



4 June 2014

Dear Option Holder,

NOTICE TO OPTIONHOLDER

QUOTED OPTIONS TO ACQUIRE CARDINAL RESOURCES LIMITED SHARES AT \$0.20 PER SHARE EXPIRING ON 30 JUNE 2014

We are writing to you as a registered holder of options in CARDINAL RESOURCES LIMITED (Company) to remind you that the options will expire at 5:00pm (WST) on 30 June 2014.

Your option holding may be exercised whole or in part by payment of \$0.20 for each quoted option to convert into one ordinary share by no later than 30 June 2014. If payment is not received by 5:00pm (WST) on 30 June 2014 the options will expire and all rights under the options will cease at that time.

Some of the courses of action available to you as a holder of these soon to expire options are:

- (a) Exercise the options on or before 30 June 2014.
- (b) Do nothing (i.e. allow your options to expire). If you do not exercise your quoted options they will expire on 30 June 2014 and your right to subscribe for ordinary shares in CARDINAL RESOURCES LIMITED at \$0.20 per share will lapse.

There is no obligation to option holders to exercise their options. However, under paragraph 6.1 of Appendix 6A of the Australian Securities Exchange (ASX) Listing Rules, the Company is required to advise option holders of the information contained in this notice.

The Company has 56,657,620 of these options on issue which each convert into one ordinary share upon payment of the exercise price of \$0.20. Quotation of the options on ASX will end on 23 June 2014.

The latest available market price of ordinary shares in CARDINAL RESOURCES LIMITED being the securities underlying the options on ASX was \$0.044 on 3 June 2014, being the last trading day prior to the date of this notice.

During the three (3) months preceding the date of this notice;

- the highest market sale price of ordinary shares on ASX was \$0.06 on 16 May 2014;
- the lowest market sale price of ordinary shares on ASX was \$0.026 between 14 and 21 March 2014;
- the highest market sale price of the options on ASX was \$0.005 between 21 and 23 May 2014; and
- the lowest market sale price of the options on ASX was \$0.003 between 23 April 2014 and 20 May 2014 and between 26 May 2014 and 2 June 2014.

If you wish to exercise your quoted options then you must complete your "Notice of Exercise of Options" form on the reverse of this notice and forward it together with payment of \$0.20 per option exercised to be received no later than 5:00pm (WST) on **30 June 2014** to the Company's share registry, Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) from 8:30am to 5:00pm (Perth time) Monday to Friday.

Cheques should be made payable to "CARDINAL RESOURCES LIMITED" in Australian dollars only and should be crossed "Not Negotiable". If you have any further questions please do not hesitate to contact our Registry on telephone

Yours faithfully

Sarah Shipway
Company Secretary
Cardinal Resources Limited
+61 8 9322 6600

ABN 56 147 325 620

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Registered Name & Address 1
 Registered Name & Address 2
 Registered Name & Address 3
 Registered Name & Address 4
 Registered Name & Address 5
 Registered Name & Address 6
 Number of Options Held: XXX,XXX

Application Form on Exercise of Options Expiring 30 June 2014

To the Directors, Cardinal Resources Limited,

I/We hereby exercise option(s) and hand you herewith a cheque for

being \$0.20 per share on application for Ordinary shares in the capital of the Company.

I/We request that you allot me that number of shares and I/we agree to accept that number of shares on the terms below and the Constitution of the Company, and I/we authorise you to place my/our name on the register.

My/Our SRN/HIN (as shown on my/our Issuer Sponsored holding statement or CHES holdings statement) is

Sign Here – This section must be signed for your instructions to be executed

I/We authorise you to act in accordance with my/our instructions set out above.

Individual or Securityholder 1

Director

Securityholder 2

Director/Company Secretary

Securityholder 3

Sole Director and
Sole Company Secretary

Note: when signed under Power of Attorney, the attorney states that they have not received a notice of revocation. Computershare Investor Services Pty Limited needs to sight a certified copy of the Power of Attorney.

Day/Date	Month	Year
/	/	

TERMS AND CONDITIONS OF OPTIONS EXPIRING 30 JUNE 2014

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

- (a) each Option is exercisable on or before 5.00 pm Perth time on 30 June 2014;
- (b) The Options held by each holder can be exercised in whole or in part, and if exercised in part multiples of 500 must be exercised on each occasion;
- (c) The exercise price of each Option is 20 cents in cash;
- (d) The Optionholder will be permitted to participate in any new pro-rata issue of securities of the Company on prior exercise of the Options in which case the Optionholder will be afforded the period of at least the time prescribed under the Listing Rules prior to and inclusive of the record date to determine entitlements to the issue to exercise the Options;
- (e) The Options do not confer on the holder any right to participate in dividends until Shares are allotted pursuant to the exercise of the Options;
- (f) In the event of a reorganisation of the issued capital of the Company, the Options will be reorganised in accordance with the Listing Rules (if applicable) and in any case in a manner which will not result in any benefits being conferred on Optionholders which are not conferred on Shareholders;
- (g) The number of Shares to be issued pursuant to the exercise of Options will be adjusted for bonus issues made prior to exercise of the Options so that, upon exercise of the Options the number of Shares received by the Optionholder will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the record date for the bonus issues. The exercise price of the Options shall not change as a result of any such bonus issues;
- (h) Application will be made for the Options to be granted quotation by ASX;
- (i) Subject to paragraph (g) above the Options do not confer on the holder any right to a change in the exercise price of the Options or a change to the number of underlying securities over which the Options can be exercised.

LODGEMENT INSTRUCTIONS

Cheques shall be in Australian currency made payable to Cardinal Resources Limited and crossed "Not Negotiable". The application for shares on exercise of the options with the appropriate remittance should be lodged at the Company's Registry, Computershare Investor Services Pty Limited, GPO Box D182, Perth WA 6840.