



**Condensed Interim Consolidated Financial Statements
for the three and six months ended
December 31, 2019**

DIRECTORS REPORT

The Directors are pleased to submit their report on Cardinal Resources Limited for the three and six months ended December 31, 2019.

DIRECTORS

The names of the directors who held office during or since the end of the six months ended December 31, 2019 are:

DIRECTOR	TITLE	DATE OF APPOINTMENT	DATE OF RETIREMENT
Kevin Tomlinson	Non-Executive Chairman	7 November 2016	N/A
Archie Koimtsidis	Managing Director	24 December 2012	N/A
Malik Easah	Executive Director	24 December 2012	N/A
Michele Muscillo	Non-Executive Director	12 October 2017	N/A
Dr Kenneth G. Thomas	Non-Executive Director	31 October 2018	N/A
Trevor Schultz	Non-Executive Director	2 January 2019	N/A

DECEMBER 2019 REVIEW OF OPERATIONS

A review of operations of the consolidated entity during the period ended December 31, 2019 is provided in the Management Discussion & Analysis immediately following the consolidated financial statements.

SUBSEQUENT EVENTS

There has not been any matter or circumstance that has arisen since balance date that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 27.

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

The directors of the Group declare that:

1. the financial statements and notes, as set out on pages 4 to 26 are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the financial position as at December 31, 2019 and of the performance for the three and six months ended on that date of the Group.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a meeting of the Board of Directors.

(signed) "Archie Koimtsidis", Director
Archie Koimtsidis

(signed) "Kevin Tomlinson", Director
Kevin Tomlinson

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31, 2019 and June 30, 2019
(Unaudited and expressed in Australian Dollars)

As at	Note	December 31, 2019	June 30, 2019
ASSETS			
Current assets			
Cash and cash equivalents	13(a)	\$ 20,581,280	\$ 18,735,456
Trade and other receivables	3(a)	184,419	256,650
Other assets	3(b)	1,915,976	847,392
		22,681,675	19,839,498
Non-current assets			
Plant and equipment	4	1,138,086	994,650
		1,138,086	994,650
TOTAL ASSETS		\$ 23,819,761	\$ 20,834,148
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current liabilities			
Trade and other payables	5	\$ 2,621,007	\$ 3,286,116
Provisions		178,938	85,062
		2,799,945	3,371,178
Non-current liabilities			
Borrowings	6	37,234,955	35,604,680
		37,234,955	35,604,680
TOTAL LIABILITIES		\$ 40,034,900	\$ 38,975,858
Shareholders' equity (deficiency)			
Issued capital	7	101,366,232	84,460,427
Reserves	8(a)	8,563,732	5,681,581
Accumulated losses		(126,145,103)	(108,283,718)
		\$ (16,215,139)	\$ (18,141,710)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT		\$ 23,819,761	\$ 20,834,148

See accompanying notes to the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS

For the three and six months ended December 31, 2019 and 2018

(Unaudited and expressed in Australian Dollars)

For the period ended	Note	Three months ended		Six months ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Revenue	9	\$ 42,856	\$ 123,946	\$ 85,097	\$ 138,639
Operating expenses					
Corporate administration expenses	10	(3,737,786)	(3,000,571)	(7,006,624)	(5,918,307)
Amortization expenses		(71,382)	(58,632)	(129,909)	(144,365)
Exploration and pre-development expenses		(5,868,970)	(2,677,484)	(11,453,150)	(5,366,289)
Foreign exchange gain/(loss)		1,205,096	(8,964)	174,594	69,566
Net Loss Income for the period		\$ (8,430,186)	\$ (5,621,705)	\$ (18,329,992)	\$ (11,220,756)
Other comprehensive (loss)/gain					
Items that may be reclassified to profit or loss:					
Unrealized foreign exchange on translation		(295,996)	(304,416)	2,448,695	(470,053)
Comprehensive loss for the period		\$ (8,726,182)	\$ (5,962,121)	\$ (15,881,297)	\$ (11,690,809)
Loss per share, basic and diluted		\$ (0.017)	\$ (0.015)	\$ (0.041)	\$ (0.030)
Weighted average number of common shares outstanding	12	492,987,760	378,872,005	441,433,522	377,415,211

See accompanying notes to the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three and six months ended December 31, 2019

(Unaudited and expressed in Australian Dollars)

For the period ended	Note	Three months ended		Six months ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Operating activities					
Expenditure on mineral interests		\$ (4,552,605)	\$ (4,211,129)	\$ (10,466,769)	\$ (8,114,972)
Other payments to suppliers and employees		(1,376,114)	(597,217)	(3,232,003)	(2,865,397)
Interest received		39,389	62,948	123,782	81,085
Net cash outflow from operating activities	13(b)	(5,889,330)	(4,745,398)	(13,574,990)	(10,899,284)
Investing activities					
Purchase of plant and equipment		(223,853)	(318,524)	(378,667)	(361,643)
Net cash outflow from investing activities		(223,853)	(318,524)	(378,667)	(361,643)
Financing activities					
Issue of shares and options net of capital raising costs		12,499,361	96,917	16,515,187	173,417
Interest paid	13(c)	(484,817)	(494,998)	(975,329)	(494,998)
Proceeds from borrowings net of costs		-	-	-	33,921,932
Net cash inflow from financing activities		12,014,544	(389,081)	15,539,858	33,600,351
Increase/(decrease) in cash and cash equivalents		5,901,361	(5,462,003)	1,586,201	22,339,424
Cash and cash equivalents at the beginning of period		14,740,440	35,760,607	18,735,456	7,303,807
Effect of changes in exchange rates on cash		(60,521)	(1,123,999)	259,623	(468,626)
Cash and cash equivalents, end of period	13(a)	20,581,280	\$ 29,174,605	20,581,280	29,174,605

See accompanying notes to the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (DEFICIENCY)

For the three and six months ended December 31, 2019 and 2018

(Unaudited and expressed in Australian Dollars)

	Share Capital	Options Reserve	Foreign Exchange Reserve	Accumulated Loss	Total Equity (Deficiency)
Balance as at July 1, 2019	\$ 84,460,427	\$ 7,185,073	\$ (1,503,492)	\$ (108,283,718)	\$ (18,141,710)
Profit/(loss) for the period	-	-	-	(18,329,992)	(18,329,992)
Other comprehensive income	-	-	2,448,695	-	2,448,695
Total comprehensive income/(loss)	-	-	2,448,695	(18,329,992)	(15,881,297)
Transactions with owners in their capacity as owners					
Options exercised/(expired) during the period	16,527,578	(468,607)	-	468,607	16,527,578
Share/Option based payments	391,106	-	-	-	391,106
Employee option-based payments	-	902,063	-	-	902,063
Shares issue expense	(12,879)	-	-	-	(12,879)
Balance as at December, 2019	\$ 101,366,232	\$ 7,618,529	\$ 945,203	\$ (126,145,103)	\$ (16,215,139)
Balance as at July 1, 2018	\$ 81,369,056	\$ 6,744,105	\$ (704,227)	\$ (81,898,296)	\$ 5,474,638
Profit/(loss) for the period	-	-	-	(11,220,756)	(11,220,756)
Other comprehensive income	-	-	(470,053)	-	(470,053)
Total comprehensive income/(loss)	-	-	(470,053)	(11,220,756)	(11,690,809)
Transactions with owners in their capacity as owners					
Shares issued during the period	-	-	-	-	-
Options exercised during the period	179,235	(685,784)	-	-	(506,549)
Share based payments	2,150,378	-	-	-	2,510,378
Employee option based payments	-	1,030,825	-	-	1,030,825
Share issue expense	(5,818)	-	-	-	(5,818)
Balance as at December 31, 2018	\$ 84,052,851	\$ 7,089,146	\$ (1,210,280)	\$ (93,119,052)	\$ (3,187,335)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2019 and 2018

(Expressed in Australian Dollars)

1. CORPORATE INFORMATION

Cardinal Resources Limited (“**Cardinal Resources**” or “**the Company**”) 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 Company’s registered office is Suite 1, 28 Ord Street, West Perth, Western Australia 6005, Australia.

The principal activity of the Company and its controlled entities (“the Group”) is West African gold-focused exploration and development Company.

These unaudited condensed interim consolidated financial statements were approved by the board of directors on February 14, 2020.

As at 31 December 2019 the Group has a net liability position of \$16,215,139 as a result of a non-current liability owing to Sprott Private Resourcing Lending (collector), L.P of \$37,234,955 in the form of a secured credit facility which is repayable on February 28, 2021 (refer note 6). Management believe there are sufficient funds to meet the entity’s working capital requirements as at the date of this report. The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Company is actively working with its appointed debt advisor, Cutfield Freeman & Co (London) to secure Project debt finance on competitive terms and continue to assess various funding options.
- The Company has commenced Project finance discussions with a number of Australian and International Banking groups from which the Company received a number of preliminary (non-binding) financing terms sheets.
- In addition to traditional financing solutions. The Company is concurrently evaluating strategic alternatives to bring the Project into production
- In the meantime, the Company remains in a strong financial position with cash reserves of approximately A\$20m.

2. BASIS OF PRESENTATION

The Company’s condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). These condensed interim consolidated financial statements do not include all of the disclosures required for annual financial statements and hence should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended June 30, 2019. These condensed interim consolidated financial statements follow the same significant accounting policies as those included in the Company’s audited annual consolidated financial statements for the year ended June 30, 2019, except for IFRS 16 outlined below.

- The following accounting standard was issued with an effective date of 1 July 2019:

IFRS 16: Leases replaces the accounting requirements applicable to leases in IAS 17: Leases and related Interpretations. IFRS 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 IAS 16: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2019 and 2018

(Expressed in Australian Dollars)

- 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.

During the period the Group accounted for IFRS 16 and an adjustment was made to recognise all leases in the Statement of Financial Position. The adjustment was noted to be immaterial to the financial report. The modified retrospective approach was adopted. The weighted average lessee's incremental borrowing rate applied to the lease liabilities from 1 July 2019 was 12.95%.

The transitional provisions of IFRS 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with IAS 8 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

3. CURRENT ASSETS

(a) Trade and other receivables

	December 31, 2019	June 30, 2019
Government taxes receivable	\$ 175,101	\$ 186,992
Interest receivable	9,318	48,003
Other	-	21,655
	\$ 184,419	\$ 256,650

GST is a 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

	December 31, 2019	June 30, 2019
Prepayments (i)	\$ 1,744,752	\$ 839,824
Cash deposits	171,224	7,568
	\$ 1,915,976	\$ 847,392

- (i) Prepayments include an advance of \$338,555 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 December 31, 2019, \$338,555 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 current and prior period.

The Company has also made available funds on trust to the Company's Ghana lawyers to assist with the acquisition of tenement licences. The Company had a balance of \$854,409 held in trust as at December 31, 2019.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2019 and 2018

(Expressed in Australian Dollars)

4. PLANT AND EQUIPMENT

	Plant and Equipment	Vehicles	Total
Cost			
Balance as at July 1, 2019	1,317,086	756,188	2,073,274
Additions	140,516	127,146	267,662
Disposals	-	-	-
Foreign exchange movement	(31,973)	(28,292)	(60,265)
Balance as at December 31, 2019	\$ 1,425,629	\$ 855,042	\$ 2,280,671
Balance as at July 1, 2018	\$1,031,395	\$384,299	\$1,415,694
Additions	317,392	397,026	714,418
Disposals	(4,024)	(1,122)	(5,146)
Foreign exchange movement	(27,677)	(24,015)	(51,692)
Balance as at June 30, 2019	\$1,317,086	\$756,188	\$2,073,274
Accumulated depreciation			
Balance as at July 1, 2019	831,246	247,378	1,078,624
Depreciation for the period	59,433	41,222	100,655
Disposals	-	-	-
Foreign exchange movement	(27,969)	(8,725)	(36,694)
Balance as at December 31, 2019	\$ 862,710	\$ 279,875	\$ 1,142,585
Balance as at July 1, 2018	\$613,835	\$237,710	\$851,545
Depreciation for the period	299,168	15,563	314,731
Disposals	-	-	-
Foreign exchange movement	(81,757)	(5,895)	(87,652)
Balance as at June 30, 2019	\$831,246	\$247,378	\$1,078,624
Carrying amounts			
As at December 31, 2019	\$ 562,919	\$575,167	\$ 1,138,086
As at 30 June 2019	\$485,840	\$508,810	\$994,650

5. TRADE AND OTHER PAYABLES

	December 31, 2019	June 30, 2019
Trade and other payables (i)	\$ 2,128,276	2,689,016
Other accrued expenses	492,731	597,100
	\$ 2,621,007	3,286,116

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

6. BORROWINGS

	December 31, 2019	June 30, 2019
Secured credit facility	\$ 36,702,763	\$ 36,134,808
Foreign exchange on credit facility	1,618,937	1,308,979
Transaction costs	(1,086,745)	(1,839,107)
	\$ 37,234,955	\$ 35,604,680

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2019 and 2018

(Expressed in Australian Dollars)

(i) Secured Credit Facility

The credit facility is secured by Sprott Private Resources Lending (Collector), L.P 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, being 28 February 2021;
- Interest rate of LIBOR + 7.75%; and
- 50% of the interest is accrued and payable on loan maturity.

The credit facility is secured against assets of Cardinal and its wholly owned subsidiary, Cardinal Namdini Mining Limited.

(ii) Loan Covenants

Cardinal Resources has complied with the financial covenants of its credit facility during the December 31, 2019 reporting period.

- Under the terms of the credit facility, Cardinal's Working Capital Ratio shall be equal to or greater than 1.20 to 1.00; and
- The amount of Cardinal's Unrestricted Cash is greater than US\$2,500,000 or if, denominated in AU\$ equivalent to US\$2,500,000.

Cardinal has complied with these covenants throughout the report period.

7. ISSUED CAPITAL

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 six months ended December 31, 2018 and 2019 are as follows:

	Number of Shares	
As at July 1, 2018	373,563,580	\$ 81,369,056
Transactions during the period:		
Shares issued (i)	4,250,000	1,997,500
Options exercise (ii)	1,194,900	179,235
Share based payments	1,229,337	512,878
Less: transaction costs (iv)	-	(5,818)
As at December 31, 2018	380,237,817	\$ 84,052,851
As at July 1, 2019	382,864,991	\$ 84,460,427
Transactions during the period:		
Options exercise (ii)	110,183,854	16,527,578
Share based payments (iii)	975,677	391,106
Less: transaction costs (iv)	-	(12,879)
As at December 31, 2019	494,024,522	\$ 101,366,232

- The following shares were issued during the period ended December 31, 2018
 - On August 28, 2018 the Corporation issued 4,250,000 shares to Sprott Private Resources Lending (Collector), L.P as part of the Facility.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2019 and 2018

(Expressed in Australian Dollars)

- (ii) Exercise of Listed Options
- (iii) Share based payments (refer to note 14).
 - A total of 276,303 shares were issued to employees of the Company as part consideration for services provided to the Company.
 - A total of 699,374 shares were issued for services rendered to the Company.
- (iv) Transactions costs represent the costs of issuing the shares.

8. RESERVES

(a) Movement in reserve

	December 31, 2019	December 31, 2018
As at the beginning of the period	\$ 5,681,581	\$ 6,039,878
Movement in options reserve 8(b)	433,456	(345,041)
Movement in foreign exchange reserve	2,448,695	(129,636)
Total	\$ 8,563,732	\$ 5,878,866

(b) Movement in options reserve

	December 31, 2019	December 31, 2018
As at the beginning of the period	\$ 7,185,073	\$ 6,744,105
Options granted/expensed during the period	902,063	1,030,825
Options exercised/(expired) during the period	(468,607)	(685,784)
Total	\$ 7,618,529	\$ 7,089,146

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

	NUMBER OF OPTIONS	
As at July 1, 2018	114,129,906	\$ 468,607
Transactions during the period:		
Exercise of options	(1,194,900)	-
As at December 31, 2018	112,935,006	\$ 468,607
As at July 1, 2019	110,371,935	\$ 468,607
Transactions during the period:		
Exercise of options	(110,183,854)	(468,607)
Expiry of options	(188,081)	-
As at December 31, 2019	-	\$ -

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

	NUMBER OF OPTIONS	
As at July 1, 2018	6,000,000	\$ 552,000
Transactions during the period:		
Expiry of options	-	-
As at December 31, 2018	6,000,000	\$ 552,000

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2019 and 2018

(Expressed in Australian Dollars)

	NUMBER OF OPTIONS	
As at July 1, 2019	6,000,000	\$ 552,000
Transactions during the period:		
Expiry of options	-	-
As at December 31, 2019	6,000,000	\$ 552,000

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

	NUMBER OF OPTIONS	
As at July 1, 2018	18,500,000	\$ 3,962,711
Transactions during the period:		
Options expensed	-	665,094
Cancelled or forfeited	-	-
As at December 31, 2018	18,500,000	\$ 4,627,805
As at July 1, 2019	18,500,000	\$ 5,210,306
Transactions during the period:		
Options expensed	-	519,719
Cancelled or forfeited	-	-
As at December 31, 2019	18,500,000	\$ 5,730,025

(f) Movement in unlisted milestones options exercisable at \$0.825 on or before December 21, 2022

	NUMBER OF OPTIONS	
As at July 1, 2018	5,758,000	\$ 961,821
Transactions during the period:		
Options issued	-	185,911
Cancelled or forfeited	(5,758,000)	(482,192)
As at December 31, 2018	-	\$ 665,540
As at July 1, 2019	-	\$ -
Transactions during the period:		
Options expensed	-	-
Cancelled or forfeited	-	-
As at December 31, 2019	-	\$ -

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

	NUMBER OF OPTIONS	
As at July 1, 2018	4,036,200	\$ 287,117
Transactions during the period:		
Options issued	-	179,920
Cancelled or forfeited	(2,018,100)	(203,592)
As at December 31, 2018	2,018,100	\$ 263,445

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2019 and 2018

(Expressed in Australian Dollars)

	NUMBER OF OPTIONS	
As at July 1, 2019	2,018,100	\$ 369,448
Transactions during the period:		
Options expensed	-	95,222
Cancelled or forfeited	-	-
As at December 31, 2019	2,018,100	\$ 464,670

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

	NUMBER OF OPTIONS	
As at July 1, 2018	1,000,000	\$ 511,748
Transactions during the period:		
Options issued	-	-
Cancelled or forfeited	-	-
As at December 31, 2018	1,000,000	\$ 511,748
As at July 1, 2019	1,000,000	\$ 511,748
Transactions during the period:		
Options expensed	-	-
Cancelled or forfeited	-	-
As at December 31, 2019	1,000,000	\$ 511,748

(i) Movement in unlisted milestones options exercisable at \$0.679 on or before 21 December 2022

	NUMBER OF OPTIONS	
As at July 1, 2018	-	\$ -
Transactions during the period:		
Options issued	-	-
Cancelled or forfeited	-	-
As at December 31, 2018	-	\$ -
As at July 1, 2019	2,180,049	\$ 21,957
Transactions during the period:		
Options expensed	-	50,502
Cancelled or forfeited	-	-
As at December 31, 2019	2,180,049	\$ 72,459

(j) Movement in unlisted milestones options exercisable at \$0.59 on or before 21 December 2022

	NUMBER OF OPTIONS	
As at July 1, 2018	-	\$ -
Transactions during the period:		
Options issued	-	-
Cancelled or forfeited	-	-
As at December 31, 2018	-	\$ -

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2019 and 2018

(Expressed in Australian Dollars)

	NUMBER OF OPTIONS	
As at July 1, 2019	2,180,049	\$ 25,605
Transactions during the period:		
Options expensed	-	58,891
Cancelled or forfeited	-	-
As at December 31, 2019	2,180,049	\$ 84,496

(k) Movement in unlisted options exercisable at \$1.00 on or before March 12, 2021

	NUMBER OF OPTIONS	
As at July 1, 2018	-	\$ -
Transactions during the period:		
Options issued	-	-
Cancelled or forfeited	-	-
As at December 31, 2018	-	\$ -
As at July 1, 2019	1,867,817	\$ 25,401
Transactions during the period:		
Options expensed	-	-
Cancelled or forfeited	-	-
As at December 31, 2019	1,867,817	\$ 25,401

(l) Movement in unlisted director milestone options exercisable at \$0.00 on or before December 10, 2024

	NUMBER OF OPTIONS	
As at July 1, 2018	-	\$ -
Transactions during the period:		
Options issued	-	-
Cancelled or forfeited	-	-
As at December 31, 2018	-	\$ -
As at July 1, 2019	-	\$ -
Transactions during the period:		
Options expensed	6,369,557	164,729
Cancelled or forfeited	-	-
As at December 31, 2019	6,369,557	\$ 164,729

(m) Movement in unlisted employee milestone options exercisable at \$0.00 on or before December 10, 2024

	NUMBER OF OPTIONS	
As at July 1, 2018	-	\$ -
Transactions during the period:		
Options issued	-	-
Cancelled or forfeited	-	-
As at December 31, 2018	-	\$ -

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2019 and 2018

(Expressed in Australian Dollars)

	NUMBER OF OPTIONS	
As at July 1, 2019	-	\$ -
Transactions during the period:		
Options expensed	6,276,530	13,001
Cancelled or forfeited	-	-
As at December 31, 2019	6,276,530	\$ 13,001

The following table shows the movement of listed and unlisted options for the six months ended December 31, 2019 and 2018.

	Number of Options	Weighted Average Exercise Price
Balance as at July 1, 2019	144,177,950	\$ 0.24
Options granted	12,586,087	-
Options exercised (note 8(c))	(110,183,854)	0.15
Options forfeited	(188,081)	-
Balance as at December 31, 2019	46,392,102	\$ 0.26
Balance as at July 1, 2018	149,424,106	\$ 0.25
Options granted	-	-
Options exercised/forfeited	(8,910,000)	0.70
Balance as at December 31, 2018	140,453,106	\$ 0.21

The table below shows outstanding options as at December 31, 2019 and 2018:

	Exercise Price	Outstanding		Vested	
		Number of Options	Weighted Average Remaining Contractual life (days)	Number of Options	Weighted Average Remaining Contractual life (days)
December 2019	\$ 0.22	6,000,000	170	6,000,000	170
December 2019	\$ 0.50	18,500,000	925	5,550,000	925
December 2019	\$ 0.825	-	-	-	-
December 2019	\$ 0.965	2,018,100	1,178	-	-
December 2019	\$ 0.679	2,180,049	1,178	-	-
December 2019	\$ 0.590	2,180,049	1,178	-	-
December 2019	\$ 0.75	1,000,000	1,178	1,000,000	1,178
December 2019	\$ 1.00	1,867,817	527	1,867,817	527
December 2019	\$ 0.00	6,369,557	1,805	-	-
December 2019	\$ 0.00	6,276,530	1,805	-	-
December 2018	\$ 0.15	112,935,006	272	112,935,006	272
December 2018	\$ 0.22	6,000,000	442	6,000,000	442
December 2018	\$ 0.50	18,500,000	1,197	18,500,000	1,197
December 2018	\$ 0.825	-	-	-	-
December 2018	\$ 0.965	2,018,100	1,450	-	-
December 2018	\$ 0.75	1,000,000	1,450	1,000,000	1,450

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2019 and 2018

(Expressed in Australian Dollars)

(I) Movement in Performance Shares

Class C Performance Shares

	NUMBER OF CLASS C PERFORMANCE SHARES	
As at July 1, 2018	60	\$ -
Transactions during the period:		
Performance shares issued	-	-
As at December 31, 2018	60	\$ -
As at July 1, 2019	60	\$ -
Transactions during the period:		
Performance shares issued	-	-
As at December, 2019	60	\$ -

On February 17, 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 existing 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 as at December 31, 2019.

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 February 18, 2015:

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2019 and 2018

(Expressed in Australian Dollars)

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.

9. REVENUE

	Three months ended December 31,		Six months ended December 31,	
	2019	2018	2019	2018
Interest from financial institutions	\$ 42,856	\$ 123,946	\$ 85,097	\$ 138,639

10. EXPENSES

Corporate general and administration expenses include the following expenses:

	Three months ended December 31,		Six months ended December 31,	
	2019	2018	2019	2018
Salaries, fees and leave	\$ 525,030	\$ 372,125	827,118	790,259
Equity based payments	548,845	306,365	895,141	882,919
Superannuation expense	33,756	17,410	59,851	40,949
Accounting, legal and consulting fees	358,420	548,728	672,046	1,127,127
Audit fees	13,670	20,251	30,534	29,691
ASX, TSX and ASIC fees	24,621	28,096	42,934	80,289
Finance costs expense	250,788	417,979	501,575	417,979
Information technology expenses	28,437	11,211	53,104	32,506
Interest expense	975,329	935,363	1,950,658	1,311,475
Insurance expenses	28,616	5,421	54,313	20,683
Office expense	47,794	53,853	81,464	106,036
Promotional and conference expenses	315,357	96,362	374,649	171,373
Travel expenses	389,881	185,392	775,106	347,283
Other administration expenses	197,242	2,015	688,131	559,738
Total	\$ 3,737,786	\$ 3,000,571	\$ 7,006,624	\$ 5,918,307

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2019 and 2018

(Expressed in Australian Dollars)

11. KEY MANAGEMENT PERSONNEL

(a) Compensation of key management personnel

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 December 31,		Six months ended December 31,	
	2019	2018	2019	2018
Salaries, fees and leave	\$ 369,104	\$ 260,095	\$ 691,369	\$ 582,221
Superannuation expense	1,900	-	3,800	-
Equity based payments (Note 8 and Note 14)	459,867	118,729	751,802	605,407
	\$ 830,871	\$ 378,824	\$ 1,446,971	\$ 1,187,628

(b) 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 \$154,812 (December 31, 2018: \$154,821) for the six months ended December 31, 2019.

HopgoodGanim Lawyers of which Michele Muscillo, a director, is a partner of, provided legal services to the Company. Amounts that have been paid or payable total \$74,185 (December 31, 2018: \$5,028) for the six months ended December 31, 2019.

12. LOSS PER SHARE

Basic Earnings Per Share

	Three months ended December 31,		Six months ended December 31,	
	2019	2018	2019	2018
Net loss	\$ (8,430,186)	(5,621,705)	(18,329,992)	(11,220,756)
Weighted average number of shares outstanding (1)	492,987,760	378,872,005	441,433,522	377,412,211
Basic and diluted loss per share	\$(0.017)	\$(0.015)	\$(0.041)	\$(0.030)

13. 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.

	December 31, 2019	June 30, 2019
Current – cash at bank	\$ 14,286,722	4,503,464
Term deposits	6,294,558	14,231,992
	\$ 20,581,280	18,735,456

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2019 and 2018

(Expressed in Australian Dollars)

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

	Three months ended December 31,		Six months ended December 31,	
	2019	2018	2019	2018
Loss after income tax	\$ (8,430,186)	\$ (5,621,705)	\$ (18,329,992)	\$ (11,220,756)
Add: Non-cash items:				
Depreciation expense	71,382	58,632	129,909	144,365
Share based payments	656,727	306,366	1,388,247	882,920
Finance expense	1,231,809	1,562,263	2,452,231	1,729,454
Unrealised foreign exchange movement	(1,601,667)	1,110,403	2,188,633	873,622
Non-cash change in working capital:				
Accounts receivable	(36,902)	(183,774)	72,141	(347,579)
Prepaid assets	1,319,183	542,198	(904,925)	587,311
Accounts payable and accruals	828,082	(2,510,070)	(665,109)	(3,543,655)
Provisions	72,242	(9,711)	93,875	(4,964)
	\$ (5,889,330)	\$ (4,745,398)	\$ (13,574,990)	\$ (10,899,284)

(c) Reconciliation of cash and non-cash movements in liabilities arising from financing activities

	June 30, 2019	Cashflows	Non-Cash Changes			December 31, 2019
			Transaction Costs	Foreign Exchange Movement	Interest	
			\$	\$	\$	
Borrowings	35,604,680	(975,329)	501,574	153,372	975,329	37,234,955
Total liabilities from financing liabilities	35,604,680	(973,329)	501,574	153,372	975,329	37,234,955

14. SHARE BASED PAYMENTS

- (i) During the period, 699,374 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 period (\$)
17.07.2019	635,161	0.34	213,414	213,414
29.10.2019	64,213	0.39	25,000	25,000

- (a) The value of the shares was determined as per the terms of the agreement.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2019 and 2018

(Expressed in Australian Dollars)

- (ii) During the period 276,303 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 period (\$)
17.07.2019	73,530	\$0.34	25,000	25,000
19.10.2019	119,202	\$0.38	45,000	45,000
10.12.2019	83,571	\$0.29	25,000	25,000

- (a) The value of the shares was determined as per the date the shares were issued and is deemed the fair value of the services.

- (iii) Shareholder's approved at the Company's Annual General Meeting held on 4 November 2019 to allot and issue a total of 6,369,557 milestone options to key management personnel of the Company.

The terms and conditions of the options are detailed in the Notice of Annual General Meeting dated 20 September 2019.

The Milestone Options shall vest and are exercisable at any time on and from the first pouring of gold at the Ghanaian Assets.

The expecting accounting vesting date determined at grant date for this milestone was 31 March 2022.

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

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 period (\$)
6,369,557	04.11.19	0.375	0.00	10.12.24	0.90%	50.04%	\$0.375	\$2,388,583	164,730

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

- (iv) During the period the Company issued a total of 6,276,530 milestone options to employees of the Company, 1,545,455 of these milestone options were issued to key management personnel.

The options were issued under the Company Stock Option plan approved at the Company's Annual General Meeting dated 20 September 2019. The terms and conditions of the options are detailed in the Notice of Annual General Meeting.

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

- (i) **Milestone 1:** First Gold Pour to be completed or planned within 60 days of the first gold pour date defined by the Project Control Budget;
- (ii) **Milestone 2:** The completion of the project development in a maximum of 10% above the board approved and final Project control Budget and Schedule;
- (iii) **Milestone 3:** Development of the Mine, Process and Administrative Operations Team, to ensure sustained operations;
- (iv) **Milestone 4:** Completion of 36 months, with less than 3 lost time injury ("LTI") and zero fatalities; and
- (v) **Milestone 5:** Commencement of process plant commissioning, in accordance with the approved schedule.

The expecting accounting vesting date determined at grant date are detailed below.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2019 and 2018

(Expressed in Australian Dollars)

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

Class of Options	Accounting Vesting Date	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 period (\$)
Milestone 1	31.03.22	1,255,306	10.12.19	0.29	0.00	10.12.24	0.90%	50.04%	\$0.29	364,039	13,001
Milestone 2	30.06.22	1,255,306	10.12.19	0.29	0.00	10.12.24	0.90%	50.04%	\$0.29	364,039	11,743
Milestone 3	30.06.22	1,255,306	10.12.19	0.29	0.00	10.12.24	0.90%	50.04%	\$0.29	364,039	11,743
Milestone 4	31.12.22	1,255,306	10.12.19	0.29	0.00	10.12.24	0.90%	50.04%	\$0.29	364,039	10,112
Milestone 5	30.09.22	1,255,306	10.12.19	0.29	0.00	10.12.24	0.90%	50.04%	\$0.29	364,039	10,707

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

15. COMMITMENTS AND CONTINGENCIES

(a) Commitment

Mineral exploration commitment

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

	December 31, 2019	June 30, 2019
Not later than one year	\$ 142,955	499,814
Later than one year but not later than two years	130,480	488,018
	\$ 273,435	\$ 987,832

(b) Contingent liabilities and commitments

The Company consists of five wholly owned 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.

	December 31, 2019	June 30, 2019
Not later than one year	\$ -	97,864
Later than one year but not later than two years	-	87,325
	\$ -	185,189

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 ("Royalty Deed") in January 2018, whereby Cardinal Namdini will pay to Savannah Mining Limited ("Savannah") a net smelter return royalty ("Royalty") equal to:

- (a) 4% of the Net Smelter Return on the first 50,000 ounces of Specified Minerals (as defined in the Royalty Deed) produced within each small-scale license which was purchased by Savannah within the Large Scale Mining License (as defined in the Royalty Deed); and

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2019 and 2018

(Expressed in Australian Dollars)

- (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) in 2017 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.

16. 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:

	Note	Floating interest rate \$	Fixed interest rate \$	Non- interest bearing \$	Total \$	Weighted average interest rate %
December 31, 2019						
Financial assets						
Cash and cash equivalents	13 (a)	13,629,198	6,294,556	657,526	20,581,280	0.29%
Trade and other receivables	3 (a)	-	-	184,419	184,419	-
Cash deposits	3 (b)	-	-	171,224	171,224	-
		13,629,198	6,294,556	1,013,169	20,936,923	-
Financial liabilities						
Trade and other payables	5	-	-	2,621,007	2,621,007	-
Borrowings	6	37,234,955	-	-	37,234,955	19.09%
		37,234,955	-	2,621,007	39,855,962	-
June 30, 2019						
Financial assets						
Cash and cash equivalents	13(a)	1,615,539	14,213,306	2,906,611	18,735,456	1.95%
Trade and other receivables	3 (a)	-	-	256,650	256,650	-
Cash deposits	3(b)	-	-	7,568	7,568	-
		1,615,539	14,213,306	3,170,829	18,999,674	
Financial liabilities						
Trade and other payables	5	-	-	3,286,116	3,286,116	-
Borrowings	6	35,604,680	-	-	35,604,680	11.11%
		35,604,680	-	3,286,116	38,890,796	

Based on the balances as at December 31, 2019, a 1% movement in interest rates would increase/decrease the loss for the year before taxation by \$5,245 (June 30, 2019: \$4,829).

(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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2019 and 2018

(Expressed in Australian Dollars)

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 2 to the financial statements.

The group did not measure and recognise any financial assets or financial liabilities at fair value December 31, 2018 and 2019 on a recurring basis

(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 cash flows 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.

December 31, 2019	Net Financial Assets/(Liabilities) In AUD			
	AUD	USD	GHS	Total AUD
Australian dollar	-	(37,279,158)	68,041	(37,211,117)
GHS New Cedi	-	-	-	-
Statement of financial position exposure	-	(37,279,158)	68,041	(37,211,117)

June 30, 2019	Net Financial Assets/(Liabilities) In AUD				
	AUD	USD	GHS	CAD	Total AUD
Australian dollar	3,935,628	(24,128,328)	85,202	(47,842)	(20,155,340)
GHS New Cedi	-	-	-	-	-
Statement of financial position exposure	3,935,628	(24,128,328)	85,202	(47,842)	(20,155,340)

Based on the statement of exposure as at December 31, 2019, a 1% movement in foreign exchange rates would increase/decrease the loss for the year before taxation by \$532,754 (June 30, 2019: \$3,585).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2019 and 2018

(Expressed in Australian Dollars)

(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.

(g) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised costs using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

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

	December 31, 2019	June 30, 2019
Within one month:		
Trade and other payables	\$ 2,621,007	\$ 3,286,116
Later than one month and no later than one year:		
Trade and other payables	-	-
	\$ 2,621,007	\$ 3,286,116

Contractual maturities of financial liabilities As at December 31, 2019	Less than 6 months	6 – 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/liabilities
Non-derivatives							
Trade payables	2,621,007	-	-	-	-	2,621,007	2,621,007
Borrowing	1,250,983	2,856,628	41,342,566	-	-	45,450,177	37,234,955
Total non-derivatives	3,871,990	2,856,628	41,342,566	-	-	48,071,184	39,855,962

17. RELATED PARTY TRANSACTIONS

The Company had transactions during the six months ended December 31, 2019 with related parties consisting of directors, officers and companies with common directors and/or officers:

Namdini Gold Project

Prepayments include an advance of \$338,555 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 December 31, 2019, \$338,555 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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2019 and 2018
(Expressed in Australian Dollars)

Consulting Agreements

Tomlinson Consultancy, of which Kevin Tomlinson is a director, provided geological consulting services to the Company. Amounts that have been paid or payable total \$154,812 (December 31, 2018: \$154,821) for the six months ended December 31, 2019.

HopgoodGanim Lawyers of which Michele Muscillo, a director, is a partner of, provided legal services to the Company. Amounts that have been paid or payable total \$74,815 (December 31, 2018: \$5,028) for the six months ended December 31, 2019.

18. 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.

19. SUBSEQUENT EVENTS

There has not been any matter or circumstance that has arisen since balance date that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity.

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

As lead auditor for the review of Cardinal Resources Limited for the half-year ended 31 December 2019, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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, 14 February 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Cardinal Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Cardinal Resources Limited (the Company) and its subsidiaries (the Group), which comprises the condensed interim consolidated statement of financial position as at 31 December 2019, the condensed interim consolidated statement of profit or loss and other comprehensive income for the three and six months ended on that date, the condensed interim consolidated statement of changes in equity for the three and six months ended on that date and the condensed interim consolidated statement of cash flows for the three and six months ended on that date, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the Corporations Act 2001 including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the three and six month periods ended on that date; and
- (ii) Complying with Accounting Standard IAS 34 Interim Financial Reporting and Corporations Regulations 2001.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2019 and its financial performance for the three and six month periods ended on that date and complying with Accounting Standard IAS 34 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Financial Reporting Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA code), together with the ethical requirements that are relevant to our review of the financial statements in Australia. We confirm that the independence declaration, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO


Jarrad Prue

Director

Perth, 14 February 2020



("Cardinal" or the "Company")

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three and six months ended December 31, 2019

GENERAL

This Management's Discussion and Analysis ("MD&A") supplements, but does not form part of the unaudited condensed interim consolidated financial statements of the Company for the three and six months ended December 31, 2019. The following information, prepared as of February 14, 2020, should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and six months ended December 31, 2019 and the audited consolidated annual financial statements for the year ended June 30, 2019. 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, including the Company's Annual Information Form dated September 3, 2019, can be found on SEDAR at www.sedar.com.

Cardinal's shares are listed on the Australian Securities Exchange ("ASX") and Toronto Stock Exchange ("TSX") under the symbol "CDV".

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 Ore 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 Company (and its subsidiaries) is gold exploration and mine development in Ghana. The Company holds interests in tenements prospective for gold mineralisation 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 which has a gold Ore Reserve of **5.1Moz** (138.6 Mt @ 1.13 g/t Au; 0.5 g/t Au cut-off), inclusive of 0.4Moz Proved (7.4 Mt @ 1.31 g/t Au; 0.5 g/t Au cut-off) and 4.7Moz Probable (131.2 Mt @ 1.12 g/t Au; 0.5 g/t Au cut-off).

The map below shows the location of the Namdini Gold Project and the Company’s other properties in Ghana.

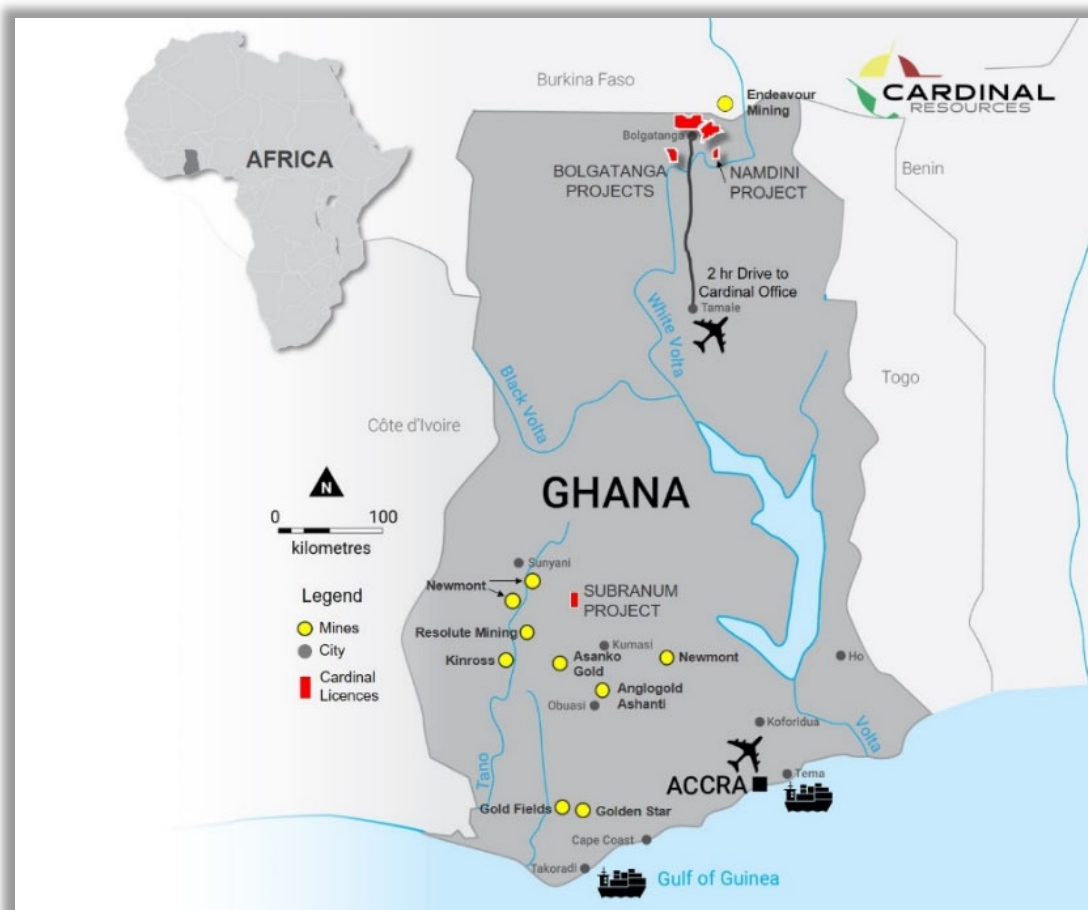


Figure 1: Cardinal Resources Tenements in Ghana

HIGHLIGHTS DURING THE QUARTER

- On October 3, 2019 the Company announced that it successfully raised \$17.6M through exercise of the Company's Listed Options (ASX: CDVOA).
- A cumulative of 117,398,958 Listed Options were exercised, being 99.84% of the Listed Options on issue, only 188,081 Listed Options expired unexercised.
- On October 15, 2019 the Company announced its annual Ore Reserves and Mineral Resources statement.
- On October 28, 2019 the Company released its Feasibility Study confirming the Namdini Project as a tier one gold project.
- On November 28, 2019 Cardinal released its Feasibility Study NI 43-101 Technical Report.
- On January 29, 2020 the Company released a Project Finance update.

OUTLOOK

The principal activity of the Company is gold exploration and mine development in Ghana. The Company holds tenements prospective for gold mineralisation in Ghana in two granite-greenstone belts: the Bolgatanga Project and the Namdini Gold Project ("Namdini Gold Project" or "Namdini"), which are, respectively, located within the Greenstone Belts in northeast Ghana and the Subranum Project, which is located within the Sefwi Greenstone Belt in southwest Ghana.

The Company is focused on the development of the Namdini Gold Project and released the Feasibility Study on 28 November 2019. The Feasibility Study concluded the Project has strong economic returns with a post-tax NPV5 of USD\$590 million and an IRR of 33.2% at a conservative gold price of USD\$1,350 per gold oz.

The Namdini Gold Project has a gold Ore Reserve of 5.1Moz (138.6Mt @ 1.13g/t Au; 0.5g/t Au cut-off) inclusive of 0.4 Moz Proved (7.4Mt @ 1.31g/t Au; 0.5 g/t Au cut-off) and 4.7Moz Probable (131.2Mt @ 1.12 g/t Au; 0.5g/t Au cut-off).

The Front End Engineering Design ("FEED") for the Namdini Gold Project, is progressing well and on schedule. The Company appointed Lycopodium Minerals Pty Ltd (Lycopodium) as its FEED contractor in October 2019 for the Namdini Gold Project. Lycopodium's appointment ensures continuity which reduces project execution risk substantially.

THE NAMDINI GOLD PROJECT

Property Title / Mining Lease

A Large-Scale Mining License covering the Namdini Mining Lease was granted 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) in December 2017. The Large-Scale Mining License (Figure 2) covers 19.54 km² in the Dakoto area of the Talensi District Assembly in Upper East Region of Ghana evidenced by a Mining Lease for an initial period of 15 years and is renewable for up to a further period of 30 years.

Project Development and Finance Update

Cardinal’s Board approved the Feasibility Study and recommended progressing the Project to construction pending successful completion of financing activities.

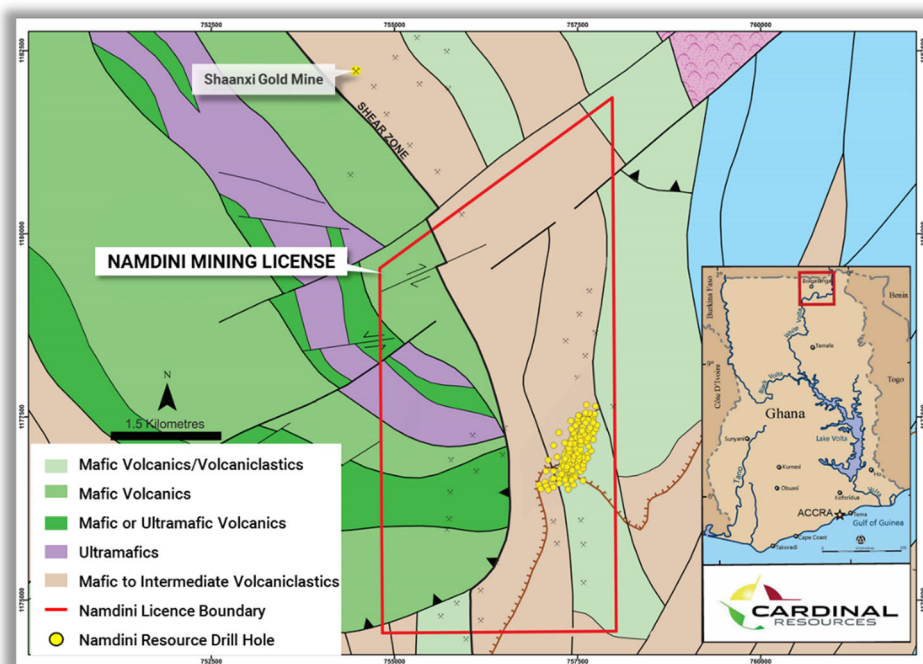
The Company in conjunction with appointed financial advisers, Cutfield Freeman & Co, (ASX/TSX - Press Release dated 3 April 2019) have received a number of term sheets from banks and financiers.

With the release of the Feasibility Study and accompanying NI43-101 Technical Report (ASX/TSX Press Release dated 28 November 2019) additional banks, financiers and corporates have shown interest in Project Finance participation and have subsequently been granted access to the data room.

In addition, the Company is concurrently evaluating strategic alternatives to bring the Namdini Project into production with a view to maximising economic outcomes for Cardinal shareholders.

In the meantime, the Company remains in a strong financial position with cash reserves of approximately A\$20 million.

During the quarter ended December 31, 2017, a Large-Scale Mining Licence LVB14619/09 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 (Figure 2Error! Reference source not found.), which covers 19.54 km² in the Datoko 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.

Figure 2: Namdini Gold Project Proximity Map

Table 1: Project Development Partners

COMPANY	ROLE
Lycopodium	Feasibility Study Managers. Process plant and associated infrastructure. Capital and Process Operating cost estimation.
Golder Associates	Mine design, planning, optimisation and scheduling. Geotechnical, Hydrology and Hydrogeological engineering. Mine operational costs.
Orway Minerals Consultants	Comminution data analysis, crushing and grinding option studies.
ALS Laboratory (Perth)	Metallurgical testwork to support the process design criteria.
Knight Piésold Consulting	Tailings Storage Facility and selected infrastructure design.
Independent Metallurgical Operations	Metallurgical testwork management, analysis and process flowsheet development.
MPR Geological Consultants	Mineral Resource modelling of the Namdini Deposit.
Orefind	Geology and deposit structural genesis.
Sebbag Group International	Mine Design Review.
NEMAS Consult & Geoscience Consulting	Environmental Impact Assessment Study.
Whittle Consulting	Enterprise Optimisation of the Namdini Project.
Alastri Software	Tactical Scheduling, Haulage Modelling and Reserving Software.
Maelgwyn Mineral Services Africa	Aachen™ process metallurgical optimisation.
BDO Advisory	Financial Model Integrity & Reviewer (PEA, PFS and FS).
MKM Social	Socio-Economic Study and Resettlement Action Plan.

In conjunction with moving the Project toward a financial investment decision, work continues on further project optimisation with our Project Partners (Table 1) and regional exploration utilising Cardinal's strong cash at bank of approximately AU\$20 million.

Cardinal's ~900 km² of prospective exploration tenure within hauling distance of the proposed Namdini gold production plant remains a short-term opportunity for Project enhancement.

Exploration activities, including drilling, will recommence shortly with the stated aim of identifying shallow, high grade deposits that can augment existing Namdini ore to further enhance the current project economics. Recent positive results from exploration activities, for example at Ndongo East, provide encouragement that higher grade gold systems may exist in the region within trucking distance to the Namdini deposit.

Project Metallurgical Update

Testwork continued at Maelgwyn Mineral Services Africa (MMSA) laboratory in South Africa to demonstrate potential uplift in gold recovery for principle lithologies and grade bins.

Independent Metallurgical Operations (IMO) sent a flotation specialist to assist MMSA with the testwork focusing on optimising their larger flotation cells used for testwork. In addition to this visit Daryl Evans from IMO, and Bruce Lilford, Cardinal's Project Manager, undertook an inspection of the testwork being undertaken by MMSA.

Mr. Lilford also visited the Pan African Resources Elikhulu process plant in Evander, South Africa which utilises the Aachen technology in their operation. Operations Management at Elikhulu reported positive results from the Aachen installation.

Results from the MMSA testwork are being received on an ongoing basis and the detailed costs benefit analysis continues to be on-going to define the optimal regrind selection size.

In addition to the MMSA testwork, further testwork is being undertaken at the ALS laboratory in Perth to define process design criteria data for Lycopodium's process design, as well to provide umpiring results for the work being undertaken by MMSA.

Feasibility Study Update

The Company announced the completion of the Feasibility Study (FS) for the Namdini Gold Project, which was released on October 28, 2019. The technical report on the Feasibility Study, prepared in accordance with NI 43-101 of the Canadian Securities Administrators, was issued on SEDAR at www.sedar.com on November 28, 2019.

Key Technical and Financial Outcomes

The key technical and financial outcomes from the Feasibility Study on a 100% basis are summarised in Table 2, Table 3 and Table 4 below.

Table 2: Financial Summary for 9.5 Mtpa throughput (based upon a gold price of US\$1,350/oz)

KEY ECONOMIC RESULTS	UNIT	FEASIBILITY STUDY
Capital cost (including US\$40M contingency)	US\$ M	390
All-in Sustaining Cost (AISC) ¹	Starter Pit	US\$/oz
	Life of Mine	US\$/oz
Total Project payback	Months	21
Pre-Tax NPV US\$ (5% discount rate)	US\$ M	914
Post-Tax NPV US\$ (5% discount rate)	US\$ M	590
Pre-Tax IRR	%	43
Post-Tax IRR	%	33

Table Notes:

¹ Cash Costs + Royalties + Levies + Life of Mine Sustaining Capital Costs (World Gold Council Standard)

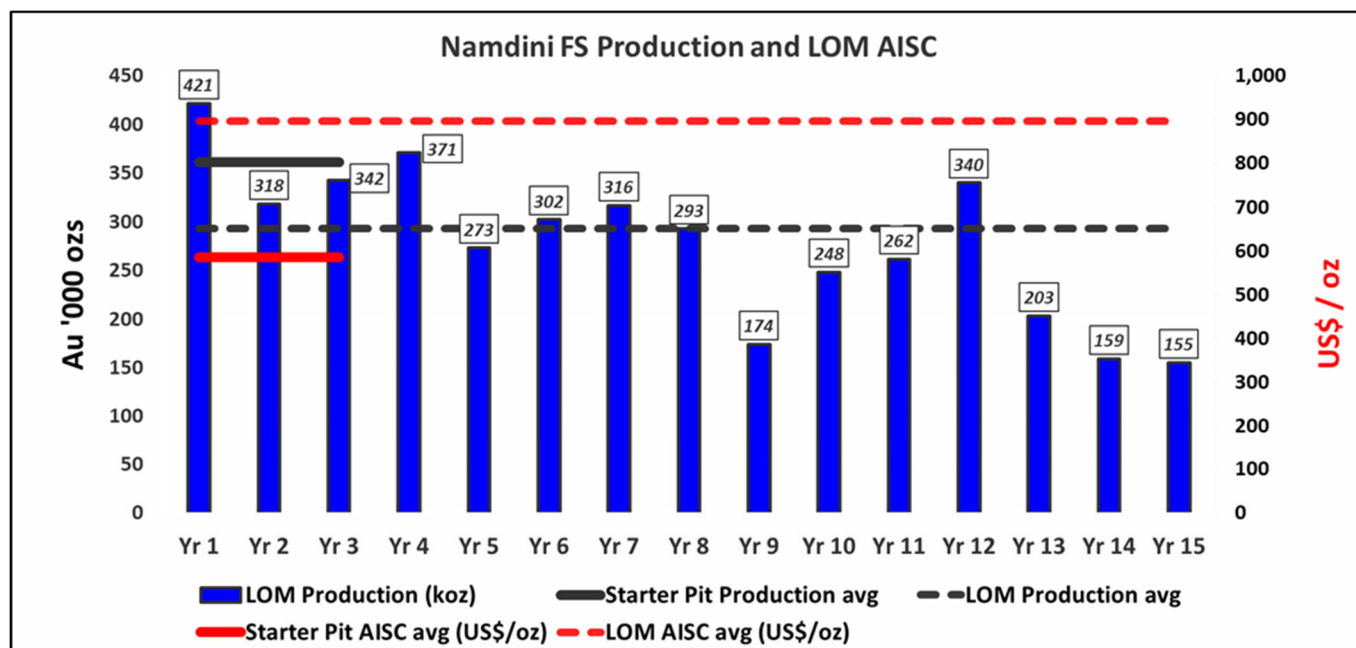
Royalties calculated at a rate of 5.5% and a corporate tax rate of 32.5%; both subject to negotiation, and expected to be finalised over coming months.

Table 3: Starter Pit Production Summary

KEY ESTIMATED PRODUCTION RESULTS	UNIT	FEASIBILITY STUDY
Gold price	US\$/oz	1,350
Gold produced (average for full production years)	(koz/yr)	361
Gold head grade (Starter Pit, Ore Reserve)	g/t Au	1.41
Gold recovery (Starter Pit)	%	85
Strip ratio (Starter Pit)	W:O	0.9 :1
Ore mined (0.5 g/t cut-off grade)	Tonnes (Mt)	47
Waste mined	Tonnes (Mt)	43
Starter Pit life (including ramp-up)	Months	27
Total Project payback	Months	21

Table 4: LOM Production Summary (including Starter Pit)

KEY ESTIMATED PRODUCTION RESULTS	UNIT	FEASIBILITY STUDY
Gold price	US\$/oz	1,350
Gold produced (average for LOM full production years)	(koz/yr)	287
Gold produced (LOM)	(Moz)	4.2
Gold head grade (LOM, Ore Reserve)	g/t Au	1.13
Gold recovery (LOM)	%	83
Strip ratio (LOM)	W:O	1.9 : 1
Ore mined (0.5 g/t cut-off grade)	Tonnes (Mt)	138.6
Waste mined	Tonnes (Mt)	263
Mine life (Including ramp-up and mine closure)	years	15
Capital cost (including 11% contingency)	US\$ M	390
Total Project payback	Months	21

**Figure 3: Production Profile and LOM AISC**

REGIONAL EXPLORATION UPDATE

The Company has two exploration projects: The Bolgatanga Project which includes Bongo, Kungongo and Ndongo Prospecting License Areas (Figure 4) in the northeast of Ghana and the Subranum Project located in southwest Ghana (Figure 1).

The main focus of the Company's regional exploration programme during the Quarter was completing multielement analysis and assessment of geochemical data and building on the initial structural review based on detailed geophysical and gold-only geochemical data at Ndongo East on its highly prospective areas along the Nangodi Shear Zone, within the Ndongo Prospecting.

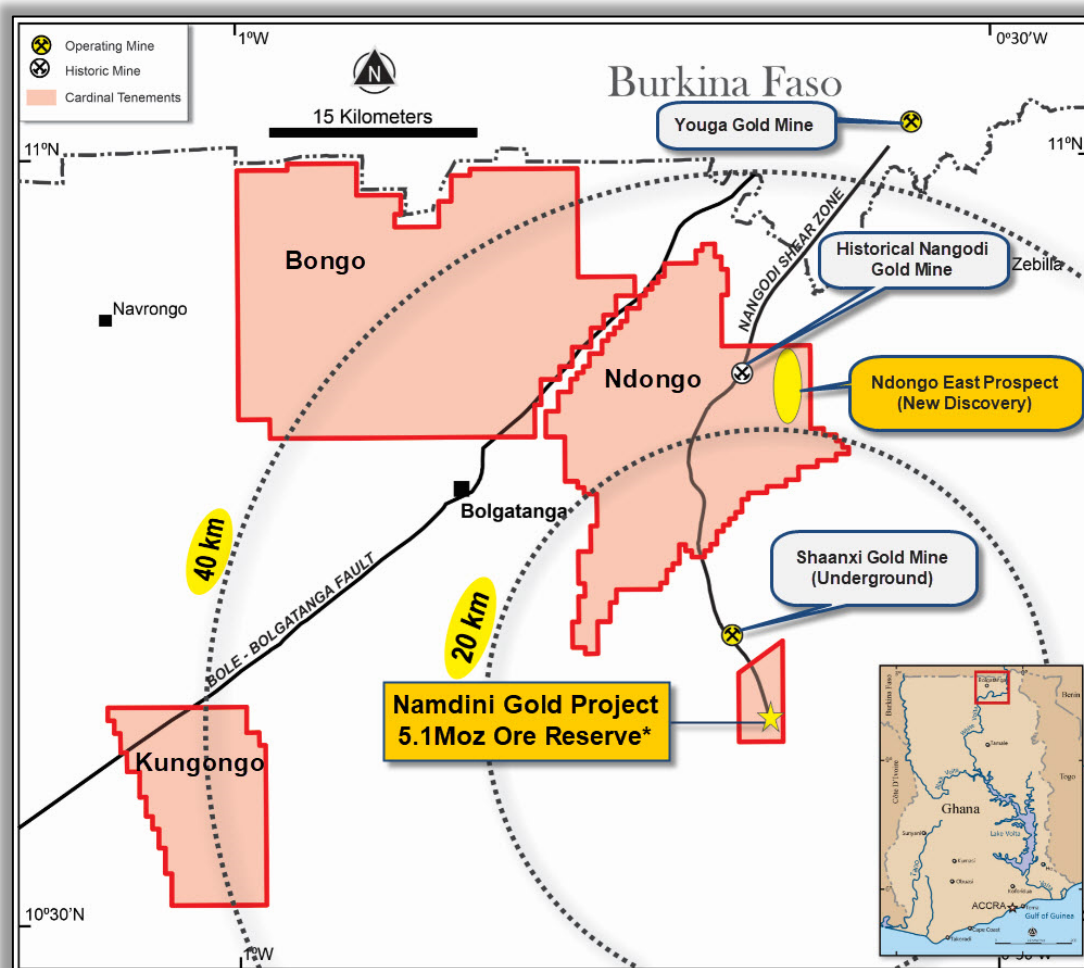


Figure 4: Namdini Mining License and Bolgatanga Project Tenements

*7.4Mt @ 1.31g/t Au for 0.4Moz Au Proved and 131.2Mt @ 1.12g/t Au for 4.7Moz Au Probable; 0.5g/t Au cut-off

BOLGATANGA PROJECT

Ndongo License Area

The Company has continued to concentrate its exploration focus this Quarter on the Ndongo License which covers an area of 325km² (Figure 4). Exploration has defined seven prospects (Figure 5) totaling approximately 70km in strike length within approximately 15-25km north of the Namdini Gold Project.

The Nangodi Shear Zone which lies within the Ndongo tenement 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 4). In addition, there are numerous historic shallow artisanal workings along many parts of this shear zone.

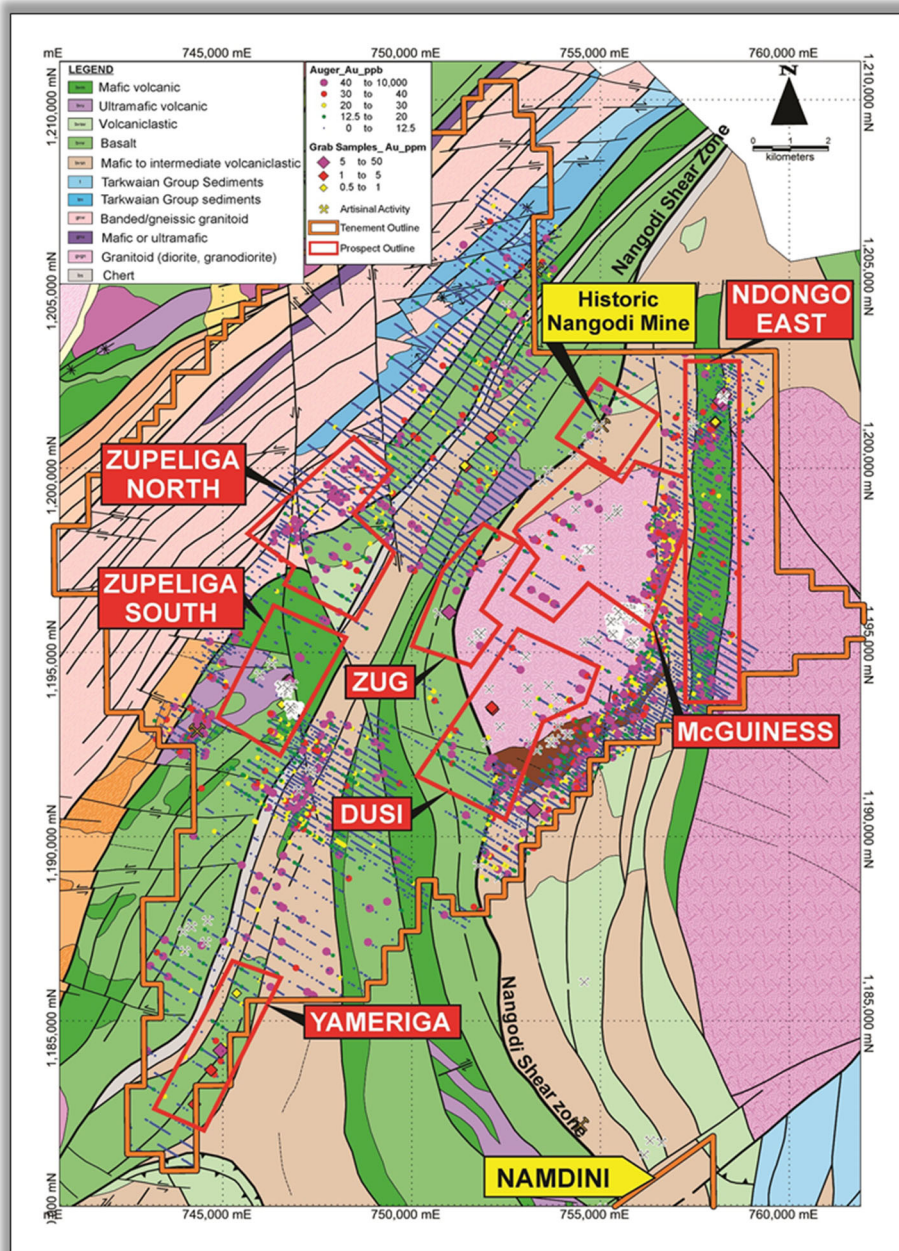


Figure 5: Ndongo Prospecting License showing Local Prospects

Ndongo East Prospect

During the period ended December 31, 2019, the Company commissioned CSA Global to undertake additional review of drill targets through a detailed assessment of auger geochemical data using 1,306 auger soil samples analysed for gold and multielement results from 4-Acid Digest with ICPMS finish for 48 elements. The aim was to identify multielement signatures in the data related to orogenic gold mineralisation to further enhance targeting at Ndongo.

The study initially indicates the following:

- Orogenic gold mineralisation at Ndongo is reflected in the auger data by a Gold-Molybdenum-Tungsten-Antimony-Copper-Arsenic-Silver multielement association.
- Multielement association is more robust for identifying priority drill targets as the gold can be dispersed in the regolith, away from source forming gold-only anomalies, which are likely not reflective of the underlying bedrock mineralisation.
- The main area of sampling, which encapsulates the initial Ndongo East discovery zone, has a linear Arsenic-Antimony-Gold anomaly interpreted as being a low-priority target relative to the Gold-Molybdenum-Tungsten-Antimony-Copper-Arsenic-Silver anomalies identified in the southern part (Target Zone 2 and Target Zone 3), as shown in Figure 6.

The results from the processing of geophysical data by Southern Geoscience and geochemical data by CSA Global continue to encourage further carefully measured investment into establishing viable shallow high-grade mineralised zones, which could develop into possible satellite pits for the Namdini Gold Project located approximately 24km south. The Company aims at executing a drill programme through Q1 2020 to test drill these high-priority target.

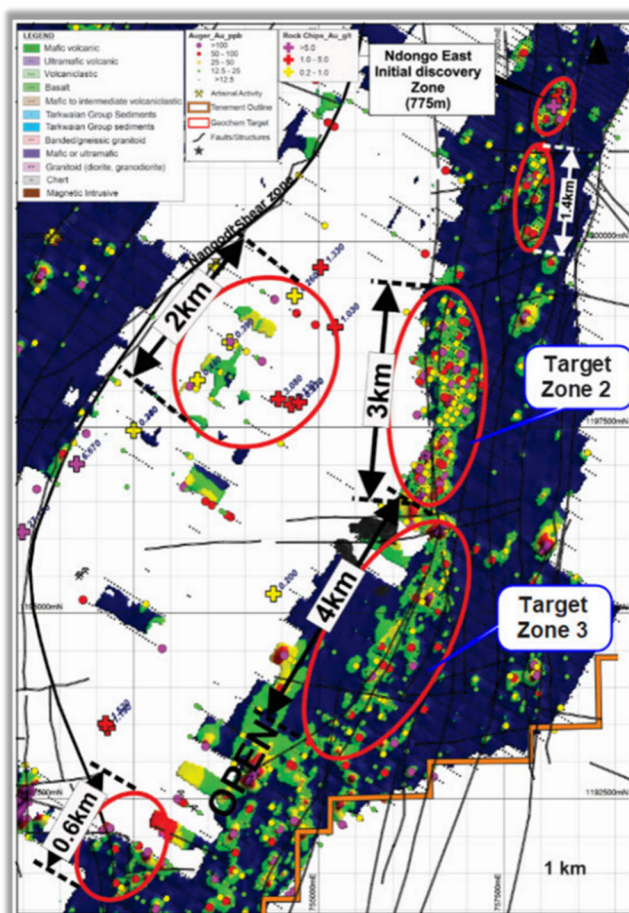


Figure 6: Ndongo East Targets over Auger Points and Gold Grade Contours

Kungongo Tenement

The Kungongo License is located in northeast Ghana some 45km west of the Company's Namdini Gold Project. The License covers an area of approximately 120.12km² and is a renewable Exploration License (Figure 4). No exploration activity was undertaken at Kungongo during the Quarter ended December 31, 2019.

A programme of works has been submitted to the Forest Commission of Ghana to undertake a Gradient Array IP survey over the extended tenements across the Bole-Bolgatanga Shear. The programme of works is expected to be approved by the Forest Commission to allow this planned non-destructive survey to be undertaken during Q1 2020.

Bongo Licence Area

The Bongo Licence covers an area of approximately 465km² 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.

During the Quarter results were received for the auger sampling programme completed during Q3 2019 in the north east corner of the tenement along the Bole-Bolgatanga Shear. This programme was an extension to the original 400m by 50m auger programme completed immediately to the SW within this licence area. The programme consisted of 779 holes totalling 3,106m on a grid of 200m by 50m spacing. A total of 857 samples, including QAQC samples, were submitted for BLEG analyses. Results are being reviewed.

A Gradient Array Induced Polarization (GAIP) survey in the north east corner of the tenement along the Bole-Bolgatanga Shear was completed during the quarter on a 100m (line spacing) by 25m (station spacing) grid. A total of 202.5-line kilometres was completed. Final interpretations from Southern Geoscience Consultants were received and are being reviewed.

SUBRANUM PROJECT

No exploration activities were undertaken on this tenement during this Quarter due to the wet season in southern Ghana.

The Subranum Project covers an area of 69km² located in southwest Ghana. The license straddles the eastern margin of the Sefwi Gold Belt which is bounded by the regional Bibiani Shear Zone ("BSZ") stretching about 200km across southwestern Ghana.

There is 9km of the BSZ developed within the Subranum license trending NE to SW. The BSZ forms a very prospective, sheared contact between Birimian phyllites and greywackes to the southeast and mafic to intermediate volcanics and volcanoclastics to the northwest. Granitoid stocks of the Dixcove suite intrude this shear zone.

The portion of the Bibiani Shear Zone occurring within the Subranum tenement is 9km long, trending SW to NE. Previous extensive exploration has outlined a 5km long gold target, extending from the SW tenement boundary towards the NE, with the remaining 4km of the 9km strike length remaining relatively unexplored.

Only a very small portion of this 5km long gold target was diamond drilled during drilling programmes in 2018.

CORPORATE

During the quarter the Company was pleased to announce the appointment of Mr David (Dave) Anthony to the position of Chief Operating Officer (COO) for the Company's Namdini Gold Project in Ghana, West Africa.

Dave is a qualified Mining Engineer from Queens University in Canada. He has more than 30 years' experience in mining and mineral processing and has worked at senior management and executive levels in the design, construction and operation of gold processing plants and mines globally. Dave was responsible for the design and delivery of mines with capital costs of up to USD\$3.8 Billion and with total material movements of up to 40 million tonnes per annum.

Dave's extensive global experience includes the design, construction, optimisation and operation of 12 mines of which six gold mining projects were with Barrick Gold, including four in Africa. Dave was appointed COO of Barrick Africa in 2009 which was listed on the London Stock Exchange in March 2010 with a market capitalization of \$3.8 Billion and was ranked in the FTSE 100 within two months of listing.

Dave is well recognised as a resourceful Team Leader with a track record of delivering high quality production assets on time, on budget and with exemplary safety and environmental performance. His global experience and industry contacts will be highly valuable assets to Cardinal in the construction of the proposed 9.5mtpa mine for the 5.1 Moz* Mineral Ore Reserve within the Namdini open pit gold deposit.

Together with Cardinal's expanding Construction Owners' Team, Dave will complement the two Directors on the Cardinal Board who have extensive successful gold mine build experience; Dr. Kenneth G. Thomas who has over 45 years' experience building mines with companies including Barrick and Kinross, and Mr. Trevor Schultz who also has over 45 years' experience building mines with companies including AngloGold Ashanti in Ghana and most recently with Centamin Plc in Egypt.

**(138.6 Mt @ 1.13 g/t Au; 0.5 g/t cut-off), inclusive of 0.4Moz Proved (7.4 Mt @ 1.31 g/t Au; 0.5 g/t cut-off) and 4.7Moz Probable (131.2 Mt @ 1.12 g/t Au; 0.5 g/t cut-off).*

Competent / Qualified Person Statement

The scientific and technical information in this MD&A report that relates to Exploration Results, Mineral Resources and Ore Reserves at 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.

The scientific and technical information in this MD&A report 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".

Cardinal confirms that it is not aware of any new information or data that materially affects the information included in its announcement of the Feasibility Study on October 28, 2019 and the corresponding Ore Reserve estimated announced on April 3, 2019. All material assumptions and technical parameters underpinning this

estimate continue to apply and have not materially changed.

ASX Listing Rule 5.23.2

This MD&A contains information extracted from the following reports which are available for viewing on the Company's website www.cardinalresources.com.au :

- 28 Nov 2019 Cardinal Files Feasibility Study NI 43-101 Technical Report
- 31 Oct 2019 Sep 2019 Quarterly Activities and Cashflow Report
- 28 Oct 2019 Feasibility Study Confirms Namdini as Tier One Gold Project
- 15 Oct 2019 Mineral Resource and Ore Reserve Statement
- 16 July 2019 Cardinal's Starter Pit Infill Drilling Results
- 10 July 2019 Cardinal Reports Further Shallow High-Grade Gold
- 04 June 2019 Positive Metallurgical Update on the Namdini Project
- 18 April 2019 Addendum to Namdini Ore Reserve Press Release
- 03 April 2019 Cardinal's Namdini Ore Reserve Now 5.1 Moz
- 27 March 2019 Cardinal Intercepts High-Grade Shallow Gold at Ndongo East
- 23 Jan 2019 Cardinal Hits More High-Grade Shallow Gold at Ndongo East
- 28 Nov 2018 New Drill Season hits high-grade shallow gold at Ndongo East
- 18 Sept 2018 Cardinal Namdini Pre-Feasibility Study 4.76Moz Ore Reserve
- 29 Aug 2018 Cardinal Extends Ndongo East Discovery Strike Length
- 31 July 2018 Cardinal Executes U\$5 Million Term Sheet with Sprott
- 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
- 05 Feb 2018 Namdini Gold Project Preliminary Economic Assessment
- 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 MD&A 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. Cardinal is not aware of any new information or data that materially affects the information included in its announcement of the Ore Reserve of 3 April 2019. All material assumptions and technical parameters underpinning this estimate continue to apply and have not materially changed.

SELECTED QUARTERLY INFORMATION

The following table provides information for the eight quarters:

	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Exploration and evaluation expenditures	\$ 5,868,970	\$ 5,584,180	\$ 6,426,350	\$ 3,148,110
Corporate general and administration	3,074,136	3,030,424	2,065,569	2,793,398
Share/Option based payments	663,650	238,414	984,879	437,274
Amortization	71,382	58,527	101,981	68,386
Net comprehensive loss	8,430,186	9,899,806	9,497,304	6,332,902
Loss per share – basic and diluted (cents)	1.71	2.41	2.48	1.62
Total assets	23,819,761	19,025,989	20,834,148	28,107,499
Total liabilities	40,034,900	39,664,589	38,975,858	37,070,317
Shareholders' equity (deficiency)	(16,215,139)	(20,638,600)	(18,141,710)	(8,962,818)

	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Exploration and evaluation expenditures	\$ 2,677,484	\$2,688,805	\$ 3,653,287	\$ 4,640,781
Corporate general and administration	3,207,356	2,340,813	1,646,341	1,151,889
Share/Option based payments	(206,785)	576,924	899,469	1,582,306
Amortization	58,632	85,732	67,080	50,674
Net comprehensive loss	5,621,705	5,599,051	6,148,313	7,357,850
Loss per share – basic and diluted (cents)	1.51	1.51	1.62	1.87
Total assets	32,098,054	38,781,204	10,241,614	15,406,176
Total liabilities	35,285,389	36,384,698	4,766,976	4,789,126
Shareholders' equity (deficiency)	(3,187,335)	2,396,506	5,474,635	10,617,050

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.

Since March 2019 the Company has increased its exploration expenditure as it worked to finalize its feasibility study.

During this period, minimum expenditure was incurred on the Ndongo, Bongo, Kungongo and Subranum Projects, with the Company's current focus being on the Namdini Project.

Corporate general and administration expenses have remained consistent with increases in expenditure from the December 2018 quarter due to the US\$25m Sprott Facility (the "Facility") completed on August 23, 2018. All the on-going expenses in relation to the Facility, including interest incurred on the Facility, have been included in corporate general and administration expenses.

The Company's corporate general and administration expenses have remained consistent over the period. During the period the Company employed several personnel which will be highly valuable to Cardinal in the construction of the 9.5mtpa mine for the 5.1Moz* Ore Reserve within the Namdini open pit gold deposit, this included the appointment of a COO.

*The Namdini Gold Project has a published gold **Ore Reserve of 5.1Moz** (138.6 Mt @ 1.13 g/t Au; 0.5 g/t cut-off), inclusive of 0.4 Moz Proved (7.4 Mt @ 1.31 g/t Au; 0.5 g/t cut-off) and 4.7Moz Probable (131.2 Mt @ 1.12 g/t Au; 0.5 g/t cut-off)

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, investor relations expenses and on-going expenses incurred in relation to the Facility.

Share based payments represent 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 is attributable to the exercise of \$12.5m options during the quarter ended December, 31, 2019 which increased cash resources.

The increase in total liabilities for the three months ended December 31, 2019 remains consistent with the Facility completed August, 28 2018.

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

RESULTS OF OPERATIONS

	Three months ended December		Six months ended December	
	2019	2018	2019	2018
Exploration and evaluation expenditures	\$5,868,970	\$2,677,484	\$11,453,150	\$5,366,289
Corporate general and administration	3,074,136	3,207,356	5,873,069	5,548,169
Share/Option based payments	663,650	(206,785)	1,133,555	370,139
Amortization	71,382	58,623	129,909	144,365
Interest and other income	42,856	58,632	85,079	144,365
Foreign exchange loss/(gain)	1,205,096	8,964	174,594	(69,566)
Net Loss for the period	\$(8,430,186)	\$(5,621,705)	\$(18,329,992)	\$(11,220,756)

- For the three and six months ended December 31, 2019, exploration and evaluation expenditures increased from comparable periods due to the accelerated effort in completing the Feasibility Study on October 28, 2019.
- There has been minimum expenditure on the Company's Ndongo, Bongo, Kungongo and Subranum Projects.
- The Company's corporate general and administration expenses have remained consistent over the periods.
- For the three and six months ended December 31, 2019, share based payments have increased due to the issued of milestone options to employees and directors during the period ended December 31, 2019. The fair value of the option grants, are being amortized to income over their respective vesting periods. During the 2018 periods the Company also adjusted for the cancellation of milestone options.

For the three and six months ended December, 2019 and 2018, exploration and evaluation expenditures comprise:

	Three months ended December 31,		Six months ended December 31,	
	2019	2018	2019	2018
Direct exploration costs	\$ 4,762,068	\$ 2,060,843	\$ 9,190,657	3,561,581
Indirect exploration costs	941,746	395,307	1,932,383	1,217,088
Site general and administration costs	165,156	221,334	330,110	587,620
Exploration and evaluation expenditures	\$ 5,868,970	\$ 2,667,484	\$ 11,453,150	\$ 5,366,289

Exploration and evaluation expenditures increased from comparable period due to the accelerated effort in completing the Feasibility Study.

The Company has expended additional funds during the quarter to finalise the Feasibility Study which included increased expenditure on metallurgical, consulting expenses, such as engineering and mining consultants and increased expenditure on environmental studies.

General site and administration costs and indirect exploration costs have decreased for the three months ended December 31, 2019, compared to the same period in 2018, due to the Company's focus on the Feasibility Study.

Corporate Administration Expenses

Corporate administration expenditures for the three and six months ended December 31, 2019 have remained consistent, compared to the same periods in 2018.

Share based Payments

For the three and six months ended December 31, 2019, share based payments increased due to the issued of milestone options to employees and directors during the period ended December 31, 2019. The fair value of the option grants, are being amortized to income over their respective vesting periods.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2019, the Company had cash and cash equivalents of \$20,581,280 (June 30, 2019 - \$18,735,456) and current liabilities of \$2,799,945 (June 30, 2019 - \$3,371,178).

As at December 31, 2019, the Company had a working capital balance of \$19,881,730 (June 30, 2019 - \$16,468,320).

On August 22, 2018 the Company entered into a US\$25 million senior secured credit facility (the "Facility") with Sprott Private Resource Lending (Collector), L.P. ("Sprott").

On September 30, 2019 the Company's listed options expired. On October 3, 2019 the Company advised that 110,183,854 options had been exercised raising \$12,503,964. A cumulative of 117,398,958 Listed Options were exercised, being 99.84% of the Listed Options that had been on issue.

The increase in cash and working capital from December 31, 2019 to June 30, 2019 was \$3,413,470 and \$1,845,824 respectively. The increase is due to the exercise of listed options during the period being \$16,527,578 (30 June 2019: \$563,696 and 30 September 2019: \$4,023,614).

The Company expects its current capital resources to be sufficient to advance its planned activities. The Company is actively working with its appointed debt advisor, Cutfield Freeman & Co (London) to secure Project debt finance on competitive terms and continues to assess various funding options.

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

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 ("**Royalty Deed**") in January 2018, whereby Cardinal Namdini will pay to Savannah Mining Limited ("**Savannah**") a net smelter return royalty ("**Royalty**") equal to:

- (a) 4% of the Net Smelter Return on the first 50,000 ounces of Specified Minerals (as defined in the Royalty Deed) produced within each small-scale license which was purchased by Savannah within the Large Scale Mining License (as defined in the Royalty Deed); 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) in 2017 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 Company has commitments in respect to the Facility. The key terms of the Facility are as follows:

(i) Secured Credit Facility

The credit facility is secured by Sprott Private Resources Lending (Collector), L.P 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, being 28 February 2021;
- Interest rate of LIBOR + 7.75%; and
- 50% of the interest is accrued and payable on loan maturity.

The credit facility is secured against assets of Cardinal and its wholly owned subsidiary, Cardinal Namdini Mining Limited.

(ii) Loan Covenants

Cardinal Resources has complied with the financial covenants of its credit facility during the December 31, 2019 reporting period.

- (i) Under the terms of the credit facility, Cardinal's Working Capital Ratio shall be equal to or greater than 1.20 to 1.00; and
- (ii) The amount of Cardinal's Unrestricted Cash is greater than US\$2,500,000 or if, denominated in AU\$ equivalent to US\$2,500,000.

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 (the "**Board**") 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.

	December 31, 2019	June 30, 2019
Current – cash at bank	\$ 14,286,722	4,503,464
Term deposits	6,294,558	14,231,992
	\$ 20,581,280	18,735,456

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 current financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

At December 31, 2019, the Company had cash and cash equivalents of \$20,581,280 (June 30, 2019 - \$18,735,456) and current liabilities of \$2,799,945 (June 30, 2019 - \$3,371,178). 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 and through the Facility. The Company monitors this exposure, but has no hedge positions.

As at December 31, 2019, the Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Australian dollar:

December 31, 2019	Net Financial Assets/(Liabilities) In AUD			
	AUD	USD	GHS	Total AUD
Australian dollar	-	(37,279,158)	68,041	(37,211,117)
GHS New Cedi	-	-	-	-
Statement of financial position exposure	-	(37,279,158)	68,041	(37,211,117)

June 30, 2019	Net Financial Assets/(Liabilities) In AUD				
	AUD	USD	GHS	CAD	Total AUD
Australian dollar	3,935,628	(24,128,328)	85,202	(47,842)	(20,155,340)
GHS New Cedi	-	-	-	-	-
Statement of financial position exposure	3,935,628	(24,128,328)	85,202	(47,842)	(20,155,340)

Based on the statement of exposure as at December 31, 2019, a 1% movement in foreign exchange rates would increase/decrease the loss for the year before taxation by \$532,754 (June 30, 2019: \$3,585).

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 financial instrument that primarily exposes the Company to interest rate risk is borrowings. Interest rate risk is managed by the Facility having a fixed interest component and a variable interest component, i.e. LIBOR + 7.75%.

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 December 31, 2019 and June 30, 2019, the Company's financial instruments are comprised of cash and cash equivalents, other receivables, value added tax receivable, accounts payable accrued liabilities, and borrowings. With the exception of cash and cash equivalents and borrowings 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 and six months ended December 31, 2019.

RELATED PARTY TRANSACTIONS

The Company had transactions during the three and six months ended December 31, 2019 with related parties consisting of directors, officers and companies with common directors and/or officers:

Namdini Gold Project

Prepayments include an advance of \$338,555 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 December 31, 2019, \$338,555 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 total \$154,812 (December 31, 2018: \$154,821) for the six months ended December 31, 2019.

HopgoodGanim Lawyers of which Michele Muscillo, a director, is a partner of, provided legal services to the Company. Amounts that have been paid or payable total \$74,185 (December 31, 2018: \$5,028) for the six months ended December 31, 2019.

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 December 31,		Six months ended December 31	
	2019	2018	2019	2018
Salaries, fees and leave	\$ 369,104	\$ 260,095	\$ 691,369	\$ 582,221
Superannuation expense	1,900	-	3,800	-
Equity based payments	459,866	118,729	751,802	605,407
	\$ 830,871	\$ 378,824	\$ 1,446,971	\$ 1,187,628

SHARE POSITION AND OUTSTANDING WARRANTS AND OPTIONS

The Company's outstanding share position as at February 14, 2020 is as follows:

	Number of shares
Ordinary shares	494,024,522
Unlisted options	46,392,102
60 Class C Performance Shares	6,000,000
Fully diluted share capital – February 14, 2020	546,416,624

Ordinary Shares

The Company is authorised to issue an unlimited number of Ordinary Shares, subject to certain restrictions prescribed in the ASX Listing Rules, the Corporations Act (Australia) and the Company's constitution. Under the ASX Listing Rules, subject to certain exceptions and without the approval of shareholders of the Company, the Company 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.

Listed Options

As of February 14, 2020, the Company has no listed options on issue.

Stock 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 or required by the TSX. 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 months ended December 31, 2019:

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	6,000,000	-	-	-	6,000,000	6,000,000	-
04.03.17	04.12.22	\$0.50	18,500,000	-	-	-	18,500,000	5,550,000	12,950,000
12.21.17	12.21.22	\$0.75	1,000,000	-	-	-	1,000,000	1,000,000	-
12.21.17	12.21.22	\$0.965	2,018,100	-	-	-	2,018,100	-	2,018,100
11.04.19	12.21.22	\$0.680	2,180,049	-	-	-	2,180,049	-	2,180,049
11.04.19	12.21.22	\$0.590	2,180,049	-	-	-	2,180,049	-	2,180,049
12.03.19	12.03.21	\$1.00	1,867,817	-	-	-	1,867,817	1,867,817	-
10.12.19	10.12.24	\$0.00	-	6,369,557	-	-	6,369,557	-	6,369,557
10.12.19	10.12.24	\$0.00	-	6,276,530	-	-	6,276,530	-	6,276,530
Weighted average exercise price \$0.39									

Performance 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
60		6,000,000

OTHER DATA

Additional information related to the Company, including the Company's Annual Information Form dated September 3, 2019 is available for viewing at www.sedar.com.

ADOPTION OF NEW AND AMENDED IFRS PRONOUNCEMENTS

There are a number of new or amended Accounting Standards and Interpretations issued by the IASB that are not yet mandatory. The Company does not plan to adopt these standards early. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

The following accounting standard was issued with an effective date of 1 July 2019:

- IFRS 16: Leases replaces the accounting requirements applicable to leases in IAS 17: Leases and related Interpretations. IFRS 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 IAS 16: 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.

During the period the Company accounted for IFRS 16 and an adjustment was made to recognise all leases in the Statement of Financial Position. The adjustment was noted to be immaterial to the financial report. The modified retrospective approach was adopted. The weighted average lessee's incremental borrowing rate applied to the lease liabilities from 1 July 2019 was 12.95%.

The transitional provisions of IFRS 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with IAS 8 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 Company 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 Company not receiving an adequate return on its invested capital, and no assurance can be given that any exploration program of the Company will result in the establishment or expansion of resources or reserves.

The Company'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 Company. 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 Company.

Estimation of Mineralisation, 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 Company'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 Company believes it is in substantial compliance with these laws and regulations; however, the Company 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 Company 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 Company might undertake.

All phases of the Company's operations are subject to environmental regulations in various jurisdictions. If the Company'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 Company'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 Company. Additionally, the Company 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 Company 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 Company'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 Company will compete with other parties in each of these respects, many of which have greater financial resources than the Company. Accordingly, there can be no assurance that any of the Company'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 Company.

Increased demand for, and cost of, exploration, development and construction services and equipment.

Strength of the metal market can result in an increase in exploration, development and construction activities around the world, resulting in increased demand for, and cost of, exploration, development and construction services and equipment. The costs of such services and equipment could increase in the future, which could result in delays or materially increased costs if services or equipment cannot be obtained in a timely manner or at acceptable prices.

Risks Related to the Business

Operational Risks

The Company 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 Company 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 Company 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 Company 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 Company's properties when required, upon terms acceptable to the Company 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 Company.

Borrowing Risk

Lenders to the Company, including Sprott as primary lender under the Facility, impose covenants and obligations on the part of the Company to maintain the good standing of the agreements and security arrangements of the borrowed funds. In particular, the Facility contains certain covenants and representations and warranties, the breach of which could result in a default and the acceleration of maturity of the Facility, the lender realizing on its security, or diminished availability of refinancing alternatives or increase the associated costs thereof. Though the Company anticipates being able to remain in compliance with all positive covenants under its credit arrangements, there is no assurance that unforeseen events or circumstances may lead to the breach of the Company's obligations to its lenders, under the Facility or otherwise, which, if not waived by the lender, would have a material adverse impact on the Company.

Funding Risk

At the date of this MD&A, the Company 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 Company 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 Company (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 Company 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 Company'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 Company 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 Company. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors may conflict with the interests of the Company. 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.

Foreign currency risk

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

With instruments being held by overseas operations, fluctuations in the US dollar and Ghanaian Cedis may impact the Company's financial results.

Interest Rate Risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments that primarily expose the Company to interest rate risk are borrowings (including the Facility), cash and cash equivalents.

Environmental Bonds

The EPA from time to time reviews the reclamation bonds that are placed on the Company'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 Company's properties, it may be difficult, if not impossible, to provide sufficient bonding. If the Company 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 Company is not in a position to state whether a review in respect of any of the Company's projects in Ghana is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Company.

Risks of Operating in Ghana

The Company'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 neighboring countries), terrorist actions, criminal activity, nationalization, invalidation of governmental orders, failure to enforce existing laws, labor disputes, corruption, sovereign risk, political instability, the failure of foreign parties, courts or governments to honor or enforce contractual relations or uphold property rights, changing government regulations with respect to mining (including royalties, environmental requirements, labor, 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 Company 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 Company 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 Company 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 Company.

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

Government Policy Changes

The mineral exploration activities undertaken by the Company 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 Company's exploration programs with respect to the Company's projects in Ghana will, in general, be subject to approval by the Minerals Commission and other governmental agencies. Development of any of the Company'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 Company. The Company 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 Company.

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 Company. 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 Company'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 Company 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 Company 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 Company has an interest being challenged. Further, the Company'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 Company 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 Company.

Permitting and Licensing Risks

In addition to mineral rights, the Company 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 Company 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 Company 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 Company's property interests are held in areas of Ghana that have historically been mined by artisanal miners. As the Company 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 Company'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 Company will not be subject to environmental liabilities resulting from such operations in the future, which could have a material adverse impact on the Company. In addition, artisanal work practices are often unsafe and accidents and/or incidents may occur on the Company'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 Company in the event of accidents or incidents, which could have a material adverse impact on the Company.

General Risks

Market Conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company'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 Company does not warrant the future performance of the Company or any return on an investment in the Company.

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 Company 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 Company's business, operating results and financial condition.

Current Global Financial Condition

Current global financial conditions have been subject to increased volatility. As such, the Company is subject to counterparty risk and liquidity. The Company is exposed to various counterparty risks including, but not limited to financial institutions that hold the Company's cash, and through companies that have payables to the Company. The Company 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 Company to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the shares could be adversely affected.

Exchange Rate and Currency Risks

The Company undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Company does not hedge this exposure. The Company 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 Company may realise from its operations, since most mineral commodities are sold in a world market in USD. The Company's costs are incurred in AUD, GHS, USD and CAD.

Commodity Prices

The price of the Ordinary Shares, and the Company'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 Company, 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 Company'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 Company to raise capital. A sustained, significant decline in the price of gold could also cause development of any properties in which the Company may hold an interest from time to time to be impracticable. Future production from the Company'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 Company depends substantially on its senior management and its key personnel. There can be no assurance that there will be no detrimental impact on the Company 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 and Ore Reserves for the Company'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 may differ from the standards that apply in the United States. 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 may not be 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. During the second quarter of 2020, no changes were made in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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 December 31, 2019 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 December 31, 2019, 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.