

ASX ANNOUNCEMENT

3 March 2017

NOTICE OF MEETING

Cardinal Resources Limited (ASX: CDV) ("**Cardinal**" or "**the Company**") is pleased to announce that a General Meeting of Shareholders will be held on 3 April 2017 to seek shareholder approval for the issue of milestone options to executives of the Company.

The Company believes the issue of the milestone options will align the interests of Directors' and Senior Management to Securityholders, with the options vesting upon the Company achieving specified key milestones of the Company.

The Milestone Options shall vest and are exercisable at any time on and from:

- (i) **Milestone 1** - the earlier of:
 - (A) the completion of a scoping study; or
 - (B) the completion of a preliminary economic assessment,of the Ghanaian Assets;
- (ii) **Milestone 2** - on the beginning of earthworks for gold production at the Ghanaian Assets; and
- (iii) **Milestone 3** - on the first pouring of gold at the Ghanaian Assets,

until the Expiry Date, being 5 years from the date of issue.

The Company proposes the grant of 18,500,000 milestone options to the Directors and 7,500,000 milestone options to Senior Management of the Company (being a total of 7,800,000 Milestone 1 Options, 7,800,000 Milestone 2 Options and 10,400,000 Milestone 3 Options).

Cardinal's CEO, Archie Koimtsidis said:

"The resolutions in this notice of meeting are to approve the issue of the milestone options. The issue of these options and the milestones assigned to them will continue to better align objectives with shareholders."

For further information contact:

Archie Koimtsidis
Managing Director
Cardinal Resources Limited
P: + 61 418 769 579
Skype: cardinal.archie

Cardinal Resources Limited ABN 56 147 325 620

www.cardinalresources.com.au

Ghana: Durugu Residential Area, Kumbosco, Bolgatanga, Ghana P: +233 (0) 261905220

Australia: Suite 1, 28 Ord Street West Perth WA 6005 P: +61 (8) 6558 0573

CARDINAL RESOURCES LIMITED

ACN 147 325 620

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 10:00am (WST)

DATE: 3 April 2017

PLACE: Pan Pacific Hotel Perth, 207 Adelaide Terrace,
Perth Western Australia

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10:00am on 1 April 2017.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – ISSUE OF OPTIONS TO RELATED PARTY – KEVIN TOMLINSON

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

“That, for the purposes of sections 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 5,000,000 Options to Kevin Tomlinson (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Tomlinson (or his nominee) and any of their associates (**Resolution 1 Excluded Party**). 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, provided the Chair is not a Resolution 1 Excluded Party, 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 1 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

2. RESOLUTION 2 – ISSUE OF OPTIONS TO RELATED PARTY – ARCHIE KOIMTSIDIS

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

“That, for the purposes of sections 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 4,500,000 Options to Archie Koimtsidis (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Koimtsidis (or his nominee) and any of their associates (**Resolution 2 Related Party**). 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, provided the Chair is not a Resolution 2 Excluded Party, 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or

- (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 2 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

3. RESOLUTION 3 – ISSUE OF OPTIONS TO RELATED PARTY – MALIK EASAH

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

“That, for the purposes of sections 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 4,000,000 Options to Malik Easah (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Easah (or his nominee) and any of their associates (**Resolution 3 Excluded Party**). 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, provided the Chair is not a Resolution 3 Excluded Party, 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 3 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

4. RESOLUTION 4 – ISSUE OF OPTIONS TO RELATED PARTY – MARK CONNELLY

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

“That, for the purposes of sections 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,500,000 Options to Mark Connelly (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Connelly (or his nominee) and any of their associates (**Resolution 4 Excluded Party**). 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, provided the Chair is not a Resolution 4 Excluded Party, 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 4 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

5. RESOLUTION 5 – ISSUE OF OPTIONS TO RELATED PARTY – SIMON JACKSON

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

“That, for the purposes of section 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,500,000 Options to Simon Jackson (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Jackson (or his nominee) and any of their associates (**Resolution 5 Excluded Party**). 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, provided the Chair is not a Resolution 5 Excluded Party, 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 5 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

6. RESOLUTION 6 – ISSUE OF OPTIONS TO BRUCE LILFORD

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

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 2,500,000 Options to Bruce Lilford (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any 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 the

Resolution is passed and any associates of those 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.

7. RESOLUTION 7 – ISSUE OF OPTIONS TO ERIK PALMBACHS

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

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 2,500,000 Options to Erik Palmbachs (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by any 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 the Resolution is passed and any associates of those 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.

8. RESOLUTION 8 – ISSUE OF OPTIONS TO PAUL ABBOTT

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

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 2,500,000 Options to Paul Abbott (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by any 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 the Resolution is passed and any associates of those 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.

By order of the Board

Sarah Shipway
Company Secretary
Dated: 1 March 2017

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6558 0573.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- 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 the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. RESOLUTIONS 1 TO 5 – ISSUE OF OPTIONS TO RELATED PARTIES

1.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue 18,500,000 Options (**Related Party Options**) amongst Kevin Tomlinson, Archie Koimtsidis, Malik Easah, Mark Connelly and Simon Jackson, (or their nominee/s) (**Related Parties**) on the terms and conditions set out below.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of Related Party Options constitutes giving a financial benefit and the Related Parties are related parties of the Company by virtue of being Directors.

In addition, ASX Listing Rule 10.11 also requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Related Party Options to the Related Parties.

1.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Related Party Options:

- (a) the related parties are Messrs Tomlinson, Koimtsidis, Easah, Connelly and Jackson and they are related parties by virtue of Directors;
- (b) the maximum number of Related Party Options to be issued (being the nature of the financial benefit being provided) is 18,500,000 comprising:
 - (i) 5,000,000 Related Party Options to Kevin Tomlinson (or his nominee) (Resolution 1);

- (ii) 4,500,000 Related Party Options to Archie Koimtsidis (or his nominee) (Resolution 2);
- (iii) 4,000,000 Related Party Options to Malik Easah (or his nominee) (Resolution 3);
- (iv) 2,500,000 Related Party Options to Mark Connelly (or his nominee) (Resolution 4);
- (v) 2,500,000 Related Party Options to Simon Jackson (or his nominee) (Resolution 5).

The Options which will vest in accordance with the following Milestones:

Related Party	Milestone 1	Milestone 2	Milestone 3	Total Options
Kevin Tomlinson	1,500,000	1,500,000	2,000,000	5,000,000
Archie Koimtsidis	1,350,000	1,350,000	1,800,000	4,500,000
Malik Easah	1,200,000	1,200,000	1,600,000	4,000,000
Mark Connelly	750,000	750,000	1,000,000	2,500,000
Simon Jackson	750,000	750,000	1,000,000	2,500,000

- (c) The number of Related Party Options to be granted to each Related Party is based on each Director's position within the Company. The number of Related Party Options proposed to be granted to the Related Parties is 18,500,000, which is 6.08% of the current Shares on issue. In considering the issues, the Company ensured that less than the equivalent of 10% of the Shares on issue were being issued as Related Party Options. The number of Related Party Options is also in line with market practice;
- (d) the Related Party Options will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on one date;
- (e) the Related Party Options will be issued for nil cash consideration, accordingly no funds will be raised;
- (f) the terms and conditions of the Related Party Options are set out in Schedule 1;
- (g) the value of the Related Party Options and the pricing methodology is set out in Schedule 2. The value of the Options has been calculated using the using the Black & Scholes option pricing model and is based on the assumptions set out in Schedule 2;
- (h) the relevant interests of the Related Parties in securities of the Company are set out below:

Related Party	Shares	Listed Options ¹	Unlisted Options ²	Class A Performance Shares ³
Kevin Tomlinson	-	-	-	-
Archie Koimtsidis	8,117,565	4,191,731	3,000,000	10
Malik Easah	7,681,815	6,560,423	2,000,000	10
Mark Connelly	-	-	1,000,000	-
Simon Jackson	1,000,000	500,000	1,000,000	-

¹ Options exercisable at \$0.15 each on or before 30 September 2019.

² Options exercisable at \$0.22 each on or before 14 March 2020.

³ Upon satisfaction of certain milestone events, each Class A Performance Share converts into 100,000 Shares.

- (i) the remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year (i)
Kevin Tomlinson	\$73,584	-
Archie Koimtsidis	\$300,000	\$502,730
Malik Easah	\$287,000	\$355,991
Mark Connelly	\$87,600	\$125,000
Simon Jackson	\$87,600	\$144,406

- (i) During the year ended 30 June 2016, unlisted Options were issued to the Related Parties. The Options were prescribed a value of \$0.092 using the Black & Scholes method and included in the above remuneration. The Related Parties were issued the below unlisted Options:

Related Party	Number	Value \$
Kevin Tomlinson	-	-
Archie Koimtsidis	3,000,000	276,000
Malik Easah	2,000,000	184,000
Mark Connelly	1,000,000	92,000
Simon Jackson	1,000,000	92,000

- (j) if the Related Party Options granted to the Related Parties are exercised, a total of 18,500,000 Shares would be issued. This will increase the number of Shares on issue from 303,988,444 to 322,488,444 (assuming that no other Options are exercised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate

of 5.74% comprising 1.55% by Mr Tomlinson, 1.39% by Mr Koimtsidis, 1.24% by Mr Easah, 0.78% by Mr Connelly and 0.78% by Mr Jackson.

The market price for Shares during the term of the Related Party Options would normally determine whether or not the Related Party Options are exercised. If, at any time any of the Related Party Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Related Party Options, there may be a perceived cost to the Company.

- (k) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	76.5 cents	24 October 2016
Lowest	13 cents	10 March 2016
Last	39 cents	28 February 2017

- (l) the Board acknowledges the grant of Related Party Options to Messrs Tomlinson, Connelly and Jackson is contrary to Recommendation 8.3 of The Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition) as published by The ASX Corporate Governance Council. However, the Board considers the grant of Related Party Options to Messrs Tomlinson, Connelly and Jackson reasonable in the circumstances for the reasons set out in paragraph (n);
- (m) the primary purpose of the grant of the Related Party Options to the Related Parties is to provide a performance linked incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors;
- (n) Kevin Tomlinson declines to make a recommendation to Shareholders in relation to Resolution 1 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 1 be passed. However, in respect of Resolutions 2 to 5 recommends that Shareholders vote in favour of those Resolutions for the following reasons:
- (i) the grant of Related Party Options to the Related Parties, in particular, the vesting conditions of the Related Party Options, will align the interests of the Related Parties with those of Shareholders. Should the Milestones not be reached, the value of the Related Party Options will be \$0;
- (ii) the grant of the Related Party Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and

- (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Related Party Options upon the terms proposed;
- (o) Archie Koimtsidis declines to make a recommendation to Shareholders in relation to Resolution 2 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 2 be passed. However, in respect of Resolutions 1 and 3 to 5 recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (n);
- (p) Malik Easah declines to make a recommendation to Shareholders in relation to Resolution 3 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 3 be passed. However, in respect of Resolutions 1, 2, 4 and 5 recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (n);
- (q) Mark Connelly declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 4 be passed. However, in respect of Resolutions 1 to 3 and 5 recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (n);
- (r) Simon Jackson declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 5 be passed. However, in respect of Resolutions 1 to 4 recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (n);
- (s) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Related Party Options to be granted as well as the exercise price, expiry date and vesting conditions of those Related Party Options; and
- (t) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 1 to 5.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Related Party Options as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Related Party Options to the Related Parties (or their nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

2. RESOLUTION 6 – ISSUE OF OPTIONS TO BRUCE LILFORD

2.1 General

Resolution 6 seeks Shareholder approval for the issue of 2,500,000 Options to provide a performance linked incentive component in the remuneration package provided to Bruce Lilford for services provided as Project Manager.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 6 will be to allow the Company to issue the Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

2.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue:

- (a) the maximum number of Options to be issued is 2,500,000. The Options which will vest in accordance with the following Milestones:
 - (i) 750,000 Options upon achievement of Milestone 1;
 - (ii) 750,000 Options upon achievement of Milestone 2;
 - (iii) 1,000,000 Options upon achievement of Milestone 3;
- (b) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same day;
- (c) the Options will be issued for nil cash consideration;
- (d) the Options will be issued to Bruce Lilford (or his nominee), who is not a related party of the Company;
- (e) the Options will be issued on the terms and conditions set out in Schedule 1; and
- (f) no funds will be raised from the issue as the Options are being issued as part of the remuneration package provided to Bruce Lilford.

3. RESOLUTION 7 – ISSUE OF OPTIONS TO ERIK PALMBACHS

3.1 General

Resolution 7 seeks Shareholder approval for the issue of 2,500,000 Options to provide a performance linked incentive component in the remuneration package provided to Erik Palmbachs in his role as Chief Financial Officer of the Company.

A summary of ASX Listing Rule 7.1 is set out in Section 2.1.

The effect of Resolution 7 will be to allow the Company to issue the Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

3.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue:

- (a) the maximum number of Options to be issued is 2,500,000. The Options which will vest in accordance with the following Milestones:
 - (i) 750,000 Options upon achievement of Milestone 1;
 - (ii) 750,000 Options upon achievement of Milestone 2;
 - (iii) 1,000,000 Options upon achievement of Milestone 3;
- (b) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same day;
- (c) the Options will be issued for nil cash consideration;
- (d) the Options will be issued to Erik Palmbachs (or his nominee), who is not a related party of the Company;
- (e) the Options will be issued on the terms and conditions set out in Schedule 1; and
- (f) no funds will be raised from the issue as the Options are being issued as part of the remuneration package provided to Erik Palmbachs.

4. RESOLUTION 8 – ISSUE OF OPTIONS TO PAUL ABBOTT

4.1 General

Resolution 8 seeks Shareholder approval for the issue of 2,500,000 Options to Paul Abbott in his role as Exploration Manager of the Company.

A summary of ASX Listing Rule 7.1 is set out in Section 2.1.

The effect of Resolution 8 will be to allow the Company to issue the Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

4.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue:

- (a) the maximum number of Options to be issued is 2,500,000. The Options which will vest in accordance with the following Milestones:
 - (i) 750,000 Options upon achievement of Milestone 1;
 - (ii) 750,000 Options upon achievement of Milestone 2;

- (iii) 1,000,000 Options upon achievement of Milestone 3;
- (b) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same day;
- (c) the Options will be issued for nil cash consideration;
- (d) the Options will be issued to Paul Abbott (or his nominee), who is not a related party of the Company;
- (e) the Options will be issued on the terms and conditions set out in Schedule 1; and
- (f) no funds will be raised from the issue as the Options are being issued in consideration for exploration services provided to the Company.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Cardinal Resources Limited (ACN 120 628 239).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Ghanaian Assets means the five (5) tenements prospective for gold mineralisation in Ghana in two NE-SW trending paleo-proterozoic granite-greenstone belts in connection with the Bolgatanga Project and Subranum Project.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the

Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Milestones means Milestone 1, Milestone 2 and Milestone 3.

Milestone 1 means the milestone set out in paragraph (d)(i) of Schedule 1.

Milestone 2 means the milestone set out in paragraph (d)(ii) of Schedule 1.

Milestone 3 means the milestone set out in paragraph (d)(iii) of Schedule 1.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.50 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on that date which is five (5) years from the date of issue of the Options (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options shall vest and are exercisable at any time on and from:

(i) the earlier of:

(A) the completion of a scoping study; or

(B) the completion of a preliminary economic assessment,

of the Ghanaian Assets (**Milestone 1**);

(ii) on the beginning of earthworks for gold production at the Ghanaian Assets (**Milestone 2**); and

(iii) on the first pouring of gold at the Ghanaian Assets (**Milestone 3**),

until the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Change of Control Event**

A Change of Control event occurs where:

(i) an offer is made for Shares pursuant to a takeover bid under Chapter 6 of the Corporations Act and is, or is declared, unconditional; or

- (ii) the Court sanctions under Part 5.1 of the Corporations Act a compromise or arrangement relating to the Company or a compromise or arrangement proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
- (iii) any other merger, consolidation or amalgamation involving the Company occurs which results in the holders of Shares immediately prior to the merger, consolidation or amalgamation being entitled to 50 per cent or less of the voting shares in the body corporate resulting from the merger, consolidation or amalgamation; or
- (iv) the Company enters into agreements to dispose of its main business undertaking or the principal assets (whether or not in the form of shares in the Company) of the Company to a person, or a number of persons, and those agreements become unconditional.

On the occurrence of a Change of Control Event all unvested Options will vest and become exercisable in accordance with this clause (g) with such vesting deemed to have taken place immediately prior to the effective date of the Change of Control Event.

The Company shall give written notice of any Change of Control Event to each Optionholder. Upon the giving of any such notice a holder may exercise any of their vested Options within the Exercise Period by delivery to the registered office of the Company or such other address as determined by the Board of:

- (i) a signed Notice of Exercise; and
- (ii) a cheque or cash or such other form of payment determined by the Board in its sole and absolute discretion for the amount of the Exercise Price.

(h) Timing of issue of Shares on exercise

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (iii) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (h)(iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

- (i) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

- (j) **Reconstruction of capital**

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 ASX Listing Rules at the time of the reconstruction.

- (k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

- (l) **Change in exercise price**

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.

- (m) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 2 – VALUATION OF RELATED PARTY OPTIONS

The Related Party Options to be issued to the Related Parties pursuant to Resolutions 1 to 5 have been valued by internal management.

Using the Black & Scholes option pricing model and based on the assumptions set out below, the Related Party Options were ascribed the following value range:

Assumptions:			
Valuation date	23 February 2017		
Market price of Shares	\$0.405 cents		
Exercise price	\$0.50 cents		
Expiry date (length of time from issue)	5 years from the date of issue		
Risk free interest rate	2.17%		
Volatility	99.5%	99.5%	99.5%
Indicative value per Related Party Option	\$0.292 cents	\$0.292 cents	\$0.292 cents
Total Value of Related Party Options	\$1,620,600	\$1,620,600	\$2,160,800
- <i>Kevin Tomlinson</i>	\$438,000	\$438,000	\$584,000
- <i>Archie Koimtsidis</i>	\$394,200	\$394,200	\$525,600
- <i>Malik Easah</i>	\$350,400	\$350,400	\$467,200
- <i>Mark Connelly</i>	\$219,000	\$219,000	\$292,000
- <i>Simon Jackson</i>	\$219,000	\$219,000	\$292,000

Note: The valuation ranges noted above are not necessarily the market prices that the Related Party Options could be traded at and they are not automatically the market prices for taxation purposes.

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

For all enquiries call:

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

CDV

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



Proxy Form

XX

For your vote to be effective it must be received by 10:00am (WST) Saturday, 1 April 2017

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 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 your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- Review your securityholding
- Update your securityholding

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 General Meeting of Cardinal Resources Limited to be held at the Pan Pacific Hotel Perth, 207 Adelaide Terrace, Perth, Western Australia on Monday, 3 April 2017 at 10:00am (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: 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 Resolutions 1 - 5 (except where I/we have indicated a different voting intention below) even though Resolutions 1 - 5 are connected directly or indirectly with the remuneration of 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 on Resolutions 1 - 5 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
Resolution 1	Issue of Options to related party – Kevin Tomlinson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Issue of Options to related party – Archie Koimtsidis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Options to related party – Malik Easah	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Options to related party – Mark Connelly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Options to related party – Simon Jackson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Options to Bruce Lilford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Issue of Options to Erik Palmbachs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Issue of Options to Paul Abbott	<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 / /