

Cardinal Resources Ltd

Rapid progress on feasibility and finance for Namdini

Cardinal Resources Ltd (ASX/TSX:CDV) is a West African exploration and development company which is focused on developing the Namdini Gold Project in Ghana and exploration of its other tenements in North and South Ghana. Cardinal is rapidly progressing its feasibility study and project finance for the Namdini Project with plans to have the feasibility study delivered in the September quarter 2019 following positive results from recent metallurgical optimisation test work using the Aachen™ pilot plant. Project finance options are also being progressed quickly with the Company's project finance adviser, Cutfield Freeman (London) currently assessing term sheets from banks and other project finance sources. The Namdini Project has an in-situ reserve of 5.1Moz (0.4Moz proved, 4.7Moz probable) with average grades of 1.13g/t and it is anticipated that the Aachen™ leach test work will improve recoveries and result in Opex and Capex savings.

The Project

Cardinal Resources is in the advanced stages of developing the feasibility study and financing arrangements for the Namdini Gold Project in Ghana. The Company initially indicated that the feasibility study would be finalised by June end, a quarter earlier than expected but has subsequently announced that it would take the time to utilise the test work from the Aachen™ pilot plant to improve planned recoveries and; operating and capital cost estimates on the project. The pre-feasibility study (PFS) was modelled on a maiden ore reserve of 4.76Moz and estimated (using a 5% discount rate; US\$1,250/oz gold price (current gold price \$1,428/oz), US\$414m development capex and 9.5Mtpa ROM throughput) to deliver a post-tax NPV (Net Present Value) of US\$586m with an internal rate of return of 38%. At the spot gold price of ~US\$1,350/oz, the project's after tax NPV(5) sensitivity is US\$758m, (IRR of 46%). The PFS proposes the development of a starter pit at the northern end of the reserve to yield ~900,000 ounces of gold with a 0.5:1 strip ratio over a 2.5-year mine life. All in Sustaining Costs for the starter pit were estimated at US\$599/oz. The Life of Mine plan is forecast to yield 3.975Moz at a 1.4:1 strip ratio over a 14-year life.

Exploration potential

The company has exploration programmes at Bolgatanga in Northern Ghana and Subranum, Southern Ghana. The three Bolgatanga tenements are to the west and north of the Namdini Project. Six large scale targets have been identified 15km to the north of Namdini at Ndongo while 45km to the west, a 4.5km strike length at Kungongo is being evaluated following positive assay results from first pass drilling. At Bongo to the NW of Namdini, geophysics targets are being evaluated. The Southern Ghana tenement, Subranum lies to the east of several existing projects.

Pathway to development

Cardinal anticipates that once the feasibility study is completed in the September quarter, financing arrangements supporting and project sanction decision could be completed within Q4 CY19 with the view to commencing construction of the starter pit over CY2020 and gold production by H2-CY2022. In tandem, the company expects to continue with its exploration programme over the next 18 months subject to results success.

Share details

ASX Code	CDV
Share Price	\$0.34
Market Capitalisation	\$134M
Number of shares	382.86M
Listed options (\$0.15 exercise price, expire 30/09/19)	110.5M
Unlisted options	33.74M
Performance shares (each convert to 100,000 shares)	60
Net debt at bank 31 March	~\$9M

Share price performance (12 months)



Upside Case

- Registry is well supported by institutions and mining companies
- Potential upside in greenfield exploration assets
- Board highly experienced in project development in Ghana

Downside Case

- Construction and commissioning risks – costs higher, time longer and efficiencies (recoveries) lower than modelled would negatively impact NAV and earnings
- Debt financing for small-cap companies maybe more onerous and expensive than expected

Catalysts

- Feasibility study completion (September 2019)
- Project finance finalisation

Comparative companies (Australia & NZ)

PRU, RSG

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FINANCIAL SERVICES GUIDE

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