



**Condensed Interim Consolidated Financial Statements  
as at and for the three months and nine months ended  
March 31, 2019**

## DIRECTORS REPORT

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

### DIRECTORS

The names of the directors who held office during or since the end of the nine months ended 31 March 2019 are:

DIRECTOR	TITLE	DATE OF APPOINTMENT	DATE OF RETIREMENT
Kevin Tomlinson	Non-Executive Chairman	7 November 2016	N/A
Archie Koimtsidis	Managing Director	24 December 2012	N/A
Malik Easah	Executive Director	24 December 2012	N/A
Michele Muscillo	Non-Executive Director	12 October 2017	N/A
Dr Kenneth G. Thomas	Non-Executive Director	31 October 2018	N/A
Trevor Schultz	Non-Executive Director	2 January 2019	N/A
Robert Schafer	Non-Executive Director	10 July 2017	2 January 2019
Jacques McMullen	Non-Executive Director	12 October 2017	31 October 2018

### JANUARY 2019 - MARCH 2019 REVIEW OF OPERATIONS

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

### SUBSEQUENT EVENT

On April 23, 2019 112,000 Listed Options were exercised in the Company.

On April 30, 2019 the Company issued 2,180,049 Unlisted Milestone Options exercisable at \$0.679 on or before 21 December 2022 and 2,180,049 Unlisted Milestone Options exercisable at \$0.59 on or before 21 December 2022 to Dr Kenneth G. Thomas and Trevor Schultz, respectively. The issue was approved by shareholders at a meeting held on 11 April 2019.

On May 8, 2019 18,500 Listed Options were exercised in the Company.

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

### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 26.

**APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:**

The directors of the Group declare that:

1. the financial statements and notes, as set out on pages 4 to 25 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 March 2019 and of the performance for the three and nine months ended on that date of the Group.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

(signed) "Archie Koimtsidis", Director  
Archie Koimtsidis

(signed) "Kevin Tomlinson", Director  
Kevin Tomlinson

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

As at March 31, 2019 and June 30, 2018

(Unaudited and expressed in Australian Dollars)

As at	Note	March 31, 2019	June 30, 2018
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	13(a)	\$ 24,985,932	\$ 7,303,807
Trade and other receivables	3(a)	1,338,955	980,224
Other assets	3(b)	866,538	1,393,434
		<b>27,191,425</b>	<b>9,677,465</b>
<b>Non-current assets</b>			
Plant and equipment	4	916,074	564,149
		<b>916,074</b>	<b>564,149</b>
<b>TOTAL ASSETS</b>		<b>\$ 28,107,499</b>	<b>\$ 10,241,614</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)</b>			
<b>Current liabilities</b>			
Trade and other payables	5	\$ 2,483,863	\$ 4,707,018
Provisions		72,061	59,958
		<b>2,555,924</b>	<b>4,766,976</b>
<b>Non-current liabilities</b>			
Borrowings	6	34,514,393	-
		<b>34,514,393</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>\$ 37,070,317</b>	<b>\$ 4,766,976</b>
<b>Shareholders' equity (deficiency)</b>			
Issued capital	7	84,395,536	81,369,056
Reserves	8	6,093,600	6,003,878
Accumulated losses		(99,451,954)	(81,898,296)
		<b>\$ (8,962,818)</b>	<b>\$ 5,474,638</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		<b>\$ 28,107,499</b>	<b>\$ 10,241,614</b>

See accompanying notes to the condensed interim consolidated financial statements.

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS

For the three and nine months ended March 31, 2019 and 2018

(Unaudited and expressed in Australian Dollars)

For the period ended	Note	Three months ended		Nine months ended	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
<b>Revenue</b>	9	\$ 120,156	\$ 44,226	\$ 258,795	\$ 141,306
<b>Operating expenses</b>					
Corporate administration expenses	10	(3,230,672)	(2,734,195)	(9,148,979)	(8,142,204)
Amortization expenses		(68,386)	(50,674)	(212,751)	(150,374)
Exploration and evaluation expenses		(3,148,110)	(4,640,781)	(8,514,399)	(23,094,305)
Foreign exchange gain/(loss)		(5,890)	554,159	63,676	(102,876)
<b>Net Loss Income for the period</b>		\$ (6,332,902)	\$ (6,827,265)	\$ (17,553,658)	\$ (31,142,701)
<b>Other comprehensive (loss)/gain</b>					
Items that may be reclassified to profit or loss:					
Unrealized foreign exchange on translation		(195,041)	(530,585)	(665,094)	(339,456)
<b>Comprehensive loss for the period</b>		\$ (6,527,943)	\$ (7,357,850)	\$ (18,218,752)	\$ (31,542,157)
<b>Loss per share, basic and diluted</b>		\$ (0.016)	\$ (0.02)	\$ (0.046)	\$ (0.08)
<b>Weighted average number of common shares outstanding</b>	12	379,519,054	371,427,268	381,326,833	365,715,429

See accompanying notes to the condensed interim consolidated financial statements.

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three and nine months ended March 31, 2019 and 2018

(Unaudited and expressed in Australian Dollars)

For the period ended	Note	Three months ended		Nine months ended	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
<b>Operating activities</b>					
Expenditure on mineral interests		\$ (1,785,990)	\$ (3,617,824)	\$ (9,900,962)	\$ (22,065,431)
Other payments to suppliers and employees		(1,523,886)	(1,849,011)	(4,389,283)	(5,014,406)
Interest received		127,847	47,450	208,932	139,548
<b>Net cash outflow from operating activities</b>	13(b)	<b>(3,182,029)</b>	(5,419,385)	<b>(14,081,313)</b>	(26,940,289)
<b>Investing activities</b>					
Purchase of plant and equipment		(78,720)	(54,596)	(440,363)	(184,017)
<b>Net cash outflow from investing activities</b>		<b>(78,720)</b>	(54,596)	<b>(440,363)</b>	(184,017)
<b>Financing activities</b>					
Issue of shares and options net of capital raising costs		342,686	113,025	516,103	12,100,550
Interest paid		(815,217)	-	(1,310,215)	-
Proceeds from borrowings net of costs	13(c)	-	-	33,921,932	-
<b>Net cash inflow from financing activities</b>		<b>(472,531)</b>	113,025	<b>33,127,820</b>	12,100,550
Increase/(decrease) in cash and cash equivalents		(3,733,280)	(5,360,956)	18,606,144	(15,023,756)
Cash and cash equivalents at the beginning of period		29,174,605	18,752,321	7,303,807	28,592,718
Effect of changes in exchange rates on cash		(455,393)	(86,832)	(924,019)	(264,429)
<b>Cash and cash equivalents, end of period</b>	13(a)	<b>24,985,932</b>	\$ 13,304,533	<b>24,985,932</b>	\$ 13,304,533

See accompanying notes to the condensed interim consolidated financial statements.

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (DEFICIENCY)

For the nine months ended March 31, 2019 and 2018

(Unaudited and expressed in Australian Dollars)

	Share Capital	Options Reserve	Foreign Exchange Reserve	Accumulated Loss	Total Equity (Deficiency)
<b>Balance as at July 1, 2018</b>	<b>\$ 81,369,056</b>	<b>\$ 6,744,105</b>	<b>\$ (740,227)</b>	<b>\$ (81,898,296)</b>	<b>\$ 5,474,638</b>
Profit/(loss) for the period	-	-	-	(17,553,658)	(17,553,658)
Other comprehensive income	-	-	(665,094)	-	(665,094)
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>-</b>	<b>(665,094)</b>	<b>(17,553,658)</b>	<b>(18,218,752)</b>
<b>Transactions with owners in their capacity as owners</b>					
Options exercised/(expired) during the period	521,920	(685,784)	-	-	(163,864)
Share/Option based payments	2,510,378	25,401	-	-	2,535,779
Employee option-based payments	-	1,415,199	-	-	1,415,199
Shares issue expense	(5,818)	-	-	-	(5,818)
<b>Balance as at March 31, 2019</b>	<b>\$ 84,395,536</b>	<b>\$ 7,498,921</b>	<b>\$ (1,405,321)</b>	<b>\$ (99,451,954)</b>	<b>\$ (8,962,818)</b>
<b>Balance as at July 1, 2017</b>	<b>\$ 68,628,035</b>	<b>\$ 2,710,589</b>	<b>\$ (232,601)</b>	<b>\$ (44,899,452)</b>	<b>\$ 26,206,571</b>
Profit/(loss) for the period	-	-	-	(31,142,701)	(31,142,701)
Other comprehensive income	-	-	(399,456)	-	(399,456)
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>-</b>	<b>(399,456)</b>	<b>(31,142,701)</b>	<b>(31,542,157)</b>
<b>Transactions with owners in their capacity as owners</b>					
Shares issued during the period	12,396,736	-	-	-	12,396,736
Options exercised during the period	623,015	(184,000)	-	184,000	623,015
Share/Options based payments	204,846	3,647,239	-	-	3,852,085
Share issue expenses	(919,200)	-	-	-	(919,200)
<b>Balance as at March 31, 2018</b>	<b>\$ 80,933,432</b>	<b>\$ 6,173,828</b>	<b>\$ (632,057)</b>	<b>\$ (75,858,153)</b>	<b>\$ 10,617,050</b>

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended March 31, 2019 and 2018

(Expressed in Australian Dollars)

### 1. CORPORATE INFORMATION

Cardinal Resources Limited (“**Cardinal Resources**” or “**the Company**”) is a company limited by shares, incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (“ASX”) and Toronto Stock Exchange (“TSX”). The Company’s registered office is Suite 1, 28 Ord Street, West Perth, Western Australia 6005, Australia.

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

These unaudited condensed interim consolidated financial statements were approved by the board of directors on May 14, 2019.

### 2. BASIS OF PRESENTATION

The Company’s condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). These condensed interim consolidated financial statements do not include all of the disclosures required for annual financial statements and hence should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended June 30, 2018. These condensed interim consolidated financial statements follow the same significant accounting policies as those included in the Company’s audited annual consolidated financial statements for the year ended June 30, 2018.

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

The following accounting standards were issued with an effective date of 1 July 2018:

- IFRS 9: Financial Instruments – The Board has reviewed the new accounting standard and has assessed that the adoption of the new standard has no impact on the results of the Group for the review period ended 31 March 2019; and
- IFRS 15: Revenue from Contracts with Customers - The Board has reviewed the new accounting standard and has assessed that the adoption of the new standard has no impact on the results of the Group for the review period ended 31 March 2019.

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

- IFRS 16: Leases (applicable to annual reporting periods beginning on or after 1 July 2019). When effective, this Standard will replace the current accounting requirements applicable to leases in IAS 17: Leases and related Interpretations. IFRS 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

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

- recognition of a right-of-use asset and lease liability for all leases (excluding short-term leases with a lease term 12 months or less of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with IAS 16: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended March 31, 2019 and 2018

(Expressed in Australian Dollars)

- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

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

### 3. CURRENT ASSETS

#### (a) Trade and other receivables

	March 31, 2019	June 30, 2018
Government taxes receivable	\$ 1,265,345	\$ 818,752
Interest receivable	60,180	6,292
Other	13,430	155,180
	<b>\$ 1,338,955</b>	<b>\$ 980,224</b>

GST and VAT (a Value-Added-Tax) are non-interest bearing and have repayment terms applicable under the relevant government authorities. No trade and other receivables are impaired or past due.

#### (b) Other assets

	March 31, 2019	June 30, 2018
Prepayments (i)	\$ 864,618	\$ 1,393,434
Cash deposits	1,920	-
	<b>\$ 866,538</b>	<b>\$ 1,393,434</b>

- (i) Prepayments include funding to Savannah, a related entity to Director Mr Malik Easah. The purpose of the funding was for use by Savannah to defray the costs of acquisition under agreements entered into by Savannah with holders of small-scale licences, which licences are intended ultimately to be effectively acquired by Cardinal as part of the development of the Nandini project. As at the date of this report, \$279,354 has been recorded as a prepayment in the consolidated financial statements of Cardinal Resources Limited.

### 4. PLANT AND EQUIPMENT

	Plant and Equipment	Vehicles	Total
<b>Cost</b>			
Balance as at July 1, 2018	1,031,395	384,299	1,415,694
Additions	126,443	373,335	499,778
Disposals	(9,757)	-	(9,757)
Foreign exchange movement	(818)	1,044	226
<b>Balance as at March 31, 2019</b>	<b>\$ 1,147,263</b>	<b>\$ 758,678</b>	<b>\$ 1,905,941</b>
Balance as at July 1, 2017	832,291	293,668	1,125,959
Additions	226,903	87,984	314,887
Disposals	(2,776)	-	(2,776)
Foreign exchange movement	(25,023)	2,647	(22,376)
<b>Balance as at June 30, 2018</b>	<b>\$ 1,031,395</b>	<b>\$ 384,299</b>	<b>\$ 1,415,694</b>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended March 31, 2019 and 2018

(Expressed in Australian Dollars)

	Plant and Equipment	Vehicles	Total
<b>Accumulated depreciation</b>			
Balance as at July 1, 2018	613,835	237,710	851,545
Depreciation for the period	154,885	57,886	212,751
Disposals	(6,659)	-	(6,659)
Foreign exchange movement	10,608	(78,378)	(67,770)
<b>Balance as at March 31, 2019</b>	<b>\$ 772,649</b>	<b>\$ 217,218</b>	<b>\$ 989,867</b>
Balance as at July 1, 2017	467,844	192,719	660,563
Depreciation for the period	188,154	29,300	217,454
Disposals	(2,132)	-	(2,132)
Foreign exchange movement	(40,031)	15,691	(24,340)
Balance as at June 30, 2018	\$ 613,835	\$ 237,710	\$ 851,545
<b>Carrying amounts</b>			
<b>As at March 31, 2019</b>	<b>\$ 374,614</b>	<b>\$541,460</b>	<b>\$ 916,074</b>
As at June 30, 2018	\$ 417,560	\$ 146,589	\$ 564,149

**5. TRADE AND OTHER PAYABLES**

	March 31, 2019	June 30, 2018
Trade and other payables (i)	\$ 1,727,578	\$ 3,450,142
Other accrued expenses	756,285	1,256,876
	<b>\$ 2,483,863</b>	<b>\$ 4,707,018</b>

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

**6. BORROWINGS**

	March 31, 2019	June 30, 2018
Secured credit facility	\$ 35,044,521	\$ -
Foreign exchange on credit facility	1,308,979	-
Transaction costs	(1,839,107)	-
	<b>\$ 34,514,393</b>	<b>\$ -</b>

*(i) Secured Credit Facility*

The credit facility is secured by Sprott Private Resources Lending (Collector), L.P completed on August 22, 2018. The key terms of the credit facility are as follows:

- Committed loan facility of US\$25 million;
- 30-month repayment term, being 28 February 2021;
- Interest rate of LIBOR + 7.75%; and
- 50% of the interest is capitalised.

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

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended March 31, 2019 and 2018

(Expressed in Australian Dollars)

### (ii) Loan Covenants

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

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

Cardinal has complied with these covenants throughout the report period.

## 7. ISSUED CAPITAL

### Ordinary shares

The Company is authorised to issue an unlimited number of ordinary shares. All issued shares are fully paid and have no par value. Changes in ordinary shares for the nine months ended March 31, 2018 and 2019 are as follows:

	Number of Shares	
As at July 1, 2017	350,062,957	\$ 68,628,035
Transactions during the period:		
Shares issued (ii)	18,461,600	12,396,736
Options exercise (iii)	1,220,102	183,015
Exercise of Unlisted Options (iv)	2,000,000	440,000
Share based payments	379,390	204,846
Less: transaction costs (vi)	-	(919,200)
As at March 31, 2018	372,124,049	\$ 80,933,432
As at July 1, 2018	373,563,580	\$ 81,369,056
Transactions during the period:		
Shares issued (i)	4,250,000	1,997,500
Options exercise (iii)	3,479,471	521,920
Share based payments (v)	1,229,337	512,878
Less: transaction costs (vi)	-	(5,818)
As at March 31, 2019	382,522,388	\$ 84,395,536

- (i) The following shares were issued during the nine months ended March 31, 2019;
  - On August 28, 2018 the Corporation issued 4,250,000 shares to Sprott Private Resources Lending (Collector), L.P as part of the Facility (and is included in transaction costs (Note 6);
- (ii) The following shares were issued during the period ended March 31, 2018
  - On 21 November 2017 18,461,600 shares were issued at CA\$0.65 per share to raise a total of CA\$12,000,040 (AU\$12,396,736). The shares were issued under the Placement pursuant to the Company's additional 10% placement capacity under ASX Listing Rule 7.1A.
- (iii) Exercise of Listed Options
- (iv) Exercise of Unlisted Options exercisable at \$0.22 on or before 18 March 2020.
- (v) Share based payments (refer to note 14).
  - A total of 293,849 shares were issued to employees of the Company as part consideration for services provided to the Company.
  - A total of 935,488 shares were issued for services rendered to the Company.
- (vi) Transactions costs represent the costs of issuing the shares.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended March 31, 2019 and 2018

(Expressed in Australian Dollars)

### 8. RESERVES

#### (a) Movement in options reserve

	March 31, 2019	March 31, 2018
As at the beginning of the period	\$ 6,744,105	\$ 2,710,589
Options granted/expensed during the period	1,440,600	3,647,239
Options exercised/(expired) during the period	(685,784)	(184,000)
<b>Total</b>	<b>\$ 7,498,921</b>	<b>\$ 6,173,828</b>

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

	NUMBER OF OPTIONS	
As at July 1, 2017	116,149,539	\$ 468,607
Transactions during the period:		
Exercise of options	(1,220,102)	-
As at March 31, 2018	114,929,437	\$ 468,607
As at July 1, 2018	114,129,906	\$ 468,607
Transactions during the period:		
Exercise of options	(3,479,471)	-
<b>As at March 31, 2019</b>	<b>110,650,435</b>	<b>\$ 468,607</b>

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

	NUMBER OF OPTIONS	
As at July 1, 2017	8,000,000	\$ 736,000
Transactions during the period:		
Expiry of options	(2,000,000)	(184,000)
As at March 31, 2018	6,000,000	\$ 552,000
As at July 1, 2018	6,000,000	\$ 552,000
Transactions during the period:		
Expiry of options	-	-
<b>As at March 31, 2019</b>	<b>6,000,000</b>	<b>\$ 552,000</b>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended March 31, 2019 and 2018

(Expressed in Australian Dollars)

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

	NUMBER OF OPTIONS	
As at July 1, 2017	23,500,000	\$ 1,505,982
Transactions during the period:		
Options expensed	-	2,448,230
Cancelled or forfeited	(5,000,000)	(320,422)
As at March 31, 2018	18,500,000	\$ 3,633,790
As at July 1, 2018	18,500,000	\$ 3,962,711
Transactions during the period:		
Options expensed	-	990,560
Cancelled or forfeited	-	-
<b>As at March 31, 2019</b>	<b>18,500,000</b>	<b>\$ 4,953,271</b>

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

	NUMBER OF OPTIONS	
As at July 1, 2017	-	\$ -
Transactions during the period:		
Options issued	5,758,000	839,327
Cancelled or forfeited	-	-
As at March 31, 2018	5,758,000	\$ 839,327
As at July 1, 2018	5,758,000	\$ 961,821
Transactions during the period:		
Options expensed	-	185,911
Cancelled or forfeited	(5,758,000)	(482,192)
<b>As at March 31, 2019</b>	<b>-</b>	<b>\$ 665,540</b>

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

	NUMBER OF OPTIONS	
As at July 1, 2017	-	\$ -
Transactions during the period:		
Options issued	4,036,200	168,355
Cancelled or forfeited	-	-
As at March 31, 2018	4,036,200	\$ 168,355
As at July 1, 2018	4,036,200	\$ 287,117
Transactions during the period:		
Options expensed	-	238,829
Cancelled or forfeited	(2,018,100)	(203,592)
<b>As at March 31, 2019</b>	<b>2,018,100</b>	<b>\$ 322,354</b>

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended March 31, 2019 and 2018

(Expressed in Australian Dollars)

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

	NUMBER OF OPTIONS	
As at July 1, 2017	-	\$ -
Transactions during the period:		
Options issued	1,000,000	511,748
Cancelled or forfeited	-	-
As at March 31, 2018	1,000,000	\$ 511,748
As at July 1, 2018	1,000,000	\$ 511,748
Transactions during the period:		
Options expensed	-	-
Cancelled or forfeited	-	-
As at March 31, 2019	1,000,000	\$ 511,748

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

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

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

	Number of Options	Weighted Average Exercise Price
Balance as at July 1, 2018	149,424,106	\$ 0.48
Options granted (note 8(h))	1,867,817	1.00
Options exercised (note 8(b))	(3,479,471)	0.15
Options forfeited	(7,776,100)	(0.85)
Balance as at March 31, 2019	140,036,352	\$ 0.22
Balance as at July 1, 2017	147,649,539	\$ 0.20
Options granted	10,794,200	0.87
Options exercised/forfeited	(8,220,102)	(0.40)
Balance as at March 31, 2018	150,223,637	\$ 0.20

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended March 31, 2019 and 2018

(Expressed in Australian Dollars)

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

		Outstanding		Vested	
		Number of Options	Weighted Average Remaining Contractual life (days)	Number of Options	Weighted Average Remaining Contractual life (days)
Exercise Price					
March 2019	\$ 0.15	110,650,435	272	110,650,435	272
March 2019	\$ 0.22	6,000,000	442	6,000,000	442
March 2019	\$ 0.50	18,500,000	1,197	5,550,000	1,197
March 2019	\$ 0.825	-	-	-	-
March 2019	\$ 0.965	2,018,100	1,450	-	-
March 2019	\$ 0.75	1,000,000	1,450	1,000,000	1,450
March 2019	\$ 1.00	1,867,817	731	1,867,17	731
March 2018	\$ 0.15	114,929,437	539	114,929,437	539
March 2018	\$ 0.22	6,000,000	719	6,000,000	719
March 2018	\$ 0.75	1,000,000	1,727	1,000,000	1,727
March 2018	\$ 0.50	18,500,000	1,727	-	1,727
March 2018	\$ 0.825	5,758,000	1,727	-	1,727
March 2018	\$ 0.965	4,036,200	1,727	-	1,727

### (h) Movement in Performance Shares

#### Class C Performance Shares

	NUMBER OF CLASS C PERFORMANCE SHARES	
As at July 1, 2017	60	\$ -
Transactions during the period:		
Performance shares issued	-	-
As at March 31, 2018	60	\$ -
As at July 1, 2018	60	\$ -
Transactions during the period:		
Performance shares issued	-	-
<b>As at March 31, 2019</b>	<b>60</b>	<b>\$ -</b>

On February 17, 2015, 60 performance shares were issued pursuant to the Asset Sale Agreement with Savannah to purchase the highly prospective Ndongo North concession adjacent to the exiting Ndongo area within the Bolgatanga project area in North-East Ghana.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended March 31, 2019 and 2018

(Expressed in Australian Dollars)

There are 60 Performance Shares (convertible into a maximum of 6,000,000 shares) on issue as at March 31, 2019.

General terms attaching to the Performance Shares are set out below.

The Directors are currently of the opinion that the non-market vesting conditions are unlikely to be met within 5 years from the date of issue. As such, no value has been ascribed to the Performance Shares in the Group's consolidated financial statements.

The issue of 60 Performance Shares in the capital of the Company, each of which will convert to 100,000 shares ranking equally with the existing shares in the proportions set out below upon satisfaction of achieving a minimum JORC Inferred Resource of gold ounces within the Ndongo North Concession ("**Performance Hurdles**") by no later than five years after the date on which the Performance Shares are issued, being February 18, 2015:

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

In the event that the Company sells, transfers or otherwise disposes of all or part of the Ndongo North Concession to a third party prior to the issuing of any shares upon conversion of any Performance Shares, Savannah will be entitled to an amount equal to 49% of the sale proceeds less any related selling costs, exploration and mining costs (plus a fixed 30% overhead amount), purchase costs in connection with the acquisition of the Ndongo North Concession, and any other costs incurred with respect to the sale.

### 9. REVENUE

	Three months ended March 31,		Nine months ended March 31,	
	2019	2018	2019	2018
Interest from financial institutions	\$ 120,156	\$ 44,226	\$ 258,795	\$ 141,306



**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended March 31, 2019 and 2018

(Expressed in Australian Dollars)

**10. EXPENSES**

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

	<b>Three months ended March 31,</b>		<b>Nine months ended March 31,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Salaries, fees and leave	\$ 403,349	372,836	1,193,608	983,090
Equity based payments	393,875	1,541,106	1,267,795	3,852,084
Superannuation expense	23,580	19,168	64,529	63,739
Accounting, legal and consulting fees	820,896	143,493	1,948,023	1,119,511
Audit fees	5,444	6,520	35,135	42,444
ASX, TSX and ASIC fees	57,906	17,999	138,195	252,066
Finance costs expense	164,549	-	582,528	-
Information technology expenses	29,106	15,209	61,612	59,300
Interest expense	933,704	-	2,245,179	-
Insurance expenses	33,204	44,497	53,887	64,467
Office expense	24,794	-	130,830	-
Promotional and conference expenses	75,675	60,245	247,048	334,704
Travel expenses	235,245	284,352	582,528	912,269
Other administration expenses	29,345	228,770	598,082	458,530
<b>Total</b>	<b>\$ 3,230,672</b>	<b>\$ 2,734,195</b>	<b>\$ 9,148,979</b>	<b>\$ 8,142,204</b>

**11. KEY MANAGEMENT PERSONNEL****(a) Compensation of key management personnel**

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

	<b>Three months ended March 31,</b>		<b>Nine months ended March 31,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Salaries, fees and leave	\$ 21,900	\$ 403,203	\$ 21,900	\$ 1,225,994
Consulting fees	594,009	-	1,176,230	-
Non-monetary	46,687	4,969	71,662	14,907
Superannuation expense	-	-	-	4,268
Equity based payments (Note 8)	296,123	1,087,238	901,530	2,746,541
	<b>\$ 958,719</b>	<b>\$ 1,495,410</b>	<b>\$ 2,171,322</b>	<b>\$ 3,721,710</b>

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

Tomlinson Consultancy, of which Kevin Tomlinson is a director, provided geological consulting services to the Company. Amounts that have been paid or payable total \$77,406 (2018: \$259,812) for the nine months ended March 31, 2019.

HopgoodGanim of which Michele Muscillo, a director, is a partner of, provided legal services to the Company. Amounts that have been paid or payable total \$0 (2018: \$12,911) for the nine months ended March 31, 2019.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended March 31, 2019 and 2018

(Expressed in Australian Dollars)

### 12. LOSS PER SHARE

#### (a) Basic Earnings Per Share

	Three months ended March 31,		Nine months ended March 31,	
	2019	2018	2019	2018
Net loss	\$ (6,332,902)	\$ (6,827,265)	\$ (17,553,658)	\$ (31,142,701)
Weighted average number of shares outstanding	379,519,054	371,427,268	381,326,833	365,715,429
<b>Basic and undiluted loss per share</b>	<b>\$ (0.016)</b>	<b>\$ (0.02)</b>	<b>\$ (0.046)</b>	<b>\$ (0.08)</b>

#### (b) Diluted Earnings Per Share

As at March 31, 2019 the Company had 110,650,435 Listed Options exercisable at \$0.15 on or before 30 September 2019. The effect of these options are dilutive on the earnings per share calculation.

	Three months ended March 31,		Nine months ended March 31,	
	2019	2018	2019	2018
Net loss	\$ (6,332,902)	\$ (6,827,265)	\$ (17,553,658)	\$ (31,142,701)
Weighted average number of shares outstanding	490,169,489	371,427,268	491,977,268	365,715,429
<b>Basic and diluted loss per share</b>	<b>\$ (0.129)</b>	<b>\$ (0.020)</b>	<b>\$ (0.356)</b>	<b>\$ (0.08)</b>

### 13. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

#### (a) Reconciliation of cash and cash equivalents

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash at bank and in hand and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

	March 31, 2019	June 30, 2018
Current – cash at bank	\$ 6,330,047	\$ 2,819,794
Term deposits	18,655,885	4,484,013
	<b>\$ 24,985,932</b>	<b>\$ 7,303,807</b>

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended March 31, 2019 and 2018

(Expressed in Australian Dollars)

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

	Three months ended March 31,		Nine months ended March 31,	
	2019	2018	2019	2018
Loss after income tax	\$ (6,332,902)	\$ (6,827,265)	\$ (17,553,658)	\$ (31,142,701)
Add: Non-cash items:				
Depreciation expense	68,386	50,674	212,751	150,374
Share based payments	393,875	1,541,107	1,267,795	3,852,085
Finance expense	3,382,112	-	5,111,566	-
Unrealised foreign exchange movement	753,778	(724,502)	(738,608)	(508,021)
Non-cash change in working capital:				
Accounts receivable	(58,486)	(220,760)	(528,816)	(245,661)
Prepaid assets	(61,152)	559,918	358,731	37,616
Accounts payable and accruals	(1,320,501)	185,279	(2,223,155)	891,004
Provisions	(7,139)	16,164	12,103	25,015
	<b>\$ (3,182,209)</b>	<b>\$ (5,419,385)</b>	<b>\$ (14,081,291)</b>	<b>\$ (26,940,289)</b>

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

	June 30, 2018	Cashflows	Non-Cash Changes			March 31, 2019
			Transaction Costs	Foreign Exchange Movement	Interest	
	\$	\$	\$	\$	\$	\$
Borrowings	-	33,921,932	(1,839,107)	1,308,979	1,122,589	34,514,393
<b>Total liabilities from financing liabilities</b>	<b>-</b>	<b>33,921,932</b>	<b>(1,839,107)</b>	<b>1,308,979</b>	<b>1,122,589</b>	<b>34,514,393</b>

## 14. SHARE BASED PAYMENTS

- (i) During the period, 935,488 fully paid ordinary shares were issued for services rendered; the shares were ascribed the following value:

Date of Issue	Number of Shares	Price of Shares (a)	Total Value (\$)	Expense for the period (\$)
19.11.2018	935,488	0.41	383,550	383,550

- (a) The value of the service received was unable to be reliably measured and as such have been measured at their fair value.

- (ii) During the period, 4,250,000 fully paid ordinary shares were issued to Sprott in relation to the Facility; the shares were ascribed the following value:

Date of Issue	Number of Shares	Price of Shares (a)	Total Value (\$)	Expense for the period (\$)
28.08.2018	4,250,000	0.47	1,977,500	1,977,500

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

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended March 31, 2019 and 2018

(Expressed in Australian Dollars)

- (iii) During the period, 293,849 fully paid ordinary shares to employees of the Company for services rendered to the Company; the shares were ascribed the following value:

Date of Issue	Number of Shares	Price of Shares (a)	Total Value (\$)	Expense for the period (\$)
01.10.2018	47,801	\$0.46	21,988	21,988
01.10.2018	129,200	\$0.46	59,432	59,432
19.11.2018	47,801	\$0.41	19,598	19,598
19.11.2018	20,877	\$0.41	8,560	8,560
19.11.2018	48,170	\$0.41	19,750	19,750

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

- (iv) During the period, 1,867,817 Unlisted Options exercisable at \$1.00 on or before 12 March 2021 were issued for services rendered to the Company.

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

Number of Options	Valuation Date	Market Price of Shares	Exercise Price	Expiry Date	Risk Free Interest Rate	Volatility (discount)	Indicative Price Per Option	Total Value (\$)	Expense of the period (\$)
1,867,817	12.03.19	\$0.40	\$1.00	12.03.21	1.67%	44.33%	\$0.512	25,401	25,401

### 15. COMMITMENTS AND CONTINGENCIES

#### (a) Commitment

##### Mineral exploration commitment

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

	March 31, 2019	June 30, 2018
Not later than one year	\$ 140,883	135,366
Later than one year but not later than two years	130,480	135,366
	<b>\$ 271,363</b>	<b>\$ 270,732</b>

#### (b) Contingent liabilities and commitments

The Company consists of five wholly owned subsidiaries, the main activities of which are exploration. The effect of these subsidiaries is to make the Cardinal Resources owned subsidiaries contractually responsible for any transactions undertaken by the subsidiary. The parent entity has provided certain guarantees to third parties whereby certain liabilities of the subsidiary are guaranteed.

	March 31, 2019	June 30, 2018
Not later than one year	\$ 117,235	385,329
Later than one year but not later than two years	123,967	147,340
	<b>\$ 241,202</b>	<b>\$ 532,669</b>

The Corporation has commitments in respect to the use of an office premises in Perth, Western Australia, for \$5,480 per month, the lease is for five years from 8 January 2019.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended March 31, 2019 and 2018

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The Corporation has commitments in respect to the use of an office outside of Australia, for C\$2,702 per month until 31 March 2021.

Cardinal Resources Subranum Limited will be required to pay Newmont Ghana Gold Limited US\$50,000 per annum from the date which Cardinal Resources Subranum Limited reports a “gold resource estimate” of 1Moz of gold. Subject to the grant of a Mining Lease under the 2006 Mining Act, Cardinal Resources Subranum Limited will be required to pay Newmont Ghana Gold Limited a 2% net smelter royalty.

Cardinal Namdini Mining Limited (Cardinal Namdini), entered into a Net Smelter Royalty Deed (“**Royalty Deed**”) in January 2018, whereby Cardinal Namdini will pay to Savannah Mining Limited (“**Savannah**”) a net smelter return royalty (“**Royalty**”) equal to:

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

Cardinal entered into a definitive agreement with Kinross Gold Group subsidiary Red Back Mining Ghana Limited (Red Back) in 2017 to acquire 100% ownership of two large scale prospecting licences located in North East Ghana. Cardinal has entered into a Royalty Agreement with Red Back, whereby Cardinal shall pay to Red back a 1% net smelter return royalty on any minerals produced from the properties.

### 16. FINANCIAL INSTRUMENTS

#### (a) Interest rate risk

The Group’s exposure to interest rate risk, which is the risk that the financial instrument’s value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Note	Floating interest rate \$	Fixed interest rate \$	Non- interest bearing \$	Total \$	Weighted average interest rate %
<b>March 31, 2019</b>						
<b>Financial assets</b>						
Cash and cash equivalents	13 (a)	6,046,049	16,880,016	2,059,867	24,985,932	0.13%
Trade and other receivables	3 (a)	-	-	1,338,955	1,338,955	-
Cash deposits	3 (b)	-	-	1,920	1,920	-
		<b>6,046,049</b>	<b>16,880,016</b>	<b>3,400,742</b>	<b>26,326,807</b>	-
<b>Financial liabilities</b>						
Trade and other payables	5	-	-	2,483,863	2,483,863	-
Borrowings	6	34,514,393	-	-	34,514,393	19.52%
		<b>34,514,393</b>	-	<b>2,483,863</b>	<b>36,998,256</b>	-

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended March 31, 2019 and 2018

(Expressed in Australian Dollars)

	Note	Floating interest rate \$	Fixed interest rate \$	Non- interest bearing \$	Total \$	Weighted average interest rate %
<b>June 30, 2018</b>						
<b>Financial assets</b>						
Cash and cash equivalents	13 (a)	4,465,327	18,686	2,819,794	7,303,807	0.76%
Trade and other receivables	3 (a)	-	-	980,224	980,224	-
Cash deposits	3 (b)	-	-	-	-	-
		<b>4,465,327</b>	<b>18,686</b>	<b>3,800,018</b>	<b>8,284,031</b>	<b>-</b>
<b>Financial liabilities</b>						
Trade and other payables	5	-	-	4,707,108	4,707,108	-
		<b>-</b>	<b>-</b>	<b>4,707,108</b>	<b>4,707,108</b>	<b>-</b>

Based on the balances as at March 31, 2019, a 1% movement in interest rates would increase/decrease the loss for the year before taxation by \$47,867 (June 30, 2018: \$3,721).

### (b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at the statement of financial position date to recognised financial assets is the carrying amount of those assets, net of any allowance for doubtful debts, as disclosed in the statement of financial position and notes to the financial report.

The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group.

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

### (c) Net fair values

The carrying amount of financial assets and financial liabilities recorded in the consolidated financial statements represents their respective net fair value and is determined in accordance with the accounting policies disclosed in note 2 to the financial statements.

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

### (d) Financial risk management

The Group's financial instruments consist mainly of deposits with recognised banks, investment in term deposits up to 90 days, accounts receivable and accounts payable. Liquidity is managed, when sufficient funds are available, by holding sufficient funds in a current account to service current obligations and surplus funds invested in term deposits. The directors analyse interest rate exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The main risks the Group is exposed to through its financial instruments are the depository banking institution itself, holding the funds, and interest rates. The Group's credit risk is minimal as being an exploration company, it has no significant financial assets other than cash and term deposits.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended March 31, 2019 and 2018

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### (e) Foreign currency risk

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

The following table shows the foreign currency risk on the financial assets and liabilities of the Group's operations, denominated in currencies other than the functional currency of the operations. The foreign currency risk of the parent entity is considered immaterial and is therefore not shown.

March 31, 2019		Net Financial Assets/(Liabilities) In AUD			
	AUD	USD	GHS	Total AUD	
Australian dollar	-	(17,862,928)	180,665	(17,682,263)	
GHS New Cedi	-	-	-	-	
<b>Statement of financial position exposure</b>	<b>-</b>	<b>(17,862,928)</b>	<b>180,665</b>	<b>(17,682,263)</b>	

June 30, 2018		Net Financial Assets/(Liabilities) In AUD			
	AUD	USD	GHS	CAD	Total AUD
Australian dollar	3,843,939	374,412	(523,034)	(138,276)	3,557,040
GHS New Cedi	-	-	-	-	-
<b>Statement of financial position exposure</b>	<b>3,843,939</b>	<b>374,412</b>	<b>(523,034)</b>	<b>(138,276)</b>	<b>3,557,040</b>

Based on the statement of exposure as at March 31, 2019, a 1% movement in foreign exchange rates would increase/decrease the loss for the year before taxation by \$251,186 (June 30, 2018: \$3,585).

### (f) Liquidity risk

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

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

### (g) Borrowings

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

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

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended March 31, 2019 and 2018

(Expressed in Australian Dollars)

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

	March 31, 2019	June 30, 2018
Within one month:		
Trade and other payables	\$ 2,483,863	\$ 4,707,108
Later than one month and no later than one year:		
Trade and other payables	-	-
	\$ 2,483,863	\$ 4,707,108

Contractual maturities of financial liabilities As at March 31, 2019	Less than 6 months	6 – 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/liabilities
<b>Non-derivatives</b>							
Trade payables	-	-	-	-	-	-	-
Borrowing	-	-	-	34,514,393	-	34,514,393	34,514,393
<b>Total non-derivatives</b>	-	-	-	<b>34,514,393</b>	-	<b>34,514,393</b>	<b>34,514,393</b>

### 17. RELATED PARTY TRANSACTIONS

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

#### *Namdini Gold Project*

Cardinal Resources Limited has provided funding of \$4,000,674 to Savannah, a related entity to Director Mr Malik Easah. The purpose of the funding was for use by Savannah to defray the costs of acquisition under agreements entered into by Savannah with holders of small scale licences, which licences are intended ultimately to be effectively acquired by Cardinal as part of the development of the Nandini project. As at the date of this report, \$279,354 has been recorded as a prepayment in the consolidated financial statements of Cardinal Resources Limited. The difference is considered repaid by Savannah and has been applied toward the development of the mining licence and expensed during the period.

#### *Consulting Agreements*

Tomlinson Consultancy, of which Kevin Tomlinson is a director, provided geological consulting services to the Company. Amounts that have been paid or payable total \$77,406 (2018: \$259,812) for the nine months ended March 31, 2019.

HopgoodGanim of which Michele Muscillo, a director, is a partner of, provided legal services to the Company. Amounts that have been paid or payable total \$0 (2018: \$12,911) for the nine months ended March 31, 2019.

### 18. SEGMENT REPORTING

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

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



## **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended March 31, 2019 and 2018

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

### **19. SUBSEQUENT EVENT**

On April 23, 2019 112,000 Listed Options were exercised in the Company.

On April 30, 2019 the Company issued 2,180,049 Unlisted Milestone Options exercisable at \$0.679 on or before 21 December 2022 and 2,180,049 Unlisted Milestone Options exercisable at \$0.59 on or before 21 December 2022 to Dr Kenneth G. Thomas and Trevor Schultz, respectively. The issue was approved by shareholders at a meeting held on 11 April 2019.

On May 8, 2019 18,500 Listed Options were exercised in the Company.

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

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

As lead auditor for the review of Cardinal Resources Limited for the three and nine months ended 31 March 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of any applicable code of professional conduct in relation to the review.

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



Jarrad Prue  
Director

BDO Audit (WA) Pty Ltd  
Perth, 14 May 2019

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Cardinal Resources Limited

### Report on the Interim Financial Report

#### Conclusion

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

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

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

#### Directors' responsibility for the Interim Financial Report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with International Financial Reporting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the interim 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 interim 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 interim financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 March 2019 and its financial performance for the three and nine month periods ended on that date and complying with Accounting Standard IAS 34 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

BDO Audit (WA) Pty Ltd

The image shows a handwritten signature in black ink. The signature appears to be 'J Prue' written in a cursive, flowing style. Above the signature, the letters 'BDO' are handwritten in a simple, blocky font.

Jarrad Prue

Director

Perth, 14 May 2019



("Cardinal" or the "Company")

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **For the three and nine months ended March 31, 2019**

#### **GENERAL**

This Management's Discussion and Analysis ("MD&A") supplements, but does not form part of the unaudited condensed interim consolidated financial statements of the Company for the three and nine months ended March, 2019. The following information, prepared as of May 14, 2019, should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended March 31, 2019 and the audited consolidated annual financial statements for the year ended June 30, 2018. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are expressed in Australian dollars unless otherwise indicated.

Additional information relevant to the Company's activities, including the Company's Annual Information Form dated November 30, 2018, can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

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

#### **FORWARD LOOKING INFORMATION**

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

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

Estimates and their underlying assumptions;

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

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

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

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

## DESCRIPTION OF BUSINESS

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

The main focus of activity is the Namdini Gold Project which has a gold Ore Reserve of 5.1Moz (0.4 Moz Proved and 4.7 Moz Probable) and a soon to be completed Feasibility Study.

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

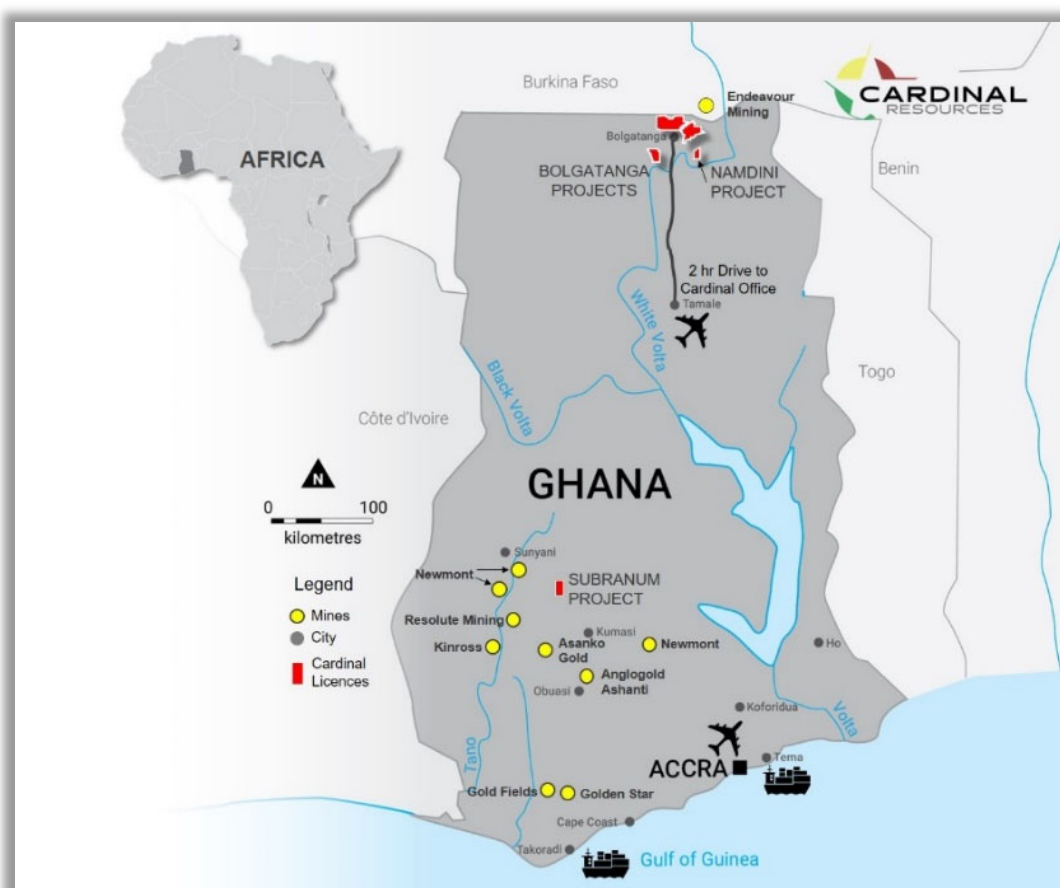


Figure 1: Cardinal Resources Tenements in Ghana

## HIGHLIGHTS DURING THE QUARTER

- On March 27, 2019 the Company announced high grade intercepts on the Ndongo East Discovery located within the Ndongo License area approximately 24km north of the Namdini deposit. Additional shallow gold intersections to the exploration drill results previously announced on November 28, 2018, were located at the Ndongo East Discovery.
- On March 15, 2019 the Company commenced with the feasibility study of the high-voltage power supply for the Namdini Gold Project.
- Work continues on the Enterprise Optimisation study on the Namdini Gold Project with Whittle Consulting Pty Ltd. This has involved rigorous analytical and computational processes at a detailed spatial and technical level to increase the value of the project. The optimised results of which will be fed into the upcoming FS on the Namdini Gold Project.
- Golder Associates continued this quarter with the geochemical assessment of the Namdini Gold Project and will provide a management support programme for any potential Acid and Metalliferous Drainage (AMD) associated with the development of the deposit into operation and eventual closure. This report will feed into the upcoming FS on the Namdini Gold Project.
- On February 18, 2019 the Company arranged a site visit to Namdini with its consultants to finalise geotechnical testing for the Namdini Gold Project process and infrastructure facilities including the tailings storage facility (TSF), access roads and process plant mill positions. A reconnaissance was also completed to ascertain Ghanaian construction capabilities for its process plant and infrastructure.
- On February 22, 2019 the Company commenced with its FS metallurgical testwork programme to ensure remaining process design criteria assumptions are supported by testwork data.
- On January 24, 2019 the Company commenced with its Feasibility Study (FS). This study is being undertaken by the same consultants that completed the Pre-Feasibility Study (PFS) on behalf of the Company lead by Lycopodium Ltd.

## SUBSEQUENT TO THE QUARTER END

- On April 10, 2019 the Company announced that it expected the FS to be completed prior to June 30, 2019. The Company also provided updates on its project finance efforts with Cutfield Freeman.
- On April 3, 2019 the Company announced an updated Ore Reserve on the Namdini Gold Project. This included a Mineral Resource Update and optimisation studies to improve the level definition of the current pit design. This was completed by our consultant partners Golder Associates and MPR Geological Consultants Pty Ltd.

## OUTLOOK

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

The main focus of activity is the Namdini Gold Project which has a gold Ore Reserve of 5.1Moz (0.4 Moz Proved and 4.7 Moz Probable) and a soon to be completed Feasibility Study. The Company expects to continue to generate positive news flow from its ongoing greenfield exploration assets and Feasibility Study activities.

## THE NAMDINI GOLD PROJECT

### Property Title

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

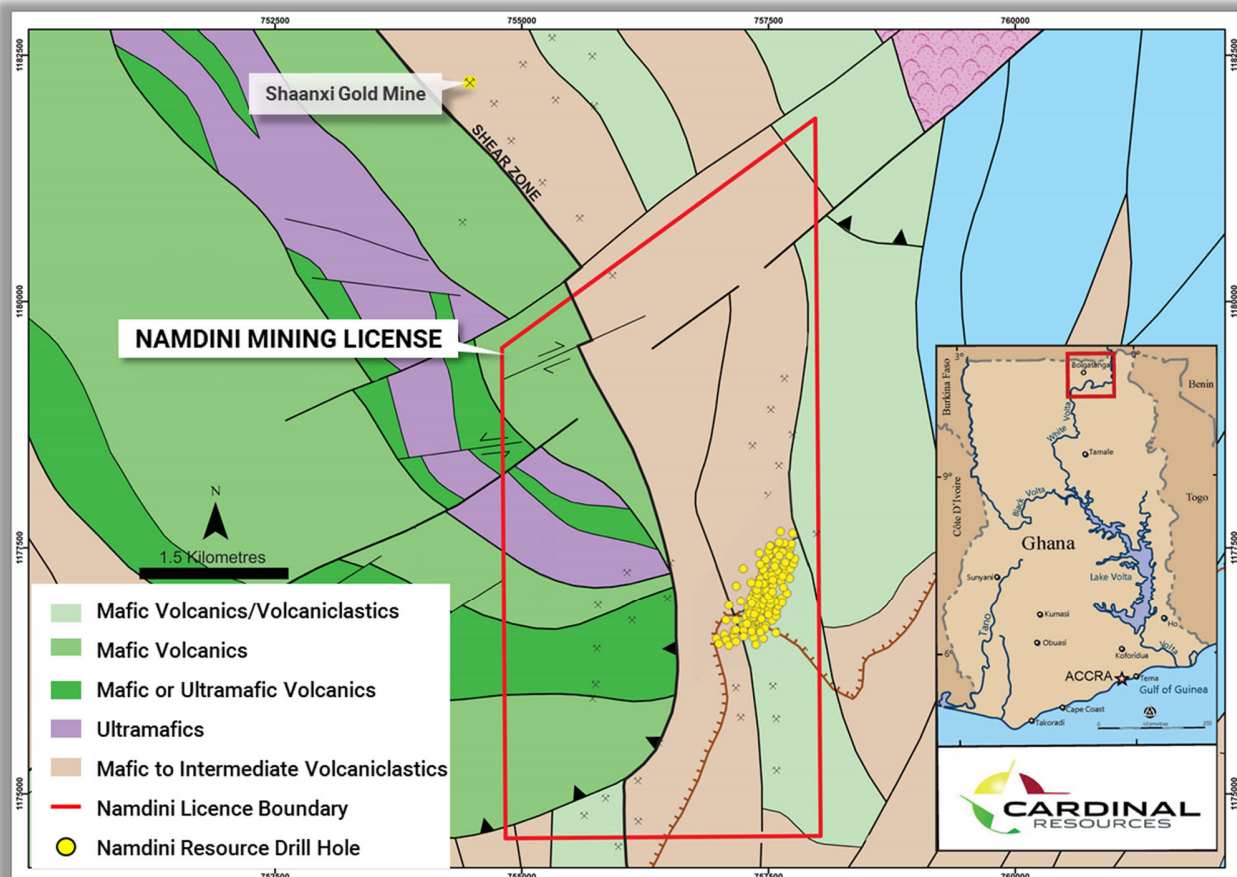


Figure 2: Namdini Gold Project Proximity Map



## Mineral Resource and Ore Reserves Update

The Mineral Resource incorporates the results from all the resource drilling to February 5, 2019 comprising 175 HQ diamond core holes and 151 RC drill holes totalling 87,140 metres.

Reverse circulation drilling (nominally 5¼ inch diameter) was generally 200 metres or less in depth.

Diamond drilling was HQ in both weathered and fresh rock. Most diamond holes and RC holes were downhole surveyed at intervals of generally 30 metres. All HQ core was orientated.

The resource drilling comprises east-west trending traverses of easterly inclined holes. Hole spacing varied from around 12.5 by 25 metres in shallow portions of southern part of the deposit to around 50 by 50 metres and broader in the north and at depth.

Tables 1 and 2 highlight the Mineral Resource estimation reported at a 0.5 g/t Au cut-off grade. Currently, the 0.5 g/t Au cut-off grade approximates an operational parameter that the Company believes to be applicable. This is in accordance with the guidelines of Reasonable Prospects for Eventual Economic Extraction ("RPEEE") per the Canadian Institute of Mining, Metallurgy and Petroleum "CIM Definition Standards for Mineral Resources and Mineral Reserves" (CIM, 2014) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code 2012). The effective date of the Mineral Resource estimate is the February 4, 2019.

All figures in Table 1 and 2 have been rounded to reflect the relative precision of the estimates and to include rounding errors. Mineral Resources are inclusive of Ore Reserves.

Mineral Resource Category	Material Type	Tonnes (Mt)	Gold Grade (g/t Au)	Contained Gold (Moz)
Measured	Oxide	1.1	1.23	0.04
Measured	Fresh	6.4	1.33	0.27
<b>Measured Resource</b>	<b>Total</b>	<b>7.5</b>	<b>1.31</b>	<b>0.32</b>
Indicated	Oxide	3.3	1.08	0.11
Indicated	Fresh	171	1.11	6.10
<b>Indicated Resource</b>	<b>Total</b>	<b>174</b>	<b>1.11</b>	<b>6.21</b>
<b>Measured and Indicated</b>	<b>Oxide</b>	<b>4.40</b>	<b>1.12</b>	<b>0.16</b>
<b>Measured and Indicated</b>	<b>Fresh</b>	<b>177</b>	<b>1.12</b>	<b>6.38</b>
<b>Measured and Indicated</b>	<b>Total</b>	<b>182</b>	<b>1.12</b>	<b>6.53</b>

Table 1: Namdini Measured and Indicated Mineral Resource estimate at 0.5 g/t Au cut off – February 4, 2019

Mineral Resource Category	Type	Tonnes (Mt)	Gold Grade (g/t Au)	Contained Gold (Moz)
Inferred	Oxide	0.04	1.0	0.001
Inferred	Fresh	12	1.2	0.46
<b>Inferred Resource</b>	<b>Total</b>	<b>12</b>	<b>1.2</b>	<b>0.46</b>

Table 2: Namdini Mineral Resource Inferred estimate at 0.5 g/t Au cut off – February 4, 2019

Ore Reserves were estimated for the Namdini Gold Project by Golder Associates, which is summarised in Table 3. The total Proved and Probable Ore Reserve is estimated at 138.6 Mt at 1.13 g/t Au with a contained gold content of 5.1 Moz.

The Ore Reserve for the Project is reported according to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, JORC Code 2012 and Canadian Institute of Mining, Metallurgy and Petroleum “CIM Definition Standards for Mineral Resources and Mineral Reserves” (CIM, 2014). The Mineral Resource was converted applying Modifying Factors. The Proved and Probable Ore Reserve estimate is based on the Mineral Resource classified as Measured and Indicated. Table 3 presents a summary of the Ore Reserves on a 100% Project basis.

Ore Reserve Category	Type	Tonnes (Mt)	Gold Grade (g/t)	Contained Gold (Moz)
Proved	Oxide	1.0	1.21	0.1
Proved	Fresh	6.4	1.33	0.3
<b>Proved Reserve</b>	<b>Total</b>	<b>7.4</b>	<b>1.31</b>	<b>0.4</b>
Probable	Oxide	3.0	1.08	0.1
Probable	Fresh	128.2	1.13	4.6
<b>Probable Ore Reserve</b>	<b>Total</b>	<b>131.2</b>	<b>1.12</b>	<b>4.7</b>
<b>Proved and Probable</b>	<b>Oxide</b>	<b>4.1</b>	<b>1.11</b>	<b>0.2</b>
<b>Proved and Probable</b>	<b>Fresh</b>	<b>134.5</b>	<b>1.13</b>	<b>4.9</b>
<b>Proved and Probable</b>	<b>Total</b>	<b>138.6</b>	<b>1.13</b>	<b>5.1</b>

Table 3: Summary of Namdini’s Proved and Probable Ore Reserve estimate at 0.5 g/t Au cut off.

Table 3 Notes:

1. The Ore Reserve conforms with and uses JORC Code 2012 recommendations and Canadian Institute of Mining, Metallurgy and Petroleum “CIM Definition Standards for Mineral Resources and Mineral Reserves” (CIM, 2014).
2. The Ore Reserve was evaluated using a gold price of USD \$1,300 / oz with USD \$1,225 / oz optimised pit chosen for Ore Reserve pit design to maximise cash flow.
3. The Ore Reserve was evaluated using an average cut-off grade of 0.5 g/t Au.
4. Ore block grade and tonnage dilution was incorporated through the use of an MIK recoverable resource estimation model which was demonstrated to incorporate an expected level of equivalent ore loss and dilution for the scale of mining envisaged.
5. All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.

The mine design and Ore Reserve estimate is based on the revised Mineral Resource model.

Trial open pit optimisations were run in Whittle 4X™ software to define the base of potentially economic material. Four cut back pits were then selected and full mine designs applied.

The Ore Reserve reported in this announcement is a sub-set of the Measured and Indicated Mineral Resource which can be extracted from the mine and processed with an economically acceptable outcome.

#### Project Development and Finance Update

Project Finance Advisers, Cutfield Freeman, have been working closely with Cardinal to ensure that Cardinal is well positioned to execute project finance for the Namdini Gold Project as swiftly as possible following completion of the Feasibility Study.

There has been very strong interest received from a range of potential financiers, providing the Company with a strong degree of confidence that it will be capable of securing the required project funding package on favourable terms.

Cardinal's Project Finance team is continuing to evaluate Indicative Term Sheets from a number of project financiers traditional senior debt lenders to possible corporate scenarios.

#### Project Development Partners

COMPANY	ROLE
Lycopodium	Feasibility Study Managers. Process plant and associated infrastructure. Capital and Operating cost estimation and compilation of the JORC and NI 43-101 Technical reports
Golder Associates	Mine planning and optimisation, pit design and mine scheduling, Geotechnical, Hydrology and Hydrogeological engineering
Orway Minerals Consultants	Comminution data analysis, crushing and grinding circuit option study
ALS Laboratory (Perth)	Metallurgical testwork to support the process design criteria
Knight Piésold Consulting	Tailings Storage Facility and selected infrastructure design
Independent Metallurgical Operations	Metallurgical testwork management, analysis and process flowsheet development
MPR Geological Consultants	Mineral Resource modelling of the Namdini Deposit
Orefind	Geology and deposit structural genesis
Sebbag Group International	Mine Design Review
NEMAS Consult	Environmental Impact Assessment Study
Whittle Consulting	Enterprise Optimisation of the Namdini Project
BDO Advisory	Financial Model Integrity & Reviewer (PEA, PFS and FS)

Table 4: Study Team

### Project Development Timeline

The following preliminary schedule (Table 5) is subject to available funding, positive outcomes for the FS and favorable timelines for permitting;

Milestone	Target Timeline
Completion of PFS ( <b>Completed</b> )	Q3 2018
Completion of FS	Q2 2019
Final Investment Decision	Q4 2019
Target Production Commencement	H1 2022

Table 5: Namdini Project Development Timeline

### Namdini Drilling

Programme	No. Hole s	RC (m)	DD (m)	Total (m)	No. Samples	Duplic -ates	Blank s	Std s	Total Samples
<b>Starter Pit Infill drilling</b>	17	3,005.00	-	3,005.00	1,406	69	33	33	1,541
<b>Sterilisation Drilling</b>	78	4,376.00	211.3	4,587.30	3,503	154	82	85	3,824
<b>Southern Extension</b>	1	-	533.6	533.60	83	-	2	2	87
<b>TOTALS</b>	<b>96</b>	<b>7,381.00</b>	<b>744.9</b>	<b>8,125.90</b>	<b>4,992</b>	<b>223</b>	<b>117</b>	<b>120</b>	<b>5,452</b>
<b>Geotechnical Drilling</b>	2	-	40.0	40.00	NS	-	-	-	-

NS = Not Sampled

Table 6: Namdini Drilling for Q1 2019

#### ***Namdini Starter Pit Infill Drilling***

A total of 17 reverse circulation (“RC”) holes were drilled on the Namdini tenement during the quarter with 1,541 samples, including QAQC controls, submitted to SGS Ghana laboratory for gold analysis using the Fire Assay analytical method (Table 6). The aim of this program is to test the Mineral Resource model with closely spaced drilling within the proposed starter pit, which will provide the first 3 years of mill feed.

Further drilling is planned for Q2 2019 over this area once initial results have been assessed.

Lithologies encountered include metavolcanics, granitoids, diorites and minor metasediments.

#### ***Namdini Infrastructure Sterilization Drilling***

A total of 77 RC holes and 1 diamond hole were drilled within Namdini Mining License during the quarter with 3,824 samples, including QAQC controls, submitted to Intertek Ghana laboratory for gold analysis using the Fire Assay analytical method (Table 6).

Further drilling is planned for Q2 2019 to the north of the current planned open pit to assess the suitability of the area for the location of the plant and other infrastructure.

#### ***Namdini Southern Extension Drilling***

One diamond hole was completed in the southern extension area of Namdini with 87 samples, including QAQC controls, submitted to SGS Ghana laboratory for gold analysis using the Fire Assay analytical method (Table 6).

Drilling in this area was to determine whether the mineralisation extended to the south of the current planned open pit.

Further drilling is planned for Q2 2019.

Lithologies encountered included metasediments and diorites with minor metavolcanics and thin granitoid slivers.

### ***Geotechnical Drilling and Test Pits***

Two diamond drill holes within the float TSF footprint were completed this quarter in order to assess the in-situ permeability characteristics of the sub-surface horizons. The core was logged and photographed and the in-situ tests supervised by Knight Piesold (KP) site representatives. 124 geotechnical test pits around the planned infrastructure areas were also completed under KP supervision. The test pits are excavated to 4 m in depth. They are logged and photographed by KP personnel and samples are taken for laboratory testing. These tests include a number of geotechnical characteristics of the material from the surface, such as particle size distribution, compaction, moisture content, permeability and compressive strength.

## REGIONAL EXPLORATION UPDATE

### ***Bolgatanga Project***

The Bolgatanga Project includes the Bongo, Kungongo, Nangodi, Ndongo, Sheiga and Yameriga Prospecting Licenses (Figure 3). The main focus of the Company's diamond ("DD") and RC drilling was on the highly prospective areas along the Nangodi Shear Zone during this quarter. Detailed ground geophysical surveys were also in progress over the Ndongo License area.

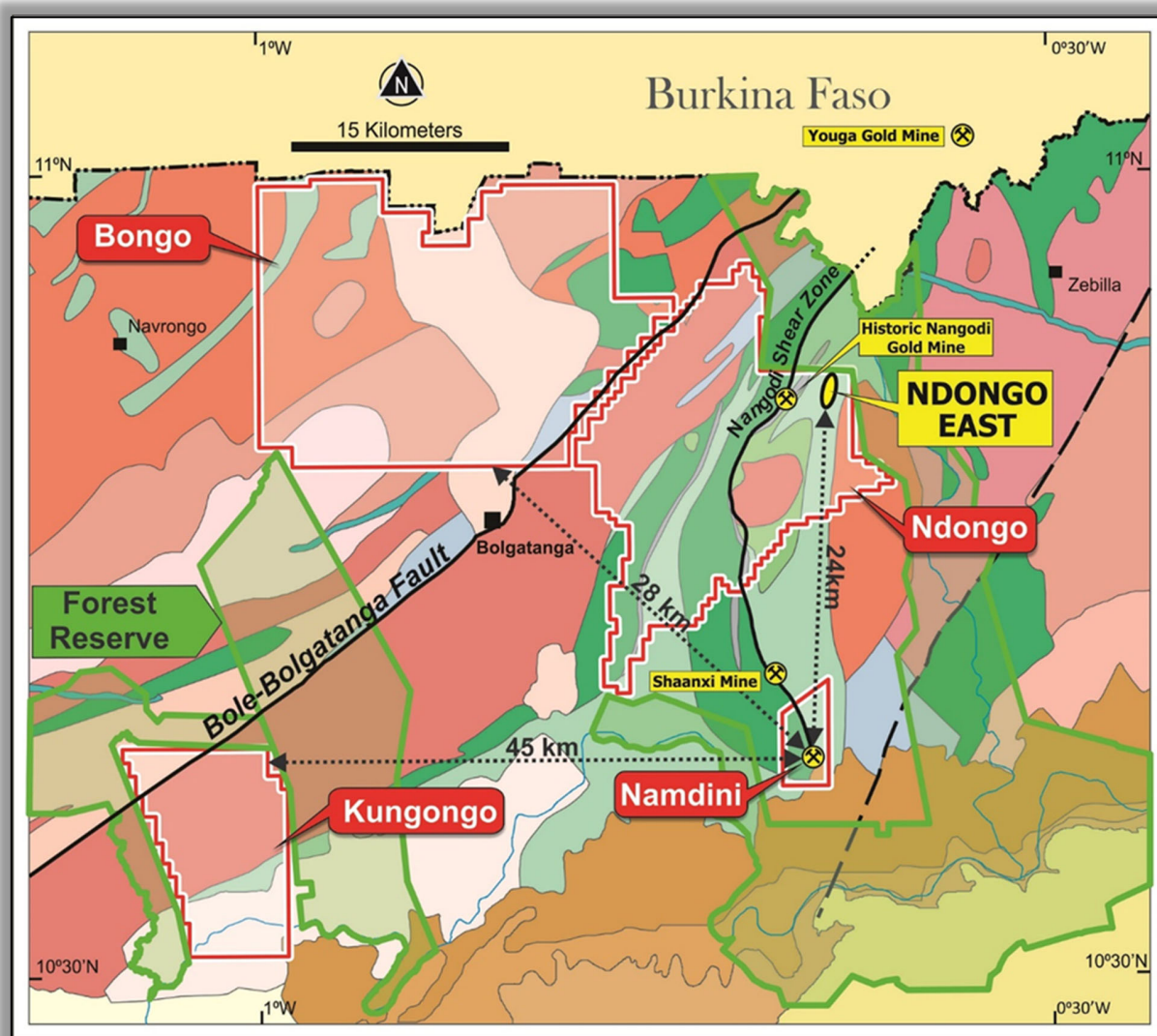


Figure 3: Bolgatanga Project Tenements

### ***Subranum Project***

The Subranum Project is located in southwest Ghana (Figure 1). No exploration activities were done on this tenement during this quarter.

## BOLGATANGA PROJECT

### Exploration Drilling

A total of 24 DD holes were drilled on the Ndongo East Prospect during the quarter with 1,509 samples, including QAQC controls, submitted to Ghana based analytical laboratories for analysis for gold using the Fire Assay analytical method (Table 7).

Prospect	Drill Method	No. Holes	Total (m)	No. Samples	Duplicates	Blanks	Stds	Total Samples
Ndongo East	DD	24	1,573	1,442	-	33	34	1,509

Table 7: Exploration Drilling for Q1 2019

### Ndongo License Area

The Company has continued to concentrate its exploration focus this quarter on the Ndongo Licence which covers an area of 295km<sup>2</sup> (Figure 3 and Figure 4). Exploration has defined six prospects totalling 70km in strike length only 15-25km north of the Namdini Gold Project.

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

### Ndongo East Prospect

The Ndongo East Prospect is located within NE-SW trending Birimian metavolcanics and metasediments.

During H2 – 2018, Cardinal reported several intersections of high-grade gold at its new Ndongo East discovery within the Ndongo License (refer to news releases dated July 16, 2018 and August, 29 2018).

During this quarter, recently completed diamond drilling of this gold target have intercepted further high-grade gold zones (refer to news releases dated January 23, 2019 and March 27, 2019) (Figure 5).

Currently, two diamond rigs continue to test the strike and depth extents of the mineralised system of this prospect.

Best intercepts in the new holes reported include:

- **5.3m @ 13.9 g/t Au** from 78m in NDDD063 (including **2m @ 33.25 g/t Au** from 80m)
- **3.65m @ 3.3 g/t Au** from 59m in NDDD064

Intersections encountered in the drilling have gold mineralisation developed at, or near, the diorite-granodiorite contacts, where competency differences create brittle fracturing which allows the ingress and precipitation of mineralising fluids. The mineralisation is contained within wider alteration haloes comprising variable chlorite-silica-carbonate-sericite with sulphides (mainly pyrite with very minor arsenopyrite). Higher grade quartz-rich lenses are irregularly developed within these haloes.

The mineralised system is open along a northeast-southwest strike and at depth with multiple mineralised intersections. To date most of the high-grade mineralisation has been encountered from surface to a vertical depth of 70 metres.



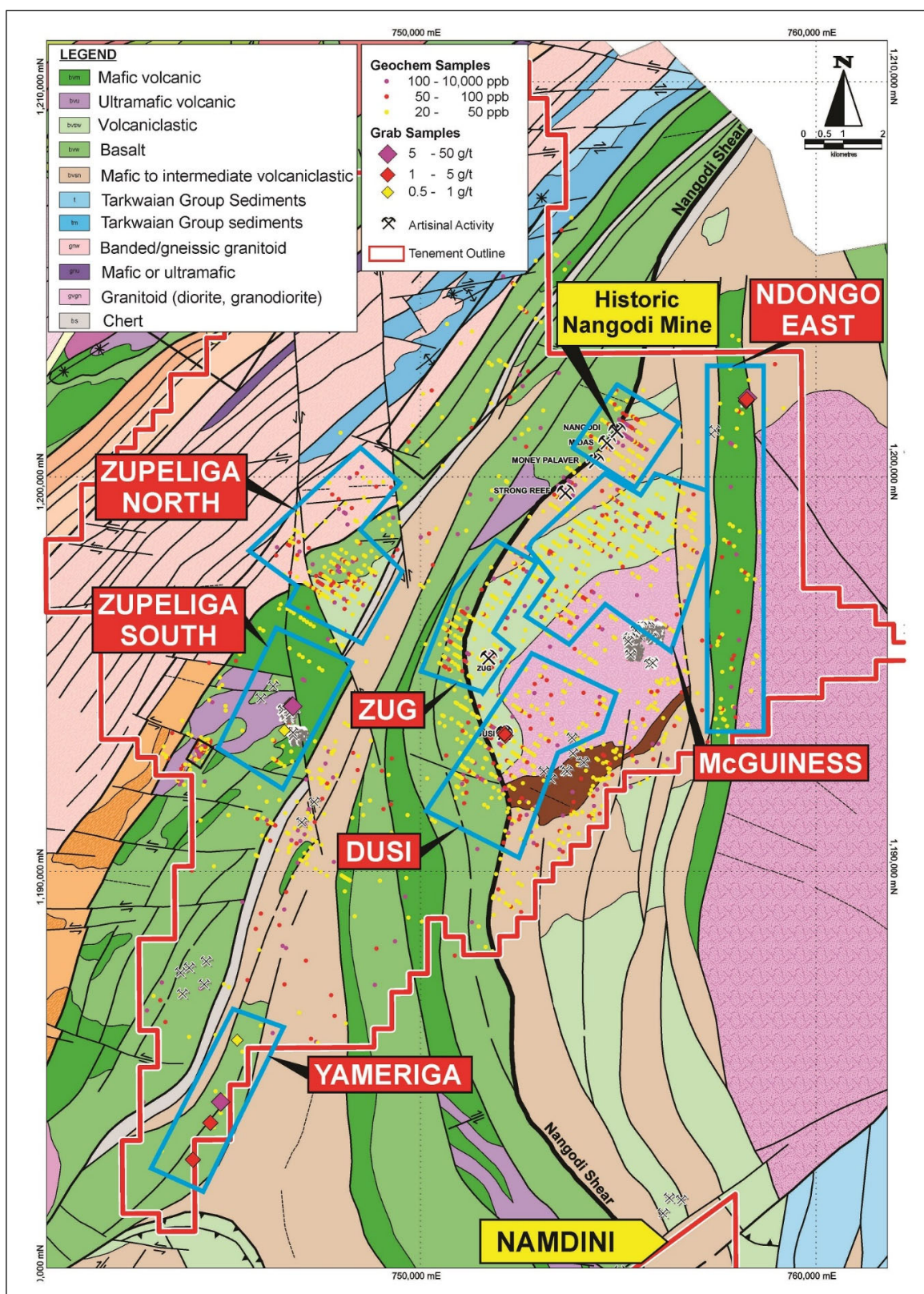


Figure 4: Ndongo Prospecting Licence showing local prospects



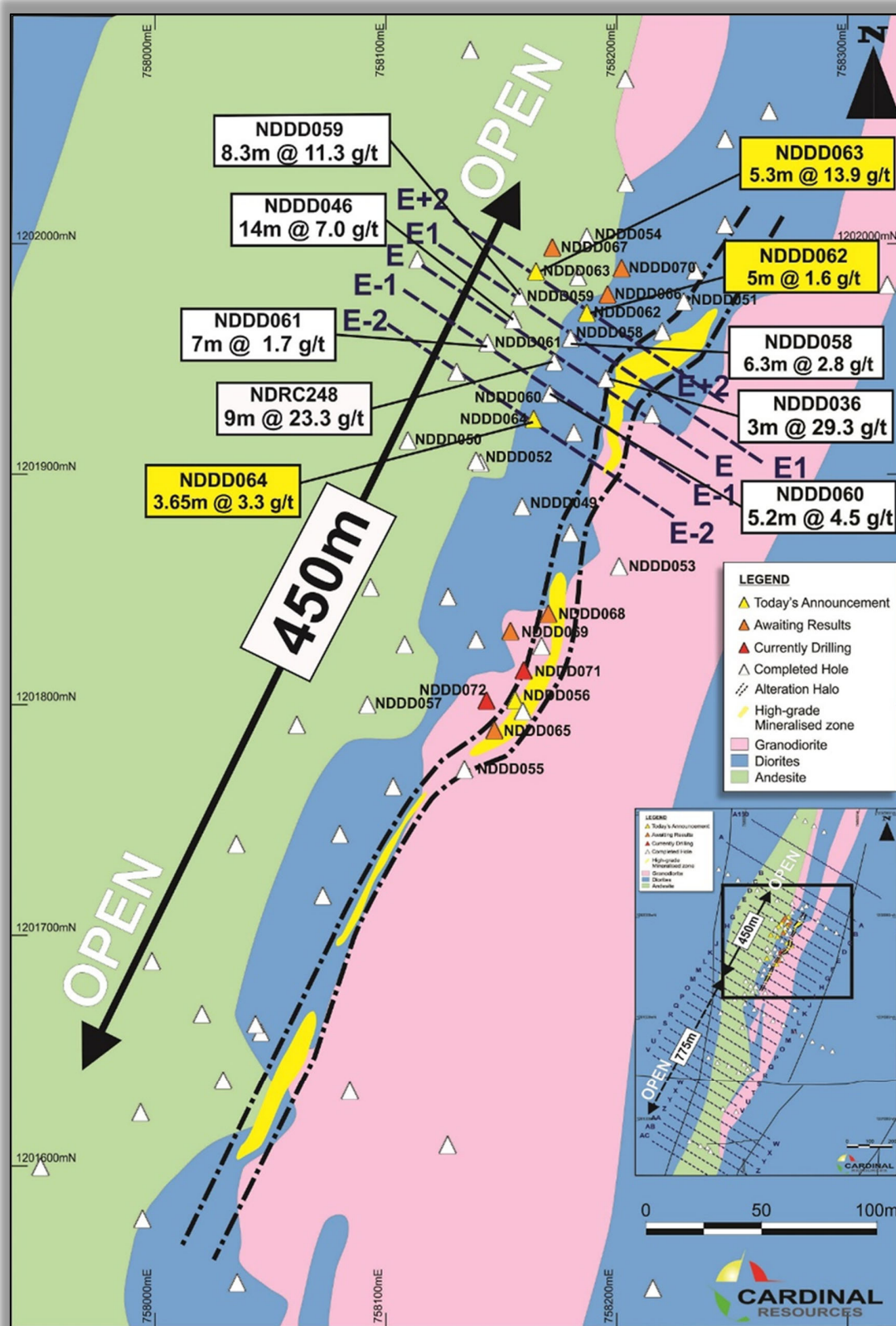


Figure 5: Ndongo East Prospect with drill locations on Geology Image showing NE-SW mineralised structures open along strike.

### Kungongo Tenement

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

No exploration activities were done on this tenement during the quarter.

### SUBRANUM PROJECT

The Subranum Project covers an area of 69km<sup>2</sup> located in southwest Ghana. The license straddles the eastern margin of the Sefwi Gold Belt which is bounded by the regional Bibiani Shear Zone ("BSZ") stretching about 200km across southwestern Ghana (Figure 6).

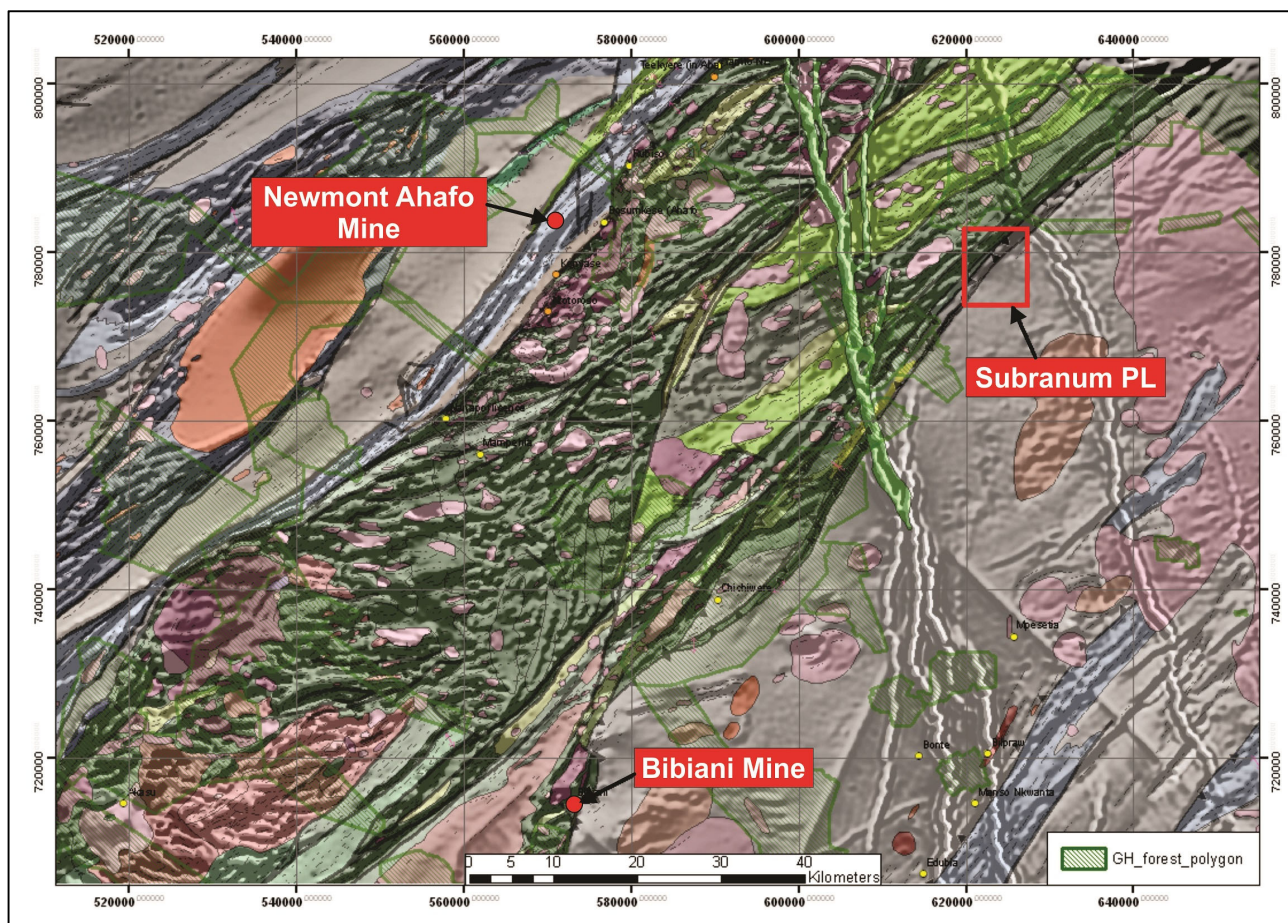


Figure 6: Regional Geology with Subranum Tenement straddling Bibiani Shear Zone

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

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

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

No exploration activities were done on this tenement during this quarter.

## CORPORATE

The Company was pleased to announce on January 2, 2019 the appointment of Non-Executive Director Trevor Stanley Schultz.

Mr Schultz has over 45 years in the mining industry with experience in project development, construction and operations. Between 2008 and 2018 he was an Executive and Non-Executive Director with Centamin Egypt and was responsible for the construction of the 12Mtpa processing plant which has a similar flowsheet to Cardinal's proposed flowsheet.

Prior to this, he served as Chief Operating Officer at Ashanti Goldfields Corporation (now Anglo Gold Ashanti Ltd) and was a resident of Ghana for 6 years. Furthermore, he worked for BHP in Australia and America and in South Africa with Anglo American Corporation.

Trevor has an MA in Economics from Trinity College, England (1968), an MSc in Mining Engineering, from Witwatersrand University, South Africa (1972) and an Advanced Management Programme Diploma from Harvard Business School, USA (1986).

### **Archie Koimtsidis, CEO / MD of Cardinal, said:**

"We are pleased to have Trevor join the Cardinal Board where his many years of expertise in project development will be of significant value to Cardinal and its stakeholders as the company moves the Namdini Gold Project towards the next level, its Definitive Feasibility Study which is anticipated in Q3 - 2019.

"The Board and Management would like to thank Mr Robert Schafer for his geological contribution. We appreciate Robert's offer to provide advice as an independent consultant as we develop our district and near mine targets and wish him the best in his future endeavours."

### **Competent / Qualified Person Statement**

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

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

Cardinal confirms that it is not aware of any new information or data that materially affects the information included in its press announcement of the Ore Reserve of 03 April 2019 or its Maiden Ore Reserve as of 18 September 2018. All material assumptions and technical parameters underpinning these estimates continue to apply and have not materially changed.



**JORC 2012**

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

- 10 April 2019 Feasibility Study and Project Finance Updates
- 03 April 2019 Cardinal's Namdini Ore Reserve Now 5.1 Moz
- 23 Jan 2019 Cardinal Hits More High-Grade Shallow Gold at Ndongo East
- 28 Nov 2018 New Drill Season hits high-grade shallow gold at Ndongo East
- 18 Sept 2018 Cardinal Namdini Pre-Feasibility Study 4.76Moz Ore Reserve
- 29 Aug 2018 Cardinal Extends Ndongo East Discovery Strike Length
- 31 July 2018 Cardinal Executes U\$5 Million Term Sheet with Sprott
- 16 July 2018 Cardinal Makes New Gold Discovery at Ndongo East
- 28 May 2018 Encouraging First Pass Gold Results at Ndongo
- 19 April 2018 Technical Report on Namdini Gold Project Filed on SEDAR
- 04 April 2018 First Pass Regional Exploration Drilling Underway
- 05 Mar 2018 Cardinal Upgrades Indicated Mineral Resource to 6.5Moz
- 22 Feb 2018 Cardinal Infill Drilling Results Returned
- 05 Feb 2018 Namdini Gold Project Preliminary Economic Assessment
- 22 Jan 2018 Namdini Infill Drilling Results Returned
- 14 Dec 2017 Namdini Drilling and Regional Exploration Update
- 12 Dec 2017 Cardinal Grade Control Drill Results Returned

The Company confirms it is not aware of any new information or data that materially affects the information included in this MD&A relating to exploration activities and all material assumptions and technical parameters underpinning the exploration activities in those market announcements continue to apply and have not been changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements. Cardinal is not aware of any new information or data that materially affects the information included in its announcement of the Ore Reserve press release of 03 April 2019 or its Maiden Ore Reserve as of 18 September 2018. All material assumptions and technical parameters underpinning this estimate continue to apply and have not materially changed.

**SELECTED QUARTERLY INFORMATION**

The following table provides information for the eight quarters:

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>	<b>June 30, 2018</b>
Exploration and evaluation expenditures	\$ 3,148,110	\$ 2,677,484	\$2,688,805	\$ 3,653,287
Corporate general and administration	2,793,398	3,209,356	2,340,813	1,646,341
Share based payments	437,274	(206,785)	576,924	899,469
Amortisation	68,386	58,632	85,732	67,080
Net comprehensive loss	6,332,902	5,621,705	5,728,687	6,148,313
Loss per share – basic and fully diluted	0.016	0.015	0.015	0.016
Total assets	28,107,499	32,098,054	38,781,204	10,241,614
Total liabilities	37,070,317	35,285,389	36,384,698	4,766,976
Shareholders' equity (deficiency)	(8,962,818)	(3,187,335)	2,396,506	5,474,638

	<b>March 31, 2018</b>	<b>December 31, 2017</b>	<b>September 30, 2017</b>	<b>June 30, 2017</b>
Exploration and evaluation expenditures	\$ 4,640,781	\$ 8,978,587	\$9,474,793	\$ 5,561,110
Corporate general and administration	1,151,889	1,833,531	1,313,891	1,327,354
Share based payments	1,582,306	1,107,762	1,152,825	1,416,544
Amortisation	50,674	62,813	36,887	40,856
Net comprehensive loss	7,357,850	12,249,188	12,066,104	8,422,184
Loss per share – basic and fully diluted	0.02	0.03	3.44	4.98
Total assets	15,406,176	20,938,595	21,342,325	30,109,678
Total liabilities	4,789,126	4,617,683	6,411,267	3,903,107
Shareholders' equity	10,617,050	16,320,912	14,931,058	26,206,571

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

Starting in 2015 to 2017, due to the exploration success at the Company's Namdini Gold Project, the Company had on a year-over-year basis increased exploration and evaluation spending, in order to outline and ultimately increase the confidence level in the Namdini resource base and to prepare initial technical evaluations of development scenarios.

As the Company continues to prepare its feasibility reports exploration and evaluation expenditure at Namdini has remained consistent.

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

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

From January 1, 2017, the Company's corporate general and administration expenses have increased progressively due to an increase of Perth staff from 3 personnel to 7 personnel, which included the appointment

of a Project Manager, Geology Manager, Canadian Corporate Secretary and Chief Financial Officer. There have been no significant changes to staff expenses from the quarter ended March 31, 2018 to March 31, 2019.

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

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

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

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

The increase in total liabilities for the three months ended March 31, 2019 is mainly attributable to the completion of the Facility.

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

## RESULTS OF OPERATIONS

	Three months ended March 31,		Nine months ended March 31	
	2019	2018	2019	2018
Exploration and evaluation expenditures	\$ 3,148,110	\$ 4,640,781	\$ 8,514,399	\$ 23,094,305
Corporate general and administration	2,793,398	1,151,889	8,341,566	4,299,311
Share/Option based payments	437,274	1,582,306	807,413	3,842,893
Amortisation	68,386	50,674	212,751	150,374
Interest and other income	(120,156)	(44,226)	(258,795)	(141,306)
Foreign exchange loss/(gain)	5,890	554,159	(63,676)	102,876
<b>Net Loss for the period</b>	<b>\$ 6,332,902</b>	<b>\$ 6,827,265</b>	<b>\$ 17,553,658</b>	<b>\$ 31,142,701</b>

- For the three and nine months ended March 31, 2019, exploration and evaluation expenditures decreased from comparable period due to the Company's increased exploration and development activities at the Namdini Gold Project during the three and nine months ended March 31, 2018 which included the preparation of an initial resource estimate through resource drilling. Infill exploration at Namdini is now minimal as the Company prepares its Feasibility Study.
- In conjunction with the reduced expenditure at Namdini there is also reduced exploration expenditure on the Bongo, Kungongo and Subranum Projects.
- The Company's corporate general and administration expenses have increased from the prior year due to an increase in costs from the Company due the costs associated with the Facility.
- For the three and nine months ended March 31, 2019, share based payments have decreased due to the milestone 1 hurdle, being the completion of a PEA, which was achieved in February 2018 being fully expensed. The fair value of the option grants, are being amortized to income over their respective

vesting periods. During the period several milestone options were cancelled due the resignation of directors and CFO. The expense previously recorded in relation to the milestone options was reversed.

For the three and nine months ended March 31, 2019 and 2018, exploration and evaluation expenditures comprise:

	Three months ended March 31,		Nine months ended March 31,	
	2019	2018	2019	2018
Direct exploration costs	\$ 2,048,545	\$ 3,090,388	\$ 5,610,123	16,563,717
Indirect exploration costs	536,252	988,197	1,753,340	4,599,376
Site general and administration costs	563,313	462,196	1,150,936	1,921,212
<b>Exploration and evaluation expenditures</b>	<b>\$ 3,148,110</b>	<b>\$ 4,640,781</b>	<b>\$ 8,514,399</b>	<b>\$ 23,094,305</b>

Exploration and evaluation expenditures decreased from comparable periods due to exploration at Namdini now minimal as the Company prepares its FS. The Company increased exploration activities at the Namdini Gold Project during the three and nine months ended March 31, 2019 which included the preparation of an initial resource estimate through resource drilling.

The costs in the year to date 2018 and the March 2018 quarter included the execution of larger drill programs to define and upgrade gold resources at Namdini, coupled with increased regional exploration activity.

General site and administration costs decreased for the nine months ended March 31, 2019, compared to the same period in 2018, due to a decrease in drilling activities at Namdini as the Company focuses on its Feasibility Studies.

#### *Corporate Administration Expenses*

Corporate administration expenditures for the three and nine months ended March 31, 2019 increased, compared to the same period in 2018, mainly attributable to the Company completing the Facility and the on-going costs in relation to the Facility.

#### *Share based Payments*

For the three and nine months ended March 31, 2019, share based payments decreased, compared to the same period in 2017, the decrease in share-based payments is mainly attributable to the milestone 1 hurdle, being the completion of a PEA, which was achieved in February 2018 and has been fully expensed. The fair value of the option grants is being amortized to income over their respective vesting periods. During the nine months ended March 31, 2019 the Company had milestone options lapse due the resignation of two directors and CFO.

## FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2019, the Company had cash and cash equivalents of \$24,985,932 (June 30, 2018 - \$7,303,807) and current liabilities of \$2,555,924 (June 30, 2018 - \$4,766,976).

As at March 31, 2019, the Company had a working capital balance of \$24,635,501 (June 30, 2018 - \$3,517,055).

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

The increase in cash and working capital from March 31, 2019 to June 30, 2018 was \$17,682,125 and \$21,118,446 respectively, which was primarily due to the US\$25 million credit facility with Sprott.

Funds raised from the US\$25 million facility are being used towards working capital and funding to completion of Feasibility Studies at Namdini. The Company expects its current capital resources to be sufficient to advance its planned activities.

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

## COMMITMENTS AND CONTINGENCIES

The Corporation has commitments in respect to the use of an office premises in Perth, Western Australia, for \$5,480 per month, the lease is for five years from 8 January 2019.

The Corporation has commitments in respect to the use of an office outside of Australia, for C\$2,702 per month until 31 March 2021.

Cardinal Resources Subranum Limited will be required to pay Newmont Ghana Gold Limited US\$50,000 per annum from the date which Cardinal Resources Subranum Limited reports a “gold resource estimate” of 1Moz of gold. Subject to the grant of a Mining Lease under the 2006 Mining Act (Ghana), Cardinal Resources Subranum Limited will be required to pay Newmont Ghana Gold Limited a 2% net smelter royalty.

Cardinal Namdini Mining Limited (Cardinal Namdini), entered into a Net Smelter Royalty Deed (“**Royalty Deed**”) in January 2018, whereby Cardinal Namdini will pay to Savannah Mining Limited (“**Savannah**”) a net smelter return royalty (“**Net Smelter Return**”) equal to:

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

Cardinal entered into a definitive agreement with Kinross Gold Group subsidiary Red Back Mining Ghana Limited (“**Red Back**”) in 2017 to acquire 100% ownership of two large scale prospecting licences located in North East Ghana. Cardinal has entered into a Royalty Agreement with Red Back, whereby Cardinal shall pay to Red Back a 1% net smelter return royalty on any minerals produced from the properties.



The Company has commitments in respect to the Facility. The key terms of the Facility are as follows:

- Committed loan facility of US\$25 million;
- 30-month repayment term, being 28 February 2021;
- Interest rate of LIBOR + 7.75%; and
- 50% of the interest is capitalised.

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

(i) Loan Covenants

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

- a) Under the terms of the credit facility, Cardinal's working capital ratio shall be equal to or greater than 1.20 to 1.00; and
- b) The amount of Cardinal's unrestricted cash is greater than US\$2,500,000 or if, denominated in AU\$ equivalent to US\$2,500,000.

Cardinal has complied with these covenants throughout the report period.

#### OFF-BALANCE SHEET ARRANGEMENTS

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

#### PROPOSED TRANSACTIONS

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

#### FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

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

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

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

### Credit Risk

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

	March 31, 2019	June 30, 2018
Cash held in bank accounts	\$ 6,330,047	\$ 2,819,794
Term deposits	18,655,885	4,484,013
	<b>\$ 24,985,932</b>	<b>\$ 7,303,807</b>

### Liquidity Risk

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

At March 31, 2019, the Company had cash and cash equivalents of \$24,985,932 (June 30, 2018 - \$7,303,807) available and current liabilities of \$2,555,924 (June 30, 2018 - \$4,766,976). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

### Market Risk

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

### Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to fluctuations in foreign currencies through its operations in Ghana and through its US\$25m senior credit facility. The Company monitors this exposure, but has no hedge positions.

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

DESCRIPTION	March 31, 2019		June 30, 2018	
	US\$ AUD Equivalent	Ghana Cede AUD Equivalent	US\$ AUD Equivalent	Ghana Cede AUD Equivalent
Cash	\$ 17,407,323	180,655	\$ 2,681,665	\$ 93,508
Other receivables	0	0	0	0
Value added tax receivables	0	1,158,518	0	724,137
Accounts payable and accrued liabilities	(755,858)	(96,906)	(3,267,257)	(616,542)
Borrowings	(34,514,393)	-	-	-
<b>Total</b>	<b>\$ (17,862,928)</b>	<b>\$ 1,242,267</b>	<b>\$ (585,592)</b>	<b>\$ 201,103</b>

Based on the statement of exposure as at March 31, 2019, a 1% movement in foreign exchange rates would increase/decrease the loss for the year before taxation by \$251,186 (June 30, 2018: \$3,585).

### Interest Rate Risk

Interest rate risk consists of two components:

- To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.
- The financial instrument that primarily expose the Company to interest rate risk is borrowings. Interest rate risk is managed by the credit facility having a fixed interest component and a variable interest component, i.e. LIBOR + 7.75%.

### Determination of Fair Value

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

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

### Fair Value Hierarchy

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

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

As at March 31, 2019 and June 30, 2018, the Company's financial instruments are comprised of cash and cash equivalents, other receivables, value added tax receivable, accounts payable accrued liabilities, and borrowings. With the exception of cash and cash equivalents and borrowings all financial instruments held by the Company are measured at amortized cost.

### CAPITAL MANAGEMENT

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

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

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's investment policy is to hold cash in interest-bearing bank accounts or highly liquid short-term interest-bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products. The Company expects its current capital resources to be sufficient to cover its operating costs and to carry out its exploration activities through the next twelve months. As such, the Company will seek to raise additional capital and believes it will be able to do so, but recognizes the uncertainty attached thereto. There have been no changes to the Company's approach to capital management during the three and nine months ended March 31, 2019.

## **RELATED PARTY TRANSACTIONS**

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

### *Namdini Gold Project*

Cardinal Resources Limited has provided funding of \$4,000,674 to Savannah, a related entity to director, Mr Malik Easah. The purpose of the funding was for use by Savannah to defray the costs of acquisition under agreements entered into by Savannah with holders of small scale licences, which licences are intended ultimately to be effectively acquired by Cardinal as part of the development of the Namdini Gold Project. As at the date of this report, \$279,354 has been recorded as a prepayment in the consolidated financial statements of Cardinal Resources Limited. The difference is considered repaid by Savannah and has been applied toward the development of the mining licence and expensed during the period.

### *Consulting Agreement*

Tomlinson Consultancy, of which Kevin Tomlinson is a director, provided geological consulting services to the Company. Amounts that have been paid or payable total \$77,406 (2018: \$259,812) for the nine months ended March 31, 2019.

HopgoodGanim of which Michele Muscillo, a director, is a partner of, provided legal services to the Company. Amounts that have been paid or payable total \$0 (2018: \$12,911) for the nine months ended March 31, 2019.

## KEY MANAGEMENT COMPENSATION

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

	Three months ended March 31,		Nine months ended March 31,	
	2019	2018	2019	2018
Salaries, fees and leave	\$ 21,900	\$ 403,203	\$ 21,900	\$ 1,225,994
Consulting fees	594,009	-	1,176,230	-
Non-monetary	46,687	4,969	71,662	14,907
Superannuation expense	-	-	-	4,268
Equity based payments	296,123	1,087,238	901,530	2,746,541
	<b>\$ 958,719</b>	<b>\$ 1,495,410</b>	<b>\$ 2,171,322</b>	<b>\$ 3,721,710</b>

## SHARE POSITION AND OUTSTANDING WARRANTS AND OPTIONS

The Company's outstanding share position as at May 14, 2019 is as follows:

	Number of shares
Ordinary shares	382,652,888
Listed options	110,519,935
Unlisted options	33,746,015
60 Class C Performance Shares	6,000,000
<b>Fully diluted share capital – May 14, 2019</b>	<b>532,918,838</b>

### Ordinary Shares

The Company is authorised to issue an unlimited number of Ordinary Shares, subject to certain restrictions prescribed in the ASX Listing Rules, the Corporations Act (Australia) and the Company's constitution. Under the ASX Listing Rules, subject to certain exceptions and without the approval of shareholders of the Company, the Company may not issue or agree to issue during any 12-month period equity securities (including options and other securities convertible into equity) if the number of securities issued or agreed to be issued would exceed 15% of the total equity securities on issue at the commencement of the 12-month period. At the Company's annual general meeting held on October 31, 2018, shareholders approved the issue of an additional 10% of the Company's issued capital, subject to satisfaction of certain criteria prescribed in the ASX Listing Rules and the Company's notice of annual general meeting dated September 25, 2018.

### Listed Options

Details of listed options (ASX: CDVOA) outstanding as of May 14, 2019 are:

	Expiry	Number of Options	Weighted Average Exercise Price
Listed Options	September 30, 2019	110,519,935	\$0.15

### Stock Options

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

The following is a summary of share purchase options activity for the three months ended March 31, 2019:

Grant Date	Expiry Date	Exercise Price	During the period				Closing Balance	Vested and Exercisable	Unvested
			Opening Balance	Granted	Exercised	Expired / Cancelled			
03.18.16	03.18.20	\$0.22	6,000,000	-	-	-	6,000,000	6,000,000	-
04.03.17	04.12.22	\$0.50	18,500,000	-	-	-	18,500,000	5,550,000	12,950,000
12.21.17	12.21.22	\$0.75	1,000,000	-	-	-	1,000,000	1,000,000	-
12.21.17	12.21.22	\$0.825	5,758,000	-	-	(5,758,000)	-	-	-
12.21.17	12.21.22	\$0.965	4,036,200	-	-	(2,018,100)	2,018,100	-	2,018,100
12.03.19	12.03.21	\$1.00	-	1,867,817	-	-	1,867,817	1,867,817	-
<b>Weighted average exercise price \$0.22</b>									

### Performance Shares

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

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

## OTHER DATA

Additional information related to the Company, including the Company's Annual Information Form dated November 30, 2018 is available for viewing at [www.sedar.com](http://www.sedar.com).

## ADOPTION OF NEW AND AMENDED IFRS PRONOUNCEMENTS

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

The following accounting standard were issued with an effective date of 1 July 2018:

- IFRS 9: Financial Instruments – The Board has reviewed the new accounting standard and has assessed that the adoption of the new standard has no impact on the results of the Company for the review period ended March 31, 2019; and
- IFRS 15: Revenue from Contracts with Customers – The Board has reviewed the new accounting standard and has assessed that the adoption of the new standard has no impact on the results of the Company for the review period ended March 31, 2019.

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

- IFRS 16: Leases (applicable to annual reporting periods beginning on or after 1 July 2019). When effective, this Standard will replace the current accounting requirements applicable to leases in IAS 17: Leases and related Interpretations. IFRS 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

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

- recognition of a right-of-use asset and lease liability for all leases (excluding short-term leases with a lease term 12 months or less of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with IAS 16: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

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

## RISKS AND UNCERTAINTIES

### *Risks Related to the Industry*

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

Mineral exploration is highly speculative in nature, generally involves a high degree of risk and frequently is non-productive. The mineral tenements of the Company are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of these tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited or will result in a profitable commercial mining operation.

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

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

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

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

There is a degree of uncertainty attributable to the calculation of mineralization, resources and reserves and corresponding grades being mined or dedicated to future production. Until reserves or mineralization are actually mined and processed, the quantity of mineralization and reserve grades must be considered estimates only. These estimates depend upon geological interpretation and statistical inference drawn from drilling and sampling analysis, which may prove unreliable. There can be no assurance such estimates will be accurate. In addition, the



quantity of reserves and mineralization may vary depending on commodity prices. Any material changes in quantity of reserves, mineralization, grade or stripping ratio may affect the economic viability of a mine. In addition, there can be no assurance that recoveries from laboratory tests will be duplicated in tests under on-site conditions or during production. The inclusion of mineral resource estimates should not be regarded as a representation that these amounts can be economically exploited and no assurances can be given that such resource estimates will be converted into reserves. Different experts may provide different interpretations of resource estimates.

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

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

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

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

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

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

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

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

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

### **Competitive Conditions**

There is aggressive competition within the mineral exploration and mining industry for the discovery and acquisition of properties considered to have commercial potential, and for management and technical personnel. The Company's 'ability to acquire projects in the future is highly dependent on its ability to operate and develop its current assets and its ability to obtain or generate the necessary financial resources. The Company will compete with other parties in each of these respects, many of which have greater financial resources than the Company. Accordingly, there can be no assurance that any of the Company's future acquisition efforts will be successful, or that it will be able to attract and retain required personnel. Any such failure could have a material adverse impact upon the Company.

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

#### **Operational Risks**

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

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

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

#### **Borrowing Risk**

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

### **Funding Risk**

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

### **Exploration Costs**

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

### **Uninsurable Risks**

In the course of exploration, development and production of mineral properties, risks, including, but not limited to, unexpected or unusual geological or operating conditions, natural disasters, inclement weather conditions, pollution, rock bursts, cave-ins, fires, flooding, earthquakes, civil unrest, terrorism and political violence may occur. It is not always possible to fully insure against all risks associated with Cardinal's operations and Cardinal may decide not to take out insurance against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of Cardinal.

### **Conflicts of Interest**

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

### **Foreign currency risk**

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

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

### **Interest Rate Risk**

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

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

### Environmental Bonds

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

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

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

### Risks of Operating in Ghana

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

Furthermore, the Company requires consultants and employees to work in Ghana to carry out its planned exploration and development programs. It may be difficult from time to time to find or hire qualified people in the mineral exploration industry who are situated in Ghana, or to obtain all of the necessary services or expertise in Ghana, or to conduct operations on its projects at reasonable rates. If qualified people and services or expertise cannot be obtained in Ghana, the Company may need to seek and obtain those services from service providers located outside of Ghana which could result in delays and higher costs to the Company.

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

Cardinal being subject to additional taxation or which could otherwise have a material adverse effect on Cardinal's profitability, results of operations, financial condition and the trading price of Cardinal's securities.

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

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

### **Government Policy Changes**

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

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

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

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

### **Ownership Risks**

The Constitution of Ghana vests title in every mineral in its natural state to the Government of Ghana. The exercise of any mineral right in the form of reconnaissance, exploration or exploitation of any mineral in Ghana requires an appropriate license or mineral right to be issued by the Government of Ghana acting through the Minister.

There is no assurance that title to the properties in which the Company has interests will not be challenged. The acquisition of title to mineral exploration properties is a very detailed and time-consuming process. Title to and the area of mineral properties may be disputed. While the Company has diligently investigated title to the properties in which it has an interest, it may be subject to prior unregistered agreements or transfers or indigenous land claims and title may be affected by undetected defects. Consequently, the boundaries may be disputed.

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

### **Permitting and Licensing Risks**

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

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

### **Artisanal Miners**

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



## **General Risks**

### **Market Conditions**

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

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

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

### **Current Global Financial Condition**

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

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

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

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

### **Commodity Prices**

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

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

#### **Reliance on Key Personnel**

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

#### **Dilution Risk**

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

#### **CRITICAL ACCOUNTING ESTIMATES**

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

##### ***Deferred taxation***

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

##### ***Provisions***

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

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

#### **MINERAL RESOURCE ESTIMATES**

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



**JORC Code**

The following definitions are reproduced from the JORC Code:

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

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

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

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

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

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

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

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

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

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

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

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

Internal controls have been designed to provide reasonable assurance regarding the reliability of the Company’s financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. As at March 31, 2019, the Company’s Chief Executive Officer and Chief Financial Officer evaluated or caused to be evaluated under their supervision the effectiveness of the Company’s internal control over financial reporting. During the first quarter of 2018, no changes were made in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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

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

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

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

Management is responsible for establishing and maintaining adequate internal controls over disclosure controls and procedures, as defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings of the Canadian Securities Administrators and Rules 13a-15(e) and Rule 15d-15(e) under the United States Exchange Act of 1934, as amended. Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. As at March 31, 2019, management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that, as of March 31, 2019, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the publicly filed reports is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.