.45	8,662,499	0.55	0.45	2,109,290
February	0.56	0.45	10,937,688	0.55	0.44	4,042,818
March	0.59	0.51	5,363,175	0.60	0.51	3,403,600
April	0.56	0.46	5,493,014	0.63	0.48	1,029,217
May	0.52	0.44	2,365,339	0.48	0.44	1,984,947
June	0.49	0.40	2,463,020	0.48	0.38	1,777,900

Source: Bloomberg

### Prior Sales of Unlisted Securities

The only securities of the Corporation that are outstanding but not listed or quoted on a marketplace are the Unlisted Options granted under the Corporation's stock option plan which total 35,294,200 and 60 Class C Performance Shares, as of the date of this AIF, the Class C Performance Shares were issued in 2015. The following table sets forth information with respect to the Unlisted Options and Performance Shares issued during the most recently completed financial year.

#### Unlisted Options

During the financial year ended June 30, 2018, the Corporation issued the following Unlisted Options to acquire Ordinary Shares.

Date of Issuance	Number of Securities Issued	Exercise Price per Ordinary Share	Expiry Date
December 21, 2017	5,758,000 <sup>(1)</sup>	\$0.825	December 21, 2022
December 21, 2017	4,036,200 <sup>(2)</sup>	\$0.965	December 21, 2022
December 21, 2017	1,000,000	\$0.750	December 21, 2022

Notes:

(1) The vesting provisions of the 5,758,000 Unlisted Options are as follows:

- 1,727,400 options vest on the earlier of (a) the completion of a scoping study and (b) the completion of a preliminary economic assessment of the Ghanaian assets;

- 1,727,400 options vest on the beginning of earthworks for gold production at the Ghanaian assets; and
- 2,303,200 options vest on the first pouring of gold at the Ghanaian assets.

(2) The vesting provisions of the 4,036,200 Unlisted Options are as follows:

- 1,729,800 options vest on the beginning of earthworks for gold production at the Ghanaian assets; and
- 2,306,400 options vest on the first pouring of gold at the Ghanaian assets.

### DIRECTORS AND OFFICERS

The following table sets forth the name and residence of each director and executive officer of the Corporation as well as such individual's positions and offices held with the Corporation, period of service as a Director (if applicable), and principal occupation(s) during the five preceding years. The term of office of each of the Directors (other than the Corporation's Managing Director) expires at the end of the third annual general meeting of Shareholders of the Corporation after such Director's last election or appointment, provided that one-third of the Directors (other than the Managing Director) must retire at each annual general meeting. Retiring Directors are eligible for re-election. The term of office of the Corporation's Managing Director expires at the discretion of the Corporation's directors, in accordance with his employment contract. When required, the Corporation intends to apply for exemptions from the TSX requirements relating to director elections.

Name, Province or State, and Country of Residence	Positions and Offices Held and Date of Appointment	Number and Class of Securities Beneficially Owned or Controlled	Principal Occupation(s) During Past Five Years
Kevin Tomlinson London, United Kingdom	Director, Non-Executive Chairman  November 7, 2016	Ordinary Shares: 0 Listed Options: 400,000 Unlisted Options: 5,000,000 Class C Performance Shares: 0	Non-executive Chairman of the Corporation since November 2016; Director, Samco Gold Limited since January 2012; former Director, Centamin plc (2012 to 2016) and Besra Gold Inc. (2012 to 2015); former Chairman, Maudore Minerals Ltd. (2014 to 2014).
Arthur (Archie) Koimtsidis Western Australia, Australia	Managing Director  December 27, 2012	Ordinary Shares: 8,117,565 Listed Options: 4,191,731 Unlisted Options: 7,500,000 Class C Performance Shares: 0	Co-founder and Managing Director of the Corporation since December 2012.
Malik Easah, Accra, Ghana	Executive Director  December 27, 2012	Ordinary Shares: 7,681,815 Listed Options: 6,560,423 Unlisted Options: 6,000,000 Class C Performance Shares: 60 <sup>(2)</sup>	Co-founder and Executive Director of the Corporation since December 2012.
Robert Schafer Utah, USA <sup>(1) (3)</sup>	Non-Executive Director	Ordinary Shares: 10,000 Listed Options: 0 Unlisted Options: 2,897,000	Current Director, Volcanic Gold Mines Inc. since March 2017 and Trigon Metals Inc. since April 2017; former director Martina Minerals Corp.

Name, Province or State, and Country of Residence	Positions and Offices Held and Date of Appointment	Number and Class of Securities Beneficially Owned or Controlled	Principal Occupation(s) During Past Five Years
	July 10, 2017	Class C Performance Shares: 0	(2005 to 2015); Curtis Resources Ltd. (2011 to 2014), Rathdowney Resources Ltd. (2011 to 2015), Galway Metals Inc. (2012 to 2014), Minera IRL Limited (2016) and Orex Exploration Inc. (2016 to 2017).
Jacques McMullen <sup>(1) (3)</sup> Canada	Non-Executive Director  October 11, 2017	Ordinary Shares: 0 Listed Options: 0 Unlisted Options: 2,018,100 Class C Performance Shares: 0	Director, Equinox Gold since December 2017, Excellon Resources since November 2017, NewCastle Gold Ltd. March 2017 to December 2017; Advisor, Detour Gold Corp. since 2016; Director and Principal, Mines & Metals, BBA (2012 to 2015); Chairman, Orvana Minerals Corp. (2014 to 2016); Director, Fire River Gold Corp. (2012 to 2013); Executive, Barrick Gold Corporation (1994 to 2011).
Michele Muscillo <sup>(1) (3)</sup>  Queensland, Australia	Non-Executive Director  October 11, 2017	Ordinary Shares: 0 Listed Options: 0 Unlisted Options: 2,018,100 Class C Performance Shares: 0	Mr Muscillo is currently a Non-Executive Director with Aeris Resources Limited (ASX:AIS), Xanadu Mines Limited (ASX: XAM) and Mako Gold Limited (ASX:MKG). Formerly, Michele was also Non-Executive Director of Orbis Gold Limited which is currently owned by TSX-Listed SEMAFO Inc. (TSX:SMF).

Name, Province or State, and Country of Residence	Positions and Offices Held and Date of Appointment	Number and Class of Securities Beneficially Owned or Controlled	Principal Occupation(s) During Past Five Years
Sarah Shipway Western Australia, Australia	Company Secretary	Ordinary Shares: 175,000 Listed Options: 0 Unlisted Options: 0 Class C Performance Shares: 0	Company Secretary of the Corporation since December 2012; current Director, Beacon Minerals Limited since 2015 and St. George Mining Limited since 2015.
Derrick Weyrauch Ontario, Canada	Chief Financial Officer	Ordinary Shares: 80,000 Listed Options: 0 Unlisted Options: 2,897,000 Class C Performance Shares: 0	Chief Financial Officer to the Corporation since July 2017; former Director of Banro Corporation (2013 to 2018); Jaguar Mining Inc. (2014 to 2016), Minera IRL Limited (2016), Eco Oro Minerals Corp. (2016 to 2017); and former Chief Financial Officer, Jaguar Mining Inc. (2014-2016), Andina Minerals Inc. (2010 to 2013) and Temex Resources Corp. (2014).

## Notes:

- (1) Member of the Audit and Risk Committee.
- (2) Mr. Easah is the sole shareholder of Savannah Mining Ghana Limited, which holds the 60 outstanding Class C Performance Shares. For a description of the conversion conditions for the Class C Performance Shares, see “Description of Capital Structure” above.
- (3) Member of the Remuneration and Nomination Committee.

Based on the disclosure available on the System for Electronic Disclosure by Insiders (“SEDI”), as of the date of this AIF, the directors and executive officers of the Corporation, as a group, beneficially owned, or controlled or directed, directly or indirectly, a total of 15,709,380 Ordinary Shares, representing approximately 4.2% of the total number of Ordinary Shares outstanding.

Set forth below is a brief description of the background of the directors and executive officers of the Corporation, including a description of each individual’s principal occupation(s) during the past five years.

**Kevin Tomlinson – Director, Non-Executive Chairman**

Kevin Tomlinson possesses over 30 years’ experience in Geology and Finance with enormous experience within the Toronto, Australian and London Stock Exchanges.

Mr. Tomlinson holds a MSc in Structural Geology and a Grad Dip in Finance. From 1998 M.r Tomlinson has worked in the finance sector raising over US\$2 billion in equity.

M.r Tomlinson was previously Managing Director of Investment Banking at Westwind Partners/Stifel Nicolaus where he advised a number of resource companies including Centamin Plc, Platinum Group Metals, Trelawney Resources and Allied Gold. He was also an integral part of the Team raising finance for Osisko Mining and Semafo Inc.



Mr. Tomlinson was Director of Natural Resources at Williams de Broë and Head of Research for Hartleys Ltd in Australia. Recent Directorships include Centamin Plc (producer), Orbis Gold (developer) and Medusa Mining (producer) where he chaired the company through growth from \$30m to over \$700m market capitalisation in less than four years.

Mr. Tomlinson is a Fellow of the Institute of Directors, a Fellow of the Chartered Institute for Securities & Investment and a Liveryman of the Worshipful Company of International Bankers.

***Arthur (Archie) Koimtsidis – Co-founder, Managing Director***

Archie Koimtsidis has 27 years' experience in business in Ghana and 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 in relation to the Corporation'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 resource projects in West Africa.

***Malik Easah – Co-founder, Executive Director***

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 has worked in the mining industry in Ghana for 12 years.

***Robert Schafer – Non-Executive Director***

Robert Schafer has over 30 years of international experience as a geologist exploring for mineral deposits in more than 70 countries. As an executive, manager and field geologist with companies including Billiton, BHP, Kinross and Hunter Dickinson, Mr. Schafer led teams to the discovery of several deposits in the western USA (Briggs and Griffon gold mines), as well as developing strategies that led to brownfields discoveries in western Canada, southern Africa and far east Russia (Birkachan gold mine).

Mr. Schafer is the immediate Past President of the Prospectors and Developers Association of Canada (PDAC) as well as Past President of both the Canadian Institute for Mining, Metallurgy and Petroleum (CIM) and the Mining and Metallurgical Society of America (MMSA). He is a Certified Corporate Director (ICD.D), a RPGeo and is also an active member of the Society for Mining, Metallurgy and Exploration (SME) in the USA, where he served on its Board for more than a decade.

Mr. Schafer serves as a member of the Board of Directors for both the Canadian Mining Hall of Fame and National Mining Hall of Fame in the USA. He is the recipient of the William Lawrence Saunders Gold Medal from the American Institute of Mining, Metallurgical and Petroleum Engineers (AIME) and the Daniel C. Jackling Award from SME for career achievements, two of the highest mining recognitions in the USA.

***Jacques McMullen – Non-Executive Director***

Jacques McMullen retired in 2012 after a distinguished 35-year career in the mining industry of which the last 17 years were with Barrick Gold Corporation where he held the positions of Senior VP Special Projects and Technical Services. In his role as Senior VP of Barrick, Mr McMullen was instrumental in the development of many mines including Goldstrike, Veladero, Lagunas Norte, Cowal and Bulyanhulu. His experience includes all phases of development including feasibility, construction, commissioning, ramp-up and operation's optimization.

Following his retirement, Mr. McMullen joined BBA as Principal, Mines & Metals and Director. BBA is a Canadian based, global engineering firm. At BBA, Mr McMullen focused on the Borden Lake development project which was purchased by Goldcorp. Additionally, Jacques was Chairman of Orvana Minerals Corp. (TSX: ORV) and is currently a Director at Equinox Gold Ltd. (TSX-V: EQX), Excellon Resources (TSX:EXN) and a corporate advisor to Detour Gold Corporation (Detour Gold: TSX: DGC).

***Michele Muscillo – Non-Executive Director***

Michele Muscillo is a Partner with HopgoodGanim Lawyers in Australia. Mr Muscillo has practised exclusively in corporate law for over 15 years and has extensive experience in capital markets transactions, including the negotiation of significant commercial contracts and agreements. As part of this role, Mr Muscillo has acted on numerous IPOs and debt and equity raisings, and advised both bidders and targets on public market control transactions. His key areas of practice include Corporate Advisory and Governance, Capital Markets, Resources and Energy.

Mr Muscillo is currently a Non-Executive Director with Aeris Resources Limited (ASX:AIS), Xanadu Mines Limited (ASX: XAM) and Mako Gold Limited (ASX:MKG). Formerly, Michele was also Non-Executive Director of Orbis Gold Limited which is currently owned by TSX-Listed SEMAFO Inc. (TSX:SMF).

***Sarah Shipway – Company Secretary***

Sarah Shipway has been involved with the Corporation since inception. Prior to joining Cardinal, Ms. Shipway was an accountant. Ms. Shipway holds a Bachelor of Commerce from Murdoch University and is a member of the Institute of Chartered Accountants. Ms. Shipway is also non-executive director for Beacon Minerals Limited and St. George Mining Limited.

***Derrick Weyrauch – Chief Financial Officer***

Derrick Weyrauch is a Chartered Professional Accountant ("CPA CA") with over 25 years of experience that includes board and executive management roles at a number of publicly listed mining companies.

As the Chairman of the Special Committee for Restructuring and Recapitalization and then Chief Financial Officer, Mr. Weyrauch was instrumental in the recent successful turnaround and financial restructuring of Jaguar Mining, a gold producer with three operating underground mines and a 3.5 million ounce gold development project in Brazil.

Previously, Mr. Weyrauch was the Chief Financial Officer of Andina Minerals, a development stage gold company advancing 6.6 million ounces of proven and probable gold reserves towards development in the high Andes of Chile where he led a US\$800+ million project finance initiative.

Mr. Weyrauch previously served as the Lead Independent Director and Audit Committee Chairman at Banro

Corporation and currently serves at the audit committee chairman at Cabral Dordinal and Magna Mining Corp.

#### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

No director or executive officer of the Corporation, nor any personal holding company of any director or executive officer of the Corporation, is, as at the date hereof, or was, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:

- (a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer, and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Other than as set out below, no director or executive officer of the Corporation or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, nor any personal holding company of any such individual:

- (i) is, as at the date hereof, or has been within 10 years before the date hereof, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of such individual ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (ii) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such individual; or
- (iii) has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, or has entered into a settlement agreement with a securities regulatory authority, or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Kevin Tomlinson served as a director of Maudore Minerals Ltd. ("**Maudore**") until May 22, 2014, and of Besra Gold Inc. ("**Besra**") until April 10, 2015. On September 8, 2014, Maudore announced that it had filed a notice of intention to make a proposal under the *Bankruptcy and Insolvency Act* (the "**BIA**"). On March 2, 2015, Maudore announced that the Superior Court of the Province of Quebec (the "**Court**") had granted an order whereby Maudore's proposal to creditors, which had initially been filed under the BIA, had been continued under the CCAA and that the Court had granted an initial stay of proceedings under the CCAA. Maudore made further announcements on March 27, 2015, June 19, 2015, September 22, 2015 and February 29, 2016 that the Court had granted extensions of the stay of proceedings under the CCAA. On May 16, 2016, Maudore announced that Maudore had, under the BIA, made an assignment of its property to a trustee for the benefit of its creditors generally. On October 19, 2015, Besra announced that its board of directors had decided to file

a notice of intention to make a proposal (the "**Notice of Intention**") under the BIA. On January 29, 2016, Besra announced that, through its appointed proposal trustee, it had submitted a proposal (the "**Proposal**") to its creditors in accordance with the Notice of Intention to make a proposal. The Proposal was subsequently amended on March 13, 2016 (the "**Amended Proposal**"). A meeting of creditors (the "**Meeting**") was initially called for March 17, 2016 and was adjourned until April 7, 2016 in order to permit creditors to consider the Amended Proposal. On April 7, 2016, Besra announced that at the Meeting, the Amended Proposal had been approved by a majority of unsecured creditors holding in excess of two-thirds of the value of proven unsecured creditor claims. The Amended Proposal was approved by the Ontario Superior Court of Justice (Commercial List) on May 17, 2016. On December 17, 2014, the OSC issued a temporary cease trade order for the securities of Besra, and on December 29, 2014, the OSC issued a further cease trade order directing that trading in the securities of Besra cease until further order by the Director (together, the "**Besra Cease Trade Order**"). The British Columbia Securities Commission issued a cease trade order on December 17, 2014; the Autorité des marchés financiers issued a cease trade order on January 5, 2015; and the Alberta Securities Commission issued a cease trade order on March 30, 2015. The OSC partially revoked the Besra Cease Trade Order on March 4, 2015 to permit trades and acts in furtherance of trades in connection with a proposed private placement financing by Besra for proceeds of up to C\$15 million. On April 7, 2015, the first tranche of such financing, with gross proceeds of C\$2 million, was completed. Besra received no further proceeds from such financing. On October 14, 2016, the OSC issued an order (the "**October 2016 Order**") partially revoking the Besra Cease Trade Order to permit trades and acts in furtherance of trades that are necessary for and are in connection with the Amended Proposal and a \$10 million tranche of an exit financing. The October 2016 Order was subsequently varied by the OSC on November 18, 2016, and Besra announced on November 18, 2016 that it had closed a C\$10 million "exit financing" and intended to deliver to the Proposal trustee the consideration necessary to satisfy the elections made by creditors under the Proposal. Besra expects that once all requirements of the Proposal have been satisfied, the Proposal trustee will issue a certificate of full performance. In October 2014 trading in the common shares of Besra on the ASX was suspended and Besra's common shares were delisted from the TSX because of Besra's failure to file its financial statements for the year ended June 30, 2014.

Derrick H. Weyrauch was elected to the board of directors of Jaguar Mining Inc. ("**Jaguar**") in June 2013. As part of a corporate turnaround and restructuring process, Jaguar declared insolvency and commenced a voluntary proceeding under the CCAA on December 23, 2013 in the Ontario Superior Court of Justice. This proceeding was commenced to implement a debt restructuring and financing transaction ("**CCAA Plan**") that was negotiated prior to the commencement of the CCAA proceeding. On April 22, 2014, Jaguar implemented the CCAA Plan and emerged from court protection under the CCAA. On May 2, 2014, the shares of Jaguar began trading on the TSX Venture Exchange. Following the voluntary proceeding under the CCAA, the Toronto Stock Exchange advised that it is reviewing the common shares of Jaguar with respect to meeting the requirements for continued listing pursuant to the Expedited Review Process. The common shares were subsequently suspended from trading on the Toronto Stock Exchange. In 2013, NYSE Regulation reached a decision to delist Jaguar's common shares in view of the fact that Jaguar's common shares had fallen below the NYSE's continued listing standard for an average closing price of less than US\$1.00 over a consecutive 30 trading day period. As a result, on June 3, 2013, NYSE Regulations, Inc. ("**NYSE Regulation**") commenced proceedings to delist the common shares of Jaguar from the New York Stock Exchange ("**NYSE**") and trading in Jaguar's common shares was suspended prior to the opening on June 7, 2013.

Mr. Weyrauch was a director of Banro Corporation ("**Banro**"). On November 20, 2017 Banro became subject to a general cease trade order issued by the Ontario Securities Commission (the "**CTO**") for failure to file its interim financial statements and management's discussion and analysis for the period ended September 30, 2017, and the certifications of such filings as required by National Instrument 52-109. The filings were not made due to significant uncertainty concerning Banro's ability to continue as a going concern. As part of a corporate turnaround and restructuring process, Banro declared insolvency and commenced a voluntary proceeding under the CCAA on December 22, 2017 in the Ontario Superior Court of Justice. This proceeding was

commenced to implement a debt restructuring and sale and investment solicitation process (“SISP”). On May 3, 2018 Banro implemented the CCAA Plan and emerged from court protection under the CCAA.

### **Conflicts of Interest**

To the best of the Corporation’s knowledge, and other than as disclosed in this AIF, there are no known existing or potential material conflicts of interest between the Corporation or a subsidiary of the Corporation and any director or officer of the Corporation or a subsidiary of the Corporation, except that certain of the directors and officers serve as directors and officers of other public companies, and therefore it is possible that a conflict may arise between their duties as a director or officer of the Corporation and their duties as a director or officer of such other companies. See “*Description of the Business – Risk Factors – Risks Associated with Conflicts of Interest*”.

### **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

The Corporation is not a party to, and its property is not the subject of, any material legal proceedings, and the Corporation was not a party to, and its property was not the subject of, any material legal proceedings during the Corporation's most recently completed financial year. The Corporation is not aware of any contemplated legal proceedings.

During the most recently completed financial year, no penalties or sanctions were imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority, no penalties or sanctions were imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision, and no settlement agreements were entered into by the Corporation before a court relating to securities legislation or with a securities regulatory authority.

### **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than as disclosed in this AIF, the Corporation is not aware of any material interest, direct or indirect, of any director or officer of the Corporation, any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Corporation’s voting securities, or any associate or affiliate of any such persons or companies in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Corporation.

### **TRANSFER AGENT AND REGISTRAR**

The transfer agent and registrar for the Ordinary Shares and the Listed Options of the Corporation in Australia is Computershare Investor Services Pty Ltd (“**Computershare (Australia)**”), and the Ordinary Shares and Listed Options are transferable at the offices of Computershare (Australia) in Perth.

The transfer agent and registrar for the Ordinary Shares of the Corporation in Canada is Computershare Investor Services Inc. (“**Computershare (Canada)**”), and the Ordinary Shares are transferable at the offices of Computershare (Canada) in Toronto.

## AUDIT COMMITTEE AND RELATED INFORMATION

### The Audit and Risk Committee's Charter

The responsibilities and duties of the audit and risk committee (the "**Audit and Risk Committee**") of the Board are set out in the Audit and Risk Committee's Charter (the "**Charter**"), the text of which is set forth in Appendix A to this AIF.

### Composition of the Audit and Risk Committee

The Audit and Risk Committee is comprised of Michele Muscillo (Chair), Jacques McMullen and Robert Schafer. The following chart sets out the Corporation's assessment of the independence, financial literacy and relevant educational background and experience supporting such financial literacy of each member of the Audit and Risk Committee. Additional information about relevant experience of each member of the Audit and Risk Committee can be found in such member's biography under the heading "*Directors and Executive Officers*" above.

Name	Independent <sup>(1)</sup>	Financially Literate <sup>(2)</sup>	Relevant Education and Experience
Michele Muscillo	Yes	Yes	Bachelor of Laws Chair of audit committee of Aeris Resources and Xanadu mines.
Jacques McMullen	Yes	Yes	BScA, MScA, PEng, ICD.D
Robert Schafer	Yes	Yes	Graduate Diploma Finance

Notes:

- (1) To be considered independent, a member of the Audit and Risk Committee must not have any direct or indirect "material relationship" with the Corporation. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member's independent judgment.
- (2) To be considered financially literate, a member of the Audit and Risk Committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements.

### Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year, has the Corporation relied on the exemption in section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), the exemption in section 3.2 of NI 52-110 (*Initial Public Offerings*), the exemption in subsection 3.3(2) of NI 52-110 (*Controlled Companies*), the exemption in section 3.4 of NI 52-110 (*Events Outside Control of Member*), the exemption in section 3.5 of NI 52-110 (*Death, Disability or Resignation of Audit Committee Member*), the exemption in section 3.6 of NI 52-110 (*Temporary Exemption for Limited and Exceptional Circumstances*) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (Exemptions).

### Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year has a recommendation of the Audit and Risk Committee to nominate or compensate an external auditor not been adopted by the Board.

### Pre-Approval Policies and Procedures

The Corporation has adopted policies and procedures with respect to the pre-approval of audit and permitted non-audit services to be provided by its external auditor as set forth in the Charter. It is expected that the Audit and Risk Committee will approve the provision of a specified list of audit and permitted non-audit services that the Audit and Risk Committee believes to be typical, reoccurring or otherwise likely to be provided by the Corporation's external auditor during the current fiscal year.

### External Auditor Service Fees

The following table provides detail in respect of audit, audit related, tax and other fees paid by the Corporation to the external auditors for professional services:

Reporting Period	Audit Fees <sup>(1)</sup>	Audited-Related Fees <sup>(2)</sup>	Tax Fees <sup>(3)</sup>	All Other Fees <sup>(4)</sup>
June 30, 2018	\$67,143	Nil	\$4,400	\$35,295
June 30, 2017	\$54,605	Nil	Nil	\$6,250

Notes:

- (1) "Audit Fees" include the aggregate fees billed by the Corporation's external auditor for the audit of the annual financial statements and other regulatory audits and filings.
- (2) "Audit-Related Fees" include the aggregate fees billed for assurance and related services by the Corporation's external auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statements but not included in "Audit Fees".
- (3) "Tax Fees" include the aggregate fees billed for professional services rendered by the Corporation's external auditor for tax compliance, tax advice and tax planning.
- (4) "All Other Fees" include the aggregate fees billed for products and services provided by the Corporation's external auditor, other than as set out under the headings "Audit Fees", "Audit Related Fees" and "Tax Fees".

### MATERIAL CONTRACTS

The Corporation is not party to any material contracts entered into by or on behalf of the Corporation or any of its subsidiaries within the financial year ended June 30, 2018, or before the financial year ended June 30, 2018 if still in effect. Subsequent to the end of the financial year ended June 30, 2018, the Corporation (together with its wholly owned subsidiaries) entered into a credit agreement (the "**Credit Agreement**") with Sprott Private Resource Lending (Collector), LP with respect to a US\$25 million senior secured credit facility in favour of the Corporation, as borrower (the "**Credit Facility**"). The Credit Facility was entered into to provide the Corporation with working capitals to advance the Namdini Project. Amounts drawn by the Corporation under the Credit Facility bear interest at a floating rate equal to 7.75% per annum plus the greater of (i) LIBOR

and (ii) 1.00%, per annum, calculated and compounded monthly on the last day of every month, and be payable on the last business Day of each month. The Credit Facility matures on February 28, 2021. The Credit Facility is secured by: (i) a first priority encumbrance granted by the Corporation and each of its wholly-owned subsidiaries, being Cardinal Mining Services Limited, Cardinal Namdini Mining Limited, Cardinal Resources Ghana Limited and Cardinal Resources Subranum Limited (the “**Subsidiaries**”) in favour of Sprott; (ii) a guarantee of the obligations of the Corporation as borrower by each of the Subsidiaries; and (iii) a pledge by the Corporation of the shares of each of the Subsidiaries via a share charge agreement under the laws of Ghana to Sprott. In connection with the completion of the Credit Facility, the Corporation agreed to issue to Sprott and its affiliates 4,250,000 ordinary shares of the Corporation on a private placement as a work fee.

#### INTERESTS OF EXPERTS

The following persons or companies are named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made by the Corporation under National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators during, or relating to, the financial year ended June 30, 2018, and whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company:

- Glenn Turnbull, MAusIMM (CP) of Golder Associates Pty Ltd.;
- Marc LeVier, MMSA (QP) of K. Marc LeVier & Associates, Inc.;
- Nicolas Johnson, MAIG of MPR Geological Consultants Pty Ltd.; and
- BDO Audit (WA) Pty Ltd.

To the best knowledge of the Corporation, the persons and companies referenced above each hold less than 1% of any outstanding securities of the Corporation, or of any associate or affiliate of the Corporation.

None of the persons referenced above or directors, officers or employees of a person or company referenced above is or is expected to be elected, appointed or employed as a director, officer or employee of the Corporation or of any associate or affiliate of the Corporation.

#### ADDITIONAL INFORMATION

Additional information relating to the Corporation can be found under the Corporation’s profile on the SEDAR website at [www.sedar.com](http://www.sedar.com). Additional information, including directors’ and officers’ remuneration and indebtedness, principal holders of the Corporation’s securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Corporation’s information circular for its most recent annual meeting of shareholders. Additional financial information is provided in the Corporation’s audited consolidated financial statements and management’s discussion and analysis for its most recently completed financial year.



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## APPENDIX A - AUDIT AND RISK COMMITTEE CHARTER

### 1. ROLE

The role of the Audit and Risk Committee is to assist the Board in monitoring and reviewing any matters of significance affecting financial reporting and compliance. This Charter defines the Audit and Risk Committee's function, composition, mode of operation, authority and responsibilities.

### 2. COMPOSITION

The Board will adhere to the following composition requirements for the Committee.

- (a) The Committee must comprise at least three members.
- (b) All members of the Committee must be non-executive Directors.
- (c) Except as permitted by NI 52-110, all members of the Committee must be independent in accordance with the criteria set out in Annexure A.
- (d) The Board will appoint members of the Committee. The Board may remove and replace members of the Committee by resolution.
- (e) All members of the Committee must be able to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and level of complexity of the issues reasonably expected to be raised by the Corporation's financial statements.
- (f) The Chairman of the Committee shall have leadership experience and a strong finance, accounting or business background and will not be the Chair of the Board.
- (g) The external auditors, the other Directors, the Managing Director, Chief Financial Officer, Company Secretary and other senior executives may be invited to Committee meetings at the discretion of the Committee.

### 3. PURPOSE

The primary purpose of the Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to:

- (a) the quality and integrity of the Corporation's financial statements, accounting policies and financial reporting and public disclosure practices;
- (b) compliance with all applicable laws, regulations and company policy;
- (c) the effectiveness and adequacy of internal control processes;
- (d) the performance of the Corporation's external auditors and their appointment and removal;

- (e) the independence of the external auditor and the rotation of the lead engagement partner;
- (f) the scope and adequacy of the external audit;
- (g) any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor;
- (h) the identification and management of business, economic, environmental and social sustainability risks; and
- (i) the review of the Corporation's risk management framework at least annually to satisfy itself that it continues to be sound and to determine whether there have been any changes in the material business risks the Corporation faces and to ensure that they remain within the risk appetite set by the Board.

A secondary function of the Committee is to perform such special reviews or investigations as the Board may consider necessary.

#### **4. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE**

##### **4.1 Review of Financial Reports**

- (a) Review the appropriateness of the accounting principles adopted by management in the financial reports and the integrity of the Corporation's financial reporting.
- (b) Directly oversee the work of the external auditor engaged to prepare or issue an auditor's report and the results of the external audits of those reports.
- (c) Assess whether external reporting is adequate for shareholder needs.
- (d) Assess management processes supporting external reporting.
- (e) Establish procedures for receipt, retention and treatment of accounting complaints and confidential, anonymous submission by employees of the Corporation of complaints regarding questionable accounting or auditing matters.
- (f) Directly oversee the resolution of disagreements between management and the external auditor regarding financial reporting.
- (g) Review the impact of any proposed changes in accounting policies on the financial statements.
- (h) Review the financial statements, MD&A and annual and interim profit or loss press releases before the Corporation publicly discloses the information.
- (i) Ensure that, before the Board approves the Corporation's financial statements for a financial period, the Chief Executive Officer and Chief Financial Officer (or, if none, the person(s) fulfilling those functions) have declared that, in their opinion, the financial records of the Corporation have been properly maintained and that the financial statements comply with

the appropriate accounting standards and give true and fair view of the financial position and performance of the Corporation and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

- (j) Ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from its financial statements and periodically assess the adequacy of those procedures.

#### **4.2 Relationship with External Auditors**

- (a) Recommend to the Board (i) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing another audit, review or attestation services for the Corporation and (ii) the compensation of the external auditor.
- (b) Review performance, succession plans and rotation of lead engagement partner.
- (c) Approve the external audit plan and fees proposed for audit work to be performed.
- (d) Discuss any necessary recommendations to the Board for the approval of quarterly, half yearly or annual reports.
- (e) Review the adequacy of accounting and financial controls together with the implementation of any recommendations of the external auditor in relation thereto.
- (f) Meet with the external auditors at least twice in each financial year and at any other time the Committee considers appropriate.
- (g) Provide pre-approval of audit and non-audit services that are to be undertaken by the external auditor.
- (h) Ensure adequate disclosure as may be required by law of the Committee's approval of all non-audit services provided by the external auditor.
- (i) Review the Corporation's public disclosure required by applicable securities laws concerning the audit committee and its members to ensure it is accurate and complete.
- (j) Ensure that the external auditor prepares and delivers an annual statement as to their independence which includes details of all relationships with the Corporation.
- (k) Receive from the external auditor their report on, among other things, critical accounting policies and alternative accounting treatment, prior to the filing of their audit report in compliance with applicable securities law requirements and/or the Corporations Act.
- (l) Ensure that the external auditor attends the Corporation's Annual General Meeting and is available to answer questions from security holders relevant to the audit.

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### 4.3 Internal Audit Function

- (a) Monitor the need for a formal internal audit function and its scope.
- (b) Review and monitor the appointment or removal of the head of internal audit.
- (c) Assess the performance and objectivity of any internal audit procedures that may be in place.
- (d) Review risk management and internal compliance procedures.
- (e) Monitor the quality of the accounting function.
- (f) Review the internal controls of the Corporation via consideration of any comments from the Corporation's internal and/or external auditors and/or commissioning an independent report on the Corporation's internal controls.

### 4.4 Risk Management

- (a) Oversee the Corporation's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with the Corporation's Risk Management Policy, internal guidelines and external requirements.
- (b) Assist in identifying and managing potential or apparent business, economic, environmental and social sustainability risks (if appropriate) that could adversely affect the Corporation's prospects currently and for future financial years.
- (c) Review the Corporation's Risk Management Policy at least annually to satisfy itself that it continues to be sound.
- (d) Review reports by management on the efficiency and effectiveness of the Corporation's Risk Management Policy and associated internal compliance and control procedures.

### 4.5 Other

- (a) The Committee will oversee the Corporation's environmental risk management, insurance and occupational health and safety processes.
- (b) The Committee will oversee procedures for whistleblower protection.
- (c) As contemplated by the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, and to the extent that such deviation or waiver does not result in any breach of the law, the Committee may approve any deviation or waiver from the "*Corporate code of conduct*". Any such waiver or deviation will be promptly disclosed where required by applicable law.
- (d) The Committee will monitor related party transactions.
- (e) The Committee will review and approve the Corporation's hiring policy regarding partners,

employees and former partners and employees of the present and former external auditor of the Corporation.

## **5. MEETINGS**

- (a) The Committee will meet at least twice in each financial year and additionally as circumstances may require for it to undertake its role effectively.
- (b) Meetings are called by the Secretary as directed by the Board or at the request of the Chairman of the Committee.
- (c) Where deemed appropriate by the Chairman of the Committee, meetings and subsequent approvals and recommendations can be implemented by a circular written resolution or conference call.
- (d) A quorum shall consist of two members of the Committee. In the absence of the Chairman of the Committee or their nominees, the members shall elect one of their members as Chairman of that meeting.
- (e) Decisions will be based on a majority of votes with the Chairman having a casting vote.
- (f) The Committee Chairman, through the Secretary, will prepare a report of the actions of the Committee to be included in the Board papers for the next Board meeting.
- (g) Minutes of each meeting are included in the papers for the next full Board meeting after each Committee meeting.

## **6. SECRETARY**

- (a) The Company Secretary or their nominee shall be the Secretary of the Committee and shall attend meetings of the Committee as required.
- (b) The Secretary will be responsible for keeping the minutes of meetings of the Committee and circulating them to Committee members and to the other members of the Board.
- (c) The Secretary shall distribute supporting papers for each meeting of the Committee as far in advance as possible.

## **7. RELIANCE ON INFORMATION OR PROFESSIONAL OR EXPERT ADVICE**

Each member of the Committee is entitled to rely on information, or professional or expert advice, to the extent permitted by law, given or prepared by:

- (a) an employee of the Group whom the member believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
- (b) a professional adviser or expert in relation to matters that the member believes on reasonable grounds to be within the person's professional or expert competence; or

- (c) another Director or officer of the Group in relation to matters within the Director's or officer's authority.

#### **8. ACCESS TO ADVICE**

- (a) Members of the Committee have rights of access to management and to the books and records of the Corporation to enable them to discharge their duties as Committee members, except where the Board determines that such access would be adverse to the Corporation's interests.
- (b) Members of the Committee may meet with the auditors, both internal and external, without management being present.
- (c) Members of the Committee may engage independent legal counsel or other advisers they consider necessary to assist them in carrying out their duties and responsibilities and set and pay the compensation for any advisors employed by the Committee. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Corporation.

#### **9. REVIEW OF CHARTER**

- (a) The Board will conduct an annual review of the membership to ensure that the Committee has carried out its functions in an effective manner, and will update the Charter and Risk Management Policy as required or as a result of new laws or regulations.
- (b) The Charter and Risk Management Policy shall be made available to members on request, to senior management, to the external auditor and to other parties as deemed appropriate, will be posted to the Corporation's website and will be included, where required, in the Corporation's public disclosure documents.

#### **10. REPORT TO THE BOARD**

- (a) The Committee must report to the Board formally at the next Board meeting following from the last Committee meeting on matters relevant to the Committee's role and responsibilities.
- (b) The Committee must brief the Board promptly on all urgent and significant matters.

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## ANNEXURE A – DEFINITION OF INDEPENDENCE

An audit committee member is independent if he or she:

- (a) has no direct or indirect material relationship with the Corporation, being a relationship which could, in the view of the Corporation's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgement; and
- (b) is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the entity and its security holders generally.

### Material relationships

Subject to certain exemptions and further clarification set out in Canadian securities laws applicable to the Corporation, the following individuals are considered to have a material relationship with the Corporation:

- (a) an individual who (i) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation or any subsidiary entity of the Corporation, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or (ii) is an affiliated entity of the Corporation or any of its subsidiary entities,
- (b) an individual who is, or has been within the last three years, an employee or executive officer of the Corporation;
- (c) an individual whose immediate family member is, or has been within the last three years, an executive officer of the Corporation;
- (d) an individual who:
  - i. is a partner of a firm that is the Corporation's internal or external auditor,
  - ii. is an employee of that firm, or
  - iii. was within the last three years a partner or employee of that firm and personally worked on the Corporation's audit within that time;
- (e) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
  - i. is a partner of a firm that is the Corporation's internal or external auditor,
  - ii. is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
  - iii. was within the last three years a partner or employee of that firm and personally worked on

the Corporation's audit within that time;

- (f) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Corporation's current executive officers serves or served at that same time on the entity's compensation committee; and
- (g) an individual who received, or whose immediate family member who is employed as an executive officer of the Corporation received, more than \$75,000 in direct compensation from the Corporation during any 12 month period within the last three years.

**Examples of interests, positions, associations or relationships affecting independence**

Examples of interests, positions, associations and relationships that might cause doubts about the independence of a director include if the director:

- (a) is, or has been, employed in an executive capacity by the Corporation or any of its child entities and there has not been a period of at least three years between ceasing such employment and serving on the board;
- (b) is, or has within the last three years been, a partner, director or senior employee of a provider of material professional services or a material consultant to the Corporation or any of its child entities;
- (c) is, or has been within the last three years, in a material business relationship (e.g. as a supplier or customer) with the Corporation or any of its child entities, or an officer of, or otherwise associated with, someone with such a relationship;
- (d) is a substantial security holder of the Corporation or an officer of, or otherwise associated with, a substantial security holder of the Corporation;
- (e) has a material contractual relationship with the Corporation or its child entities other than as a director;
- (f) has close family ties with any person who falls within any of the categories described above; or
- (g) has been a director of the Corporation for such a period that his or her independence may have been compromised.

In each case, the materiality of the interest, position, association or relationship needs to be assessed to determine whether it might interfere, or might reasonably be seen to interfere, with the director's capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of the Corporation and its security holders generally.