

CARDINAL RESOURCES LIMITED
ACN 147 325 620

NOTICE OF GENERAL MEETING

AND

EXPLANATORY MEMORANDUM

IMPORTANT INFORMATION

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

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

CARDINAL RESOURCES LIMITED
ACN 147 325 620

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of the Shareholders of Cardinal Resources Limited will be held at Level 1, 115 Cambridge Street, West Leederville, Western Australia at 9.00am (WST) on 4 February 2015 to conduct the following business and to consider, and if thought fit, to pass the following Resolutions.

AGENDA

RESOLUTION 1 - APPROVAL FOR THE ISSUE OF PERFORMANCE SHARES TO SAVANNAH MINING LIMITED

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

"That, for the purpose of Listing Rule 7.1, and for all other purposes, Shareholders approve the allotment and issue of 60 Performance Shares to Savannah Mining Limited on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if this Resolution is passed, and any associates of such a person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

DATED THIS 14th DAY DECEMBER 2014

BY ORDER OF THE BOARD

SARAH SHIPWAY
COMPANY SECRETARY

NOTES

Definitions

Terms which are used in this Notice and which are defined in Section 2 of the Explanatory Memorandum have the meanings ascribed to them therein.

Note

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

Proxies

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

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

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

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

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

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

- at Level 1, 115 Cambridge Street, West Leederville, WA, 6007; or
- at PO Box 1305, West Leederville, WA, 6901; or
- on facsimile number +61 8 9 322 6610,

not later than 9.00am (WST) on 2 February 2015.

Pursuant to regulation 7.11.37 of the Corporations Regulations, the Board has determined that the shareholding of each Shareholder for the purposes of ascertaining the voting entitlements for the Meeting will be as it appears in the share register at 4.00pm (WST) on 3 February 2015.

Bodies Corporate

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

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

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

CARDINAL RESOURCES LIMITED
ACN 147 325 620

EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of a Notice convening a General Meeting of Shareholders of Cardinal Resources Limited to be held at Level 1, 115 Cambridge Street, West Leederville, Western Australia at 9.00am (WST) on 4 February 2015. This Explanatory Memorandum is to assist Shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the Resolutions proposed. Certain terms used in this Explanatory Memorandum are defined in Section 2.

1. RESOLUTION 1 - APPROVAL FOR THE ISSUE OF PERFORMANCE SHARES TO VENDOR

1.1 Background

As announced by the Company on 25 November 2014, the Company has, through its wholly owned subsidiary of Cardinal Resources Ghana Limited, agreed to purchase the highly prospective Ndongo North Concession adjacent to the existing Ndongo tenement area within the Bolgatanga project area in North-East Ghana ("**Acquisition**") from Savannah Mining Limited ("**Savannah**").

The key terms of the Acquisition are:

- (a) The payment of US\$100,000 to Savannah;
- (b) Subject to shareholder approval, 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;

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

- (c) 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, then 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;
- (d) A royalty at a rate of 3% of the gross proceeds paid under sales contracts (net of GST and/or VAT) entered into in respect of gold product derived from the Ndongo North Concession; and
- (e) In the event that Cardinal surrenders or abandons all or part of the Ndongo North Concession, it shall first offer the Ndongo North Concession to Savannah for a consideration of \$1.00.

1.2 Listing Rules Chapter 7

Listing Rule 7.1 provides, subject to certain exceptions, that Shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the company's ordinary securities then on issue.

By approving the issue of Performance Shares, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval. Furthermore, approval being obtained for Resolution 1 will mean that further Shareholder approval is not required for the conversion of the Performance Shares into Shares.

Resolution 1 is an ordinary resolution.

1.3 Technical Information Required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the approval of the proposed issue of the Performance Shares the subject of Resolution 1:

- (a) 60 Performance Shares (each capable of conversion into 100,000 Shares) are proposed to be issued;
- (b) The Performance Shares are to be issued to Savannah, in consideration of the Acquisition.
- (c) The Performance Shares will be issued on the terms and conditions set out in Schedule 1. All Shares issued upon conversion of the Performance Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (d) The Performance Shares will be issued as soon as practicable after the Meeting, and in any event, within 3 months of the date of the Meeting.
- (e) It is anticipated that all of the Performance Shares will be issued on the same date;
- (f) The Performance Shares are being issued for nil in cash consideration, and as such, no funds will be raised from the issue thereof.

The Chairman intends to vote all available proxies in favour of Resolution 1.

2. DEFINITIONS

In this Explanatory Memorandum:

“**ASIC**” means the Australian Securities and Investments Commission;

“**ASX**” means ASX Limited ACN 008 624 691;

“**Board**” means the board of Directors;

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

“**Chairman**” means the chairman of the Board;

“**Company**” means Cardinal Resources Limited ACN 147 325 620;

“**Constitution**” means the constitution of the Company;

“**Corporations Act**” means the Corporations Act 2001 (Cth);

“**Director**” means a director of the Company;

“**Explanatory Memorandum**” means this Explanatory Memorandum;

“**Listing Rules**” means the official listing rules of the ASX;

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

“**Official List**” means the official list of ASX;

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

“**Performance Share**” means the Performance Shares the subject of Resolution 1 to be issued on the terms and conditions set out in Schedule 1;

“**Resolution**” means a resolution set out in this Notice;

“**Schedule**” means a schedule to this Notice;

“**Section**” means a section of this Explanatory Memorandum;

“**Securityholder**” means a holder of Shares or Options;

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

“**WST**” means Western Standard Time.

SCHEDULE 1 – TERMS AND CONDITIONS OF PERFORMANCE SHARES

The terms and conditions of the Performance Shares are:

- (a) Each Performance Share is a share in the capital of the Company.
- (b) Performance Shares shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. Holders have the right to attend general meetings of shareholders of the Company.
- (c) The Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.
- (d) The Performance Shares do not entitle the Holder to any dividends.
- (e) The Performance Shares are not transferable.
- (f) If at any time the issued capital of the Company is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the applicable Listing Rules at the time of reorganisation.
- (g) The Performance Shares will not be quoted on ASX. However, upon conversion of the Performance Shares into Shares, the Company must within seven (7) days after the conversion, apply for the official quotation of the Shares arising from the conversion on ASX.
- (h) The Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be required by the ASX.
- (i) The Shares into which the Performance Shares will convert will rank pari passu in all respects with the other Shares on issue.
- (k) The Company will issue the Holder with new holding statements for the Shares as soon as practicable following the conversion of the Performance Shares into Shares.
- (l) If the performance hurdles set out below are not achieved within 5 years after the date of issue of the Performance Shares, then the Performance Shares that remain on issue of the date being 5 years after the date of issue of the Performance Shares will be automatically redeemed by the Company for the sum of \$0.00001 per Performance Share within 10 days of non-satisfaction of the relevant performance hurdle.

Conversion of Performance Shares

The Performance Shares will each convert into 100,000 Shares in the proportions set out below upon satisfaction of the following performance hurdles by no later than 5 years after the date of issue of the Performance Shares;

- i. 10 Performance Shares (converting to 1,000,000 Shares) - The establishment of an inferred resource (JORC compliant) by the Company of at least 500,000 ounces of gold within the Ndongo North Concession;
- ii. 5 Performance Shares (converting to 500,000 Shares) - The establishment of an inferred resource (JORC compliant) by the Company of at least 750,000 ounces of gold within the Ndongo North Concession;
- iii. 5 Performance Shares (converting to 500,000 Shares) - The establishment of an inferred resource (JORC compliant) by the Company of at least 1,000,000 ounces of gold within the Ndongo North Concession;
- iv. 5 Performance Shares (converting to 500,000 Shares) - The establishment of an inferred resource (JORC compliant) by the Company of at least 1,250,000 ounces of gold within the Ndongo North Concession;
- v. 5 Performance Shares (converting to 500,000 Shares) - The establishment of an inferred resource (JORC compliant) by the Company of at least 1,500,000 ounces of gold within the Ndongo North Concession;

- vi. 5 Performance Shares (converting to 500,000 Shares) - The establishment of an inferred resource (JORC compliant) by the Company of at least 1,750,000 ounces of gold within the Ndongo North Concession;
- vii. 5 Performance Shares (converting to 500,000 Shares) - The establishment of an inferred resource (JORC compliant) by the Company of at least 2,000,000 ounces of gold within the Ndongo North Concession;
- viii. 5 Performance Shares (converting to 500,000 Shares) - The establishment of an inferred resource (JORC compliant) by the Company of at least 2,250,000 ounces of gold within the Ndongo North Concession;
- ix. 5 Performance Shares (converting to 500,000 Shares) - The establishment of an inferred resource (JORC compliant) by the Company of at least 2,500,000 ounces of gold within the Ndongo North Concession;
- x. 5 Performance Shares (converting to 500,000 Shares) - The establishment of an inferred resource (JORC compliant) by the Company of at least 2,750,000 ounces of gold within the Ndongo North Concession;
- xi. 5 Performance Shares (converting to 500,000 Shares) - The establishment of an inferred resource (JORC compliant) by the Company of at least 3,000,000 ounces of gold within the Ndongo North Concession.

Lodge your vote:



By Mail:

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

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

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

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

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

Proxy Form

For your vote to be effective it must be received by 9.00am (WST) Monday, 2 February 2015

How to Vote on the Item of Business

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

Appointment of Proxy

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

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

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

A proxy need not be a securityholder of the Company.

Signing Instructions

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

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

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

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

Attending the Meeting

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

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

Turn over to complete the form ➔



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

www.investorcentre.com

Review your securityholding

Update your securityholding

Your secure access information is:

SRN/HIN: I999999999



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

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

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



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

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

the Chairman of the Meeting OR

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Cardinal Resources Limited to be held at Level 1, 115 Cambridge Street, West Leederville, Western Australia on Wednesday, 4 February 2015 at 9.00am (WST) and at any adjournment or postponement of that Meeting.

STEP 2 Item of Business

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

Resolution 1 Approval for the issue of Performance Shares to Savannah Mining Limited

For	Against	Abstain
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / / _____

CDV

999999A

Computershare