

30 April 2014

## **QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 MARCH 2014**

### **HIGHLIGHTS**

- **Successful commissioning of Company owned RC/Diamond drill rig;**
- **Maiden Drilling Program of 4,000m RC/diamond drilling commenced on Ndongo Central Zone;**
  - **48 RC holes for 2,414 m;**
  - **2,655 samples submitted to SGS Laboratory, Ouagadougou, Burkina Faso for fire assay analyses with assay results expected to be received in early May 2014;**
- **Binding Heads of Agreement entered into to establish a joint venture over the highly prospective Ndongo North tenement area;**
- **Airborne Geophysics report estimates ~120 km of possible mineralised structures interpreted within the Bolgatanga and Subranum projects.**

Cardinal Resources Limited (ASX: CDV) (“Cardinal” or “the Company”), an African gold focused exploration company, is pleased to present to shareholders its Quarterly Activities report for the period ended 31 March 2014.

#### **From Bolgatanga, Ghana, Managing Director said:**

“We are very pleased with the fact that all of our historical work supported the purchase and commissioning of our own RC/Diamond combination drill rig. Since commissioning, we have had uninterrupted drilling and the flexibility to make adaptive decisions based on daily logging. This is a huge advantage as we don’t have to follow a “set and forget” drill plan as you would with a contractor.

“We have submitted 2 batches of samples to the SGS Laboratory in Burkina Faso for fire assay analysis and when combined, complete Phase 1 of the RC drilling program within the Ndongo Central Zone. We expect to receive these results in early May 2014.

“During the quarter, the Company acquired Ndongo North tenement area (see Figure 2). As a result, Cardinal now controls an additional 3 km of interpreted prospective geological and geophysical structures which strike beyond our 3 km Ndongo Central Zone. Exploration planning has commenced and is expected to be finalised in Q2 2014.

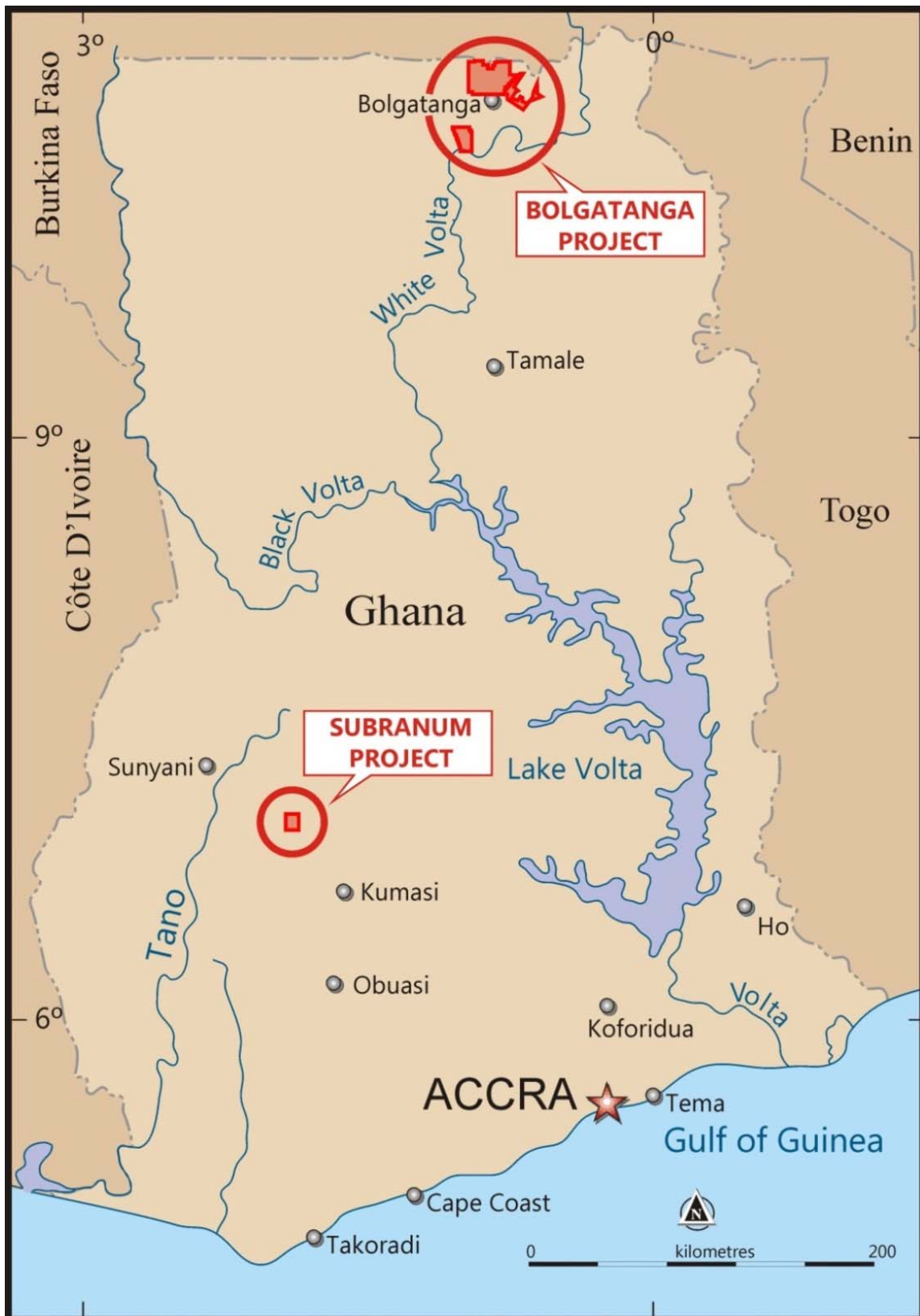
“The Airborne Survey report, prepared by Geophysical Consultants, SGC Perth, estimates 120 km of interpreted gold prospective shear structures located within our Bolgatanga and Subranum Project areas. We will combine this additional data with our existing database to define drill targets during Q2 2014.

“The Board and Management are committed to a systematic exploration approach and look forward to the initial results from Phase 1 of our maiden drilling program”.

**Cardinal Resources Limited ABN 56 147 325 620**

**Ghana:** Durugu Residential Area, Kumbosco, Bolgatanga, Ghana P: +233 (0) 261905220 SKYPE: cardinal.archie

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**Figure 1: Cardinal Resources Tenements in Ghana**

## BOLGATANGA PROJECT, GHANA

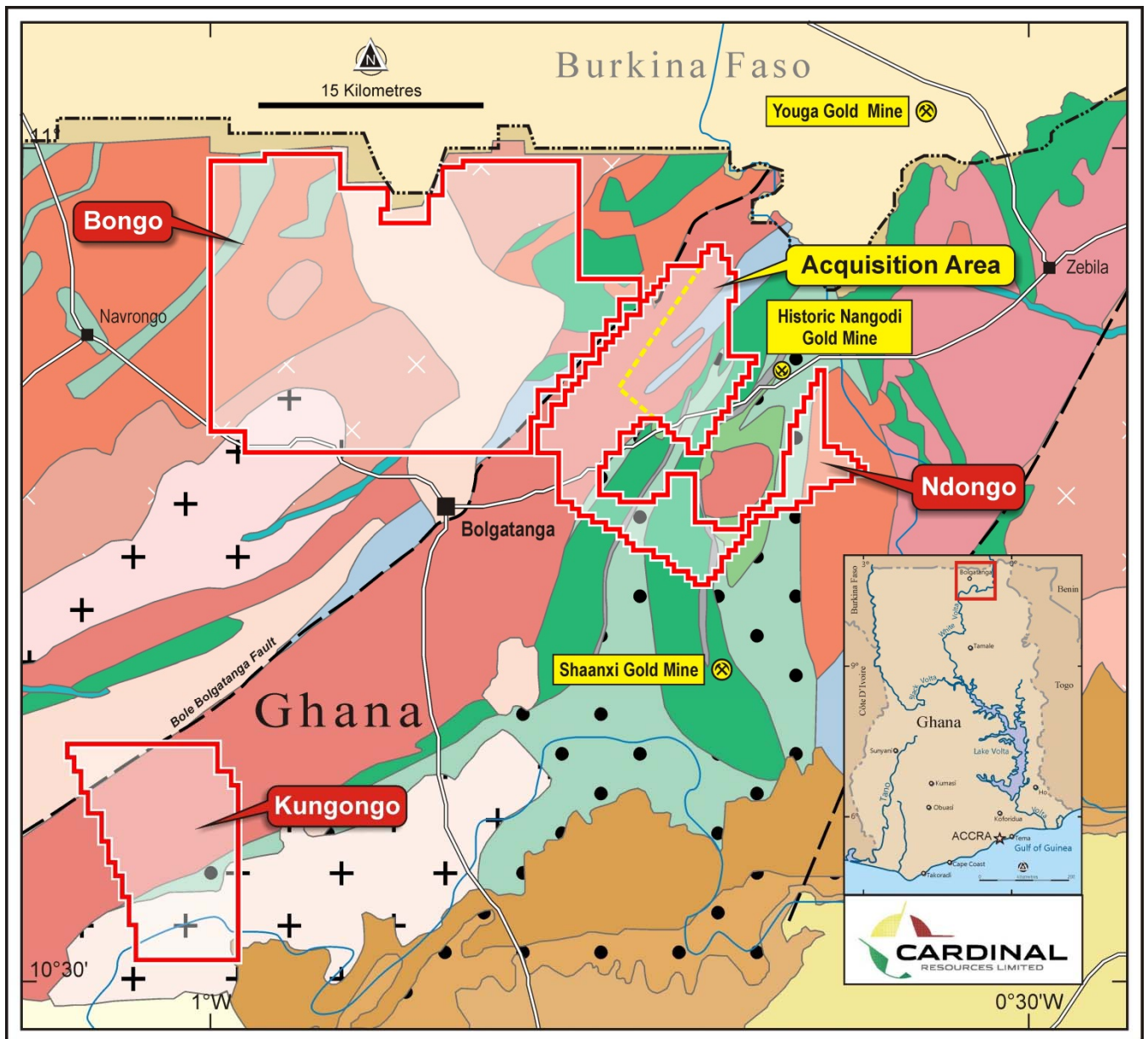


Figure 2: Bolgatanga Project Tenements

### Ndongo Prospect

#### *Ndongo North Prospect*

Cardinal, through its wholly owned subsidiary Cardinal Resources Ghana Limited (**Cardinal Ghana**), has entered into a binding Heads of Agreement to establish a joint venture over the highly prospective **Ndongo North** tenement area (**Ndongo** or **Ndongo North Prospect**) adjacent to the existing Ndongo tenement area (**Ndongo** or **Ndongo Prospect**) within the Bolgatanga project area in North-East Ghana (see Figure 2). The Ndongo North and Ndongo tenement areas will be amalgamated to form one tenement area.

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For details in relation to the key terms of the Heads of Agreement please refer the 21 January 2014 ASX announcement, *"Cardinal Adds to Ndongo Tenement Holding"*.

The Ndongo North acquisition provides Cardinal with an immediate opportunity to significantly expand Ndongo tenement area by a further 64km<sup>2</sup>, located within the Nangodi Belt which is the southern extension of the Youga Greenstone Belt located in Burkina Faso. This belt hosts the producing Youga Gold Mine (~1.5moz) owned by Endeavour Mining (TSX: EDV), located approximately 45km along strike in a northeast direction from the Nangodi mine (see Figure 2).

As a result of the Ndongo North acquisition, Cardinal now controls additional interpreted prospective geological and geophysical structures which strike for a total of approximately 7 km. These structures extend in a southwest direction into the Ndongo prospect, where they have a strike length of approximately 3 km. The prospectivity of one of these structures within the Ndongo prospect was confirmed by the soil geochemistry program in Q2 2013 which outlined significant associated gold anomalies. This structure is one of the priority anomalous zones where Cardinal commenced its maiden drilling program in Q1 2014.

In addition, the Ndongo North prospective gold structures, are located adjacent to the historic Nangodi Gold Mine that produced 18,620oz from 23,600 tonnes, approximately 0.77oz per tonne (23.95g/t), in the early 1930's. The geophysical and geochemical data that Cardinal Ghana now possesses has provided the confidence to secure this highly prospective area within the Nangodi Belt for Cardinal Ghana.

#### ***Ndongo Central Prospect Ground Geophysics and Phase 1 of RC / Diamond Drilling Program***

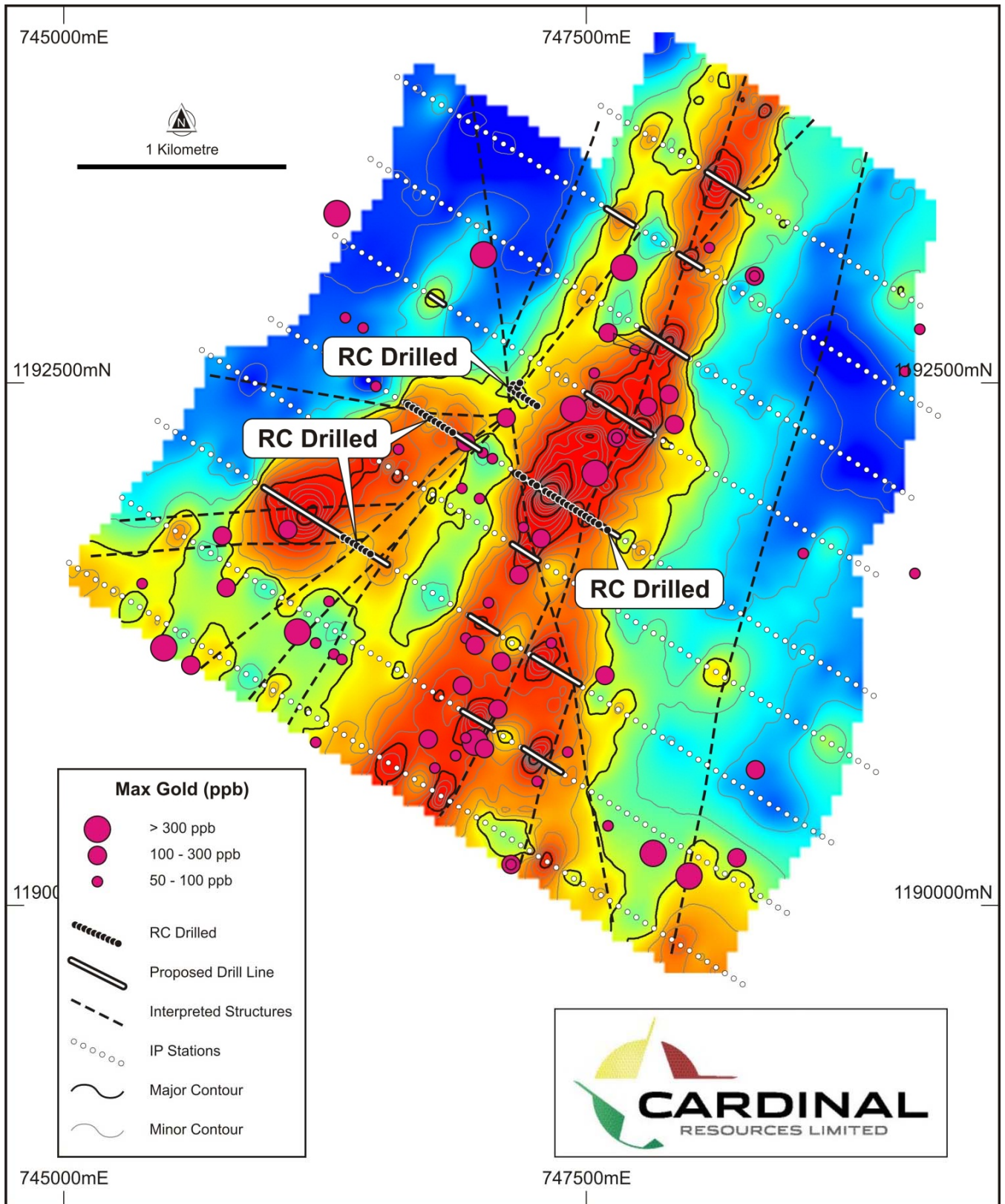
Analysis of the soil geochemical and aeromagnetic surveys over the Bolgatanga project area were combined with dipole-dipole IP (DDIP) and ground magnetics surveys over the gold-in-soil anomalous central zone within the Ndongo Prospect area to delineate and finalise initial drill targets (see Figure 3).

Ground DDIP and magnetics surveys over the Ndongo Central area have delineated a prominent high chargeability zone which coincides with anomalous soil values (>100 ppb Au) and comprises the initial drill target areas (see Figure 3).

A prominent high chargeability zone has been delineated with a second smaller high chargeability area to the W-SW. These high chargeability zones indicate the presence of graphite or disseminated sulphides, or a combination of both, which comprise the initial drill targets.

The Phase 1 RC drilling program over the Ndongo Central Area has been completed with 48 holes drilled, totaling 2,414m. A total of 2,655 samples, including duplicates, standards and blanks, were submitted to the SGS Laboratory, Ouagadougou, Burkina Faso for fire assay analyses.

Assay results for Phase 1 are anticipated by early May 2014.

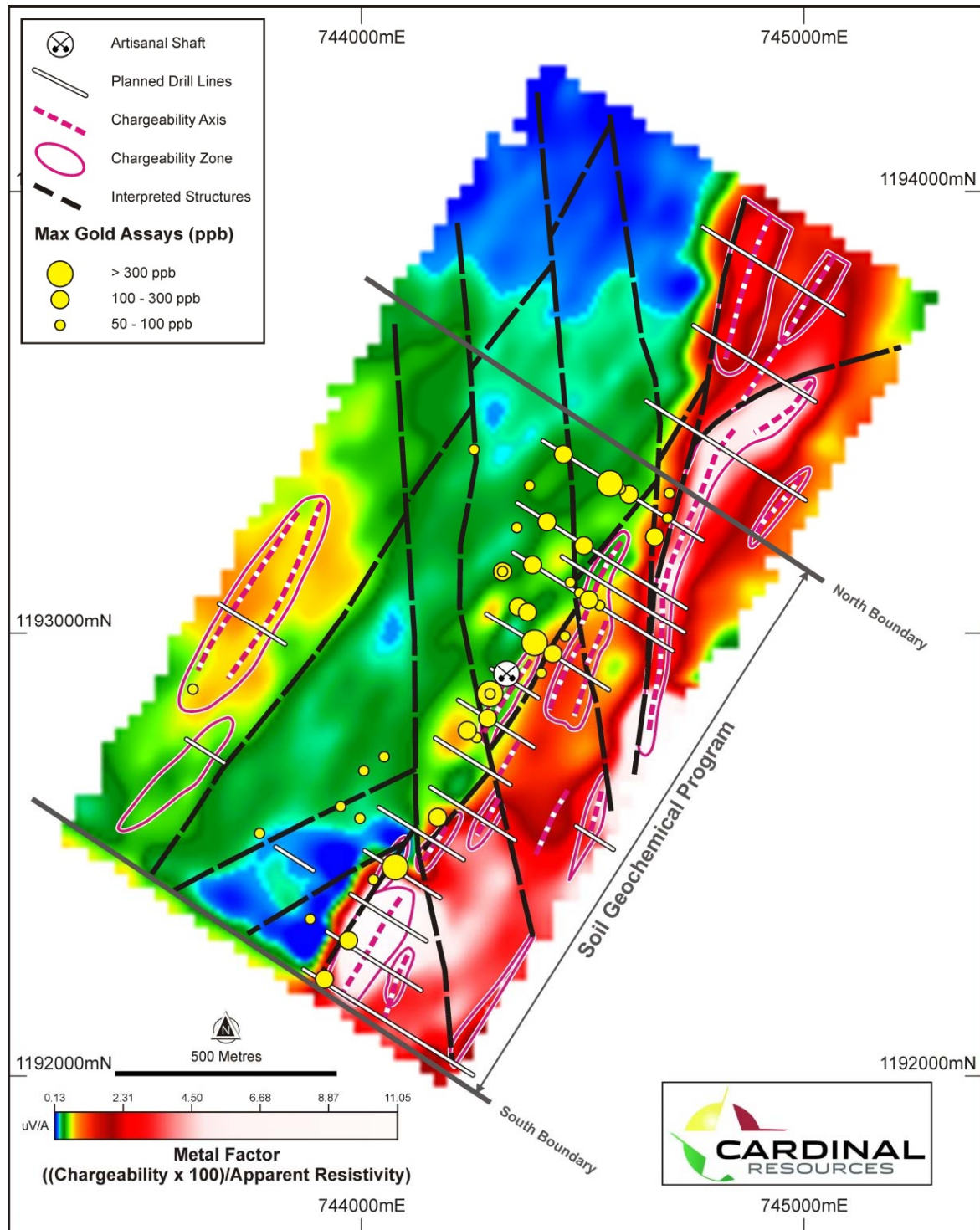


**Figure 3: Ndongo Central Area DDIP chargeability image and anomalous gold in soil values with proposed drill lines and drilled sections**

### ***Ndongo West Prospect Ground Geophysics***

Gradient Array Induced Polarisation (GAIP) surveys over the Ndongo West Prospect delineated a 2 km NE trending contact, which coincides with anomalous (>100ppb) gold-in-soil values (see Figure 4).

The Company announced on the 29 April 2014, a program of RC and Diamond Drilling had commenced at Ndongo West.

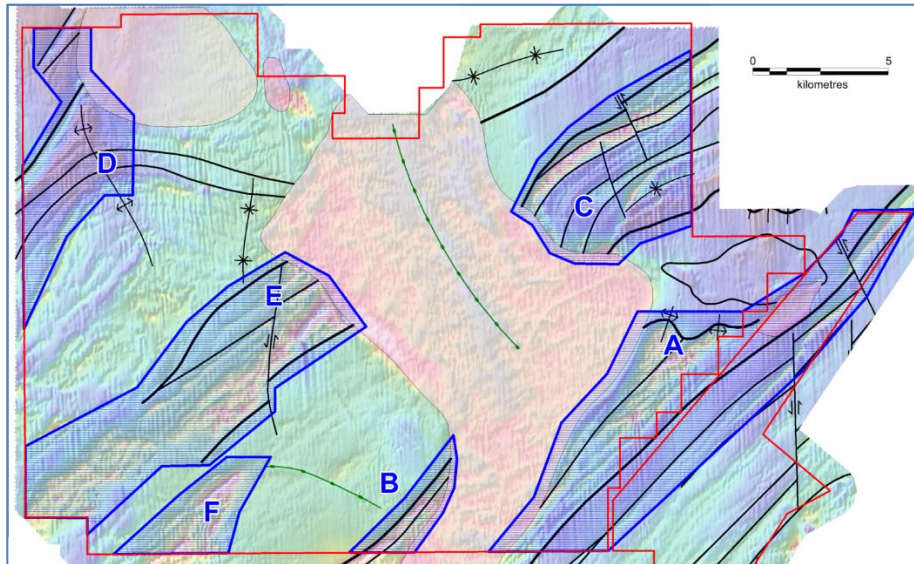


**Figure 4: Ndongo West Prospect GAIP Metal Factor**

### Bongo Prospect

The airborne geophysical survey over the Bongo Prospect delineated six interpreted target areas containing ~40 km of possible mineralised structures (see Figure 5).

During this quarter there has been no further geochemical sampling.

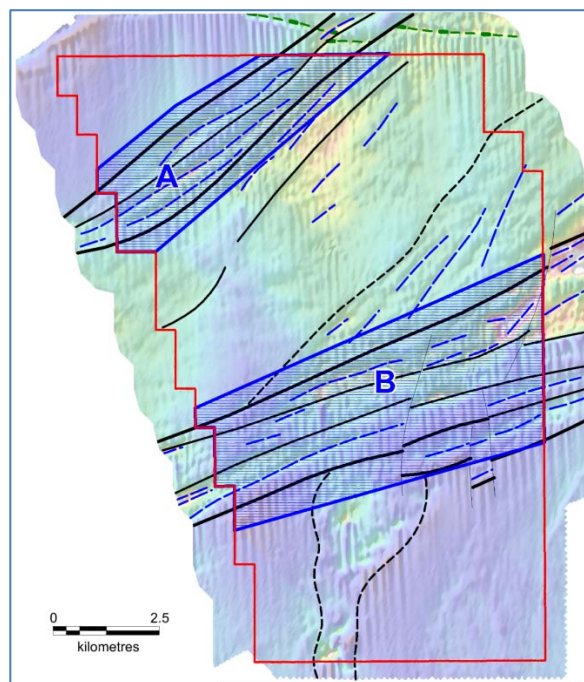


**Figure 5: Bongo - 2013 airborne survey magnetic image with preliminary interpretation and six target zones**

### Kungongo Prospect

The airborne geophysical survey over the Kungongo Prospect delineated two interpreted target areas containing ~30 km of possible mineralised structures (see Figure 6).

During this quarter there has been no further geochemical sampling.



**Figure 6: Kungongo – 2013 airborne survey magnetic image with preliminary interpretation of two target zones**

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## DEMOCRATIC REPUBLIC OF CONGO (“DRC”)

Cardinal has executed an Option Agreement with CONNECTIONS SPRL, a company domiciled in the DRC, to acquire certain exploitation rights in the DRC (“Option Agreement”).

Under the terms of the Option Agreement, Cardinal paid an Option Fee of US\$50,000, being an option to acquire a 60% interest in a joint venture to be established in the DRC. On exercise of the option, Cardinal is required to pay a further US\$500,000 to acquire its interest as contemplated by the Option Agreement.

Two exploitation licences currently held by Société Minière de Kilo-Moto (a state owned resources company based in the DRC) PE 5051 and PE 5053, are located over the Kilo-Moto greenstone belt in the far north eastern portion of DRC, which are the subject of the Option Agreement.

Subject to DRC in-country geopolitical and civil circumstances and financial market conditions, a site visit by Mr Paul Abbott, Cardinal’s Exploration Manager is being planned for the first half of 2014.

## CAPITAL STRUCTURE

As at the date of this report the Company has following capital structure;

Capital Structure	Tradeable	Escrowed	Total
Fully Paid Ordinary Shares (CDV)	55,518,782	17,837,794	73,356,576
Listed Options Ex. \$0.20 on or before 30 June 2014 (CDVO)	49,127,180	7,530,440	56,657,620
Unlisted			
- Options Ex. \$0.20 on or before 31 December 2015	-	11,000,000	11,000,000
- Class A Performance Shares	-	50	50
- Class B Performance Shares	-	50	50

## Cash Balance

The Company’s cash balance at 31 March 2014 was approximately \$1.583 million.

### TENEMENT SCHEDULE - ASX LISTING RULE 5.3.3

The following mining tenement information is provided pursuant to ASX Listing Rule 5.3.3. No tenements in part or whole, were relinquished, surrendered or otherwise divested during the quarter ended 31 March 2013.

Tenement	Licence Status	Ref	Note	Interest Acquired During Quarter	Interest Divested During Quarter	Interest Held at End of Quarter
<b>Ghana</b>						
<b>Bolgatanga Project</b>						
Ndongo	Prospecting	PL9/22		-	-	100%
Ndongo North	Reconnaissance		1			-
Kungono	Reconnaissance	RL9/28		-	-	100%
Bongo	Reconnaissance	RL9/29		-	-	100%
<b>Subranum Project</b>						
Subranum	Prospecting	PL/309	2	-	-	-
<b>Democratic Republic of Congo</b>						
		PE 5051	3	-	-	-
		PE 5052	3	-	-	-

#### Notes

1. **Ndongo North:** On 21 January 2014 Cardinal announced that Cardinal Resources Limited (**Cardinal**), through its wholly owned subsidiary Cardinal Resources Ghana Limited (**Cardinal Ghana**), has entered into a binding Heads of Agreement to establish a joint venture with Ghanaian resident Yaw Owusu Yeboah (**Yeboah**) over the “**Ndongo North**” tenement area (**Tenement**) adjacent to Cardinal’s existing Ndongo tenement (**Agreement**). The Tenement area is approximately 64kms<sup>2</sup>.

An initial payment of US\$100,000 was paid by Cardinal Ghana on execution of the Agreement. A further payment of US\$100,000 will be made upon confirmation from the Minister of Lands and Natural Resources Ghana that all rights and entitlements relating to the Tenement have been transferred or assigned to Cardinal Ghana. The Tenement will be held 100% in the name of Cardinal Ghana.

An unincorporated joint-venture (**Joint Venture**) will be formed between Cardinal Ghana (51%) and Yeboah (49%) with Cardinal Ghana the manager of the Joint-Venture. Cardinal Ghana is required to spend US\$500,000 on exploration drilling on the Tenement within the first two years of the Asset being transferred or assigned to Cardinal Ghana to maintain its 51% interest (**initial earn-in period**).

After the initial earn-in period, the Joint Venture parties will contribute to joint venture cash calls in accordance with their respective Joint Venture interests. Should either Joint Venture party not meet its cash calls after the initial earn in period on the terms set out in the Agreement, the non-defaulting Joint-Venture party may elect to compulsorily acquire the defaulting Joint-Venture party’s Joint Venture interest.

Subsequent to any compulsory acquisition by Cardinal Ghana of the Joint Venture interest held by Yeboah and subject to paragraphs (a), (b) and (c) below, for each JORC compliant inferred resource of 100,000 troy ounces of Gold established on the Tenement, Cardinal will, subject to compliance at all times with the ASX Listing Rules and Corporations Act 2001 (Cth), issue Yeboah 200,000 ordinary shares in Cardinal within 30 days of making an announcement to the ASX in respect of any such declared JORC compliant inferred resource at Ndongo North as follows;

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- (a) The first tranche of shares will be issued when the Joint Venture has reached a minimum Initial JORC compliant inferred resource of 500,000 Troy ounces of Gold. Thereafter, shares in Cardinal will be issued for each further tranche of JORC compliant inferred resource of 250,000 Troy ounces of Gold up to a maximum of 3,000,000 Troy ounces (inclusive of the initial 500,000 Troy ounces);
- (b) Such Cardinal shares must be issued within five years from the date that all rights and entitlements relating to the Tenement have been transferred or assigned to Cardinal Ghana; and,
- (c) Each tranche of Cardinal shares will be escrowed for a period of 12 months from the date of issue.

For example, where the above conditions are met, if a 3,000,000 Troy ounce inferred gold resource is established within the Tenement area, a maximum of 6,000,000 Cardinal shares will be issued to Yeboah.

In addition, where Yeboah's 49% Joint Venture interest is compulsorily acquired by Cardinal Ghana, a 3% Net Smelter Gold Royalty will be payable to Yeboah by Cardinal Ghana on gold produced from the Tenement.

Where Cardinal Ghana's 51% Joint Venture interest is compulsorily acquired by Yeboah, a 3% Net Smelter Gold Royalty will be payable to Cardinal Ghana by Yeboah on gold produced from the Tenement.

Extensive details in relation to the proposed Agreement and any further formal legal agreements in respect of the transaction will be contained in Cardinal's Notice of General Meeting, relating to this transaction which will be sent to shareholders in due course.

2. **Subranum Project:** Cardinal Resources Subranum Limited has entered into a Sale and Purchase agreement with Newmont Ghana Gold Limited (a subsidiary of Newmont Mining Corporation) for the purchase of Subin Kasu Prospecting Licence (the "Subranum Project").

Subject to the approval of the sale by the relevant Minister for the Ghanaian Mining Act, Cardinal Resources Subranum Limited will acquire 100% of the Subin Kasu Prospecting Licence and pay to Newmont Ghana Gold Limited US\$50,000 on or before 10 days after the approval date, US\$50,000 on the first anniversary of the approval date and a final \$100,000 on the second anniversary date.

In addition Cardinal Resources Subranum Limited will be required to spend US\$250,000 on exploration within the first year from approval and a further US\$750,000 in the second year.

Cardinal Resources Subranum Limited will be required to pay Newmont Ghana Gold Limited US\$50,000 per annum from the date which Cardinal Resources Subranum Limited reports a "gold resource estimate" of 1 Moz of Gold. Subject to the grant of a Mining Lease under the Ghanaian Mining Act, Cardinal Resources Subranum Limited will be required to pay Newmont Ghana Gold Limited a 2% Net Smelter Royalty.

3. **Democratic Republic of Congo:** On 30 April 2012 Cardinal Resources (Australia) Pty Ltd executed the Option Agreement with CONNECTIONS SPRL, a company domiciled in the Democratic Republic of Congo (DRC), to acquire certain exploitation rights in the DRC.

Under the terms of the Option Agreement, Cardinal Resources (Australia) Pty Ltd paid an Option Fee of US\$50,000, being an option to acquire a 60% interest in a joint venture to be established in the DRC. On exercise of the option, Cardinal is required to pay a further US\$500,000 to acquire its interest as contemplated by the Option Agreement.

Two exploitation licences, PE 5051 and PE 5053 are currently held by Société Minière de Kilo-Moto (a state owned resources company based in the Democratic Republic of Congo) are the subject of the Option Agreement.

**For further information contact:**

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**JORC 2012**

The Company confirms it is not aware of any new information or data that materially affects the information included in market announcements relating to exploration activities carried out at the Bolgatanga Project and all material assumptions and technical parameters underpinning the exploration activities in those market announcements continue to apply and have not been changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Cardinal Resources Limited

ABN

56 147 325 620

Quarter ended ("current quarter")

31 March 2014

#### Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(408)	(1,481)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(132)	(403)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	3	23
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other – GST and Foreign Exchange movement	(111)	(75)
<b>Net Operating Cash Flows</b>		<b>(648)</b>	<b>(1,936)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(20)	(607)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
<b>Net investing cash flows</b>		<b>(20)</b>	<b>(607)</b>
1.13	Total operating and investing cash flows (carried forward)	(668)	(2,543)

+ See chapter 19 for defined terms.

**Appendix 5B****Mining exploration entity and oil and gas exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(668)	(2,543)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	<b>(668)</b>	<b>(2,543)</b>
1.20	Cash at beginning of quarter/year to date	2,318	4,156
1.21	Exchange rate adjustments to item 1.20	(67)	(30)
1.22	<b>Cash at end of quarter</b>	<b>1,583</b>	<b>1,583</b>

**Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	177
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

	\$'000
Directors' Fees and Remuneration	135
Accounting, bookkeeping, corporate secretarial and administration services	42

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	715
4.2 Development	-
4.3 Production	-
4.4 Administration	132
<b>Total</b>	<b>847</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	298	165
5.2 Deposits at call	1,285	2,153
5.3 Bank overdraft	-	-
5.4 Other – Term Deposit	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,583</b>	<b>2,318</b>

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+ See chapter 19 for defined terms.

## Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	N/A	N/A	N/A
6.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A	N/A	N/A

## Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1				
<b>Preference *securities</b>				
Class A Performance Shares	50	-	-	-
Class B Performance Shares	50	-	-	-
7.2				
Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3	73,356,576	55,518,782	-	-
<b>*Ordinary securities</b>				
7.4				
Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs	-	-	-	-

+ See chapter 19 for defined terms.

**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

7.5	<b>*Convertible debt securities</b> <i>(description)</i>	-	-	-	-
7.6	Changes during quarter				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through securities matured, converted	-	-	-	-
7.7	<b>Options</b> <i>(description and conversion factor)</i>	56,657,620 11,000,000	49,127,180 -	<i>Exercise price</i> \$0.20 \$0.20	<i>Expiry date</i> 30 June 2014 31 December 2015
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	<b>Debentures</b> <i>(totals only)</i>	-	-		
7.12	<b>Unsecured notes</b> <i>(totals only)</i>	-	-		

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Sarah Shipway  
Company secretary

Date: 30 April 2014

Print name: Sarah Shipway

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position.

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+ See chapter 19 for defined terms.

An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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