



**FINANCIAL REPORT FOR THE  
THREE AND SIX MONTHS  
ENDED 31 DECEMBER 2016**

This interim financial report for the three and six months ended 31 December 2016 does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2016 and any public announcements made by Cardinal Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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## DIRECTORS' REPORT

The Directors are pleased to submit their report on Cardinal Resources Limited for the half-year ended 31 December 2016.

### DIRECTORS

The names of the directors who held office during or since the end of the half-year 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                |
| Mark Connelly     | Non-Executive Director | 19 November 2015    | N/A                |
| Simon Jackson     | Non-Executive Director | 31 August 2015      | N/A                |
| Mark Thomas       | Non-Executive Director | 31 August 2015      | 7 November 2016    |

### REVIEW AND RESULTS OF OPERATIONS

A summary of revenue and result for the six months ended 31 December 2016 is set out below:

|                    | 2016    |             |
|--------------------|---------|-------------|
|                    | Revenue | Result      |
|                    | \$      | \$          |
| Revenue and (Loss) | 53,764  | (7,319,351) |

During the six months period the exploration and evaluation expenditure was \$6,237,423 (2015: \$2,903,322) and administration costs were \$1,066,532 (2015: \$544,467). Foreign exchange (loss)/gain was (\$69,160) (2015: loss of \$48,838) resulting in a total loss for the six months of \$7,319,351 (2015: \$3,486,497).

## JULY - DECEMBER 2016 REVIEW OF OPERATIONS

The Board is pleased to provide the following Review of Operations for the half year period to 31 December 2016.

### GHANA GOLD PROJECTS

Cardinal Resources Limited, through its wholly owned subsidiary, Cardinal Resources Ghana Limited, holds five tenements prospective for gold mineralisation in Ghana in two NE-SW trending Paleoproterozoic granite-greenstone belts: the **Bolgatanga and Namdini Projects** located within the Nangodi and Bole-Bolgatanga Greenstone Belts in NE Ghana and the **Subranum Project** located within the Sefwi Greenstone Belt in SW Ghana (Figure 1).



Figure 1: Cardinal Resources Tenements in Ghana

## BOLGATANGA PROJECT, GHANA

Exploration activities were mainly comprised of diamond, RC and RC with diamond tails drilling at the Namdini Project.

Shallow RC scout drilling was completed to the north and south of the main Namdini deposit to assess areas suitable for future mining infrastructure on Namdini

Shallow soil auger was completed on Namdini, and selected portions of Ndongo, Kungongo & Bongo Prospects.

## NAMDINI PROJECT

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

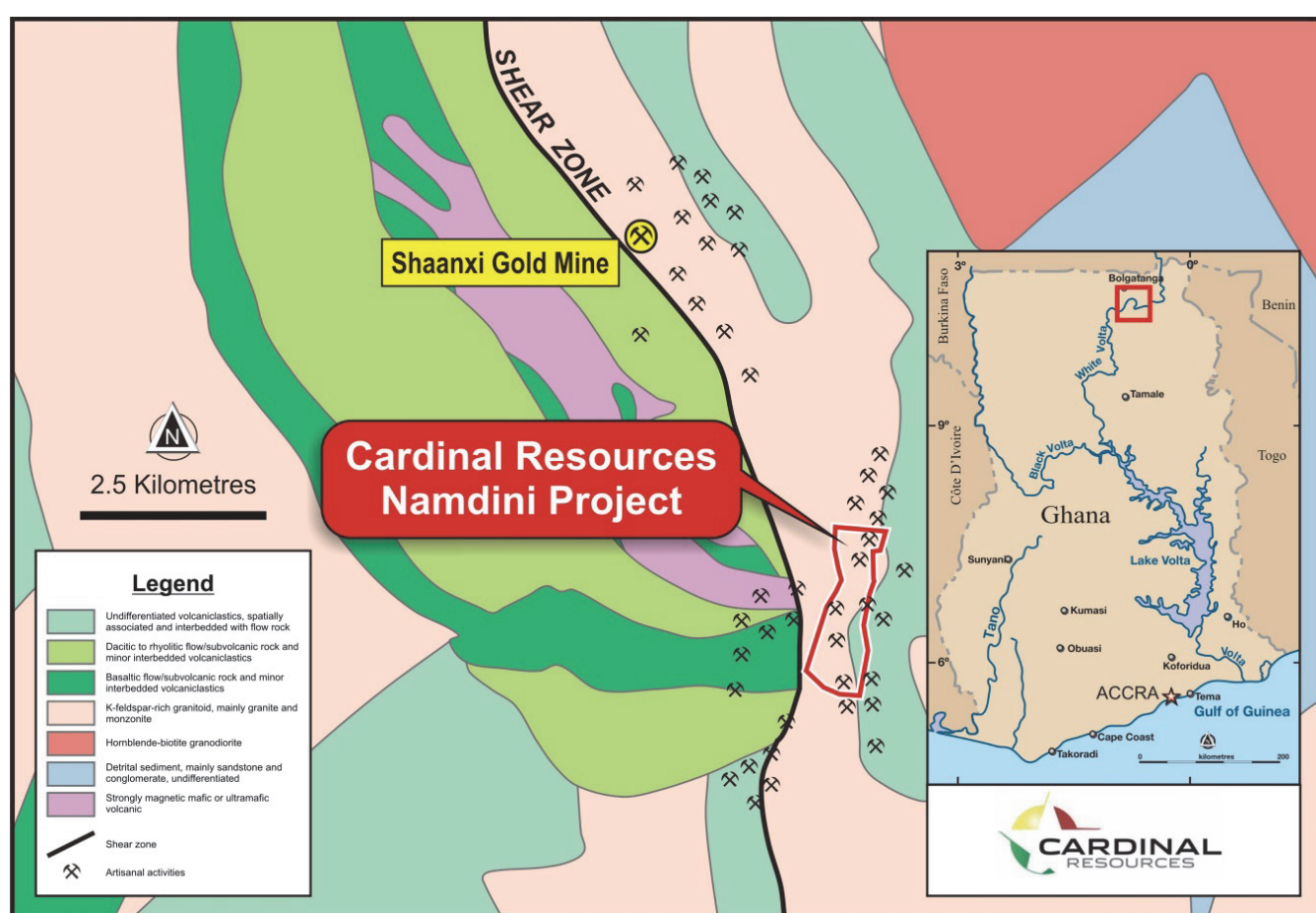
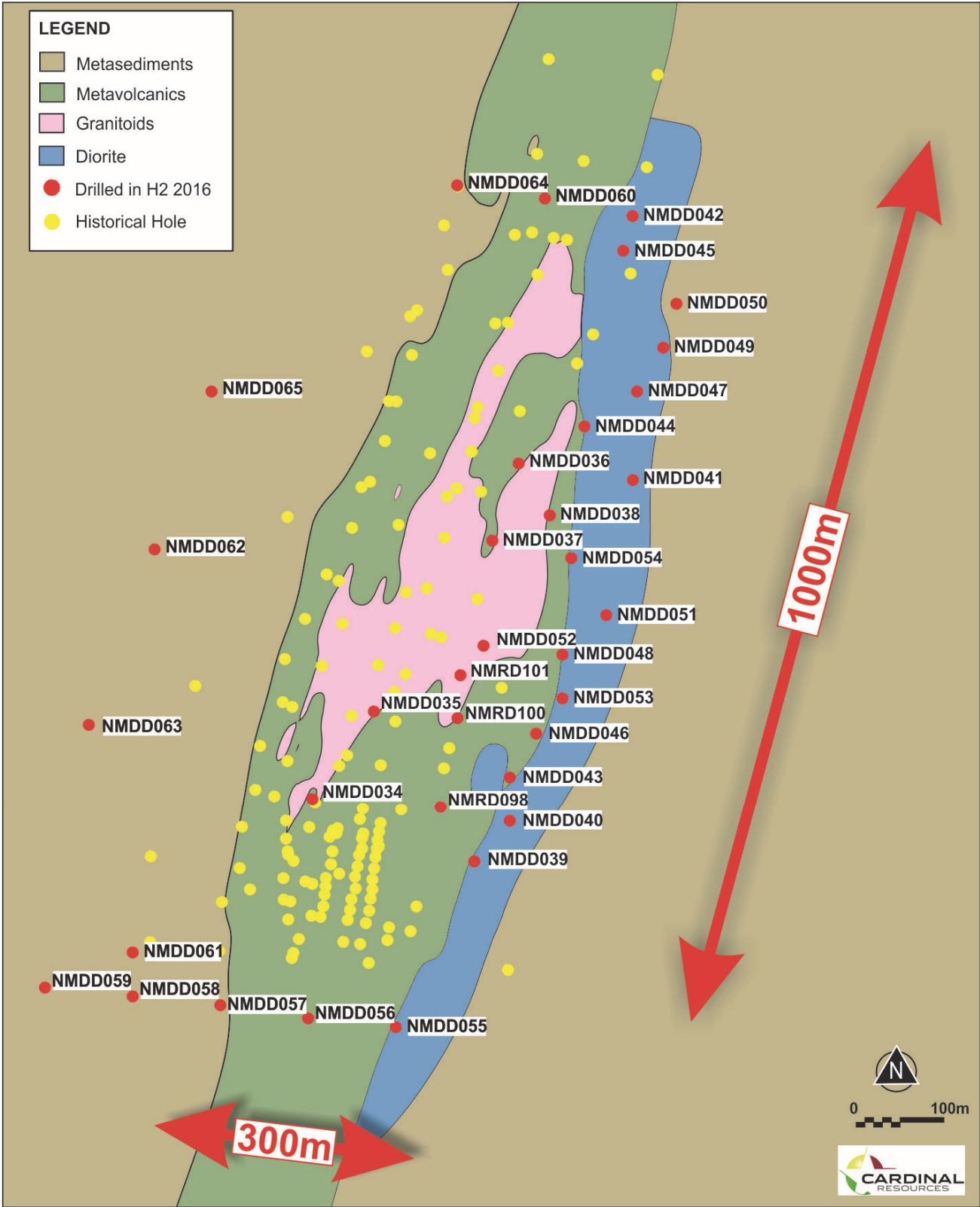


Figure 2: Namdini Project Area

## NAMDINI PROJECT DRILLING

A total of 49 drill holes, comprising 32 Diamond, 6 RC + DD tails (Figure 3), and 11 scout sterilisation RC drill holes were completed during this review period totalling 8,485.10m. A total of 7,186 samples, including duplicates, blanks and standards, were submitted to SGS Laboratories in Burkina Faso and Ghana, for standard fire assay (Table 1). QAQC protocols were observed by the taking of duplicates (RC drilling), and inserting in-house blanks and commercial certified reference material (CRM) as standards.



**Figure 3: Namdini Project Drill Holes completed during H2, 2016 (DD and RC + DD Tail)  
(coloured red)**

| Drill Method  | No. Holes | Total (m)       | No. Samples  | Duplicates | Blanks     | Standards  | Totals       |
|---------------|-----------|-----------------|--------------|------------|------------|------------|--------------|
| DD Drilling   | 32        | 6,352.58        | 5,450        | 0          | 130        | 129        | 5,709        |
| RC+DD Tails   | 6         | 392.52          | 354          | 8          | 10         | 9          | 381          |
| RC Drilling   | 11        | 1,740.00        | 992          | 37         | 33         | 34         | 1,096        |
| <b>Totals</b> | <b>49</b> | <b>8,485.10</b> | <b>6,796</b> | <b>45</b>  | <b>173</b> | <b>172</b> | <b>7,186</b> |

**Table 1: Namdini Drilling (H2 2016)**

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

### Diamond Drilling

The 32 diamond drill holes were all cored from surface. The soft near surface materials were drilled with a Triple Tube core barrel to reduce core losses. Once harder rock was encountered, then HW steel casing was inserted for drill hole stability and HQ size core was drilled to their final depths using a full-hole chrome barrel for greater stability and to reduce excessive deviation.

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

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

The core was photographed then cut in half and quartered; one quarter was consistently sampled, with the remaining three quarters stored in metal core trays and placed on metal racks under cover in the core shed at Bolgatanga. The quarter core samples were sent to the SGS Laboratories in Burkina Faso and Ghana for fire assay.

### Combination RC and Diamond Drilling (RC + DD Tails)

Three combined RC + DD tail drill hole was drilled within the main Namdini deposit. The RC portions were drilled from surface to fresh rock, then HW steel casing was inserted for drill hole stability and HQ size cores were drilled to their final planned depths.

The RC portions of the drill hole were surveyed using a stainless steel tube to obtain the azimuths and dips of the drill holes. The cored portion of the drill holes were surveyed for both azimuth and dip a short distance below the ends of the HW casing, and then every 30m down the drill holes to completion.

### Namdini Scout Sterilisation RC Drilling

Scout sterilisation RC drilling at Namdini North and Namdini South during this review period comprised of 11 RC drill holes and 3 RC drill holes with diamond tails (Figure 4).

Note: 1 RC drill hole was completed and reported during the Q2 2016 reporting period.

The general strike of the host rocks is 010° and dipping at approximately -60° W. The RC drilling was orientated at 90° to the strike of 100° azimuth with all drill holes inclined to the east.



Three lines of shallow inclined reverse circulation drilling were completed to the north (two lines) and south (one line) of the Namdini deposit in order to fulfill two objectives; firstly to provide a near-surface test of some interpreted geophysical anomalies and secondly to initiate assessment of suitable locations for the positioning of waste dump and other infrastructure required for any future open pit located on the Namdini deposit. A total of 15 holes were drilled for 2,027 metres of RC drilling and 88.85 metres of diamond drill 'tails' for a total of 2,115.85m.

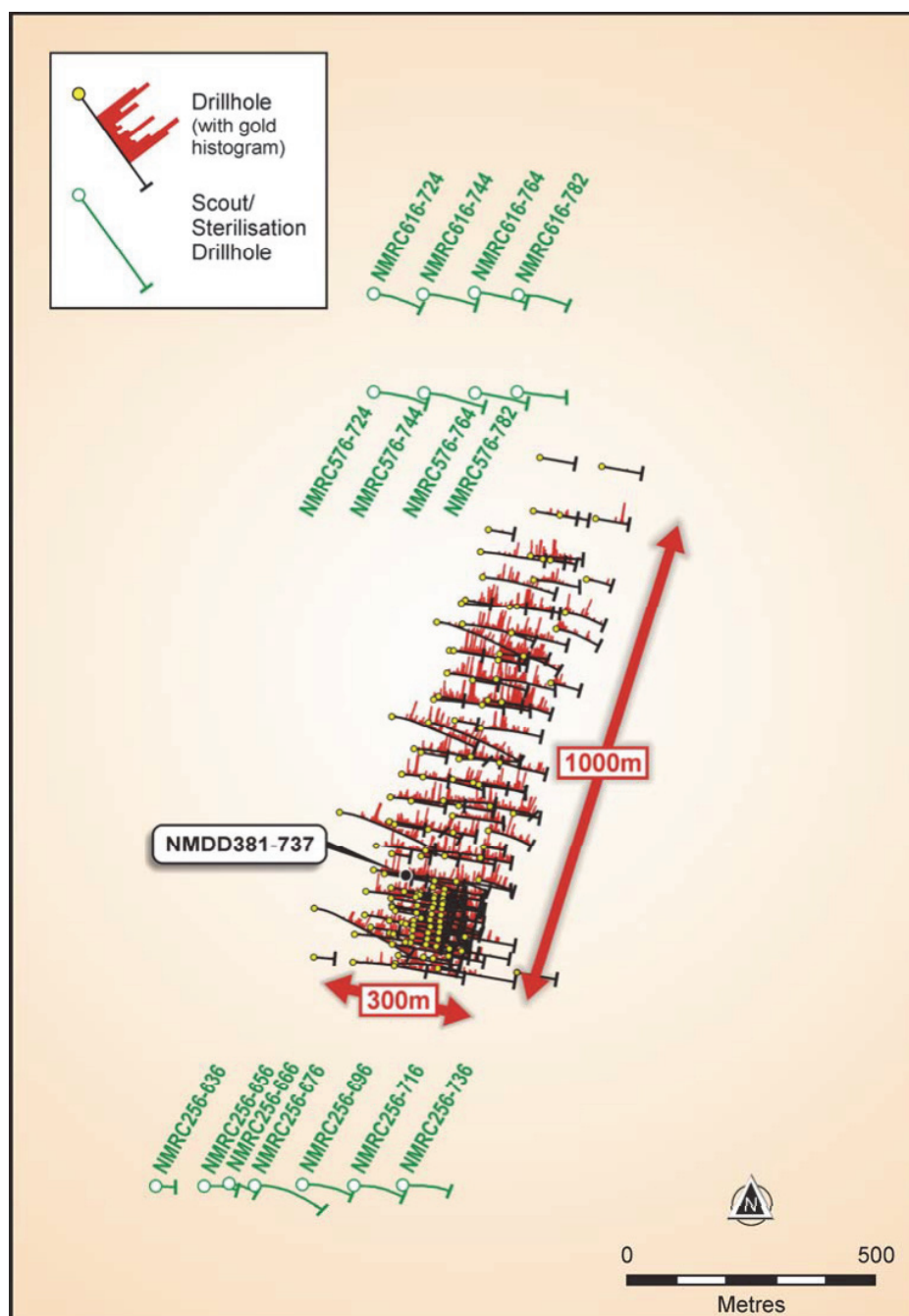


Figure 4: Scout-Sterilisation RCDrill Holes with NMDD381-737 infill drill hole

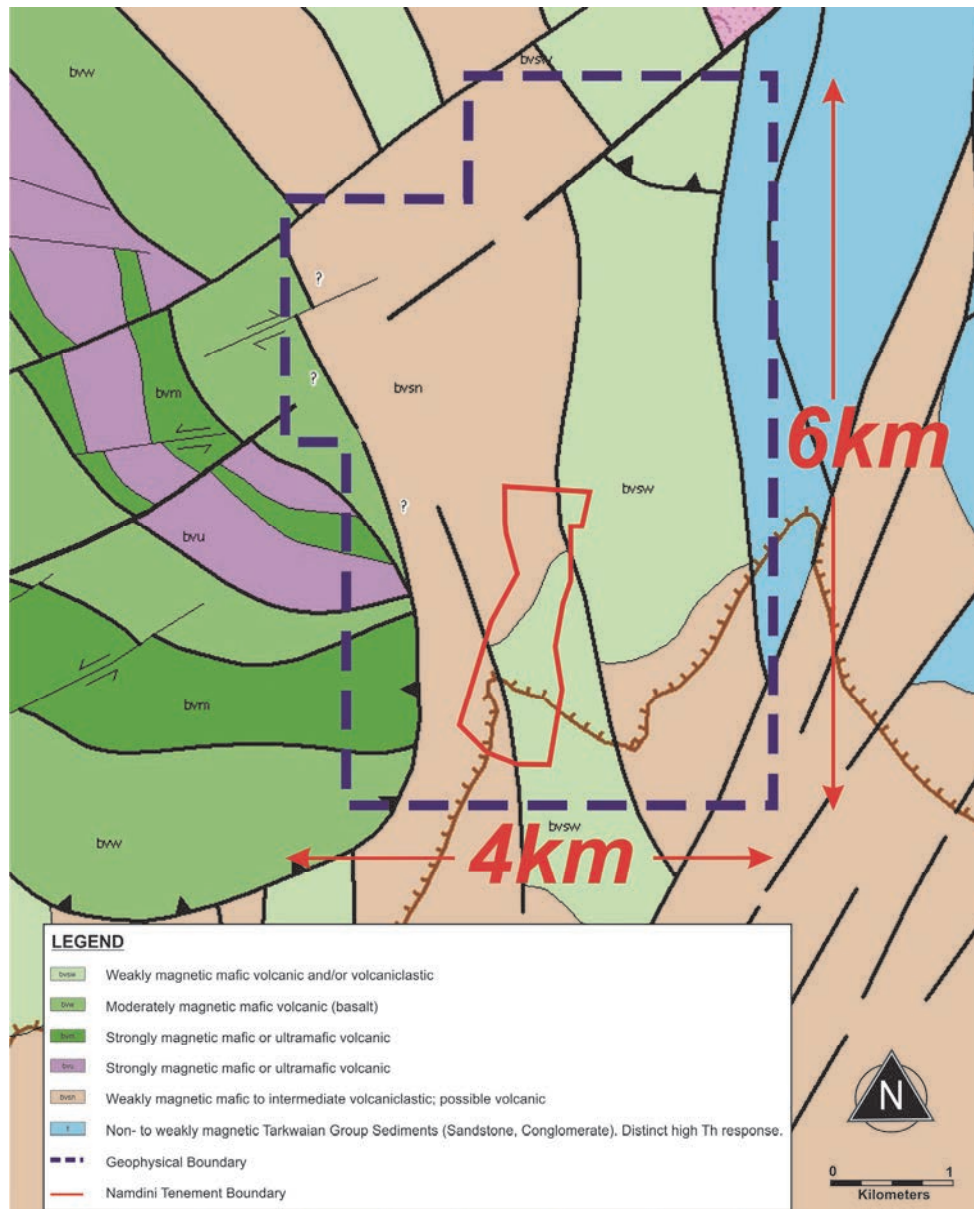


### Namdini Soil Auger Drilling Surveys

Gradient Array Induced Polarisation (GAIP) and Ground Magnetic surveys were previously completed over a 19.58 sq km area around the Namdini deposit (Figure 5).

Soil auger drilling was completed during this review period utilising the same grid lines of 100 by 50 for shallow soil sampling over the accessible parts within this area. In all 1,133 holes totalling 3,909m were completed, and submitted to SGS Tarkwa for bottle roll (BLEG) analyses.

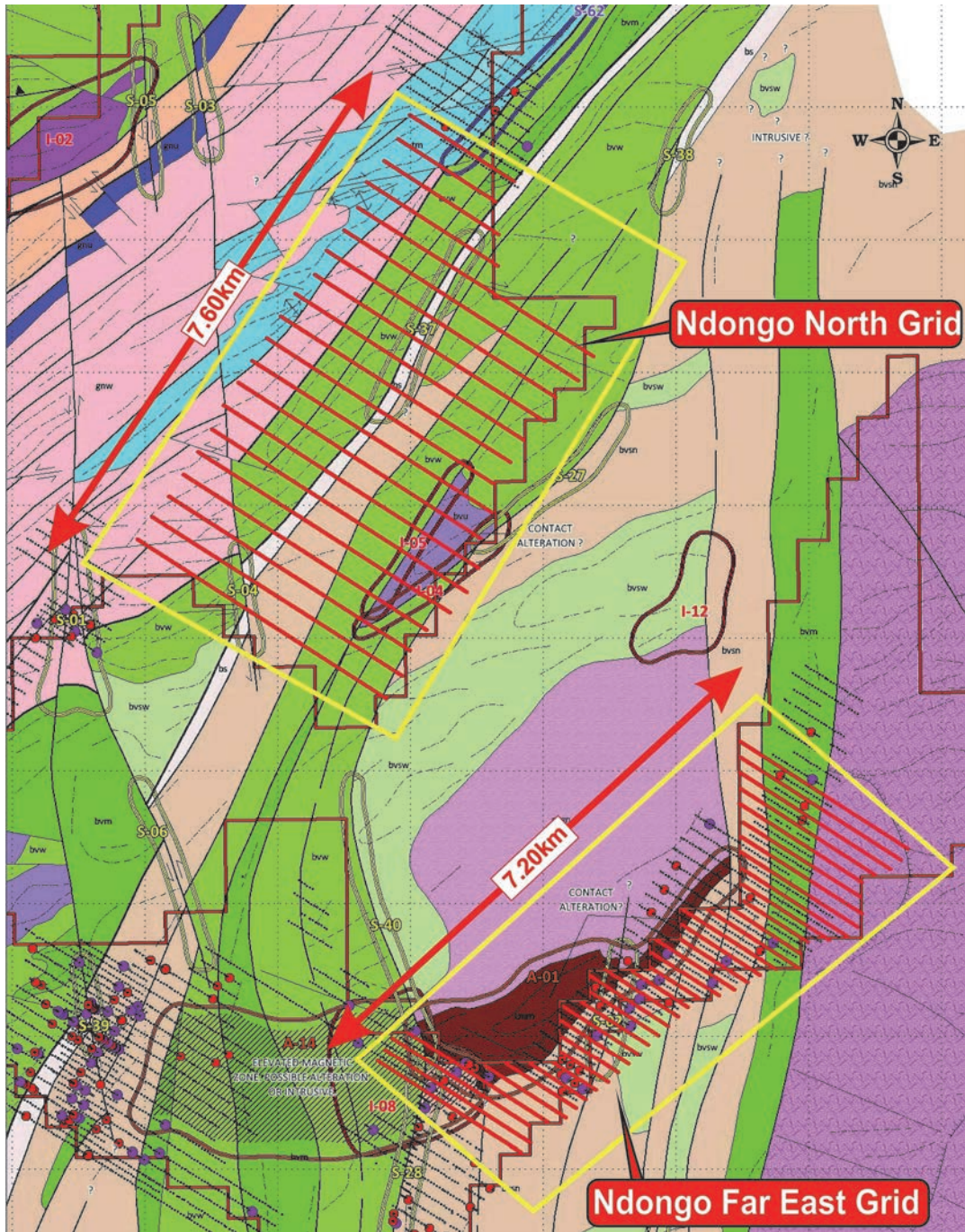
The geochemical results will be combined with the ground geophysical interpretations to delineate drill targets to extend and further enhance the gold potential of the Namdini area.



**Figure 5: Auger Drilling utilising Ground Geophysical Survey Grids over Namdini**

## NDONGO PROSPECT (Ndongo Far East & Ndongo North)

Auger soil sampling was completed over portions of Ndongo Far East and Ndongo North, with 2,550 holes drilled totalling 9,076m (Figure 6). Samples have been submitted to SGS Tarkwa laboratory for bottle roll (BLEG) analyses.



**Figure 6: Ndongo Far East and Ndongo North Auger Grids**



## KUNGONGO PROSPECT

Shallow auger soil drilling was completed over 3 selected areas of Kungongo during this review period, with 2,279 holes drilled totaling 9,947m (Figure 7). Samples have been submitted to the SGS Tarkwa laboratory for bottle roll (BLEG) analyses.

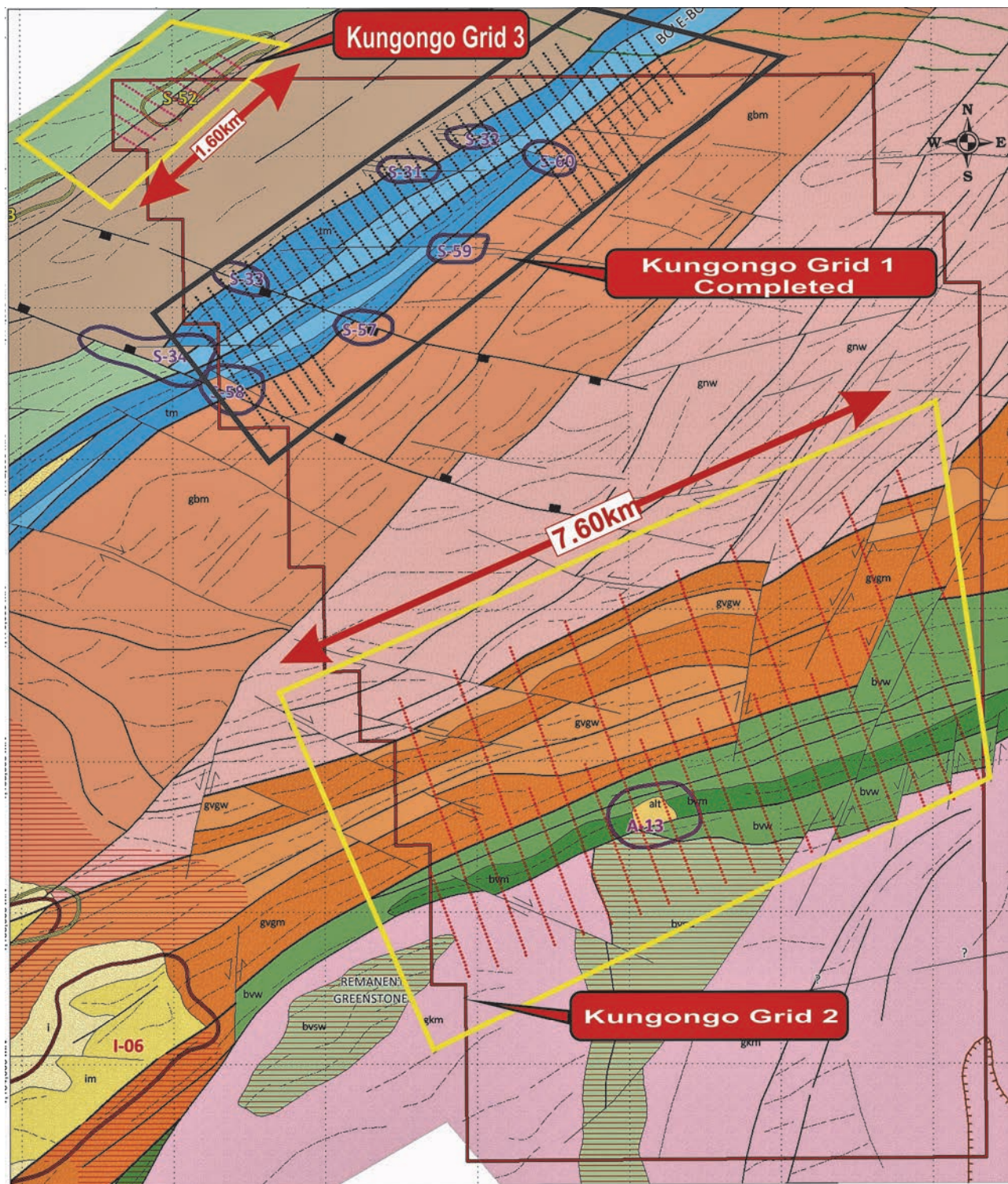


Figure 7: Kungongo Auger Grids



## BONGO PROSPECT

Shallow auger soil drilling was completed over 2 selected areas of Bongo during this review period, with 4,767 holes drilled totaling 17,945m (Figure 8). Samples have been submitted to the SGS Tarkwa laboratory for bottle roll (BLEG) analyses.

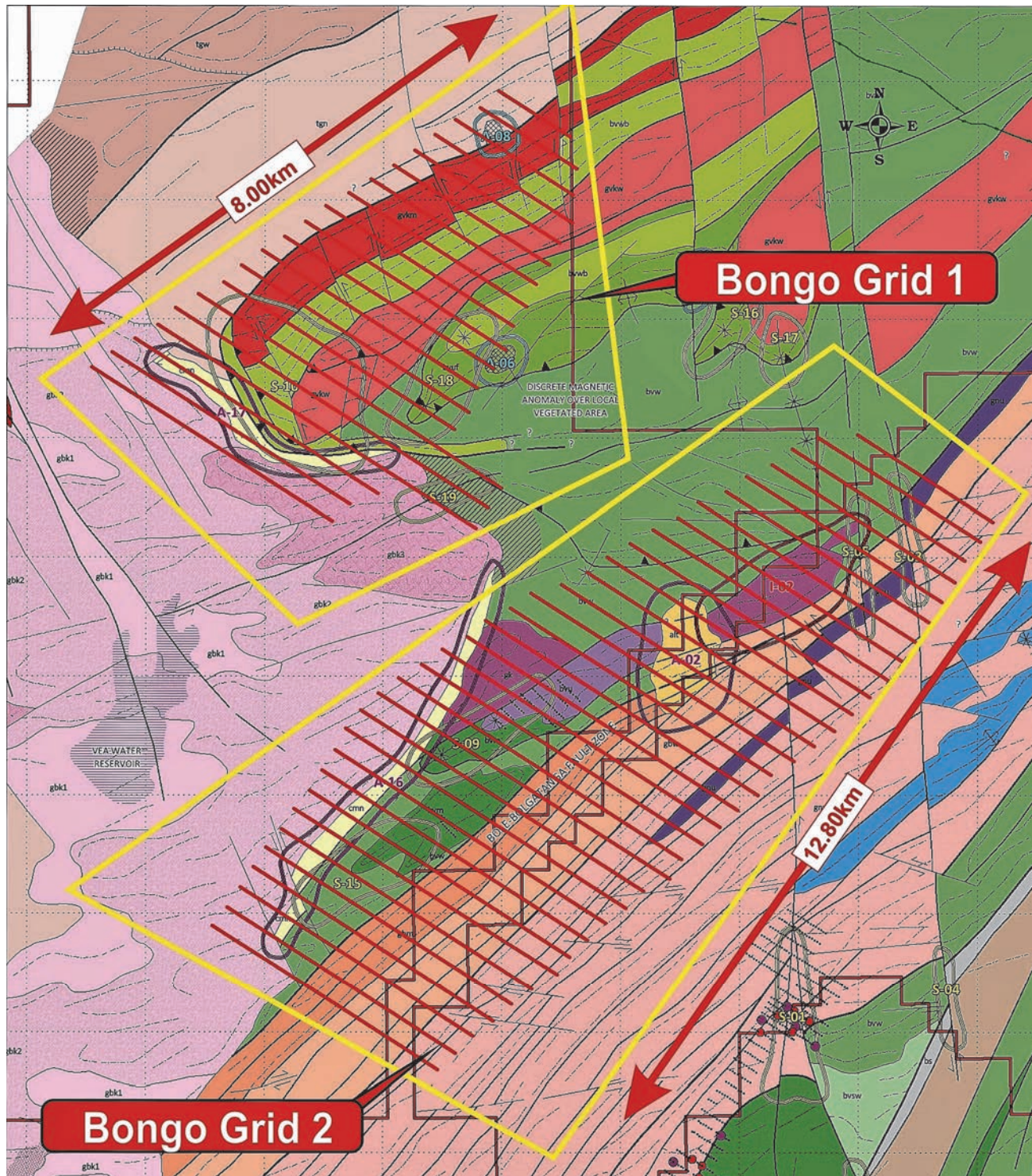
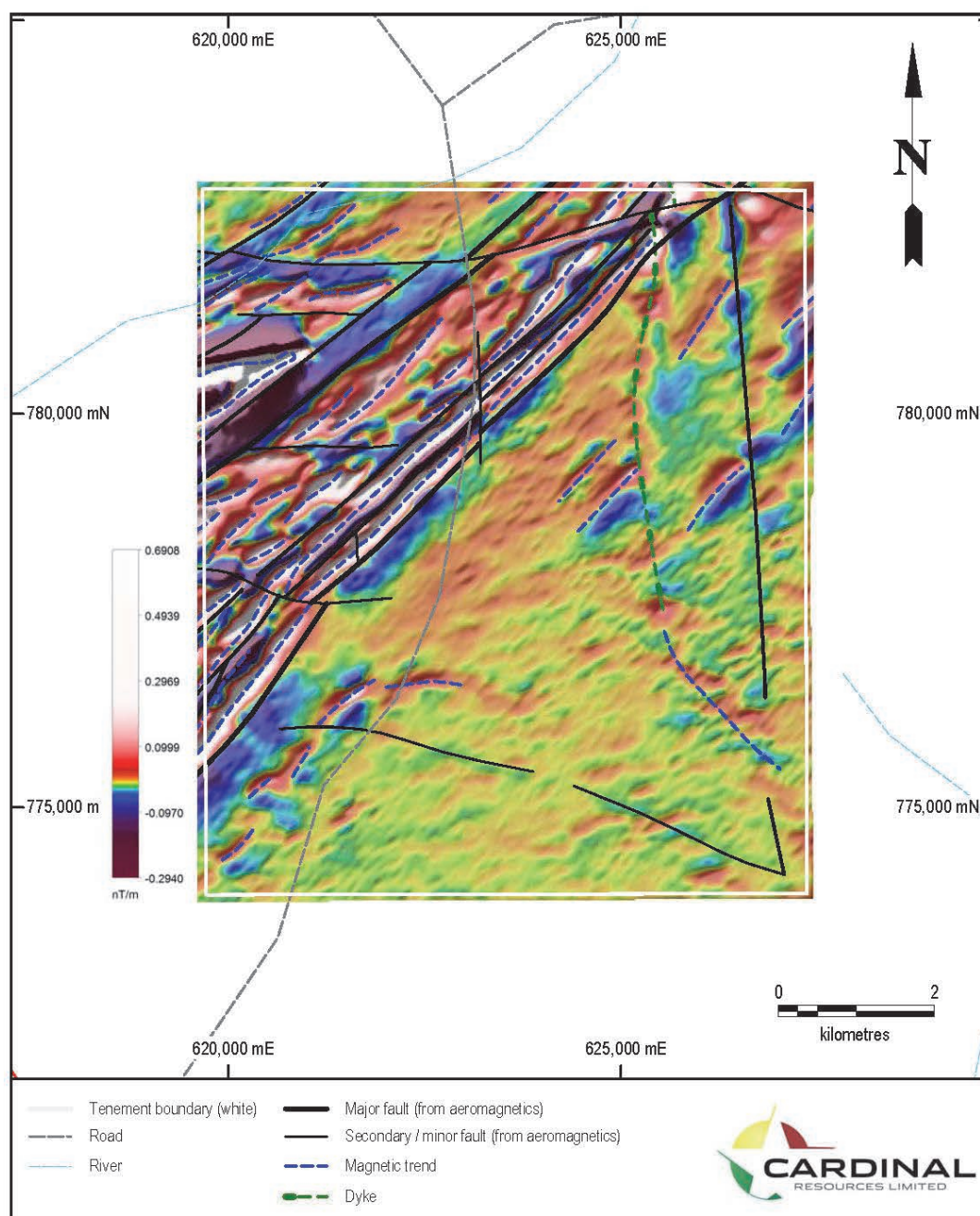


Figure 8: Bongo Auger Grids



## SUBRANUM PROJECT

Previous exploration at Subranum has established that the NE extension to the regional Bibiani Shear Zone is developed for approximately 9 km trending SW-NE across the Subranum tenement (Figure 9).



**Figure 9: 2013 Airborne Survey Over Reduced to Pole  
First Vertical Derivative Magnetic Image**

This previous exploration has established a significant NE trending anomalous zone of 5.2 km from the SW boundary. Previous drilling, however, had been on 11 fences of varying distances between 200m to >500m apart.

Cardinal has planned a systematic diamond drilling programme to cover this 5.2 km anomalous strike length to properly evaluate the gold mineralisation contained within this anomalous zone,

Clearing of the previous drill access tracks was started during this review period with diamond drilling planned to start during 2017.

A soil auger programme is 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. After analysis of these results, either RC or diamond drilling could be planned to further assess any anomalies.

### CORPORATE ACTIVITIES

#### Board Appointment

On the 7 November 2016 Cardinal was pleased to announce that Mr Kevin Tomlinson joined the Board as Non-Executive Chairman.

Mr Tomlinson possesses over 30 years' experience in Mining and Finance within the Toronto, Australian and London Stock markets. Mr Tomlinson was previously Managing Director of Investment Banking at Westwind Partners/Stifel Nicolaus raising equity and providing corporate advice.

As a result, Non-Executive Chairman Mr Mark Connelly moved to a Non-Executive Director role as his other extensive public commitments intensify. Further, Mr Mark Thomas resigned in order to keep the Board size to a minimum allowing for the addition of an experienced development focused Director.

#### Capital Raising

On 19 July 2016 the Company advised that 55,518,670 fully paid ordinary shares were issued at \$0.29 per share under ASX Listing Rule 7.1 and 7.1A. Subject to shareholder approval, received on 19 August 2016, a further 19,481,330 sshares were issued on 26 August 2016.

#### Conversion of Class B Performance Shares

On 5 September 2016 the Company advised that 50 Class B Performance Shares had been converted into 5,000,000 fully paid ordinary shares of the Company. On 27 December 2012, 50 Class B Performance Shares were issued as part of the acquisition of the share capital of Cardinal (Australia) Pty Ltd by Cardinal Resources (previously Ridge Resources Limited). The issue of these shares was approved by Shareholders of the Company at the general meeting held on 19 November 2012.

#### Substantial Shareholder

During the half year the Company welcome Van Eck Associates Corporation (Van Eck) as a substantial shareholder of the Company, with an equity position of 5.28%. Van Eck further increased their holding to 6.32% on 12 December 2016.

#### For further information contact:

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Managing Director  
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Skype: cardinal.archie

### JORC 2012

This ASX announcement 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):

- 12 February 2016 370m Extensive Gold Mineralised Zone from Surface
- 22 January 2016 285m Mineralised Gold Zone Intersected from Surface
- 12 January 2016 Latest Diamond Drill Hole Confirms More Wide Gold Zones
- 3 December 2015 133m Gold Intersection within Diamond Drill Hole
- 26 November 2015 Very Wide Gold Intersections in RC Drill Holes at Namdini
- 23 November 2015 Maiden Diamond Drill Hole Completed at Namdini Project
- 6 October 2015 New Drilling Plan for Namdini Project
- 9 September 2015 Gold Mineralisation Exceeds 100m Widths at Namdini Project
- 28 August 2015 More RC Samples Submitted for Assaying
- 25 August 2015 RC Samples Submitted to Laboratory
- 18 August 2015 67m High Grade Gold Zone at Namdini Extension
- 29 July 2015 83m Mineralised Zone Further Along Strike at Namdini

The Company confirms it is not aware of any new information or data that materially affects the information included in market announcements relating to exploration activities carried out at the Bolgatanga Project 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.

### 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 16.

This report is made in accordance with a meeting of directors.



### ARCHIE KOIMTSIDIS

Managing Director

Cardinal Resources Limited

Dated this 16 March 2017



## 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 2016, 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, 16 March 2017

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| Australian Dollar (\$)  | Note | 3 months<br>ended<br>31 December<br>2016<br>\$ | 3 months<br>ended<br>31 December<br>2015<br>\$ | 6 months<br>ended<br>31 December<br>2016<br>\$ | 6 months<br>ended<br>31 December<br>2015<br>\$ |
|---|------|--|--|--|--|
| <b>REVENUE</b>  |      | <b>26,967</b>                                  | <b>8,795</b>                                   | <b>53,764</b>                                  | <b>10,130</b>                                  |
| <b>EXPENDITURE</b>  |      |  |  |  |  |
| Administration expenses   |      | (656,431)                                      | (406,390)                                      | (1,066,532)                                    | (544,467)                                      |
| Exploration and evaluation expenditure                            |      | (4,529,757)                                    | (2,309,771)                                    | (6,237,423)                                    | (2,903,322)                                    |
| Foreign exchange (expense)/gain                                   |      | 1,288  | 16,328   | (69,160)                                       | (48,838)                                       |
| <b>LOSS BEFORE INCOME TAX</b>                                     |      | <b>(5,157,933)</b>                             | <b>(2,691,038)</b>                             | <b>(7,319,351)</b>                             | <b>(3,486,497)</b>                             |
| Income tax expense  |      | -  | -  | -  | -  |
| <b>LOSS AFTER INCOME TAX</b>                                      |      | <b>(5,157,933)</b>                             | <b>(2,691,038)</b>                             | <b>(7,319,351)</b>                             | <b>(3,486,497)</b>                             |
| <b>OTHER COMPREHENSIVE INCOME</b>                                 |      |  |  |  |  |
| Items that may be reclassified to profit or loss:                 |      |  |  |  |  |
| Exchange differences arising on translation of foreign operations |      | 44,845   | (45,390)                                       | (18,828)                                       | 14,622   |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>                  |      |  |  |  |  |
| <b>ATTRIBUTABLE TO MEMBERS OF THE COMPANY</b>                     |      | <b>(5,113,088)</b>                             | <b>(2,736,428)</b>                             | <b>(7,388,179)</b>                             | <b>(3,471,875)</b>                             |
| <b>BASIC AND DILUTED LOSS PER SHARE</b>                           | 3    | <b>(\$0.02)</b>                                | <b>(\$0.02)</b>                                | <b>(\$0.03)</b>                                | <b>(\$0.02)</b>                                |

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| Australian Dollar (\$)           | Note | 31 December<br>2016<br>\$ | 30 June<br>2016<br>\$ |
|----------------------------------|------|---------------------------|-----------------------|
| <b>CURRENT ASSETS</b>            |      |                           |                       |
| Cash and cash equivalents        |      | 18,062,944                | 4,864,822             |
| Trade and other receivables      |      | 36,194                    | 16,280                |
| Other assets                     | 4    | 616,073                   | 104,523               |
| <b>TOTAL CURRENT ASSETS</b>      |      | <b>18,715,211</b>         | <b>4,985,625</b>      |
| <b>NON-CURRENT ASSETS</b>        |      |                           |                       |
| Plant and equipment              |      | 418,357                   | 675,911               |
| <b>TOTAL NON-CURRENT ASSETS</b>  |      | <b>418,357</b>            | <b>675,911</b>        |
| <b>TOTAL ASSETS</b>              |      | <b>19,133,568</b>         | <b>5,661,536</b>      |
| <b>CURRENT LIABILITIES</b>       |      |                           |                       |
| Trade and other payables         |      | 1,692,945                 | 1,713,467             |
| <b>TOTAL CURRENT LIABILITIES</b> |      | <b>1,692,945</b>          | <b>1,713,467</b>      |
| <b>TOTAL LIABILITIES</b>         |      | <b>1,692,945</b>          | <b>1,713,467</b>      |
| <b>NET ASSETS</b>                |      | <b>17,440,623</b>         | <b>3,948,069</b>      |
| <b>EQUITY</b>                    |      |                           |                       |
| Issued capital                   | 5    | 46,981,950                | 26,151,217            |
| Reserves                         | 6    | 886,772                   | 1,043,600             |
| Accumulated losses               |      | (30,428,099)              | (23,246,748)          |
| <b>TOTAL EQUITY</b>              |      | <b>17,440,623</b>         | <b>3,948,069</b>      |

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| Australian Dollar (\$)                           | SHARE<br>CAPITAL<br>\$ | OPTIONS<br>RESERVE<br>\$ | FOREIGN EXCHANGE<br>RESERVE<br>\$ | ACCUMULATED<br>LOSSES<br>\$ | TOTAL<br>EQUITY<br>\$ |
|--|------------------------|--------------------------|-----------------------------------|-----------------------------|-----------------------|
| <b>Balance at 1 July 2016</b>                    | <b>26,151,217</b>      | <b>1,342,607</b>         | <b>(299,007)</b>                  | <b>(23,246,748)</b>         | <b>3,948,069</b>      |
| <b>Comprehensive Income</b>                      |                        |                          |                                   |                             |                       |
| Profit for the period                            | -                      | -                        | -                                 | (7,319,351)                 | (7,319,351)           |
| Other comprehensive income                       | -                      | -                        | (18,828)                          | -                           | (18,828)              |
| <b>Total comprehensive income for the period</b> | <b>-</b>               | <b>-</b>                 | <b>(18,828)</b>                   | <b>(7,319,351)</b>          | <b>(7,338,179)</b>    |
| Shares issued during the period                  | 21,750,000             | -                        | -                                 | -                           | 21,750,000            |
| Exercise of options                              | 215,250                | -                        | -                                 | -                           | 215,250               |
| Share based payments                             | 114,299                | -                        | -                                 | -                           | 114,299               |
| Share issue expenses                             | (1,248,816)            | -                        | -                                 | -                           | (1,248,816)           |
| Expiry of options                                | -                      | (138,000)                | -                                 | 138,000                     | -                     |
| <b>Balance at 31 December 2016</b>               | <b>46,981,950</b>      | <b>1,204,607</b>         | <b>(317,835)</b>                  | <b>(30,428,099)</b>         | <b>17,440,623</b>     |
| <b>Balance at 1 July 2015</b>                    | <b>14,816,842</b>      | <b>732,423</b>           | <b>(377,471)</b>                  | <b>(14,188,191)</b>         | <b>983,603</b>        |
| <b>Comprehensive Income</b>                      |                        |                          |                                   |                             |                       |
| Profit for the period                            | -                      | -                        | -                                 | (3,486,497)                 | (3,486,497)           |
| Other comprehensive income                       | -                      | -                        | 14,622                            | -                           | 14,622                |
| <b>Total comprehensive income for the period</b> | <b>-</b>               | <b>-</b>                 | <b>14,622</b>                     | <b>(3,486,497)</b>          | <b>(3,471,875)</b>    |
| Shares and options issued during the period      | 6,152,722              | -                        | -                                 | -                           | 6,152,722             |
| Share issue expenses                             | (324,108)              | -                        | -                                 | -                           | (324,108)             |
| Expiry of options                                | -                      | (263,816)                | -                                 | 263,816                     | -                     |
| <b>Balance at 31 December 2015</b>               | <b>20,645,456</b>      | <b>468,607</b>           | <b>(362,849)</b>                  | <b>(17,410,872)</b>         | <b>3,340,342</b>      |

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

## CONSOLIDATED STATEMENT OF CASHFLOWS

|  | 3 months ended<br>31 December<br>2016<br>\$ | 3 months ended<br>31 December<br>2015<br>\$ | 6 months ended<br>31 December<br>2016<br>\$ | 6 months ended<br>31 December<br>2015<br>\$ |
|--|---|---|---|---|
| <b>Australian Dollar (\$)</b>                                |   |   |   |   |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                  |   |   |   |   |
| Payments for exploration and evaluation                      | (3,725,342)                                 | (2,247,884)                                 | (6,472,308)                                 | (2,835,802)                                 |
| Payments to suppliers and employees                          | (523,611)                                   | (396,380)                                   | (981,089)                                   | (671,315)                                   |
| Interest received  | 26,813                                      | 2,898                                       | 53,610                                      | 4,233                                       |
| Other  | -   | 2,500                                       | -   | 2,500                                       |
| <b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>            | <b>(4,222,140)</b>                          | <b>(2,638,866)</b>                          | <b>(7,399,787)</b>                          | <b>(3,500,384)</b>                          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                  |   |   |   |   |
| Purchase of plant and equipment                              | (53,892)                                    | -   | (184,909)                                   | (38,290)                                    |
| <b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>            | <b>(53,892)</b>                             | <b>-</b>                                    | <b>(184,909)</b>                            | <b>(38,290)</b>                             |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                  |   |   |   |   |
| Issue of shares and options net of capital raising costs     | 50,250                                      | 2,934,976                                   | 20,830,732                                  | 5,828,610                                   |
| <b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>             | <b>50,250</b>                               | <b>2,934,976</b>                            | <b>20,830,732</b>                           | <b>5,828,610</b>                            |
| <b>Net increase in cash and cash equivalents</b>             | <b>(4,225,782)</b>                          | <b>296,110</b>                              | <b>13,246,036</b>                           | <b>2,289,936</b>                            |
| Exchange rate adjustment                                     | 83,941                                      | (33,259)                                    | (47,914)                                    | (166,881)                                   |
| Cash and cash equivalents at the beginning of the half-year  | 22,204,785                                  | 2,699,959                                   | 4,864,822                                   | 839,755                                     |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR</b> | <b>18,062,944</b>                           | <b>2,962,810</b>                            | <b>18,062,944</b>                           | <b>2,962,810</b>                            |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

### NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The consolidated half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures that the financial statements and notes also comply with International Financial Reporting Standard IAS 134.

The half-year report does not include full disclosures of the type normally included in an annual financial report. The half-year report is intended to provide users with an update on the latest annual financial statements of the Group. It is recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2016, together with any public announcements made during the half-year.

The half-year report has been prepared on an accruals basis and is based on historical costs.

The accounting policies applied by the Group in this half year report are the same as those applied by the Group in its financial report for the year ended 30 June 2016, except for the impact of the new Standards and Interpretations and changes in accounting policy described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period. Adoption of these standards did not materially impact on the financial figures.

#### Accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half-year reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

### NOTE 2: OPERATING SEGMENTS

For management purposes, the Group is organised into one main operating segment, which involves the exploration of minerals in Ghana. All of the Group's activities are interrelated, and discrete financial information is reported to the Board as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment.

The financial results from this segment are equivalent to the financial statements of the Group as a whole.

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of these financial statements.

## NOTE 3: LOSS PER SHARE

|  | 31 DECEMBER<br>2016<br>\$ | 31 DECEMBER<br>2015<br>\$ |
|--|---------------------------|---------------------------|
| Basic and diluted loss per share   | (0.03)                    | (0.02)                    |
| Loss used in calculation of loss per share   | (7,319,351)               | (3,486,497)               |
|  | <b>Shares</b>             | <b>Shares</b>             |
| Weighted average number of shares used as denominator<br>in basic and diluted calculating loss per share | 236,073,932               | 135,368,639               |

## NOTE 4: OTHER ASSET

|               | 31 DECEMBER<br>2016<br>\$ | 30 JUNE<br>2016<br>\$ |
|---------------|---------------------------|-----------------------|
| Prepayments   | 616,073                   | 77,553                |
| Cash deposits | -                         | 26,970                |
|               | <b>616,073</b>            | <b>104,523</b>        |

## NOTE 5: ISSUED CAPITAL

### (a) Movement in ordinary shares on issue

|  | NUMBER OF<br>SHARES | \$                |
|--|---------------------|-------------------|
| At 1 July 2015                                       | 110,820,807         | 14,816,842        |
| <b>Transactions during the year</b>                  |                     |                   |
| Shares issued  | 111,253,890         | 12,042,719        |
| Exercise of options                                  | -                   | -                 |
| Less: transaction costs                              | -                   | (708,344)         |
| <b>At 30 June 2016</b>                               | <b>222,074,697</b>  | <b>26,151,217</b> |
| At 1 July 2016                                       | 222,074,697         | 26,151,217        |
| <b>Transactions during the period</b>                |                     |                   |
| Shares issued (5(a)(i))                              | 75,000,000          | 21,750,000        |
| Exercise of options (5(a)(ii))                       | 1,435,000           | 215,250           |
| Conversion of Class B Performance Shares (5(a)(iii)) | 5,000,000           | -                 |
| Share based payments (5(a)(iv))                      | 476,247             | 114,299           |
| Less: transaction costs (5(a)(v))                    | -                   | (1,248,816)       |
| <b>At 31 December 2016</b>                           | <b>303,985,944</b>  | <b>46,981,950</b> |



**(i) The following shares were issued during the period ended 31 December 2016**

- On 19 July 2016 55,518,670 shares were issued at \$0.29 per share to raise a total of \$16,100,414. The shares were issued under the Placement pursuant to the Company's 15% placement capacity under ASX Listing Rule 7.1 and the Company's additional 10% placement capacity under ASX Listing Rule 7.1A.
- On 26 August 2016 19,481,330 shares were issued at \$0.29 per share to raise a total of \$5,649,586. The shares were approved at the Company's shareholder meeting held on 19 August 2016.

**(ii) Listed Options exercisable at \$0.15 on or before 30 September 2019 exercised.**

**(iii) 50 Class B Performance Shares converted to 5,000,000 fully paid ordinary shares when the Company satisfied the requirement that the market capitalisation of the Company reached at least \$50 million on an undiluted basis, determined by reference to the preceding 30 day VWAP.**

**(iv) Issue of Shares for services provided, approved at the Company's shareholder meeting dated 28 September 2016.**

**(v) Transaction costs represent the costs of issuing shares.**

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

|                                       | NUMBER OF<br>OPTIONS | \$             |
|---------------------------------------|----------------------|----------------|
| At 1 July 2015                        | 70,998,288           | 468,607        |
| <b>Transactions during the year</b>   |                      |                |
| Options issued                        | 46,588,751           | -              |
| Exercise of options                   | -                    | -              |
| Less: transaction costs               | -                    | -              |
| <b>At 30 June 2016</b>                | <b>117,587,039</b>   | <b>468,607</b> |
| At 1 July 2016                        | 117,587,039          | 468,607        |
| <b>Transactions during the period</b> |                      |                |
| Options issued                        | -                    | -              |
| Exercise of options                   | (1,435,000)          | -              |
| <b>At 31 December 2016</b>            | <b>116,152,039</b>   | <b>468,607</b> |

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

|                                     | NUMBER OF<br>OPTIONS | \$             |
|-------------------------------------|----------------------|----------------|
| At 1 July 2015                      | -                    | -              |
| <b>Transactions during the year</b> |                      |                |
| Options issued                      | 9,500,000            | 874,000        |
| Exercise of options                 | -                    | -              |
| Less: transaction costs             | -                    | -              |
| <b>At 30 June 2016</b>              | <b>9,500,000</b>     | <b>874,000</b> |

|                                       |                  |                |
|---------------------------------------|------------------|----------------|
| At 1 July 2016                        | 9,500,000        | 874,000        |
| <b>Transactions during the period</b> |                  |                |
| Options issued                        | -                | -              |
| Expiry of options                     | (1,500,000)      | (138,000)      |
| <b>At 31 December 2016</b>            | <b>8,000,000</b> | <b>736,000</b> |

**(d) Movement in Performance Shares**

|                                     | NUMBER OF<br>CLASS A<br>PERFORMANCE<br>SHARES | \$       |
|-------------------------------------|---|----------|
| At 1 July 2015                      | 50  | -        |
| <b>Transactions during the year</b> |   |          |
| Performance shares issued           | -   | -        |
| <b>At 30 June 2016</b>              | <b>50</b>                                     | <b>-</b> |

|                                       |           |          |
|---------------------------------------|-----------|----------|
| At 1 July 2016                        | 50        | -        |
| <b>Transactions during the period</b> |           |          |
| Performance shares issued             | -         | -        |
| <b>At 31 December 2016</b>            | <b>50</b> | <b>-</b> |

|                                     | NUMBER OF<br>CLASS B<br>PERFORMANCE<br>SHARES | \$       |
|-------------------------------------|---|----------|
| At 1 July 2015                      | 50  | -        |
| <b>Transactions during the year</b> |   |          |
| Performance shares issued           | -   | -        |
| <b>At 30 June 2016</b>              | <b>50</b>                                     | <b>-</b> |

|                                       |          |          |
|---------------------------------------|----------|----------|
| At 1 July 2016                        | 50       | -        |
| <b>Transactions during the period</b> |          |          |
| Performance shares issued             | -        | -        |
| Conversion of performance shares      | (50)     | -        |
| <b>At 31 December 2016</b>            | <b>-</b> | <b>-</b> |

|                                       | NUMBER OF<br>CLASS C<br>PERFORMANCE<br>SHARES | \$       |
|---------------------------------------|---|----------|
| At 1 July 2015                        | -   | -        |
| <b>Transactions during the year</b>   |   |          |
| Performance shares issued             | 60  | -        |
| <b>At 30 June 2016</b>                | <b>60</b>                                     | <b>-</b> |
| At 1 July 2016                        | 60  | -        |
| <b>Transactions during the period</b> |   |          |
| Performance shares issued             | -   | -        |
| <b>At 31 December 2016</b>            | <b>60</b>                                     | <b>-</b> |

#### NOTE 6: RESERVES

|  | 31 DECEMBER<br>2016<br>\$ | 30 JUNE<br>2016<br>\$ |
|--|---------------------------|-----------------------|
| <b>Option Reserve</b>                    |                           |                       |
| Balance at beginning of period           | 1,342,607                 | 732,423               |
| Options issued during the period         | -                         | 874,000               |
| Expiry of options                        | (138,000)                 | (263,816)             |
|  | <b>1,204,607</b>          | <b>1,342,607</b>      |
|  |                           |                       |
|  | 31 DECEMBER<br>2016<br>\$ | 30 JUNE<br>2016<br>\$ |
| <b>Foreign Translation Reserve</b>       |                           |                       |
| Balance at beginning of period           | (299,007)                 | (377,471)             |
| Foreign translation                      | (18,828)                  | 78,464                |
|  | <b>(317,835)</b>          | <b>(299,007)</b>      |
|  |                           |                       |
| <b>Reserve balance at reporting date</b> | <b>886,772</b>            | <b>1,043,600</b>      |

#### NOTE 7: CONTINGENCIES AND COMMITMENTS

There has been no change in contingent liabilities or commitments since the last annual reporting date.

### NOTE 8: RELATED PARTY TRANSACTIONS

During the half year ended 31 December 2016, Cardinal Resources Limited advanced \$2,349,570 to Savannah Mining Limited, a Director related entity. 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 mining licences. As at the date of this report, \$1,805,666 has been applied toward the development of the mining licence and the remainder has been recorded as a prepayment in the financial statements of Cardinal Resources Limited.

During the half year ended 31 December 2016, Cardinal Resources Limited paid \$60,000 to Non-Executive Chairman Kevin Tomlinson, who provided geological consulting services to the Company.

### NOTE 9: SUBSEQUENT EVENTS

On 1 February 2017 2,500 Listed Options were exercised.

On 3 March 2017 Cardinal issued a Notice of Meeting to Shareholders to issue up to 18,500,000 milestone options to the Directors and 7,500,000 milestone options to Senior Management of the Company (being a total of 7,800,000 Milestone 1 Options, 7,800,000 Milestone 2 Options and 10,400,000 Milestone 3 Options). For more information please see the Company's Notice of Meeting dated 1 March 2017.

Except for the above, no matter or circumstance has arisen since 31 December 2016, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

### NOTE 10: ESTIMATES & ASSUMPTIONS

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

#### ***Future Rehabilitation***


The Group measures the cost of future rehabilitation in relation to its tenements based on probable cost estimations at the date upon which tenements are altered from their original state. Fair values are determined using local data available. No rehabilitation provision is considered necessary at 31 December 2016.

## DIRECTOR'S DECLARATION

The directors of the Group declare that:

1. the financial statements and notes, as set out on pages 17 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 31 December 2016 and of the performance for the 6 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.

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



**ARCHIE KOIMTSIDIS**

Managing Director

Cardinal Resources Limited

Perth, 16 March 2017

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Cardinal Resources Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cardinal Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income for the three and six months ended on that date, the consolidated statement of cash flows for the three and six months ended on that date, the consolidated statement of changes in equity for the six months ended on that date and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### 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 Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the 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 consolidated entity's financial position as at 31 December 2016 and its performance for the three and six month periods ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Cardinal Resources Limited, 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 Australian Auditing 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 the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Cardinal Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



## Conclusion

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 Cardinal Resources Limited is not in accordance with the Corporations Act 2001 including:

- (i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the three and six month periods ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink. The first part of the signature is 'BDO' in a stylized, blocky font. Below it, the name 'J Prue' is written in a cursive script.

Jarrad Prue

Director

Perth, 16 March 2017