



ACN 147 325 620

**FINANCIAL REPORT FOR THE
HALF YEAR ENDED 31 DECEMBER 2013**

THIS INTERIM FINANCIAL REPORT DOES NOT INCLUDE ALL THE NOTES OF THE TYPE NORMALLY INCLUDED IN AN ANNUAL FINANCIAL REPORT. ACCORDINGLY, THIS REPORT IS TO BE READ IN CONJUNCTION WITH THE ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2013 AND ANY PUBLIC ANNOUNCEMENTS MADE BY CARDINAL RESOURCES LIMITED DURING THE INTERIM REPORTING PERIOD IN ACCORDANCE WITH THE CONTINUOUS DISCLOSURE REQUIREMENTS OF THE *CORPORATIONS ACT 2001*.

DIRECTORS' REPORT	3
INDEPENDENT AUDITORS' DECLARATION	10
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	11
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	12
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	13
CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS	14
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	15
DIRECTORS' DECLARATION	21
INDEPENDENT AUDITOR'S REVIEW REPORT	22

DIRECTORS' REPORT

The Directors are pleased to submit their report on Cardinal Resources Limited for the half-year ended 31 December 2013.

DIRECTORS

The names of the directors who held office during or since the end of the half-year are:

DIRECTOR	TITLE	DATE OF APPOINTMENT	DATE OF RETIREMENT
Klaus Eckhof	Non-Executive Chairman	1 February 2013	N/A
Archie Koimtsidis	Managing Director	24 December 2012	N/A
Marcus Michael	Executive Director	24 December 2012	N/A
Malik Easah	Executive Director	24 December 2012	N/A
Alec Pismiris	Non-Executive Director	11 November 2010	N/A

REVIEW AND RESULTS OF OPERATIONS

A summary of revenue and result for the half-year is set out below:

	2013	
	Revenue	Result
	\$	\$
Revenue and (Loss)	17,922	(7,859,277)

During the six month period the exploration and evaluation expenditure was \$904,605, administration costs were \$303,081 and impairment expense was \$6,814,500. Foreign exchange gain was \$144,987, resulting in a total loss for the six months of \$7,859,277.

JULY - DECEMBER 2013 REVIEW OF OPERATIONS

The Board is pleased to provide the following Review of Operations for the half year period to 31 December 2013.

GHANA AND DRC GOLD PROJECTS

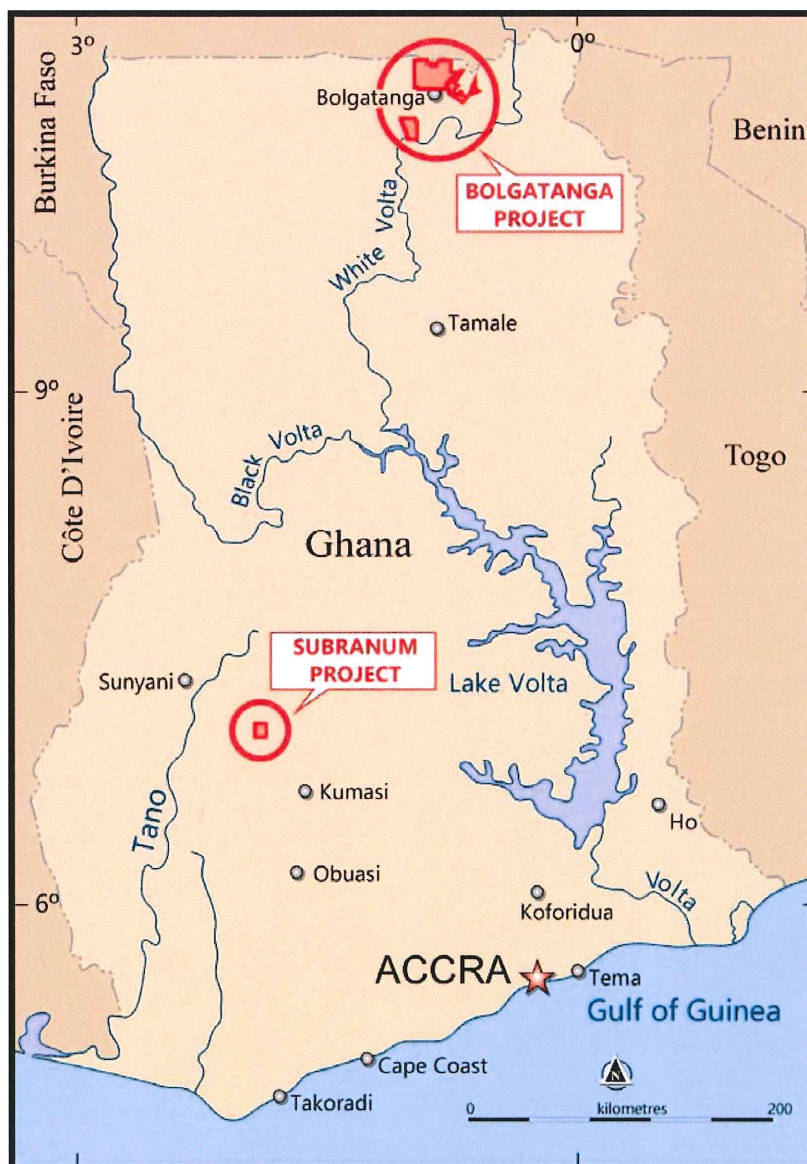
Cardinal is the beneficial owner of the Bolgatanga project area and the Subranum project comprising circa 734 km² of granted tenements in Ghana. Cardinal has also secured an option to acquire a 60% interest in a joint venture, to be established over two exploitation licences currently held by Société Minière de Kilo-Moto (a state owned resources company based in the Democratic Republic of Congo ("DRC")) which are located over the Kilo-Moto greenstone belt in the far north eastern region of the DRC.

GHANA

Cardinal, through its wholly owned subsidiary, Cardinal Resources Ghana Limited, holds four tenements prospective for gold mineralisation in Ghana in two NE-SW trending granite-greenstone belts; The **Bolgatanga** project located within the Nangodi and Bole-Bolgatanga Greenstone Belts in NE Ghana and the **Subranum** project located within the Sefwi Greenstone Belt in SW Ghana.

GHANA EXPLORATION AND OPERATIONAL HIGHLIGHTS

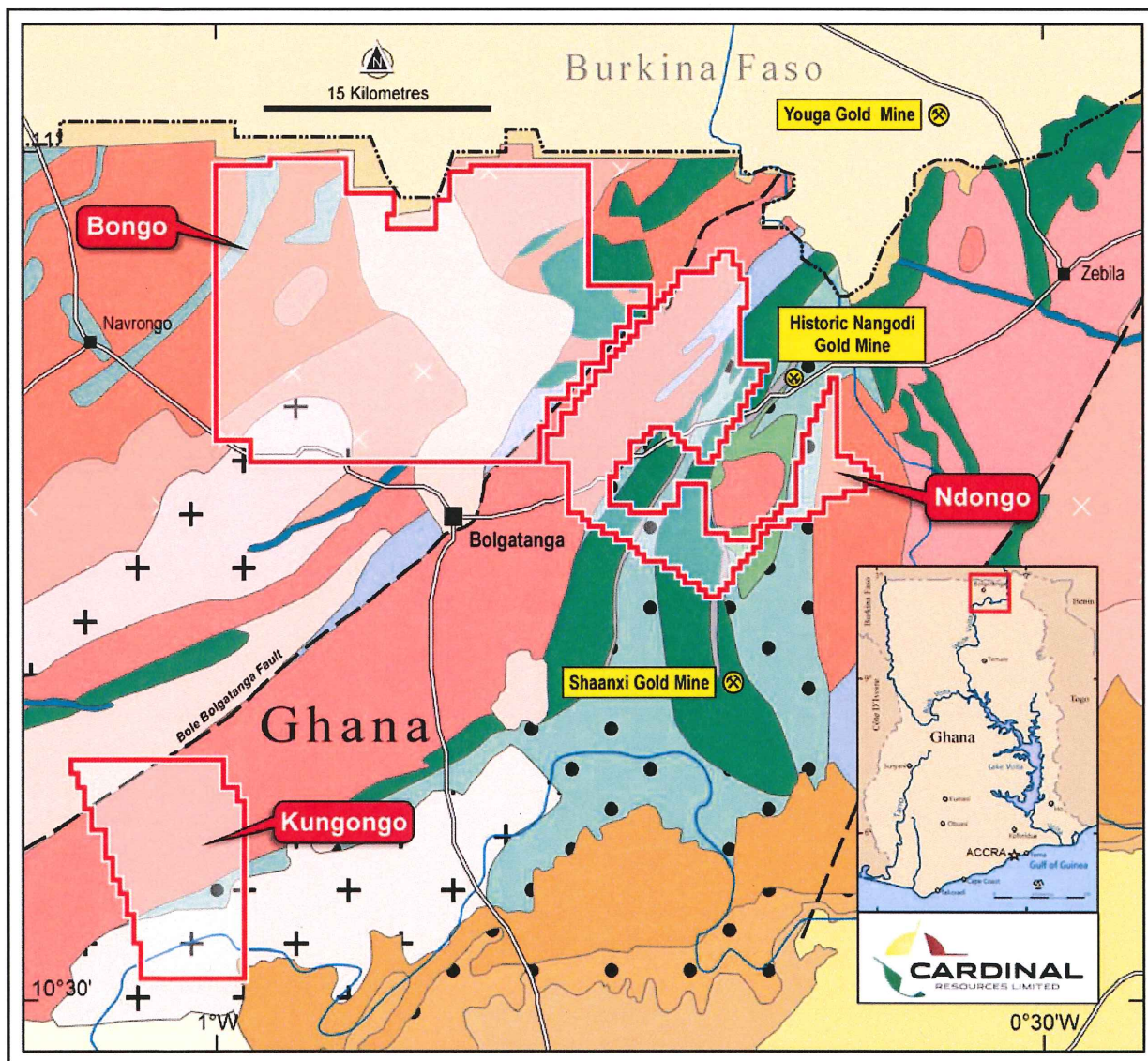
- Airborne magnetic-radiometric Survey has been completed over the two Ghana projects being Bolgatanga and Subranum;
- Acquisition of multi-purpose reverse circulation and diamond drill rig;
- Ndongo prospect:
 - ~50 km of possible mineralised structures interpreted - Dipole-dipole ground Induced Polarisation (IP) and ground magnetics to further define drill targets at Ndongo prospect, Ghana underway;
 - Binding Heads of Agreement to establish a joint venture over the highly prospective Ndongo North tenement area adjacent to the existing Ndongo prospect tenement area;
 - Initial 4,000m combined RC and diamond drill program planned for early March 2014;
- Bongo prospect: Six target areas interpreted, ~40 km of possible mineralised structures interpreted;
- Kungongo prospect: Two target areas interpreted, ~30 km of possible mineralised structures interpreted;
- New tenement opportunities within proximity of the Bolgatanga project area, Ghana being pursued;
- Subranum project: ~9 km of possible mineralised structures interpreted.



Cardinal Resources Limited Ghana Projects

BOLGATANGA PROJECT, GHANA

During the half year period to 31 December 2013, Cardinal has achieved significant milestones at its flagship Bolgatanga gold exploration project in Ghana. These important milestones have positioned the Company for potential gold exploration success at the Company's flagship Ndongo Prospect that lies within the Bolgatanga Project, north east Ghana.



Cardinal Resources Limited Bolgatana Project tenements in north east Ghana

Bolgatanga Regional Airborne Geophysical Survey

During the period aeromagnetic and radiometric data flown at 100m line spacing over the Bolgatanga Project were merged and processed by Southern Geoscience Consultants (SGC).

Structures interpreted from these regional airborne surveys show multiple major NE-SW trending shear structures, **totaling over 100 kms** striking through the Bolgatanga tenements which will be targets for gold exploration.

NDONGO PROSPECT

Highlights

- Aerial survey, geological and soil geochemistry data indicate multiple N-NNE mineralised structures with a combined strike length of ~50 km.
- Dipole-dipole ground Induced Polarisation (IP) and ground magnetics are planned to further define drill targets at Ndongo prospect, Ghana during Q1 2014;
- Binding Heads of Agreement entered into to establish a joint venture over the highly prospective Ndongo North tenement area adjacent to the existing Ndongo tenement area;
- Initial 4,000m combined RC and diamond drill program planned for early March 2014 with Company owned combination RC and diamond drill rig.

The flagship Ndongo Prospect within the Bolgatanga prospect remains the Company's priority exploration target and on ground operational focus.

Data from the aerial survey completed in November 2013 along with geological, rock chip and soil geochemistry data indicate multiple N-NNE mineralised structures with a combined strike length of ~50 km within the Ndongo Prospect.

Dipole-dipole ground induced polarisation (IP) and ground magnetics surveys have commenced over the Ndongo Central target within the Ndongo prospect.

Analysis of the dipole-dipole IP and ground magnetics data will be combined with geochemical and aeromagnetic survey data to delineate and finalise initial drill targets.

A maiden drill program is planned to commence early March 2014.

On 21 January 2014 the Company through its wholly owned subsidiary of Cardinal Resources Ghana Limited entered into a binding Heads of Agreement to establish a joint venture over the highly prospective Ndongo North tenement area adjacent to the existing Ndongo prospect tenement area within the Bolgatanga Project. Further details of the joint-venture arrangement can be found in the ASX announcement "*Cardinal Adds to Ndongo Tenement Holding*" dated 21 January 2014.

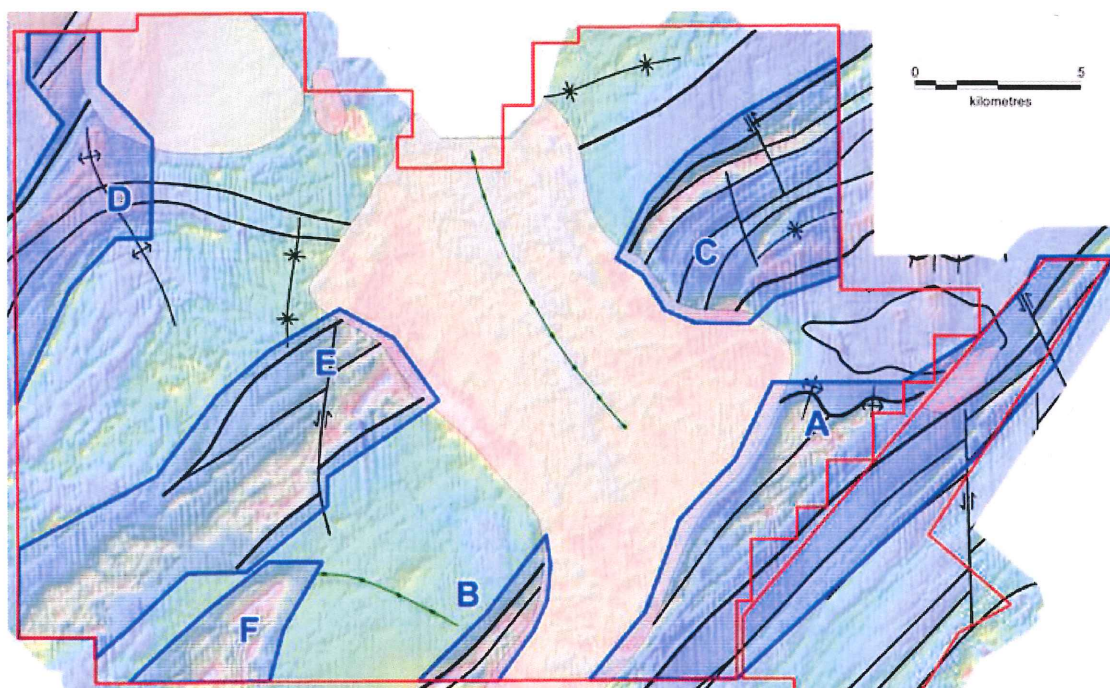
As a result of this transaction the Company now controls additional interpreted prospective geological and geophysical structures which strike for a total of approximately 7km. These structures extend in a southwest direction into our Ndongo prospect, where they have a strike length of approximately 3km.

The prospectivity of one of these structures within the Ndongo prospect has been confirmed during the soil geochemistry program in Q2 2013 which outlined significant associated gold anomalies. This structure will be one of the priority anomalous zones where we plan to begin our maiden drilling program in March 2014.

BONGO PROSPECT

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

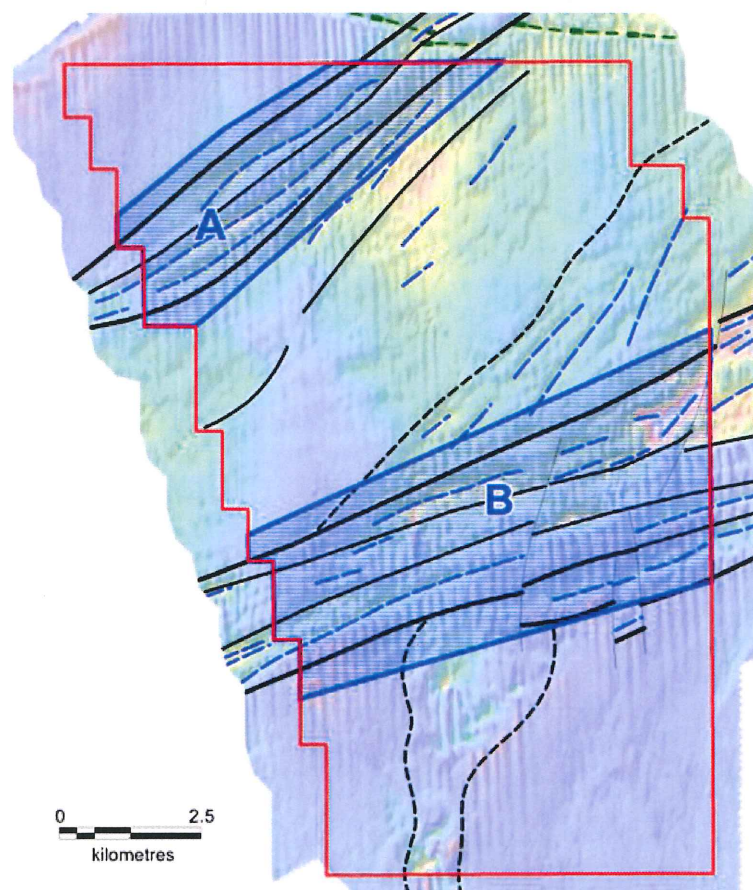
Geochemical samples from the Bongo prospect's Target A were submitted to the SGS Laboratory in Burkina Faso on 23 December 2013. Final assays from the geochemical program are expected to be available by early Q1 2014.



Bongo - 2013 airborne survey magnetic image with preliminary interpretation and six target zones

KUNGONGO PROSPECT

The airborne geophysical completed in Q4 2013 survey over the Kungongo Prospect delineated two interpreted target areas containing ~30 km of possible mineralised structures.



Kungongo - 2013 airborne survey magnetic image with preliminary interpretation of two target zones

SUBRANUM PROJECT, GHANA

The Subranum exploration license is located in the Offinso and Ahafo Ano South Districts of the Ashanti Region of SW Ghana, approximately 65km northwest of Kumasi. Access to the property is via the sealed Kumasi – Sunyani highway and thence through a graveled road to the Subranum village.

The license straddles the eastern margin of the Sefwi gold belt and has over 8kms of the prospective sheared contact between Birimian phyllites and greywackes to the east and mafic to intermediate volcanics and volcanoclastics to the west. Granitoid stocks of the Dixcove suite intrude this shear zone. The Bibiani gold mine with 4m oz of historical gold production lies 70km south along this sheared contact zone.

The high quality magnetic data obtained during the airborne survey conducted in November 2013 shows a great deal of structural and lithological detail.

This recent airborne survey also collected radiometric data which will be a valuable aid in geological mapping and targeting the potassium-rich alteration zones typical of shear zone hosted gold deposits.

Final interpretation will be carried out by SGC and integrated with Cardinal's extensive geological and sampling database to select targets for RC and diamond drilling.

Ground induced polarization surveys will be considered to further refine the targeting by identifying sulphidic and/or clay alteration zones.

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.

OTHER OPPORTUNITIES

Cardinal is committed to reviewing West African exploration and near term production opportunities with a view to completing commercial transactions that add shareholder value.

Competent Person's Statement

The information in this report that relates to geophysical results and interpretation is based on information compiled by Mr William (Bill) Peters, a Consulting Geophysicist at Southern Geoscience Consultants. Mr Peters is a Fellow of the Australasian Institute of Mining and Metallurgy and Chartered Professional (Geology), and has sufficient experience which is relevant to the type of activity being undertaken to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Peters consents to the inclusion in this report of the matters reviewed by him in the form and context in which they appear.

The Information in this report that relates to geological results and interpretation is based on information compiled by Mr Paul Abbott, a full time employee of Cardinal Resources Limited of Perth, West Australia. Mr Abbott is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Geological Society of South Africa and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person, as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Abbott consents to the inclusion in this report of the matters reviewed by him in the form and context in which they appear.

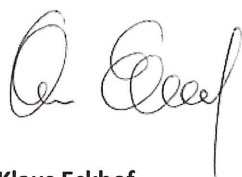
JORC 2012

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.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10.

This report is made in accordance with a meeting of directors.



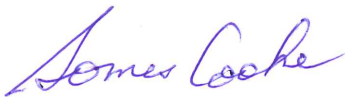
Klaus Eckhof
Non-Executive Chairman
13 March 2014

AUDITOR'S INDEPENDENCE DECLARATION

To those charged with governance of Cardinal Resources Limited

As auditor for the review of Cardinal Resources Limited for the period ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) No contraventions of any applicable code of professional conduct in relation to the review.



Somes Cooke



Kevin Somes
Perth
13 March 2014

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Australian Dollar (\$)	Note	31 December 2013 \$	31 December 2012 \$
REVENUE		17,922	49,257
EXPENDITURE			
Administration expenses		(303,081)	(290,654)
Exploration and evaluation expenditure		(904,605)	(196,476)
Impairment expense	6	(6,814,500)	-
LOSS BEFORE INCOME TAX		(8,004,264)	(437,873)
Income tax benefit / (expense)		-	-
LOSS AFTER INCOME TAX		(8,004,264)	(437,873)
OTHER COMPREHENSIVE INCOME		144,987	818
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF THE COMPANY		(7,859,277)	(437,055)
BASIC AND DILUTED LOSS PER SHARE (\$)	3	(0.11)	(0.025)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Australian Dollar (\$)	Note	31 December 2013 \$	30 June 2013 \$
CURRENT ASSETS			
Cash and cash equivalents		2,317,954	3,634,269
Trade and other receivables		6,217	11,059
Other assets	4	28,520	561,145
TOTAL CURRENT ASSETS		2,352,691	4,206,473
NON-CURRENT ASSETS			
Exploration and evaluation	5	1,428,274	8,011,945
Plant and equipment		783,023	251,277
TOTAL NON-CURRENT ASSETS		2,211,297	8,263,222
TOTAL ASSETS		4,563,988	12,469,695
CURRENT LIABILITIES			
Trade and other payables		108,992	155,422
TOTAL CURRENT LIABILITIES		108,992	155,422
TOTAL LIABILITIES		108,992	155,422
NET ASSETS		4,454,996	12,314,273
EQUITY			
Issued capital	7	12,871,486	12,871,486
Reserves	8	1,717,391	1,572,404
Accumulated losses		(10,133,881)	(2,129,617)
TOTAL EQUITY		4,454,996	12,314,273

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Australian Dollar (\$)

	ISSUED CAPITAL \$	RESERVES \$	ACCUMULATED LOSSES \$	TOTAL EQUITY \$
Balance at 1 July 2012	2,024,917	253,816	(216,013)	2,062,720
Loss for the period	-	-	(437,873)	(437,873)
Other comprehensive income for the period	-	818	-	818
Total comprehensive income for the period	-	818	(437,873)	(437,055)
Shares and options issued during the period	10,984,998	1,402,500	-	12,387,498
Share issue expenses	(452,429)	-	-	(452,429)
Balance at 31 December 2012	12,557,486	1,657,134	(653,886)	13,560,734
Balance at 1 July 2013	12,871,486	1,572,404	(2,129,617)	12,314,273
Loss for the period	-	-	(8,004,264)	(8,004,264)
Other comprehensive income	-	144,987	-	144,987
Total comprehensive income for the period	-	144,987	(8,004,264)	(7,859,277)
Shares and options issued during the period	-	-	-	-
Share issue expenses	-	-	-	-
Balance at 31 December 2013	12,871,486	1,717,391	(10,133,881)	4,454,996

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

Australian Dollar (\$)	31 December 2013 \$	31 December 2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments for exploration and evaluation	(1,108,151)	(33,583)
Payments to suppliers and employees	(282,655)	(328,032)
Interest received	20,544	3,573
Other – GST	1,717	(14,676)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(1,368,545)	(372,718)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(561,654)	(979)
Proceeds from term deposit	517,900	-
Cash acquired on purchase of subsidiary – Cardinal Resources (Australia) Limited	-	329,978
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	(43,754)	328,999
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares and options net of capital raising costs	-	4,030,474
Share subscriptions received in advance	-	100,000
Repayment of borrowings	-	(100,000)
NET CASH INFLOW FROM FINANCING ACTIVITIES	-	4,030,474
Net increase in cash and cash equivalents	(1,412,299)	3,986,755
Exchange rate adjustment	95,984	-
Cash and cash equivalents at the beginning of the half-year	3,634,269	2,008,090
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	2,317,954	5,994,845

The above consolidated statement of cash flows should be read
in conjunction with the accompanying notes

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The consolidated half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures that the financial statements and notes also comply with International Financial Reporting Standard IAS 134.

The half-year report does not include full disclosures of the type normally included in an annual financial report. The half-year report is intended to provide users with an update on the latest annual financial statements of the Group. It is recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2013, together with any public announcements made during the half-year.

The half-year report has been prepared on an accruals basis and is based on historical costs.

The accounting policies applied by the Group in this half year report are the same as those applied by the Group in its financial report for the year ended 30 June 2013, except for the impact of the new Standards and Interpretations and changes in accounting policy described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period. Adoption of these standards did not materially impact on the financial figures.

New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

The following new and revised Australian Accounting Standards together with consequential amendments to other Standards became mandatorily applicable from 1 January 2013:

- AASB 10: *Consolidated Financial Statements*;
- AASB 127: *Separate Financial Statements* (August 2011);
- AASB 11: *Joint Arrangements*;
- AASB 128: *Investments in Associates and Joint Ventures* (August 2011);
- AASB 12: *Disclosure of Interests in Other Entities*;
- AASB 2011-7: *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*;
- AASB 2012-10: *Amendments to Australian Accounting Standards — Transition Guidance and Other Amendments*;
- AASB 13: *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*; and,
- AASB 119: *Employee Benefits* (September 2011) and AASB 2011-10: *Amendments to Australian Accounting Standards arising from AASB 119* (September 2011).

NOTES TO THE FINANCIAL STATEMENTS

Key Judgement - Going Concern

The directors have prepared the financial statements on a going concern basis, which contemplates continuity of normal business activities and realization of assets and extinguishment of liabilities in the ordinary course of business.

The Consolidated Entity has recorded a net loss of \$8,004,264 and net operating cash outflows of \$1,368,545 for the half year ended 31 December 2013. The directors believe that going concern is appropriate as:

- The cash assets of the Company at 31 December 2013 was \$2,317,954; and
- The costs will be reduced if necessary to conserve available cash.

The directors are confident that they have sufficient funds to continue as a going concern and as such are of the opinion that the financial report has been appropriately prepared on a going concern basis.

NOTE 2: OPERATING SEGMENTS

Operating segments are required to be identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Due to the size and nature of the consolidated entity, the Board as a whole has been determined as the chief operating decision maker. The Board has identified one segment, being gold exploration in Ghana, Africa. The financial information as presented in these financial statements is consistent with the reports reviewed by the Board used to make strategic decisions.

NOTE 3: LOSS PER SHARE

	31 December 2013	31 December 2012
	\$	\$
Basic and diluted loss per share	(0.11)	(0.025)
Loss used in calculation of loss per share	(8,004,264)	(437,837)
	Shares	Shares
Weighted average number of shares used as denominator in basic and diluted calculating loss per share	73,356,576	17,614,773

NOTE 4: OTHER ASSET

	6 Months to 31 December 2013	Year to 30 June 2013
	\$	\$
Prepayments	28,520	43,244
Term cash deposits	-	517,901
	<u>28,520</u>	<u>561,145</u>

NOTE 5: EXPLORATION AND EVALUATION

	6 Months to 31 December 2013	Year to 30 June 2013
	\$	\$
Costs carried forward in respect of areas of interest		
Balance at the beginning of period	8,011,945	103,985
Cost of acquisition	-	87,446
Acquired on acquisition of subsidiary	-	7,924,499
Other additions	230,829	-
Deferred exploration expenditure written off	-	(103,985)
Impairment expense (Note 6)	(6,814,500)	-
	<u>1,428,274</u>	<u>8,011,945</u>

NOTE 6: IMPAIRMENT EXPENSE

	6 Months to 31 December 2013	6 months to 31 December 2012
	\$	\$
Impairment expense (i)	(6,814,500)	-
	<u>(6,814,500)</u>	<u>-</u>

- (i) In light of the current market conditions, the Directors' have conservatively estimated the recoverable amount of its mineral projects based on the Company's market capitalisation. As a result the Group has impaired its capitalized deferred exploration and evaluation by \$6,814,500 as at 31 December 2013. As this is an estimation, the actual recoverable amount may be significantly different to this value. Future exploration and evaluation results and changes in commodity prices may increase the estimated recoverable amount in the future, which may result in the reversal of some or all of the impairment recognised.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: ISSUED CAPITAL

	6 Months to 31 December 2013 \$	Year to 30 June 2013 \$
(a) Issued and paid up capital		
At the beginning of the period	12,871,486	2,024,917
Shares issued	-	11,312,498
Shares issued pursuant to exercise of options	-	5,500
Transactions costs arising from issue of shares	-	(471,429)
	12,871,486	12,871,486

	6 Months 31 December 2013 Number	Year to 30 June 2013 Number
Movement in Ordinary Shares		
At the beginning of the period	73,356,576	16,713,500
Shares issued	-	56,615,576
Shares issued pursuant to exercise of options	-	27,500
	73,356,576	73,356,576

(b) Share options

	6 Months 31 December 2013 Number	Year to 30 June 2013 Number
Movement in options on issue exercisable at \$0.20 on or before 30 June 2014		
At the beginning of the period	56,657,620	6,261,750
Options issued	-	50,423,370
Exercise of options	-	(27,500)
	56,657,620	56,657,620

	6 Months to 31 December 2013 Number	Year to 30 June 2013 Number
Movement in options on issue exercisable at \$0.20 on or before 31 December 2015		
At the beginning of the period	11,000,000	6,000,000
Options issued during the period	-	5,000,000
	11,000,000	11,000,000

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8: RESERVES

	6 Months to 31 December 2013 \$	Year to 30 June 2013 \$
Option Reserve		
Balance at beginning of period	1,666,316	253,816
Options issued during the period	-	1,412,500
	<u>1,666,316</u>	<u>1,666,316</u>
	6 months to 31 December 2013 \$	Year to 30 June 2013 \$
Foreign Translation Reserve		
Balance at beginning of period	(93,912)	-
Foreign translation	144,987	(93,912)
	<u>51,075</u>	<u>(93,912)</u>
Reserve balance at reporting date	<u>1,717,391</u>	<u>1,572,404</u>

NOTE 9: CONTINGENCIES AND COMMITMENTS

Subject to the approval of the sale by the relevant Minister for the Ghanaian Mining Act, Cardinal Resources Subranum Limited, the Company's wholly owned subsidiary, 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 US\$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 Subranum will be required to pay Newmont Ghana Gold Limited US\$50,000 per annum from the date which Cardinal Subranum reports a JORC compliant gold resource of 1 Moz of Gold. Subject to the grant of a Mining Lease under the Ghanaian Mining Act, Cardinal Subranum will be required to pay Newmont Ghana Gold Limited a 2% Net Smelter Royalty.

Except for the above there has been no change in contingent liabilities or contingent assets since the last annual reporting date.

NOTE 10: SUBSEQUENT EVENTS

On 21 January 2014 the Company announced that through its wholly owned subsidiary of Cardinal Resources Ghana Limited, that it had entered into a binding Heads of Agreement to establish a joint venture over the highly prospective Ndongo North tenement area adjacent to the existing Ndongo North tenement area. For further details in relation to the agreement and the summary of key terms of Heads of Agreement please refer to the Company's 21 January 2014 ASX announcement "Cardinal Adds to Ndongo Tenement Holding".

NOTES TO THE FINANCIAL STATEMENTS

Except for the above, no matter or circumstance has arisen since 31 December 2013, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

NOTE 11: ESTIMATES & ASSUMPTIONS

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Future Rehabilitation

The Group measures the cost of future rehabilitation in relation to its tenements based on probable cost estimations at the date upon which tenements are altered from their original state. Fair values are determined using local data available. No rehabilitation provision is considered necessary at 31 December 2013.

NOTE 12: SUBSIDIARIES

The parent entity, Cardinal Resources Limited, has a 100% interest in the below companies. Cardinal Resources Limited is required to make all the financial and operating policy decisions for each subsidiary.

Subsidiaries of Cardinal Resources Limited	Country of Incorporation	Percentage Owned %	
		31 December 2013	30 June 2013
Cardinal Resources (Australia) Limited	Australia	100%	100%
Cardinal Resources (Ghana) Limited	Ghana	100%	100%
Cardinal Mining Services Limited	Ghana	100%	100%
Cardinal Resources Subranum Limited	Ghana	100%	100%

DIRECTOR'S DECLARATION

The directors of the Group declare that:

1. the financial statements and notes, as set out on pages 11 to 20 are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 31 December 2013 and of the performance for the 6 months ended on that date of the Group;
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a meeting of the Board of Directors.



Klaus Eckhof
Non-Executive Chairman
Cardinal Resources Limited

Perth, 13 March 2014

Independent Auditor's Review Report

To the members of Cardinal Resources Limited

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Cardinal Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The directors of Cardinal Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Cardinal Resources Limited's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cardinal Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cardinal Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Cardinal Resources Limited's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Somes Cooke

Somes Cooke



Kevin Somes

Kevin Somes

13 March 2014

Perth
Western Australia