

23 June 2014

DRILLING COMMENCED AT NDONGO EAST ZONE, BOLGATANGA PROJECT, GHANA

HIGHLIGHTS

- **Maiden reverse circulation (RC) drilling program at Ndongo East Zone has commenced over a ~1.3 km section of a major regional shear structure**
- **Airborne geophysics, soil geochemical and rock chip sampling previously delineated a major regional N-S ~30 km shear structure which passes through the Ndongo East Zone for ~4 km**
- **Major regional shear structure passes through the historical Nangodi Mine, Cardinal's Ndongo East Zone and the producing Shaanxi Gold Mine**
- **Shaanxi underground gold mine "waste dump" rocks assayed 2.52 g/t Au and 4.49 g/t Au respectively**
- **Artisanal activities located along the major regional shear structure within Ndongo East Zone have revealed fractured smokey quartz rocks which are an indicator of gold mineralisation**
- **Ndongo East geochemical & rock chip sampling completed to date have delineated anomalous gold values averaging 128ppb gold along ~1.3km of the major regional shear structure**

Cardinal Resources Limited (ASX: CDV) ("Cardinal" or "the Company") is pleased to announce that the maiden reverse circulation (RC) drilling program for the Ndongo East Zone has commenced over a ~1.3 km section of a major regional shear structure.

From Bolgatanga, Ghana, Managing Director, Archie Koimtsidis said;

"The maiden RC drilling at the Ndongo East Zone (Figure 1) will focus on a ~1.3 km anomalous section along the major regional shear structure that passes through the Ndongo Prospect where Cardinal's soil geochemical and rock chip sampling delineated anomalous gold values averaging 128ppb gold (Figure 2).

"Within close proximity of the Ndongo East Zone located along this major regional shear structure, are both the historical Nangodi Mine to the north and the Shaanxi Mining Ghana Ltd (Shaanxi) producing underground gold mine to the south.

"The Nangodi Mine produced ~18,000 oz of gold at a grade of ~24.76 g/t in the 1930's. The Shaanxi producing underground gold mine has four headframes spread over a distance of ~1 km at its operations south of the Ndongo East Zone (Figures 1, 4 and 5).

"Artisanal mining activity along this major regional shear structure within the Ndongo East Zone has exposed fractured smokey quartz rock which is an indicator of gold mineralisation. Cardinal's rock chip and soil geochemical samples also indicate the presence of gold within this major regional shear structure".

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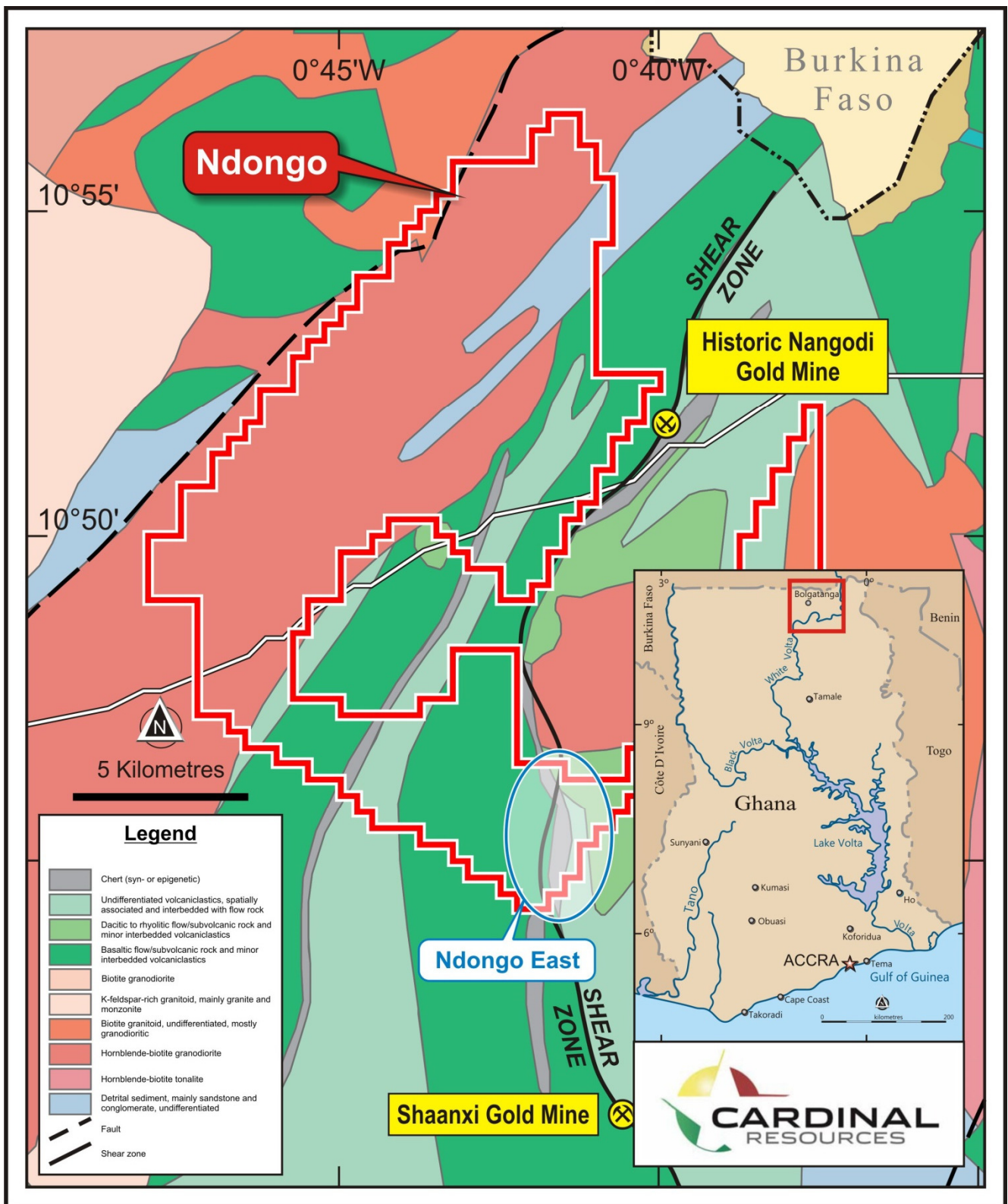


Figure 1: Ndongo East Zone locality with regional shear structure

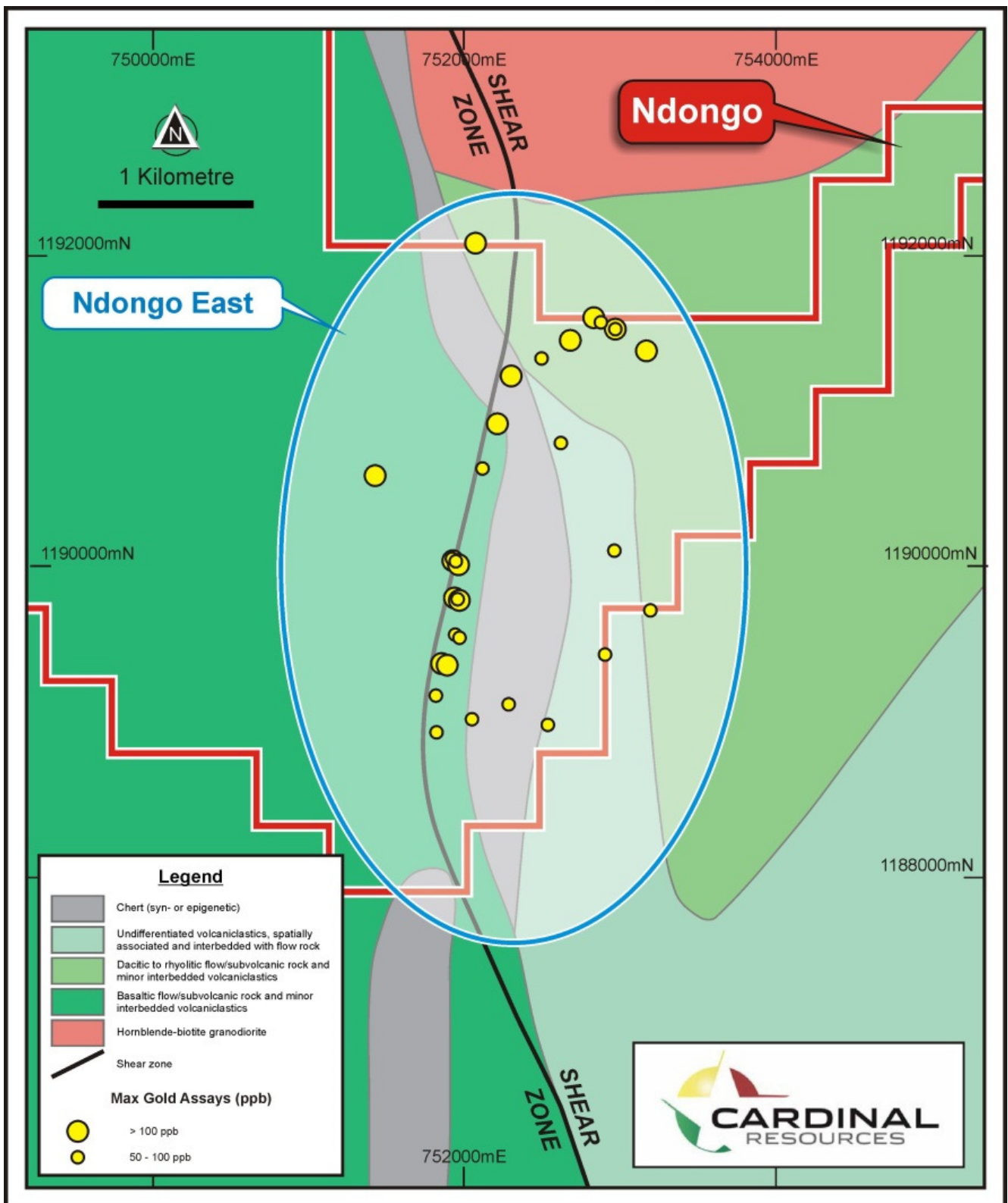


Figure 2: Ndongo East Zone with rock chip & gold in soil anomalies



Figure 3: Ndongo East RC drilling and artisanal shaft (approximately 20m deep)

Major Shear Structure within Ndongo Tenement

The major shear structure occurs over ~4 km along the eastern zone of the Ndongo tenement, trending roughly N-S (Figure 2). The major shear zone has significant outcrops of black manganiferous silicified chert, wide quartz zones and foliated metasediments which form prominent hills within the tenement.

Previous exploration conducted by Cardinal in 2013 included rock chip sampling collected across the major shear zone at 5m intervals along 200m spaced lines, followed up with soil geochemical sampling using the Company owned soil drill rig, collected at 50m intervals at 200m line spacing.

Soil and rock chip samples identified a ~1.3 km anomalous strike length over the major regional shear zone. This zone will be the focus of the maiden RC drilling program.

The proposed maiden RC drilling will be across the major shear zone inclined in a SE direction.

Major Shear Structure (~30 km N-S)

Cardinal's airborne geophysics flown in 2013 by Terrascan Airborne GmbH (Germany) and interpreted by Southern Geoscience Consultants of Perth, delineated a major ~30 km long shear structure trending roughly N-S from the Ghana border (north) to the Voltaian escarpment (south) within the Nangodi Greenstone Belt.

Located along this major shear structure are the historical Nangodi Gold Mine and the Shaanxi underground gold mine (Figures 1, 4 and 5), as well as numerous small scale licences and artisanal workings.

Nangodi Gold Mine

The historic Nangodi gold mine is located NE of the Ndongo tenement and produced 18,620 oz Au from 23,600 tonnes at ~24.76 g/t Au (Ghana Department of Mines records 1938). The Nangodi Belt is regarded as the southern extension of the Youga Greenstone Belt in Burkina Faso where it hosts the producing Youga gold mine (1.56 Moz Au; MEG database).



Figure 4: Shaanxi Mine with one of the four headframes



Figure 5: Shaanxi mine portal (~150m deep)

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Shaanxi Mining Ghana Ltd

The Shaanxi underground gold mine has targeted gold mineralisation along this major shear structure and is located to the south of the Ndongo East Zone. The underground gold mining operation at Shaanxi includes four head frames, a processing plant, assay laboratory, extensive workshops, earth moving equipment and several Company operated diamond drill rigs.

Cardinal randomly collected two sample rocks from the Shaanxi “waste dump” which assayed **2.52 g/t Au** and **4.49 g/t Au** respectively (SGS Laboratory Certificate BF010525).

About the Regional Nangodi Greenstone Belt

The Ndongo tenement lies within the Nangodi Greenstone Belt, which is the southern portion of the greenstone belt that crosses into Burkina Faso where the producing Youga gold mine is located (Figure 1). Locally, the belt trends NNE-SSW over a distance of ~30 km and turns to a more ENE-WSW trend in the south of the area. The belt is comprised of Birimian-aged interbedded metavolcanics (mainly basalt flows), metasediments (phyllites & greywacke) and occasional cherty horizons.

Some basic to intermediate intrusions occur within the belt, with Tarkwaian age metasediments occurring adjacent to this belt. The Tarkwaian metasediments host the gold mineralisation of the producing Youga mine along strike across the border in Burkina Faso.

The Nangodi belt is highly folded with at least two phases of deformation being noted (D₁, D₂) and as such, is regarded as a series of refolded folds. This structural complexity is considered highly favourable in the development of structural traps and pathways for mineralising fluids.

Gold mineralisation within the Nangodi Greenstone Belt is associated with this major shear structure, which is possibly a thrust margin between metasedimentary and volcanic rock units. In addition to the mineralised sheared contacts, there is the potential for low-grade high-tonnage stockwork-style mineralisation to be associated with the basic to intermediate intrusive bodies that exist in the belt and on its margins.

Extensive hydrothermal alteration (silica-chlorite-sericite-epidote) is often associated with these sheared contacts and along the intrusive margins. The rocks in these shear zones themselves are often highly altered, deformed and contain economic gold mineralisation with disseminated sulphides and quartz veins.

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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 Ndongo Prospect within the Bolgatanga Project, Ghana 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

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