

**CARDINAL RESOURCES LIMITED**  
**ACN 147 325 620**

**NOTICE OF ANNUAL GENERAL MEETING**  
**AND**  
**EXPLANATORY MEMORANDUM**

**IMPORTANT INFORMATION**

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

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

The Annual Report is available online at [www.cardinalresources.com.au](http://www.cardinalresources.com.au)

CARDINAL RESOURCES LIMITED  
ACN 147 325 620

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of Cardinal Resources Limited will be held at the Lake Monger Room, Boulevard Centre, 99 The Boulevard, Floreat Western Australia 6014 at 9.00am (WST) on 3 November 2014 to conduct the following business and to consider, and if thought fit, to pass the following Resolutions.

AGENDA

ORDINARY BUSINESS

FINANCIAL & OTHER REPORTS

To receive and consider the financial report for the year ended 30 June 2014 and the accompanying Directors' Report, Directors' Declaration, and Auditor's Report.

RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

To consider, and if thought fit, to pass the following resolution as an **advisory** resolution:

*“That the Remuneration Report that forms part of the Directors' Report for the financial period ended 30 June 2014, be adopted.”*

The Remuneration Report is set out in the Directors' Report in the Annual Report. Please note that the vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

**Voting Exclusion:** In accordance with sections 250R and 250BD of the Corporations Act 2001, the Company will disregard any votes cast on Resolution 1 by any Key Management Personnel (“KMP”) and a closely related party of a KMP. However, the Company need not disregard a vote if it is cast by a KMP or a closely related party of a KMP as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a chairperson of the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

The Company's KMP are set out in the Remuneration Report. Generally speaking, they are people having authority and responsibility for planning, controlling and directing the Company's activities in a direct or indirect manner. KMP include the Directors, and senior executives of the Company.

A closely related party of a KMP generally speaking means a spouse, child, or dependant of the key management personnel, or a child or dependant of the spouse of the KMP. It includes anyone else who is a member of the key management personnel's family who would influence or may be expected to influence the KMP in relation to his or her dealings with the Company. It also includes any company which is controlled by the KMP, and includes any other people prescribed as closely related parties by ASIC in the regulations to the Corporations Act.

KMPs and their closely related parties will commit an offence under the Corporations Act if they vote in relation to Resolution 1 in breach of the voting restrictions.

RESOLUTION 2 – RE-ELECTION OF MR MALIK EASAH

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

*“That Mr Malik Easah, having retired in accordance with the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company with immediate effect.”*

## SPECIAL BUSINESS

### RESOLUTION 3- RATIFICATION OF THE ISSUE OF PLACEMENT SHARES – LISTING RULE 7.1

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

*“That, for the purpose of Listing Rule 7.4, and for all other purposes, Shareholders ratify the allotment and issue of 10,664,343 Shares on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue, and any associates of such a person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### RESOLUTION 4 – RATIFICATION OF THE ISSUE OF PLACEMENT SHARES – LISTING RULE 7.1A

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

*“That, for the purpose of Listing Rule 7.4, and for all other purposes, Shareholders ratify the allotment and issue of 7,335,657 Shares on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue, and any associates of such a person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### RESOLUTION 5 – APPROVAL FOR THE ISSUE OF ATTACHING OPTIONS

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

*“That, for the purpose of Listing Rule 7.1, and for all other purposes, Shareholders approve the allotment and issue of 18,000,000 Attaching Options on the terms and conditions set out in the Explanatory Memorandum.”*

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

### RESOLUTION 6 – ISSUE OF SECURITIES TO A DIRECTOR - MR ALEC PISMIRIS

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

*"That, for the purpose of Listing Rule 10.11, and for all other purposes, Shareholders approve the issue of 427,500 Shares, 427,500 Attaching Options and 213,750 Additional Director Options to Mr Alec Pismiris, a Director, on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who is to receive securities in relation to the Company, and any associate of these persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### **RESOLUTION 7 – ISSUE OF SECURITIES TO A DIRECTOR - MR ARCHIE KOIMTSIDIS**

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

*"That, for the purpose of Listing Rule 10.11, and for all other purposes, Shareholders approve the issue of 540,000 Shares, 540,000 Attaching Options and 270,000 Additional Director Options to Mr Archie Koimtsidis, a Director, on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who is to receive securities in relation to the Company, and any associate of these persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### **RESOLUTION 8 – ISSUE OF SECURITIES TO A DIRECTOR - MR MARCUS MICHAEL**

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

*"That, for the purpose of Listing Rule 10.11, and for all other purposes, Shareholders approve the issue of 1,000,000 Shares, 1,000,000 Attaching Options and 500,000 Additional Director Options to Mr Marcus Michael, a Director, on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who is to receive securities in relation to the Company, and any associate of these persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### **RESOLUTION 9 – ISSUE OF SECURITIES TO A DIRECTOR - MR MALIK EASAH**

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

*"That, for the purpose of Listing Rule 10.11, and for all other purposes, Shareholders approve the issue of 2,912,500 Shares, 2,912,500 Attaching Options and 1,456,250 Additional Director Options to Mr Malik Easah, a Director, on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who is to receive securities in relation to the Company, and any associate of these persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in

accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### **RESOLUTION 10 – APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY**

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

*“That, for the purpose of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, for the purpose and on the terms set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person, and any associates of such person, who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### **RESOLUTION 11 – PARTICIPATION BY DIRECTORS IN RIGHTS ISSUE SHORTFALL**

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

*“That, for the purposes of Listing 10.11 and for all other purposes, Shareholders approve related parties to subscribe for, and be issued, up to 45,678,288 Rights Issue Options as part of the Rights Issue Shortfall, on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who is to receive securities in relation to the Company, and any associate of these persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**DATED THIS 1<sup>st</sup> DAY OCTOBER 2014**

**BY ORDER OF THE BOARD**

**SARAH SHIPWAY  
COMPANY SECRETARY**

## NOTES

### Definitions

Terms which are used in this Notice and which are defined in Section 9 of the Explanatory Memorandum have the meanings ascribed to them therein.

### Note

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

### Proxies

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

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

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

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

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

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

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

not later than 9.00am (WST) on 1 November 2014.

Pursuant to regulation 7.11.37 of the Corporations Regulations, the Board has determined that the shareholding of each Shareholder for the purposes of ascertaining the voting entitlements for the Meeting will be as it appears in the share register at 4.00pm (WST) on 2 November 2014.

### Bodies Corporate

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

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

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

**CARDINAL RESOURCES LIMITED**  
**ACN 147 325 620**

**EXPLANATORY MEMORANDUM**

This Explanatory Memorandum forms part of a Notice convening the Annual General Meeting of Shareholders of Cardinal Resources Limited to be held at the Lake Monger Room, Boulevard Centre, 99 The Boulevard, Floreat Western Australia 6014 at 9.00am (WST) on 3 November 2014. This Explanatory Memorandum is to assist Shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the Resolutions proposed. Certain terms used in this Explanatory Memorandum are defined in Section 9.

**1. FINANCIAL AND OTHER REPORTS**

As required by section 317 of the Corporations Act, the financial report for the year ended 30 June 2014 and the accompanying Directors' Report, Directors' Declaration and Auditor's Report will be laid before the Meeting.

Neither the Corporations Act nor the Company's Constitution requires a vote on the reports. However, Shareholders will have an opportunity to ask questions about the report at the Annual General Meeting. Shareholders will also be given a reasonable opportunity to ask the Auditor questions about the auditor's report and audit conduct. Written questions may be submitted 5 business days prior to the Meeting addressed to the Chairman and sent to the Company's registered office, about the management of the Company, or addressed to the Company's auditor and sent to the Company's registered office about audit conduct, accounting policies used by the Company and auditor independence. General questions about the management of the Company will also be taken.

**2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT**

As required by the Corporations Act, the Board is presenting the Remuneration Report to Shareholders for consideration and adoption by a non-binding vote. The Remuneration Report contains:

- information about Board Policy for determining the nature and amount of remuneration of the Company's Directors and senior executives;
- a description of the relationship between remuneration policy and the Company's performance;
- a summary of performance conditions, including a summary of why they were chosen and how performance is measured against them; and
- remuneration details for each executive and non-executive Director, and Key Management Personnel.

The Remuneration Report, which is part of the 2014 Annual Report, has been sent to Shareholders (except those who have made an election not to receive the Annual Report). Copies of the 2014 Annual Report are available by contacting the Company's Share Registry or visiting the Company's web site ([www.cardinalresources.com.au](http://www.cardinalresources.com.au)).

The Meeting presents an opportunity to discuss the Remuneration Report for Shareholders who are interested in doing so. The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Shareholders are informed that under the Corporations Act, if 25% or more of the vote on this Resolution are against adopting the Remuneration Report, the Company will be required to consider and report to Shareholders in the next Remuneration Report on what action is proposed to be (if any) or has been taken in response to Shareholder concerns, and if no action is proposed to be taken, the Board's reasons for this.

Shareholders also need to be aware that as a result of the legislation which became effective on 1 July 2011 a “two strikes” process will apply to the results of voting in relation to Resolution 1. This means that if the resolution proposing adoption of the Remuneration Report receives a “no” vote of over 25% of votes cast by those attending in person or by proxy and permitted to vote, at two successive annual general meetings, then the Company’s next annual general meeting must contain an extra resolution (“**Spill Resolution**”) proposing that another general meeting (“**Spill Meeting**”) should be held within 90 days of that annual general meeting. A simple majority of over 50% of the votes cast at that next annual general meeting is required to pass the Spill Resolution. If the Spill Resolution is passed, within 90 days the Spill Meeting must be held at which all the Directors, except the Managing Director and any new Directors appointed since the annual general meeting of the second strike, will be required to resign and offer themselves for re-election.

If at the Spill Meeting, the resolutions are all passed against re-electing the relevant Directors, the legislation includes a mechanism to ensure the Board continues with the statutory required minimum of 3 Directors. After the Managing Director, the remaining two positions will be filled by the Directors whose re-election resolutions at the Spill Meeting received the highest percentage of votes in favour of re-election. If the number of votes is the same for two Directors, the Managing Director and any other Director whose re-election has been confirmed at this Spill Meeting, can choose who is to become the third Director, with such appointment to be confirmed by shareholders at the next annual general meeting. The ramifications of this mechanism being invoked include that the Company would not be in compliance with its corporate governance policies as a result of not having three independent directors on the Company’s audit committee or any other committees requiring independent directors.

Furthermore, depending on the outcome of voting at the subsequent annual general meeting, Shareholders may be obliged to consider a resolution to requiring the full Board (excluding the Managing Director) to seek re-election.

The Chairman intends to vote all available proxies in favour of adopting the Remuneration Report. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the proxy form, the Shareholder is considered to have provided the Chairman with express authorisation for the Chairman to vote the proxy in accordance with the Chairman’s intentions.

The Directors make no recommendation on Resolution 1.

### **3. RESOLUTIONS 2 – RE-ELECTION OF MR MALIK EASAH**

Resolution 2 deals with the re-election of Mr Malik Easah who retires by rotation as required by the Company’s Constitution and the Listing Rules and being eligible, has offered himself for re-election.

**Mr Easah** is the principal of a successful alluvial mining operation in the North West Adansi Gold Obotan concession and is currently developing additional payable gold permits within the Ashanti and Nangodi Gold belts of Ghana.

Mr Easah specializes in the manufacture of alluvial gold wash plants and recovery equipment and is regarded as an authority in the development of alluvial mining operations in Ghana.

Mr Easah is a resident in Ghana.

The Directors, except for Mr Easah, recommend the re-election of Mr Easah as a Director.

### **4. RESOLUTIONS 3 & 4 – RATIFICATION OF THE ISSUE OF PLACEMENT SHARES**

#### **4.1 Background**

On 18 September 2014, the Company announced that it had issued 18 million Shares at an issue price of \$0.05 to raise \$900,000 (before costs). The Shares were issued with the subsequent issue of a free Attaching Option (exercisable at \$0.15, expiring 30 September 2019) to be issued subject to Shareholder



approval being obtained. The issue of the Attaching Options is subject to the receipt of the Shareholder approval sought by Resolution 5.

#### **4.2 Listing Rules Chapter 7**

Listing Rule 7.1 provides, subject to certain exceptions, that Shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the company's ordinary securities then on issue (in the case of Listing Rule 7.1) and 10% of the company's ordinary securities then on issue (in the case of Listing Rule 7.1A)

Listing Rule 7.2 sets out the exceptions to Listing Rules 7.1 and 7.1A. It provides that where a company in a general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 and Listing Rule 7.1A (and provided that the previous issue did not breach Listing Rules 7.1 or 7.1A) those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1 or 7.1A (as the case may be).

By ratifying the issue of the Shares the subject of Resolutions 3 and 4, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1, and the 10% placement capacity under Listing Rule 7.1A, without the requirement to obtain prior Shareholder approval.

Resolutions 3 and 4 are both ordinary resolution.

#### **4.3 Resolution 3 - Information Required by Listing Rule 7.5**

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of Shares the subject of Resolution 3:

- (a) 10,664,343 Shares were issued at an issue price of \$0.05 per Share;
- (b) The Shares were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) The Shares were issued to investors who were eligible to be made offers without disclosure under an exemption under section 708 of the Corporations Act.
- (d) The funds raised from the issue (being in total \$533,217 (before costs)) will be used for further RC drilling at the Namdini mining licence, mining licence joint venture agreements in the Bolgatanga Project area (where appropriate) and working capital.

The Chairman intends to vote all available proxies in favour of Resolution 3.

#### **4.3 Resolution 4 - Information Required by Listing Rule 7.5**

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of Shares the subject of Resolution 4:

- (a) 7,335,657 Shares were issued at an issue price of \$0.05 per Share;
- (b) The Shares were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) The Shares were issued to investors who were eligible to be made offers without disclosure under an exemption under section 708 of the Corporations Act.

- (d) The funds raised from the issue (being in total \$366,682 (before costs)) will be used for further RC drilling at the Namdini mining licence, mining licence joint venture agreements in the Bolgatanga Project area (where appropriate) and working capital.

The Chairman intends to vote all available proxies in favour of Resolution 4.

## **5. RESOLUTION 5 – APPROVAL FOR THE ISSUE OF ATTACHING OPTIONS**

### **5.1 Background**

18,000,000 Attaching Options are to be issued to subscribers for the Shares the subject of Resolutions 3 and 4 on the basis of 1 Attaching Option for every Share subscribed for. Approval for the issue of these Attaching Options is sought pursuant to Listing Rule 7.1.

### **5.2 Listing Rule Chapter 7**

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

By approving the issue of Attaching Options, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

In the event that Shareholder approval is not obtained for the issue of the Attaching Options, the Attaching Options will be nonetheless issued to the extent permissible under the Company's 15% annual placement capacity, thereby reducing the capacity for the Company to issue further securities without first having to seek Shareholder approval.

Resolution 5 is an ordinary resolution.

### **5.3 Technical Information Required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the approval of the proposed issue of the Attaching Options the subject of Resolution 5:

- (a) 18,000,000 Attaching Options are proposed to be issued;
- (b) The Attaching Options are to be issued to Shareholders who subscribed for the Shares the subject of Resolutions 3 and 4.
- (c) The Attaching Options are exercisable for \$0.15 on or before 30 September 2019 and otherwise on the terms and conditions set out in Schedule 1.
- (d) The Attaching Options will be issued as soon as practicable after the Meeting, and in any event, within 3 months of the date of the Meeting.
- (e) It is anticipated that all of the Attaching Options will be issued on the same date;
- (f) The Attaching Options are free attaching options, and as such, no funds will be raised from the issue thereof.

The Chairman intends to vote all available proxies in favour of Resolution 5.

## 6. RESOLUTIONS 6 TO 9 – ISSUE OF SECURITIES TO DIRECTORS

### 6.1 Background

In addition to the Shares and Attaching Options the subject of Resolutions 3 to 5, it is proposed that each of the Directors of the Company will participate in a placement on the same terms and conditions as the other subscribers under the placement summarised in Section 4.1.

In addition, as a result of the requirement for shareholder approval for the Director Placement, the Record Date for determining entitlements under the Rights Issue will be before the date on which the Directors are issued Shares under the Director Placement. As such, the Company also seeks Shareholder approval for those directors to be issued (in aggregate) 2,440,000 Options as if they had been issued the Shares under the Director Placement before the Record Date of the Rights Issue, and elected to participate in the Rights Issue (“**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 of the Rights Issue.

Because Directors are related parties of the Company, Shareholder approval for the purpose of Listing Rule 10.11 is required before any Shares or Options can be issued to the Directors.

### 6.2 Listing Rules Chapter 10

Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities to a related party.

Furthermore, Shareholder approval of the issue of securities to Directors under Listing Rule 10.11 means that the issue of securities to the Directors will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

The Directors consider that participation in the Director Placement will be on arms' length terms as the placement to the Directors will be made on the same terms to all other parties who participate in the placement (as summarised in Section 4.1), regardless of whether they are associated with the Company or not. In addition, the participation by the Directors in the Additional Director Option issue will be on arms' length terms as it will be made on the same terms as the Rights Issue, including the requirement for the Directors to subscribe for, and pay the requisite subscription amount in respect of the Additional Director Options, on or before the Closing Date of the Rights Issue. Accordingly, the proposed participation by the Directors in the Director Placement and the Additional Director Option issue falls within the “arm's length terms” exemption provided by Section 210 of the Corporations Act to the requirement to obtain shareholder approval under Chapter 2E of the Corporations Act.

### 6.3 Information Required by Listing Rule 10.13 – Resolution 6

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the proposed issue of securities the subject of Resolution 6:

- (a) The Shares, Attaching Options and Additional Director Options the subject of Resolution 6 will be issued to Mr Alec Pismiris (or his nominee) in the following maximum proportions;
  - (i) Shares – 427,500.
  - (ii) Attaching Options – 427,500
  - (iii) Additional Director Options – 213,750
- (b) The Shares the subject of Resolution 6 will be issued at an issue price of \$0.05;

- (c) The Attaching Options will be issued for nil cash consideration and are exercisable for \$0.15 on or before 30 September 2019 and otherwise on the terms and conditions set out in Schedule 1.
- (d) The Additional Director Options will be issued for an issue price of \$0.01 each and are exercisable for \$0.15 on or before 30 September 2019 and otherwise on the terms and conditions set out in Schedule 1.
- (e) The Shares, Attaching Options and Additional Director Options the subject of Resolution 6 will be issued no later than 1 month after the date of the Meeting (or such other later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated that allotment will occur on the same date;
- (f) The Shares the subject of Resolution 6 are fully paid ordinary shares in the capital of the Company and will rank equally with the Company's current issued Shares;
- (g) The funds raised from the issue (being in total \$23,512 (before costs)) will be used for further RC drilling at the Namdini mining licence, mining licence joint venture agreements in the Bolgatanga Project area (where appropriate) and working capital.

The Chairman intends to vote all available proxies in favour of Resolution 6.

#### **6.4 Information Required by Listing Rule 10.13 – Resolution 7**

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the proposed issue of securities the subject of Resolution 7:

- (a) The Shares, Attaching Options and Additional Director Options the subject of Resolution 7 will be issued to Mr Archie Koimtsidis (or his nominee) in the following maximum proportions:
  - (i) Shares – 540,000.
  - (ii) Attaching Options – 540,000
  - (iii) Additional Director Options – 270,000
- (b) The Shares the subject of Resolution 7 will be issued at an issue price of \$0.05;
- (c) The Attaching Options will be issued for nil cash consideration and are exercisable for \$0.15 on or before 30 September 2019 and otherwise on the terms and conditions set out in Schedule 1.
- (d) The Additional Director Options will be issued for an issue price of \$0.01 each and are exercisable for \$0.15 on or before 30 September 2019 and otherwise on the terms and conditions set out in Schedule 1.
- (e) The Shares, Attaching Options and Additional Director Options the subject of Resolution 7 will be issued no later than 1 month after the date of the Meeting (or such other later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated that allotment will occur on the same date;
- (f) The Shares the subject of Resolution 7 are fully paid ordinary shares in the capital of the Company and will rank equally with the Company's current issued Shares;
- (g) The funds raised from the issue (being in total \$29,700 (before costs)) will be used for further RC drilling at the Namdini mining licence, mining licence joint venture agreements in the Bolgatanga Project area (where appropriate) and working capital.

The Chairman intends to vote all available proxies in favour of Resolution 7.

## 6.5 Information Required by Listing Rule 10.13 – Resolution 8

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the proposed issue of securities the subject of Resolution 8:

- (a) The Shares, Attaching Options and Additional Director Options the subject of Resolution 8 will be issued to Mr Marcus Michael (or his nominee) in the following maximum proportions;
  - (i) Shares – 1,000,000.
  - (ii) Attaching Options – 1,000,000
  - (iii) Additional Director Options – 500,000
- (b) The Shares the subject of Resolution 8 will be issued at an issue price of \$0.05;
- (c) The Attaching Options will be issued for nil cash consideration and are exercisable for \$0.15 on or before 30 September 2019 and otherwise on the terms and conditions set out in Schedule 1.
- (d) The Additional Director Options will be issued for an issue price of \$0.01 each and are exercisable for \$0.15 on or before 30 September 2019 and otherwise on the terms and conditions set out in Schedule 1.
- (e) The Shares, Attaching Options and Additional Director Options the subject of Resolution 8 will be issued no later than 1 month after the date of the Meeting (or such other later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated that allotment will occur on the same date;
- (f) The Shares the subject of Resolution 8 are fully paid ordinary shares in the capital of the Company and will rank equally with the Company's current issued Shares;
- (g) The funds raised from the issue (being in total \$55,000 (before costs)) will be used for further RC drilling at the Namdini mining licence, mining licence joint venture agreements in the Bolgatanga Project area (where appropriate) and working capital.

The Chairman intends to vote all available proxies in favour of Resolution 8.

## 6.6 Information Required by Listing Rule 10.13 – Resolution 9

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the proposed issue of securities the subject of Resolution 9:

- (a) The Shares, Attaching Options and Additional Director Options the subject of Resolution 9 will be issued to Mr Malik Easah (or his nominee) in the following maximum proportions;
  - (i) Shares – 2,912,500
  - (ii) Attaching Options – 2,912,500
  - (iii) Additional Director Options – 1,456,250
- (b) The Shares the subject of Resolution 9 will be issued at an issue price of \$0.05;
- (c) The Attaching Options will be issued for nil cash consideration and are exercisable for \$0.15 on or before 30 September 2019 and otherwise on the terms and conditions set out in Schedule 1.

- (d) The Additional Director Options will be issued for an issue price of \$0.01 each and are exercisable for \$0.15 on or before 30 September 2019 and otherwise on the terms and conditions set out in Schedule 1.
- (e) The Shares, Attaching Options and Additional Director Options the subject of Resolution 9 will be issued no later than 1 month after the date of the Meeting (or such other later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated that allotment will occur on the same date;
- (f) The Shares the subject of Resolution 9 are fully paid ordinary shares in the capital of the Company and will rank equally with the Company's current issued Shares;
- (g) The funds raised from the issue (being in total \$160,188 (before costs)) will be used for further RC drilling at the Namdini mining licence, mining licence joint venture agreements in the Bolgatanga Project area (where appropriate) and working capital.

The Chairman intends to vote all available proxies in favour of Resolution 9.

## **7. RESOLUTION 10 – APPROVAL OF ADDITIONAL 10% CAPACITY**

### **7.1 General**

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 7.2(c) below).

The primary purpose for the 10% Placement Facility is to pursue possible future investment opportunities that may arise.

The Directors of the Company believe that Resolution 10 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

### **7.2 Description of Listing Rule 7.1A**

#### **7.2(a) Shareholder approval**

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

#### **7.2(b) Equity Securities**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue one class of quoted Equity Securities, being Shares (having the ASX code CDV). It is proposed that the Attaching Options will also become quoted Equity Securities in a single class.

### 7.2(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

**A** is the number of shares on issue 12 months before the date of issue or agreement:

- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

Note that A is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

**D** is 10%

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

### 7.2(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 91,356,576 Shares and therefore has a capacity to issue:

- (i) 13,703,486 Equity Securities under Listing Rule 7.1 (subject to the passage of Resolutions 3 and 4); and
- (ii) subject to Shareholder approval being obtained under Resolution 10 (subject to the passage of Resolutions 3 and 4), 9,135,657 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 7.2(c) above).

### 7.2(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or

- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph above, the date on which the Equity Securities are issued.

#### **7.2(f) 10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(10% Placement Period).

#### **7.3 Listing Rule 7.1A**

The effect of Resolution 10 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 10 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

#### **7.4 Specific information required by Listing Rule 7.3A**

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 10 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Listed Options, only if the Listed Options are exercised). There is a risk that:
  - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.



The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.025 50% decrease in issue price	\$0.05 Issue price	\$0.10 100% increase in issue price
Current Variable "A" 91,356,576 Shares	10% voting dilution	9,135,657 Shares	9,135,657 Shares	9,135,657 Shares
	Funds raised	\$228,391	\$456,782	\$913,565
50% Increase in current Variable "A"  137,034,864	10% voting dilution	13,703,486 Shares	13,703,486 Shares	13,703,486 Shares
	Funds raised	\$342,587	\$685,174	\$1,370,348
100% Increase in current Variable "A" 182,713,152	10% voting dilution	18,271,315 Shares	18,271,315 Shares	18,271,315 Shares
	Funds raised	\$456,782	\$913,565	\$1,827,131

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) No Listed Options (including any Listed Options under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities.
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example at 10%.

- (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
  - (v) The table shows only the effect of the issue of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
  - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes the issue of Listed Options, it is assumed that those Listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
  - (vii) The Issue Price is \$0.05, being the closing price on 30 September 2014.
  - (viii) The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or without approval under Listing Rule 7.1, and the total number of Shares on issue and approved or deemed approved at the date hereof for the purpose of Listing Rule 7.1 is 91,356,576.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 10 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of the new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments.

- (e) The Company has obtained Shareholder approval under Listing Rule 7.1A at its 2013 Annual General Meeting.

The Company issued 7,335,657 Equity Securities under Listing Rule 7.1A during the preceding 12 months. During the preceding 12 month period a total of 18,000,000 Equity Securities (being 18,000,000 Shares) were issued, which based on the number of Equity Securities currently on issue comprises 20% of the Company's Equity Securities. Information relating to the issue of Equity Securities in the preceding 12 months are as follows:

Date of Appendix 3B	Number of Equity Securities	Class of Equity Securities and summary of terms	Names of recipients or basis on which recipients determined	Issue price of Equity Securities and discount to Market Price <sup>1</sup> on the trading day prior to the issue	If issued for cash – the total consideration, what it was spent on and the intended use of any remaining funds
					If issued for non-cash consideration – a description of the consideration and the current value of the consideration
18/9/2014	18,000,000	Shares	Investors who were eligible to be made offers without disclosure under an exemption under section 708 of the Corporations Act.	\$0.05 per Share representing a discount of 7% to the previous closing price	\$900,000 was raised and will be used for further RC drilling at the Namdini mining licence, mining licence joint venture agreements in the Bolgatanga Project area (where appropriate) and working capital

- (f) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

## 8. RESOLUTION 11 – DIRECTOR PARTICIPATION IN RIGHTS ISSUE SHORTFALL

### 8.1 Background

Pursuant to the a prospectus lodged with ASIC on 23 September 2014, the Company is undertaking a rights issue on the basis on one Rights Issue Option for every two Shares held by Eligible Shareholders on the Record Date to raise approximately \$456,782.

Pursuant to Exception 3 of Listing Rule 7.2, shareholder approval is not required for the placement of Rights Issue Shortfall if such placement of Rights Issue Shortfall is not made to related parties or certain other people.

The Directors may wish to participate in the placement of Rights Issue Shortfall, and as such, Shareholder approval is sought by Resolution 11 for this purpose.

Given that issue of Rights Issue Options under the Rights Issue has not yet occurred, the Company seeks approval to issue such number of Rights Issue Options to related parties as comprises the maximum number of Rights Issue Options that may comprise the Rights Issue Shortfall.

## 8.2 Listing Rules Chapter 10

Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities to a related party.

Furthermore, Shareholder approval of the issue of securities to Directors under Listing Rule 10.11 means that the issue of securities to the Directors will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

The Directors consider that participation in the Rights Issue Shortfall will be on arms' length terms as the participation by Directors in Rights Issue Shortfall will be made on the same terms to all other parties who participate in the Rights Issue Shortfall, regardless of whether they are associated with the Company or not. Accordingly, the proposed participation by the Directors in the Rights Issue Shortfall falls within the "arm's length terms" exemption provided by Section 210 of the Corporations Act to the requirement to obtain shareholder approval under Chapter 2E of the Corporations Act.

## 8.3 Information Required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the proposed issue of securities the subject of Resolution 11:

- (a) The Rights Issue Options the subject of Resolution 11 will be issued to certain Directors who elect to participate in the Rights Issue Shortfall.
- (b) The maximum number of Rights Issue Options that may be issued under this Resolution 11 is 45,678,288 Rights Issue Options.
- (c) The Rights Issue Options will be issued for an issue price of \$0.01 each and are exercisable for \$0.15 on or before 30 September 2019 and otherwise on the terms and conditions set out in Schedule 1.
- (d) The Rights Issue Options the subject of Resolution 11 will be issued no later than 1 month after the date of the Meeting (or such other later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated that allotment will occur on the same date;
- (e) The funds raised from the issue (being a maximum of in total \$456,782 (before costs)) will be used for further RC drilling at the Namdini mining licence, mining licence joint venture agreements in the Bolgatanga Project area (where appropriate) and working capital.

The Chairman intends to vote all available proxies in favour of Resolution 11.

## 9. DEFINITIONS

In this Explanatory Memorandum:

- "10% Placement Facility"** has the meaning given to it in Section 7.1;
- "10% Placement Period"** has the meaning given to it in Section 7.2(f);
- "ASIC"** means the Australian Securities and Investments Commission;
- "ASX"** means ASX Limited ACN 008 624 691;
- "Additional Director Options"** has the meaning contemplated by Section 4.1;
- "Attaching Options"** means the Options exercisable for \$0.15 on or before 30 September 2019 and otherwise on the terms and conditions set out in Schedule 1;
- "Board"** means the board of Directors;
- "Business Day"** has the meaning given to it in the Listing Rules;
- "Chairman"** means the chairman of the Board;
- "Closing Date"** means the closing date of the Rights Issue as set out in the timetable included in the Rights Issue Prospectus;
- "Company"** means Cardinal Resources Limited ACN 147 325 620;
- "Constitution"** means the constitution of the Company;
- "Corporations Act"** means the Corporations Act 2001 (Cth);
- "Director"** means a director of the Company;
- "Director Placement"** means the placement of Shares and Attaching Options to be made to the Director on the same terms and the placement summarised in Section 4.1;
- "Eligible Shareholder"** means a Shareholder who is eligible to participate in the Rights Issue being a Shareholder with a registered address in Australia or New Zealand on the Record Date;
- "Equity Securities"** has the same meaning as in the Listing Rules;
- "Explanatory Memorandum"** means this Explanatory Memorandum;
- "Key Management Personnel"** has the meaning given to it in the Accounting Standards. **"KMP"** has the same meaning;
- "Listed Options"** means any listed of options of the Company that may be on issue from time to time;
- "Listing Rules"** means the official listing rules of the ASX;
- "Notice"** and **"Notice of Meeting"** means the notice of meeting to which this Explanatory Memorandum is attached;
- "Official List"** means the official list of ASX;
- "Option"** means an option to acquire one Share and **"Optionholder"** has a corresponding meaning;
- "Remuneration Report"** means the remuneration report relating to the financial period ended 30 June 2014 and provided to Shareholders;
- "Resolution"** means a resolution set out in this Notice;
- "Rights Issue Options"** means the Options to be issued pursuant to the Rights Issue for an issue price of \$0.01 exercisable for \$0.15 on or before 30 September 2019 and otherwise on the terms and conditions set out in Schedule 1;
- "Rights Issue Shortfall"** means any Rights Issue Options not subscribed for by Eligible Shareholders under the Rights Issue on or before the Closing Date;
- "Schedule"** means a schedule to this Notice;

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

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

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

**“Spill Meeting”** has the meaning contemplated by Section 2;

**“Spill Resolution”** has the meaning contemplated by Section 2;

**“Trading Day”** means a day determined by ASX to be a trading day in accordance with the Listing Rules;

**“Voting Power”** has the meaning given to it in the Corporations Act;

**“VWAP”** means volume weighted average price;

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

**SCHEDULE 1 – TERMS AND CONDITIONS OF THE OPTIONS THE SUBJECT OF RESOLUTIONS 5, 6,  
7, 8, 9, AND 11.**

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

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
- (b) The Options will expire at 5:00pm (WST) on 30 September 2019 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse.
- (c) The amount payable upon exercise of each Option is \$0.15 (**Exercise Price**).
- (d) The Options held by each Optionholder may be exercised in whole or in part.
- (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
  - (i) a written notice of exercise of Options specifying the number of Options being exercised (**Exercise Notice**); and
  - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of 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 Options specified in the Exercise Notice.
- (h) All Shares allotted upon the exercise of 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 Options on ASX.
- (j) The Company will apply for quotation of all Shares allotted pursuant to the exercise of 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 Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the 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 Options prior to the date for determining the entitlements to participate in any such issue.
- (m) Other than as contemplated by paragraph (k), an Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

**Lodge your vote:**



**By Mail:**

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

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

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**

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



┌ 000001 000 CDV  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Proxy Form

**For your vote to be effective it must be received by 9.00am (WST) Saturday, 1 November 2014**

### How to Vote on Items of Business

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

#### Appointment of Proxy

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

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

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

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

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

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

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

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

### Attending the Meeting

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

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

**Turn over to complete the form** →



View the annual report, 24 hours a day, 7 days a week:

**[www.cardinalresources.com](http://www.cardinalresources.com)**

View and update your securityholding:

**[www.investorcentre.com](http://www.investorcentre.com)**

**Your secure access information is:**

**SRN/HIN: I9999999999**



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



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

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



I 9999999999

IND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

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

the Chairman of the Meeting **OR**

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Cardinal Resources Limited to be held at the Lake Monger Room, Boulevard Centre, 99 The Boulevard, Floreat, Western Australia on Monday, 3 November 2014 at 9.00am (WST) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on resolutions connected to a member of key management personnel:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1, 6, 7, 8 and 9 (except where I/we have indicated a different voting intention below) even though Resolution 1, 6, 7, 8 and 9 are connected directly or indirectly with a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting Resolution 1, 6, 7, 8 and 9 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

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

		For	Against	Abstain			For	Against	Abstain
Resolution 1	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7	Issue of Securities to a Director – Mr Archie Koimtsidis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-Election of Mr Malik Easah as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8	Issue of Securities to a Director – Mr Marcus Michael	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of the issue of Placement Shares – Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9	Issue of Securities to a Director – Mr Malik Easah	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of the issue of Placement Shares – Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10	Approval of additional 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval for the issue of Attaching Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 11	Participation by Directors in Rights Issue Shortfall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Securities to a Director – Mr Alec Pismiris	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

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

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /