

**PRESS RELEASE**

Tuesday, 31 July 2018

**ASX/TSX: CDV**

2018-13

## **QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 JUNE 2018**

**Cardinal Resources Limited** (ASX: CDV; TSX: CDV) ("**Cardinal**" or "**the Company**"), an African gold focused exploration company, is pleased to present to shareholders its Quarterly Activities report for the period ended 30 June 2018. Currently Cardinal holds four tenements within the Bolgatanga Project, with Subranum comprised of a single tenement in central Ghana (Figure 1).

### **HIGHLIGHTS**

- On April 4, 2018 the Company advised that first pass regional exploration drilling was underway. Recent RC drilling results on the Kungongo Prospect were announced which focused primarily on shallow auger soil gold anomalies and ground magnetic targets. Drilling confirmed a sequence of mixed sediments and mafic volcanics. The initial RC drilling was completed on a series of fences between 400m and 1,600m apart. Hole spacing on lines was at 50m to 100m centres with the drilling covering approximately 3.6km of strike length along the target. Gold intersections returned were encouraging with some significant grades and multiple zones encountered.
- On April 19, 2018 a Technical Report on the Namdini Gold Project was filed on SEDAR where the Company announced an updated Mineral Resource estimate of an Indicated Mineral Resource of 180 Mt grading 1.1 g/t Au for **6.5 Moz Au** and an Inferred Mineral Resource of 13 Mt grading 1.2 g/t Au for **0.5 Moz Au**, each at a 0.5 g/t Au cut off. The mineralisation remains open along strike and down dip. The NI43-101 Technical Report was authored by MPR Geological Consultants Pty Ltd and has an effective date of March 5, 2018. The Technical Report can be viewed under the Company's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com) or the Company's website [www.cardinalresources.com.au](http://www.cardinalresources.com.au)
- On May 28, 2018 the Company announced that encouraging first pass shallow RC drilling gold results were returned from one of the six coincident gold-in-soil and geophysical targets on the Ndongo Licence within the Bolgatanga Project, which is located ~15 km north of the Company's Namdini Gold Project with an Indicated Mineral Resource of 6.5 Moz Au (Figure 2). These preliminary results were very positive and confirmed previous historical exploration by Etruscan Resources.

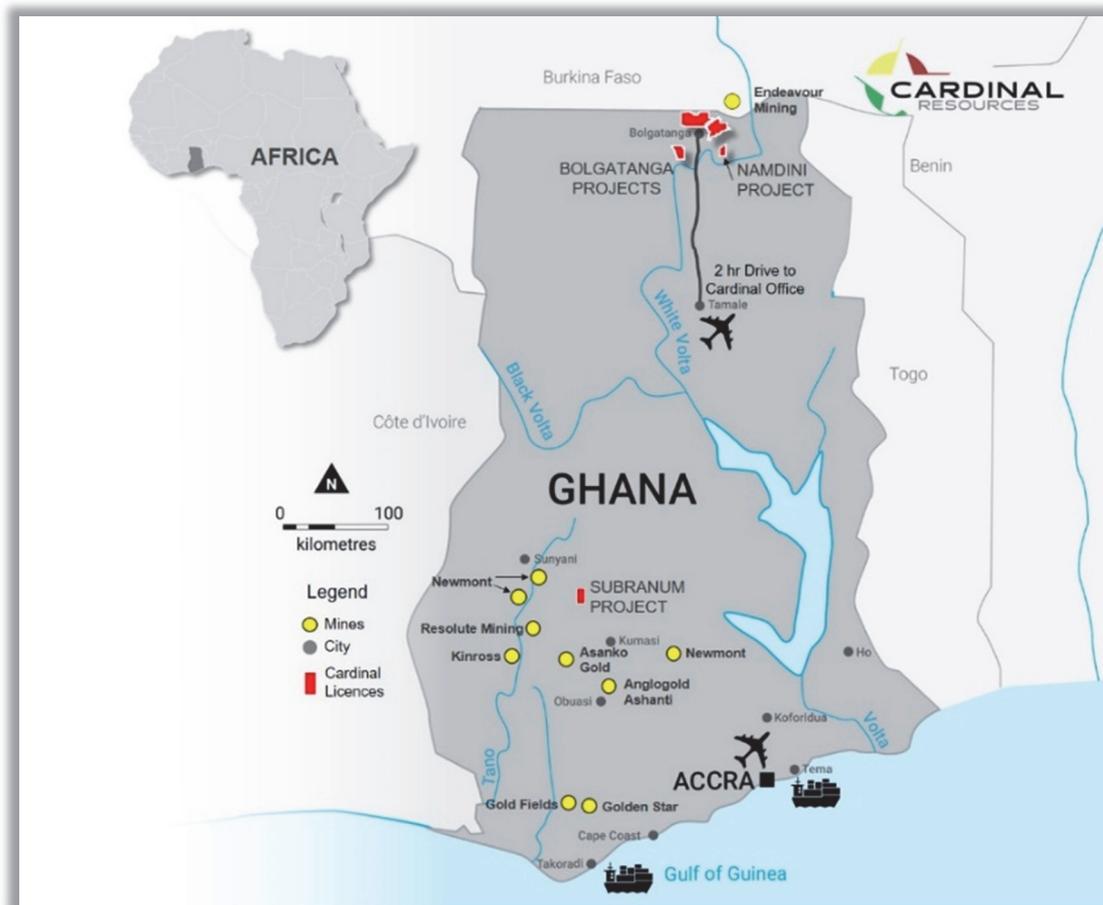
### **SUBSEQUENT TO QUARTER END**

- On July 16, 2018 the Company announced that it had intersected further gold mineralisation at a new discovery named Ndongo East on its 100% owned Ndongo License, located approximately 15 km north of the Company's flagship Namdini Gold Project which has a 6.5 Moz Indicated Mineral Resource (Figure 3). During the next quarter, the Company expects to announce further exploration results from its comprehensive campaign to continue to add value to its Bolgatanga exploration tenement package.
- On July 31, 2018 the Company announced that it had received investment committee approval from and executed a term sheet with Sprott Private Resource Lending (Collector), L.P. ("**Sprott**") to be provided with a US\$25 million senior secured credit facility ("**Facility**"). The Facility is subject to mutually satisfactory documentation and other customary conditions precedent, which are expected to be completed on or about 17 August 2018.

## OUTLOOK

The principal activity of the Corporation (and its subsidiaries) is gold exploration in Ghana. The Corporation holds interests in five 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 an Indicated Mineral Resource of **180 Mt** grading **1.1 g/t Au** for **6.5 Moz Au** and an Inferred Mineral Resource of **13 Mt** grading **1.2 g/t Au** for **0.5 Moz Au** each at a 0.5 g/t Au cutoff grade. The map below shows the location of the Namdini Gold Project and the Corporation’s other properties in Ghana.



**Figure 1: Cardinal Resource’s Tenements in Ghana**

The Company expects to continue to generate positive news flow from its ongoing metallurgical optimisation testwork, greenfield exploration assets and Preliminary Feasibility Study activities, (“PFS”) due for release in Q3 2018.

## THE NAMDINI GOLD PROJECT

### Property Title / Mining Lease

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

### Mineral Resources

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

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

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

#### Notes

- JORC (2012) Code was followed for the Mineral Resources. MPR has reconciled the Mineral Resources to CIM Definition Standards (2014) and there are no material differences.
- Mineral Resources are estimated at a cut-off grade of 0.5 g/t Au constrained by a preliminary pit shell.
- Incorporates drill holes completed as of February 2018.
- Numbers may not add due to rounding.

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

## Project Development Activities

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

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

## Project Development Timeline



**Figure 2: Namdini Project Development Timeline**

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

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

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

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

Ongoing metallurgical optimisation testwork is being performed at the ALS Laboratory in Perth as part of Cardinal's metallurgical testwork programme for its Namdini Gold Project. Part of the programme is specifically targeting the envisaged starter pit area since it includes over a quarter of the expected total gold ounce count. Further testing is

also ongoing on life of mine samples which are separated by our three main lithologies; metavolcanic, granite and diorite.

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

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

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

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

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

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

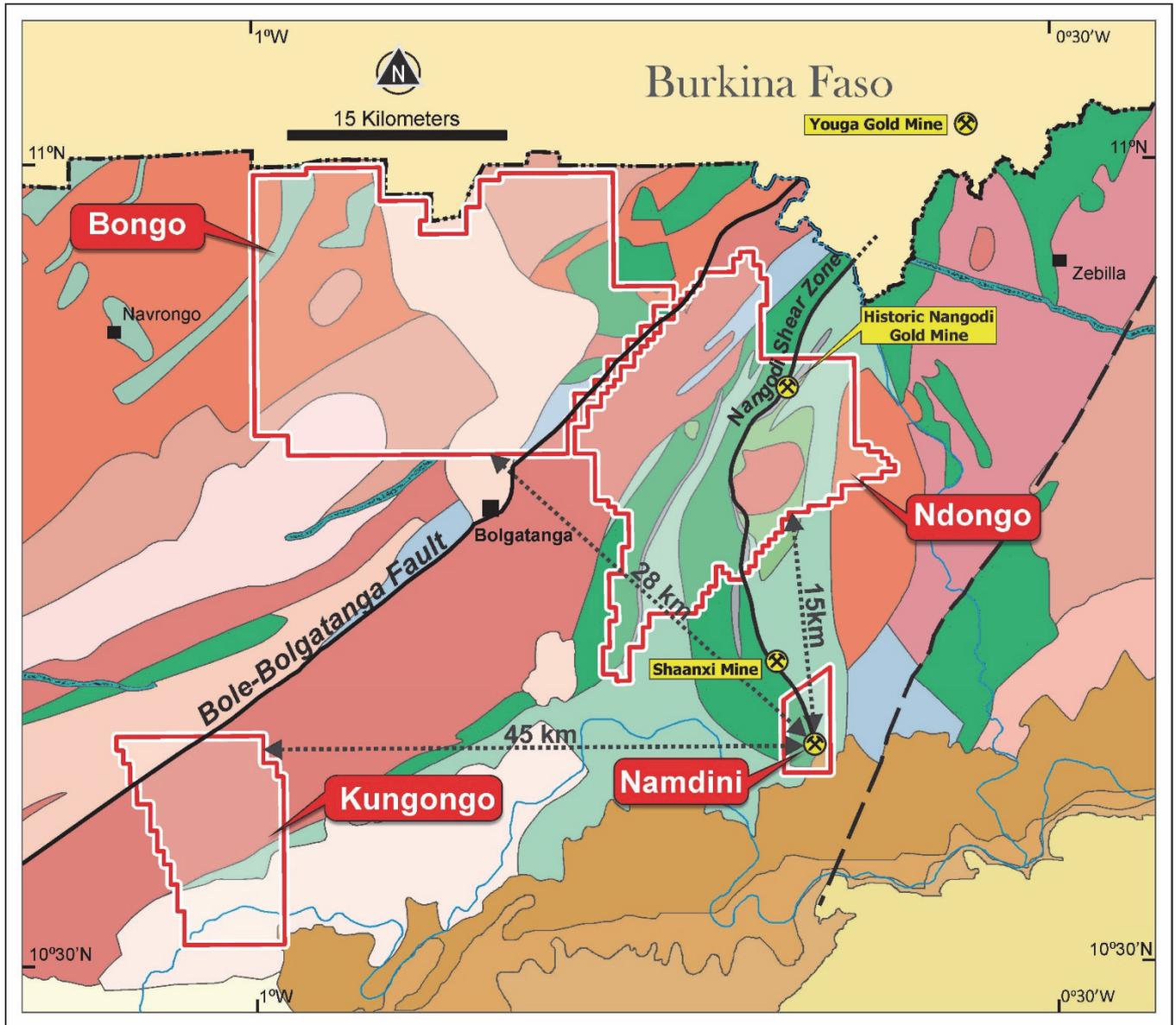
BDO have provided a detailed, independent, financial model review of all procedures and internal logic applied in the model. BDO confirmed that the model is in good standing and provided a written report to this effect.

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

**REGIONAL EXPLORATION UPDATE**

**Bolgatanga Project**

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



**Figure 3: Bolgatanga Project Tenements**

**Subranum Project**

The Subranum Project is located in southwest Ghana (Figure 1). Diamond drilling commenced on this project late in the quarter and results are expected in Q3 2018.

## BOLGATANGA PROJECT

### Exploration Drilling

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

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

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

### Ndongo Tenement

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

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

### Target A – Prospect Zupeliga South

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

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

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

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

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

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

Gold mineralisation has initially been located within an area of ~200 m strike length by ~100 m width within the larger Target A area which has a strike length of ~12 km and a width of ~1.5 km. At this early stage, mineralisation appears to be open along strike, especially along the fold axes and at depth with further drilling planned to evaluate the two limbs of the anticlines.

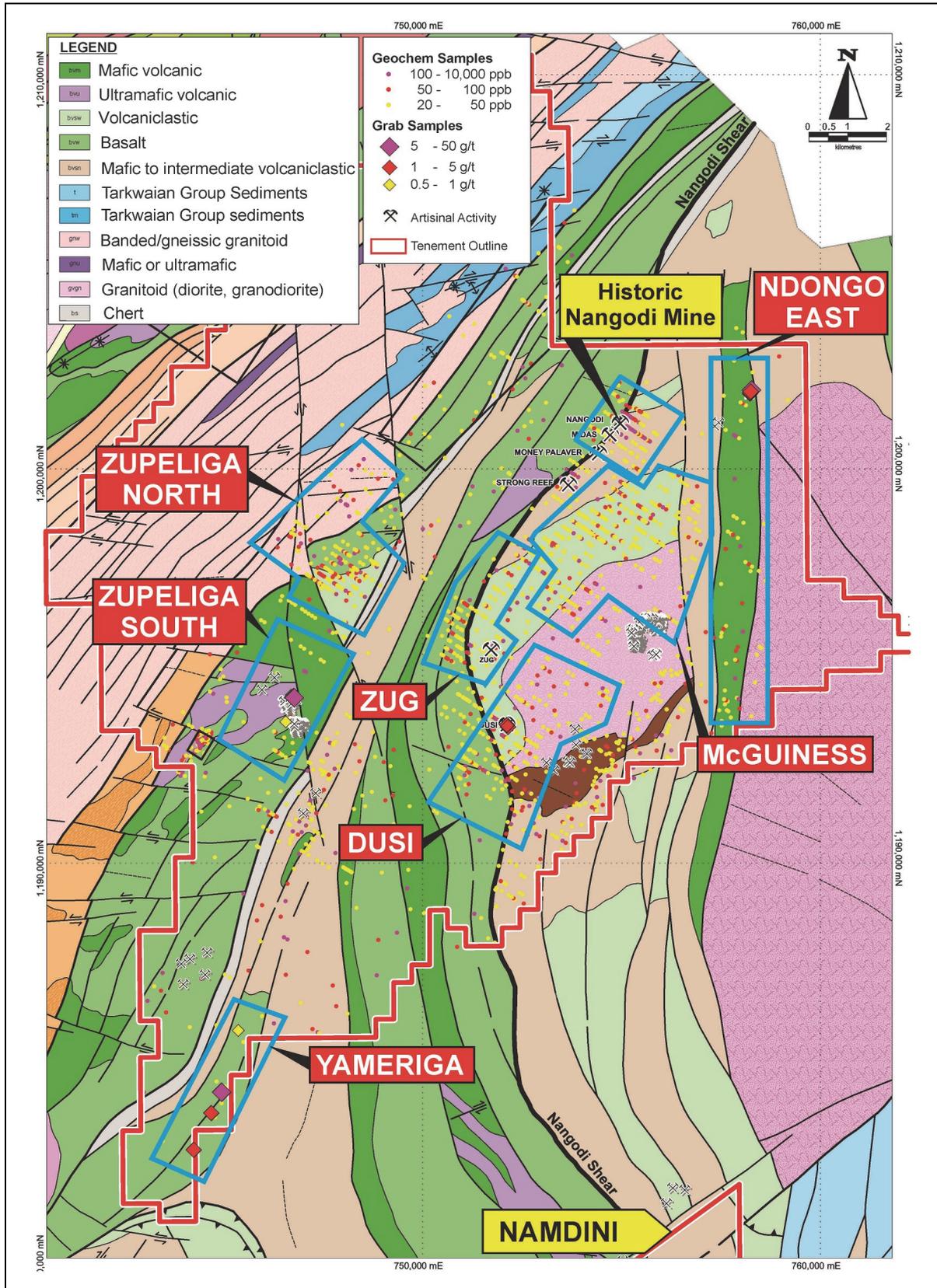


Figure 4: Ndongo Prospecting Licence showing local prospects

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

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

### Kungongo Tenement

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

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

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

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

### Bongo Prospect

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

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

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

### SUBRANUM PROJECT

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

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

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

**Table 3: Exploration Drilling for Q2 2018**

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

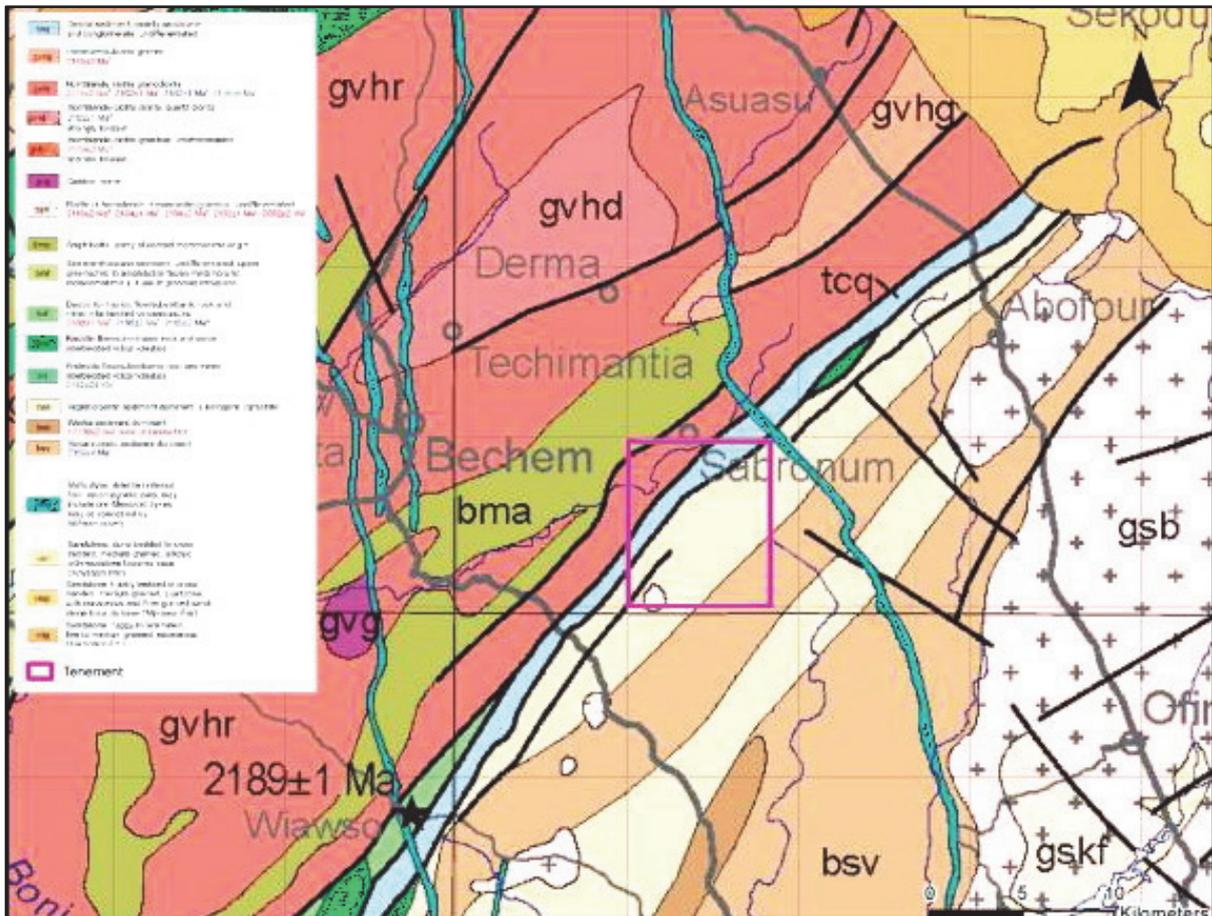


Figure 5: Subranum Project with Bibiani Shear through the tenement

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

## CORPORATE

Subsequent to the quarter end the Company was pleased to announce that it had received investment committee approval from and executed a term sheet with Sprott Private Resource Lending (Collector), L.P. ("**Sprott**") to be provided with a US\$25 million senior secured credit facility ("**Facility**"). The Facility is subject to mutually satisfactory documentation and other customary conditions precedent, which are expected to be completed on or about 17 August 2018.

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

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

**Archie Koimtsidis, CEO and Managing Director of Cardinal, stated:**

“We are pleased to announce third-party validation from Sprott, a leading industry participant. This Facility provides Cardinal with the ability to continue to fast-track Namdini towards completion of a Definitive Feasibility Study, anticipated in Q3 2019, while also maximizing shareholder value by avoiding unnecessary dilution.

“Importantly, the term of the Facility is 30 months and therefore provides significant flexibility for the Company as it continues to de-risk Namdini’s development.”

**Dušan Petković, Principal of Sprott, commented:**

“As one of the largest investors dedicated to the natural resource sector, Sprott is excited to continue its partnership with Cardinal. Our partnership with Cardinal is consistent with our strategy of providing innovative and flexible capital to maximize the value of exceptional projects.”

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

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

**TENEMENT SCHEDULE - ASX LISTING RULE 5.3.3**

The following mining tenement information is provided pursuant to ASX Listing Rule 5.3.3. No tenements in part or whole, were relinquished, surrendered or otherwise divested during the quarter ended 30 June 2018.

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

## CAPITAL STRUCTURE

As at 30 June 2018 the Company had following capital structure;

Capital Structure	Listed	Unlisted	Total
Fully Paid Ordinary Shares (CDV)	373,563,580	-	373,563,580
Options Ex. \$0.15 on or before 30 September 2019	114,129,906	-	114,129,906
Options Ex. \$0.22 on or before 18 March 2020	-	6,000,000	6,000,000
Options Ex. \$0.75 on or before 21 December 2022	-	1,000,000	1,000,000
Milestone Options Ex. \$0.50 on or before 12 April 2022	-	18,500,000	18,500,000
Milestone Options Ex. \$0.825 on or before 21 December 2022	-	5,758,000	5,758,000
Milestone Options Ex. \$0.965 on or before 21 December 2022	-	4,036,200	4,036,200
- Class C Performance Shares	-	60	60

### Cash Balance

The Company's cash balance at 30 June 2018 was approximately AU\$7.3 million. Subsequent to the quarter end the Company announced it had received investment committee approval from and executed a term sheet with Sprott to be provided with a US\$25 million senior secured credit facility.

The Facility is subject to mutually satisfactory documentation and other customary conditions precedent, which are expected to be completed on or about 17 August 2018.

For further information contact:

Archie Koimtsidis  
CEO / MD

**Cardinal Resources Limited**

P: +1 647 256 1922

P: + 61 (8) 6558 0573

Email: [archie@cardinalresources.com.au](mailto:archie@cardinalresources.com.au)

### Competent / Qualified Person Statement

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

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

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

### JORC 2012

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

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

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

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

**Name of entity**

Cardinal Resources Limited

**ABN**

56 147 325 620

**Quarter ended ("current quarter")**

30 June 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(4,689)	(23,845)
(b) development	-	-
(c) production	-	-
(d) staff costs	(417)	(1,703)
(e) administration and corporate costs	(1,057)	(4,076)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	22	166
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material) – VAT/GST/Foreign Exchange	(31)	(526)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(6,172)</b>	<b>(29,984)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(99)	(313)
(b) tenements (see item 10)	-	(2,901)

## Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(99)</b>	<b>(3,214)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	12,397
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	120	743
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(919)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>120</b>	<b>12,221</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	13,304	28,544
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(6,172)	(29,984)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(99)	(3,214)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	120	12,221

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	142	(272)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>7,295</b>	<b>7,295</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	393	366
5.2	Call deposits	6,902	13,038
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>7,295</b>	<b>13,404</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
317
-

N/A

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

<b>Current quarter \$A'000</b>
-
-

N/A

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
N/A		

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	1,950
9.2 Development	-
9.3 Production	-
9.4 Staff costs	509
9.5 Administration and corporate costs	511
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>2,970</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: Sarah Shipway  
Company Secretary

Date: 31 July 2018

Print name: Sarah Shipway

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.