



**Condensed Interim Consolidated Financial Statements
as at and for the three and six months ended
December 31, 2017**

DIRECTORS REPORT

The Directors are pleased to submit their report on Cardinal Resources Limited for the three and six months ended 31 December 2017.

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
Kevin Tomlinson	Non-Executive Chairman	7 November 2016	N/A
Archie Koimtsidis	Managing Director	24 December 2012	N/A
Malik Easah	Executive Director	24 December 2012	N/A
Robert Schafer	Non-Executive Director	10 July 2017	N/A
Jacques McMullen	Non-Executive Director	12 October 2017	N/A
Michele Muscillo	Non-Executive Director	12 October 2017	N/A
Mark Connally	Non-Executive Director	19 November 2015	12 October 2017
Simon Jackson	Non-Executive Director	31 August 2015	12 October 2017

REVIEW AND RESULTS OF OPERATIONS

A summary of revenue and result for the six months ended 31 December 2017 is set out below:

	2017	Revenue	Result
		\$	\$
Revenue and (Loss)		97,080	(24,315,292)

During the six months period the exploration and evaluation expenditure was \$18,453,380 (2016: \$6,237,423), administration costs were \$5,408,009 (2016: \$1,032,506) and amortization costs were \$99,700 (2016: 376,367). Foreign exchange loss was \$451,283 (2016: loss of \$69,160) resulting in a total loss for the six months of \$24,315,292 (2016: \$7,319,351).

JULY - DECEMBER 2017 REVIEW OF OPERATIONS

A review of operations of the consolidated entity during the period ended 31 December 2017 is provided in the Management Discussion & Analysis immediately following the consolidated financial statement.

SUBSEQUENT EVENT

There has not been any matter or circumstance that has arisen since balance date that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity.

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 28.

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

The directors of the Group declare that:

1. the financial statements and notes, as set out on pages 4 to 27 are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standard IAS 34 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 31 December 2017 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.

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

(signed) "Archie Koimtsidis", Director
Archie Koimtsidis

(signed) "Kevin Tomlinson", Director
Kevin Tomlinson

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31, 2017 and June 30, 2017
(Unaudited and expressed in Australian Dollars)

As at	Note	December 31, 2017	June 30, 2017
ASSETS			
Current assets			
Cash and cash equivalents	12(a)	\$ 18,752,321	\$ 28,592,718
Trade and other receivables	3(a)	157,556	132,655
Other assets	3(b)	1,504,211	918,909
		20,414,088	29,644,282
Non-current assets			
Plant and equipment	4	524,507	465,396
		524,507	465,396
TOTAL ASSETS		\$ 20,938,595	\$ 30,109,678
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables	5	\$ 4,589,134	\$ 3,883,409
Provisions		28,549	19,698
		4,617,683	3,903,107
Shareholders' equity			
Issued capital	6	80,820,407	68,628,035
Reserves	7	4,715,249	2,477,988
Accumulated losses		(69,214,744)	(44,899,452)
		16,320,912	26,206,571
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 20,938,595	\$ 30,109,678

See accompanying notes to the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and six months ended December 31, 2017 and 2016

(Unaudited and expressed in Australian Dollars)

For the period ended	Note	Three months ended		Six months ended	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Revenue	8	\$ 46,084	\$ 26,967	\$ 97,080	\$ 53,764
Operating expenses					
Corporate administration expenses	9	(2,941,293)	(618,873)	(5,408,009)	(1,032,506)
Amortization expenses		(62,813)	(37,558)	(99,700)	(376,367)
Exploration and evaluation expenses		(8,978,587)	(4,529,757)	(18,453,380)	(5,895,082)
Foreign exchange gain/(loss)		(312,579)	1,288	(451,283)	(69,160)
Net Loss for the period		\$ (12,249,188)	\$ (5,157,933)	\$ (24,315,292)	\$ (7,319,351)
Other comprehensive gain (loss)					
Items that may be reclassified to profit or loss:					
Unrealized foreign exchange on translation		536,955	44,845	131,129	(18,828)
Comprehensive loss for the period		\$ (11,712,233)	\$ (5,113,088)	\$ (24,184,163)	\$ (7,338,179)
Loss per share, basic and diluted		\$ (0.03)	\$ (0.02)	\$ (0.07)	\$ (0.03)
Weighted average number of common shares outstanding	11	359,846,002	303,454,917	355,179,567	236,073,932

See accompanying notes to the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three and six months ended December 31, 2017 and 2016
(Unaudited and expressed in Australian Dollars)

For the period ended	Note	Three months ended		Six months ended	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Operating activities					
Expenditure on mineral interests		\$ (11,343,263)	\$ (3,725,342)	\$ (18,447,607)	\$ (6,472,308)
Payments to suppliers and employees		(1,639,540)	(523,611)	(3,165,395)	(981,089)
Interest received		38,097	26,813	92,098	53,610
Net cash outflow from operating activities	12(b)	(12,944,706)	(4,222,140)	(21,520,904)	(7,399,787)
Investing activities					
Purchase of plant and equipment		(43,871)	(53,892)	(129,421)	(184,909)
Net cash outflow from investing activities		(43,871)	(53,892)	(129,421)	(184,909)
Financing activities					
Issue of shares and options net of capital raising costs		11,917,535	50,250	11,987,525	20,830,732
Net cash inflow from financing activities		11,917,535	50,250	11,987,525	20,830,732
Increase/(decrease) in cash and cash equivalents		(1,071,042)	(4,225,782)	(9,662,800)	13,246,036
Cash and cash equivalents at the beginning of period		19,862,256	22,204,785	28,592,718	4,864,822
Effect of changes in exchange rates on cash		(38,893)	83,941	(177,597)	(47,914)
Cash and cash equivalents, end of period	12(a)	\$ 18,752,321	\$ 18,062,944	\$ 18,752,321	\$ 18,062,944

See accompanying notes to the condensed interim consolidated financial statements

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended December 31, 2017 and 2016

(Unaudited and expressed in Australian Dollars)

	SHARE CAPITAL	OPTIONS RESERVE	FOREIGN EXCHANGE RESERVE	ACCUMULATED LOSSES	TOTAL EQUITY
Balance at 1 July 2017	\$ 68,628,035	\$ 2,710,589	\$ (232,601)	\$ (44,899,452)	\$ 26,206,571
Comprehensive Income					
Profit for the period	-	-	-	(24,315,292)	(24,315,292)
Other comprehensive income	-	-	131,129	-	131,129
Total comprehensive income for the period	-	-	131,129	(24,315,292)	(24,184,163)
Shares issued during the period	12,396,736	-	-	-	12,396,736
Exercise of options	509,990	(184,000)	-	-	325,990
Share/Option based payments	204,846	2,290,132	-	-	2,494,978
Share issue expenses	(919,200)	-	-	-	(919,200)
Balance at 31 December 2017	\$ 80,820,407	\$ 4,816,721	\$ (101,472)	\$ (69,214,744)	\$ 16,320,912
Balance at 1 July 2016	\$ 26,151,217	\$ 1,342,607	\$ (299,007)	\$ (23,246,748)	\$ 3,948,069
Comprehensive Income					
Profit for the period	-	-	-	(7,319,351)	(7,319,351)
Other comprehensive income	-	-	(18,828)	-	(18,828)
Total comprehensive income for the period	-	-	(18,828)	(7,319,351)	(7,338,179)
Shares issued during the period	21,750,000	-	-	-	21,750,000
Exercise of options	215,250	-	-	-	215,250
Share based payments	114,299	-	-	-	114,299
Share issue expenses	(1,248,816)	-	-	-	(1,248,816)
Expiry of options	-	(138,000)	-	138,000	-
Balance at 31 December 2016	\$ 46,981,950	\$ 1,204,607	\$ (317,835)	\$ (30,428,099)	\$ 17,440,623

See accompanying notes to the condensed interim consolidated financial statements

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2017 and 2016

(Expressed in Australian Dollars)

1. CORPORATE INFORMATION

Cardinal Resources Limited (“**Cardinal Resources**” or “**the Company**”) is a company limited by shares, incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (“ASX”) and Toronto Stock Exchange (“TSX”). The Company’s registered office is Suite 1, 28 Ord Street, West Perth, Western Australia 6005, Australia.

The principal activity of the Company and its controlled entities (“the Group”) is mineral exploration in Ghana.

These unaudited condensed interim consolidated financial statements were approved by the board of directors on February 14, 2018.

2. BASIS OF PRESENTATION

The Company’s condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). These condensed interim consolidated financial statements do not include all of the disclosures required for annual financial statements and hence should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended June 30, 2017. These condensed interim consolidated financial statements follow the same significant accounting policies as those included in the Company’s audited annual consolidated financial statements for the year ended June 30, 2017.

There are a number of new or amended Accounting Standards and Interpretations issued by the IASB that are not yet mandatory. The Company does not plan to adopt these standards early. The Company’s assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

IFRS 2 Share-based Payment (“IFRS 2”) – In June 2016, the IASB issued amendments to IFRS 2 Share-based Payment, covering the measurement of cash-settled share-based payments, classification of share-based payments settled net of tax withholdings, and accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements, and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments apply for annual periods beginning on or after January 1, 2018, with early adoption permitted. The impact of the amendments to IFRS 2 on the Company’s consolidated financial statements has not yet been determined.

IFRS 9 Financial Instruments (“IFRS 9”) – In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, bringing together the classification and measurement, impairment and hedge accounting phases of the IASB’s project to replace IAS 39 Financial Instruments: Recognition and Measurement. The mandatory effective date of IFRS 9 would be annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company does not anticipate any impact from the adoption of IFRS 9 on the Company’s financial instruments

IFRS 15 Revenue from Contracts with Customers (“IFRS 15”) – In May 2014, the IASB issued IFRS 15, which covers principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. In September 2015, the IASB deferred the effective date of the standard to annual reporting periods beginning on or after January 1, 2018, with earlier application permitted. The Company does not anticipate any impact from the adoption of IFRS 15 on the Company’s consolidated financial statements.

IFRS 16 Leases (“IFRS 16”) – In January 2016, the IASB issued IFRS 16, which requires lessees to recognise assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted, provided the new revenue standard, IFRS 15, has

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2017 and 2016

(Expressed in Australian Dollars)

been applied or is applied at the same date as IFRS 16. The impact of IFRS 16 on the Company's consolidated financial statements has not yet been determined.

3. CURRENT ASSETS

(a) Trade and other receivables

	December 31, 2017	June 30, 2017
Government taxes receivable	\$ 151,647	\$ 126,461
Interest receivable	5,909	6,194
	\$ 157,556	\$ 132,655

GST (a Value-Added-Tax) and income tax amounts are non-interest bearing and have repayment terms applicable under the relevant government authorities. No trade and other receivables are impaired or past due.

(b) Other assets

	December 31, 2017	June 30, 2017
Prepayments (i)	\$ 1,500,372	\$ 914,776
Cash deposits	3,839	4,133
	\$ 1,504,211	\$ 918,909

(i) Prepayments include an advance to Savannah Mining Ghana Limited ("Savannah"), a director-related entity. The purpose of the advance is the development of a mining licence in areas in respect of which Savannah had entered into agreements with holders of small scale licences. As at December 31, 2017 \$1,059,687 is held by Savannah.

4. PLANT AND EQUIPMENT

	Plant and Equipment	Vehicles	Total
Cost			
Balance as at July 1, 2017	832,291	293,668	1,125,959
Additions	43,387	58,571	101,958
Disposals	-	-	-
Foreign exchange movement	27,810	1,580	29,390
Balance as at December 31, 2017	\$ 903,488	\$ 353,819	\$1,257,307
Balance as at July 1, 2016	704,108	272,906	977,014
Additions	222,527	57,327	279,854
Disposals	-	-	-
Foreign exchange movement	(94,344)	(36,565)	(130,909)
Balance as at June 30, 2017	\$ 832,291	\$ 293,668	\$ 1,125,959

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2017 and 2016

(Expressed in Australian Dollars)

	Plant and Equipment	Vehicles	Total
Accumulated depreciation			
Balance as at July 1, 2017	467,844	192,719	660,563
Depreciation for the period	84,414	15,286	99,700
Disposals	-	-	-
Foreign exchange movement	(35,984)	8,521	(27,463)
Balance as at December 31, 2017	\$ 516,274	\$ 216,526	\$ 732,800
Balance as at July 1, 2016	222,991	78,112	301,103
Depreciation for the period	290,568	136,004	426,572
Disposals	-	-	-
Foreign exchange movement	(45,715)	(21,397)	(67,112)
Balance as at June 30, 2017	\$ 467,844	\$ 192,719	\$ 660,563
Carrying amounts			
As at December 31, 2017	\$ 387,214	\$ 137,293	\$ 524,507
As at June 30, 2017	\$ 364,447	\$ 100,949	\$ 465,396

5. TRADE AND OTHER PAYABLES

	December 31, 2017	June 30, 2017
Trade and other payables (i)	\$ 4,285,916	\$ 2,038,115
Other accrued expenses	303,218	1,845,294
	\$ 4,589,134	\$ 3,883,409

(i) Trade payables are unsecured. The carrying amounts of trade and other payables are considered to be the same as their fair values due to their short-term nature.

6. ISSUED CAPITAL

(a) Ordinary shares

The Company is authorised to issue an unlimited number of ordinary shares. All issued shares are fully paid and have no par value. Changes in ordinary shares for the six months ended December 31, 2017 and 2016 are as follows:

	Number of Shares	
As at July 1, 2016	222,074,697	\$ 26,151,217
Transactions during the period:		
Shares issued (i)	125,598,266	44,549,133
Options exercise (ii)	1,437,500	215,625
Share based payments	952,494	395,285
Less: transaction costs (iii)	-	(2,683,225)
As at June 30, 2017	350,062,957	68,628,035
As at July 1, 2017	350,062,957	\$ 68,628,035
Transactions during the period:		
Shares issued (iv)	18,461,600	12,396,736
Exercise of Listed Options (ii)	466,602	69,990
Exercise of Unlisted Options (v)	2,000,000	440,000
Share based payments (vi)	379,390	204,846
Less: transaction costs (iii)	-	(919,200)
As at December 31, 2017	371,370,549	\$ 80,820,407

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2017 and 2016

(Expressed in Australian Dollars)

- (i) The following shares were issued during the period ended 30 June 2017
 - On 19 July 2016, 55,518,670 shares were issued at \$0.29 per share pursuant to a placement to sophisticated investors;
 - On 26 August 2016, 19,481,330 shares were issued at \$0.29 per share pursuant to a placement to sophisticated investors;
 - On 5 September 2016, 5,000,000 shares were issued on conversion of Class B Performance Shares. The Class B Performance shares were issued as part of the acquisition of the share capital of Cardinal (Australia) Pty Ltd by Cardinal Resources (previously Ridge Resources Limited). The issue of these shares was approved by Shareholders of the Company at the General Meeting held on 19 November 2012; and
 - On 21 April 2017, 45,598,266 shares were issued at \$0.50 per share pursuant to a placement to sophisticated investors.
- (ii) Exercise of Listed Options
- (iii) Transactions costs represent the costs of issuing the shares.
- (iv) The following shares were issued during the period ended 31 December 2017
 - On 21 November 2017 18,461,600 shares were issued at CA\$0.65 per share to raise a total of CA\$12,000,040 (AU\$12,396,736). The shares were issued under the Placement pursuant to the Company's additional 10% placement capacity under ASX Listing Rule 7.1A.
- (v) Exercise of Unlisted Options exercisable at \$0.22 on or before 18 March 2020.
- (vi) Share based payments (refer to note 13).

A total of 190,000 shares were issued to employees of the Company as part consideration for services provided to the Company.

A total of 189,390 shares were issued to Dr Julian Barnes for consideration for services provided to the Company.

7. RESERVES

(a) Movement in options reserve

	December 31, 2017	June 30, 2017
As at the beginning of the period	\$ 2,710,589	\$ 1,342,607
Options expensed during the period	3,736,979	1,505,982
Options exercised/expired during the period	(1,630,847)	-
Expiry of options	-	(138,000)
Total	\$ 4,816,721	\$ 2,710,589

(b) Movement in Foreign Translation Reserve

	December 31, 2017	June 30, 2017
As at the beginning of the period	\$ (232,601)	\$ (299,007)
Foreign translation	131,129	66,406
Total	\$ (101,472)	\$ (232,601)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2017 and 2016

(Expressed in Australian Dollars)

(c) Movement in options exercisable at \$0.15 on or before September 30, 2019

	NUMBER OF OPTIONS	
As at July 1, 2016	117,587,039	\$ 468,607
Transactions during the period:		
Exercise of options	(1,437,500)	-
As at June 30, 2017	116,149,539	\$ 468,607
As at July 1, 2017	116,149,539	\$ 468,607
Transactions during the period:		
Exercise of options	(466,602)	-
As at December 31, 2017	115,682,937	\$ 468,607

(d) Movement in unlisted options exercisable at \$0.22 on or before March 18, 2020

	NUMBER OF OPTIONS	
As at July 1, 2016	9,500,000	\$ 874,000
Transactions during the period		
Expiry of options	(1,500,000)	(138,000)
As at June 30, 2017	8,000,000	\$736,000
As at July 1, 2017	8,000,000	\$ 736,000
Transactions during the period		
Exercise of options	(2,000,000)	(184,000)
Expiry of options	-	-
As at December 31, 2017	6,000,000	\$ 552,000

(e) Movement in unlisted milestones options exercisable at \$0.50 on or before April 12, 2022

	NUMBER OF OPTIONS	
As at July 1, 2016	-	-
Transactions during the period:		
Options issued	26,000,000	1,666,192
Cancelled or forfeited	(2,500,000)	(160,210)
As at June 30, 2017	23,500,000	1,505,982
As at July 1, 2017	23,500,000	\$ 1,505,982
Transactions during the period:		
Options expensed	-	2,899,946
Cancelled or forfeited	(5,000,000)	(1,446,847)
As at December 31, 2017	18,500,000	\$ 2,959,081

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2017 and 2016

(Expressed in Australian Dollars)

(f) Movement in unlisted options exercisable at \$0.75 on or before December 21, 2022

	NUMBER OF OPTIONS	
As at July 1, 2017	-	-
Transactions during the period:		
Options issued	1,000,000	511,748
Cancelled or forfeited	-	-
As at December 31, 2017	1,000,000	\$ 511,748

(g) Movement in unlisted milestones options exercisable at \$0.825 on or before December 21, 2022

	NUMBER OF OPTIONS	
As at July 1, 2017	-	-
Transactions during the period:		
Options issued	5,758,000	274,387
Cancelled or forfeited	-	-
As at December 31, 2017	5,758,000	\$ 274,387

Refer to note 13 for terms milestones.

(h) Movement in unlisted milestones options exercisable at \$0.965 on or before December 21, 2022

	NUMBER OF OPTIONS	
As at July 1, 2017	-	-
Transactions during the period:		
Options issued	4,036,200	50,898
Cancelled or forfeited	-	-
As at December 31, 2017	4,036,200	\$ 50,898

Refer to note 13 for terms milestones.

The following table shows the movement of listed and unlisted options for the six months ended December 31, 2017 and twelve months ended June 30, 2017.

	Number of Options	Weighted Average Exercise Price
Balance as at July 1, 2017	147,649,539	\$ 0.20
Options granted (Note 10(b) and 13)	10,794,200	0.87
Options forfeited/exercised	(7,466,602)	(0.40)
Balance as at December 31, 2017	150,977,137	\$ 0.20
Balance as at July 1, 2016	127,087,039	\$ 0.15
Options granted	26,000,000	0.50
Options forfeited/exercised	(5,437,500)	(0.18)
Balance as at June 30, 2017	147,649,539	\$ 0.20

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2017 and 2016

(Expressed in Australian Dollars)

The table below shows outstanding options as at December 31, 2017:

Exercise Price	Outstanding		Vested	
	Number of Options	Weighted Average Remaining Contractual life (days)	Number of Options	Weighted Average Remaining Contractual life (days)
\$ 0.15	115,682,937	628	115,682,937	628
\$ 0.22	6,000,000	808	6,000,000	808
\$ 0.75	1,000,000	1,816	1,000,000	1,816
\$ 0.50	18,500,000	1,816	-	1,816
\$ 0.825	5,758,000	1,816	-	1,816
\$ 0.965	4,036,200	1,816	-	18,16

(i) Movement in Performance Shares

	NUMBER OF CLASS A PERFORMANCE SHARES		
As at July 1, 2016	50	\$	-
Transactions during the period:			
Performance Shares issued	-		-
As at June 30, 2017	50	\$	-
As at July 1, 2017	50	\$	-
Transactions during the period:			
Performance Shares expired	(50)		-
As at December 31, 2017	nil	\$	-
	NUMBER OF CLASS B PERFORMANCE SHARES		
As at July 1, 2016	50	\$	-
Transactions during the period:			
Performance Shares converted (i)	(50)		-
As at June 30, 2017	-	\$	-
As at July 1, 2017	-	\$	-
Transactions during the period:			
Performance Shares issued	-		-
As at December 31, 2017	-	\$	-

(i) On September 5, 2016, the Class B Performance Shares were converted to 5,000,000 ordinary shares under the terms and conditions of the Performance Shares.

General terms attaching to the Performance Shares are set out below. For further details, see the Notice of Meeting dated November 19, 2012.

Class A Performance Shares

Class A Performance Shares expired unexercised on December 28, 2017. Their terms were as follows:

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2017 and 2016

(Expressed in Australian Dollars)

- (a) Performance Shares: Each Class A Performance Share is a share in the capital of the Company.
- (b) Class A Performance Shares shall confer on the holder (the “Holder”) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. Holders have the right to attend general meetings of shareholders of the Company.
- (c) The Class A Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.
- (d) The Class A Performance Shares do not entitle the Holder to any dividends.
- (e) The Class A Performance Shares are not transferable.
- (f) If at any time the issue capital of the Company is restructured, all rights of a Holder will be changed to the extent necessary to comply with the applicable Listing Rules at the time of reorganisation.
- (g) The Class A Performance Shares will not be quoted on the ASX. However, upon conversion of the Class A Performance Shares into shares, the Company must within 7 days after the conversion, apply for the official quotation of the shares arising from the conversion on the ASX.
- (h) The Class A Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be required by the ASX.
- (i) The shares into which the Class A Performance Shares will convert will rank pari passu in all respects with the other shares on issue.

Conversion of the Class A Performance Shares

- (j) Each Class A Performance Share will convert into 100,000 Shares upon satisfaction of one of the following performance hurdles to the reasonable satisfaction of the Company by no later than 5 years from December 28, 2012:
 - (i) The establishment of inferred resources (JORC compliant) of at least 1 million ounces of gold within the tenements owned by the Company or any of its subsidiaries comprised of the Ghanaian Projects and DRC Projects,;
 - (ii) A project owned by the Company or any of its subsidiaries being comprised by the tenements the subject of all or part of the Ghanaian Projects or DRC Projects, being sold for at least \$25 million in cash or cash equivalent; or
 - (iii) A joint venture arrangement being entered into in respect of any tenement or tenements owned by the Company or of any of its subsidiaries and being comprised by all or part of the Ghanaian Projects or DRC Projects resulting in a payment in cash or cash equivalent of the Company of not less than \$25 million.

(with all of the above performance hurdles constituting the “Class A Performance Hurdle”)

- (k) The Company will issue the Holder with new holding statements for the shares as soon as practicable following the conversion of the Class A Performance Shares into shares.

Ghanaian projects for the Class A Performance Shares was defined by the Notice of Meeting dated 2 October 2012, being the assets owned by Cardinal located in Ghana, being the Bolgatanga Project area (Kungongo, Bongo and Ndongo) and the Subranum Project.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2017 and 2016

(Expressed in Australian Dollars)

Class B Performance Shares

- (a) Performance Shares: Each Class B Performance Share is a share in the capital of the Company.
- (b) Class B Performance Shares shall confer on the holder (the "Holder") the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. Holders have the right to attend general meetings of shareholders of the Company.
- (c) The Class B Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.
- (d) The Class B Performance Shares do not entitle the Holder to any dividends.
- (e) The Class B Performance Shares are not transferable.
- (f) If at any time the issue capital of the Company is restructured, all rights of a Holder will be changed to the extent necessary to comply with the applicable Listing Rules at the time of reorganisation.
- (g) The Class B Performance Shares will not be quoted on the ASX. However, upon conversion of the Class B Performance Shares into shares, the Company must within 7 days after the conversion, apply for the official quotation of the shares arising from the conversion on the ASX.
- (h) The Class B Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be required by the ASX.
- (i) The shares into which the Class B Performance Shares will convert will rank pari passu in all respects with the other shares on issue.

Conversion of the Class B Performance Shares

On September 5, 2016, 50 Class B Performance Shares were converted into 5,000,000 fully paid ordinary shares of the Company. The Class B Performance Shares converted to 5,000,000 fully paid ordinary shares when the Company satisfied the requirement that the market capitalization of the Company reached at least \$50 million on an undiluted basis, determined by reference to the preceding 30 day VWAP.

Class C Performance Shares

	NUMBER OF CLASS C PERFORMANCE SHARES		
As at July 1, 2016	60	\$	-
Transactions during the period:			
Performance shares issued	-		-
As at June 30, 2017	60	\$	-
As at July 1, 2017	60	\$	-
Transactions during the period:			
Performance shares issued	-		-
As at December 31, 2017	60	\$	-

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(Expressed in Australian Dollars)

On February 17, 2015, 60 performance shares were issued pursuant to the Asset Sale Agreement with Savannah to purchase the highly prospective Ndongo North concession adjacent to the exiting Ndongo area within the Bolgatanga project area in North-East Ghana.

There are 60 Performance Shares (convertible into a maximum of 6,000,000 shares) on issue.

General terms attaching to the Performance Shares are set out below.

The Directors are currently of the opinion that the non-market vesting conditions are unlikely to be met within 5 years from the date of issue. As such, no value as been ascribed to the Performance Shares in the Group's consolidated financial statements.

The issue of 60 Performance Shares in the capital of the Company, each of which will convert to 100,000 shares ranking equally with the existing shares in the proportions set out below upon satisfaction of achieving a minimum JORC Inferred Resource of gold ounces within the Ndongo North Concession ("Performance Hurdles") by no later than five years after the date on which the Performance Shares are issued, being February 18, 2015:

Performance Shares	Performance Hurdles (JORC Inferred Au Resource)	Conversion to Ordinary Shares
10	500,000 ounces	1,000,000
5	750,000 ounces	500,000
5	1,000,000 ounces	500,000
5	1,250,000 ounces	500,000
5	1,500,000 ounces	500,000
5	1,750,000 ounces	500,000
5	2,000,000 ounces	500,000
5	2,250,000 ounces	500,000
5	2,500,000 ounces	500,000
5	2,750,000 ounces	500,000
5	3,000,000 ounces	500,000
60		6,000,000

In the event that the Company sells, transfers or otherwise disposes of all or part of the Ndongo North Concession to a third party prior to the issuing of any shares upon conversion of any Performance Shares, Savannah will be entitled to an amount equal to 49% of the sale proceeds less any related selling costs, exploration and mining costs (plus a fixed 30% overhead amount), purchase costs in connection with the acquisition of the Ndongo North Concession, and any other costs incurred with respect to the sale.

8. REVENUE

	Three months ended December 31,		Six months ended December 31,	
	2017	2016	2017	2016
Interest from financial institutions	\$ 46,084	\$ 26,967	\$ 97,080	\$ 53,764

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2017 and 2016

(Expressed in Australian Dollars)

9. EXPENSES

(i) Corporate general and administration expenses include the following expenses:

	Three months ended December 31,		Six months ended December 31,	
	2017	2016	2017	2016
Salaries, fees and leave	\$ 327,020	\$ 105,651	610,254	\$ 158,872
Equity based payments (note 13)	1,107,762	114,299	2,310,978	114,299
Superannuation expense	21,680	7,233	44,571	11,295
Accounting, legal and consulting fees	759,071	45,425	976,018	128,934
Audit fees	23,693	17,000	35,924	16,500
ASX and ASIC fees	24,320	26,789	234,067	48,092
Information technology expenses	21,634	23,150	44,091	37,940
Insurance expenses	4,945	40,818	19,970	41,770
Promotional and conference expenses	177,149	69,883	274,459	123,953
Travel expenses	328,767	119,916	628,917	211,537
Other administration expenses	145,252	48,709	228,760	139,314
Total	\$ 2,941,293	\$ 618,873	\$ 5,408,009	\$ 1,032,506

10. KEY MANAGEMENT PERSONNEL

(a) Compensation of key management personnel

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. Key management compensation comprises:

	Three months ended December 31,		Six months ended December 31,	
	2017	2016	2017	2016
Salaries, fees and leave	\$ 436,081	\$ 248,024	\$ 817,822	\$ 399,267
Non-monetary	4,969	1,603	9,938	5,664
Superannuation expense	468	8,058	4,268	8,058
Equity based payments (Note 10(b) and 13)	512,171	-	1,389,303	-
	\$ 953,689	\$ 257,685	\$ 2,221,331	\$ 412,989

(b) Other transactions with key management personnel

During the six months ended 31 December 2017, the Company advanced \$3,330,420 to Savannah Mining Limited, a Director related entity. The purpose of the advance was development of a mining licence in areas in respect of which Savannah had entered into agreements with holders of small scale mining licences. As at 31 December 2017, \$1,059,687 was held by Savannah, it has been recorded as a prepayment in the financial statements of Cardinal Resources Limited.

Tomlinson Consultancy, of which Kevin Tomlinson is a director, provides consulting services to the Company. Amounts paid or payable for the three and six months ended December 31, 2017 are \$105,000 (three months ended December 31, 2016: \$70,000) and \$210,000 (six months ended December 31, 2017) respectively.

During the six months ended 31 December 2017, the following milestone options were issued to key management personnel, for more information refer to note 13.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2017 and 2016

(Expressed in Australian Dollars)

Milestone Options Issued to key management personnel

Key Management Personnel	Granted as remuneration (i)	Grant Value (\$)	Expired during the year	Net other change	Balance at End of Year
Robert Schafer	2,879,000	1,109,234	-	-	2,879,000
Derrick Weyrauch	2,879,000	1,109,234	-	-	2,879,000
Total	5,758,000	2,218,468	-	-	5,758,000

(i) On the 21 December 2017 the Company issued milestone options, exercisable at \$0.825 on or before 21 December 2022, the options vest on certain milestones being achieved. The employee options were approved at the Company's Annual General Meeting held on 22 November 2017.

Key Management Personnel	Granted as remuneration (i)	Grant Value (\$)	Expired during the year	Net other change	Balance at End of Year
Jacques McMullen	2,018,100	752,195	-	-	2,018,100
Michele Muscillo	2,018,100	752,195	-	-	2,018,100
Total	4,036,200	1,504,390	-	-	4,036,200

(i) On the 21 December 2017 the Company issued milestone options, exercisable at \$0.965 on or before 21 December 2022, the options vest on certain milestones being achieved. The employee options were approved at the Company's Annual General Meeting held on 22 November 2017.

11. LOSS PER SHARE

	Three months ended December 31,		Six months ended December 31,	
	2017	2016	2017	2016
Net loss	\$ (12,249,188)	\$ (5,157,933)	\$ (24,315,292)	\$ (7,319,351)
Weighted average number of shares outstanding (1)	359,846,002	303,454,917	355,179,567	236,073,932
Basic and diluted loss per share	\$ (0.03)	\$ (0.02)	\$ (0.07)	\$ (0.03)

(1) As the Company has a loss for the three and six months ended December 31, 2017 and 2016, all options on issue are considered anti-dilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

12. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of cash and cash equivalents

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash at bank and in hand and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

	December 31, 2017	June 30, 2017
Current – cash at bank	\$ 6,387,512	\$ 9,562,815
Term deposits	12,364,809	19,029,903
	\$ 18,752,321	\$ 28,592,718

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2017 and 2016

(Expressed in Australian Dollars)

(b) Reconciliation of loss after tax to net cash flows from operations

	Three months ended December 31,		Six months ended December 31,	
	2017	2016	2017	2016
Loss after income tax	\$ (12,249,188)	\$ (5,157,933)	\$ (24,315,292)	\$ (7,319,351)
Add: Non-cash items:				
Depreciation expense	62,813	58,863	99,700	376,367
Share based payments	1,184,553	(138,000)	2,310,979	(138,000)
Unrealised foreign exchange movement	463,483	192,238	216,336	192,139
Non-cash change in working capital:				
Accounts receivable	(93,197)	(98,008)	(24,901)	(19,914)
Prepaid assets	(519,586)	(419,364)	(522,302)	(511,550)
Accounts payable and accruals	(1,786,042)	1,340,064	705,725	20,522
Provisions	(7,542)	-	8,851	-
	\$ (12,944,706)	\$ (4,222,140)	\$ (21,520,904)	\$ (7,399,787)

13. SHARE BASED PAYMENTS

(i) The Company agreed and approved at the Company's General Meeting held on 3 April 2017 to allot and issue a total of 26,000,000 Milestone Options to employees of the Company. 2,500,000 Milestone Options were cancelled during 30 June 2017 period and 5,000,000 Milestone Options were cancelled during the six months period ended 31 December 2017.

The terms and conditions of the options are detailed in the Notice of General Meeting dated 1 March 2017.

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 12 April 2022.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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Using the Black-Scholes option model and based on the assumption below, the Options were ascribed the following value:

Class of Options	Number of Options	Valuation Date	Market Price of Shares	Exercise Price	Expiry Date	Risk Free Interest Rate	Volatility (discount)	Indicative Value per Option	Total Value (\$)	Expense for the period (\$)
Milestone 1	5,550,000	27.02.17	\$0.525	\$0.50	18.04.22	2.17%	99.50%	\$0.39	2,198,828	1,108,450
Milestone 2	5,550,000	27.02.17	\$0.525	\$0.50	18.04.22	2.17%	99.50%	\$0.39	2,198,828	369,483
Milestone 3	7,400,000	27.02.17	\$0.525	\$0.50	18.04.22	2.17%	99.50%	\$0.39	2,931,771	295,586

A probability of 100% has been applied to the milestones occurring.

(ii) The Company agreed and approved at the Company's Annual General Meeting held on 22 November 2017 to allot and issue a total of 5,758,000 Milestone Options to employees of the Company;

The terms and conditions of the options are detailed in the Notice of Annual General Meeting dated 18 October 2017.

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 21 December 2022.

Using the Black-Scholes option model and based on the assumption below, the Options were ascribed the following value:

Class of Options	Number of Options	Valuation Date	Market Price of Shares	Exercise Price	Expiry Date	Risk Free Interest Rate	Volatility (discount)	Indicative Value per Option	Total Value (\$)	Expense for the period (\$)
Milestone 1	1,727,400	22.11.17	\$0.555	\$0.825	21.12.22	1.50%	99.50%	\$0.38	665,540	221,846
Milestone 2	1,727,400	22.11.17	\$0.555	\$0.825	21.12.22	1.50%	99.50%	\$0.38	665,540	30,608
Milestone 3	2,303,200	22.11.17	\$0.555	\$0.825	21.12.22	1.50%	99.50%	\$0.38	887,386	21,931

A probability of 100% has been applied to the milestones occurring.

(iii) The Company agreed and approved at the Company's Annual General Meeting held on 22 November 2017 to allot and issue a total of 4,036,200 Milestone Options to employees of the Company;

The terms and conditions of the options are detailed in the Notice of Annual General Meeting dated 18 October 2017.

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

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

(ii) **Milestone 3** - on the first pouring of gold at the Ghanaian Assets, until 21 December 2022.

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Using the Black-Scholes option model and based on the assumption below, the Options were ascribed the following value:

Class of Options	Number of Options	Valuation Date	Market Price of Shares	Exercise Price	Expiry Date	Risk Free Interest Rate	Volatility (discount)	Indicative Value per Option	Total Value (\$)	Expense for the period (\$)
Milestone 2	1,729,800	22.11.17	\$0.555	\$0.965	21.12.22	1.50%	99.50%	\$0.37	664,738	29,561
Milestone 3	2,306,400	22.11.17	\$0.555	\$0.965	21.12.22	1.50%	99.50%	\$0.37	859,651	21,246

A probability of 100% has been applied to the milestones occurring.

(iv) During the period 189,390 fully paid ordinary shares were issued for services rendered; the shares were ascribed the following value:

Date of Issue	Number of Shares	Price of Shares (a)	Total Value (\$)	Expense for the period (\$)
21.12.2017	189,390	\$0.58	109,846	109,846

(a) The value of the shares was determined at the date it was agreed to issue the shares for services.

(v) During the period the Company agreed to issue shares to employees of the Company for services rendered to the Company. A total of 190,000 ordinary shares are owed to employees at 31 December 2017 and have not been issued. The Company had valued the 190,000 shares at \$95,000.

During the period 1,000,000 Unlisted Options exercisable at \$0.75 on or before 21 December 2022 fully were issued for services rendered. Using the Black-Scholes option model and based on the assumption below, the Options were ascribed the following value:

Class of Options	Number of Options	Valuation Date	Market Price of Shares	Exercise Price	Expiry Date	Risk Free Interest Rate	Volatility (discount)	Indicative Value per Option	Total Value (\$)
Unlisted Options	1,000,000	18.10.17	\$0.69	\$0.75	21.12.22	1.50%	99.50%	\$0.51	511,748

14. COMMITMENTS AND CONTINGENCIES

(a) Commitment

Mineral exploration commitment

In order to maintain the current rights of tenure to exploration tenements, the Company has the following discretionary exploration expenditure requirements.

	December 31, 2017
Not later than one year	\$994,500
Later than one year but not later than two years	1,534,197
	\$2,528,697

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(b) Contingent liabilities and commitments

The Company consists of five wholly owned subsidiaries, the main activities of which are exploration. The effect of these subsidiaries is to make the Cardinal Resources owned subsidiaries contractually responsible for any transactions undertaken by the subsidiary. The parent entity has provided certain guarantees to third parties whereby certain liabilities of the subsidiary are guaranteed.

	December 31, 2017
Not later than one year	\$37,503
Later than one year but not later than two years	15,900
	\$53,403

The Corporation has commitments in respect to the use of an office premises in Perth, Western Australia, for \$5,300 per month until September 30, 2018. The Corporation has an option to extend the lease for three months after September 30, 2018.

The Corporation has commitments in respect to the use of an office outside of Australia, for C\$2,457 per month until March 31, 2019.

Cardinal Resources Subranum Limited entered into a sale and purchase agreement dated April 6, 2012 with Newmont Ghana Gold Limited (a subsidiary of Newmont Mining Corporation) for the purchase of the Subranum Project. On November 24, 2015, the relevant Minister of the 2006 Mining Act approved the sale. Cardinal Resources Subranum Limited acquired 100% of the Subin Kasu Prospecting License and paid to Newmont Ghana Gold Limited US\$50,000 on June 12, 2016.

Additionally, US\$50,000 was paid to Newmont Ghana Gold Limited on 7 November 2017. A final US\$100,000 is payable on the second anniversary date being June 12, 2018. In addition, Cardinal Resources Subranum Limited is required to spend US\$250,000 on exploration within the first year from June 21, 2016 and a further US\$750,000 by June 12, 2018. The Company has met the year 1 minimum expenditure requirements.

Cardinal Resources Subranum Limited will be required to pay Newmont Ghana Gold Limited US\$50,000 per annum from the date which Cardinal Resources Subranum Limited reports a "gold resource estimate" of 1Moz of gold. Subject to the grant of a Mining Lease under the 2006 Mining Act, Cardinal Resources Subranum Limited will be required to pay Newmont Ghana Gold Limited a 2% net smelter royalty.

Cardinal advised during the period that it had acquired two large scale prospecting licences (properties) located in North East Ghana from the Kinross Gold Corp (Kinross) subsidiary Red Back Mining Ghana Limited (Red Back). Cardinal has entered into a definitive agreement with Red Back to acquire 100% ownership of the licences. Cardinal has entered into a Royalty Agreement with Red Back, whereby Cardinal shall pay to Red back a 1% net smelter return royalty on any minerals produced from the properties.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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15. FINANCIAL INSTRUMENTS

(a) Interest rate risk

The Group's exposure to interest rate risk, which is the risk that the financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Note	Floating interest rate	Fixed interest rate	Non- interest bearing	Total	Weighted average interest rate
December 31, 2017		\$	\$	\$	\$	%
Financial assets						
Cash and cash equivalents	12 (a)	12,346,123	18,686	6,387,512	18,752,321	0.60%
Trade and other receivables	3 (a)	-	-	157,555	157,555	-
Cash deposits	3 (b)	-	-	3,839	3,839	-
		12,346,123	18,686	6,548,906	18,913,715	-
Financial liabilities						
Trade and other payables	5	-	-	4,589,134	4,589,134	-
		-	-	4,589,134	4,589,134	-

	Note	Floating interest rate	Fixed interest rate	Non- interest bearing	Total	Weighted average interest rate
June 30, 2017		\$	\$	\$	\$	%
Financial assets						
Cash and cash equivalents	12 (a)	8,448,385	19,029,903	1,114,430	28,592,718	0.54%
Trade and other receivables	3 (a)	-	-	132,655	132,655	-
Cash deposits	3 (b)	-	-	4,133	4,133	-
		8,448,385	19,029,903	1,251,218	28,729,506	-
Financial liabilities						
Trade and other payables	5	-	-	3,883,409	3,883,409	-
		-	-	3,883,409	3,883,409	-

Based on the balances as at December 31, 2017, a 1% movement in interest rates would increase/decrease the loss for the year before taxation by \$141,407 (June 2017: \$38,883).

(b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at the statement of financial position date to recognised financial assets is the carrying amount of those assets, net of any allowance for doubtful debts, as disclosed in the statement of financial position and notes to the financial report.

The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group.

To manage credit risk from cash and cash equivalents, it is the Group's policy to only deposit with banks maintaining a minimum independent rating of 'AA'.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(c) Net fair values

The carrying amount of financial assets and financial liabilities recorded in the consolidated financial statements represents their respective net fair value and is determined in accordance with the accounting policies disclosed in note 2 to the financial statements.

The group did not measure and recognise any financial assets or financial liabilities at fair value at December 31, 2016 and 2017 on a recurring basis

(d) Financial risk management

The Group's financial instruments consist mainly of deposits with recognised banks, investment in term deposits up to 90 days, accounts receivable and accounts payable. Liquidity is managed, when sufficient funds are available, by holding sufficient funds in a current account to service current obligations and surplus funds invested in term deposits. The directors analyse interest rate exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The main risks the Group is exposed to through its financial instruments are the depository banking institution itself, holding the funds, and interest rates. The Group's credit risk is minimal as being an exploration company, it has no significant financial assets other than cash and term deposits.

(e) Foreign currency risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument to fluctuate due to movements in foreign exchange rates of currencies, in which the Group holds financial instruments, which are other than the AUD functional currency of the Group.

The following table shows the foreign currency risk on the financial assets and liabilities of the Group's operations, denominated in currencies other than the functional currency of the operations. The foreign currency risk of the parent entity is considered immaterial and is therefore not shown.

December 31, 2017	Net Financial Assets/(Liabilities) In AUD			
	AUD	USD	GHS	Total AUD
Australian dollar	-	(1,329,574)	(665,131)	(1,994,705)
GHS New Cedi	-	-	-	-
Statement of financial position exposure	-	(1,329,574)	(665,131)	(1,994,705)

June 30, 2017	Net Financial Assets/(Liabilities) In AUD			
	AUD	USD	GHS	Total AUD
Australian dollar	-	(880,486)	(307,785)	(1,188,271)
GHS New Cedi	-	-	-	-
Statement of financial position exposure	(880,486)	(307,785)	(1,188,271)	

Based on the statement of exposure as at December 31, 2017, a 1% movement in foreign exchange rates would increase/decrease the loss for the year before taxation by \$103,934 (30 June 2017: \$12,395).

(f) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will maintain cash or credit terms with its suppliers to meet the operating requirements of the business and invest excess funds in highly liquid short term cash deposits. Maintaining surplus working capital in highly liquid short term deposits allows

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the Group to meet its primary objectives by being able to fund new development and acquisition opportunities at short notice.

The responsibility for liquidity risk rests with the Board of Directors. The Group's liquidity needs can likely be met through cash on hand, short and long term borrowings subject to the current forecast operating parameters being met.

The contractual maturities of the Group's financial liabilities are as follows:

	December 31, 2017	June 30, 2017
Within one month:		
Trade and other payables	\$ 4,589,134	\$ 3,883,409
Later than one month and no later than one year:		
Trade and other payables	-	-
	\$ 4,589,134	\$ 3,883,409

16. RELATED PARTY TRANSACTIONS

The Group has no related parties other than the 100% owned subsidiaries.

The Group has no related parties other than key management personnel. During the period the Company issued the below Milestone Options to key management personnel (refer note 13 for terms and conditions).

Key Management Personnel	Granted as remuneration (i)	Grant Value (\$)	Expired during the year	Net other change	Balance at End of Year
Robert Schafer	2,879,000	1,109,234	-	-	2,879,000
Derrick Weyrauch	2,879,000	1,109,234	-	-	2,879,000
Total	5,758,000	2,218,468	-	-	5,758,000

(i) On the 21 December 2017 the Company issued milestone options, exercisable at \$0.825 on or before 21 December 2022, the options vest on certain milestones being achieved. The employee options were approved at the Company's Annual General Meeting held on 22 November 2017.

Key Management Personnel	Granted as remuneration (i)	Grant Value (\$)	Expired during the year	Net other change	Balance at End of Year
Jacques McMullen	2,018,100	752,195	-	-	2,018,100
Michele Muscillo	2,018,100	752,195	-	-	2,018,100
Total	4,036,200	1,504,390	-	-	4,036,200

(i) On the 21 December 2017 the Company issued milestone options, exercisable at \$0.965 on or before 21 December 2022, the options vest on certain milestones being achieved. The employee options were approved at the Company's Annual General Meeting held on 22 November 2017.

During the six months ended 31 December 2017, the Company advanced \$3,330,420 to Savannah Mining Limited, a Director related entity. The purpose of the advance was development of a mining licence in areas in respect of which Savannah had entered into agreements with holders of small scale mining licences. As at 31 December 2017, \$1,059,686 was held by Savannah, it has been recorded as a prepayment in the financial statements of Cardinal Resources Limited.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2017 and 2016

(Expressed in Australian Dollars)

17. SEGMENT REPORTING

For management purposes, the Group is organised into one main operating segment, which involves the exploration of minerals in Ghana. All of the Group's activities are interrelated, and discrete financial information is reported to the Board as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment.

The financial results from this segment are equivalent to the financial statements of the Group as a whole.

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of these consolidated financial statements.

18. SUBSEQUENT EVENT

There has not been any matter or circumstance that has arisen since balance date that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity.

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF CARDINAL RESOURCES LIMITED

As lead auditor for the review of Cardinal Resources Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Cardinal Resources Limited and the entities it controlled during the period.



Jarrad Prue
Director

BDO Audit (WA) Pty Ltd
Perth, 14 February 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Cardinal Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Cardinal Resources Limited (the Company) and its subsidiaries (the Group), which comprises the condensed interim consolidated statement of financial position as at 31 December 2017, the condensed interim consolidated statement of profit or loss and other comprehensive income for the three and six months ended on that date, the condensed interim consolidated statement of changes in equity for the six months ended on that date and the condensed interim consolidated statement of cash flows for the three and six months ended on that date, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the three and six month periods ended on that date; and
- (ii) Complying with Accounting Standard IAS 34 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with International Financial Reporting Standards 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 half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial performance for the three and six month periods ended on that date; and complying with Accounting Standard IAS 34 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, 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 International Financial Reporting 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 International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA code)*, together with the ethical requirements that are relevant to our review of the financial statements in Australia. We confirm that the independence declaration, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink. The top part reads 'BDO' and the bottom part reads 'JPrue'.

Jarrad Prue

Director

Perth, 14 February 2018



(the "Company" or the "Corporation" or "Cardinal")

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three months ended December 31, 2017

GENERAL

This Management's Discussion and Analysis ("MD&A") supplements but does not form part of the unaudited condensed interim consolidated financial statements of the Company for the three months ended December 31, 2017. The following information, prepared as of February 14, 2018, should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three months ended December 31, 2017 and the audited consolidated financial statements for the year ended June 30, 2017. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are expressed in Australian dollars unless otherwise indicated.

Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Cardinal's shares are listed on the Australian Securities Exchange ("ASX") and Toronto Stock Exchange ("TSX") under the symbol "CDV", while its listed stock options (warrants) are listed on the ASX under the symbol "CDVOA."

FORWARD LOOKING INFORMATION

This MD&A may contain "forward-looking information" under applicable Canadian securities laws that reflects the Company's current expectations and projections about its future results. When used in this MD&A, words such as "will", "may", "should", "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward-looking information, which, by its very nature, is not a guarantee of the Company's future operational or financial performance.

Forward-looking information includes statements that are not historical facts and includes but is not limited to:

Estimates and their underlying assumptions;

- A. Statements regarding plans, objectives and expectations with respect to the effectiveness of the Company's business model, future operations, the impact of regulatory initiatives on the Company's operations and market opportunities;
- B. General industry and macroeconomic growth rates;
- C. Expectations related to possible joint or strategic ventures; and
- D. Statements regarding future performance.

Forward-looking information used in this MD&A is subject to various known and unknown risks, uncertainties and other factors, most of which are difficult to predict and generally beyond the control of the Company. These risks, uncertainties and other factors may include, but are not limited to, unavailability of financing, failure to identify commercially viable mineral reserves, fluctuations in the market valuation for commodities, difficulties in obtaining required approvals for the development of a mineral project, and other factors.

With respect to forward-looking information contained in this MD&A, the Company has made assumptions.

Readers are cautioned not to place undue reliance on forward-looking information, which speaks only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks, uncertainties and other factors, including the risks, uncertainties and other factors identified above and elsewhere in this MD&A, actual events may differ materially from those anticipated in such forward-looking information. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by securities law.

DESCRIPTION OF BUSINESS

The principal activity of the Corporation (and its subsidiaries) is gold exploration in Ghana. The Corporation holds interests in five tenements prospective for gold mineralization in Ghana in two NE-SW trending Paleo-Proterozoic granite-greenstone belts: the Bolgatanga Project and the Namdini Gold Project (“Namdini Gold Project” or “Namdini”), which are, respectively, located within the Nangodi and Bole-Bolgatanga Greenstone Belts in northeast Ghana, and the Subranum Project, which is located within the Sefwi Greenstone Belt in southwest Ghana.

The main focus of activity is the Namdini Gold Project where an Indicated Mineral Resource of 120 M tonnes grading 1.1 g/t Au for **4.3 Moz Au** and an Inferred Mineral Resource of 84 M tonnes grading 1.2 g/t Au for **3.1 Moz Au** each at a 0.5 g/t Au cutoff grade, has been established. The map that follows shows the location of the Namdini Gold Project and the Corporation’s other properties in Ghana.

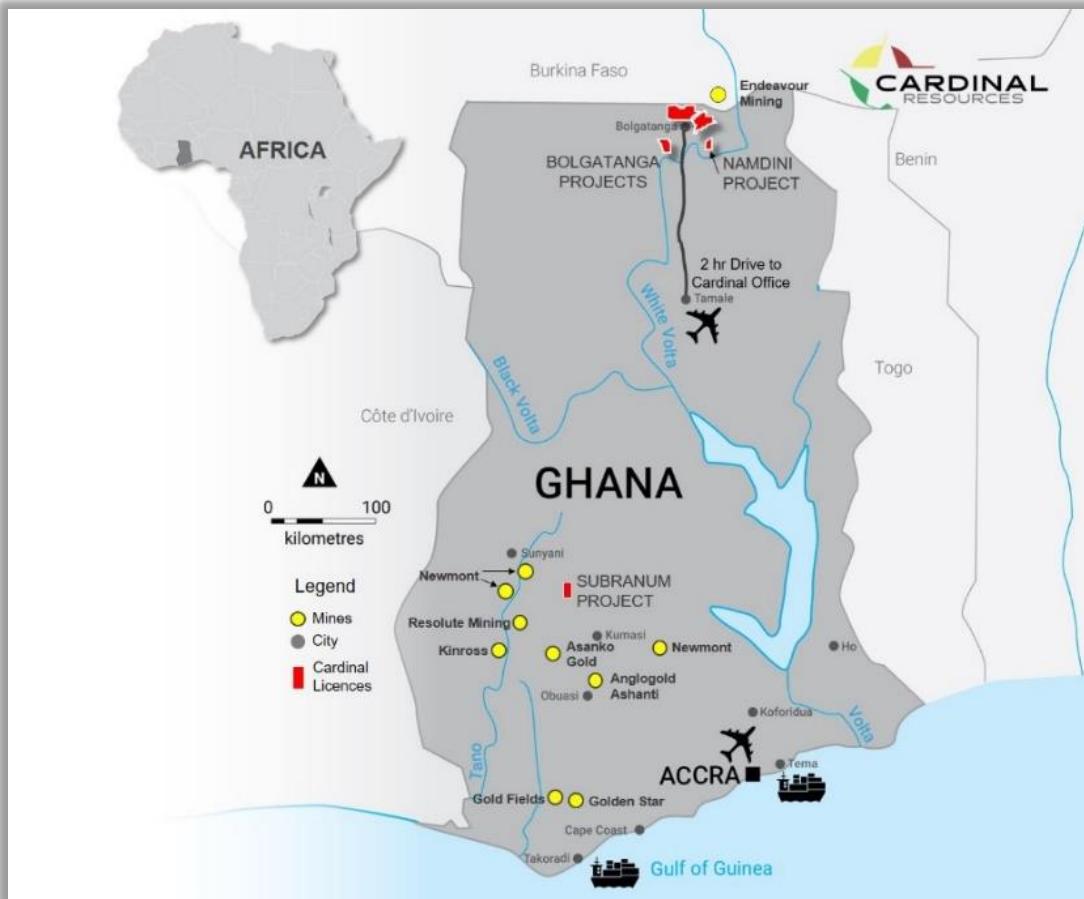


Figure 1 Cardinal Resource's Tenements in Ghana

CORPORATE HIGHLIGHTS

- On February 5, 2018, the Company announced the results of a Preliminary Economic Assessment ("PEA") for the Namdini Gold Project. The full report will be filed on SEDAR within 45 days of the announcement and is summarized as follows:
 - The report highlights a range of production scenarios (4.5Mtpa, 7.0Mtpa and 9.5Mtpa), all of which appear financially sound, and are expected to translate to high annual gold production at low operating costs (AISC) over long mine lives.
 - Construction costs are largely in-line of expectations, with a phased development under consideration to reduce upfront capex.
 - The development is based around the mining of a large-scale, single open pit operation, which has a LOM strip ratio of 1.2:1 (Waste : Ore)- Namdini remains open at depth.
 - CDV plans to improve metallurgical recoveries, further increase resource confidence, and is fine-tuning operating and capital costs as part of work for the Pre-Feasibility Study ("PFS"), which has commenced and due end H1 CY18.
 - A resource upgrade for the project is expected soon (Q1 CY18).
- On October 12, 2017, Mr. Jacques McMullen and Mr. Michele Muscillo were appointed to the Board. Mr. Mark Connelly and Mr. Simon Jackson resigned from the Board to focus on their other significant commitments.
- On October 19, 2017, the Company announced an updated technical report titled "Technical Report Mineral Resource Estimation for the Namdini Gold Project, Ghana", in respect of the Company's Namdini Gold Project in Ghana, West Africa (the "Technical Report"). The NI43-101 Technical Report was authored by MPR Geological Consultants Pty Ltd, and has an effective date of September 11, 2017. The Technical Report can be viewed under the Company's issuer profile on SEDAR at www.sedar.com. The updated Mineral Resource estimated an Indicated Mineral Resource of 120 Mt grading 1.1 g/t Au for **4.3 Moz Au** and an Inferred Mineral Resource of 84 Mt grading 1.2 g/t Au for **3.1 Moz Au**, each at a 0.5 g/t Au cut off.
- On October 23, 2017 Cardinal announced that it had entered into an agreement with Clarus Securities Inc., on behalf of a syndicate of underwriters, pursuant to which the Underwriters have agreed to purchase, on a "bought deal" basis, 18,461,600 Ordinary Shares of the Company at a price of C\$0.65 per Ordinary Share for aggregate gross proceeds to the Company of C\$12,000,040, with the deal closing on 22 November 2017.
- On December 12, 2017 a trial grade control programme utilizing a close spaced drilling pattern returned positive results in the upper benches of the targeted starter pit area. Correlation of grades, ounces and tonnes between the Mineral Resource Model (September 2017) and the trial grade control model, has been completed with a very accurate reconciliation.
- On December 14, 2017 infill drilling results were announced from the comprehensive campaign to continue to add definition to the Namdini Mineral Resource. The infill drill results continue to support strong continuity of the mineralized zones. Further results are pending which will form the basis for a Mineral Resource upgrade expected in Q1 2018.
- As at December 31, 2017, cash and cash equivalents amounted to \$18,752,321 (June 30, 2017 - \$28,592,718).

OUTLOOK

The principal activity of the Corporation (and its subsidiaries) is gold exploration in Ghana. The main focus of activity is the development of the Namdini Gold Project.

The Company expects to continue to generate positive news flow from its ongoing drill campaign, metallurgical optimization work, greenfield exploration assets and Feasibility studies going forward.

Development work includes finalising all necessary permits and design study phases required to construct and commission a fully operational mine.

Given that the PEA results in a strongly positive cashflow outcome for all three throughput scenarios considered, further evaluation and trade-offs for improved economies of scale, mine scheduling, plant design and costings which are anticipated to further enhance project economics will be performed under the PFS which has commenced.

Diamond (“DD”), Reverse Circulation (“RC”) and Auger drilling is also planned for Cardinal’s regional tenements in the Bolgatanga area which consist of the Ndongo Prospect, the Kungongo Prospect and the Bongo Prospect. Detailed ground Geophysical surveys are also in progress at these tenements.

As part of the Company’s annual budget process, the board of directors has approved a budget of \$2.4 million for development and exploration expenditures during the three months ended March 31, 2018. Actual spending for the budgeted period is subject to change.

THE NAMDINI GOLD PROJECT

Mining Licence

The Namdini Mining License is for an initial period of 15 years and is renewable. It covers an area of 19.54 Sq. Km in the Upper East Region of Ghana. Savannah Mining Ghana Limited (“Savannah”) completed an EIS for Namdini and has filed the EIS with the Environmental Protection Agency (“EPA”). Following completion of a PEA, Cardinal will submit to the Minerals Commission an updated EIS and an application for an Operating Permit for the project scale envisioned in the PEA.

Property Title

The application by Savannah for a Large-Scale Mining Licence over an area of approximately 19.54 Sq Km in the Upper East Region of Ghana covering Cardinal’s Namdini Project has been granted by the Minister of Lands and Natural Resources of Ghana.

Savannah applied for an assignment of this Large-Scale Mining Licence to Cardinal Namdini Mining Limited (“**Cardinal Namdini**”), a wholly owned subsidiary of Cardinal. The assignment was granted during the December 2017 quarter by the Minister of Lands and Natural Resources of Ghana.

The royalty rate for the Large-Scale Mining Licence is:

- (a) 4% of the Net Smelter Return on the first 50,000 ounces of Specified Minerals produced within each small-scale license, where production is undertaken, within the Large-Scale Mining License; and
- (b) A 2% Net Smelter Return, effective from production of the 50,001 ounces of Specified Minerals produced within each small-scale licence, where production is undertaken, within the Large-Scale Mining License.

Prior to the assignment of the Large Scale Mining Licence to Cardinal Namdini, Cardinal held its interest in the Namdini Gold Project through an agreement dated July 23, 2014 (as amended, the “**Savannah Agreement**”) between Savannah Mining Ghana Limited (“**Savannah**”) and Cardinal Mining Services Limited (“**CMS**”), a wholly-owned subsidiary of Cardinal, and agreements with the holders of small scale mining licenses (“**SML**”) within the area comprising the Namdini Gold Project. Pursuant to the Savannah Agreement, CMS and Savannah agreed that CMS would have an exclusive right of first refusal to provide technical and financial support towards the development of the mining rights now comprising the Namdini Gold Project, in exchange for which CMS would be entitled to “the entire gross mineral values” won from any mining license in respect of which CMS provided support.

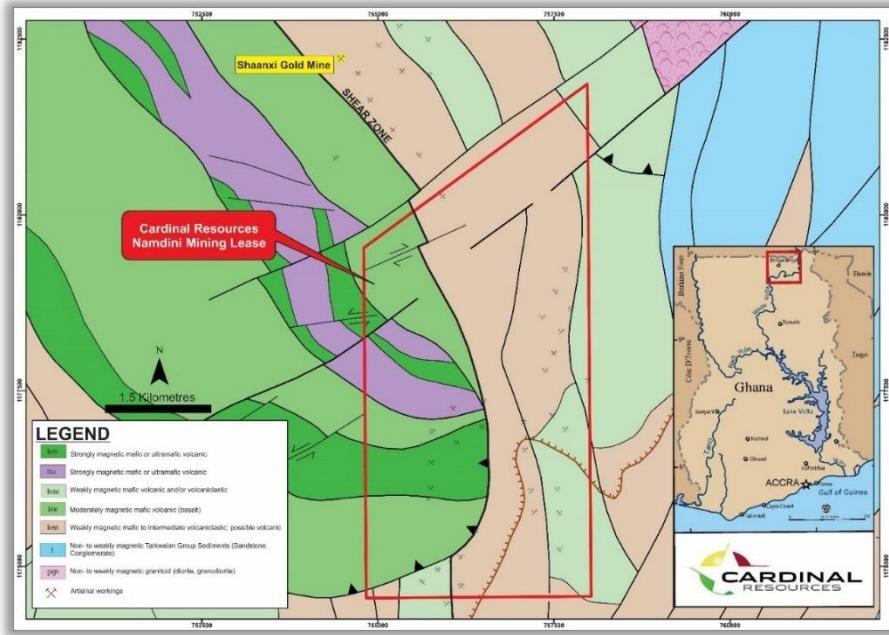


Figure 2 Namdini Project Proximity Map

Savannah entered into Sale and Purchase Agreements and license relinquishment agreements with holders of small-scale mining licenses within the area of the Namdini Licence (as defined below) where the holders of these small-scale mining licenses surrendered their small-scale mining licenses and all mineral rights to form part of the proposed Namdini Licence area. The Savannah Agreement had an indefinite term, and neither party was entitled to assign its rights or obligations under the Savannah Agreement.

The Minister signed a mining licence for Savannah (the “**Namdini Licence**”) on October 12, 2016 over an area of approximately 19.54 km² in the Dakota area of the Talensi District Assembly in the Upper East Region of Ghana. The Namdini Licence is for an initial period of fifteen years ending October 11, 2031. An application can be submitted for an extension of the Namdini Licence, if required. The final registration of the Namdini Licence to Savannah by the Ghana Government was completed during July 2017.

Cardinal and Savannah both signed the necessary documentation to assign the Namdini Mining License to Cardinal Namdini, for \$1.00 as per the Savannah Agreement.

The assignment of the Large-Scale Mining Licence to Cardinal Namdini was completed during the December 2017 quarter.

Mineral Resources

In October 2017, Cardinal filed on SEDAR, an updated technical report titled "Technical Report Mineral Resource Estimation for the Namdini Gold Project, Ghana", in respect of the Company's Namdini Gold Project in Ghana, West Africa (the "Technical Report"). The NI43-101 Technical Report was authored by MPR Geological Consultants Pty Ltd ("MPR"), and has an effective date of September 11, 2017.

Lower cut-off grade (g/t)	Million Tonnes (Mt)	Average Grade (Au g/t)	Million ounces (Au Moz)
Indicated Resources			
0.3	159	0.9	4.8
0.4	140	1.0	4.6
0.5	120	1.1	4.3
0.6	102	1.2	4.0
0.7	86	1.3	3.6
Inferred Resources			
0.3	111	1.0	3.5
0.4	98	1.1	3.3
0.5	84	1.2	3.1
0.6	72	1.3	2.9
0.7	61	1.4	2.7

Table 1 September 2017 MPR MIK NI43-101 and JORC 2012 compliant resource estimate

Notes

1. JORC (2012) Code was followed for Mineral Resources. MPR has reconciled the Mineral Resources to CIM Definition Standards (2014) and there are no material differences.
2. Mineral Resources are estimated at a cut-off grade of 0.5 g/t Au constrained by a preliminary pit shell.
3. Mineral Resources are estimated using a long-term gold price of US\$1,500 per ounce.
4. Incorporates drill holes completed as of September 11, 2017.
5. Numbers may not add due to rounding.

Table 1 above, highlights Mineral Resource estimations at a series of cut-off grades. Currently, the 0.5 g/t Au cut-off grade approximates to an operational parameter that the Company believes to be applicable. This is in accordance with the guidelines of Reasonable Prospects for Eventual Economic Extraction ("RPEEE") per the Canadian Institute of Mining, Metallurgy and Petroleum "CIM Definition Standards for Mineral Resources and Mineral Reserves" (CIM, 2014) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code 2012).

MPR estimated recoverable resources for Namdini using MIK with block support adjustment, a method that has been demonstrated to provide reliable estimates of recoverable open pit resources in gold deposits of diverse geological styles. The mineralized domain used for the current study was interpreted by MPR and Cardinal geologists on the basis of two meter down-hole composited gold grades and captures zones of continuous mineralization with composite grades of greater than nominally 0.1 g/t Au. The domain trends north-northeast over 1.2km and dips approximately 60° to the west with an average horizontal width of approximately 350m. The Mineral Resource can reasonably be expected to provide appropriately reliable estimates of potential mining outcomes at the assumed selectivity, without application of additional mining dilution or mining recovery factors. Validation of the MIK model was undertaken visually and statistically.

Summary of The Preliminary Economic Assessment

- The PEA confirms Namdini to be a technically and financially robust low-cost mining opportunity, with potential to generate strong positive cashflows
- Development is based upon a large, single, open pit with a phase 1 smaller and higher-grade starter pit of circa 1 Moz produced through a conventional SAG mill, Flotation and CIL circuit
- The PEA evaluated three production throughput rates, 4.5, 7.0 and 9.5Mtpa; all resulted in strong returns. The preferred scale of development is to be selected following completion of Feasibility Studies. In addition, consideration is being given to a phased approach to the development of Namdini, commencing with a 4.5mtpa throughput that would be designed for expansion to a higher throughput
- Dependent upon the eventual production scenario chosen;
 - Average annual gold production ranges from 159,000 ozpa up to 330,000 ozpa
 - All-in sustaining costs range from US\$ 701/oz to US\$ 794/oz
 - Development capital costs range from US\$ 275M to US\$ 426M
 - Strip ratio for all scenarios at 1.2:1 waste to ore
 - Potential life of mine for 9.5 Mtpa option of 14 years, 7.0 Mtpa of 19 years and 4.5 Mtpa of 27 years
- Resource drilling has continued; updated Mineral Resource estimate expected in Q1 2018
- A 15-year renewable Mining Licence has been granted and has been transferred to Cardinal Namdini Mining Limited, a wholly owned subsidiary of Cardinal

KEY ECONOMIC RESULTS	UNIT	4.5 Mtpa	7.0 Mtpa	9.5 Mtpa
Development Capital Cost	US\$ M	275	349	426
All in Sustaining Costs (AISC)¹	US\$ / oz	794	736	701
Total Project Payback	Years	4.0	3.5	3.3
Pre-Tax NPV USD (@ 5% discount)²	US\$ M	706	913	1,036
Post-Tax NPV USD (@ 5% discount)²	US\$ M	445	574	649
Pre-Tax IRR	%	42%	54%	62%
Post-Tax IRR	%	31%	39%	44%

Table 2: Key Economic Results

Table 2 Notes:

¹ Cash Costs + Royalties + Levies + Life of Mine Sustaining Capital Costs (World Gold Council Standard)

² Royalties calculated at flat rate of 5% & corporate tax rate of 35% used; both subject to negotiation.

RESOURCE DATA USED – SEPTEMBER 2017					
Indicated Mineral Resource	91 Mt @ 1.1 g/t for 3.3 Moz (81%) within Life of Mine Pit at 0.5 g/t cut off				
Inferred Mineral Resource	22 Mt @ 1.1 g/t for 0.8 Moz (19%) within Life of Mine Pit at 0.5 g/t cut off				
KEY ESTIMATED PRODUCTION RESULTS		UNIT	4.5 Mtpa	7.0 Mtpa	9.5 Mtpa
Gold Price		US\$ / oz	1,300		
Average Annual Production – Gold		(oz / yr)	159,000	211,000	333,000
Life of Mine Production - Gold		(oz)	3,524,000	3,506,000	3,521,000
Average Mine Head Grade		g/t Au	1.1		
Metallurgical Recovery (Oxide / Fresh)		%	90 / 86		
Resource Mined at 0.5 g/t cut-off grade		Tonnes	113,000,000		
Life of Mine Strip Ratio		W:O	1.2 : 1		
Mine Life		years	27	19	14
Development Capital Cost (including owners cost and 15% contingencies)		US\$ M	275	349	426
Life of Mine Sustaining Capital Cost (including reclamation)		US\$ M	172	160	154
All in Sustaining Costs (AISC) ¹		US\$ / oz	794	736	701

Table 3: Key Estimated Production Results

Table 3 Notes:

¹ Cash Costs + Royalties + Levies + Life of Mine Sustaining Capital Costs (World Gold Council Standard)
(Assumes flat gold price of US\$1,300/oz over mine production)

Key Study Outputs Include:

- Dependent upon the eventual production scenario chosen;
 - Average annual gold production ranges from 159,000 ozpa at 4.5 Mtpa up to 330,000 ozpa at 9.5 Mtpa
 - NPV ranges from US\$ 706M up to US\$ 1,036M pre-tax and US\$ 445M up to US\$ 649M post-tax
 - IRR ranges from 42% to 62% pre-tax and 31% to 44% post-tax
 - Payback ranges from 4.0 to 3.3 years and
 - All-in sustaining costs range from US\$ 701/oz to US\$ 794/oz
- The target Life of Mine pit includes 91Mt @ 1.1 g/t for 3.3 M oz (81%) of Indicated Mineral Resource and 22 Mt @ 1.1 g/t for 0.8 M oz (19%) of Inferred Mineral Resources at a 0.5 g/t cut off using the September 2017 Mineral Resource Estimate data
- Identification of a higher-grade starter pit yielding >1 Moz gold with a <0.9 strip ratio for which further optimization will be performed in the next study phase
- Mineral Resource categories of **81% Indicated** and **only 19% Inferred** within the LOM pit

- Value enhancement opportunities have been identified and will be considered by the technical team as part of the Pre-Feasibility Study that has now commenced. These include:
 1. Detailed metallurgical drilling of large diameter core (PQ size) to obtain specific metallurgical samples of oxide, transition and fresh zones within the proposed open pit
 2. Definition of a shallow and higher-grade, potential starter open pit
 3. Update detailed design and costings of the proposed processing plant
- Update detailed mining and processing costs based on the new metallurgical data
- A new conventional gold plant inclusive of flotation and regrind - CIL of the flotation concentrate

Mineral Processing and Metallurgical Testing

In October 2017, the Company contracted ALS Laboratories (“ALS”) in Perth to execute Phase Three of their metallurgical programme. A detailed metallurgical testwork programme was developed by Cardinal’s technical management team with ALS. Mr. Robert Dunn was contracted by Cardinal to manage the Phase Three testwork programme with the objective to ensure integrity of Phase Two and to further detail the metallurgical profile and map the full extent of the Namdini orebody.

A set of comminution samples were selected from site and transported to ALS in Perth for testing. These are comprised of quarter core diamond samples from twelve different drill holes, located across the orebody which fall inside the predicted mine pit shell. Four samples per lithology (metavolcanics, granite and diorite) totaling 326kg were selected at different depths.

Samples from the Company’s Phase two programme were transported to ALS comprising 775kg of starter pit samples and 370kg of life of mine samples.

Two master composite (MC) samples were compiled, one for the starter pit and the second for life-of-mine across the orebody. The starter pit MC sample comprises 100kg in a 50:50 ratio of granite and metavolcanics which is representative of the starter pit ore ratio. The life of mine MC comprises 100kg in a 60:30:10 ratio of metavolcanics, granite and diorite respectively which is representative of the lithology ratios for the life of mine.

As previously selected, the geostatistical Mineral Resource model was used to target the average grade of the combined samples for each lithology, based on a notional cut-off grade of 0.4 g/t Au (“grams per tonne gold”). The intervals were selected to ensure that the following criteria were met:

- Representative spatial distribution within the overall Namdini deposit,
- A range of gold grades, predicted to be encountered during normal mining operations, and
- Average gold grades matching the overall Namdini geostatistical Mineral Resource model above a 0.4 g/t Au cut-off

The Company is preparing additional samples to continue their variability, ore profiling and mapping testwork. A PQ drill hole is also being planned and a hole location has been selected. The location of this PQ hole intercepts all 3 key rock types. The intent is to perform a full Julius Kruttschnitt (JK) drop weight test (DWT) for each rock type. This test will provide Cardinal with a reference calibration for the Semi Autogenous Grinding (SAG) Mill Comminution (SMC) test which will be applied to the SMC database and support the detailed sizing of the SAG Mill. Other supplemental metallurgical testing is still in progress.

The process flowsheet and process design criteria continue to be optimized.

Project Development Activities

Cardinal has developed a feasibility study programme to further advance the Namdini Gold Project. This consisted of engaging and continuing with selected consultants to assist with the phased development of the Namdini Gold Project. The consultants and their roles are tabulated below:

Consultant	Responsibility	Phase
ALS Laboratory	Fresh Rock Metallurgical Testwork	Phase 3 metallurgical testwork
OMC	Comminution Design	Scoping Study
Lycopodium & Knight Piesold	Process, tailings and Infrastructure Design	Prefeasibility Study
Golder & Associates	Mine Design	Prefeasibility Study
Nemas Consult	ESIA	Full Permit and Licensing Phases
Ernst & Young	Financial Modelling	Scoping Study / Prefeasibility
Intermine	Mine Schedule Optimization	Prefeasibility Study

ALS are globally recognized as being leaders in metallurgical laboratory testwork with state of the art facilities. ALS provide additional integrity to the Company's metallurgical testwork programme which will support the prefeasibility and feasibility study development phases.

The Company also re-engaged Lycopodium Minerals Pty Ltd. ("Lycopodium") and Golder Associates Ltd. ("Golder") to continue the evaluation of processing and mining options, respectively, for the Namdini Gold Project.

Lycopodium's mandate continues to comprise the process plant, associated infrastructure and tailings facilities, while being supported by Knight Piesold Ltd with respect to tailings management.

Golder's mandate continues to comprise geology, hydrology, hydrogeology, mining, geotechnical and environmental services.

Oreway Mineral Consultants ("OMC") continue to be responsible for the comminution circuit design and interface directly with the process designers in finalizing the comminution circuit requirements of the process.

Three project size options continue to be evaluated; they include a 4.5 million tonne per annum ("mtpa"), 7 mtpa and 9.5 mtpa throughput.

Environmental Studies

Environmental matters in Ghana, including those related to mining, fall primarily under the oversight of the Environmental Protection Agency ("EPA"), as well as the Minerals Commission and the Inspectorate Division of the Minerals Commission. The EPA has laws and regulations that govern, among other things, environmental and socio-economic impact assessments and statements, environmental management plans, emissions into the environment, environmental auditing and review, and mine closure and reclamation, to which the Corporation's operations are subject. Additional provisions governing mine environmental management are provided in the 2006 Mining Act and the various Minerals and Mining Regulations which came into force in 2012.

Cardinal duly registered the Namdini Gold Project with the EPA through the submission of an application form. On November 20, 2016, the EPA, under reference number CA 6954/2 directed Cardinal to carry out an Environmental Impact Assessment study ("EIA") and submit an Environmental Impact Statement ("EIS") to the EPA, in line with the requirement of the Ghana EIA Procedures and Legislative Instrument 1652. As a first phase in the preparation of the EIS report, the EPA has further directed that a scoping study to generate the terms of reference for the EIA study be conducted and that a scoping report be submitted to the EPA for review.

NEMAS Consult Ltd (“**NEMAS**”), of Accra, Ghana, has been contracted by Cardinal to undertake the EIA for the Namdini Gold Project. NEMAS has undertaken a site reconnaissance visit and commenced the scoping stage of the process in accordance with the procedures for the EIA study (NEMAS, 2017).

On August 10, 2017, the Ghanaian Environmental Protection Agency acknowledged receipt of the Cardinal EIA Scoping Report and Draft terms of Reference, for the proposed Namdini Gold Mining Project, as submitted by NEMAS Consult.

Social and Community

The only local community near the Namdini site comprises approximately 125 small-scale miners and their families. Management believes that the relationship between Cardinal and the local small-scale miners is cordial and respectful, especially as the miners are allowed to proceed with minor surface artisanal mining whilst Cardinal exploration activities are ongoing.

Cardinal has undertaken various community support projects including building a community hall, as well as drilling and equipping a potable water well.

Drilling and Sampling Summary

Q4 2017 Diamond and RC drilling was comprised of infill drill holes over the Namdini mineralization, geotechnical test holes of expected pit area, grade control test patterns and sterilization drilling (Figure 3). A total of 104 drill holes comprising 23,748.89m, with a combined total of 19,856 samples, which were submitted to the SGS Tarkwa and SGS Ouagadougou laboratories for standard fire assays (Table 4).

Drill Method		No. Holes	Total (m)	No. Samples
Resource Drilling				
	DD	27	14,673.69	14,674
	RC	1	63.00	2,523
	Total	28	14736.69	11,382
Sterilization Drilling				
	RC	71	8,270.00	8,270
	Total	71	8,270.00	8,270
Trial Grade Control Drilling				
	RC	5	204.00	204
	Total	5	204.00	204
Hydrogeology Drilling				
	RC	10	538.20	-
	Total	10	538.20	-
Geotechnical Drilling				
	DD	4	120.00	-
	Total	4	120.00	-
	Grand Total	104	23,748.89	19,856

Table 4 Namdini Drilling (Q4 2017)

Diamond Drilling

The drill rigs for the diamond drill holes were all aligned at -65° dip drilling east which allows for the shallowing of the drill hole with depth. The azimuth was set at 095° instead of 100° (normal to the strike of the formations) as the borehole trace usually deflects to the right with depth due to the clockwise rotation of the drill rods.

The diamond drill holes were cored from surface. The soft near surface materials were drilled with a Triple Tube core barrel to reduce core losses. Once harder rock was encountered, HW steel casing was inserted for drill hole stability and HQ size core was drilled to their final depths.

The diamond drill holes were surveyed near the top of each drill hole, then every 30m down the hole to determine the dip and azimuth of the drill holes with depth.

The core was orientated at each drill run using a digital instrument. The core was marked showing the base of the drill hole, then the core from each drill run was laid in a length of angle iron to fit the core together so that the orientation line could be drawn along the length of the core at the drill site. Initial geotechnical parameters were measured at the drill site, with more detailed parameters measured in the core shed using this orientation line as the datum line.

The core was photographed, longitudinally cut in half, with the half sector consistently sampled to reduce sample bias. The remaining half of core was stored in metal core trays and placed on metal racks under cover in the core shed at Bolgatanga. The half core samples were sent to the SGS Laboratories in both Burkina Faso and Tarkwa, Ghana for fire assay to speed up the receipt of results.

RC Drilling

The general strike of the host rocks is 010° and dipping at approximately -60° W. The RC drilling was orientated normal (at 90°) to the strike of 100° azimuth with all drill holes inclined to the east as these drill holes were all planned to be relatively shallow and generally deviate very little from their intended direction.

The soft near surface materials were drilled until harder formations were encountered, then PVC casings were inserted for drill hole stability. The transition and fresh rocks were drilled with button bits attached to the hammer and dry chips were recovered at 1m intervals through a cyclone.

RC samples were weighed and split in the field to obtain two samples from each meter drilled, with 1 sample for laboratory analysis and the other stored at the Bolgatanga core yard for repeat analyses if required. Chips selected from meter sample bags were washed, placed in chip trays, logged and photographed both dry and wet. Completed chip trays were stored at the Bolgatanga core shed.

Hydrogeological RC Drilling

Under the supervision of Golder and Associates consultants, 10 Hydrogeological drillholes were completed to undertake a preliminary assessment of regional and local hydrogeological conditions, on which to establish an initial conceptual hydrogeological model for the site.

Geotechnical Drilling

Four Diamond drill holes within the float TSF footprint were completed this quarter in order to assess the in-situ permeability characteristics of the sub-surface horizons. The core was logged and photographed and the in-situ tests supervised by Knight Piesold site representatives.

Namdini Tenement Sterilisation Test Drilling

Sterilisation drilling on the tenement north and west of the Namdini deposit continued this quarter with 71 RC drill holes completed. This RC drilling program was designed to confirm that the proposed ground is suitable for mine infrastructure and without potentially economic gold mineralization.

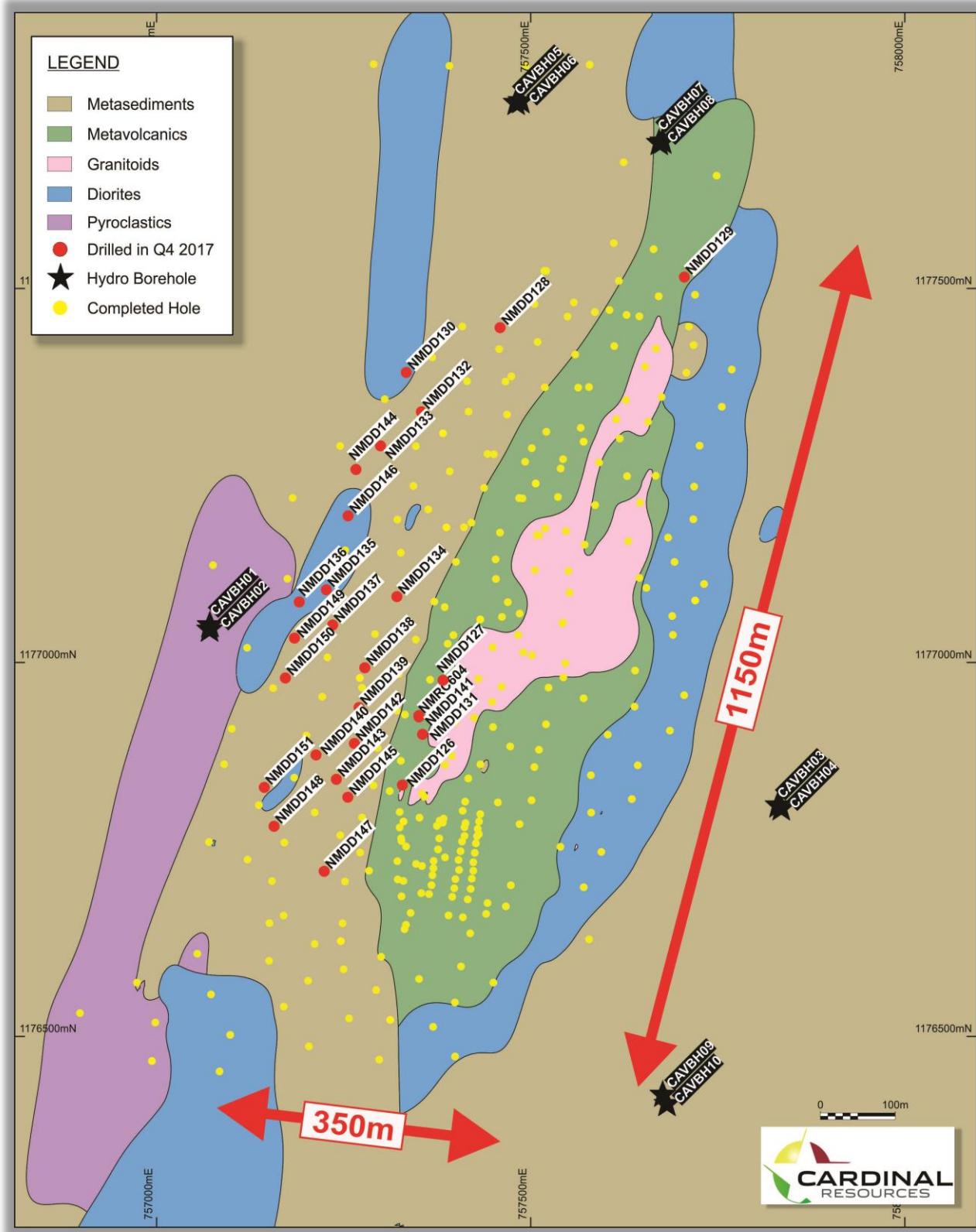


Figure 3 Namdini Project Q4 2017 Drill Hole Collars

Namdini Grade Control Test Drilling

Cardinal completed a 13,271m Reverse Circulation drilling programme at the northern end of the Namdini deposit for the purposes of a test grade control study which comprised 317 RC drill holes at a grid pattern of 10m (E) by 15m (N) and covering an area of 350m (E) by 200m (N) to approximately 40m vertical. They were drilled at -65° to the east in the Namdini local drilling grid, consistent with drilling undertaken for the Mineral Resource models.

Grade control drilling targeted the near surface portion of the modelled mineralization, as defined by the broad spaced resource definition drilling and subsequent Mineral Resource Model. The programme was designed to define the grade distribution of gold mineralization at and near surface within the targeted starter pit area.

A test block model was constructed for the study area utilizing Conditional Simulation technique. Figure 4 shows the grade control drilling relative to the Mineral Resource Model. A comparison between the Mineral Resource Model (Announced in September 2017) and the constructed grade control model is tabulated in Table 5.

Resource Model (September 2017)				Grade Control Model				Delta
Cut off (g/t Au)	Tonnes (Mt)	Grade (g/t Au)	Metal (Koz Au)	Tonnes (Mt)	Grade (g/t Au)	Metal (Koz Au)	Metal (Koz) Au	
0.3	4.05	1.4	183	4.04	1.4	183	0	
0.5	3.44	1.6	176	3.43	1.6	175	1	
0.7	3.00	1.7	168	2.89	1.8	165	3	

Table 5 Comparison between Mineral Resource Model and Grade Control Model

This test area represents approximately 4% of the Indicated Mineral Resource ounces and the close spaced drill pattern demonstrates consistent mineralized zones at surface in this area. The results provide another layer of confidence that the spatial distribution and tenor of gold in this test area is in line with the Namdini Mineral Resource expectations.



Figure 4 Namdini Project Grade Control Test pattern

REGIONAL EXPLORATION UPDATE

Bolgatanga Project

The Bolgatanga Project includes the Ndongo, Kungongo and Bongo Prospects (Figure 5). Diamond (DD) and Reverse Circulation (RC) drilling were in various stages of progress over these tenements during this quarter. Detailed ground geophysical surveys were also in progress over the Ndongo tenement.

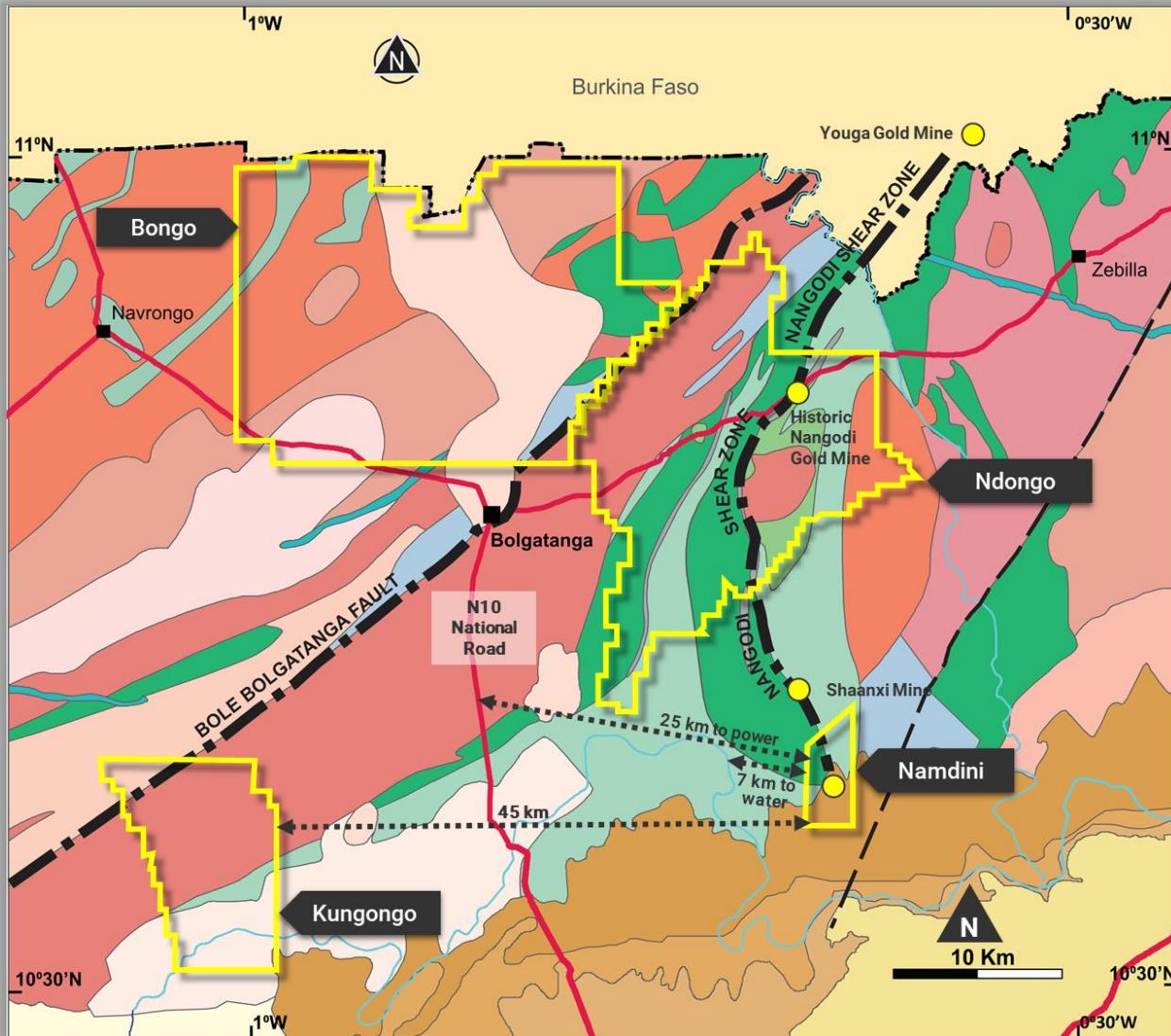


Figure 5 Bolgatanga Project Tenements

Subranum Project

The Subranum Project is located in south west Ghana (Figure 1). DD and Auger drilling are planned for this project once access is re-established after the rainy season.

BOLGATANGA PROJECT

Ndongo Tenement

As previously announced the Company acquired a further two adjoining licences to the original Ndongo tenement, which increased the new Ndongo combined tenement area to 295.9 sq. km.

This enlarged area significantly increases Cardinal's land holding over the Namdini major regional shear and allows the Company to extend its exploration programme into this highly prospective area.

Exploration Drilling

A total of 56 DD and RC holes were drilled on the enlarged Ndongo tenement and Kungongo Prospect during this quarter with 7,207 samples, including QAQC controls, submitted to 3 Ghana based laboratories for fire assay (Table 6). Results are awaited and will be processed when received.

Prospect	Drill Method	No. Holes	Total (m)	No. Samples	Duplicates	Blanks	Stds	Total Samples
Ndongo Far East	DD Drilling	16	2,946.06	2,946	0	75	75	3,096
	RC Drilling	2	123.00	123	6	3	3	135
Kungongo	DD Drilling	12	1,870.40	1,873	0	44	45	1,962
Yameriga	RC Drilling	19	1,292.00	1,292	66	33	32	1,423
Ndongo West	RC Drilling	6	390.00	390	20	10	10	430
	DD Drilling	1	18.21	153	0	4	4	161
Total		56	6,639.67	6,777	92	169	169	7,207

Table 6 Exploration Drilling for Q4 2017

Geophysical Surveys

The **airborne geophysical surveys** previously carried out over the Bolgatanga Project tenements, provided an excellent basis for the interpretation of the regional geology and structural controls.

Ground geophysics has provided the next level of geophysical detail, as the location of chargeable and resistive zones may provide insight to subsurface gold mineralization.

Ground magnetic surveys over the Nangodi and Yameriga areas were completed during this quarter using 2 x GSM-19 Overhauser roving magnetometers, with GPS attached, recording at 2 second intervals, measuring total magnetic field in Nano Teslas, along with a GSM-19 Overhauser (base station) recording at 5 second intervals (Table 7).

Prospect	Nangodi	Yameriga
Survey Area	911.35 km ²	919.35 km ²
Line spacing	100m	50m
Line Orientation	122°	122°
No. Cross Lines	157	252
No. Base Lines	2	2
Equipment (Base Stn)	1 Magnetometer	1 Magnetometer
Equipment (Roving)	2 Magnetometers	2 Magnetometers

Table 7 Ground Magnetic Surveys within Ndongo Tenement

Coupled with previously completed **auger geochemical programmes**, the aim is to build an integrated data set that will provide information on the structural and lithological controls of gold mineralization which will assist in defining additional gold resources within the Bolgatanga Project tenements.

Exploration will continue over the various tenements with field confirmation and exploration drilling required to test the many targets that have been generated.

Nangodi Prospect

A ground magnetic survey was completed over Nangodi during this quarter (Table 7 above). This survey identified several features within the prominent magnetic intrusive not previously identified by the airborne survey. This magnetic intrusive is located within a dilation zone at the southern end of the Palungu Granitoid intrusive.

Raw data will be processed by Southern Geoscience Consultants (Perth, WA).

Ndongo Far East Prospect

DD and RC drill holes were concentrated around the prominent magnetic intrusive mentioned above to identify the causes of the high magnetic content of the rocks.

The drill core revealed abundant structural deformation and hematite-altered country rocks containing pyrite and pyrrhotite sulphides, with minor chalcopyrite. Some thin molybdenite veinlets were also observed.

Results will be assessed once received so that a further drilling programme can be planned.

Yameriga Prospect

A ground magnetic survey was completed over Yameriga during this quarter (Table 7 above). Raw data will be processed by Southern Geoscience Consultants (Perth, WA).

RC drilling tested a contact shear zone between Birimian metabasalts and metasediments where extensive artisanal mining is in progress. The contact shear zone stretches for about 9 km through Yameriga and into the Ndongo Central area to the N-NE.

Several RC fences were drilled across strike to ascertain the width of possible gold mineralization. Once results have been received, a further drill programme will be planned.

Ndongo West Prospect

Several RC drill fences and 1 DD hole were drilled across a previously delineated Gradient Array IP contact zone between resistive and chargeable rock units within the Ndongo West Prospect.

Kungongo Tenement

The extensive regional Bole-Bolgatanga shear zone occurs over a length of 6 km across the northwest corner of the tenement. The tenement is underlain by Birimian greenstones, which strike north-east across the tenement, which have been extensively intruded by younger granitoids.

During the quarter ended 31 December 2017, 12 DD drill holes were drilled over portions of the Kungongo Prospect with a total of 1,962 samples, including QAQC controls, submitted for fire assay (Figure 6).

Assays for the 12 DD drill holes completed during the quarter are continuing to be received whilst further drilling is in progress. The Company is still compiling and interpreting the results of the logging, stratigraphical interpretation and geophysical programmes. The Company will continue to provide updates as the information is available.

Assay results have been returned from the first 3 scout drill holes, reported in the 30 September 2017 Quarterly Activities and Cashflow Report. An additional 2 drill holes were completed which were designed to test stratigraphy only. The results from these 5 drill holes in isolation are deemed not material at this point in time, whilst the Company is gathering further data in order to gain a technical understanding of the Kungongo prospect.

The drill core shows folded characteristics similar to that observed in the drill core from previously drilled DD holes. The dips were found to be variable down each drill hole, varying between NW and SE directions, confirming that the strata are strongly folded, and the stratigraphy is complex. This geologic setting compares favorably with observations in the early stage drilling at Namdini where higher grade gold mineralization was observed along the fold axes.

Kungongo is at very early exploration stage. This is the first deep drilling campaign within this area and as a result, the Company requires time to thoroughly evaluate all of the technical information (including assay results) before detailed assessments can be announced.

Further RC drilling is planned along 3 fences roughly 1,600m apart to test for gold mineralization across strike.

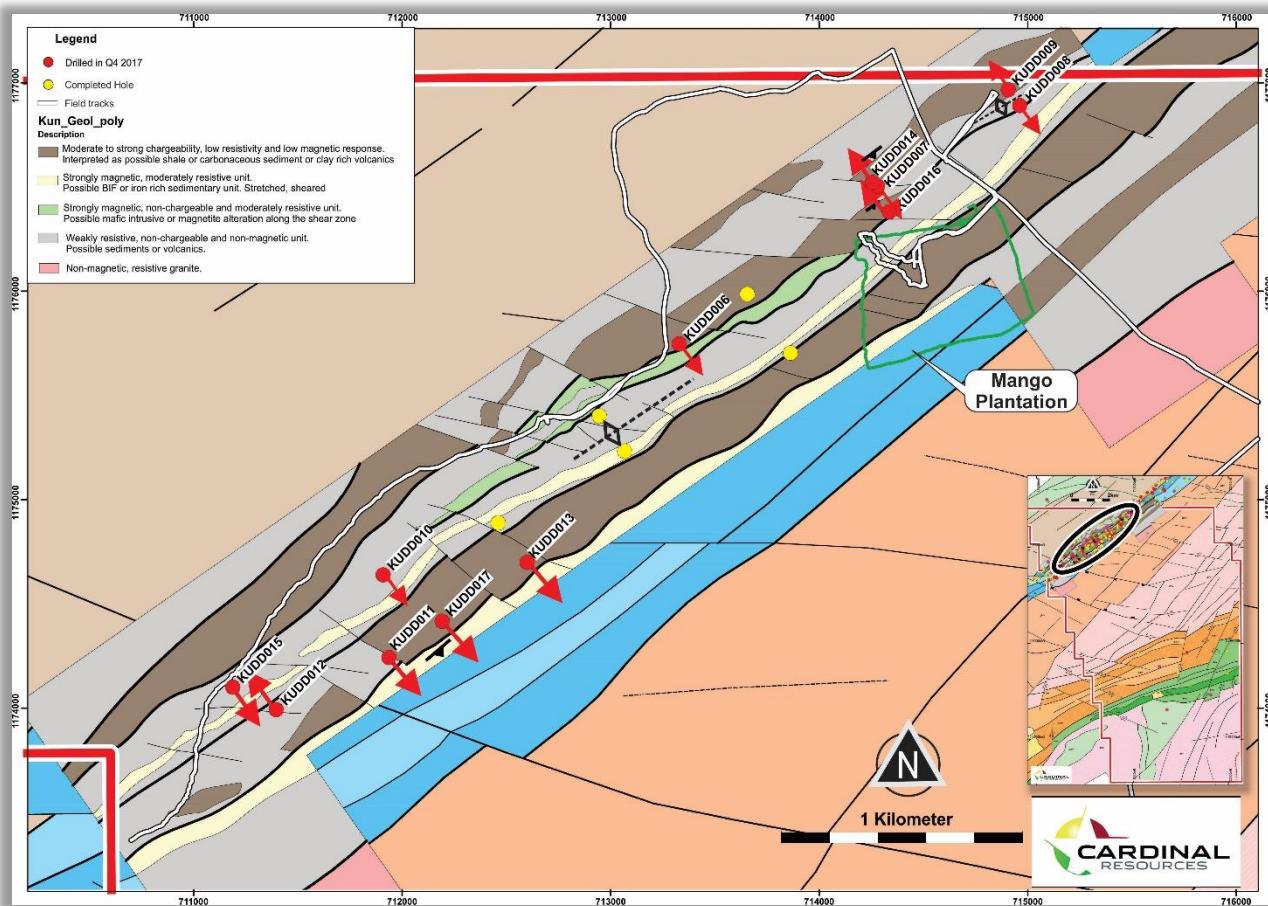


Figure 6 Kungongo Diamond Drill Collar locations (Q4 2017)

Bongo Prospect

Soil auger programmes were completed during previous quarters over targets identified by airborne geophysical surveys. Auger geochemical drilling has proved to be an excellent exploration technique, highlighting a number of anomalous Au areas.

The auger soil drilling programme follows the standard operating procedure for auger geochemical logging and sampling. Holes are marked in the field using GPS techniques, the rig geologist logs the auger samples as they are drilled using hand-held logging software until the saprolite zone is reached and is penetrated for at least 1m.

Results of the auger drilling programme were being assessed during this quarter. Deeper RC drilling programmes may be planned for this area subject to results from the shallow auger soil drilling.

SUBRANUM PROJECT

Previous exploration at Subranum has established that the NE extension to the regional Bibiani Shear Zone is developed for approximately 9 km trending SW-NE across the Subranum tenement.

This previous exploration established a significant NE trending anomalous zone of 5.2 km from the SW boundary. Previous drilling, however, had been on 11 fences of varying distances between 200m to >500m apart.

Cardinal has planned a systematic diamond drilling programme to cover this 5.2 km anomalous strike length to properly evaluate the gold mineralization contained within this anomalous zone.

Clearing of the previous drill access tracks continued during this quarter with DD planned to start during 2018.

A soil auger programme is planned for the remaining 3.8 km strike length in the NE portion of the tenement to initially cover a ~400m width across the strike of the Bibiani Shear Zone. After analysis of these results, either RC or DD drilling could be planned to further assess any anomalies.

Competent / Qualified Person Statement

All production targets for the Namdini Gold Mine referred to in this report are underpinned by estimated Mineral Resources which were prepared by competent persons and qualified persons in accordance with the requirements of the JORC Code and National Instrument 43-101- Standards of Disclosure for Mineral Projects ("NI43-101"), respectively.

Metallurgical and process engineering information contained in this press release has been reviewed and approved by Marc LeVier, K. Marc LeVier & Associates, Inc., who is a 'qualified person' as defined by NI43-101. Mr. LeVier holds a Qualified Professional status from the Mining and Metallurgical Society of America.

The information in this report that relates to Namdini Mineral Resources is based on information compiled and reviewed by Mr Nicholas Johnson, a Competent Person who is a Member of the Australian Institute of Geoscientists and a full-time employee of MPR Geological Consultants Pty Ltd. Mr Johnson has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the JORC Code 2012 and is a qualified person for the purposes of NI43-101. Mr Johnson has no economic, financial or pecuniary interest in the company and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Namdini Mining studies is based on information compiled and reviewed by Mr Glenn Turnbull, a Competent Person who is a Chartered Professional Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Golder and Associates. Mr Turnbull has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the JORC Code 2012 and is a qualified person for the purposes of NI43-101. Mr Turnbull has no economic, financial or pecuniary interest in the company and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The scientific and technical information in this MD&A that relates to the Namdini Gold Project has been reviewed and approved by Mr. Richard Bray, a Registered Professional Geologist with the Australian Institute of Geoscientists and Mr. Ekow Taylor, a Chartered Professional Geologist with the Australasian Institute of Mining and Metallurgy. Mr. Bray and Mr. Taylor have more than five years' experience relevant to the styles of

mineralization and type of deposits under consideration and to the activity which is being undertaken to qualify as a Competent Person, as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and as a Qualified Person for the purposes of NI43-101. Mr. Bray and Mr. Taylor are full-time employees of Cardinal and hold equity securities in the Company.

The scientific and technical information in this MD&A that relates to Exploration Results, Mineral Resources or Ore Reserves at the Bolgatanga Project and Subranum Project is based on information prepared by Mr. Paul Abbott, a full-time employee of Cardinal Resources, who is a member of the Geological Society of South Africa. Mr. Abbott has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and the activity which he is undertaking to qualify as a Competent Person, as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

JORC 2012

This report contains information extracted from the following reports which are available for viewing on the Company's website www.cardinalresources.com.au

- 05 Feb 2018 Namdini Gold Project Preliminary Economic Assessment
- 22 Jan 2018 Namdini Infill Drilling Results Returned
- 14 Dec 2017 Namdini Drilling and Regional Exploration Update
- 12 Dec 2017 Cardinal Grade Control Drill Results Returned
- 09 Nov 2017 Final Short Form Prospectus
- 19 Oct 2017 Updated Technical Report Relating to Namdini Project Filed
- 18 Sep 2017 Cardinal's Namdini Deposit Mineral Resource Update

The Company confirms it is not aware of any new information or data that materially affects the information included in this report relating to exploration activities 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.

CORPORATE

BOARD CHANGES

During the quarter the Company announced the appointment of Mr Jacques McMullen and Mr Michele Muscillo as Non-Executive Directors of the Company.

Mr. Jacques McMullen - P.Eng., MASc., ICD.D

Mr. McMullen retired in 2012 after a distinguished 35-year career in the mining industry of which the last 17 years were with Barrick Gold Corporation where he held the positions of Senior VP Special Projects and Technical Services. In his role as Senior VP of Barrick, Jacques was instrumental in the development of many mines including Goldstrike, Veladero, Lagunas Norte, Cowal and Bulyanhulu. His experience includes all phases of development including feasibility, construction, commissioning, ramp-up and operation's optimization.

Following his retirement, Mr. McMullen joined BBA as Principal, Mines & Metals and Director. BBA is a Canadian based, global engineering firm. At BBA, Jacques focused on the Borden Lake development project which was purchased by Goldcorp. Additionally, Jacques was Chairman of Orvana Minerals Corp. (TSX: ORV) and is currently a Director at NewCastle Gold Ltd. (TSX: NCA) and a corporate advisor to Detour Gold Corporation (Detour Gold: TSX: DGC).

Mr. Michele Muscillo – LLB (Hons)

Mr. Muscillo is a Partner with HopgoodGanim Lawyers in Australia. Michele has practised exclusively in corporate law for over 15 years and has extensive experience in capital markets transactions, including the negotiation of significant commercial contracts and agreements. As part of this role, Mr. Muscillo has acted on numerous IPOs and debt and equity raisings, and advised both bidders and targets on public market control transactions. His key areas of practice include Corporate Advisory and Governance, Capital Markets, Resources and Energy.

Mr. Muscillo is currently a Non-Executive Director with Aeris Resources Limited (ASX:AIS) and Xanadu Mines Limited (ASX: XAM). Formerly, Michele was also Non-Executive Director of Orbis Gold Limited which is currently owned by TSX-Listed SEMAFO Inc. (TSX:SMF).

The Company also reported that both Mark Connelly and Simon Jackson resigned from the board of directors to focus on their other significant commitments.

C\$12.0 MILLION BOUGHT DEAL FINANCING

The Company announced on October 23, 2017 that it had entered into an agreement with Clarus Securities Inc., on behalf of a syndicate of underwriters (collectively, the “Underwriters”), pursuant to which the Underwriters agreed to purchase, on a “bought deal” basis, 18,461,600 Ordinary Shares (the “Ordinary Shares”) of the Company at a price of C\$0.65 per Ordinary Share (the “Offering Price”) for aggregate gross proceeds to the Company of C\$12,000,040 (the “Offering”). The financing closed on 22 November 2017.

The Company intends to use the net proceeds from the Offering to continue exploration and development at its Namdini Gold Project and the Company’s other Ghanaian properties, and for general working capital purposes.

SELECTED QUARTERLY INFORMATION

The following table provides information for the eight quarters:

	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Exploration and evaluation expenditures	\$ 8,978,587	\$ 9,474,793	\$ 5,561,110	\$ 3,996,084
Corporate general and administration	1,833,531	1,313,891	1,327,354	1,395,836
Share based payments	1,107,762	1,152,825	1,416,544	433,481
Amortization	62,813	36,887	40,856	30,653
Net comprehensive loss	12,249,188	12,066,104	8,422,184	5,963,935
Loss per share – basic and fully diluted	0.03	3.44	4.98	2.14
Total assets	20,938,595	21,342,325	30,109,678	13,327,164
Total liabilities	4,617,683	6,411,267	3,903,107	1,416,759
Shareholders' equity	16,320,912	14,931,058	26,206,571	11,910,405

	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Exploration and evaluation expenditures	\$ 4,529,757	\$ 1,378,046	\$ 3,305,663	\$ 973,599
Corporate general and administration	504,573	422,216	441,449	279,138
Share based payments	114,299	-	874,000	-
Amortization	37,559	317,504	25,749	21,039
Net comprehensive loss	5,113,088	2,161,417	4,450,549	1,321,485
Loss per share – basic and fully diluted	0.02	1.28	2.63	2.22
Total assets	19,133,568	22,842,390	5,661,536	6,873,156
Total liabilities	1,692,945	453,227	1,713,467	379,945
Shareholders' equity	17,440,623	22,389,163	3,948,069	6,493,212

Exploration and evaluation expenditures were all incurred in respect of the Company's Ghanaian mining assets. The Company maintains a policy to expense all exploration and evaluation expenditures as incurred. These costs include tenement license acquisition costs.

Starting in 2015, due to the exploration success at the Company's Namdini Gold Project, the Company has on a year-over-year basis increased exploration and evaluation spending, in order to outline and ultimately increase the confidence level in the Namdini resource base and to prepare initial technical evaluations of development scenarios.

From January 1, 2017, the Company significantly increased its operations, given the inaugural resource estimate for the Namdini Gold Project in November 2016.

During this period, minimal expenditures were incurred on the Bolgatanga Project and Subranum Project.

Corporate general and administration expenses increased due to increased corporate activity, as a result of the exploration success at Namdini, which resulted in a TSX listing in July 2017, the C\$12 million financing that occurred in Q4 2017 and increased legal, staffing, professional fees, travel and promotion costs.

From January 1, 2017, the Company's corporate general and administration expenses increased due to an increase of Perth staff from 3 personnel for the quarter ended December 31, 2016 to 7 personnel for the quarter ended December 31, 2017, which included the appointment of a Project Manager, Geology Manager, Canadian Corporate Secretary and Chief Financial Officer.

Corporate general and administration expenses consist of corporate administration costs incurred by the corporate office in Perth and Canada. Perth office expenses include personnel, professional fees, compliance and regulatory fees, and investor relations expenses.

Share based payments represents the expensing of fair value of the award on grant date. Under the fair value-based method, compensation cost attributable to options granted is measured at fair value on the grant date and amortized over the vesting period. The amount recognized as an expense is adjusted to reflect any changes in the Company's estimate of the shares that will eventually vest and the effect of any non-market vesting conditions.

Share based payment arrangements in which the Company receives goods or services as consideration are measured at the fair value of the good or service received, unless that fair value cannot be estimated.

The variances in total assets and shareholders' equity are mainly attributable to equity placements, which increased cash resources, while funding the Company's exploration and evaluation expenditures and administration expenses decreased cash resources.

As the Company is in the exploration stage, it does not generate operating revenue.

RESULTS OF OPERATIONS

	Three months ended December 31,		Six months ended December 31,	
	2017	2016	2017	2016
Exploration and evaluation expenditures	\$ 8,978,587	\$ 4,529,757	\$ 18,453,380	\$ 5,895,082
Corporate general and administration	1,833,531	504,574	3,147,422	918,207
Share based payments	1,107,762	114,299	2,260,587	114,299
Amortization	62,813	37,558	99,700	376,367
Interest and other income	46,084	26,967	97,080	53,764
Foreign exchange loss (gain)	(312,579)	1,288	(451,283)	(69,160)
Net Loss for the period	\$ 12,249,188	\$ 5,157,933	\$ 24,315,292	\$ 7,319,351

- For the three and six months ended December 31, 2017, exploration and evaluation expenditures increased from comparable periods due to the increase in exploration activities at the Namdini Gold Project, with minimal expenditures on the Bolgatanga and Subranum Projects. Namdini exploration activities included but was not limited to infill drilling, geotechnical drilling, grade control drilling at the proposed starter pit location, preparation of a PEA and metallurgical test work, while 2016 activities included the preparation of an initial resource estimate and resource drilling.
- The Company's corporate general and administration expenses increased due to an increase Staff from 3 personnel from the quarter ended December 31, 2016 to 7 personnel for the quarter ended December 31, 2017, which included the appointment of a Project Manager, Geology Manager, Canadian Corporate Secretary and Chief Financial Officer. Incremental costs were incurred in respect of the July 2017 TSX listing, staffing, legal fees, office rental, professional fees and investor relations costs.
- For the three and six months ended December 31, 2017, share based payments increased, compared to the same period in 2016, primarily due to the issuance of milestone options on March 3 and December 22, 2017 to directors, officers, and consultants. The fair value of the option grants is being amortized to income over their respective vesting periods.

For the three and six months ended December 31, 2017 and 2016, exploration and evaluation expenditures comprise:

	Three months ended December 31, 2017	2016	Six months ended December 31, 2017	2016
Direct exploration costs	\$ 7,678,464	\$ 1,911,780	\$ 13,473,185	\$ 2,547,156
Indirect exploration costs	821,367	2,210,431	3,611,179	2,471,279
Site general and administration costs	478,756	407,546	1,369,016	876,647
Exploration and evaluation expenditures	\$ 8,978,587	\$ 4,529,757	\$ 18,453,380	\$ 5,895,082

- Direct and indirect exploration costs increased for the three and six months ended December 31, 2017, compared to the same period in 2016, due to the execution of larger drill programs to define and to upgrade gold resources at Namdini. Namdini exploration activities included but was not limited to infill drilling, geotechnical drilling, grade control drilling at the proposed starter pit location, preparation of a PEA and metallurgical test work, while 2016 activities included the preparation of an initial resource estimate and resource drilling. In the six months ended December 2017, the Company initiated additional regional exploration activities.
- Site general and administration costs increased for the three and six months ended December 31, 2017, compared to the same period in 2016, mainly due to increased salaries, office and administrative, professional fees and travel expenses associated with the increased activities at Namdini.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2017, the Company had cash and cash equivalents of \$18,752,321 (June 30, 2017 - \$28,592,718) and current liabilities of \$4,617,683 (June 30, 2017 - \$3,903,107).

As at December 31, 2017, the Company had a working capital balance of \$15,796,405 (June 30, 2017 - \$25,741,175).

On 21 November 2017, by way of a Bought Deal Financing, 18,461,600 shares were issued at CA\$0.65 per share to raise a total of CA\$12,000,040 (AU\$12,396,736).

The decreases in cash and working capital from June 30, 2017 to December 31, 2017 was \$9,944,770 and was primarily due to the Company's ongoing exploration & evaluation activities at the Namdini Gold Project.

The Company is in the exploration stage and therefore has no cash flow from operations.

Funds raised from previous financings are being used toward continued corporate development and general working capital purposes. The Company expects its current capital resources to be sufficient to advance its planned activities. Actual funding requirements may vary from those planned due to a number of factors, including the progress of the Company's business activities and current economic and financial market conditions. The Company will continue to pursue opportunities to raise additional capital through equity markets to fund its future exploration, development and operating activities; however, there can be no assurance that such financing will be available on a timely basis and under terms which are acceptable to the Company.

COMMITMENTS AND CONTINGENCIES

The Corporation has commitments in respect to the use of an office premises in Perth, Western Australia, for \$5,300 per month until September 30, 2018. The Corporation has an option to extend the lease for three years after September 30, 2018.

The Corporation has commitments in respect to the use of an office premises outside of Australia, for C\$2,457 per month until March 31, 2019.

Cardinal Resources Subranum Limited entered into a sale and purchase agreement dated April 6, 2012 with Newmont Ghana Gold Limited (a subsidiary of Newmont Mining Corporation) for the purchase of the Subranum Project. On November 24, 2015, the relevant Minister of the 2006 Mining Act approved the sale. Cardinal Resources Subranum Limited acquired 100% of the Subin Kasu Prospecting License and paid to Newmont Ghana Gold Limited US\$50,000 on June 12, 2016.

Additionally, US\$50,000 was paid to Newmont Ghana Gold Limited on 7 November 2017. A final US\$100,000 is payable on the second anniversary date being June 12, 2018. In addition, Cardinal Resources Subranum Limited is required to spend US\$250,000 on exploration within the first year from June 21, 2016 and a further US\$750,000 by June 12, 2018. The Company has met the year 1 minimum expenditure requirements.

Lastly, Cardinal Resources Subranum Limited will be required to pay Newmont Ghana Gold Limited US\$50,000 per annum from the date which Cardinal Resources Subranum Limited reports a “gold resource estimate” of 1Moz of gold. Subject to the grant of a Mining Licence under the 2006 Mining Act, Cardinal Resources Subranum Limited will be required to pay Newmont Ghana Gold Limited a 2% net smelter royalty.

Cardinal advised during the period that it had acquired two large scale prospecting licences (properties) located in North East Ghana from the Kinross Gold Corp (Kinross) subsidiary Red Back Mining Ghana Limited (Red Back). Cardinal has entered into a definitive agreement with Red Back to acquire 100% ownership of the licences. Cardinal has entered into a Royalty Agreement with Red Back, whereby Cardinal shall pay to Red Back a 1% net smelter return royalty on any minerals produced from the properties.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements to which the Company is committed.

PROPOSED TRANSACTIONS

There are no proposed transactions that have not been disclosed herein.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout the condensed interim consolidated financial statements.

The Company is exposed to the following financial risks: credit risk, liquidity risk, market risk, currency risk and interest rate risk.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents. The Company limits exposure to credit risk by maintaining its cash and cash equivalents with large financial institutions.

	December 31, 2017	June 30, 2017
Cash held in bank accounts	\$ 6,387,512	\$ 9,562,815
Term deposits	12,364,809	19,029,903
	\$ 18,752,321	\$ 28,592,718

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates and foreign exchange rates. Management closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to fluctuations in foreign currencies through its operations in Ghana. The Company monitors this exposure, but has no hedge positions.

As at December 31, 2017, the Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Australian dollar:

DESCRIPTION	December 31, 2017		June 30, 2017	
	US\$ AUD Equivalent	Ghana Cede AUD Equivalent	US\$ AUD Equivalent	Ghana Cede AUD Equivalent
Cash	\$ 2,192,633	\$ 228,805	\$ 1,040,823	\$ 39,709
Other receivables	0	0	0	0
Value added tax receivables	0	0	0	0
Accounts payable and accrued liabilities	(3,522,207)	(894,936)	(1,921,309)	(347,494)
Total	\$ (1,329,574)	\$ (665,131)	\$ (880,486)	\$ (307,785)

Based on the balances as at December 31, 2017, a 1% movement in foreign exchange rates would increase/decrease the loss for the year before taxation by \$103,934 (2017: \$12,395).

Interest Rate Risk

Interest rate risk consists of two components:

To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company considers interest rate risk to not be significant.

Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The carrying amounts for accounts payable and accrued liabilities and due to related parties' approximate fair values due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2017 and June 30, 2017, the Company's financial instruments are comprised of cash and cash equivalents, other receivables, value added tax receivable, accounts payable and accrued liabilities, and due to related parties. With the exception of cash and cash equivalents, all financial instruments held by the Company are measured at amortized cost.

CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to advance its mineral properties. The Company defines its capital as all components of equity and short-term debt. The Company manages its capital structure and makes adjustments to it to effectively support the acquisition and exploration of mineral properties. The property in which the Company currently has an interest is in the exploration stage; as such, the Company is dependent on external financing to fund its activities.

The Company will spend its existing working capital and seek to raise additional amounts as needed by way of equity financing or debt to carry out its planned corporate development and general administrative costs. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's investment policy is to hold cash in interest-

bearing bank accounts or highly liquid short-term interest-bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products. The Company expects its current capital resources to be sufficient to cover its operating costs and to carry out its exploration activities through the next twelve months. As such, the Company will seek to raise additional capital and believes it will be able to do so, but recognizes the uncertainty attached thereto. There have been no changes to the Company's approach to capital management during the three months ended December 31, 2017.

RELATED PARTY TRANSACTIONS

The Company had transactions during the three and six months ended December 31, 2017 with related parties consisting of directors, officers and companies with common directors and/or officers:

Namdini Gold Project

During the three and six months ended December 31, 2017, the Company advanced funds to Savannah, a director-related entity. The purpose of the advance is the development of a mining license in areas in respect of which Savannah had entered into agreements with holders of small-scale licenses. As at December 31, 2017, \$1,059,687 of advances are held by Savannah.

The Board has approved total payments to Savannah of up to US\$5,000,000 in the aggregate to fund the acquisition of small-scale mining licenses. The Corporation expects that the US\$5,000,000 will be sufficient to fund Savannah's activities in relation to the development of the mining license by the acquisition of small-scale mining licenses.

In the event that an aggregate of US\$5,000,000 is not sufficient to fund the acquisition of all the small-scale mining licenses in the Namdini Licence area, Savannah may request additional funds from the Corporation. In the event that Savannah does request funds in excess of the US\$5,000,000 that has been approved by the Board, the Corporation would review Savannah's request and determine whether the small-scale mining licenses that Savannah intends to purchase using the advanced funds are material to the mineralization in the area covered by the Namdini Licence. The Board will review the request and consider the outstanding small-scale mining licenses and reach a decision based on the best interests of the Corporation, including the Corporation's strategic goals.

Consulting Agreement

Tomlinson Consultancy, of which Kevin Tomlinson is a director, provides consulting services to the Company. Amounts paid or payable for the three and six months ended December 31, 2017 are \$105,000 (three months ended December 31, 2016: \$70,000) and \$210,000 (six months ended December 31, 2017) respectively.

KEY MANAGEMENT COMPENSATION

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. Key management compensation comprises:

	Three months ended December 31,		Six months ended December 31,	
	2017	2016	2017	2016
Salaries, fees and leave	\$ 436,081	\$ 248,024	\$ 817,822	\$ 399,267
Non-monetary	4,969	1,603	9,938	5,664
Superannuation expense	468	8,058	4,268	8,058
Equity based payments	512,171	-	1,389,303	-
	\$ 953,689	\$ 257,685	\$ 2,221,331	\$ 412,989

SHARE POSITION AND OUTSTANDING WARRANTS AND OPTIONS

The Company's outstanding share position as at the date hereof, is as follows:

	Number of shares
Common shares	371,370,549
Listed options	115,682,937
Unlisted options	7,000,000
Milestone Options	28,284,200
60 Class C Performance Shares	6,000,000
Fully diluted share capital	528,337,686

Common Shares

The Corporation is authorised to issue an unlimited number of Ordinary Shares, subject to certain restrictions prescribed in the ASX Listing Rules, the Corporations Act and the Corporation's constitution. Under the ASX Listing Rules, subject to certain exceptions and without the approval of Shareholders, the Corporation may not issue or agree to issue during any 12-month period equity securities (including options and other securities convertible into equity) if the number of securities issued or agreed to be issued would exceed 15% of the total equity securities on issue at the commencement of the 12-month period. At the Corporation's annual general meeting held on November 22, 2017, shareholders approved the issue of an additional 10% of the Corporation's issued capital, subject to satisfaction of certain criteria prescribed in the ASX Listing Rules and the Corporation's notice of annual general meeting dated October 18, 2017.

Listed Options

Details of listed options (ASX: CDVOA) outstanding as of the date hereof are:

	Expiry	Number of Options	Weighted Average Exercise Price
Listed Options	September 30, 2019	115,682,937	\$0.15

Stock Options ("Unlisted Options")

The Company has in place a stock option plan (the "Plan"), which allows the Company to issue options to certain directors, officers, employees and consultants of the Company. The aggregate number of securities reserved for issuance will be not more than 5% of the number of ordinary shares issued and outstanding from time to time. The Plan provides that the number of stock options held by any one individual may not exceed 5% of the number of issued and outstanding ordinary shares. Options granted under the Plan may have a maximum term of ten years. The exercise price of options granted under the Plan will not be less than the market price of the Company's shares on the day prior to the grant date. Stock options granted under the Plan may be subject to vesting terms if imposed by the Board of Directors or required by the TSX Exchange. The milestone options were not issued under the Company's stock option plan.

The following is a summary of share purchase options activity for the three and six months ended December 31, 2017:

During the period								
Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted	Exercised	Expired / Cancelled	Closing Balance	Vested and Exercisable
03.18.16	03.18.20	\$0.22	8,000,000	nil	2,000,000	nil	6,000,000	6,000,000
04.03.17	04.12.22	\$0.50	23,500,000	nil	nil	5,000,000	18,500,000	-
12.21.17	12.21.22	\$0.75	nil	1,000,000	nil	nil	1,000,000	nil
12.21.17	12.21.22	\$0.825	nil	5,758,000	nil	nil	5,758,000	nil
12.21.17	12.21.22	\$0.965	nil	4,036,200	nil	nil	4,036,200	nil
Weighted average exercise price \$0.57								

Performance Shares

During Q4 2017, Class A Performance Shares expired.

Holders of Class A Performance Shares were entitled to conversion of each Class A Performance Share into 100,000 Ordinary Shares upon the achievement of certain milestones or events. The conversion of Class A Performance Shares was dependent upon satisfaction of one of the following performance hurdles to the reasonable satisfaction of the Corporation by December 27, 2017:

- the establishment of a JORC compliant inferred resource of at least 1 million ounces of gold within the Exploration Tenements (as defined by the November 15, 2012 Prospectus for Non-Renounceable Entitlement Issue);
- a project owned by the Corporation or any of its subsidiaries comprising all or part of the Exploration Tenements being sold for at least \$25 million in cash or cash equivalent; or
- a joint venture arrangement being entered into in respect of any of the Exploration Tenements resulting in cash or cash equivalent to the Corporation of not less than \$25 million.

Ghanaian projects for the Class A Performance Shares was defined by the Notice of Meeting dated 2 October 2012, being the assets owned by Cardinal located in Ghana, being the Bolgatanga Project area (Kungongo, Bongo and Ndongo) and the Subranum Project.

The conversion of Class C Performance Shares will occur upon satisfaction of achieving a minimum inferred resource (JORC compliant) of gold within the Ndongo Prospect by February 18, 2020, being no later than five years after the date on which the Class C Performance Shares were issued. The table below sets out the conversion of the Class C Performance Shares based on the achievement of performance hurdles.

Performance Shares	Performance Hurdles (JORC Inferred Au Resource)	Conversion to Ordinary Shares
10	500,000 ounces	1,000,000
5	750,000 ounces	500,000
5	1,000,000 ounces	500,000
5	1,250,000 ounces	500,000
5	1,500,000 ounces	500,000
5	1,750,000 ounces	500,000
5	2,000,000 ounces	500,000
5	2,250,000 ounces	500,000
5	2,500,000 ounces	500,000
5	2,750,000 ounces	500,000
5	3,000,000 ounces	500,000
60		6,000,000

OTHER DATA

Additional information related to the Company is available for viewing at www.sedar.com.

ADOPTION OF NEW AND AMENDED IFRS PRONOUNCEMENTS

There are a number of new or amended Accounting Standards and Interpretations issued by the IASB, that are not yet mandatory. The Company does not plan to adopt these standards early. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

IFRS 2 Share-based Payment ("IFRS 2") – In June 2016, the IASB issued amendments to IFRS 2 Share-based Payment, covering the measurement of cash-settled share-based payments, classification of share-based payments settled net of tax withholdings, and accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements, and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments apply for annual periods beginning on or after January 1, 2018, with early adoption permitted. The impact of the amendments to IFRS 2 on the Company's consolidated financial statements has not yet been determined.

IFRS 9 Financial Instruments ("IFRS 9") – In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. The mandatory effective date of IFRS 9 would be annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company does not anticipate any impact from the adoption of IFRS 9 on the Company's financial instruments.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15") – In May 2014, the IASB issued IFRS 15, which covers principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. In September 2015, the IASB deferred the effective date of the standard to annual reporting periods beginning on or after January 1, 2018, with earlier application permitted. The Company does not anticipate any impact from the adoption of IFRS 15 on the Company's consolidated financial statements.

IFRS 16 Leases ("IFRS 16") – In January 2016, the IASB issued IFRS 16, which requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted, provided the new revenue standard, IFRS 15, has been

applied or is applied at the same date as IFRS 16. The impact of IFRS 16 on the Company's consolidated financial statements has not yet been determined.

RISKS AND UNCERTAINTIES

Risks Related to the Industry

Mineral Exploration, Development and Operating Risks

Mineral exploration is highly speculative in nature, generally involves a high degree of risk and frequently is non-productive. The mineral tenements of the Corporation are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of these tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited or will result in a profitable commercial mining operation.

Resource acquisition, exploration, development and operation involve significant financial and other risks over an extended period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. Significant expenses are required to locate and establish economically viable mineral deposits, to acquire equipment, and to fund construction, exploration and related operations, and few mining properties that are explored are ultimately developed into producing mines.

Success in establishing an economically viable project is the result of a number of factors, including the quantity and quality of minerals discovered, proximity to infrastructure, metal and mineral prices which are highly cyclical, costs and efficiencies of the recovery methods that can be employed, the quality of management, available technical expertise, taxes, royalties, environmental matters, government regulation (including land tenure, land use and import/export regulations) and other factors. Even in the event that mineralization is discovered on a given property, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change as a result of such factors. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Corporation not receiving an adequate return on its invested capital, and no assurance can be given that any exploration program of the Corporation will result in the establishment or expansion of resources or reserves.

The Corporation's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of gold and other minerals, including hazards relating to the discharge of pollutants or hazardous chemicals, changes in anticipated grade and tonnage of ore, unusual or unexpected adverse geological or geotechnical formations, unusual or unexpected adverse operating conditions, slope failures, rock bursts, cave-ins, seismic activity, the failure of pit walls, pillars or dams, fire, explosions, and natural phenomena and 'acts of God' such as inclement weather conditions, floods, earthquakes or other conditions, any of which could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, damage to property, environmental damage, unexpected delays, monetary payments and possible legal liability, which could have a material adverse impact upon the Corporation. In addition, any future mining operations will be subject to the risks inherent in mining, including adverse fluctuations in fuel prices, commodity prices, exchange rates and metal prices, increases in the costs of constructing and operating mining and processing facilities, availability of energy and water supplies, access and transportation costs, delays and repair costs resulting from equipment failure, changes in the regulatory environment, and industrial accidents and labour actions or unrest. The occurrence of any of these risks could materially and adversely affect the development of a project or the operations of a facility, which could have a material adverse impact upon the Corporation.

Estimation of Mineralization, Resources and Reserves

There is a degree of uncertainty attributable to the calculation of mineralization, resources and reserves and corresponding grades being mined or dedicated to future production. Until reserves or mineralization are actually mined and processed, the quantity of mineralization and reserve grades must be considered estimates only. These

estimates depend upon geological interpretation and statistical inference drawn from drilling and sampling analysis, which may prove unreliable. There can be no assurance such estimates will be accurate. In addition, the quantity of reserves and mineralization may vary depending on commodity prices. Any material changes in quantity of reserves, mineralization, grade or stripping ratio may affect the economic viability of a mine. In addition, there can be no assurance that recoveries from laboratory tests will be duplicated in tests under on-site conditions or during production. The inclusion of mineral resource estimates should not be regarded as a representation that these amounts can be economically exploited and no assurances can be given that such resource estimates will be converted into reserves. Different experts may provide different interpretations of resource estimates.

Environmental, Health and Safety Regulations of the Resource Industry

Environmental matters in Ghana, including those related to mining, fall primarily under the oversight of the EPA, as well as the Minerals Commission and the Mines Inspectorate Division of the Minerals Commission. The Environmental Protection Agency Act, 1994 (Act 490), and the Environmental Assessment Regulations, 1999 (L.I. 1652) govern, among other things, environmental and socio-economic impact assessments and statements, environmental management plans, emissions into the environment, environmental auditing and review, and mine closure and reclamation, to which the Corporation's operations are subject.

Additional provisions governing mine environmental management are provided in the Minerals and Mining Act, 2006 (Act 703), and Minerals and Mining Regulations (Health, Safety and Technical) 2012 (L.I. 2182). The Corporation believes it is in substantial compliance with these laws and regulations; however, the Corporation notes a continuing trend toward substantially increased environmental requirements and evolving corporate social responsibility expectations in Ghana, including the requirement for more permits, analysis, data gathering, community hearings and negotiations than have been required in the past for both routine operational needs and for new development projects.

Due to bureaucratic delays, there can be no assurance that all permits which the Corporation may require for construction of mining facilities and conduct of mining operations, particularly environmental permits, will be obtainable on reasonable terms or timeframes or that compliance with such laws and regulations would not have an adverse effect on the profitability of any mining project that the Corporation might undertake.

All phases of the Corporation's operations are subject to environmental regulations in various jurisdictions. If the Corporation's properties are proven to host economic reserves of metals, mining operations will be subject to national and local laws relating to the protection of the environment, including laws regulating removal of natural resources from the ground and the discharge of materials into the environment.

Mining operations will be subject to national and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of mining methods and equipment. Various permits from government bodies are required for mining operations to be conducted; no assurance can be given that such permits will be received.

No assurance can be given that environmental standards imposed by national or local authorities will not be changed or that any such changes would not have material adverse effects on the Corporation's activities. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on the Corporation. Additionally, the Corporation may be subject to liability for pollution or other environmental damage, which it may not be able to insure against.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those

suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Corporation and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Competitive Conditions

There is aggressive competition within the mineral exploration and mining industry for the discovery and acquisition of properties considered to have commercial potential, and for management and technical personnel. The Corporation's ability to acquire projects in the future is highly dependent on its ability to operate and develop its current assets and its ability to obtain or generate the necessary financial resources. The Corporation will compete with other parties in each of these respects, many of which have greater financial resources than the Corporation. Accordingly, there can be no assurance that any of the Corporation's future acquisition efforts will be successful, or that it will be able to attract and retain required personnel. Any such failure could have a material adverse impact upon the Corporation.

Risks Related to the Business

Operational Risks

The Corporation has not previously generated revenues from operations and its mineral projects are at an exploration stage. Therefore, it is subject to many risks common to comparable companies, including under-capitalisation, cash shortages and limitations with respect to personnel, financial and other resources as well as a lack of revenues. The Corporation has historically incurred significant losses as it has no sources of revenue (other than interest income), and has significant cash requirements to meet its exploration commitments, administrative overhead and maintain its mineral interests. The Corporation expects to continue to incur net losses unless or until one or more of its properties enters into commercial production and generates sufficient revenue to fund continuing operations. There can be no assurance that current exploration or development programs will result in the discovery of commercial deposits or, ultimately, in profitable mining operations. See also "Liquidity and Financing Risk" and "Funding Risk" below.

Liquidity and Financing Risk

The Corporation has no source of operating cash flow and may need to raise additional funding in the future through the sale of equity or debt securities or by optioning or selling its properties. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. No assurance can be given that additional funding will be available for further exploration and development of the Corporation's properties when required, upon terms acceptable to the Corporation or at all. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties, or even a loss of property interest, which would have a material adverse impact upon the Corporation.

Funding Risk

At the date of this MD&A, the Corporation has no income producing assets and will generate losses for the foreseeable future. Until it is able to develop a project and generate appropriate cash flow, it is dependent upon being able to obtain future equity or debt funding to support long term exploration. Neither the Corporation nor any of the Directors nor any other party can provide any guarantee or assurance that if further funding is required, such funding can be raised on terms favourable to the Corporation (or at all). Any additional equity funding will dilute existing shareholders. Also, no guarantee or assurance can be given as to when a project can be developed to the stage where it will generate cash flow. As such, a project would be dependent on many factors, for example exploration success, subsequent development, commissioning and operational performance.

Exploration Costs

The exploration costs of the Corporation are based on certain cost estimates and assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Corporation's viability.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, risks, including, but not limited to, unexpected or unusual geological or operating conditions, natural disasters, inclement weather conditions, pollution, rock bursts, cave-ins, fires, flooding, earthquakes, civil unrest, terrorism and political violence may occur. It is not always possible to fully insure against all risks associated with Cardinal's operations and Cardinal may decide not to take out insurance against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of Cardinal.

Conflicts of Interest

Certain directors of the Corporation are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Corporation. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors may conflict with the interests of the Corporation. Any Directors with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

Risks Related to Operating in Ghana

Environmental Bonds

The EPA from time to time reviews the reclamation bonds that are placed on the Corporation's projects in Ghana. As part of its periodic assessment of mine reclamation and closure costs, the EPA reviews the adequacy of reclamation bonds and guarantees.

In certain cases, the EPA has requested higher levels of bonding based on its findings. If the EPA were to require additional bonding at the Corporation's properties, it may be difficult, if not impossible, to provide sufficient bonding. If the Corporation is unable to meet any such increased bonding requirements or negotiate an acceptable solution with the Government of Ghana, its operations and exploration and development activities in Ghana may be materially adversely affected.

The Corporation is not in a position to state whether a review in respect of any of the Corporation's projects in Ghana is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Corporation.

Risks of Operating in Ghana

The Corporation's projects in Ghana are subject to the risks of operating in foreign countries, including political and economic considerations such as civil and tribal unrest, war (including in neighbouring countries), terrorist actions, criminal activity, nationalization, invalidation of governmental orders, failure to enforce existing laws, labour disputes, corruption, sovereign risk, political instability, the failure of foreign parties, courts or governments to honour or enforce contractual relations or uphold property rights, changing government regulations with respect to mining (including royalties, environmental requirements, labour, taxation, land tenure, foreign investments, income repatriation and capital recovery), fluctuations in currency exchange and inflation rates, import and export restrictions, challenges to the title to properties or mineral rights in which the Corporation has

interests, problems or delays renewing licenses and permits, opposition to mining from local, environmental or other non-governmental organizations, increased financing costs, instability due to economic under-development, inadequate infrastructure, and the expropriation of property interests, as well as by laws and policies of Ghana affecting foreign trade, investment and taxation. As African governments continue to struggle with deficits and depressed economies, the strength of commodity prices has resulted in the gold mining sector being targeted as a source of revenue. Governments are continually assessing the terms for a mining company to exploit resources in their country.

Furthermore, the Corporation requires consultants and employees to work in Ghana to carry out its planned exploration and development programs. It may be difficult from time to time to find or hire qualified people in the mineral exploration industry who are situated in Ghana, or to obtain all of the necessary services or expertise in Ghana, or to conduct operations on its projects at reasonable rates. If qualified people and services or expertise cannot be obtained in Ghana, the Corporation may need to seek and obtain those services from service providers located outside of Ghana which could result in delays and higher costs to the Corporation.

Ghana's *Income Tax Act, 2015, Act 896* (together with its subsequent amendments, the "**Ghanaian Tax Act**") provides for a withholding tax on payments to goods and service providers. The Ghanaian Tax Act provides for withholding tax in the range of 5-20% depending on the nature of the item or service acquired. Additionally, the Ghanaian Tax Act provides for a withholding tax of 3% on the supply or use of goods to a resident. The Corporation is required to make assessments as liabilities are incurred to ensure the appropriate amount is withheld and remitted to the Ghanaian Revenue Authority. Failure to withhold the applicable amounts could result in penalties and interest for late payment. Failure to comply with the Ghanaian Tax Act, as the same may be amended from time to time, could result in adverse tax consequences which may have a material adverse effect on the Corporation's financial condition. Further, no assurance can be given that new taxation rules or accounting policies will not be enacted by the government of Ghana or that existing rules will not be applied in a manner which could result in Cardinal being subject to additional taxation or which could otherwise have a material adverse effect on Cardinal's profitability, results of operations, financial condition and the trading price of Cardinal's securities.

Mineral resource companies face increasing public scrutiny of their activities, and are under pressure to demonstrate that their operations have potential to generate satisfactory returns not only to their shareholders, but also to benefit local governments and the communities surrounding its properties where it operates. The potential consequences of these pressures include reputational damage, lawsuits, increasing social investment obligations and pressure to increase taxes and future royalties payable to local governments and surrounding communities. As a result of these considerations, the Corporation may incur increased costs and delays in permitting and other operational matters with respect to its property interests in Ghana.

Any of the above events could delay or prevent the Corporation from exploring or developing its properties even if economic quantities of minerals are found, and could have a material adverse impact upon the Corporation's foreign operations.

Government Policy Changes

The mineral exploration activities undertaken by the Corporation are subject to laws and regulations governing health and worker safety, employment standards, exports, taxation, waste disposal, management and use of toxic substances and explosives, protection of the environment, mine development and production, protection of endangered and protected species, reclamation, historic and cultural preservation and other matters. Exploration activities may also be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on future exploration and production, price controls, royalties, export controls, currency availability, foreign exchange controls, income taxes, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental and other non-governmental organizations, limitations on foreign ownership, expropriation of property, ownership of assets, environmental legislation, labour relations, limitations on repatriation of income and return of capital, limitations on mineral exports, high rates of inflation, increased financing costs, and site safety.

The Corporation's exploration programs with respect to the Corporation's projects in Ghana will, in general, be subject to approval by the Minerals Commission and other governmental agencies. Development of any of the Corporation's properties will be dependent on the Namdini Gold Project meeting environmental guidelines set by EPA and, where required, being approved by governmental authorities such as the Minerals Commission.

Failure to comply with applicable laws, regulations and permits, even if inadvertent, may result in enforcement actions thereunder, including the forfeiture of claims, orders by regulatory or judicial authorities requiring operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or costly remedial actions, which could have a material adverse impact upon the Corporation. The Corporation may be required to compensate those claiming to suffer loss or damage by reason of its activities and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits, which could have a material adverse impact upon the Corporation.

In addition, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail development or future potential production. Adverse changes in government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the Corporation. It is possible that the current system of exploration and mine permitting in Ghana may change, resulting in impairment of rights and possibly expropriation of the Corporation's properties without adequate compensation.

Ownership Risks

The Constitution of Ghana vests title in every mineral in its natural state to the Government of Ghana. The exercise of any mineral right in the form of reconnaissance, exploration or exploitation of any mineral in Ghana requires an appropriate license or mineral right to be issued by the Government of Ghana acting through the Minister. There is no assurance that title to the properties in which the Corporation has interests will not be challenged. The acquisition of title to mineral exploration properties is a very detailed and time-consuming process. Title to and the area of mineral properties may be disputed. While the Corporation has diligently investigated title to the properties in which it has an interest, it may be subject to prior unregistered agreements or transfers or indigenous land claims and title may be affected by undetected defects. Consequently, the boundaries may be disputed.

There can be no assurance that there are no prior unregistered agreements, claims or defects that may result in the title to the properties in which the Corporation has an interest being challenged. Further, the Corporation's interests in the properties are subject to the risks that counterparties will fail to honour their contractual commitments, that courts will not enforce such contractual obligations and that required governmental approvals will not be obtained. A successful challenge to the precise area and location of these claims, or the failure of counterparties to honour or of courts to enforce such contractual obligations could result in the Corporation being unable to operate on its properties as anticipated or being unable to enforce its rights with respect to its properties which could have a material adverse impact upon the Corporation.

Permitting and Licensing Risks

In addition to mineral rights, the Corporation will require some or all of the following permits, licenses or other regulatory approvals to be able to carry out business operations in Ghana as it advances its projects: (i) environmental permits; (ii) approved environmental management plans and environmental certificates; (iii) reclamation bonds and approved reclamation plans; (iv) water usage permits; (v) business operating permits; (vi) licenses to export, sell or dispose of minerals; (vii) permits/licenses to retain a specified percentage of mineral export proceeds for purposes of debt servicing, dividend payment to foreign shareholders and acquisition of plant and machinery for the mining project; (viii) permits to operate foreign exchange retention accounts with a trustee bank; and (ix) immigration quotas to employ a specified number of non-Ghanaians to work on mining projects. The Corporation believes that it will be able to obtain and maintain in the future all such necessary licenses and permits to carry on the activities which it intends to conduct, and intends to comply in all material respects with the terms of such licenses and permits.

There can be no guarantee, however, that the Corporation will be able to obtain and maintain, at all times, all the necessary licenses and permits required to undertake the proposed exploration and development or to place its properties into commercial production and to operate mining facilities thereon. In the event of commercial production, the cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or preclude the economic development of a particular property.

Artisanal Miners

The Corporation's property interests are held in areas of Ghana that have historically been mined by artisanal miners. As the Corporation further explores and advances its projects, the removal of any artisanal miners operating on its properties may be required. There is a risk that such artisanal miners may oppose the Corporation's operations, which may result in a disruption to any planned development and/or mining and processing operations. In addition, artisanal miners have historically used chemicals that are harmful to the environment to separate the precious metals from the ore. There can be no assurance that the Corporation will not be subject to environmental liabilities resulting from such operations in the future, which could have a material adverse impact on the Corporation. In addition, artisanal work practices are often unsafe and accidents and/or incidents may occur on the Corporation's property, and there is an added reputational risk that third parties may wish to link the activities of the artisanal miners to that of the Corporation in the event of accidents or incidents, which could have a material adverse impact on the Corporation.

General Risks

Market Conditions

Share market conditions may affect the value of the Corporation's quoted securities regardless of the Corporation's operating performance. Share market conditions are affected by many factors such as: general economic outlook; introduction of tax reform or other new legislation; interest rates and inflation rates; changes in investor sentiment toward particular market sectors; the demand for, and supply of, capital; and terrorism or other hostilities. The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. The Corporation does not warrant the future performance of the Corporation or any return on an investment in the Corporation.

Stress in the Global Economy

Reduction in credit, combined with reduced economic activity and the fluctuations in the Australian dollar may adversely affect businesses and industries that purchase commodities, affecting commodity prices in more significant and unpredictable ways than the normal risks associated with commodity prices. The availability of services such as drilling contractors and geological service companies and/or the terms on which these services are provided may be adversely affected by the economic impact on the service providers. The adverse effects on the capital markets generally make the raising of capital by equity or debt financing much more difficult and the Corporation is dependent upon the capital markets to raise financing. Any of these events, or any other events causing turmoil in world financial markets, may have a material adverse effect on the Corporation's business, operating results and financial condition.

Current Global Financial Condition

Current global financial conditions have been subject to increased volatility. As such, the Corporation is subject to counterparty risk and liquidity. The Corporation is exposed to various counterparty risks including, but not limited to financial institutions that hold the Corporation's cash, and through companies that have payables to the Corporation. The Corporation is also exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Corporation to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Corporation. If these increased levels of volatility and market turmoil

continue, the Corporation's operations could be adversely impacted and the trading price of the shares could be adversely affected.

Exchange Rate and Currency Risks

The Corporation undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Corporation does not hedge this exposure. The Corporation manages its foreign exchange risk by constantly reviewing its exposure and ensuring that there are appropriate cash balances in order to meet its commitments.

Currency fluctuations may affect the cash flow which the Corporation may realise from its operations, since most mineral commodities are sold in a world market in USD. The Corporation's costs are incurred in AUD, GHS, USD and CAD.

Commodity Prices

The price of the Ordinary Shares, and the Corporation's profitability, financial results and exploration activities may in the future be significantly adversely affected by declines in the price of precious metals. Precious metal prices fluctuate on a daily basis and are affected by a number of factors beyond the control of the Corporation, including the US dollar and other foreign currency exchange rates, central bank and financial institution lending and sales, producer hedging activities, global and regional supply and demand, production costs, confidence in the global monetary system, expectations of the future rate of inflation, the availability and attractiveness of alternative investment vehicles, interest rates, terrorism and war, and other global or regional political or economic events or conditions.

The price of gold has fluctuated widely in recent years, and future trends cannot be predicted with any degree of certainty. In addition to adversely affecting the Corporation's financial condition and exploration and development activities, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project, as well as have an impact on the perceptions of investors with respect to gold equities, and therefore, the ability of the Corporation to raise capital. A sustained, significant decline in the price of gold could also cause development of any properties in which the Corporation may hold an interest from time to time to be impracticable. Future production from the Corporation's future properties, if any, will be dependent upon, among other things, the price of gold being adequate to make these properties economic. There can be no assurance that the market price of gold will remain at current levels, that such price will increase or that market prices will not fall.

Reliance on Key Personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Corporation depends substantially on its senior management and its key personnel. There can be no assurance that there will be no detrimental impact on the Corporation if one or more of these employees cease their employment.

Dilution Risk

Cardinal has outstanding options and Performance Shares. Should these securities be exercised or converted (as applicable), the holders have the right to acquire additional Ordinary Shares, in accordance with the terms of such securities. During the life of these securities, the holders have the opportunity to profit from a rise in the market price of the Cardinal shares, possibly resulting in the dilution of existing securities.

CRITICAL ACCOUNTING ESTIMATES

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Deferred taxation

The potential deferred tax asset arising from the tax losses and temporary differences have not been recognized as an asset because recovery of the tax losses is not yet considered probable.

Provisions

On an ongoing basis, the Company is subject to various claims and other legal disputes for which the outcomes cannot be assessed with a high degree of certainty. A liability is recognized where, based on the Company's legal views and advice, it is considered probable that an outflow of resources will be required to settle a present obligation that can be measured reliably.

By their nature, these provisions will only be resolved when one or more future events occur or fail to occur. The assessment of such provisions inherently involves the exercise of significant judgment of the potential outcome of future events.

MINERAL RESOURCE ESTIMATES

The Mineral Resources for the Corporation's properties have been estimated in accordance with the JORC Code and reconciled with the Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards for Mineral Resources and Mineral Reserves adopted by the CIM Council on May 10, 2014 (the "**CIM Definition Standards**").

JORC Code

The following definitions are reproduced from the JORC Code:

"Mineral Resource" means a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.

"Inferred Mineral Resource" means that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource (as defined herein) and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

"Indicated Mineral Resource" means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors (as defined herein) as described below in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource (as defined herein) and may only be converted to a Probable Ore Reserve (as defined herein).

"Measured Mineral Resource" means that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A Measured Mineral Resource

has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Ore Reserve (as defined herein) or to a Probable Ore Reserve.

"Ore Reserve" means the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Ore Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported.

"Probable Ore Reserve" means the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Ore Reserve is lower than that applying to a Proven Ore Reserve.

"Proved Ore Reserve" means the economically mineable part of a Measured Mineral Resource. A Proved Mineral Reserve implies a high degree of confidence in the Modifying Factors.

For the purposes of the JORC Code and CIM Definition Standards, "**Modifying Factors**" are considerations used to convert Mineral Resources to Mineral Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

There can be no assurance that those portions of such Mineral Resources will ultimately be converted into Ore Reserves. Mineral Resources are not Ore Reserves and do not have demonstrated economic viability.

CAUTIONARY NOTE TO UNITED STATES SHAREHOLDERS CONCERNING ESTIMATES OF MINERAL RESERVES AND MINERAL RESOURCES

This MD&A uses the terms "**Probable Ore Reserve**", "**Measured Mineral Resource**", "**Indicated Mineral Resource**" and "**Inferred Mineral Resource**". United States Shareholders are advised that while such terms are recognized and required by Canadian and Australian standards or regulations, the SEC does not recognise them. In particular, and without limiting the generality of this cautionary note, the term "**Mineral Resource**" does not equate to the term "**Ore Reserve**". This MD&A may use the terms "**Probable Ore Reserves**" and "**Proved Ore Reserves**" as such terms are used under NI 43-101, CIM Standards and the JORC Code, which standards differ from the standards that apply under SEC Industry Guide 7. Under United States standards, mineralization may not be classified as an "**Ore Reserve**" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. As such, certain information contained in this MD&A concerning descriptions of mineralization and resources and reserves under NI 43-101, CIM Standards and the JORC Code are not comparable to disclosures made by United States reporting companies. "**Inferred Mineral Resources**" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of a Probable Ore Reserve, Measured Mineral Resource, Indicated Mineral Resource or an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian and Australian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. United States Shareholders are cautioned not to assume that all or any part of Measured, Indicated or Inferred Mineral Resources will ever be converted into Ore Reserves. United States Shareholders are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists, or is economically or legally mineable.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Internal controls have been designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. As

at December 31, 2017, the Company's Chief Executive Officer and Chief Financial Officer evaluated or caused to be evaluated under their supervision the effectiveness of the Company's internal control over financial reporting. The Chief Executive Officer and the Chief Financial Officer concluded that, as of December 31, 2017, the Company's internal control over financial reporting was effective and no material weaknesses were identified.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management, including the Chief Executive Officer and Chief Financial Officer, does not expect that its disclosure controls and procedures or internal controls and procedures will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

The Company is required under Canadian securities laws to disclose herein any change in the Company's internal control over financial reporting that occurred during the Company's most recent interim period that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. There have been no changes in the Company's internal control over financial reporting that occurred during the Company's most recent interim period that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

DISCLOSURE CONTROLS AND PROCEDURES

Management is responsible for establishing and maintaining adequate internal controls over disclosure controls and procedures, as defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings of the Canadian Securities Administrators and Rules 13a-15(e) and Rule 15d-15(e) under the United States Exchange Act of 1934, as amended. Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure.