

Wednesday 6th July, 2016

Namdini extends to 290m vertical depth - Portfolio Stock (coverage initiated @ \$0.29 in June 2016)

Cardinal Resources (ASX: CDV, Share Price: \$0.325, Market Cap: \$72m) is a recent addition to our coverage universe. We have followed the stock for some time and have met consistently with the company's African-based Managing Director, Archie Koimtsidis, for project updates. The company has invested a considerable amount of time and money in de-risking the Namdini deposit to a suitable level.

Cardinal has advised that down-dip RC/diamond drill-hole, NMRD483-749, has identified a 200-metre wide gold mineralised zone that extends to a vertical depth of 290 metres. This mineralised section confirms the continuation of wide gold mineralisation at depth within the Namdini Project.



Market Significance

Cardinal's share price has performed solidly, firming from a 12-month low of \$0.059 during July 2015 to an all-time high of \$0.335 during today's trade. The company has managed to consistently identify extremely wide zones of low-grade mineralization at its Namdini project, with the key aspect being the fact that the mineralization starts from surface – and with the release of today's deep hole an indication that the mineralization extends down to at least 290 metres. This puts it on track for delivery of an initial Exploration Target during Q3 2016 and the prospect of identifying a very large gold system.

Announcement Detail – Namdini Exploration Update

Cardinal today announced the results of down-dip RC/diamond drill-hole, NMRD483-749, at its Namdini Project in Ghana.

The hole intersected 192 metres of gold mineralisation within hydrothermally-altered volcanoclastic rocks, granitoids and diorites - from between 100 metres and 292 metres vertical depths. Multiple zones of mineralisation were intersected within the drill-hole, including 7 metres @ 1.14 g/t, 27 metres @ 1.56 g/t, 12 metres @ 2.61 g/t and 3 metres @ 3.41 g/t, confirming continuity of mineralisation with depth.

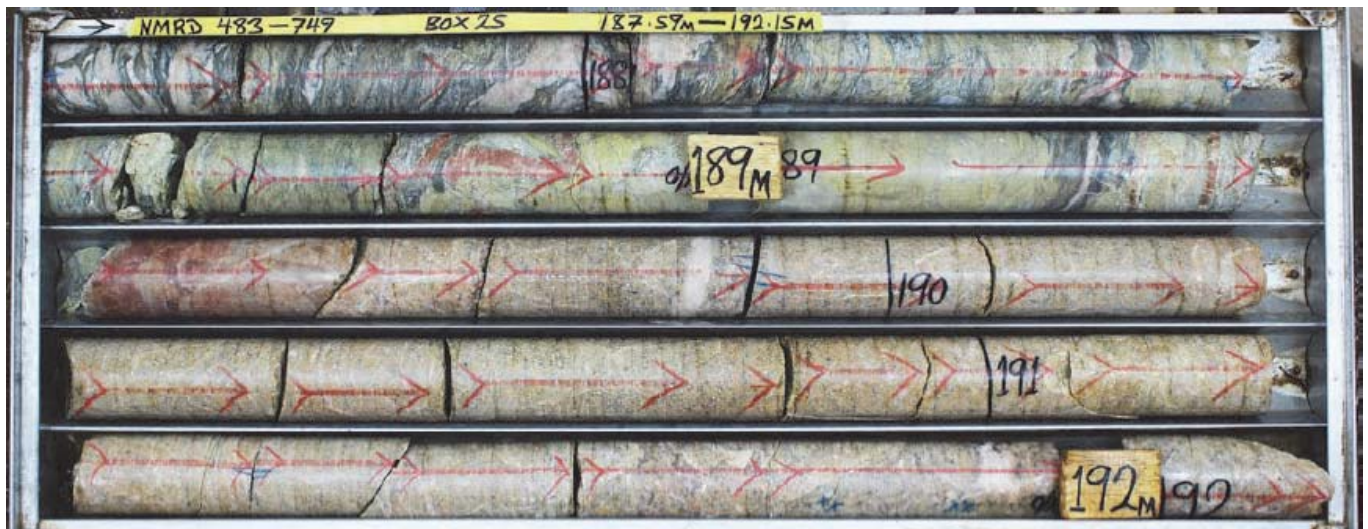


Figure 1: Mineralised volcanoclastic and granitoid within 27m @ 1.56 g/t Au zone (NMRD483-749)

The 50-metre spaced infill diamond drilling programme designed to evaluate the NNE trending gold mineralised corridor has been completed. All of the infill diamond drill holes were orientated to drill across this mineralised corridor to confirm the continuation of gold mineralisation along strike and at depth. Assay results from drill-holes NMDD433-740 and NMDD428-758 are still awaited.

Technical Significance

The significance of the latest drill hole, NMRD483-749, is that it has enabled Section O to be compiled with a 200-metre wide gold mineralised zone that extends to a vertical depth of 290 metres. This mineralised section confirms the continuation of wide gold mineralisation at depth within Namdini.

The potential of the Namdini Project to host a potentially world-class gold project is reinforced by the length of the mineralised zones, including 54 metres @ 2.00 g/t Au, 47.5 metres @ 1.30 g/t Au and 27 metres @ 1.56 g/t Au.

In addition, recently received assay results have also enabled Section J to be compiled with a 300-metre mineralised zone within altered volcanoclastics, granitoids and diorites. These rocks are mineralised throughout which confirm that gold mineralisation is consistently being intersected along strike and at depth.

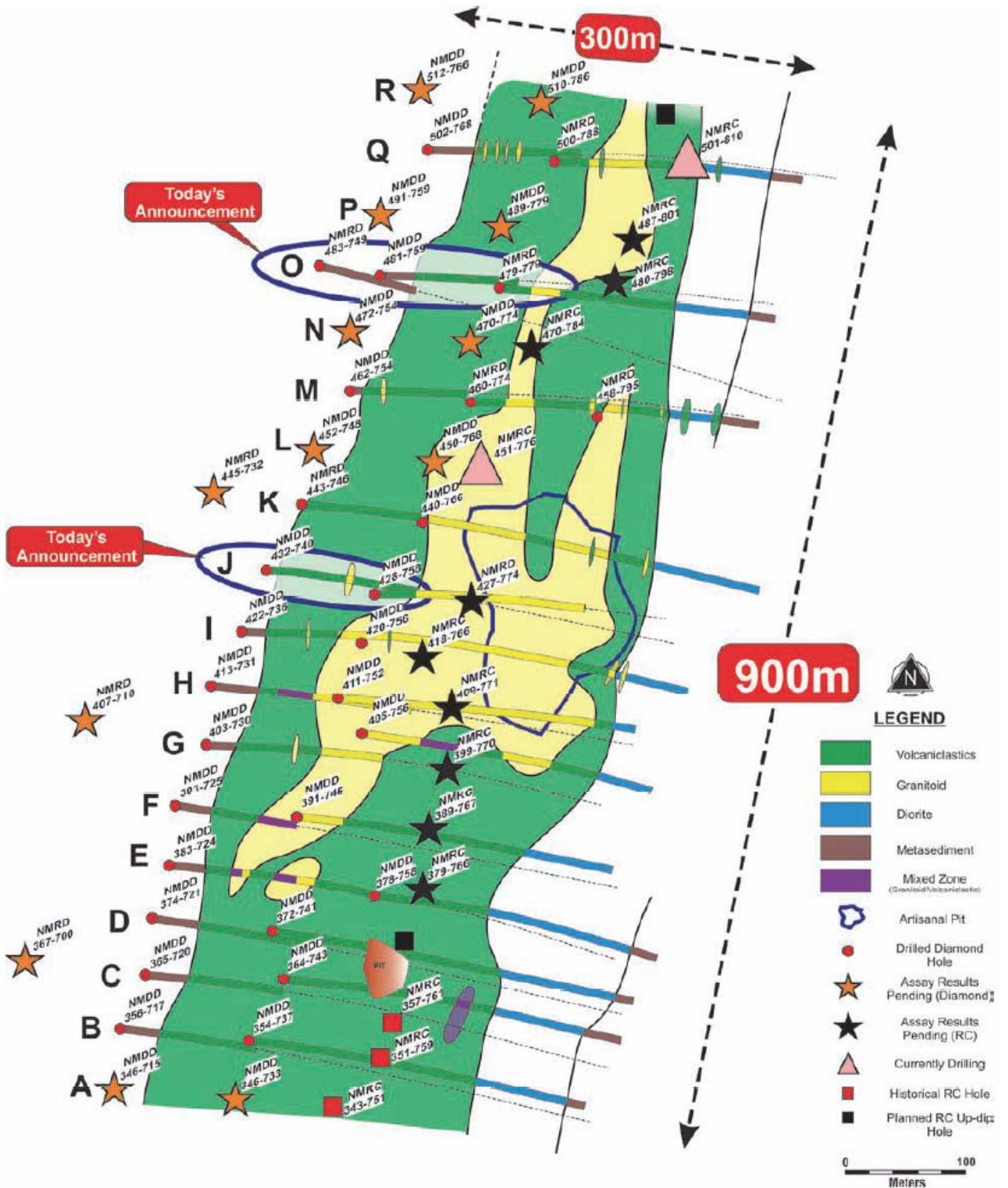


Figure 2: Location of drill holes within Section O and Section J

Project Overview

Infill diamond drilling has been completed on 50-metres spacings in between previous 100-metre spaced diamond drill sections, with the aim of confirming and enhance the gold mineralisation previously intersected within the volcanics, granitoids and diorites.

Assay results are pending for a further 13 diamond and 9 RC drill-holes, which should provide a constant flow of results in the weeks ahead. The company has divided up its core submissions between SGS Laboratories in Burkina Faso and Ghana to assist in accelerating receipt of assay results.

The company is also proceeding with a shallow up-dip RC drilling program along the eastern side of the Namdini mineralised corridor. The RC drill holes are positioned on each previously-drilled 50-metre section line, so that there will be three drill-holes on each section, with some diamond drilling.

The width and tenor of gold encountered by the drilling to date has reinforced potential for a very large gold system within the 900-metre x 300-metre zone that's been the focus of drilling so far. Once all assay results are received, all drill data collected will form the basis for Cardinal to provide guidance on an initial Exploration Target, which I anticipate during Q3 2016.

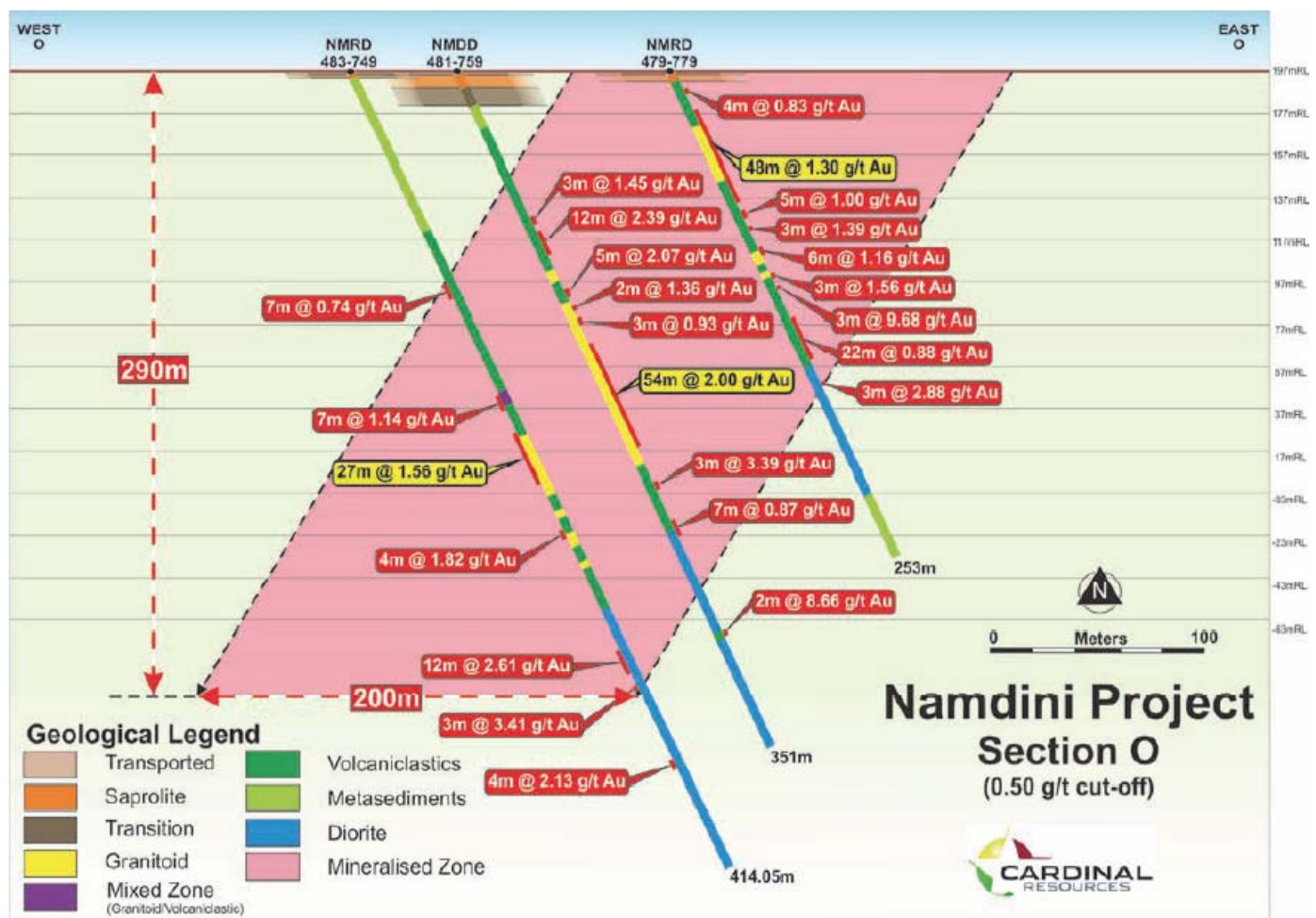


Figure 3: Drill Hole NMRD483-749 with mineralised zone of 200m extending to 290m

Project Overview and Geology

The Namdini project is located in a mineral-rich region of Ghana, where significant production has previously taken place from a number of gold mines and from numerous artisanal gold workings.

The producing open-pit Youga gold mine, the historic Nangodi underground gold mine, the producing Shaanxi underground gold mine and the Namdini Mining Licence are all located along or adjacent to a major regional shear.

The Bole-Bolgatanga Fault is a major regional fault zone trending ~NE from Cote d'Ivoire, through NE Ghana, through Burkina Faso and into Niger. In Niger, the Samira Hill gold mine is located along the fault. This fault zone is developed over ~6 km in the NW corner of the Kungongo tenement and along the ~18km SE border of the Bongo tenement and constitutes long lengths of potential gold bearing exploration targets.

The Nangodi Greenstone Belt is the southern portion of the greenstone belt that crosses into Burkina Faso where the Youga gold mine is located. Locally, the belt trends NNE-SSW over a distance of 30km and turns to a more ENE-WSW trend in the south of the area.

The belt is comprised of Birimian interbedded metavolcanics (mainly basalt flows), metasediments (phyllites, greywackes and cherty horizons). Some small basic to intermediate intrusions occur within the belt which are associated with gold mineralisation. Metasediments of Tarkwaian age occur adjacent to the belt and host the gold mineralisation of the nearby Youga mine.

Summary

We recently initiated coverage of Cardinal Resources during late June at around \$0.29.

Cardinal Resources currently holds cash reserves of \$4.9 million and its latest quarterly report released today shows it spent \$1.4 million on exploration during the June 2016 quarter. It plans to spend \$0.76 million on exploration during the current September quarter.

The Namdini results so far point to a sizeable gold deposit with possibly multi-million ounce potential, which is why the stock has performed so solidly from a share price perspective. What's also significant is that the mineralization occurs from surface to significant depths of almost 300 metres, enhancing its potential commerciality from a mining perspective.

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