

CARDINAL RESOURCES LIMITED
ACN 147 325 620

PROSPECTUS

For a non-renounceable entitlements offer of 1 New Option for every 2 Shares held by Eligible Shareholders registered at the Record Date at an issue price of \$0.01 per New Option to raise up to \$456,782 (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The New Options offered by this Prospectus should be considered as speculative.

1. CORPORATE DIRECTORY

Directors

Alec Pismiris (Non-Executive Chairman)
Archie Koimtsidis (Managing Director)
Malik Easah (Executive Director)
Marcus Michael (Executive Director)

Registered Office

Level 1
115 Cambridge Street
West Leederville WA 6007

Telephone: + 61 8 9322 6600
Facsimile: +61 8 9322 6610

Company Secretary

Sarah Shipway

Email: info@cardinalresources.com.au
Website: www.cardinalresources.com.au

Share Registry*

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000

Telephone: 1300 557 010
International: + 61 8 9323 2000
Facsimile: +61 8 9323 2033

Solicitors

Jeremy Shervington
52 Ord Street
WEST PERTH WA 6005
Telephone: (+618) 9481 8760

Auditor*

Somes Cooke
1304 Hay Street
WEST PERTH WA 6005

* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

2. TIMETABLE

| | |
|---|-------------------|
| Lodgement of Prospectus with the ASIC | 23 September 2014 |
| Lodgement of Prospectus & Appendix 3B with ASX | 24 September 2014 |
| Notice sent to Optionholders | 25 September 2014 |
| Notice sent to Shareholders | 25 September 2014 |
| Ex date | 29 September 2014 |
| Record Date for determining Entitlements | 1 October 2014 |
| Prospectus despatched to Shareholders & Company announces despatch has been completed | 8 October 2014 |
| Closing Date* | 22 October 2014 |
| Securities quoted on a deferred settlement basis | 23 October 2014 |
| ASX notified of under subscriptions | 27 October 2014 |
| Despatch of holding statements | 3 November 2014 |
| Quotation of Securities issued under the Offer* | 6 November 2014 |

*The Directors may extend the Closing Date by giving at least 6 Business Days notice to ASX prior to the Closing Date. As such the date the Securities are expected to commence trading on ASX may vary.

3. IMPORTANT NOTES

This Prospectus is dated 23 September 2014 and was lodged with ASIC on that date. ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The New Options the subject of this Prospectus should be considered highly speculative.

Applications for New Options offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

3.1 Risk factors

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for New Options pursuant to this Prospectus.

3.2 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 7 of this Prospectus.

3.3 Photographs and diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this prospectus are illustrative only and may not be drawn to scale.

4. DETAILS OF THE OFFER

4.1 The Offer

The Offer is being made as a non-renounceable entitlements offer of one (1) New Option for every two (2) Shares held by Eligible Shareholders registered at the Record Date at an issue price of \$0.01 per Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, (and assuming no existing Options are exercised, and no additional Shares are issued, prior to the Record Date) a maximum of 45,678,288 New Options will be issued pursuant to this Offer to raise up to \$456,782.

As at the date of this Prospectus the Company has 11,000,000 Existing Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to Section 6.3 of this Prospectus for information on the exercise price and expiry date of the Existing Options.

All of the New Options offered under this Prospectus will be issued on the terms and conditions set out in Section 6.2 of this Prospectus.

All Shares issued on conversion of the New Options will rank equally with the Shares on issue at the date of this Prospectus.

The purpose of the Offer and the intended use of funds raised are set out in Section 5.1 of this Prospectus.

4.2 Other proposed issues of Securities

In addition to the Offer, the Company will, subject to Shareholder approval being obtained, make the following additional issues of securities.

(a) Director Placement

As announced on 10 September 2014, the Company will, subject to Shareholder approval being obtained at the Meeting, undertake a placement to the Directors of (in aggregate) 4,880,000 Shares at an issue price of \$0.05 per Share, together with one free Director Option (exercisable at \$0.15 on or before the date being 5 years from the date of issue) ("**Director Placement**"). The Director Placement is being conducted on identical terms to the Placement completed as announced on 18 September 2014.

As a result of the requirement for shareholder approval for the Director Placement, the Record Date will be before the date on which the directors are issued Shares under the Director Placement. As such, the Company will also seek shareholder approval for those Directors to be issued 2,440,000 New Options as if they had been issued the Shares under the Director Placement before the Record Date, and elected to participate in the Offer ("**Additional Director Options**"). Each of the Directors will be required to subscribe for, and pay the requisite subscription amount in respect of the Additional Director Options, on or before the Closing Date.

The respective securities which each Director will be issued pursuant to the Director Placement and the Additional Director Option issue, are set out in the table below:

| Director | Placement Shares | Placement Options | Additional Director Options | Total Subscription \$ |
|---------------|------------------|-------------------|-----------------------------|-----------------------|
| Alec Pismiris | 427,500 | 427,500 | 213,750 | \$23,512 |

| | | | | |
|-------------------|------------------|------------------|------------------|------------------|
| Archie Koimtsidis | 540,000 | 540,000 | 270,000 | \$29,700 |
| Marcus Michael | 1,000,000 | 1,000,000 | 500,000 | \$55,000 |
| Malik Easah | 2,912,500 | 2,912,500 | 1,456,250 | \$160,188 |
| Total | 4,880,000 | 4,880,000 | 2,440,000 | \$268,400 |

Note: All Directors intend to participate in the Offer to the full extent of their Entitlement.

(b) Placement of Attaching Options

As part of the Placement, each subscriber for Shares thereunder, will, subject to Shareholder approval being obtained, be issued one New Option for every Share subscribed for under the Placement. A total of 18,000,000 Shares were issued pursuant to the Placement, and as such, subject to Shareholder approval, 18,000,000 New Options will also be issued.

A notice of meeting will be sent to Shareholders in due course with respect to (amongst other things) the proposed issues contemplated by Sections 4.2(a) and (b).

4.3 Minimum subscription

There is no minimum subscription.

4.4 Acceptance

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

(a) if you wish to accept your **full** Entitlement:

- (i) complete the Entitlement and Acceptance Form; and
- (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or

(b) if you only wish to accept **part** of your Entitlement:

- (i) fill in the number of New Options you wish to accept in the space provided on the Entitlement and Acceptance Form; and
- (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.01 per New Option); or

(c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

4.5 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Cardinal Resources Limited – Share Offer Account" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5:00pm WST on the Closing Date.

4.6 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of New Options which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 5:00pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of New Options will be refunded. No interest will be paid on any application monies received or refunded.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

4.7 Underwriting

The Offer is not underwritten.

4.8 Effect on control of the Company

The Offer is not expected to have any effect on the control of the Company.

4.9 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will, in accordance with the Listing Rules, remain open for up to three months following the Closing Date. The Shortfall Offer will be made on the same terms as the Offer.

Shareholder approval will be sought to permit participation by the Directors in the Shortfall Offer.

The Directors reserve the right to issue Shortfall Securities at their absolute discretion subject to the Listing Rules, and any approvals obtained at the Meeting.

4.10 ASX listing

Application for Official Quotation of the New Options offered pursuant to this Prospectus will be made in accordance with the timetable set out in Section 2. If ASX does not grant Official Quotation of the New Options offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any New Options and will repay all application monies for the New Options within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the New Options is not to be taken in any way as an indication of the merits of the Company or New Options the subject of the Offer.

4.11 Issue

New Options issued pursuant to the Offer will be issued in accordance with the Corporations Act, Listing Rules and timetable set out in Section 2 of this Prospectus.

New Options issued pursuant to the Shortfall Offer may be issued on a progressive basis. Where the number of Shortfall Options issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the New Options or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for New Options issued under the Offer will be mailed in accordance with the Listing Rules and timetable set out in Section 2 and for Shortfall Options issued under the Shortfall Offer as soon as practicable after their issue.

4.12 Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of New Options these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and New Options will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

The Offer is being made in New Zealand pursuant to the Securities act (Overseas Companies) Exemption Notice 2002.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

4.13 Enquiries

Any questions concerning the Offer should be directed to Sarah Shipway, Company Secretary, on +61 8 9322 6600.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$456,782 (before costs and based on the number of Shares on issue as at the date of this Prospectus).

The funds raised from the Offer, together with the Company's existing cash reserves as at 23 September 2014, are planned to be used in accordance with the table set out below:

| | |
|--------------------------------------|------------------|
| Existing Cash Reserve made up | \$ |
| Existing cash reserves | 1,433,389 |
| Funds raised by the Offer | 456,782 |
| Total Cash Reserve | 1,890,171 |
| Use of Funds | |
| Exploration on Ghanaian projects | 443,246 |
| Costs of the Offer | 13,536 |
| Working capital | 1,433,389 |
| Total Use of funds | 1,890,171 |

Notes:

1. Refer to Section 8.8 of this Prospectus for further details relating to the estimated expenses of the Offer.
2. Assumes the Offer is fully subscribed.

In the event the Company raises less than the full subscription of \$456,782 under the Offer, the Company will scale back its expenditure pro rata with the percentage set out in the table above (after payment of the expenses of the Offer). If Shareholder approval is obtained for the Director Placement and the Director Placement is completed, the additional \$244,000 raised therefrom will be contributed towards the items of expenditure contemplated by the table above.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

5.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted and no Options are exercised, and no additional Shares are issued, prior to the Record Date, will be to:

- (a) increase the cash reserves by \$456,782 (before costs) following completion of the Offer; and
- (b) increase the number of Options on issue from 11,000,000 to 56,678,288 Options following completion of the Offer.

5.3 Pro-forma balance sheet

The unaudited balance sheet as at 30 June 2014 and the unaudited pro-forma balance sheet as at 30 June 2014 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options are exercised prior to the Record Date, all Shares and New Options the subject of the Placement and Director Placement are issued, all Additional Director Options are issued, and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

Unaudited Consolidated Statement of Financial Position and Unaudited Pro-Forma Consolidated Statement of Financial Position as at 30 June 2014

| | NOTE | UNAUDITED CONSOLIDATED 30 JUNE 2014 ACTUAL \$ | UNAUDITED CONSOLIDATED 30 JUNE 2014 PRO-FORMA \$ |
|--|------|---|--|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 1 | 909,980 | 2,499,666 |
| Trade and other receivables | | 6,452 | 6,452 |
| Other assets | | 33,039 | 33,039 |
| TOTAL CURRENT ASSETS | | 949,471 | 2,539,157 |
| NON CURRENT ASSETS | | | |
| Capitalised exploration and evaluation | | 771,450 | 771,450 |
| Plant and equipment | | 556,636 | 556,636 |
| TOTAL NON CURRENT ASSETS | | 1,328,086 | 1,328,086 |
| TOTAL ASSETS | | 2,277,557 | 3,867,243 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 127,366 | 127,366 |
| TOTAL CURRENT LIABILITIES | | 127,366 | 127,366 |
| TOTAL LIABILITIES | | 127,366 | 127,366 |
| NET ASSETS | | 2,150,191 | 3,739,877 |
| EQUITY | | | |
| Issued capital | 3 | 12,871,486 | 14,015,486 |
| Foreign exchange reserve | | (292,646) | (292,646) |
| Options reserve | 2 | 263,816 | 709,502 |
| Accumulated losses | | (10,692,465) | (10,692,465) |
| TOTAL EQUITY | | 2,150,191 | 3,739,877 |

NOTES TO THE UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ACTUAL AND PROPOSED TRANSACTIONS TO ARRIVE AT PRO-FORMA UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Proposed transactions adjusting the 30 June 2014 unaudited consolidated of financial position for Cardinal Resources in the 30 June 2014 pro-forma consolidated statement of financial position of Cardinal Resources is as follows:

- (a) Issue of 18,000,000 shares at an issue price of \$0.05 per share to sophisticated and professional investors as announced 18 September 2014 that raised \$900,000.
- (b) Issue of 4,880,000 shares at an issue price of \$0.05 per share to Directors' as announcement on 10 September 2014, to be approved as the Company's Annual General Meeting, to raise \$244,000.
- (c) Issue of 2,440,000 options at \$0.01 to Directors' as announced on 10 September 2014, to be approved as the Company's Annual General Meeting, to raise \$2,440.
- (d) Issue of 45,678,288 options at \$0.01 per option to raise \$456,782.
- (e) Payment of cash expenses of the loyalty option issue prospectus, issue costs totaling an estimated \$13,536 and the expensing of such costs against share equity.

| | NOTE | UNAUDITED CONSOLIDATED 30 JUNE 2014 ACTUAL \$ | UNAUDITED CONSOLIDATED 30 JUNE 2014 PRO-FORMA \$ |
|---|------|---|--|
| 1. CASH ASSETS | | | |
| The movements in cash assets are as follows: | | | |
| Unaudited 30 June 2014 | | 909,980 | 909,980 |
| Issue of shares pursuant to placement to sophisticated and professional investors | (a) | - | 900,000 |
| Issue of shares to Directors' | (b) | - | 244,000 |
| Issue of options to Directors' | (c) | - | 2,440 |
| Issue of options pursuant to prospectus | (d) | - | 456,782 |
| Prospectus issue costs | (e) | - | (13,536) |
| | | <u>909,980</u> | <u>2,499,666</u> |
| 2. OPTIONS RESERVES | | | |
| 11,000,000 Options issued | | 263,816 | 263,816 |
| 2,440,000 options issued to Directors | (c) | - | 2,440 |
| 45,678,288 options issued pursuant to this prospectus | (d) | - | 456,782 |
| Less: estimated option issue costs | | - | (13,536) |
| | | <u>263,816</u> | <u>709,502</u> |
| 3. ISSUED CAPITAL | | | |
| 73,356,576 ordinary shares issued | | 12,871,486 | 12,871,486 |
| 18,000,000 ordinary shares issued pursuant to placement to sophisticated and professional investors | (a) | - | 900,000 |
| 4,880,000 ordinary shares issued pursuant to Directors' | (b) | - | 244,000 |
| | | <u>12,871,486</u> | <u>14,015,486</u> |

5.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming the Offer is fully subscribed, and no Options are exercised, and no additional Shares are issued, prior to the Record Date, is set out below.

| Shares | Number |
|--|-------------------|
| Shares currently on issue | 91,356,576 |
| Shares offered pursuant to the Offer | NIL |
| Total Shares on issue after completion of the Offer¹ | 91,356,576 |

1. Subject to Shareholder approval, the Company will issue an additional 4,880,000 Shares pursuant to the Director Placement.

| Options | Number |
|---|-------------------|
| Existing Options currently on issue: | 11,000,000 |
| New Options offered pursuant to the Offer | 45,678,288 |
| Total Options on issue after completion of the Offer² | 56,678,288 |

2. Subject to Shareholder approval being obtained, the Company will issue an additional 18,000,000 New Options as part of the Placement, 4,880,000 New options as part of the Director Placement, and 2,440,000 New Options as part of the Additional Director Option issue.

| Performance Shares³ | Number |
|--|---------------|
| Performance Shares currently on issue | 100 |
| Performance Shares offered pursuant to the Offer | NIL |
| Total Performance Shares on issue after completion of the Offer | 100 |

3. The Performance Shares are convertible to 100,000 Shares each upon the fulfilment of certain performance hurdles.

The capital structure on a fully diluted basis (assuming that no Performance Shares are converted to Shares) as at the date of this Prospectus would be 102,356,576 Shares and on completion of the Offer (assuming the Offer is fully subscribed) and no Options are exercised, and no additional Shares are issued, prior to the Record Date, and no Performance Shares are converted to Shares) would be 148,034,864 Shares. If each of the Placement, the Director Placement and the Additional Director Option issue are completed, the capital structure on a fully diluted basis (assuming that no Performance Shares are converted to Shares) would be 191,354,864 Shares.

5.5 Details of substantial holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

| Shareholder | Shares | % |
|---------------------------------|---------------|----------|
| St Barnabas Investments Pty Ltd | 5,668,432 | 7.73% |
| Arthur Koimtsidis | 4,225,000 | 5.89% |
| Panga Pty Ltd | 4,150,397 | 5.79% |
| Riverfront Nominees Pty Ltd | 3,859,683 | 5.38% |
| Oceanic Capital Pty Ltd | 3,844,012 | 5.24% |

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

6.1 Rights and Liabilities attaching to Shares

The following is a summary of the more significant rights and liabilities attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and

conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

6.2 Rights and Liabilities attaching to New Options

The New Options to be issued pursuant to this Prospectus entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each New Option gives the Optionholder the right to subscribe for one Share.
- (b) The New Options will expire at 5:00pm (WST) on 30 September 2019 (**Expiry Date**). Any New Option not exercised before the Expiry Date will automatically lapse.
- (c) The amount payable upon exercise of each New Option is \$0.15 (**Exercise Price**).
- (d) The New Options held by each Optionholder may be exercised in whole or in part.
- (e) An Optionholder may exercise their New Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of New Options specifying the number of New Options being exercised (**Exercise Notice**); and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of New Options being exercised.
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Exercise Notice.
- (h) All Shares allotted upon the exercise of New Options will upon allotment rank pari passu in all respects with other Shares.
- (i) Subject to the satisfaction of the requirements of the Listing Rules, the Company will apply for quotation of the New Options on ASX.
- (j) The Company will apply for quotation of all Shares allotted pursuant to the exercise of New Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the New Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their New Options prior to the date for determining the entitlements to participate in any such issue.
- (m) Other than as contemplated by paragraph (k), a New Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the New Option can be exercised.

6.3 Rights and Liabilities attaching to Existing Options

The Existing Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (i) Each Existing Option entitles the holder to subscribe for and be allotted one Share at an issue price of 20 cents.
- (ii) The Existing Options are exercisable at any time prior to 5.00 pm WST time on 31 December 2015 by notice in writing to the Company accompanied by payment of the exercise price.
- (iii) Subject to the Corporations Act, the Listing Rules and the Company's Constitution, the Existing Options are freely transferable. Application will not be made to ASX for official quotation of the Existing Options.
- (iv) Shares will be allotted and issued pursuant to the exercise of Existing Options following receipt of a properly executed notice of exercise of the Existing Options and payment of the requisite application monies.
- (v) Shares issued upon exercise of the Existing Options will rank equally in all respects with the other quoted Shares then on issue. The Company will apply for official quotation by ASX of all Shares issued upon exercise of the Existing Options, subject to the requirements of the Listing Rules.
- (vi) There are no participating rights or entitlements inherent in the Existing Options and holders will not be entitled to participate in new issues of capital offered or made to Shareholders during the currency of the Existing Options. However, the Company will ensure that for the purposes for determining entitlements to any such issue, the record date will be the date as is prescribed by the Listing Rules. This will give optionholders the opportunity to exercise their Existing Options prior to the date for determining entitlements to participate in any such issue.
- (vii) In the event of any new or bonus issues, there are no rights to a change in the exercise price or the number of underlying securities over which the Existing Options can be exercised.
- (h) In the event of any re-organisation (including a consolidation, sub-division, reduction or return) of the issued capital of the Company on or prior to the expiry date, the rights of the optionholder will be changed to the extent necessary to comply with the applicable Listing Rules at the time of re-organisation.
- (i) The Company will as required by the Listing Rules send notice to the optionholders stating the name of the optionholder, the number of the Existing Options held and the number of Shares to be issued on exercise of the Existing Options, the exercise price, the due date for payment, and the consequence of non-payment.

7. RISK FACTORS

7.1 Introduction

The New Options offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to subscribe for New Options pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Company specific

(a) Going concern risk

The Directors have determined that future equity raisings or debt financing arrangements will be required to assist the funding of the Company's activities to meet the Company's objectives. There is no certainty that these will be successfully completed to provide adequate working capital for the Company.

In the event that the Offer is not completed successfully there is inherent uncertainty as to whether the Company can continue as a going concern, and which is likely to have a material adverse effect on the Company's activities.

(b) Funding Risk

At the date of this Prospectus, 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, after the expenditure of the net proceeds raised under the Offer. 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.

(c) Additional requirements for capital

The Company's capital requirements depend on numerous factors. The Company will require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(d) **Licence Renewal**

The Company cannot guarantee that renewals of valid tenements will be granted on a timely basis, or at all.

7.3 Industry specific

(a) **Environmental bonds**

The Ministry of Mines and Energy of Ghana from time to time reviews the environmental bonds that are placed on the Company's projects in Ghana. The Directors are 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.

(b) **Environmental/government approvals**

The Company's exploration programs with respect to the Company's projects in Ghana will, in general, be subject to approval by Ministry of Mines and Energy of Ghana. Development of any of the Company's properties will be dependent on the project meeting environmental guidelines set by the Ghanaian Environmental Protection Agency and, where required, being approved by governmental authorities.

(c) **Exploration**

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.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

(d) **Exploration costs**

The exploration costs of the Company are based on certain 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.

(e) **Operations**

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests.

(f) **Tenure and access**

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that current or future tenements or future applications for production tenements will be approved.

The Company's tenements are subject to the applicable mining acts and regulations in Ghana. The renewal of the term of a granted tenement is also subject to the discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Company's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

(g) **Sovereign Risks**

Ghana is a developing country and subject to an emerging legal and political system compared with the system in place in Australia. There are risks attaching to exploration operations in any developing country which are not necessarily present in a developed country, which can impact on a range of factors such as sovereign risk, safety, security, costs, ability to operate, country policy, fiscal provisions and laws and can lead to delays or even suspension of any operations which may take place. No assurance can be given regarding the future stability of Ghana or any other African country in which the Company may acquire an interest.

(h) **Government policy changes**

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.

(i) **Joint venture parties, agents and contractors**

The Directors are unable to predict the risk of financial failure or default by a participant in the earn-in agreements and joint ventures to which the Company is at present a party (i.e. the Ndongo North tenement area joint venture) or may become a party or the insolvency or managerial failure by any of the contractors (or to be used in the future) by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used (or to be used in the future) by the Company for any activity.

(j) **Access to land may be stopped**

Interests in tenements in Ghana are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose its title or interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

(k) **Equipment and availability**

The Company's ability to undertake mining and exploration activities is dependent upon its ability to source appropriate contractors with access to mining equipment.

Equipment is not always available and the market for mining equipment experiences fluctuations in supply and demand. If the Company is unable to source appropriate equipment economically or at all then this would have a material adverse effect on the Company's financial or trading position.

7.4 General risks

(a) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) **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. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(d) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(e) **Taxation**

The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for New Options under this Prospectus.

(f) **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 given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

7.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the Listing Rules as referred to in section 674(1) of the

Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out below.

| | |
|------------|---|
| 8/09/2014 | Cardinal Completes Placement |
| 16/09/2014 | High Grade Discovery of Third Gold Zone at Namdini |
| 10/09/2014 | Placement and Non-Renounceable Rights Issue of Options |
| 08/09/2014 | Trading Halt |
| 26/08/2014 | Cardinal Presentation - Positioned for Success |
| 26/08/2014 | High Grade Gold, Shallow Intercepts at Namdini Continue |
| 25/08/2014 | Namdini Agreement Key Points |
| 13/08/2014 | High Grade, Shallow Gold Intercepts at Namdini |
| 12/08/2014 | Ndongo East Prospect - Drilling Update |
| 28/07/2014 | Drilling commences at Namdini, Bolgatanga Ghana |
| 25/07/2014 | Strategic Heads of Agreement with Savannah Mining Limited |
| 24/07/2014 | Termination of Option Agreement |
| 10/07/2014 | Quarterly Activities and Cashflow Report |
| 01/07/2014 | Expiry of Listed Options |
| 23/06/2014 | Drilling Commenced at Ndongo East Zone, Bolgatanga Ghana |
| 17/06/2014 | Drilling Results for Ndongo West, Bolgatanga Ghana |
| 17/06/2014 | Resignation of Director |
| 06/06/2014 | Drilling Update Ndongo West Prospect, Bolgatanga Ghana |
| 04/06/2014 | Notice to Optionholder |
| 09/05/2014 | Drilling Update at Ndongo Prospect |
| 30/04/2014 | Quarterly Activities and Cashflow Report |
| 29/04/2014 | RC Drilling Commences at Ndongo West, Ghana |
| 22/04/2014 | Further Drill Samples Submitted for Maiden Drilling Program |
| 02/04/2014 | First Drill Samples Submitted for Maiden Drilling Program |
| 21/03/2014 | Maiden Drilling Program Commences at Ndongo Prospect, Ghana |
| 14/03/2014 | Half Year Accounts |
| 26/02/2014 | IP and Ground Magnetic Surveys Commence at Ndongo Prospect |
| 25/02/2014 | Combination Drill Rig on Site in Bolgatanga, Ghana |
| 31/01/2014 | Exploration Update Presentation, Indaba 2014 |
| 30/01/2014 | Quarterly Activities and Cashflow Report |
| 28/01/2014 | Preliminary interpretation of Subranum airborne survey |
| 21/01/2014 | Cardinal Adds to Ndongo Tenement Holding |
| 06/01/2014 | Maiden Drill Program to Commence at Bolgatanga, Ghana |
| 02/01/2014 | Subranum airborne geophysical survey completed |
| 26/11/2013 | Results of Annual General Meeting |
| 26/11/2013 | 2013 Annual General Meeting Investor Presentation |
| 21/11/2013 | Release from Escrow |
| 14/11/2013 | Ndongo Airborne Geophysical Survey Completed |
| 31/10/2013 | Quarterly Activities and Cashflow Report |
| 24/10/2013 | Notice of Annual General Meeting/Proxy Form |
| 26/09/2013 | Annual Report to Shareholders |

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.cardinalresources.com.au.

8.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

| | Price | Date |
|----------------|---------|-------------------|
| Highest | \$0.061 | 16 September 2014 |
| Lowest | \$0.021 | 27 June 2014 |
| Last | \$0.05 | 23 September 2014 |

8.4 Material contracts

There are no material contracts in existence at the date of this Prospectus that have not previously been disclosed or announced by the Company.

8.5 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

| Director | Shares | Existing Options | Entitlement to New Options | Performance Shares |
|-------------------|---------------|-------------------------|-----------------------------------|---------------------------|
| Alec Pismiris | 2,572,500 | 554,712 | 1,286,250 | NIL |
| Archie Koimtsidis | 4,225,000 | NIL | 2,112,500 | 20 |
| Marcus Michael | 4,009,683 | NIL | 2,004,841 | 20 |
| Malik Easah | 1,916,750 | NIL | 958,375 | 20 |

Note: In addition to the Securities set out in the table above, the Directors will, subject to Shareholder approval, be issued the Securities contemplated by Section 4.2(a).

The Board recommends all Shareholders take up their Entitlement and advises that all Directors intend to take up their respective Entitlements.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$350,000 per annum.

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

| Director | 30 June 2015 Financial Year | 30 June 2014 Financial Year | 30 June 2013 Financial Year |
|-------------------|--|--|--|
| Archie Koimtsidis | 110,000 | 224,356 | 126,248 |
| Malik Easah | 75,000 | 152,970 | 87,009 |
| Marcus Michael | 49,275 | 100,272 | 61,250 |
| Alec Pismiris | 36,000 | 36,713 | 62,954 |

8.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (d) the formation or promotion of the Company; or
- (e) the Offer.

Jeremy Shervington has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Jeremy Shervington \$5,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Jeremy Shervington has been paid fees totalling \$146,069 (excluding GST and disbursements) for legal services provided to the Company.

8.7 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section;
- (c) Jeremy Shervington has given his written consent to being named as the solicitor to the Company in this Prospectus. Jeremy Shervington has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.8 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$13,536 (excluding GST) and are expected to be applied towards the items set out in the table below:

| | |
|---------------------------|---------------|
| | \$ |
| ASIC fees | 2,290 |
| ASX fees | 3,246 |
| Legal fees | 5,000 |
| Printing and distribution | 3,000 |
| Total | 13,536 |

8.9 Electronic prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 8 9322 6600 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.cardinalresources.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.10 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

8.11 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share or option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

8.12 Privacy Act

If you complete an application for Securities, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

9. **DIRECTORS' AUTHORISATION**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Marcus Michael
Executive Director
For and on behalf of
Cardinal Resources Limited

10. **GLOSSARY**

\$ means the lawful currency of the Commonwealth of Australia.

Additional Director Options has the meaning contemplated by Section 4.2(a).

Applicant means a Shareholder who applies for New Options pursuant to the Offer or a Shareholder or other party who applies for Shortfall Securities pursuant to the Shortfall Offer.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHES.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company means Cardinal Resources Limited (ACN 147 325 620).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

Director Option means an Option to be issued on identical terms and conditions to the New Options.

Director Placement has the meaning contemplated by Section 4.2(a).

Directors means the directors of the Company as at the date of this Prospectus.

Eligible Shareholder means a registered holder of Shares on the Record Date whose registered address is in Australia or New Zealand.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Existing Option means an Option issued on the terms set out in Section 6.3 of this Prospectus.

Listing Rules means the listing rules of the ASX.

Meeting means the annual general meeting of Shareholders to be held on or about 3 November 2014.

New Options means the Options on the terms and conditions set out in Section 6.2.

Offer means the non-renounceable entitlement issue of New Options the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Performance Shares means the performance shares currently on issue in the capital of the Company.

Prospectus means this prospectus.

Record Date means the record date for determining Entitlements as specified in the timetable set out at the commencement of this Prospectus.

Section means a section of this Prospectus.

Securities means, collectively, Shares and Options.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Shortfall means the New Options not applied for under the Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 4.9 of this Prospectus.

Shortfall Securities means those New Options issued pursuant to the Shortfall.

WST means Western Standard Time as observed in Perth, Western Australia.

ENTITLEMENT AND ACCEPTANCE FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCKBROKER OR LICENSED PROFESSIONAL ADVISER.

CARDINAL RESOURCES LIMITED (“COMPANY”) ACN 147 325 620

(Non-Renounceable Entitlement Issue)

REGISTERED OFFICE: Level 1, 115 Cambridge Street, West Leederville, Western Australia, 6007.

SHARE REGISTRY: Computershare Investor Services Pty Ltd, Level 2, Reserve Bank Building, 45 St Georges Terrace, PERTH WA 6000

| | |
|--|--|
| Securities Sub Register | |
| HIN/SRN | |
| Form Number | |
| Shareholding at 5.00 pm WST 1 October 2014 | |
| Entitlement to Securities of 1 New Option for every two (2) Shares held. | |
| Amount Payable at \$0.01 per New Option | |

**To the Directors,
CARDINAL RESOURCES LIMITED**

(1) I/We the above named being registered on 1 October 2014 (at 5.00pm Australian WST) as the holder(s) of ordinary shares in your Company hereby accept and apply for the undermentioned New Options (“New Options”) where indicated, to be issued in accordance with the terms of the Prospectus accompanying this form.

| NUMBER OF NEW OPTIONS ACCEPTED BEING NOT MORE THAN THE ENTITLEMENT SHOWN ABOVE | NUMBER OF ADDITIONAL NEW OPTIONS APPLIED FOR IN EXCESS OF THE ENTITLEMENT SHOWN ABOVE | @ \$0.01 PER NEW OPTION | AMOUNT ENCLOSED |
|--|---|-------------------------|-----------------|
| | | | AUD\$ |

- (2) I/We enclose my/our cheque (if paying by cheque) made payable to **CARDINAL RESOURCES LIMITED – SHARE OFFER ACCOUNT**, for the amount shown being payment at the rate of \$0.01 per New Option applied for.
- (3) I/We hereby authorise you to place my/our name(s) on the register of members in respect of the number of New Options allotted to me/us.
- (4) I/We agree to be bound by the Constitution of the Company.
- (5) If any information on this form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the Directors as to whether to accept this form, and how to construe, amend or complete it, shall be final.
- (6) My/Our contact numbers in case of enquiries are:


| | | | |
|------------------|--|------------------|--|
| Telephone | | Facsimile | |
| Area Code | | Area Code | |
| | | | |

Email :

PAYMENT DETAILS (if paying by cheque)
Please complete the following payment details:

| Drawer | Bank | Branch | Amount |
|--------|------|--------|--------|
| | | | |
| | | | |

Cheques should be made payable to **“CARDINAL RESOURCES LIMITED – SHARE OFFER ACCOUNT”** and crossed **“Not Negotiable”**.

| | |
|---|---|
|  | <p>You can pay by BPAY. If you choose to pay by BPAY, you do not need to return this form. Please refer overleaf for details.</p> <p>If the amount you pay is insufficient to pay for the number of New Options you apply for, you will be taken to have applied for such lower number of New Options as that amount will pay for, or your application will be rejected.</p> <p>If the amount you pay is more than the amount payable for your full entitlement, you will be taken to have applied for the maximum number of New Options you are entitled to apply on this Form. Any excess money will be considered as a payment for Additional New Options in such number as the amount will pay for.</p> |
|---|---|

NOTE: Only cheques and/or bank drafts in **Australian currency** and drawn or payable on a bank within Australia should be sent, made payable to **CARDINAL RESOURCES LIMITED – SHARE OFFER ACCOUNT** crossed Not Negotiable and forwarded to Computershare together with this Entitlement and Acceptance Form:

NO LATER THAN 5.00PM WST ON 22 OCTOBER 2014

THIS FORM DOES NOT REQUIRE SIGNING UNLESS YOU WISH TO CHANGE YOUR ADDRESS
Please complete ONLY if your ISSUER SPONSORED address is INCORRECT.

| | |
|----------------------|--|
| NEW ADDRESS: | |
| BLOCK LETTERS PLEASE | (CHESS HOLDERS CAN ONLY AMEND THEIR ADDRESS BY ADVISING THEIR SPONSORING BROKER) |
| Your Signature/s | |

RETURN OF THIS DOCUMENT WITH THE REQUIRED REMITTANCE WILL CONSTITUTE YOUR ACCEPTANCE OF THE SECURITIES BEING OFFERED

THIS ISSUE CLOSSES 5.00PM WST ON 22 OCTOBER 2014

INSTRUCTIONS TO YOUR STOCKBROKER

I/We have accepted

New Options as per obverse side

and attach a cheque/bank draft for

being acceptance money at \$0.01 per New Option

This instruction *has/has not previously been notified to you. (*Delete whichever is not applicable).

LODGEMENT INSTRUCTIONS**Acceptance of your Entitlement in full**

If you are accepting your Entitlement in full or in part, please:

- complete the obverse side of this Entitlement and Acceptance Form; and
- forward it, together with your payment, so that it reaches the Company's share registry, Computershare Investor Services Pty Ltd, Level 2, Reserve Bank Building, 45 St Georges Terrace, PERTH WA 6000 no later than 5pm WST on 22 October 2014.

Issue of New Options from any Shortfall

Every Shareholder that applies to take up their full entitlement for New Options under this Prospectus is invited to make an application for additional New Options. If you wish to make an application for additional New Options, you must complete part 1 of the Entitlement and Acceptance Form and also provide the additional application money to pay for all of the additional New Options for which you are applying. Additional New Options will be allocated to eligible Shareholders out of the Shortfall at the discretion of the Company.

How to pay by BPAY

If you are paying by BPAY, **you do not need to return this form** please use the biller code and reference number on the front of the entitlement and acceptance form so that payment is received no later than 5:00pm AWST on 22 October 2014.

Entitlements Not Taken Up

If you decide not to accept all or part of your Entitlement, the part of the Entitlement not accepted will form part of the Shortfall and be dealt with in accordance with the Prospectus and you will receive no benefit.

QUESTIONS AND CONTACT DETAILS

If you have any questions regarding the Entitlements Issue or how to deal with your Entitlement, please contact your stockbroker or other professional adviser or the Company's share registry:

Computershare Investor Services Pty Ltd

Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000

Telephone: 1300 557 010
International: + 61 8 9323 2000
Facsimile: +61 8 9323 2033