

CARDINAL RESOURCES LIMITED  
ACN 147 325 620

NOTICE OF GENERAL MEETING

AND

EXPLANATORY MEMORANDUM

IMPORTANT INFORMATION

*This is an important document that should be read in its entirety.  
If you do not understand it you should consult your professional advisers without delay.*

*If you wish to discuss any aspect of this document with the Company please contact  
Ms Sarah Shipway on telephone (+61 8) 9322 6600*

**CARDINAL RESOURCES LIMITED**  
**ACN 147 325 620**  
**NOTICE OF GENERAL MEETING**

Notice is hereby given that a General Meeting of the Shareholders of Cardinal Resources Limited will be held at Level 1, 115 Cambridge Street West Leederville WA 6007 at 10:00am (WST) on 17 February 2016 to conduct the following business and to consider, and if thought fit, to pass the following Resolutions.

**AGENDA**

**RESOLUTION 1 – ISSUE OF EMPLOYEE OPTIONS TO A DIRECTOR – MARK CONNELLY**

To consider, and if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rule 10.14 and Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to issue 1,000,000 Employee Options to Mr Mark Connelly (or his nominee/s) under the Plan and on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by the Directors of the Company (except one who is ineligible to participate in an employee incentive scheme in relation to the Company), and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Company will also disregard any votes cast on this Resolution by any KMP and a closely related party of a KMP. However, the Company need not disregard a vote if it is cast by a KMP or a closely related party of a KMP as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a chairperson of the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

KMPs and their closely related parties will commit an offence under the Corporations Act if they vote in relation to this Resolution in breach of the voting restrictions.

**RESOLUTION 2 - ISSUE OF EMPLOYEE OPTIONS TO A DIRECTOR – ARCHIE KOIMTSIDIS**

To consider, and if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rule 10.14 and Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to issue 3,000,000 Employee Options to Mr Archie Koimtsidis (or his nominee/s) under the Plan and on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by the Directors of the Company (except one who is ineligible to participate in an employee incentive scheme in relation to the Company), and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Company will also disregard any votes cast on this Resolution by any KMP and a closely related party of a KMP. However, the Company need not disregard a vote if it is cast by a KMP or a closely related party of a KMP as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a chairperson of the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

KMPs and their closely related parties will commit an offence under the Corporations Act if they vote in relation to this Resolution in breach of the voting restrictions.

### RESOLUTION 3 - ISSUE OF EMPLOYEE OPTIONS TO A DIRECTOR – MALIK EASAH

To consider, and if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rule 10.14 and Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to issue 2,000,000 Employee Options to Mr Malik Easah (or his nominee/s) under the Plan and on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by the Directors of the Company (except one who is ineligible to participate in an employee incentive scheme in relation to the Company), and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Company will also disregard any votes cast on this Resolution by any KMP and a closely related party of a KMP. However, the Company need not disregard a vote if it is cast by a KMP or a closely related party of a KMP as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a chairperson of the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

KMPs and their closely related parties will commit an offence under the Corporations Act if they vote in relation to this Resolution in breach of the voting restrictions.

### RESOLUTION 4 - ISSUE OF EMPLOYEE OPTIONS TO A DIRECTOR – MARK THOMAS

To consider, and if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rule 10.14 and Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to issue 1,500,000 Employee Options to Mr Mark Thomas (or his nominee/s) under the Plan and on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by the Directors of the Company (except one who is ineligible to participate in an employee incentive scheme in relation to the Company), and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Company will also disregard any votes cast on this Resolution by any KMP and a closely related party of a KMP. However, the Company need not disregard a vote if it is cast by a KMP or a closely related party of a KMP as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a chairperson of the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

KMPs and their closely related parties will commit an offence under the Corporations Act if they vote in relation to this Resolution in breach of the voting restrictions.

### RESOLUTION 5 - ISSUE OF EMPLOYEE OPTIONS TO A DIRECTOR – SIMON JACKSON

To consider, and if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purpose of Listing Rule 10.14 and Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to issue 1,000,000 Employee Options to Mr Simon Jackson (or his nominee/s) under the Plan and on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by the Directors of the Company (except one who is ineligible to participate in an employee incentive scheme in relation to the Company), and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Company will also disregard any votes cast on this Resolution by any KMP and a closely related party of a KMP. However, the Company need not disregard a vote if it is cast by a KMP or a closely related party of a KMP as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a chairperson of the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

KMPs and their closely related parties will commit an offence under the Corporations Act if they vote in relation to this Resolution in breach of the voting restrictions.

#### **RESOLUTION 6 – SECTION 195 APPROVAL**

To consider, and if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*"That, pursuant to and in accordance with section 195 of the Corporation Act and for all other purposes, Shareholders approve the transactions contemplated in Resolutions 1 to 5".*

**DATED THIS 1<sup>st</sup> DAY OF JANUARY 2016**

**BY ORDER OF THE BOARD**

**SARAH SHIPWAY  
COMPANY SECRETARY**

## NOTES

### Definitions

Terms which are used in this Notice and which are defined in Section 3 of the Explanatory Memorandum have the meanings ascribed to them therein.

### Note

If you have recently changed your address or if there is any error in the name and address used for this notice please notify the Company Secretary. In the case of a corporation, notification is to be signed by a director or company secretary.

### Proxies

A Shareholder who is entitled to vote at this Meeting has a right to appoint a proxy and should use the proxy form enclosed with this notice. The proxy need not be a Shareholder of the Company and can be an individual or a body corporate.

A body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the Meeting. The representative should bring to the Meeting evidence of this appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

A Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, section 249X of the Corporations Act will take effect so that each proxy may exercise half of the votes (ignoring fractions).

A proxy's authority to speak and vote for a Shareholder at the meeting is suspended if the Shareholder is present at the meeting.

The proxy form must be signed and dated by the Shareholder or the Shareholder's attorney. Joint Shareholders must each sign.

Proxy forms and the original or a certified copy of the power of attorney (if the proxy form is signed by an attorney) must be received:

- **By mail** Share Registry – Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001, Australia
- **By fax** 1800 783 447 (within Australia) +61 3 9473 2555 (outside Australia)
- **Custodian Voting** For Intermediary Online subscribers only (custodians) please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions

not later than 10:00am (WST) on 15 February 2016.

Pursuant to regulation 7.11.37 of the Corporations Regulations, the Board has determined that the shareholding of each Shareholder for the purposes of ascertaining the voting entitlements for the Meeting will be as it appears in the share register at 4:00pm (WST) on 15 February 2016.

### Bodies Corporate

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of a company's shareholders. The appointment may be a standing one.

Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

**CARDINAL RESOURCES LIMITED**  
**ACN 147 325 620**

**EXPLANATORY MEMORANDUM**

This Explanatory Memorandum forms part of a Notice convening the General Meeting of Shareholders of Cardinal Resources Limited to be held at Level 1, 115 Cambridge Street West Leederville WA 6007 at 10:00am (WST) on 17 February 2016. This Explanatory Memorandum is to assist Shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the Resolutions proposed. Certain terms used in this Explanatory Memorandum are defined in Section 3.

**1. RESOLUTIONS 1 TO 5 – ISSUE OF EMPLOYEE OPTIONS TO DIRECTORS**

**1.1 Background**

Resolutions 1 to 5 seek Shareholder approval in accordance with Listing Rule 10.14 and Chapter 2E of the Corporations Act for the grant of an aggregate total of 8,500,000 Employee Options to Messrs Connelly, Koimtsidis, Easah, Thomas and Jackson (or their respective nominee/s) (“**Director Employee Option Recipients**”) under the Plan.

The Board considers that this grant of Employee Options to the Director Employee Option Recipients would be a cost effective and efficient reward for the Company to make to appropriately incentivise the Director Employee Option Recipients continued performance, and is consistent with the strategic goals and targets of the Company.

In determining the remuneration packages of the Director Employee Option Recipients, including the proposed issue of Employee Options under the Plan, the Board considered the scope of each of the Directors’ role, the business challenges facing the Company and market practice for the remuneration of officers in positions of similar responsibility.

Refer to Schedule 2 for a summary of the key terms the Plan and to Schedule 1 for a summary of the terms and conditions of the Employee Options.

Resolutions 1 to 5 are ordinary resolutions.

The Chairman intends to exercise all available proxies in favour of Resolutions 1 to 5. If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on any of 1 to 5, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though Resolutions 1 to 5 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

**1.2 Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act. Without an exception, the issue of the Employee Options to the Director Employee Option Recipients requires Shareholder approval because:

- (a) the issue of the Employee Options constitutes giving a financial benefit; and
- (b) the Director Employee Option Recipients are related parties of the Company by virtue of being Directors.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of the Employee Options to the Director Employee Option Recipients (or their respective nominees).

### 1.3 Listing Rule 10.14

In accordance with Listing Rule 10.14, the Company must not permit a Director and any of his associates to acquire securities under an employee incentive scheme unless it obtains Shareholder approval.

Pursuant to Listing Rule 7.2, exception 14, as Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required.

### 1.4 Information required by Listing Rule 10.15 and section 219 of the Corporations Act

Information must be provided to Shareholders for the purposes of obtaining Shareholder approval as follows:

- (a) The Director Employee Option Recipients are Messrs Mark Connelly, Archie Koimtsidis, Malik Easah, Mark Thomas and Simon Jackson and they are related parties of the Company by virtue of being Directors;
- (b) the maximum number of Employee Options to be issued to the Director Employee Option Recipients (and/or their respective nominees), pursuant to Resolutions 1 to 5 (being the nature of the financial being provided), is an aggregate total of 8,500,000 Employee Options as follows:
  - (i) 1,000,000 Employee Options to Mr Mark Connelly pursuant to Resolution 1;
  - (ii) 3,000,000 Employee Options to Mr Archie Koimtsidis pursuant to Resolution 2;
  - (iii) 2,000,000 Employee Options to Mr Malik Easah pursuant to Resolution 3;
  - (iv) 1,500,000 Employee Options to Mr Mark Thomas pursuant to Resolution 4;
  - (v) 1,000,000 Employee Options to Mr Simon Jackson pursuant to Resolution 5.
- (c) the Employee Options will be granted for nil cash consideration, accordingly no funds will be raised. The Employee Options are exercisable at \$0.22;
- (d) no securities have been issued under the Plan to date, however, the Company intends to issue 1,000,000 Employee Options to Mr Paul Abbott (Exploration Manager) and Ms Sarah Shipway (Company Secretary) under the Plan;
- (e) the persons referred to in ASX Listing Rule 10.14 who are entitled to participate in the plan are all Directors, being, as at the date of the Notice, Messrs Mark Connelly, Archie Koimtsidis, Malik Easah, Mark Thomas and Simon Jackson;
- (f) a voting exclusion statement is included in the Notice for Resolutions 1 to 5;
- (g) no loans are being provided in respect of the issue of the Employee Options to the Director Employee Option Recipients;
- (h) the Company will grant the Employee Options to the Director Employee Option Recipients no later than 12 months after the date of the Meeting or such longer period of time as ASX allows;
- (i) the terms and conditions of the Employee Options are set out in Schedule 1;

- (j) the value of the Employee Options, to be issued pursuant to Resolutions 1 to 5, and the pricing methodology, is set out in Schedule 3;
- (k) the relevant interests of the Director Employee Option Recipients in securities of the Company are set out below:

Director	Shares	Options	Performance Shares
Mark Connelly	-	-	-
Archie Koimtsidis	6,534,231	4,191,731	20
Malik Easah	6,098,481	6,560,423	20
Mark Thomas	3,250,000	1,950,000	-
Simon Jackson	1,000,000	500,000	-

- (l) the remuneration and emoluments from the Company to the Director Employee Option Recipients for the previous financial year and the proposed remuneration and emoluments for the current financial year (not including the value of the proposed Employee Options the subject of Resolutions 1 to 5 are set out below):

Director	Previous Financial Year (Ended 30 June 2015)	Current Financial Year (Ending 30 June 2016)
Mark Connelly	-	\$48,000
Archie Koimtsidis	\$110,000	\$260,000
Malik Easah	\$75,000	USD\$132,000
Mark Thomas	-	\$75,000
Simon Jackson	-	\$48,000

- (m) if the Employee Options which are proposed to be issued to the Director Employee Option Recipients pursuant to Resolutions 1 to 5 are exercised, a total of 8,500,000 Shares would be issued. This will increase the number of Shares on issue from 172,991,385 to 181,491,385 (assuming Resolutions 1 to 5 are passed, that no other Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by 4.7%

The market price for Shares during the term of the Employee Options would normally determine whether or not the Employee Options are exercised. If, at any time any of the Employee Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Employee Options, there may be a perceived cost to the Company

- (n) the trading history of the Shares on ASX in the 12 months before the date of this Notice is as follows:

	Shares (ASX: CDV)
Highest (17/10/2015)	\$0.17
Lowest (18/12/2014)	\$0.038
Latest (25/12/2015)	\$0.16

- (o) the primary purpose of the grant of the Employee Options to the Director Employee Option Recipients is to provide a performance linked incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Director Employee Option Recipients in their role as Directors;
- (p) Mr Mark Connelly declines to make a recommendation to Shareholders in relation to Resolution 1 due to his material personal interest in the outcome of the Resolution 1 on the basis that Mr Mark Connelly is to be granted Employee Options should Resolution 1 be passed. However, in respect of Resolutions 2 to 5, Mr Mark Connelly recommends that Shareholders vote in favour of Resolutions 2 to 5 for the following reasons:

- (i) the issue of Employee Options to the Director Employee Option Recipients (or their respective nominee/s) will align the interests of the Director Employee Option Recipients with those of Shareholders;
  - (ii) the issue of Employee Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operation that it would if alternative cash forms of remuneration were given to the Director Employee Option Recipients; and
  - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Employee Options upon the terms proposed;
- (q) Mr Archie Koimtsidis declines to make a recommendation to Shareholders in relation to Resolution 2 due to his material personal interest in the outcome of the Resolution 2 on the basis that Mr Archie Koimtsidis is to be granted Employee Options should Resolution 2 be passed. However, in respect of Resolutions 1 and 3 to 5, Mr Archie Koimtsidis recommends that Shareholders vote in favour of Resolutions 1 and 3 to 5 for the reasons set out in paragraph (p);
- (r) Mr Malik Easah declines to make a recommendation to Shareholders in relation to Resolution 3 due to his material personal interest in the outcome of the Resolution 3 on the basis that Mr Malik Easah is to be granted Employee Options should Resolution 3 be passed. However, in respect of Resolutions 1, 2, 4 and 5, Mr Malik Easah recommends that Shareholders vote in favour of Resolutions 1, 2, 4 and 5 for the reasons set out in paragraph (p);
- (s) Mr Mark Thomas declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution 4 on the basis that Mr Mark Thomas is to be granted Employee Options should Resolution 4 be passed. However, in respect of Resolutions 1 to 3 and 5, Mr Mark Thomas recommends that Shareholders vote in favour of Resolutions 1 to 3 and 5 for the reasons set out in paragraph (p);
- (t) Mr Simon Jackson declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution 5 on the basis that Mr Simon Jackson is to be granted Employee Options should Resolution 5 be passed. However, in respect of Resolutions 1 to 4, Mr Simon Jackson recommends that Shareholders vote in favour of Resolutions 1 to 4 for the reasons set out in paragraph (p);
- (u) in forming their recommendations, each Director considered the experience of the Director Employee Option Recipients, the current market price of Shares, the current market practices when determining the number of Employee Options to be granted as well as the exercise price and expiry date of those Employee Options;
- (v) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 1 to 5.

## 2. RESOLUTION 6 – SECTION 195 APPROVAL

In accordance with section 195 of the Corporations Act, a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a “material personal interest” are being considered.

The Directors have a material personal interest in the outcome of Resolutions 1 to 5. In the absence of this Resolution 6, the Directors may not be able to form a quorum at directors meetings necessary to carry out the terms of Resolutions 1 to 5.

The Directors accordingly exercise their right under section 195(4) of the Corporations Act to put the issue to Shareholders to resolve.

Resolution 6 is an ordinary resolution.

### 3. DEFINITIONS

In this Explanatory Memorandum:

**"Accounting Standards"** means accounting standards approved under the Corporations Act and its requirements about the preparation and contents of accounts and in accordance with generally accepted accounting principles, policies, practices and procedures in Australia;

**"ASIC"** means the Australian Securities and Investments Commission;

**"ASX"** means ASX Limited ACN 008 624 691;

**"Board"** means the board of Directors;

**"Business Day"** has the meaning given to it in the Listing Rules;

**"Chairman"** means the chairman of the Board;

**"Company"** means Cardinal Resources Limited ACN 147 325 620;

**"Constitution"** means the constitution of the Company;

**"Corporations Act"** means the Corporations Act 2001 (Cth);

**"Director"** means a director of the Company;

**"Employee Option"** means the Options the subject of Resolutions 1 to 5 to be issued on the terms and conditions set out in Schedule 1;

**"Explanatory Memorandum"** means this Explanatory Memorandum;

**"Key Management Personnel"** has the meaning given to it in the Accounting Standards. **"KMP"** has the same meaning;

**"Listing Rules"** means the official listing rules of the ASX;

**"Notice"** and **"Notice of Meeting"** means the notice of meeting to which this Explanatory Memorandum is attached;

**"Official List"** means the official list of ASX;

**"Option"** means an option to acquire one Share and **"Optionholder"** has a corresponding meaning;

**"Plan"** means the Cardinal Resources Limited Employee Option Plan, the terms and conditions of which are summarised in Schedule 2;

**"Resolution"** means a resolution set out in this Notice;

**"Schedule"** means a schedule to this Notice;

**"Section"** means a section of this Explanatory Memorandum;

**"Securityholder"** means a holder of Shares or Options;

**"Share"** means an ordinary fully paid ordinary share in the capital of the Company and **"Shareholder"** has a corresponding meaning;

**"WST"** means Western Standard Time.

## SCHEDULE 1 – TERMS AND CONDITIONS OF THE EMPLOYEE OPTIONS

The Employee Options (hereafter referred to as “Options”) entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
- (b) Each Option will expire on the earlier of:
  - (i) 30 days from the date the Optionholder ceases to be retained or employed by the Company for any reason whatsoever (including without limitation resignation or termination for cause); or
  - (ii) 5:00pm (WST) on 4 years from the date of issue (**Expiry Date**).
- (c) An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) Subject to paragraph (m), the amount payable upon exercise of each Option is \$0.22 (**Exercise Price**).
- (e) The Options will vest on issue.
- (f) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (g) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
  - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
  - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;**(Exercise Notice)**.
- (h) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (i) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect to the number of Options specified in the Exercise Notice.
- (j) The Options are not transferable except with the prior written consent of the board of directors of the Company.
- (k) All Shares allotted upon the exercise of the Options will upon allotment rank pari passu in all respects with other shares.
- (l) The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those shares.
- (m) If at any time the issued capital of the Company is restructured, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (n) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

- (o) An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

## SCHEDULE 2 – SUMMARY OF TERMS AND CONDITIONS OF EMPLOYEE OPTION PLAN

The material terms of the Employee Option Plan can be summarised as follows:

**(a) Eligible Employee**

Means an Employee whom the Plan Committee determines is to receive an Offer under the Plan (**Eligible Employee**).

**(b) Purpose of the Employee Option Plan**

The objects of the Plan are to:

- (a) provide an incentive for Eligible Employees to remain in their employment in the long term;
- (b) recognise the ongoing ability of Eligible Employees and their expected efforts and contribution in the long term to the performance and success of the Group; and
- (c) provide Eligible Employees with the opportunity to acquire Options, and ultimately Shares, in the Company, in accordance with these Rules.

**(c) Offer of Employee Option Plan Options**

When an Eligible Employee satisfies specified criteria imposed by the Board (including performance criteria and specified periods of tenure) the Board may make a written offer (**Offer**) to the Eligible Employee of Plan Options. The Offer will specify the number of Plan Options being offered and the conditions that must be met by the Eligible Employee before the Plan Options will vest.

**(d) Number of Employee Option Plan Options Offered**

The number of Plan Options that will be offered to an Eligible Employee pursuant to an Offer is entirely within the discretion of the Directors. Each Plan Option will, upon vesting, entitle the holder to one (1) Share in the capital of the Company.

**(e) Vesting Conditions**

The Plan Options will not vest unless the vesting conditions imposed by the Plan Committee have been satisfied.

**(f) Exercise Price**

The exercise price of any Plan Option offered to an Eligible Employee shall be at the absolute discretion of the Plan Committee.

**(g) Lapse of Employee Option Plan Options**

Plan Options that have not vested will lapse on the fifth anniversary of the date of grant of the Option or such later date as agreed by the Plan Committee.

The Plan Options will immediately lapse where:

- (i) the Eligible Employee ceases to be an employee or director of, or to render services to, the Company or its Associated Body Corporate;
- (ii) the exercise conditions are unable to be met; or
- (iii) the lapsing date has passed.

**(h) Shares Allotted Upon Exercise of Plan Options**

The Company will issue or transfer Shares to the Eligible Employee as soon as practicable after the exercise of any Plan Options. The Shares allotted under the Plan will be of the same class and will rank equally with Shares in the Company at the date of issue.

The Company will seek listing of the new Shares on ASX within the time required by the ASX Listing Rules.

**(i) Transfer of Plan Options**

Any Plan Option issued under the Employee Option Plan is not transferable without the consent of the Plan Committee.

**(j) Bonus Issues, Rights Issues and Capital Reconstruction**

In order to prevent a reduction of the rights of holders of the Plan Options, in the event of bonus issues or a capital reconstruction, there are provisions in the rules which provide a method of adjustment of the number or terms of Plan Options to prevent such a reduction in compliance with the Listing Rules.

**(k) Participation in New Issues**

There are no participating rights or entitlements inherent in the Plan Options and (subject to item (j)) the holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Plan Options. In addition holders of the Plan Options will not be entitled to vote or receive dividends as a result of their holding of Plan Options.

### SCHEDULE 3 – VALUATION OF EMPLOYEE OPTIONS

The Employee Options to be issued to the Related Parties pursuant to Resolutions 1 to 5 have been valued by internal management.

Using the theoretical Black & Scholes option model and based on the assumptions set out below, the Employee Options were ascribed the following value:

<b>Assumptions:</b>	
Valuation Date	23 November 2015
Market price of Shares (15 day VWAP)	\$0.14
Exercise Price	\$0.22
Expiry Date	4 years from the date of issue
Risk free interest rate	2.17%
Volatility (discount)	112%
<b>Indicative value per Employee Option</b>	<b>\$0.096</b>
<b>Total Value of Employee Options</b>	<b>\$816,000</b>
- Mark Connelly	\$96,000
- Archie Koimtsidis	\$288,000
- Malik Easah	\$192,000
- Mark Thomas	\$144,000
- Simon Jackson	\$96,000

Note: The valuation noted above is not necessarily the market price that the Employee Options could be traded at and is not automatically the market price for taxation purposes.

**Lodge your vote:**



**By Mail:**

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

┌ 000001 000 CDV  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Proxy Form**

**XX**

**For your vote to be effective it must be received by 10:00am (WST) Monday, 15 February 2016**

**How to Vote on Items of Business**

All your securities will be voted in accordance with your directions.

**Appointment of Proxy**

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

**Signing Instructions**

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

**Attending the Meeting**

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form** ➔



View your securityholder information, 24 hours a day, 7 days a week:

**[www.investorcentre.com](http://www.investorcentre.com)**

- Review your securityholding
- Update your securityholding

**Your secure access information is:**

**SRN/HIN: I9999999999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Cardinal Resources Limited hereby appoint

the Chairman of the Meeting OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Cardinal Resources Limited to be held at Level 1, 115 Cambridge Street, West Leederville, Western Australia on Wednesday, 17 February 2016 at 10:00am (WST) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 - 5 (except where I/we have indicated a different voting intention below) even though Resolutions 1 - 5 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 - 5 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Issue of Employee Options to a Director – Mark Connelly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Issue of Employee Options to a Director – Archie Koimtsidis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Employee Options to a Director – Malik Easah	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Employee Options to a Director – Mark Thomas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Employee Options to a Director – Simon Jackson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Section 195 approval	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /