

Cardinal Resources Ltd

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Cardinal Resources scales back fieldwork in wake of Coronavirus

Cardinal Resources Ltd (ASX:CDV) has enacted changes to its West African exploration program, focusing on the safety and well-being of its workforce during the current COVID-19 pandemic.

Following advice from the World Health Organisation (WHO) and the Australian, Ghanaian and Canadian Governments, all international travel has been suspended, and on the ground in Ghana, the workforce has been reduced to key personnel only.

This comes after the WHO Situation Report 68 of March 28, 2020, which confirmed 138 cases and four deaths from COVID-19 in Ghana.

Namdini project

While fieldwork has been scaled back for at least the next four weeks, the Namdini Gold Project team is still actively working on adding value to the project.

In February, the company was awarded key water extraction permits, while earlier this month, the government approved the Resettlement Action Plan, which will have significant health and wellbeing benefits for the local community.

Cardinal also announced the approval of and expansion of the Namdini Mining Licence from 19 square kilometres to 63 square kilometres.

Regional exploration

First-pass limited drilling to test one of the newly identified targets at Ndongo was completed with no mineralisation of economic potential intersected.

The program consisted of 23 shallow RC holes with two diamond tails with 1,960 metres of RC and 244.07 metres of core drilling on target zone two.

Results were intermittent and included 3 metres at 0.7 g/t gold, 1-metre at 3.2 g/t, 1-metre at 0.7 g/t and 1-metre at 0.7 g/t.

Geological interpretation is ongoing and will incorporate all new assay results, geophysical dataset and geochemical data analysis for further targeting.

Nordgold interest

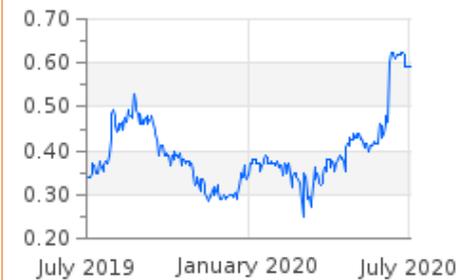
The company is working constructively with Nordgold SE who, on March 16, 2020, acquired a relevant interest in more than 98 million shares in Cardinal, giving it voting power of about 19.9 per cent of the total share capital outstanding.

A confidentiality agreement has been executed with Nordgold and the company has provided Nordgold with full access to the Cardinal data room to allow Nordgold to complete its due diligence as requested.

Price: 0.69

Market Cap: \$362.96 m

1 Year Share Price Graph



Share Information

Code: CDV

Listing: ASX

52 week High Low
0.7 0.23

Sector: Gold & silver

Website: www.cardinalresources.com.au

Company Synopsis:

Cardinal Resources Ltd (ASX:CDV) a gold focused exploration company with four tenements in Ghana, West Africa.

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It should be noted that whilst Nordgold has already acquired a 19.9% interest in the company, it has not made any formal offer to Cardinal.

Cardinal will advise shareholders if a formal offer is received from Nordgold or there are any other material developments.

Sprott Loan Facility

On February 27, 2020, Cardinal announced that it had repaid US\$8.0 million to Sprott Private Resources Lending (Collector), L.P.

Given the unexpected downturn in global equity markets and uncertainties as a result of the COVID-19 pandemic, the company has executed an agreement to redraw US\$5 million from Sprott.

The US\$5 million may be redrawn by Cardinal in two equal tranches, with funding for the first tranche expected to be received imminently.

As consideration for the redraw, Cardinal has agreed to pay a redraw fee as well as apply a 5% redemption premium on all future repayments of the facility.

Agreement terms

The material terms, including interest rate, of the credit agreement with Sprott remain otherwise unchanged.

Upon completion of the redraw of the entire US\$5 million facility, the loan position will be approximately US\$24 million.

With current cash of A\$3.2 million and redraw of the entire facility of around A\$8.4 million (US\$5 million), Cardinal will have approximately A\$11.6 million cash and facilities (excluding fees).

The company reasonably expects the loan facility will be fully repaid prior to the maturity date of March 1, 2021.

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