

ANNUAL INFORMATION FORM
FOR THE FISCAL YEAR ENDED
OCTOBER 31, 2015



Suite 2300 – 1177 West Hastings Street
Vancouver, British Columbia
V6E 2K3

January 27, 2016

TABLE OF CONTENTS

	Page
PRELIMINARY NOTES	1
Documents Incorporated by Reference	1
Date of Information	1
Currency and Exchange Rates	1
Metric Equivalents.....	1
Forward-Looking Statements	2
Caution Regarding Adjacent or Similar Mineral Properties.....	4
Caution Regarding Reference to Resources and Reserves	4
Caution Regarding Historical Results	5
Glossary of Terms	5
CORPORATE STRUCTURE	8
Name, Address and Incorporation	8
Intercorporate Relationships.....	8
GENERAL DEVELOPMENT OF THE BUSINESS	9
Three Year History	9
NARRATIVE DESCRIPTION OF THE BUSINESS	16
General	16
Material Mineral Project.....	26
DIVIDENDS	33
DESCRIPTION OF CAPITAL STRUCTURE.....	33
General Description of Capital Structure	33
MARKET FOR SECURITIES	35
Trading Price and Volume.....	35
ESCROWED SECURITIES.....	36
DIRECTORS AND EXECUTIVE OFFICERS	36
Name, Occupation and Security Holding	36
Cease Trade Orders, Bankruptcies, Penalties or Sanctions	37
Conflicts of Interest	39
PROMOTERS	39
LEGAL PROCEEDINGS AND REGULATORY ACTIONS.....	39
Legal Proceedings	39
Regulatory Actions	40
Interest of Management and Others in Material Transactions.....	40
TRANSFER AGENT AND REGISTRAR	40
MATERIAL CONTRACTS.....	40
NAMES AND INTERESTS OF EXPERTS	41
Names and Interests of Experts	41

TABLE OF CONTENTS

(continued)

	Page
ADDITIONAL INFORMATION	41
Audit Committee Information	41
Additional Information	41
 SCHEDULE "A" – AUDIT COMMITTEE INFORMATION	

PRELIMINARY NOTES

Documents Incorporated by Reference

Incorporated by reference into this Annual Information Form (“AIF”) are the following documents:

- (a) Consolidated Audited Financial Statements of the Company for the year ended October 31, 2015;
- (b) Management Discussion and Analysis of the Company for the year ended October 31, 2015 dated January 27, 2016 (“MD&A”);
- (c) Management Information Circular dated July 24, 2015 in respect of the 2015 Annual and Special Meeting (“Information Circular”); and
- (d) Technical report dated, effective November 30, 2015, entitled “Technical Report, Zonia Copper Project NI 43-101 Technical Report” (the “Zonia Report”) prepared by Tetra Tech, a copy of which may be obtained online from SEDAR at www.sedar.com.

All financial information in this AIF has been prepared in accordance with International Financial Reporting Standards (“IFRS”).

Date of Information

All information in this AIF is as of October 31, 2015 unless otherwise indicated.

Currency and Exchange Rates

All dollar amounts in this AIF are expressed in Canadian dollars unless otherwise indicated. The Company’s accounts are maintained in Canadian dollars and the Company’s financial statements are prepared in accordance with IFRS. All references to “U.S. dollars”, “USD” or to “US\$” are to U.S. dollars, and to “ARS” are to Argentinean pesos.

The following table sets forth the rate of exchange for the Canadian dollar, expressed in United States dollars in effect at the end of the periods indicated, the average of exchange rates in effect on the last day of each month during such periods, and the high and low exchange rates during such periods based on the noon rate of exchange as reported by the Bank of Canada for conversion of Canadian dollars into United States dollars.

Canadian Dollars to U.S. Dollars	Year Ended October 31 2014		
	2015	2014	2013
Rate at end of period	USD 0.6821	USD 0.8869	USD 0.9589
Average rate for period	USD 0.7731	USD 0.9170	USD 0.9806
High for period	USD 0.8386	USD 0.9602	USD 1.0164
Low for period	USD 0.6821	USD 0.8858	USD 0.9455

Metric Equivalents

For ease of reference, the following factors for converting Imperial measurements into metric equivalents are provided:

To convert from Imperial	To metric	Multiply by
Acres	Hectares	0.404686
Feet	Metres	0.30480
Miles	Kilometres	1.609344
Tons	Tonnes	0.907185
Ounces (troy)/ton	Grams/Tonne	34.2857

1 mile = 1.609 kilometres

2000 pounds (1 short ton) = 0.907 tonnes

1 acre = 0.405 hectares

1 ounce (troy) = 31.103 grams

2,204.62 pounds = 1 metric ton = 1 tonne

1 ounce (troy)/ton = 34.2857 grams/tonne

Terms used and not defined in this AIF that are defined in National Instrument 51-102 “Continuous Disclosure Obligations” shall bear that definition. Other definitions are set out in National Instrument 14-101 “Definitions”.

Forward-Looking Statements

This AIF contains forward-looking statements and forward-looking information (collectively, “forward-looking statements”) within the meaning of applicable Canadian and US securities legislation. These statements relate to future events or the future activities or performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. Information concerning mineral resource estimates and the economic analysis thereof contained in preliminary economic analyses or prefeasibility studies also may be deemed to be forward-looking statements in that they reflect a prediction of the mineralization that would be encountered if a mineral deposit were developed and mined. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate, plans and similar expressions, or which by their nature refer to future events. These forward-looking statements include, but are not limited to, statements concerning:

- the Company’s strategies and objectives, both generally and specifically in respect of the Zonia copper-oxide project;
- the potential for a positive preliminary economic assessment, positive bankable feasibility study, or a positive outcome to the mine permitting process, the potential commencement of any development of a mine at Zonia following a production decision and the potential for any production from the Zonia deposit;
- the Company’s estimates of the quality and quantity of the resources and/or reserves at its mineral properties;
- the timing and cost of any proposed future work with respect to Zonia;
- the success of exploration activities with respect to Zonia;
- future metal prices or future sales of metals, concentrates or other products;
- the timing and amount of any future production, costs of production or capital expenditures;
- general business and economic conditions and currency fluctuations; and

- the Company's ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations.

Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Inherent in forward-looking statements are risks and uncertainties beyond the Company's ability to predict or control, including, but not limited to, risks related to the Company's inability to identify one or more economic deposits on its properties, variations in the nature, quality and quantity of any mineral deposits that may be located, variations in the market price of any mineral products the Company may produce or plan to produce, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, and other risks identified herein under "Risk Factors". The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results are likely to differ, and may differ materially, from those expressed or implied by forward-looking statements contained in this AIF. Such statements are based on a number of assumptions which may prove incorrect, including, but not limited to, assumptions about:

- the Company's future cash requirements and the ability of the Company to raise the funding necessary to carry out its planned activities and to meet its anticipated general and administrative expenses for the remainder of the fiscal year ending October 31, 2016;
- the level and volatility of the price of commodities, and copper in particular;
- general business and economic conditions and foreign exchange rates;
- the timing of the receipt of regulatory and governmental approvals, permits and authorizations necessary to implement and carry on the Company's planned exploration programs, particularly at Zonia;
- conditions in the financial markets generally;
- the Company's ability to attract and retain key staff;
- the accuracy of the Company's resource/reserve estimates (including with respect to size and grade) and the geological, operational and price assumptions on which these are based;
- the ongoing relations of the Company with its underlying optionors/lessors, any joint venture and/or contractual partners, the applicable regulatory agencies, and indigenous groups in the United States; and
- that the metallurgy and recovery characteristics of samples from certain of the Company's mineral properties are reflective of the deposit as a whole.

These forward-looking statements are made as of the date hereof and the Company does not intend and does not assume any obligation to update these forward-looking statements, except as required by applicable law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Caution Regarding Adjacent or Similar Mineral Properties

This AIF contains information with respect to adjacent or similar mineral properties in respect of which the Company has no interest or rights to explore or mine. The Company advises US investors that the mining guidelines of the US Securities and Exchange Commission (the “SEC”) set forth in the SEC’s Industry Guide 7 (“SEC Industry Guide 7”) strictly prohibit information of this type in documents filed with the SEC. Readers are cautioned that the Company has no interest in or right to acquire any interest in any such properties, and that mineral deposits on adjacent or similar properties are not indicative of mineral deposits on the Company’s properties.

Caution Regarding Reference to Resources and Reserves

National Instrument 43-101 Standards of Disclosure of Mineral Projects (“NI 43-101”) is a rule developed by the Canadian Securities Administrators which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Unless otherwise indicated, all reserve and resource estimates contained in or incorporated by reference in this AIF have been prepared in accordance with NI 43-101 and the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the “CIM”) Standards on Mineral Resource and Mineral Reserves, adopted by the CIM Council on November 14, 2004 (the “CIM Standards”) as they may be amended from time to time by the CIM.

The terms “mineral reserve”, “proven mineral reserve” and “probable mineral reserve” are Canadian mining terms as defined in accordance with NI 43-101 and the CIM Standards. These definitions differ from the definitions in SEC Industry Guide 7. The SEC has taken the position that mineral reserves for a mineral property may not be designated unless: (i) competent professional engineers conduct a detailed engineering and economic study, and the “bankable” or “final” feasibility study demonstrates that a mineral deposit can be mined profitably at a commercial rate; (ii) a historic three-year average commodity price is used in any reserve or cash flow analysis used to designate reserves; and (iii) the company has demonstrated that the mineral property will receive its governmental permits, and the primary environmental document has been filed with the appropriate governmental authorities.

In addition, the terms “mineral resource”, “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” are defined in and required to be disclosed by NI 43-101 and the CIM Standards; however, these terms are not defined terms under SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. “Inferred mineral resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of “contained ounces” in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute “reserves” by SEC Industry Guide 7 standards as in place tonnage and grade without reference to unit measures.

Accordingly, information contained in this AIF and the documents incorporated by reference herein contain descriptions of the Company’s mineral deposits that may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

Caution Regarding Historical Results

Historical results of operations and trends that may be inferred from the discussion and analysis in this AIF may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations. See "Risk Factors – Share Price Volatility".

Glossary of Terms

The following is a glossary of certain mining and other terms used in this AIF:

“Cardero Chile”	Compania Minera Cardero Chile Limitada, a wholly owned Chilean subsidiary of Cardero
“Cardero Coal”	Cardero Coal Ltd., a wholly owned British Columbia subsidiary of Cardero
“Cardero Hierro Peru”	Cardero Hierro del Peru, S.A.C., a Peruvian subsidiary owned 90% by the Company and 10% by Cardero Hierro BVI
“Cathode Copper”	the raw material input to the production of continuous cast copper rod for the wire and cable industry. Cathodes are also used to produce high quality copper tube, brass and other extruded copper products
“CCDL”	Cerro Colorado Development Ltd., a wholly owned British Columbia subsidiary of Cardero
“cm”	Centimetres
“Common Shares”	The common shares without par value in the capital stock of Cardero as the same are constituted on the date hereof
“Cu”	Copper
“deformation”	A general term for the processes of folding, faulting, shearing, compression, or extension of rocks as a result of various earth forces
“deposit”	A mineralized body which has been physically delineated by sufficient drilling, trenching, and/or underground work, and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures. Such a deposit does not qualify as a commercially mineable ore body or as containing reserves or ore, unless final legal, technical and economic factors are resolved
“diamond drill”	A type of rotary drill in which the cutting is done by abrasion rather than percussion. The cutting bit is set with diamonds and is attached to the end of the long hollow rods through which water is pumped to the cutting face. The drill cuts a core of rock which is recovered in long cylindrical sections, an inch or more in diameter
“dip”	The angle that a stratum or any planar feature makes with the horizontal, measured perpendicular to the strike and in the vertical plane

“Director”	A member of the Board of Directors of Cardero
“disseminated”	Fine particles of mineral dispersed throughout the enclosing rock
“executive officer”	<p>When used in relation to any issuer (including Cardero) means an individual who is:</p> <ul style="list-style-type: none">(a) a chair, vice chair or president;(b) a vice-president in charge of a principal business unit, division or function, including sales, finance or production;(c) an officer of the issuer or any of its subsidiaries that performs a policy-making function in respect of the issuer; or(d) performing a policy-making function in respect of the issuer
“footwall”	The mass of rock beneath a fault, orebody or mine working; especially the wall rock beneath an inclined vein or fault
“gangue”	The valueless rock or mineral aggregates in an ore; that part of the ore that is not economically desirable but cannot be avoided in mining. It is separated from the ore minerals during concentration
“grade”	To contain a particular quantity of ore or mineral, relative to other constituents, in a specified quantity of rock
“hanging wall”	The overlying side of an orebody, fault, or mine working, especially the wall rock above an inclined vein or fault
“Heap Leach”	Heap leaching is the process to extract precious metals like gold, silver, copper and uranium from their ore by placing them on a pad (a base) in a heap and sprinkling a leaching solvent, such as cyanide or acids, over the heap. This process dissolves the metals and they collect at the bottom of the pad.
“km”	Kilometres
“m”	Metres
“mm”	Millimetres
“mineral reserve”	The economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined and processed
“mineral resource”	A concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.

The term “mineral resource” covers mineralization and natural material of intrinsic economic interest which has been identified and estimated through exploration and sampling and within which mineral reserves may subsequently be defined by the consideration and application of technical, economic, legal, environmental, socio-economic and governmental factors. The phrase “reasonable prospects for economic extraction” implies a judgement by a qualified person (as that term is defined in NI 43-101) in respect of the technical and economic factors likely to influence the prospect of economic extraction. A mineral resource is an inventory of mineralization that, under realistically assumed and justifiable technical and economic conditions, might become economically extractable

“mineralization”	The concentration of metals and their chemical compounds within a body of rock
“National Instrument 43-101”/ “NI 43-101”	National Instrument 43-101 of the Canadian Securities Administrators entitled “Standards of Disclosure for Mineral Projects”
“NSR”	Net smelter return
“open pit”	A surface mine, open to daylight, such as a quarry. Also referred to as open-cut or open-cast mine
“PPB” or “ppb”	Parts per billion
“PPM or “ppm”	Parts per million
“reverse circulation drilling”	RC drilling is similar to air core drilling, in that the drill cuttings are returned to surface inside the rods. The drilling mechanism is a pneumatic reciprocating piston known as a “hammer” driving a tungsten-steel drill bit. Reverse circulation is achieved by blowing air down the rods, the differential pressure creating air lift of the water and cuttings up the “inner tube”, which is inside each rod. It reaches the “bell” at the top of the hole, then moves through a sample hose which is attached to the top of the “cyclone”. The drill cuttings travel around the inside of the cyclone until they fall through an opening at the bottom and are collected in a sample bag
“strike”	The direction taken by a structural surface
SXEW	Solvent extraction and electrowinning (SX/EW) is a two-stage hydrometallurgical process that first extracts and upgrades copper ions from low-grade leach solutions into a solvent containing a chemical that selectively reacts with and binds the copper in the solvent. The copper is extracted from the solvent with strong aqueous acid which then deposits pure copper onto cathodes using an electrolytic procedure (electrowinning). SX/EW processing is best known for its use by the copper industry, where it accounts for 20% of world-wide production
“tailings”	The material that remains after all metals considered economic have been removed from ore during milling
“TSX”	Toronto Stock Exchange

CORPORATE STRUCTURE

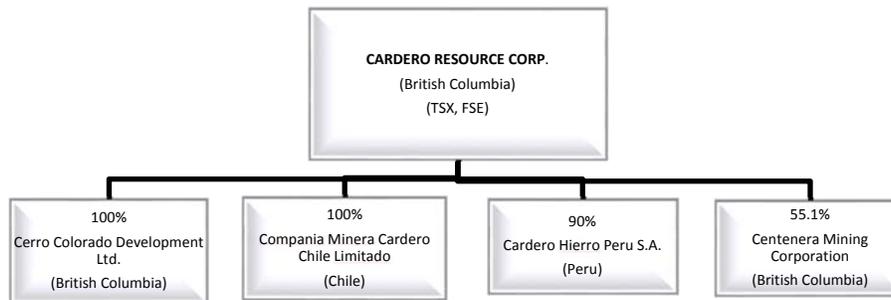
Name, Address and Incorporation

Cardero Resource Corp. (“Cardero”) was incorporated under the *Company Act* (British Columbia) on December 31, 1985 under the name “Halley Resources Ltd.”. The name was subsequently changed to “Rugby Resources Limited” on September 6, 1991, to “Euro-Ad Systems Inc.” on April 30, 1993, to “Sun Devil Gold Corp.” on July 3, 1997, and to “Cardero Resource Corp.” on May 18, 1999. Cardero was transitioned under the *Business Corporations Act* (British Columbia) (“BCBCA”) on January 13, 2005, and is now governed by that statute. On April 22, 2005, Cardero filed a new Notice of Articles, reflecting the adoption by the shareholders, on April 15, 2005, of a new form of Articles to govern the affairs of the Company in substitution for the original articles adopted under the old *Company Act* (B.C.) and reflecting the increased flexibility available to companies under the BCBCA. On October 15, 2015, the Company amended its capital structure to create a new class of shares, being an unlimited number of preferred shares with a par value of \$0.20 per share and with certain special rights and restrictions as more particularly described in the Company’s articles adopted on the same date. A copy of the new Articles is available on SEDAR at www.sedar.com.

The head office and principal business address of Cardero is located at Suite 2300 – 1177 West Hastings Street, Vancouver, British Columbia, Canada V6E 2K3, and its registered and records office is located at 2080 – 777 Hornby Street Vancouver, British Columbia, Canada V6Z 1S4.

Intercorporate Relationships

The following corporate chart sets forth all of Cardero’s material subsidiaries and their respective jurisdictions of incorporation. Each of these subsidiaries is wholly owned, directly or indirectly, by Cardero:



Throughout this document references made to the “Company” refer to Cardero and its consolidated subsidiaries, Cardero Chile, Cardero Hierro Peru, CCDL, while reference to “Cardero” refers to the Canadian parent company only.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

The Company is a mineral exploration company engaged in the acquisition, exploration and development of mineral properties. The Company is in the exploration stage as its properties have not yet reached commercial production and none of its properties is beyond the exploration stage. All work presently planned by the Company is directed at defining mineralization and increasing understanding of the characteristics of, and economics of, that mineralization. **Other than at the Zonia copper-oxide property in Arizona, USA, there are currently no identified mineral reserves or mineral resources on any of the Company's mineral properties.**

Over the past three financial years, the Company focused on the acquisition and exploration of mineral properties, primarily in Canada, Ghana, Argentina, Mexico and the United States. During the fiscal years ended October 31, 2013, 2014 and 2015, the Company entered into a number of option/joint venture agreements to acquire interests in properties in these countries that it believed to have the potential to host large gold, silver, copper-gold, iron ore/titanium/vanadium and/or coal deposits. All of these properties have since been returned to the respective vendors or abandoned, and the associated costs written off, in light of disappointing exploration results. In this regard, during the 2013 fiscal year the Company wrote off \$16,447,113 in acquisition and exploration costs (primarily in respect of Sheini project in Ghana and the Longnose and Titac titanium projects in Minnesota), during the 2014 fiscal year the Company wrote off \$69,753,529 in exploration costs (primarily in respect of the Carbon Creek project in Canada). During fiscal 2015 the Company disposed of Cardero Coal and recorded a loss on disposition of \$3,708,583.

The Pirquitas property in Argentina was optioned to Artha Resources Corporation ("Artha") in 2009. As at July 14, 2013, Artha had not expended the required funds in order to exercise their initial option. However, Artha did serve the Company with a Force Majeure notice, claiming that Artha had been impeded in making their expenditure because of difficulty in obtaining work permits in the 12 months ending June 2013 and therefore the July 14, 2013 deadline for Artha to have incurred expenditures should be extended for a 12 month period. The Company disputed this position. As at October 24, 2013, Artha and the Company reached a new agreement. The agreement provided Cardero with a limited time (6 months) to sell the Pirquitas project and a minimum acceptable price. On completion of a sale within these parameters, Artha was entitled to receive 25% of the net proceeds. In Q3 2014, Cardero Argentina disposed of all of its interest in the Minas Pirquitas property in Argentina for gross proceeds of USD 50,000. The Company received a facilitation fee of USD 850,000 for services rendered in connection with the termination of an option agreement with Artha, thereby permitting the disposition to proceed. The Company paid a finder's fee of USD 22,500 to an arm's length individual and USD 212,942 to Artha in consideration of Artha terminating its existing option agreement with respect to the Minas Pirquitas property.

In keeping with its bulk-commodity focus, in June, 2010, Cardero acquired an initial interest of 49.9% in Coalhunter Mining Corporation ("Coalhunter"). Pursuant to private placements completed on September 27, 2010 and December 21, 2010, Cardero's interest in Coalhunter increased to 45.5%. On June 1, 2011, Cardero acquired all of the issued and outstanding common shares of Coalhunter and Coalhunter subsequently changed its name to "Cardero Coal Ltd.". Pursuant to an Arrangement Agreement dated April 18, 2011 between Cardero and Coalhunter, on June 1, 2011 each Coalhunter shareholder (other than Cardero) received 0.8 of a common share of Cardero for each common share of Coalhunter held, resulting in the issuance of 23,397,002 Common Shares. A further 5,885,543 Common Shares were reserved for issuance upon the exercise of options held by former Coalhunter optionees, the exercise of Coalhunter warrants and pursuant to Coalhunter property acquisition agreements. The reason for the acquisition of Coalhunter was to acquire the interest of Coalhunter in the Carbon Creek coal project. Since the time of the acquisition, the Company focused primarily on the further exploration and development of Carbon Creek. In December, 2011, the Company exercised its option

to enter into a coal lease covering approximately 2,600 hectares of freehold coal comprising a portion of Carbon Creek. At the same time, the Company also made the necessary payment to enter into a joint venture with the Carbon Creek Partnership with respect to Carbon Creek as required for the further development of Carbon Creek. The Company completed a significant exploration program during 2011, which led to the preparation of a preliminary economic assessment on a portion of Carbon Creek. The Company also completed a major drilling program in 2012, which led to the preparation of the PFS. In June 2012, Ridley Terminals Inc. (“Ridley”) and Cardero Coal entered into an agreement for the shipment of metallurgical coal from Carbon Creek (the “Terminal Agreement”). The Terminal Agreement has a 15 year term from January 1, 2014 to December 31, 2028, with provision to extend the term by three years to December 31, 2031. Contract volume is set at 500,000 tonnes per annum (“tpa”) through 2014, increasing to 900,000 tpa in 2015. Due to governmental inaction in the permitting process and other reasons, Cardero declared Force Majeure in October 2014. Also in 2012, Cardero Coal had its Project Description accepted by provincial and federal regulators, thereby initiating the environmental assessment process for Carbon Creek. In April, 2013, the Company completed the acquisition of four additional coal licenses forming part (3,513 hectares) of Carbon Creek.

The Company’s plan was to undertake a bankable feasibility study (“BFS”) on Carbon Creek in 2013, and in late 2012 and early 2013 it continued work on the studies and other activities required in support of the preparation of the BFS. It also continued with the necessary activities in support of its planned application for an Environment Assessment Certificate and to negotiate agreements in principle with respect to the required infrastructure for development and mining at Carbon Creek, including transportation, loading facilities and power, as well as continuing with negotiations with applicable First Nations regarding impact benefit agreements. The last round of drilling at Carbon Creek was completed in early 2013, and coal quality studies based on the core produced continued into mid-2013.

However, by mid-2013 it was apparent to the Company that, given the current economic climate for junior exploration companies and the difficulty in raising new capital, it would be unable to secure the necessary capital to continue work on the BFS. Accordingly, in July, 2013, the Company terminated all of its operational staff involved with the Carbon Creek project, including all employees of Cardero Coal, and halted work on the BFS.

In November, 2011, Cardero completed a brokered private placement (the “2011 Offering”). A total of 8,029,750 units (“Cardero Units”) were sold at a price of \$0.95 per Cardero Unit for aggregate gross proceeds of \$7,628,263. Each Cardero Unit consisted of one Common Share and one-half of one Common Share purchase warrant (each whole warrant, a “Cardero Warrant”). Each Cardero Warrant was exercisable into one additional Common Share for a period of 12 months from the closing of the Offering at an exercise price of \$1.25 with an accelerated exercise provision. All of the Cardero Warrants subsequently expired on November 29, 2012, unexercised.

In December, 2011, Cardero, through Cardero Ghana, entered into three separate joint ventures (one for each prospecting license) with Emmaland Resources Limited (“Emmaland”) to explore and, if warranted, develop, the iron ore deposit(s) under lands subject to certain prospecting licenses granted to Emmaland and covering lands located in the Zabzugu-Tatale District in the Northern Region of the Republic of Ghana and referred to as the Sheini Hills Iron Project (approximately 400 square kilometres in aggregate). Under the three joint ventures, Cardero Ghana obtained the right to earn a 100% working interest in each license, subject to (a) a 10% NPI in favour of Emmaland and (b) a 10% fully carried interest, in favour of the Government of Ghana, in the portions of the license areas that become the subject of one or more mining licenses subsequently issued to Emmaland. In order to earn its interest, Cardero agreed to fund all expenditures under the particular joint venture and make payments totalling USD 16.5 million to Emmaland. Following execution of the joint venture agreements, in mid-2012 the Company carried out an initial exploration program in the region.

Cardero Ghana did not make the payment due under the Sheini North joint venture in December 2012, and has not made the payments due under the Sheini North, Central or South joint ventures due in December 2013. The

Company had been negotiating with Emmaland for extensions of such payments for an additional year. However, it has been unable to conclude such negotiations and has determined to withdraw from the respective joint ventures and terminate its interest in the Sheini project. Accordingly, on July 2, 2014, Cardero Ghana sent a formal Notice of Withdrawal to Emmaland withdrawing from the North, Middle and South Sheini Joint Ventures. The withdrawal from such joint ventures became effective 60 days thereafter.

In January, 2012, Cardero received repayment of the USD 8 million loan originally made to Kria Resources Inc. (“Kria”) (now a wholly owned subsidiary of Trevali Mining Corporation (“Trevali”)). The Company, Kria and Trevali agreed that the loan, plus interest of USD 645,260, was to be repaid as follows: (i) Kria paid Cardero USD 5,000,000 in cash; and (ii) the balance of USD 3,645,260 (equivalent to \$3,734,569) was satisfied by Trevali issuing to Cardero 4,149,521 units (“Trevali Units”), with each Trevali Unit being comprised of one common share of Trevali (“Trevali Common Share”) and one-half of one transferrable common share purchase warrant (a “Trevali Warrant”), at a deemed price of \$0.90 per Trevali Unit. Each whole Trevali Warrant entitled the holder thereof to purchase one Trevali Common Share (“Trevali Warrant Share”) at a price of \$1.10 per share until January 16, 2014. Cardero did not exercise any of the warrants, as they were always out of the money, and they have now expired.

On December 19, 2012, the Company closed the first tranche of an offering of up to 22,500,000 Common Shares originally priced at \$0.55 per share and intended to raise gross proceeds of up to \$12,375,000 (the “Offering”). Due to market conditions, the Offering was subsequently re-priced to \$0.45 per Common Share, and the first tranche closing resulted in the Company issuing 7,966,794 Common Shares to raise gross proceeds of \$3,585,057. In connection with this first tranche closing, the Company paid cash finder’s fees of \$51,068 and issued 114,000 finder’s warrants, with each finder’s warrant exercisable to purchase one Common Share at a price of \$0.50 until December 19, 2013 (all of which expired, unexercised). As a result of the Company having arranged the flow-through private placement detailed below, the balance of the Offering was reduced from 14,533,206 Common Shares to 5,825,000 Common Shares.

On December 28, 2012, the Company closed a non-brokered private placement of flow-through Common Shares (the “FT Offering”). The Company issued 6,000,800 flow-through Common Shares at a price of \$0.50 per share to raise gross proceeds of \$3,000,400. The Company paid aggregate finder’s fees of \$175,824 in cash plus 351,648 finder’s warrants. Each finder’s warrant was exercisable to purchase one non-flow-through Common Share at \$0.55 per share until December 28, 2013. All of these warrants expired, unexercised.

On February 8, 2013, the Company closed the second and final tranche of the Offering, issuing 2,472,222 Common Shares to raise gross proceeds of \$1,112,500. The Company paid cash finder’s fees of \$55,626 and issued 123,610 finder’s warrants, with each finder’s warrant exercisable to purchase one Common Share at a price of \$0.50 until February 8, 2014. All of these warrants expired unexercised.

On April 22, 2013, the Company completed a placement of senior secured notes (the “Luxor Notes”) in the aggregate principal amount of USD 5.5 million with certain affiliates of Luxor Capital Group, LP. (“Luxor”). The Luxor Notes had a one year term and were issued at a 9.1% discount to net the Company USD 5.0 million (\$5,083,398) with interest accruing at the rate of 10% per annum, payable semi-annually (13% after an event of default). The Luxor Notes were secured by a general security agreement over the assets of the Company, as well as a specific pledge of the shares of Cardero Coal. Cardero Coal also provided a corporate guarantee. The Luxor Notes were redeemable by the Company at any time at par plus accrued interest. There was provision in the event of a change of control of Cardero Coal while the Luxor Notes remain outstanding, for the holders of the Luxor Notes would have the right to put the Luxor Notes to the Company for an amount equal to 110% of par plus accrued interest.

On August 9, 2013 the Company completed a private placement of senior secured notes bearing interest of 10% per annum payable quarterly, (the “Kopple Notes”) in the aggregate principal amount of USD 5,700,000 with

entities controlled by Robert C. Kopple of Los Angeles, California, USA (the “Kopple Lenders”). The full proceeds of the Kopple Notes were used to pay out the indebtedness under the Luxor Notes. USD 3,700,000 of the Kopple Notes were due no later than December 31, 2013, subsequently extended to February 28, 2014 and further extended to March 14, 2014. The Company paid USD 3,920,986 (representing the USD 3,700,000 principal amount plus USD 220,986 in interest, of which USD 3,360,957 was paid in cash and USD 560,029 was paid from the Company’s line of credit) towards the Kopple Notes due on or before March 14, 2014. The remaining USD 2.0 million of the Kopple Notes plus interest of USD 0.2 million due on August 8, 2014 was amended with an extension of the Maturity Date to August 8, 2015.

The Kopple Notes were secured by a general security agreement over the assets of the Company, as well as a specific pledge of the shares of Cardero Coal. Cardero Coal also provided a corporate guarantee. The Kopple Notes may be redeemed by the Company at any time at par plus accrued interest. Should there be a change of control of the Company or Cardero Coal while the Kopple Notes remain outstanding, other than a change of control caused by the Kopple Lenders or their associates or affiliates, the holders of the Kopple Notes will have the right to put the Kopple Notes to the Company for an amount equal to 110% of par plus accrued interest.

As additional consideration for purchasing the Kopple Notes, the Kopple Lenders were issued transferrable warrants (“August Kopple Warrants”) to purchase an aggregate of 28,359,066 Common Shares of the Company. The August Kopple Warrants have a term of seven years, and are exercisable at a price \$0.05 (reduced from \$0.095 with the approval of the Company’s shareholders obtained at the December 19, 2014 Special Annual General Meeting (“AGM” described below).

As consideration for the extension of the Maturity Date (to August 8, 2015), the Company issued to the Kopple Lenders, an aggregate 27,500,000 transferable common share purchase warrants of the Company (the “Additional Kopple Warrants”). Each Additional Kopple Warrant entitles the holder to subscribe for one common share of the Corporation for a period of seven years from the date of issue at a price of \$0.05. The Additional Koppel Warrants, and any shares issuable on the exercise thereof, are subject to a hold period in Canada of four months from the date of issuance, plus additional restrictions under United States securities laws.

On December 5, 2013, the Company secured a USD 5.0 million line of credit (“Credit Line”) from the Kopple Lenders and on September 17, 2014 increased the Credit Line to USD 6.0 million.

The Credit Line included all amounts advanced by the Kopple Lenders since the purchase of the Kopple Notes, interest due under the Kopple Notes, and amounts to be advanced in the future. Interest was payable by the Company on the amount outstanding under the Credit Line from time to time at the rate of 10% per annum. The security granted by the Company in connection with the Kopple Notes extended to all indebtedness of the Company under the Credit Line. All amounts outstanding under the Credit Line were due and payable on or before January 5, 2016.

As consideration for the establishment and funding of the Credit Line, the Company has agreed to issue to the Kopple Lenders transferrable common share purchase warrants to purchase an aggregate of 38,417,396 common shares of the Company (the “Credit Warrants”). Of this number, 28,359,066 were issued to the Kopple Lenders on the closing of the Credit Line on December 5, 2013. The issuance of the additional 10,058,330 Credit Warrants was subject to shareholder approval which was obtained at the 2014 AGM . The Credit Warrants had a term of seven years, and were exercisable at a price of \$0.05 (reduced from \$0.139 to \$0.10 with the approval of the Company’s shareholders obtained at the 2014 AGM and further reduced from \$0.10 to \$0.05 with the approval of the Company’s shareholders obtained at the December 18, 2014 Special AGM).

As consideration for the increase in the Credit Line, the Company issued to the Kopple Lenders, an aggregate 16,100,000 transferable common share purchase warrants of the Company (the “New Credit Warrants”). Each New Credit Warrant entitled the Holder to subscribe for one common share of the Corporation for a period of

seven years from the date of issue at a price of \$0.05. The Company held a Special AGM on December 18, 2014 and obtained shareholder approval for: the granting of the Additional Kopple Warrants and any change of control which may result from the exercise of such warrants; the reduction of the exercise price of the August Kopple Warrants from the previous exercise price to C\$0.05 per share; the grant of the New Credit Warrants and any change of control which may result from the exercise of such New Credit Warrants; and reduction of the exercise price of the Credit Warrants from the previous exercise price to \$0.05 per share.

On June 25, 2013, the Company received notice from the NYSE MKT Staff indicating that the Company was below certain of the NYSE MKT's continued listing standards due to its financial condition becoming so impaired that it appeared questionable, in the opinion of the NYSE MKT, as to whether the Company would be able to continue operations and/or meet its obligations as they mature, as set forth in the NYSE MKT Company Guide. The Company was afforded the opportunity to submit a plan of compliance to the NYSE MKT and on July 12, 2013 presented its plan to the NYSE MKT. On August 9, 2013 the NYSE MKT notified the Company that it accepted the Company's plan of compliance and granted the Company an extension until November 29, 2013 to regain compliance with the continued listing standards. Subsequent to October 31, 2013, the Company received a Notice of Intent to File Delisting Application from the NYSE MKT. The Notice stated that the Company remained not in compliance with certain of the NYSE MKT continued listing standards as set out in Part 10 of the NYSE MKT Company Guide and that the NYSE Regulation, Inc. intended to file a delisting application for the Common Shares with the SEC. The NYSE MKT determined that the Company has not made sufficient progress consistent with the plan filed by the Company with the NYSE MKT addressing how it intended to regain compliance. The Company had the right to appeal the NYSE MKT's determination to proceed with the delisting. However, after careful consideration, the Company determined that the significant expense of the appeal process and continued NYSE MKT listing was not warranted as it was management's belief that it was not practicable for it to maintain a plan of compliance that will satisfy the NYSE MKT's continued listing requirements and that it was therefore in the best interests of the Company and its shareholders that the Company accept the NYSE MKT's determination. The Company was delisted from the NYSE MKT on November 26, 2013.

In December 2013, the Company successfully completed a number of debt settlements with a number of arm's length creditors. Pursuant to such settlements, on December 12, 2013, the Company settled an aggregate of \$4,575,538 of outstanding trade debts in consideration of the payment, either on closing or over time, of an aggregate of \$1,907,323 in cash plus the issuance of 3,219,617 Common Shares at a deemed price of \$0.16 per share. During the year ended October 31, 2014, in total, the Company settled outstanding trade payables in the amount of \$4,575,538 by paying cash, \$1,907,323 and exchanging for shares, \$515,139, which resulted in a gain for accounting purposes of \$2,153,078.

On March 3, 2014, the Company announced that it had received written confirmation from the Canada Revenue Agency that the anticipated British Columbia Mineral Exploration Tax Credit ("METC"), amounting to \$3,734,000, had been processed and should be received by Cardero Coal Ltd. shortly. The Company currently has outstanding senior secured notes ("Notes") and a secured line of credit ("Credit Line") from entities ("Lenders") controlled by Mr. Robert C. Kopple of Los Angeles, California.

On April 7, 2014, the Company announced that it had received the \$3,734,000 METC refund. These funds, together with additional funds from its line of credit, were used to make the payment of USD 3,700,000, plus interest, due on or before March 14, 2014 under the terms of its outstanding senior secured Notes.

On June 2, 2014 the Company announced that it had withdrawn from the Coal Lease (the "Lease") between the Peace River Partnership ("PRP") and Cardero Coal Ltd. ("Cardero Coal") with respect to certain freehold coal rights forming part of the Carbon Creek Project. The Company advised shareholders that, with the Company's withdrawal from the Lease (which is effective May 30, 2014), and the consequent reduction in the size of the

Carbon Creek project held by the Joint Venture, the previous prefeasibility study for Carbon Creek dated November 6, 2012 was no longer valid and could no longer be relied upon.

On September 23, 2014 Cardero announced that it had completed the acquisition of 13 applications for coal licenses contiguous to the Carbon Creek Project.

On January 6, 2015, the Company announced a maiden NI 43-101 Resource Estimate for the current Carbon Creek metallurgical coal project (held by the Carbon Creek Joint Venture) of 290 million tonnes of Measured and Indicated and 161 million tonnes of Inferred ASTM rank mvB coal as at November 1, 2014. The NI 43-101 Technical Report was filed on SEDAR on January 20, 2015.

On October 15 2015, following a shareholder vote, Cardero completed a comprehensive restructuring (the "**Plan**"). The Company negotiated and announced a plan for which the Company obtained shareholder approval at an Annual Special and General Meeting on August 26, 2015. At the Meeting, shareholders voted in favour of all motions outlined in the information circular.

On completion of the Plan, the Company had restructured US\$8.5 million of debt to the Kopple Lenders, which involved the sale of the Company's wholly-owned subsidiary Cardero Coal, retention of a participation right with respect to the Carbon Creek metallurgical coal project, and the acquisition of the advanced Zonia copper oxide project in Arizona ("**Zonia**"), USA, and consolidation of the Company's stock at a rate of 1 new share for 10 old shares (the "**Consolidation**"). Post-Consolidation, a concurrent non-brokered \$0.73 million private placement was completed at \$0.15 per share.

After the implementation of the Plan the mining assets of the Company now consist of the Zonia copper oxide deposit in Arizona, a participation right in Cardero Coal and a 55.01% ownership in Centenera Mining Corporation (Centenera") a precious and base metal exploration/development Company active in Argentina.

Pursuant to the Plan, the Kopple Lenders agreed to the restructuring of US\$8.5 million of debt owed by the Company. The restructuring was achieved through a number of mechanisms, including sale of Cardero Coal to the Kopple Lenders for US\$3.6 million. The valuation attributed to Cardero Coal was subject to an independent valuation completed by an industry expert which was attached to the Company's information circular in relation to the August 26, 2015 annual and special meeting.

The remainder of the restructuring was completed via issuance of preferred shares (valued at US\$2.0 million) and issuance of units (valued at US\$2.9 million) resulting in the issuance of an aggregate of 12,000,000 preferred shares and 17,400,000 units. The preferred shares and units (shares and warrants), on a pre-consolidation basis, were priced at \$0.02 being the lesser of \$0.02 or the 15-day VWAP of the Company's common shares on the TSX immediately prior to the closing of the settlement transactions. Each unit comprised one post-consolidation common shares and one half of a post-consolidation warrant, with each whole warrant entitling the holder to acquire one additional post-consolidation share at price of \$0.20 per share for a period of three years. The preferred shares have voting rights equivalent to the Company's common shares, priority over the common shares in relation to the payment of dividends, a right of conversion into common shares and a fixed cumulate dividend rate of 8.0% of par value (being equal to the price) per annum payable yearly. Should any annual dividend not be paid, the cumulative dividend rate will increase to 10%. The Company will retain a right to redeem the preferred shares at price equal to their par value, plus any accrued and unpaid dividends, for a period of five years. The holders may convert up to 50% of the preferred shares (as well as any accrued and unpaid dividends as at the conversion date) into common shares of the Company at a price of \$0.20 per share.

The Company's wholly owned subsidiary Cardero Coal was sold to the Kopple Lenders (US\$3.6 million as described above) as part of the process of debt restructuring. Pursuant to a management agreement with Cardero

Coal, pursuant to which Cardero will act, on Cardero Coal’s behalf, as the manager of the Carbon Creek Joint Venture, Cardero was granted a participation right in Cardero Coal and its assets (the “**Retained Right**”) The Retained Right was negotiated on a sliding scale such that the Company will receive maximum benefit if the asset is sold faster. For example, if Carbon Creek was sold in 2015, the Kopple Lenders would retain the first US\$15 million in net proceeds and Cardero would receive 95% of the remaining sale price. The time at which the asset can be monetized, if at all, will be dependent on recovery of the global metallurgical coal market. Cardero will remain as manager of the Carbon Creek Joint Venture for a minimum of four years and the Retained Right will be in force while Cardero is the manager.

Retained Participation Right

Year of Sale	Initial Amount Retained by the Kopple Lenders	Percentage of Remaining Sale Proceeds Retained by Cardero
2015	US\$15,000,000	95%
2016	\$20,000,000	80%
2017	\$25,000,000	50%
2018	\$30,000,000	35%
2019	\$30,000,000	30%
2020-24	\$30,000,000	25%
2025	\$30,000,000	0%

The balance of debt, \$247,349 (US\$ 189,174) remains outstanding, pursuant to the terms of a Credit Facility Letter (the “Credit Facility”) provided by the Kopple Lenders. The Company subsequently amended the Credit Facility to increase the amount available thereunder to US\$989,174. It has been acknowledged between the Kopple Lenders and Cardero that US\$189,174 is outstanding on the Credit Facility (“Convertible Amount”) and US\$800,000 is available to the Company under subsequent draws on the terms set forth to the extent that the Company uses the facility, credit will be subject to a 10% rate of interest and the original balance of UD\$189,174 (and interest relating thereto) will be convertible to stock by the Kopple Lenders at their election at any time during the term. The Credit Facility is secured by a general security agreement over the assets of the Company as originally put in place in association with the prior debt.

Immediately prior to the completion of the Plan, the Kopple Lenders held 11.04 million pre-consolidation warrants priced at \$0.05. Of these, 6.0 million pre-consolidation warrants were cancelled. The remaining 50 million, pre-consolidated warrants, were transferred to management of Cardero as part of an incentive package, priced at \$0.50. Once such warrants were allocated to management they immediately became non-transferrable, could not be re-priced, and vest over 5 years in equal annual installments.

The Companies consolidated financial statements for the year ended October 31, 2015 include the financial statements of Centenera Mining Corporation (“Centenera”) (formerly Artha Resources) as a result of a Reverse Takeover Transaction (“RTO”) completed by Centenera. On June 18, 2015, Centenera completed the acquisition of all of the issued and outstanding shares of Cardero Argentina S A (“Cardero Argentina”). Cardero Argentina was a wholly owned subsidiary of the Company and is a mineral exploration company with properties located in Argentina. As consideration for the acquisition, as well as for services provided by the Company relating to the RTO, Centenera paid to the Company US \$50,000 cash and issued 23,743,781 common shares. As of July 31, 2015 the Company owns 55.01% of Centenera. Centenera was consolidated from the date of acquisition. The financial statements of the subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies. All intercompany balances and transactions are eliminated in full.

Significant Acquisitions

The Company acquired an exclusive option to acquire up to a 100% interest in the Zonia copper-oxide deposit in Q3 2015 as part of the comprehensive restructuring plan. The acquisition terms are as follows:

Date	Cash to Redstone (USD\$)	Cardero Shares
Initial Payment	\$25,000 (Paid)	-
On or before August 30, 2015	\$26,350 (Paid)	-
October 15, 2015	\$150,000 (Paid)	1,000,000 (issued)
January 31, 2016*	\$75,000 (Paid)	1,500,000 (issued)
July 31, 2016	\$75,000	-
January 31, 2017	\$450,000	2,500,000
July 31, 2017	\$450,000	2,500,000
October 31, 2017	\$973,650	4,000,000
October 31, 2018	-	5,000,000
Total	\$2,225,000	16,500,000

*On the earlier of three business days after the Company closes a financing of not less than \$250,000, or July 31, 2016.

NARRATIVE DESCRIPTION OF THE BUSINESS

General

Summary

The Company currently holds a right to acquire a 100% interest in the Zonia copper-oxide deposit in Arizona, USA, and holds a 54.9% interest in Centenera Mining Corporation, a mineral exploration company listed on the TSX Venture exchange with properties in Argentina. The Company also acts, on Cardero Coal's behalf, as the manager of the Carbon Creek Joint Venture, in consideration of the Retained Right (as more particularly described above).

The Company is in the process of evaluating its properties through exploration programs or, in some cases, mineralogical and metallurgical studies, materials processing tests and preliminary economic assessments. In all cases, the objective is to evaluate the potential of the subject property and to determine if spending additional funds is warranted (in which case, an appropriate program to advance the property to the next decision point will be formulated and, depending upon available funds, implemented) or not (in which case the property may be offered for option/joint venture or returned to the vendor or abandoned, as applicable).

The Company considers that Zonia is its sole material mineral property at the present time. Information with respect to the Company's material mineral property is set out in the Material Mineral Project section of this AIF.

The Company will focus solely on Zonia, although it may consider the acquisition of additional interests in copper projects should the right opportunity arise.

The Company is in the exploration stage and does not mine, produce or sell any mineral products at this time, nor do any of its current properties have any known or identified mineral resources or mineral reserves (with the exception of Zonia). Other than with respect to Zonia, the Company does not propose any method of production on any of its mineral properties at this time. At the present time, the Company does not have the funds to do so, nor can it anticipate when or if it may be able to raise such funds.

All aspects of the Company's business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, drilling, logistical planning, geophysics, metallurgy and mineral processing, implementation of exploration programs, mine development, mine operation and accounting. The Company has found that it can locate and retain the employees and consultants to provide such services in the past and believes it will continue to be able to do so in the future if, as and when required.

All of the raw materials the Company requires to carry on its business are readily available through normal supply or business contracting channels. The Company has in the past been able to secure, and reasonably believes that it will in the future be able to secure, as and when required, any necessary raw materials and supplies required in a timely manner.

The mining business is subject to mineral price cycles. The marketability of minerals and mineral concentrates is also affected by worldwide economic cycles. For example, the downturn in the world economy which commenced in 2008 and continues through today, significantly moderated the record high prices, and temporarily reduced the upward price pressures, for many commodities (including metallurgical coal). However, although the copper market is currently depressed, the Company does expect the market to recover somewhat over the next 2 to 3 years. If the economic recovery is significantly delayed and copper prices stay low or decline further as a consequence, a continuing period of lower prices could significantly affect the economic potential of Zonia.

Other than the option agreement for the Zonia property, the Company's business is not substantially dependent on any contract such as a contract to sell the major part of its products or services or to purchase the major part of its requirements for goods, services or raw materials, or on any franchise or licence or other agreement to use a patent, formula, trade secret, process or trade name upon which its business depends.

All aspects of Cardero's operations will be subject to environmental regulations and generally will require approval by appropriate regulatory authorities prior to commencement. Any failure to comply could result in fines and penalties. With its projects at the exploration and development stage, the financial and operational impact of environmental protection requirements is minimal. Should any projects advance to the production stage, then more time and money would be involved in satisfying environmental protection requirements.

As of October 31, 2015, Cardero had 2 full-time and 4 part-time employees. The Company relies to a large degree upon consultants and contractors to carry on many of its activities and, in particular, to supervise and carry out any work programs on its mineral properties, including Zonia. Given the current economic climate for junior exploration companies and the difficulty in raising new capital, it is unlikely that the Company will expand its activities and therefore it is unlikely that it will choose to hire additional employees, and may further reduce its staff.

The Company currently holds an interest in the Zonia located in Arizona and, as such, the Company's business is exposed to certain degrees of political, economic and other risks and uncertainties. The Company's operations and investments may be affected by local political and economic developments, including expropriation, nationalization, invalidation of government orders, permits or agreements pertaining to property rights, political unrest, labour disputes, limitations on repatriation of earnings, limitations on mineral exports, limitations on foreign ownership, inability to obtain or delays in obtaining necessary mining permits, opposition to mining from local, environmental or other non-governmental organizations, government participation, royalties, duties, rates of exchange, high rates of inflation, price controls, exchange controls, currency fluctuations, taxation and changes in laws, regulations or policies as well as by laws and policies of Canada affecting foreign trade, investment and taxation. See "*Risk Factors*"

Bankruptcy and Similar Procedures

There are no bankruptcy, receivership or similar proceedings against Cardero, nor is Cardero aware of any such pending or threatened proceedings. There have not been any voluntary bankruptcy, receivership or similar proceedings by Cardero within the three most recently completed financial years or completed or currently proposed for the current financial year.

Reorganizations

Other than in relation to the Plan as described above at “*Three Year History*”, there have been no reorganizations of or involving Cardero within the three most recently completed financial years and no reorganizations are currently proposed for the current financial year.

Social or Environmental Policies

Cardero has created a Sustainable Development Committee (“SDC”), which has adopted a formal charter. The overall purpose of the SDC is to assist the Board in fulfilling its oversight responsibilities with respect to the Board’s and the Company’s continuing commitment to improving the environment and ensuring that the Company’s activities are carried out, and that its facilities are operated and maintained, in a safe, sustainable and environmentally sound manner. The primary function of the SDC is to monitor, review and provide oversight with respect to the Company’s policies, standards, accountabilities and programs relative to health, safety, community relations and environmental-related matters. Further, the SDC is to advise the Board and make recommendations for the Board’s consideration regarding health, safety, community relations and environmental-related issues. In particular, the SDC is to consider and advise the Board with respect to current standards of sustainable development for projects and activities such as those of the Company, particularly with a view to ensuring that the Company’s business is run in a manner, and its projects are operated and developed, so as to achieve the ideals and reflect the following principles of sustainable development:

- (a) living within environmental limits,
- (b) ensuring a strong, healthy and just society,
- (c) achieving a sustainable economy,
- (d) using sound science responsibly, and
- (e) promoting good governance.

The SDC is also responsible for monitoring the activities of the Company in connection with the initial and ongoing interaction between the Company’s activities, operations and personnel and the communities in which the Company’s projects and related activities are located, with a view to ensuring that management develops and follows appropriate policies and activities to enhance the relationship between the Company and its personnel and the communities in which it operates and reflect the principles of sustainable development in that regard.

Although not set out in a specific policy, the Company strives to be a positive influence in the local communities where its mineral projects are located, not only by contributing to the welfare of such communities through donations of money and supplies, as appropriate, but also through hiring, when appropriate, local workers to assist in ongoing exploration programs as well as contributing to and improving local infrastructure. The Company considers that building and maintaining strong relationships with such communities is fundamental to its ability to continue to operate in such regions and to assist in the eventual development (if any) of mining operations in such regions, and it attaches considerable importance to commencing and fostering them from the beginning of its involvement in any particular area.

Cardero has also adopted a Code of Business Conduct and Ethics, which provides, among other things, that the Company is committed to complying with all laws and governmental regulations applicable to its activities and, specifically, to maintaining a safe and healthy work environment and conducting its activities in full compliance with all applicable environmental laws.

Risk Factors

In addition to those risk factors discussed elsewhere in this AIF, the Company is subject to the following risk factors:

Lack of Operating Funds: At the present time, the Company is experiencing significant difficulty in raising additional capital to continue its operations. The Company has taken steps to conserve cash by reducing staffing. Although the Company continues to pursue potential funding opportunities, there can be no assurance that it will be successful in doing so. If the Company is not successful in raising funds it may be forced to further curtail or cease operations and may lose its interest in some or all of its properties, including Zonia, which is its only material property at this time.

Resource Exploration and Development is Generally a Speculative Business: Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting both from the failure to discover mineral deposits and from finding mineral deposits which, though present, are insufficient in size and grade at the then prevailing market conditions to return a profit from production. The marketability of natural resources which may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Other than at Zonia, there are no known reserves or resources on any of the Company's properties. The majority of exploration projects do not result in the discovery of commercially mineable deposits of ore. Substantial expenditures are required to establish ore reserves through drilling and metallurgical and other testing techniques, determine metal content and metallurgical recovery processes to extract metal from the ore, and construct, renovate or expand mining and processing facilities. No assurance can be given that any level of recovery of ore reserves will be realized or that any identified mineral deposit, even it is established to contain an estimated resource, will ever qualify as a commercial mineable ore body which can be legally and economically exploited. Mineral resources are not mineral reserves and there is no assurance that any mineral resources will ultimately be reclassified as proven or probable reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability.

Fluctuation of Commodity Prices: Even if commercial quantities of mineral deposits are discovered by the Company, there is no guarantee that a profitable market will exist for the sale of the minerals produced. The Company's long-term viability and profitability depend, in large part, upon the market price of minerals which have experienced significant movement over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The recent price fluctuations in the price of all commodities for which the Company is presently exploring is an example of a situation over which the Company has no control and may materially adversely affect the Company in a manner that it may not be able to compensate for. The supply of and demand for minerals are affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no

assurance that the price of any minerals produced from the Company's properties will be such that any such deposits can be mined at a profit.

Recent market events and conditions: Since 2008, the U.S. credit markets have experienced serious disruption due to a deterioration in residential property values, defaults and delinquencies in the residential mortgage market (particularly, sub-prime and non-prime mortgages) and a decline in the credit quality of mortgage backed securities. These problems have led to a slow-down in residential housing market transactions, declining housing prices, delinquencies in non-mortgage consumer credit and a general decline in consumer confidence. These conditions caused a loss of confidence in the broader U.S. and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by the U.S. and foreign governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. In addition, general economic indicators have deteriorated, including declining consumer sentiment, increased unemployment and declining economic growth and uncertainty about corporate earnings.

General Economic Conditions: The recent unprecedented events in global financial markets have had a profound impact on the global economy. Many industries, including the gold and base metal mining industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability. Specifically:

- The global credit/liquidity crisis could impact the cost and availability of financing and the Company's overall liquidity
- the volatility of commodity prices may impact the Company's future revenues, profits and cash flow
- volatile energy prices, commodity and consumables prices and currency exchange rates impact potential production costs
- the devaluation and volatility of global stock markets impacts the valuation of the Common Shares, which may impact the Company's ability to raise funds through the issuance of Common Shares

These factors could have a material adverse effect on the Company's financial condition and results of operations.

Share Price Volatility: In recent years, worldwide securities markets, particularly those in the United States and Canada, have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration or development stage companies, have experienced unprecedented fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Most significantly, the share prices of junior natural resource companies have experienced an unprecedented decline in value and there has been a significant decline in the number of buyers willing to purchase such securities. In addition, significantly higher redemptions by holders of mutual funds has forced many of such funds (including those holding the Company's securities) to

sell such securities at any price. **As a consequence, despite the Company's past success in securing significant equity financing, market forces may render it difficult or impossible for the Company to secure places to purchase new share issues at a price which will not lead to severe dilution to existing shareholders, or at all.** Therefore, there can be no assurance that significant fluctuations in the Common Shares will not occur, or that such fluctuations will not materially adversely impact on the Company's ability to raise equity funding without significant dilution to its existing shareholders, or at all.

Permits and Licenses: The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects, on reasonable terms or at all. Delays in obtaining, or a failure to obtain, such licenses and permits, or a failure to comply with the terms of any such licenses and permits that the Company does obtain, could have a material adverse effect on the Company.

Acquisition of Mineral Properties under Agreements: The agreements pursuant to which the Company has the right to acquire a number of its properties provide that the Company must make a series of cash payments and/or share issuances over certain time periods, expend certain minimum amounts on the exploration of the properties or contribute its share of ongoing expenditures. Failure by the Company to make such payments, issue such shares or make such expenditures in a timely fashion may result in the Company losing its interest in such properties. There can be no assurance that the Company will have, or be able to obtain, the necessary financial resources to be able to maintain all of its property agreements in good standing, or to be able to comply with all of its obligations thereunder, with the result that the Company could forfeit its interest in one or more of its mineral properties.

Title Matters: The acquisition of title to mineral properties can be a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. While the Company has diligently investigated title to all mineral properties in which it has an interest and, to the best of its knowledge, title to all such properties is in good standing or, where not yet granted, the application process appears to be proceeding normally in all the circumstances, this should not be construed as a guarantee of title or that any such applications for concessions will be granted. Title to mineral properties may be affected by undetected defects such as aboriginal or indigenous peoples' land claims, or unregistered agreements or transfers. The Company has not obtained title opinions for the majority of its mineral properties. Not all the mineral properties in which the Company has an interest have been surveyed, and their actual extent and location may be in doubt.

Surface Rights and Access: Although the Company acquires the rights to some or all of the minerals in the ground subject to the mineral tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, however, the enforcement of such rights through the courts can be costly and time consuming. It is necessary to negotiate surface access or to purchase the surface rights if long-term access is required. There can be no guarantee that, despite having the right at law to access the surface and carry on mining activities, the Company will be able to negotiate satisfactory agreements with any such existing landowners/occupiers for such access or purchase of such surface rights, and therefore it may be unable to carry out planned mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in the applicable jurisdiction, the outcomes of which cannot be predicted with any certainty. The inability of the Company to secure surface access or purchase required surface rights could materially and adversely affect the timing, cost or overall ability of the Company to develop any mineral deposits it may locate. This is a particular problem in many areas of Argentina, where blockades of access to the Company's properties, hostile actions by local communities and indigenous peoples and the potential unwillingness of local police or governmental officials to assist a foreign company against its own citizens can result in the Company being unable to carry out any exploration activities despite being legally

authorized to do so and having complied with all applicable local laws and requirements. Such issues can also occur in Canada, especially in connection with actions concerning resource development projects and involving first nations and environmental protest groups.

No Assurance of Profitability: The Company has no history of production or earnings and due to the nature of its business there can be no assurance that the Company will be profitable. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. All of the Company's properties are in the exploration stage and, with the exception of Zonia, the Company has not defined or delineated any proven or probable reserves on any of its properties. None of the Company's properties are currently under development. Continued exploration of its existing properties and the future development of any properties found to be economically feasible, will require significant funds. The only present source of funds available to the Company is through the sale of its equity securities, the sale or optioning of a portion of its interest in its mineral properties or debt financing, none of which may be available at any particular time. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. While the Company may generate additional working capital through further equity offerings, through the sale or possible syndication of its properties, or through short-term debt facilities, there is no assurance that any such funds will be available through any of such methods on favourable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

Uninsured or Uninsurable Risks: Exploration, development and mining operations involve various hazards, including environmental hazards, industrial accidents, metallurgical and other processing problems, unusual or unexpected rock formations, structural cave-ins or slides, flooding, fires, metal losses and periodic interruptions due to inclement or hazardous weather conditions. These risks could result in damage to or destruction of mineral properties, facilities or other property, personal injury, environmental damage, delays in operations, increased cost of operations, monetary losses and possible legal liability. The Company may not be able to obtain insurance to cover these risks at economically feasible premiums or at all. The Company may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

Government Regulation: Any exploration, development or mining operations carried on by the Company will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. The Company cannot predict whether or not such legislation, policies or controls, as presently in effect, will remain so, and any changes therein (for example, significant new royalties or taxes), which are completely outside the control of the Company, may materially adversely affect to ability of the Company to continue its planned business within any such jurisdictions.

Foreign Countries and Political Risk: The Company has a majority shareholding in Centenera, which owns mineral properties in Argentina. In such countries, mineral exploration and mining activities may be affected in varying degrees by political or economic instability, expropriation of property and changes in government regulations such as tax laws, business laws, environmental laws and mining laws. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may materially adversely affect its business, or if significant enough, may make it impossible to continue to operate in certain countries. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, foreign exchange restrictions, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

Dependence Upon Others and Key Personnel: The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability of the Company

to enter into strategic alliances through a combination of one or more joint ventures, mergers or acquisition transactions; and (ii) the ability to attract and retain additional key personnel in exploration, mine development, sales, marketing, technical support and finance. These and other factors will require the use of outside suppliers as well as the talents and efforts of the Company. There can be no assurance of success with any or all of these factors on which the Company's operations will depend. The Company has relied and may continue to rely, upon consultants and others for operating expertise.

Exploration and Mining Risks: Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing mineral properties is affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of gold or other minerals produced, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Short term factors, such as the need for orderly development of ore bodies or the processing of new or different grades, may have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in geological resources, grades, stripping ratios or recovery rates may affect the economic viability of projects.

Currency Fluctuations: The Company presently maintains its accounts in Canadian dollars. Due to the nature of its operations in such countries, the Company also maintains an account in Argentinean pesos. The Company's operation in Argentina and its proposed payment commitments and exploration expenditures under many of the agreements pursuant to which it holds, or has a right to acquire, an interest in its mineral properties are denominated in U.S. dollars, making it subject to foreign currency fluctuations. Such fluctuations are out of its control and may materially adversely affect the Company's financial position and results. The Company does not engage in any hedging programs with respect to currencies.

Environmental Restrictions: The activities of the Company are subject to environmental regulations promulgated by government agencies in different countries from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations. Certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

Regulatory Requirements: The activities of the Company are subject to extensive regulations governing various matters, including environmental protection, management and use of toxic substances and explosives, management of natural resources, exploration, development of mines, production and post-closure reclamation, exports, price controls, taxation, regulations concerning business dealings with indigenous peoples, labour standards on occupational health and safety, including mine safety, and historic and cultural preservation. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties, 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, any of which could result in the Company incurring significant expenditures. The Company may also be required to compensate those suffering loss or damage by reason of a breach of such laws, regulations or permitting requirements. It is also possible that future laws and regulations, or more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspension of the Company's operations and delays in the exploration and development of the Company's properties.

Limited Experience with Development-Stage Mining Operations: The Company has limited experience in placing resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if it places its resource properties into production.

Estimates of Mineral Reserves and Resources and Production Risks: The mineral resource estimates presented in the Company's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time are based upon estimates made by Company personnel and independent geologists, and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified reserve or resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. The estimating of mineral resources and mineral reserves is a subjective process and the accuracy of mineral resource and mineral reserve estimates is a function of the quantity and quality of available data, the accuracy of statistical computations, and the assumptions used and judgments made in interpreting available engineering and geological information. There is significant uncertainty in any mineral resource or mineral reserve estimate and the actual deposits encountered and the economic viability of a deposit may differ materially from the Company's estimates. Accordingly, there can be no assurance that:

- these estimates will be accurate;
- reserves, resource or other mineralization figures will be accurate; or
- this mineralization could be mined or processed profitably.

Because the Company has not commenced production at any of its properties, and has not (with the exception of Zonia) defined or delineated any proven or probable reserves on any of its properties, mineralization estimates for the Company's properties may require adjustments or downward revisions based upon further exploration or development work or actual production experience. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. There can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. Short term factors, such as the need for orderly development of deposits or the processing of new or different grades, may have a material adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in reserves or resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. The estimated resources described in the Company's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time should not be interpreted as assurances of mine life or of the profitability of future operations. Estimated mineral resources and mineral reserves may have to be re-estimated based on changes in applicable commodity prices, further exploration or development activity or actual production experience. This could materially and adversely affect estimates of the volume or

grade of mineralization, estimated recovery rates or other important factors that influence mineral resource or mineral reserve estimates. Market price fluctuations for gold, silver or base metals, increased production costs or reduced recovery rates or other factors may render any particular reserves uneconomical or unprofitable to develop at a particular site or sites. A reduction in estimated reserves could require material write downs in investment in the affected mining property and increased amortization, reclamation and closure charges.

Mineral resources are not mineral reserves and there is no assurance that any mineral resources will ultimately be reclassified as proven or probable reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability.

Enforcement of Civil Liabilities: As many of the assets of the Company are located outside of Canada and the United States, and certain of the directors and officers of Cardero are resident outside of Canada and/or the United States, it may be difficult or impossible to enforce judgements granted by a court in Canada or the United States against the assets of the Company or the directors and officers of Cardero residing outside of such country.

Mining Industry is Intensely Competitive: The Company's business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. The Company may also encounter increasing competition from other mining companies in efforts to hire experienced mining professionals. Competition for exploration resources at all levels is currently very intense, particularly affecting the availability of manpower, drill rigs and helicopters. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

The Company may be a "passive foreign investment company" under the U.S. Internal Revenue Code, which may result in material adverse U.S. federal income tax consequences to investors in Common Shares that are U.S. taxpayers: Investors in Common Shares that are U.S. taxpayers should be aware that Cardero believes that it has been in one or more prior tax years, and may be in current and future tax years, a "passive foreign investment company" under Section 1297(a) of the U.S. Internal Revenue Code (a "PFIC"). However, no determination has been made regarding Cardero's PFIC status for any particular tax year. If Cardero is or becomes a PFIC, generally any gain recognized on the sale of the Common Shares and any "excess distributions" (as specifically defined) paid on the Common Shares must be rateably allocated to each day in a U.S. taxpayer's holding period for the Common Shares. The amount of any such gain or excess distribution allocated to prior years of such U.S. taxpayer's holding period for the Common Shares generally will be subject to U.S. federal income tax at the highest tax applicable to ordinary income in each such prior year, and the U.S. taxpayer will be required to pay interest on the resulting tax liability for each such prior year, calculated as if such tax liability had been due in each such prior year. The amount of any such gain or excess distribution allocated to the tax year of disposition or distribution of the excess distribution and to years before the entity became a PFIC, if any, would be taxed as ordinary income.

Alternatively, a U.S. taxpayer that makes a "qualified electing fund" (a "QEF") election with respect to Cardero generally will be subject to U.S. federal income tax on such U.S. taxpayer's pro rata share of Cardero's "net capital gain" and "ordinary earnings" (as specifically defined and calculated under U.S. federal income tax rules), regardless of whether such amounts are actually distributed by Cardero. U.S. taxpayers should be aware, however, that there can be no assurance that Cardero will satisfy record keeping requirements under the QEF rules or that Cardero will supply U.S. taxpayers with required information under the QEF rules, if Cardero is a PFIC and a U.S. taxpayer wishes to make a QEF election. As a second alternative, a U.S. taxpayer may make a "mark-to-market election" if Cardero is a PFIC and the Common Shares are "marketable stock" (as specifically defined). A U.S. taxpayer that makes a mark-to-market election generally will include in gross income, for each taxable year in which Cardero is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of

the Common Shares as of the close of such taxable year over (b) such U.S. taxpayer's adjusted tax basis in the Common Shares.

The above paragraphs contain only a brief summary of certain U.S. federal income tax considerations and cannot be relied upon. Investors should consult their own tax advisor regarding the PFIC rules and other U.S. federal income tax consequences of the acquisition, ownership, and disposition of Common Shares.

Material Mineral Project

Zonia Copper-Oxide Deposit, Arizona, USA

Information in this AIF regarding Zonia is based on information provided by the Zonia 43-101 Report. The following is from the summary section of the Zonia Report and the detailed disclosure in the Zonia 43-101 Report is incorporated into this AIF by reference. Readers are encouraged to review the entire Zonia 43-101 Report, which is filed on SEDAR at www.sedar.com.

The Zonia Copper Oxide Project is an advanced discovery-stage property, amenable to low-cost recovery techniques including open pit mining and SX/EW processing. Zonia is located in Yavapai County, Arizona, 130 kilometers to the northwest of Phoenix and is easily accessible with a network of roads to the project site. The Zonia property was discovered in the 1890's with the first single stack smelter built in 1900. From 1900 to present Zonia has been explored for copper by several operators. The property has been drill tested with almost 700 drill holes (60,000 meters). This high density drilling covers 30% of the property and defines the historical resources and reduces technical risk on the deposit. Mineralization is open to the southwest and northeast, providing considerable opportunity to grow the resource.

The deposit has undergone deep oxidation from surface and metallurgical studies demonstrate that it is amenable to heap-leaching and SX-EW to produce cathode copper, with an expected recovery of 73% overall based on extensive metallurgical testing.

In Q4 2015, Tetra Tech ("Tt") completed a resource estimate for Zonia and a NI 43-101 Technical Report was filed on SEDAR in Q1 2016. All dollar amounts in this report are in US dollars unless otherwise stated.

The project is located in Yavapai County, Arizona, USA. The nearest major city is Phoenix, Arizona approximately 81 miles to the southeast. The Zonia Property can be reached from Phoenix, Arizona by traveling 81 miles north on US Highway 89 (paved) to Kirkland Junction, then east on the Walnut Grove gravel road for 3.5 miles to the Zonia road, and then south on the Zonia road 2.5 miles to the mine office. Kirkland Junction is 20 miles south of Prescott, Arizona on US Highway 89.

The Zonia Property consists of 261 patented (96) and unpatented (185) mineral claims and 566.85 acres of surface rights acquired from the State of Arizona; comprising 4,279.55 acres total. These claims include lode mining claims and millsite claims and are located in the Walnut Grove Mining District (Appendix 1). Each mineral claim has a survey description and each patented claim was surveyed by a registered surveyor.

The Zonia property was discovered in the 1880's most likely in the interest of developing gold bearing veins. Prospecting for copper began in the 1890's and a single stack smelter was built in 1900. From 1900 to present the Zonia property has been extensively explored for copper by several holders and lessees. The property was mined by open pit from 1966 to March 1975 by McAlester Fuel Company (McAlester). Most recently, the property was explored by Copper Mesa Mining Corporation from 2008 to 2009, Redstone from 2009 to 2015, and currently Cardero from 2015.

Historical drilling prior to Redstone and Copper Mesa Mining Corporation (Copper Mesa) involvement in 2008, totals some 553 drillholes on the property. Total historical drilling footage for the property is known to be

greater than 139,000 feet (ft); the drilled footage from 27 of the historical holes is unknown. Through the work of Tetra Tech and other independent consultants, a total of 443 of the historical drillholes were able to be verified and were used in the development of the resource estimate in this report.

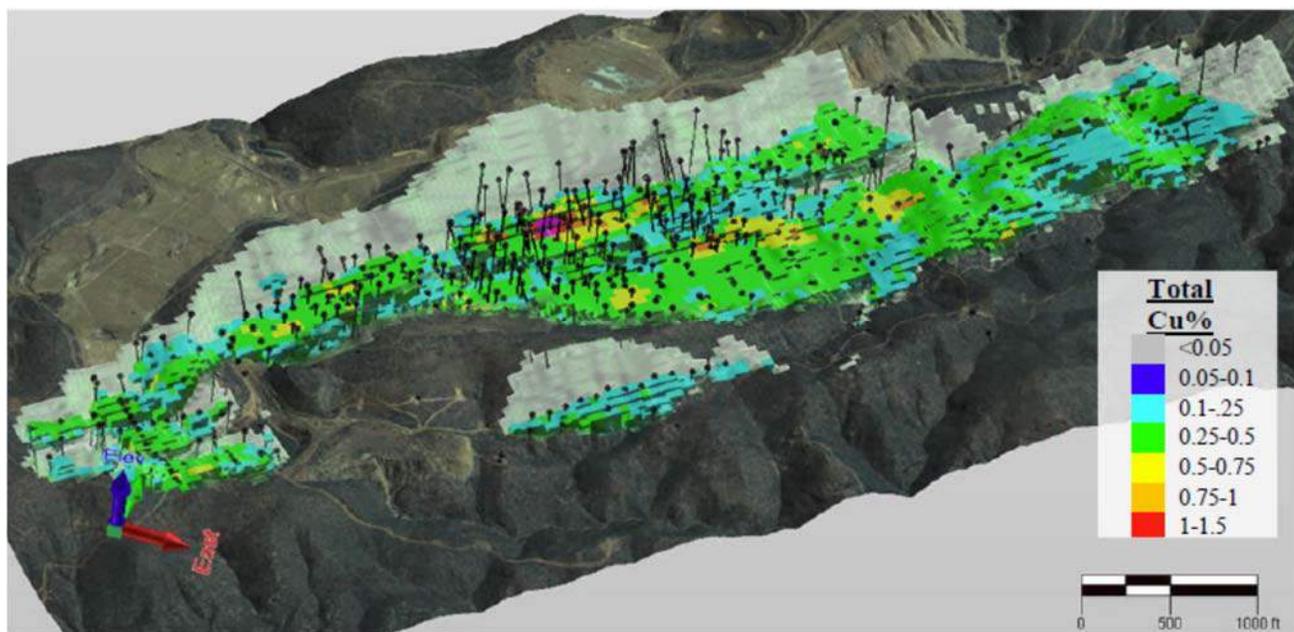
The Zonia property is located in the southern part of the Basin and Range Transition province of the North American Cordillera immediately south of the Colorado Plateau and north of the Basin and Range province. This section of the Basin and Range province in Arizona and New Mexico hosts a large number of base and precious metal mines and mineral occurrences. The Zonia deposit is hosted by the steeply dipping Precambrian Yavapai Series, which consists of metamorphosed volcanic, tuffaceous, sedimentary and igneous sill rocks. Portions of the area are covered by much younger basalts, fanglomerates, and alluvial material.

Rocks at the Zonia Property consist of Proterozoic age rhyolitic pyroclastic rocks, intercalated andesitic rocks, and quartz-sericite schists. These units are intruded by rhyodacite to diorite to quartz-eye porphyry sills and minor diabase dikes. Zonia is the highly oxidized portion of a volcanogenic massive sulfide (VMS) deposit. Chrysocolla, malachite, azurite, melaconite, and cuprite are the most common copper minerals. Quartz and jasper accompany the ore minerals; oxides are ubiquitous in the mineralized zones. Oxidation has been pervasive and deep.

The Zonia copper deposit has a northeasterly strike length of about 8,000ft and horizontal width varies from 200 ft to 1,500 ft. The deposit consists of multiple mineralized zones that dip at various angles to the northwest. The zones are generally in the order of 200 ft wide and commonly occur in sub-parallel groups of three or more. Most of the deposit has been drilled to depths of 400 ft or less.

From 2008 to 2010, exploration drilling by Copper Mesa and Redstone has totaled 54,211 ft. The drilling consists of 131 drillholes, 77 HQ size core holes totaling 25,227 ft and 54 reverse circulation holes totaling 28,984. Thirty-nine of the holes were designed to twin previous historical drilling for verification purposes. The remaining holes were drilled for exploration and resource development purposes. Tetra Tech reviewed the geologic logging, sample selection, sample preparation, assaying, standards, duplicates, and blanks protocols and believes that the work is consistent with current standard practice and meets the requirements for calculating mineral resource estimations of the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) standards and is compliant with NI 43-101.

Tt completed an independent mineral resource and reserve estimate of the contained copper in the Zonia deposit. Geostatistics and resource estimation was done with MicroModel®. Additional statistical analysis was done with Statistica® and Excel®. Three-dimensional wireframes and model visualization was done with GemCom® software. A three-dimensional (3D) view (below) looking northwest from above that shows resource blocks greater than 0.15 Cu% that are constrained within an optimized shell.



3D View of Block Model

Geologic interpretation of lithology, extent of oxidation, and mineralized zones was completed by Redstone geologic staff and checked by Tetra Tech. Interpretation was done in vertical section as the basis for wire-framing using GemCom®. A numerical code system was established based on lithology and mineral zone. For a particular location, a total-value was established based on summation of the block codes. For instance, if a particular location was within a mineral zone 400 (the greater than 0.45 percent total copper (%TCu) mineralized envelope code) within a quartz sericite schist lithology (code 42), the combined code would have a value of 442. A resource estimation was then completed by compositing drillhole assay data and estimating grades in each individual geologic domain using values from that domain.

Log transformed statistics and a histogram analysis was performed %TCu on 25,690 original five-foot assays with values noted to be above zero in the assay database. The data includes assays from rock that has been previously mined and was originally located above the current topography. Assay data from previously mined rock was used for statistical analysis and modeling but is not included in final resource values. The histogram generated for %TCu, follows a lognormal distribution with a mean of 0.274 %TCu. The coefficient of variability (CV) for this distribution is 1.42.

Log transformed statistics and histogram analysis for percent acid soluble copper (%AsCu) was completed on 4,879 assays representing approximately 20 %TCu data. The statistical distribution is more complex than for %TCu, with a mean of 0.244 %AsCu and the CV of 1.48.

The original 28,813 nominal five-foot assays were composited into 20-foot composites. Statistics for the 8,265 composites of %TCu indicate that an individual assay maximum of 11.12 %TCu is reduced by averaging over a 20-foot composite to a value of 9.51 %TCu. The CV is also reduced to 1.24. The mean copper grades contained within the composites identified by codes 100 to 400 (samples within the mineral zone) are generally greater than in adjacent zones. The code of 9999 is used to designate composite data that is outside of the geologically modeled zone. The code 0 is used to designate composite data that is above the current topography and below the historical pre-mining topography. The 9999 composites will not be used to estimate present material.

Tetra Tech completed geostatistical analysis on total copper using the simplified coded data. The geostatistics of acid soluble copper (based on sequential copper leach tests) and the ratio of acid soluble to total copper was also explored and it was determined that there is currently insufficient data to warrant further analysis.

A general relative variogram for %TCu in the combined codes 100 to 400 and 0 was analyzed using three nested spherical models. The 100-400 simplified composite codes have a nugget value of 0.20, with incremental sills. The variogram has its maximum range in the NE-SW direction, with an anisotropy of 2 horizontally and 4 vertically. A second variogram looks in the SE direction with a dip of 45° and shows nested ranges that are shorter by a half. A vertical variogram (not shown) indicates that the vertical range is shorter by one half again. Inspection of other directions indicates further complexities. There is the possibility that the anisotropies have additional dip and tilt components as well.

Kriging Search and Variogram Parameters by Consolidated Zone

Composite Codes	Block Codes	Zone Name	Search Parameters (CuT%)						Variogram Parameters (CuT%)							
			Direction	Search Range	Direction	Preliminary Resource Code **	Times Indicated Range	#Points Nearest Search: Max/DH: Min Points	Nugget	Rotation	Range (1)	Sill (1)	Range (2)	Sill (2)	Range (3)	Sill (3)
A	A'	Within Mineralized Zone	Along Strike	320	Measured	1	0.50	16:99:8	0.20	45	60	0.30	350	0.14	600	0.07
			Along Dip	160	Indicated	3	1.00	8:99:8		0	30		175		300	
			Across Dip	80	Inferred	5	2.00	8:99:4		0	15		87.5		150	
B	B'	Within Mineralized Zone	Along Strike	320	Measured	1	0.50	16:99:8	0.20	45	60	0.30	350	0.14	600	0.07
			Along Dip	160	Indicated	3	1.00	8:99:8		0	30		175		300	
			Across Dip	80	Inferred	5	2.00	8:99:4		0	15		87.5		150	
C	C'	Within Mineralized Zone	Along Strike	320	Measured	1	0.50	16:99:8	0.20	45	70	0.10	175	0.14	600	0.10
			Along Dip	160	Indicated	3	1.00	8:99:8		0	35		87.5		300	
			Across Dip	80	Inferred	5	2.00	8:99:4		0	17.5		43.8		150	
D	D'	Within Mineralized Zone	Along Strike	320	Measured	1	0.50	16:99:8	0.20	45	140	0.30	300	0.40	600	0.30
			Along Dip	160	Indicated	3	1.00	8:99:8		0	70		150		300	
			Across Dip	80	Inferred	5	2.00	8:99:4		0	35		75		150	
Cmp	A	0,420,422,424,426,430,432,434,440,442			Blk	A'	420,422,424,426,430,432,434,440,442									
Cmp	B	0,320,322,324,326,330,432,334,340,342			Blk	B'	320,322,324,326,330,332,334,340,342									
Cmp	C	0,220,222,224,226,230,232,234,240,242			Blk	C'	220,222,224,226,230,232,234,240,242									
Cmp	D	0,120,122,124,126,130,132,134,140,142			Blk	D'	120,122,124,126,130,132,134,140,142									
	*	Unitize General Relative (All variogram structures are transformed to relative variograms from log variograms)														
	**	Kriging Error is used to adjust final resource class														

In development of the block model classifications, a kriging error value was produced which represents a measure of the quality of each estimate. The cumulative frequency plot of the kriging error indicates a break in a linear fit at a kriging error value of 1.07, at the transition from one lognormal distribution of errors to another lognormal distribution of errors.

After Kriging, each block is assigned a block code of 1, 3 or 5, corresponding to a preliminary resource classification of measured, indicated or inferred. Each estimated block also has a kriging error. If the kriging error is greater than 1.07, the initial resource code is incremented by one. For example, if a block with resource class code of 1 and also has a kriging error above 0.62, its resource code class becomes a 2, and it is re-classified as indicated. Each block is looked at in turn and adjusted in this manner. The last code of 6, generated by a block of code 5 with a kriging error greater than 1.07 was excluded from the inferred classification after extensive review. After adjusting for kriging error the possible block codes and classifications have expanded to 1 for measured, 2-3 indicated, and 4-5 for inferred. This method has produced minor amounts of isolated blocks of each category that future estimates will need to address.

The Zonia classified mineral resources at a base case cut-off of 0.2 %TCu are included below. Mineral resources have been reported within a shell generated using the Lerch-Grossman algorithm. Mineral resources within an optimized shell are not mineral reserves and do not have demonstrated economic viability. It is Tetra Tech’s opinion that the reported mineral resource classifications comply with current CIM definitions for each mineral class. The classified resources at various cut offs above and below the base case are also included. The grade

and tonnage relationship of measured and indicated mineral resources and as well as inferred mineral resources are represented graphically on the chart below.

Zonia Classified Mineral Resources Base Case

CLASSIFICATION	CUT-OFF GRADE CU%	TONS M	GRADE CU%	CU LBS M
Measured	0.2	15.4	0.42	129.3
Indicated	0.2	61.4	0.31	380.6
Measured + Indicated	0.2	76.8	0.33	510.0
Inferred	0.2	27.2	0.28	154.6

Notes:

(1) Resources are stated within a Lerch-Grossman optimized shell using the following parameters:

Mining (ore and waste) \$1.5/ton, processing \$3.4/ton, General and Administrative \$0.45/ton, oxide recovery 73%, transition recovery 70%, and Cu price \$2.50/lbs

(2) Columns may not total due to rounding, and

(3) One Ton is equal to 2,000 lbs or 0.9071847 Tonnes.

Zonia Classified Mineral Resources at Various Cutoffs

CUT-OFF GRADE CU%	RATIO RESOURCE: WASTE	MEASURED + INDICATED			INFERRED		
		TONS M	GRADE CU%	CU LBS M	TONS M	GRADE CU%	CU LBS M
0.25	1.96	54.5	0.426	312.6	16.2	0.374	63.2
0.225	1.43	65.2	0.376	410.1	21.0	0.326	105.8
0.20	1.01	76.8	0.33	510	27.2	0.28	154.6
0.175	0.69	88.0	0.314	551.9	35.7	0.261	186.4
0.15	0.52	96.2	0.301	578.6	41.6	0.247	205.5

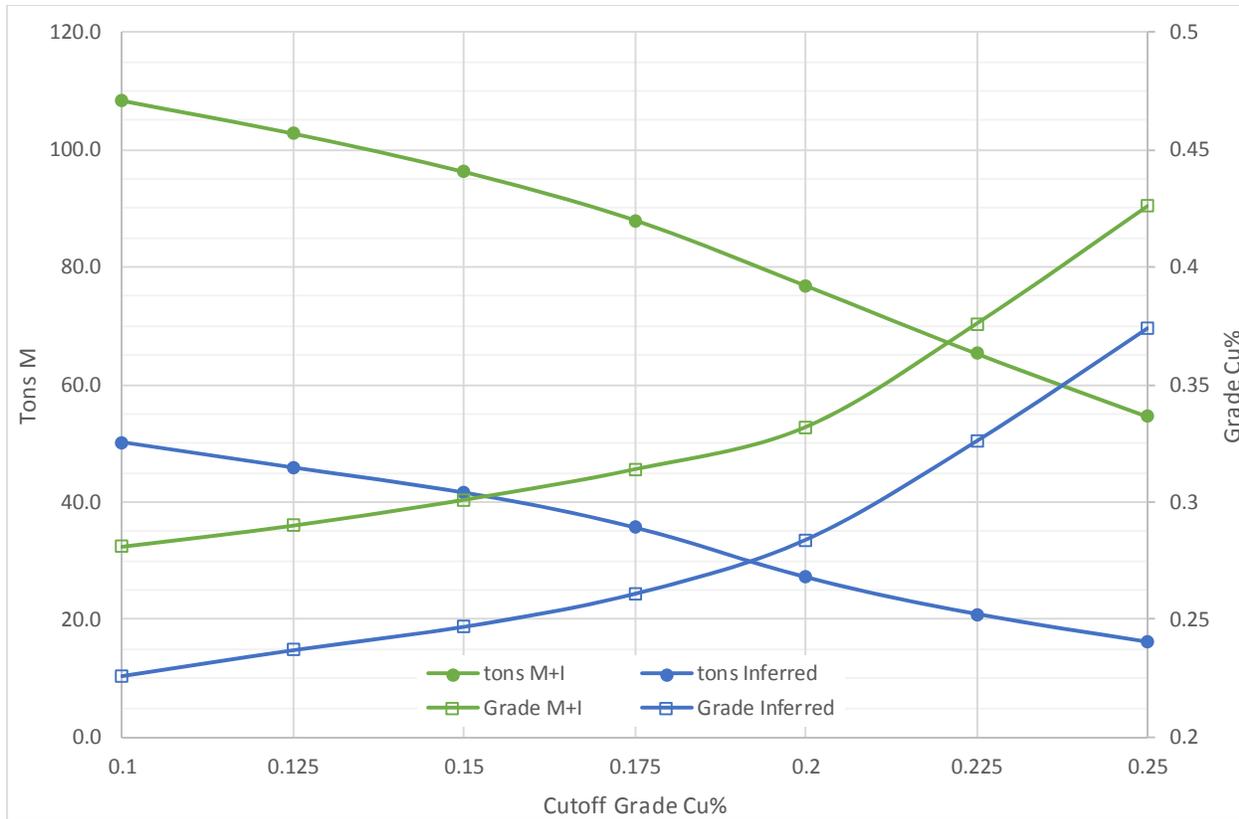
Notes:

(1) Resources are stated within a Lerch-Grossman optimized shell using the following parameters:

Mining (ore and waste) \$1.5/ton, processing \$3.4/ton, General and Administrative \$0.45/ton, oxide recovery 73%, transition recovery 70%, and Cu price \$2.50/lbs

(2) Columns may not total due to rounding, and

(3) One Ton is equal to 2,000 lbs or 0.9071847 Tonnes.



Mineral Resource Grade Tonnage Curves

Resources are stated within a Lerch-Grossman optimized pit shell using the following parameters; a metal price of \$2.50/lb copper, mining costs of \$1.50/ton, processing costs of \$3.40/ton, general and administrative costs of \$0.45/ton, oxide recovery of 73%, transition zone recovery of 70%, and an average pit slope of 45 degrees. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources will be converted into Mineral Reserves. Inferred resources have a great deal of uncertainty as to their existence and whether they can be mined economically. It cannot be assumed that any part of the Inferred resource will ever be upgraded to Measured or Indicated categories.

Redstone undertook metallurgical testwork on trenches and fresh core samples drilled in 2009 and 2010. The primary objectives of the testwork were to confirm earlier findings that the mineralized material is heap leachable and to confirm extraction and reagent consumptions. The samples used for metallurgical testwork were selected from across the whole deposit. Composite samples were prepared representing varying feed grades, different depths, and high secondary copper content.

The copper extraction for the master composite sample on a nominal 1 inch crush size was 77.8%. The copper extraction for the other samples ranged from 47.6% to 81.3%. In general, the column tests recovered $\pm 95\%$ of the leachable copper. The overall copper extraction based on contained %TCu for the deposit is estimated to be between 71% and 75%. However, 73% copper recovery has been used as a parameter for pit optimization.

Drillhole samples have been collected and analyzed using current industry standard methods and practices. Comparisons of twin holes to historical drilling support previous data collection efforts and historical drilling along with recent drilling is sufficient to characterize grade and tonnage of mineral resources. Given the grade and tonnage of the mineral resources estimated as part of this report, and previous investigations at a scoping level that have already been conducted (unpublished), it is recommended the project be studied at a preliminary economic assessment level (PEA).

The project has a number of positive attributes that justify study advancement:

- Politically stable jurisdiction and regional familiarity with mining and associated community economic benefits;
- Scoping-level analysis historically completed for many aspects of the project;
- Plan to optimize an initial plan of operations restricted to private land, with positive implications for permitting time;
- Oxide mineral resources exposed at the surface, with a low waste to mineralized material ratio; and
- The potential for discovery of additional oxide and sulfide resources.

It is recommended that Cardero advance the Project by completing a PEA using existing data collected by previous operators, with the intent of collecting additional data following positive results of a PEA. Producing a PEA with no additional data collection or trade-offs, is estimated to be \$157,000. The costs are shown below.

Proposed Budget for PEA Using Current Data

TASK AREA	ESTIMATED COST
Geology and Resources	\$1,000
Mine Design and Planning	\$36,000
Metallurgy and Process Design	\$11,000
Infrastructure	\$10,000
Heap Leach Geotechnical Design	\$18,000
Water Management	\$14,000
Environmental/Reclamation and Closure	\$19,000
Economic Modeling	\$16,000
Project Management, Peer Review, and Document Assembly	\$32,000
Total:	\$157,000

Cardero has the exclusive option to acquire a 100% interest in the Zonia project. Cardero will pay US\$2,225,000 (US\$ 276,350 paid) and issue 16,500,000 shares (2,500,000 issued) over 36 months as follows:

Date	Cash to Redstone (USD\$)	Cardero Shares
Initial Payment	\$25,000 (Paid)	-
On or before August 30, 2015	\$26,350 (Paid)	-
October 15, 2015	\$150,000 (Paid)	1,000,000 (issued)
January 31, 2016	\$75,000 (Paid)	1,500,000 (issued)
July 31, 2016*	\$75,000	-
January 31, 2017	\$450,000	2,500,000
July 31, 2017	\$450,000	2,500,000
October 31, 2017	\$973,650	4,000,000
October 31, 2018	-	5,000,000
Total	\$2,225,000	16,500,000

* On the earlier of three business days after the Company closes a financing of not less than \$250,000, or July 31, 2016

Qualified Person(s) and Quality Control/Quality Assurance

Dr. Rex C. Bryan, of Tetra Tech Inc. and a Registered (QP) member of the Society for Mining, Metallurgy and Exploration Inc., and a qualified person as defined by National Instrument 43-101, is responsible for Sections 1 to 12, 14, and 23 to 28 of the technical report that forms the basis of this news release and has reviewed and approved the scientific and technical information contained in this news release.

D. Eric Spiller, of Tetra Tech Inc. and a Qualified Professional (QP) member of the Mining and Metallurgical Society of America and a Registered (QP) member of the Society for Mining, Metallurgy and Exploration Inc., and a qualified person as defined by National Instrument 43-101, is responsible for Sections 13 of the technical report that forms the basis of this news release and has reviewed and approved the scientific and technical information contained in this news release.

Dr. Bryan and Mr. Spiller are independent of Cardero Resource Corp. as defined by Section 1.5 of the Instrument.

DIVIDENDS

There are no restrictions which prevent the Company from paying dividends, other certain rights of priority to dividends as between the Preferred Shares and Common Shares as described below. The Company has not paid any dividends in the last three financial years. Pursuant to the Plan, the Company created and issued 12,000,000 Preferred Shares. The Preferred Shares carry a right to a fixed cumulative preferential dividend of 8% of the par value of the Preferred Shares, which is currently \$0.20 per Preferred Share. In the event that the Company fails to make any dividend payment to the holders of the Preferred Shares, the annual dividend rate automatically increases to 10% of par value per annum. Other than the dividend applicable to the Preferred Shares, the Company has no present intention of paying any dividends, as it anticipates that all other available funds will be invested to finance the growth of its business. The directors of Cardero will determine if and when dividends on the Common Shares should be declared and paid in the future, based on the Company's financial position at the relevant time.

DESCRIPTION OF CAPITAL STRUCTURE

General Description of Capital Structure

The authorized capital of Cardero is an unlimited number of Common Shares, of which 36,520,364 were issued and outstanding as of January 27, 2016 and an unlimited number of preferred shares with a par value of \$0.20 per share, of which 12,000,000 preferred shares were issued and outstanding as of January 27, 2016. In addition, as at January 27, 2016, 10,715,000 Common Shares have been reserved for issuance pursuant stock options granted to directors, officers, employees and consultants of the Company, and a further 13,758,567 Common Shares have been reserved for issuance pursuant to share purchase warrants previously issued.

The following is a summary of the principal attributes of the Common Shares:

Voting Rights. The holders of the Common Shares are entitled to receive notice of, attend and vote at any meeting of the shareholders of the Company. The Common Shares carry one vote per share. There are no cumulative voting rights, and directors do not stand for re-election at staggered intervals.

Dividends. Subject to the rights of the holders of the Preferred Shares, the holders of Common Shares are entitled to receive on a pro rata basis such dividends as may be declared by the board of directors, out of funds legally available therefor. No dividends may be declared or paid on the Common Shares until all accumulated, accrued but unpaid dividends on the Preferred Shares, whether or not declared, have been paid in full.

Profits. Each Common Share is entitled to share pro rata in any profits of the Company to the extent they are distributed either through the declaration of dividends or otherwise distributed to shareholders, or on a winding up or liquidation.

Rights on Dissolution. Subject to the preferential rights of the holders of the Preferred Shares as described below, in the event of the liquidation, dissolution or winding up of the Company, the holders of the Common Shares will be entitled to receive on a pro rata basis all of the assets of the Company remaining after payment of all the Company's liabilities.

Pre-Emptive, Conversion and Other Rights. No pre-emptive, redemption, sinking fund or conversion rights are attached to the Common Shares, and the Common Shares, when fully paid, will not be liable to further call or assessment. There are no provisions discriminating against any existing or prospective holder of Common Shares as a result of such shareholder owning a substantial number of Common Shares.

The following is a summary of the principal attributes of the Preferred Shares:

Par Value. The Preferred Shares have a par value of \$0.20 per Preferred Share

Voting Rights. The holders of the Preferred Shares are entitled to receive notice of, attend and vote at any meeting of the shareholders of the Company. The Preferred Shares carry one vote per share. There are no cumulative voting rights, and directors do not stand for re-election at staggered intervals.

Dividends. The holders of Preferred Shares are entitled to receive on a pro rata basis a fixed cumulative preferential dividend rate of 8.0% of the par value of the Preferred Shares held per annum, payable annually in arrears. In the event that Cardero fails to make any annual dividend payment to the holders of the Preferred Shares, the annual dividend rate increases to 10% of par value per annum. The holders of the Preferred Shares are not entitled to receive any other dividends in excess of the preferred dividend noted above.

Conversion Rights. The holders of the Preferred Shares may convert up to 50% of the Preferred Shares outstanding into Common Shares on a pro rata basis at any time until the date which is five years following the date of issuance of the Preferred Shares on the basis of one Common Share for each Preferred Share so converted. Additionally, the holder of the Preferred Shares shall also have the right to convert up to 50% of any accrued but unpaid dividends associated with such Preferred Shares as may be converted into Common Shares at a price per Common Share of \$0.20 per share. All of the currently outstanding Preferred Shares were issued on October 15, 2015 and the conversion right applicable thereto will expire on October 15, 2020. The conversion rate is subject to customary adjustment provisions in the event of certain corporate actions.

Redemption Rights. The Company has the right to redeem at any time until the date which is five years following the date of issuance of any Preferred Shares, upon providing 15 days' written notice to the holders, all of any portion of the outstanding Preferred Shares, pro rata, at a redemption price equal to the par value of the Preferred Shares plus all accrued and unpaid cumulative dividends up to the date of redemption, provided that the holder of the Preferred Shares has the right following the receipt of the proposed notice of redemption to exercise the conversion rights described above until the proposed redemption date. All of the currently outstanding Preferred Shares were issued on October 15, 2015 and the redemption right applicable thereto will expire on October 15, 2020.

Profits. Each Common Share is entitled to share pro rata in any profits of the Company to the extent they are distributed either through the declaration of dividends or otherwise distributed to shareholders, or on a winding up or liquidation.

Rights on Dissolution. In the event of the liquidation, dissolution or winding up of the Company, the holders of the Preferred Shares will be entitled to receive on a pro rata basis, in preference to the holders of the Common Shares, a per share amount equal to the par value of the Preferred Shares, plus all accumulated, accrued but unpaid dividends (the “preferred liquidation payment”). Following such payment, the holders of the Preferred Shares shall not be entitled to participate in the distribution of all of the assets of the Company remaining after payment of all the Company’s liabilities and the preferred liquidation payment.

Pre-Emptive, Other Rights. No pre-emptive rights are attached to the Preferred Shares, and the Preferred Shares, when fully paid, will not be liable to further call or assessment. There are no provisions discriminating against any existing or prospective holder of Preferred Shares as a result of such shareholder owning a substantial number of Preferred Shares.

MARKET FOR SECURITIES

As at October 31, 2015, the Common Shares were listed and posted for trading on the TSX (symbol “CDU”), on the Frankfurt Stock Exchange (symbol “CR5”) and on the OTCBB (symbol “CDYCF”). The Preferred Shares are not listed or quoted on any stock exchange.

Trading Price and Volume

The following table provides information as to the high, low and closing prices of the Common Shares on the TSX during the 12 months of the most recently completed financial year and the 3 months since the most recent financial year end, as well as the volume of shares traded for each month:

Toronto Stock Exchange

<i>Month</i>	<i>High (\$)</i>	<i>Low (\$)</i>	<i>Close (\$)</i>	<i>Volume</i>
January 1 to 27, 2016	0.205	0.075	0.08	415,896
December, 2015	0.175	0.075	0.10	661,893
November, 2015	0.23	0.15	0.15	64,376
October, 2015	0.26	0.015	0.24	196,751
September, 2015	0.025	0.015	0.02	723,516
August, 2015	0.025	0.015	0.02	708,224
July, 2015	0.02	0.01	0.02	2,270,314
June, 2015	0.025	0.01	0.015	1,352,065
May, 2015	0.03	0.02	0.025	1,246,766
April, 2015	0.03	0.02	0.025	1,050,422
March, 2015	0.04	0.025	0.025	814,686
February, 2015	0.04	0.03	0.035	809,239
January, 2015	0.045	0.03	0.035	977,053
December, 2014	0.045	0.03	0.035	2,896,232
November, 2014	0.055	0.035	0.035	1,826,294

Prior Sales

All of the currently issued and outstanding Preferred Shares as of the date of this AIF, being 12,000,000 Preferred Shares, were issued at a price of \$0.20 per Preferred Share on October 15, 2015 pursuant to the Plan in settlement of USD\$2,000,000 (CDN\$2,400,000) of debt held by the Kopple Lenders

ESCROWED SECURITIES

There are no securities of the Company subject to escrow.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security Holding

The names, positions or offices held with Cardero, province/state and country of residence, and principal occupation over the last five years of the Directors and executive officers of Cardero are as follows:

Name, Position and Province/State and Country of Residence ⁽¹⁾	Principal Occupation During the Past 5 Years ⁽¹⁾	Period of Service as an Executive Officer or Director ⁽²⁾
Hendrik Van Alphen Managing Director British Columbia, Canada	Businessman; President of Cardero, 2000 to June 1, 2011 and since March 19, 2013; Chief Executive Officer of Cardero, 2001 to November 9, 2011 and since March 19, 2013.	Director since April 19, 1999 President from April 10, 2000 to June 1, 2011 and March 19, 2013 to present Chief Executive Officer from May 14, 2001 to November 9, 2011 and March 19, 2013 to present
Leonard Harris ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾ Director Colorado, USA	Independent consultant to the mining industry, 1992 to present.	Since February 25, 2000
Stephan A. Fitch ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾ Director London, England	Businessman; Managing Director, IAG Holdings Limited (private investment company) 2003 to present; previously Partner, International Asset Group Ltd. (private merchant and investment banking firm) 1995 to 2003.	Since May 31, 2006
Robert Van Doorn ⁽³⁾ Director British Columbia	Businessman; businessman with over 20 years of experience in the mineral resource business. He is currently (since 2006) the Executive Chairman of Namakwa Uranium (Proprietary) Limited, a private South African company involved in the gold and uranium business in South Africa.	Since April 4, 2014

Name, Position and Province/State and Country of Residence ⁽¹⁾	Principal Occupation During the Past 5 Years ⁽¹⁾	Period of Service as an Executive Officer or Director ⁽²⁾
Blaine Bailey CPA, CGA Chief Financial Officer British Columbia, Canada	Businessman, CPA, CGA; CFO of Cardero Coal from July 2008 to October 21, 2015; Principal of Promaid Services Ltd. from September 2002 to January 2011.	Since November 9, 2011
Keith Henderson, P.Geo. Executive Vice President British Columbia, Canada	Geologist; President & CEO of Centenera Mining Corp. since June 22, 2015, Executive Vice-President of Cardero since November 9, 2011; Vice President, Exploration of Cardero, April 1, 2007 to November 9, 2011; President, Dorato Resources Inc., December 1, 2008 to October, 2011; Senior Project Geologist, Anglo American (Exploration) Canada Ltd., 2002 to March 31, 2007	Executive Vice President since November 9, 2011

Notes:

1. The information as to place of residence and principal occupation, not being within the knowledge of Cardero, has been furnished by the respective Directors and executive officers individually.
2. All directorships expire at the next Annual General Meeting of the shareholders of Cardero. All officers hold office at the pleasure of the Board.
3. Denotes member of the Audit Committee.
4. Denotes member of the Compensation Committee.
5. Denotes member of the Sustainable Development Committee.
6. Denotes member of the Corporate Governance and Nominating Committee

Cardero does not currently have any board committees other than the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee and the Sustainable Development Committee.

As at January 27, 2016, Cardero's Directors and executive officers, as a group, beneficially hold a total of 504,913 Common Shares, directly or indirectly, representing 1.38% of the 36,528,364 issued Common Shares. Cardero's Directors and executive officers, as a group, also hold the following incentive stock options to purchase up to the following numbers of Common Shares until the dates shown:

Number of Options to Purchase Common Shares	Exercise Price per Common Share	Expiry Date
1,760,000	\$0.10	December 29, 2017

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

1. Except as noted below, no director or executive officer of Cardero is, as at the date of this AIF, or was within ten years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including Cardero) that:
 - (a) was subject to an order that was issued while the Director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer:
 - (i) Blaine Bailey, the Chief Financial Officer of Cardero, was Chief Financial Officer of Qumana Software Inc. (formerly, Thoughtshare Communications Inc.) which was

subject to cease trade orders issued by the British Columbia Securities Commission (“BCSC”) and the Alberta Securities Commission (“ASC”) in September and October 2003, respectively, for failing to file financial statements. The required financial statements were subsequently filed and revocation orders from the BCSC and the ASC were issued in August, 2005. Qumana Software Inc. was subject to cease trade orders issued by the BCSC and the ASC in August 2007 and January 2008, respectively, for failing to file financial statements; and

- (ii) Blaine Bailey, the Chief Financial Officer of Cardero, was Chief Financial Officer of Arrowstar Resources Ltd. (formerly, Gulfside Minerals Ltd.) which was subject to a cease trade order issued by the BCSC for failing to file a NI 43-101 compliant technical report within the required time period. The technical report was subsequently filed and the cease trade order was revoked;
 - (iii) Blaine Bailey, the Chief Financial Officer of Cardero, was Chief Financial Officer and Director of Arrowstar Resources Ltd. which was subject to a cease trade order issued by the BCSC for failing to file financial statements and management discussion and analysis in May 2014. The required financial statements were subsequently filed and revocation orders from the BCSC was issued in September, 2014 or
- (b) was subject to an order that was issued after the Director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes hereof, the term “order” means:

- (a) a cease trade order;
 - (b) an order similar to a cease trade order; or
 - (c) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.
2. Except as noted below, no director or executive officer of Cardero, or a shareholder holding a sufficient number of securities of Cardero to affect materially the control of Cardero:
- (a) is, as at the date of this AIF, or has been within the ten years before the date of this AIF, a director or executive officer of any company (including Cardero) that, while such person was acting in such capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets:
 - (i) Blaine Bailey, the Chief Financial Officer of Cardero, was Chief Financial Officer of Golden Arch Resources Ltd., a company that was listed on the TSX Venture Exchange and placed into receivership on October 25, 2009; or
 - (b) has, within ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or has a receiver, receiver manager or trustee appointed to hold the assets of the Director, executive officer or shareholder.
3. No Director or executive officer of Cardero, or a shareholder holding a sufficient number of securities of Cardero to affect materially the control of Cardero, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Conflicts of Interest

Certain Directors and executive officers of Cardero are directors, officers and/or shareholders of other private and publicly listed companies, including companies that engage in mineral exploration and development. To the extent that such other companies may participate in or be affected by ventures involving Cardero, these Directors and executive officers of Cardero may have conflicting interests in negotiating, settling and approving the terms of such ventures. Conflicts of interest affecting the Directors and executive officers of Cardero will be governed by Cardero's "Code of Business Conduct and Ethics", the Articles of Cardero and the provisions of the BCBCA and other applicable laws. In the event that such a conflict of interest arises at a meeting of the Directors, a Director affected by the conflict must disclose the nature and extent of his interest and abstain from voting for or against matters concerning the matter in respect of which the conflict arises. Directors and executive officers are required to disclose any conflicts or potential conflicts to the board of Directors as soon as they become aware of them.

PROMOTERS

Cardero does not presently have, and has not within the last two completed financial years had, any promoters.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

The Company is not currently, and has not since November 1, 2013 (being the commencement of the Company's last competed financial year) been, a party to any legal proceedings, nor is any of the Company's properties presently, nor has, since November 1, 2013 (being the commencement of the Company's last competed financial year), any of the Company's properties been, subject to any legal proceedings except as follows:

1. On November 15, 2012, Carbon Mountain Drilling and Water Services Ltd. of Prince George, British Columbia ("Carbon Mountain"), filed a notice of civil claim in the Supreme Court of British Columbia against Cardero Coal seeking payment for certain drilling services rendered in 2011 in the amount of \$770,393 plus damages for breach of contract and interest. On December 14 2014, the parties entered into a settlement agreement, and the matter has now settled and the action has been dismissed by consent without costs to either party.
2. On October 13, 2013, JDS Energy & Mining Inc. of Kelowna, British Columbia filed a notice of civil claim in the Supreme Court of British Columbia against Cardero Coal seeking payment for certain project management and consulting services rendered in 2013 in the amount of \$262,500 plus interest. Cardero Coal filed a response to the civil claim disputing liability and the amount claimed. On January 6, 2014, the parties entered into a settlement agreement, and the matter has now settled and the action has been dismissed by consent without costs to either party.
3. On November 4, 2013, Geodrill Limited of Isle of Man, United Kingdom filed a notice of civil claim in the Supreme Court of British Columbia against Cardero seeking payment for certain drilling services rendered in 2012 in the amount of USD 449,904 plus interest. On November 5, 2013 the parties entered into a settlement

agreement, and the matter has now settled and the action has been dismissed by consent without costs to either party.

Regulatory Actions

There have not been any:

1. penalties or sanctions imposed against Cardero by a court relating to securities legislation or by a securities regulatory authority during the financial year ended October 31, 2015;
2. other penalties or sanctions imposed against Cardero by a court relating to securities legislation or by a securities regulatory authority that would likely be considered important to a reasonable investor making an investment decision; or
3. settlement agreements entered into by Cardero before a court relating to securities legislation or with a securities regulatory authority during the financial year ended October 31, 2015.

Interest of Management and Others in Material Transactions

No:

1. Director or executive officer of the Company;
2. any person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of the Common Shares; or
3. any associate or affiliate of any of the persons or companies referred to in paragraphs 1 or 2; has, during any of the financial years ended October 31, 2012, 2013 or 2014, or during the current financial year, had any material interest, direct or indirect, in any transaction that has materially affected, or will materially affect, the Company, other than:
 - (a) On November 18, 2015, Cardero closed a non-brokered private placement of 1,341,667 common shares (the "Shares"). The shares were sold at \$0.15 per share. Robert van Doorn, a director of the Company, purchased an aggregate of 166,667 shares. Such purchase was upon the identical terms and conditions as the other subscribers in the placement.

TRANSFER AGENT AND REGISTRAR

Cardero's transfer agent and registrar is Computershare Investor Services Inc. Transfers may be effected at, and registration facilities are maintained at:

1. in British Columbia, 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9; and
2. in Ontario, 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

MATERIAL CONTRACTS

Other than in the ordinary course of the Company's business of mineral property evaluation, acquisition and divestiture and exploration, including raising the funding therefor, there are no material contracts that have been entered into by the Company since November 1, 2013 (being the commencement of the Company's most recently completed financial year) that are still in effect and that require filing under Section 12.2 of National Instrument 51-102 and that have not been filed. The Company filed a debt settlement agreement in respect of

the Plan between the Company and the Koppie Lenders dated July 23, 2015 on SEDAR on August 17, 2015 and an amendment thereto dated August 25, 2015 on SEDAR on August 26, 2015. The particulars of the debt settlement agreement and the Plan are described in this AIF at “*Three Year History*” above.

NAMES AND INTERESTS OF EXPERTS

Names and Interests of Experts

The following are the persons or companies:

1. who were named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under National Instrument 51-102 by Cardero during, or relating to, the fiscal year ending October 31, 2013, being Cardero’s most recently completed financial year; and
2. whose profession or business gives authority to the statement, report or valuation made by the person or company:

Smythe Ratcliffe LLP, Chartered Accountants (“SR”), provided an auditor’s report dated January 27, 2016 in respect of the Company’s consolidated financial statements for the year ended October 31, 2015 and incorporated by reference into this AIF. SR is independent in accordance with the auditors’ rules of professional conduct in British Columbia; and

Dr. Rex C. Bryan, of Tetra Tech Inc. and a Registered (QP) member of the Society for Mining, Metallurgy and Exploration Inc., and a qualified person as defined by National Instrument 43-101, is responsible for Sections 1 to 12, 14, and 23 to 28 of the Zonia technical report incorporated by reference to this AIF. D. Eric Spiller, of Tetra Tech Inc. and a Qualified Professional (QP) member of the Mining and Metallurgical Society of America and a Registered (QP) member of the Society for Mining, Metallurgy and Exploration Inc., and a qualified person as defined by National Instrument 43-101, is responsible for Sections 13 of the Zonia technical report incorporated by reference to this AIF. Dr. Bryan and Mr. Spiller are independent of Cardero Resource Corp. as defined by Section 1.5 of the Instrument.

ADDITIONAL INFORMATION

Audit Committee Information

Under National Instrument 52-110 – Audit Committees (“NI 52-110”), companies that are required to file an Annual Information Form are required to provide certain disclosure with respect to their audit committee, including the text of the audit committee’s charter, the composition of the audit committee and the fees paid to the external auditor. This information with respect to Cardero is provided in Schedule “A”.

Additional Information

Additional information relating to Cardero may be found on SEDAR at www.sedar.com.

Additional information, including Directors’ and officers’ remuneration and indebtedness, principal holders of Cardero’s securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Information Circular. Additional financial information is available in the Financial Statements and MD&A.

A copy of this AIF, the Information Circular, the Financial Statements and the MD&A, together with any interim financial statements from the past financial year, may be found on the SEDAR website at www.sedar.com or be obtained upon request from the Secretary of Cardero. A reasonable fee for copying may be charged if the request is made by a person who is not a registered security holder of Cardero.

Schedule "A"

Audit Committee Information

The Audit Committee's Charter

The following is the text of the current Charter for Cardero's Audit Committee:

"CARDERO RESOURCE CORP. AUDIT COMMITTEE CHARTER

(Adopted by the Board of Directors on December 16, 2004)

ARTICLE 1 - PURPOSE

The overall purpose of the Audit Committee (the "Committee") is to:

- (a) ensure that the management of Cardero Resource Corp. (the "Company") has designed and implemented an effective system of internal financial controls for reviewing and reporting on the Company's financial statements;
- (b) oversee, review and report on the integrity of the Company's financial disclosure and reporting;
- (c) review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of material facts; and
- (d) be directly responsible for:
 - (i) the selection of a firm of external auditors to be proposed for election as the external auditors of the Company,
 - (ii) the oversight of the work of the Company's external auditors, and
 - (iii) subject to the grant by the shareholders of the authority to do so, if required, fixing the compensation of the external auditors of the Company.

ARTICLE 2 - COMPOSITION, PROCEDURES AND ORGANIZATION

- 2.1 The Committee will consist of at least three members of the Board of Directors (the "Board"), all of whom will be "independent" and "unrelated directors" of the Company within the meaning of all applicable legal and regulatory requirements (except in the circumstances, and only to the extent, permitted by all applicable legal and regulatory requirements).
- 2.2 All of the members of the Committee will be "financially literate", at least one member of the Committee will have accounting or related financial expertise (i.e. able to analyze and interpret a full set of financial statements, including the notes thereto, in accordance with generally accepted accounting principles) and at least one member of the Committee will be a "financial expert" within the meaning of the rules and forms adopted by the Securities and Exchange Commission (except in the circumstances, and only to the extent, permitted by all applicable legal and regulatory requirements).
- 2.3 The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, will appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
- 2.4 Unless the Board has appointed a chair of the Committee, the members of the Committee will elect a chair from among their number.

- 2.5 The Committee will select an individual to act as secretary for the Committee, who will be either:
- (a) a member of the Committee other than the chair, or
 - (b) another individual who is not a member of the management of the Company.
- 2.6 The quorum for meetings will be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other. Decisions by the Committee will be by the affirmative vote of a majority of the members of the Committee, or by consent resolutions in writing signed by each member of the Committee.
- 2.7 The Committee will have access to such officers and employees of the Company and to the Company's external auditors, and to such information respecting the Company, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
- 2.8 Meetings of the Committee will be conducted as follows:
- (a) the Committee will meet:
 - (i) at least four times annually, and
 - (ii) may meet as many additional times:
 - A. as deemed necessary or appropriate by the Committee,
 - B. upon request by any member of the Committee, the Chief Executive Officer, the Chief Financial Officer or the external auditors,
- in each case at such times and at such locations as may be determined by the Committee or the chair of the Committee. Except in respect of a regularly scheduled meeting of the Committee, notice of such meeting, together with a proposed agenda, will be delivered to each member of the Committee not less than forty-eight (48) hours prior to the proposed meeting time (which notice may be waived by all of the members of the Committee); and
- (b) the external auditors and management representatives will be invited to attend as necessary in the discretion of the Committee.
- 2.9 The internal accounting staff, any external accounting consultant(s) and the external auditors will have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in, or consultant of, the Company as it deems necessary, and any employee of, or consultant to, the Company may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.
- 2.10 The Committee may, in its sole discretion, retain, at the expense of the Company, such legal, financial or other advisors or consultants as it may deem necessary or advisable in order to properly and fully perform its duties and responsibilities hereunder.

ARTICLE 3 - DUTIES AND RESPONSIBILITIES

- 3.1 The overall duties and responsibilities of the Committee will be as follows:
- (a) be directly responsible for:
 - (i) the selection of a firm of external auditors to be proposed for election as the external auditors of the Company,
 - (ii) the oversight of the work of the Company's external auditors, and

- (iii) subject to the grant by the shareholders of the authority to do so, if required, fixing the compensation of the external auditors of the Company;
- (b) to review with the management of the Company (and, in the case of the annual audited statements, with the external auditors) the annual audited consolidated and unaudited consolidated quarterly financial statements, including the notes thereto, to ensure that such statements present fairly the financial position of the Company and the results of its operations and, if appropriate, to recommend to the Board as to the approval of any such financial statements;
- (c) to assist the Board in the discharge of its responsibilities relating to the Company's accounting principles, reporting practices and internal controls and its approval of the Company's annual and quarterly consolidated financial statements;
- (d) to establish and maintain a direct line of communication with the Company's internal accounting staff and any external accounting consultant(s) and assess their performance;
- (e) to ensure that the management of the Company has designed, implemented and is maintaining an effective and appropriate system of internal financial controls; and
- (f) to report regularly to the Board on the fulfilment of its duties and responsibilities.

3.2 The duties and responsibilities of the Committee as they relate to the external auditors will be as follows:

- (a) to select a firm of external auditors to be proposed by management of the Company to the shareholders for election by the shareholders as the external auditors for the Company, and to verify the independence of such proposed external auditors;
- (b) to review and approve the fee, scope and timing of the annual and any other audit performed by the external auditors;
- (c) to review and evaluate the qualifications, performance and independence of the lead partner of the external auditors of the Company;
- (d) to discuss with management of the Company the timing and process for implementing the rotation of the lead audit partner and the reviewing partners of the external auditors of the Company;
- (e) to obtain confirmation from the external auditors of the Company that they will report directly to the Committee;
- (f) to obtain confirmation from the external auditors of the company that they will report in a timely matter to the Committee all critical accounting policies and practices to be used, all alternative accounting policies and practices, the ramifications of each of such accounting policies and practices and the accounting policy and practice preferred by the external auditors of the Company, for the financial information of the Company within applicable IFRS which have been discussed with management of the Company and will provide a copy of all material written communications between the external auditors of the Company and management of the Company including, without limitation, any management letter or schedule of unadjusted differences;
- (g) to review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and any former external auditors of the Company;

- (h) to review and pre-approve all non-audit services to be provided to the Company (or any of its subsidiaries) by the external auditors, provided that such pre-approval authority may be delegated by the Committee to any member of the Committee who is “independent” and “unrelated” on the condition that any such pre-approval must be presented to the Committee at its first schedule meeting following any such approval;
- (i) review the audit plan of the external auditors prior to the commencement of the audit;
- (j) to review with the external auditors, upon completion of their annual audit:
 - (i) the contents of their report,
 - (ii) the scope and quality of the audit work performed,
 - (iii) the adequacy of the Company's financial and accounting personnel,
 - (iv) the co-operation received from the Company's personnel and any external consultants during the audit,
 - (v) the scope and nature of the internal resources used,
 - (vi) any significant transactions outside of the normal business of the Company,
 - (vii) any significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems, and
 - (viii) the non-audit services provided by the external auditors during the year under audit;
- (k) to discuss with the external auditors not just the acceptability, but also the quality, of the Company's accounting principles; and
- (l) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.

3.3 The duties and responsibilities of the Committee as they relate to the internal control procedures of the Company are to:

- (a) review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those relating to internal accounting, the use of and services provided by any external accounting consultant(s), insurance, information services and systems and financial controls, management reporting and risk management, and to ensure that the Company maintains:
 - (i) the necessary books, records and accounts in reasonable detail to accurately and fairly reflect the Company's financial transactions,
 - (ii) effective internal control systems, and
 - (iii) adequate processes for assessing the risk of material misstatement of the financial statements and for detecting control weaknesses or fraud;
- (b) establish procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and
 - (ii) the confidential, anonymous submission by employees or any external consultants of the Company of concerns regarding questionable accounting or auditing matters;

- (c) to periodically review this policy and recommend to the Board any changes which the Committee may deem appropriate;
- (d) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company;
- (e) periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the internal accounting staff, by any external accounting consultant(s) or by the external auditors have been implemented;
- (f) assist in the preparation of any internal control report by management, which provides that management of the Company is responsible for establishing and maintaining an adequate control structure and procedures for financial reporting by the Company, assessing the effectiveness of such control structure and procedures, and ensuring that the external auditors of the Company attest to, and report on, the assessment of such control structure and procedures by management of the Company;
- (g) assist the Chief Executive Officer and the Chief Financial Officer of the Company in their assessment of the effectiveness of the Company's internal control over financial reporting and in determining whether there has been any material change in the Company's internal control over financial reporting which has materially affected or could materially affect such internal control subsequent to the date of the evaluation; and
- (h) assist the Chief Executive Officer and the Chief Financial Officer of the Company in identifying and addressing any significant deficiencies or material weaknesses in the design or operation of the Company's internal control over financial information and any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

3.4 The Committee is also charged with the responsibility to:

- (a) review the Company's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
- (b) review and approve the financial sections of:
 - (i) the annual report to shareholders;
 - (ii) the annual information form (if any);
 - (iii) any quarterly or annual management discussion and analysis;
 - (iv) prospectuses; and
 - (v) other public reports requiring approval by the Board,and report to the Board with respect thereto including, without limitation, as to the approval (or otherwise) thereof by the Board;
- (c) review regulatory filings and decisions as they relate to the Company's consolidated annual and interim financial statements, including any press releases with respect thereto;
- (d) ensure that the Company discloses in the periodic reports of the Company, as appropriate, whether at least one member of the Committee is a "financial expert" within the meaning of the rules and forms adopted by the Securities and Exchange Commission;

- (e) ensure that all non-audit services approved by or on behalf of the Committee are disclosed in the periodic reports of the Company;
- (f) ensure that each annual report and, to the extent required by any applicable legal or regulatory requirement, any quarterly report of the Company includes disclosure with respect to all material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities which may have a current or future effect on the Company in accordance with all applicable legal and regulatory requirements;
- (g) ensure that all financial statements and other financial information, including pro forma financial information, included in any report filed by the Company with any regulatory authority or contained in any public disclosure or press release of the Company is presented in a manner which does not contain a material misstatement or omission and reconciles the pro forma information contained therein to IFRS, and if appropriate, reconciles such pro forma information contained therein to United States GAAP, and which otherwise complies with all applicable legal and regulatory requirements;
- (h) review the appropriateness of the policies and procedures used in the preparation of the Company's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
- (i) review and report on the integrity of the Company's consolidated financial statements;
- (j) review the minutes of any audit committee meeting of any subsidiaries of the Company;
- (k) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;
- (l) review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of material facts; and
- (m) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board within a reasonable time following each annual general meeting of shareholders.

3.5 The Committee shall have the authority to determine:

- (a) subject to the grant by the shareholders of the authority to do so, if required, the compensation to be received by the external auditors of the Company in connection with all audit services, and non-audit services, to be performed by the auditors;
- (b) the compensation to be received by any legal, financial or other advisors or consultants engaged by the Committee to assist it in performing its duties and responsibilities hereunder; and
- (c) the appropriate funding for the ordinary administrative expenses of the Committee.

ARTICLE 4 – GENERAL

- 4.1 The Committee will:
- (a) prepare any report or other disclosure, including any recommendation of the Committee, required by any applicable legal or regulatory requirement to be included in the annual proxy or information circular of the Company;
 - (b) review this Charter at least annually and recommend any changes herein to the Board;
 - (c) report the activities of the Committee to the Board on a regular basis and make such recommendations thereto as the Committee may deem necessary or appropriate; and
 - (d) prepare and review with the Board an annual performance evaluation of the Committee, which performance evaluation must compare the performance of the Committee with the requirements of this Charter and be conducted in such manner as the Committee deems appropriate. Such report to the Board may be in such form as the Committee determines, which may include being in the form of an oral report by the chair of the Committee or by another member of the Committee designated by the Committee to make such report.
- 4.2 No member of the Committee will receive any compensation from the Company, other than fees for being a director of the Company, or a member of a committee of the Board.
- 4.3 In addition to the foregoing, the Committee will perform such other duties as may be assigned to it by the Board from time to time or as may be required by any applicable stock exchanges, regulatory authorities or legislation.”

Composition of the Audit Committee

Cardero’s Audit Committee is made up of the following directors:

<u>Name</u>	<u>Independent (Y/N)</u>	<u>Status</u>
Leonard Harris	Independent	Financially Literate
Robert Van Doorn	Independent	Financially Literate
Stephan Fitch	Independent	Financially Literate

Relevant Education And Experience

The experience and education of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee is as follows:

Leonard Harris: Mr. Harris is a professional engineer with Metallurgy diploma and 50 years’ experience in all aspects of mineral processing and mining operations worldwide, a significant part of which has been in South America. Mr. Harris spent 16 years with Cerro de Pasco Corporation before joining Newmont Mining Corporation, where he served as President and General Manager of Newmont Peru Limited and Vice-President and General Manager of Newmont Latin America. Mr. Harris was General Manager (involved in construction and operation) of the Minera Yanacocha gold mine in Peru. Since 1995, Mr. Harris has been a consultant and director of several small capitalized mining companies including Glamis Gold Ltd., Solitario Resources Inc., Alamos Gold Inc., Corriente Resources Inc., Endeavour Silver Corp. and Cardero. In such roles, he has had extensive experience with the review and understanding of the accounting principles relevant to the financial statements of public natural resource companies, including companies comparable to Cardero.

Stephan Fitch: Stephan Fitch is a co-founder and a managing director of the London based International Asset Group, Ltd. (IAGL), a private company which specializes in international merchant banking activities. He has been involved in a broad range of international corporate finance/investment banking activities for over 18 years specializing primarily in start-up, venture capital and small-capitalized public companies. Prior to joining IAGL, Mr. Fitch was co-founder and Executive Vice President of New World Capital, Inc. New World was established in 1992 and was involved in corporate finance and investment banking activities throughout Europe and the US. The firm's activities included the raising of capital from European institutional investors for small-capitalized US public companies, corporate restructuring, technology transfers between U.S. high tech companies and European conglomerates and, numerous M & A/strategic advisory projects. During this time, he assisted with the purchase and management of Eastern Securities, a fully licensed, NASD member, and New York City based broker/dealer. Prior to joining New World, Mr. Fitch co-founded in 1986, Somerset Partners Ltd., a Denver based partnership specializing in M & A activities. From 1984 to 1986, Mr. Fitch worked as an assistant research analyst for Cambridge Research and Management Group, a registered commodities trading advisor, based in Century City, California. In 1984, Mr. Fitch earned a Bachelor of Arts degree from the University of California, Los Angeles in Political Science with a specialization in International Relations. In connection with these activities, Mr. Fitch has had extensive experience in reviewing, interpreting and assessing financial statements and the underlying accounting principles, and has been involved in the development and analysis of internal controls and procedures for financial reporting.

Robert Van Doorn: Robert Van Doorn is a businessman with over 20 years of experience in the mineral resource business. He is currently (since 2006) the Executive Chairman of Namakwa Uranium (Proprietary) Limited, a private South African company involved in the gold and uranium business in South Africa. From 2005 to 2009, Mr. Van Doorn was the President and CEO of Mundoro Mining Inc., a public company involved with the development of the Maoling Gold project in China and from 2003 to 2004 he was the Executive Vice-President of Rio Narcea Gold Mines Ltd., a public company with projects in Spain, Portugal and Mauritania. From 2002 to 2006, he was involved with Golden China Resources Corporation, a joint venture with Kingsway Capital (a Hong Kong merchant bank) involved with investments in the Chinese precious metals sector, which evolved into a mid-size mineral exploration company. From 1997 to 2002, Mr. Van Doorn was a senior mining analyst at Loewen, Ondaatje, Mccutcheon, where he was active in creating corporate finance opportunities, publishing research reports and raising funding for natural resource companies. He is currently a director of Romarco Minerals Ltd. (since 2002), a TSX listed public mineral exploration company. Mr. Van Doorn holds a M.Sc. in Mining Engineering (Delft University, 1980) and an MBA (University of Cape Town, 1985).

Reliance on Certain Exemptions

At no time since November 1, 2013, being the commencement of Cardero's most recently completed financial year, has the Company relied on the exemptions in the following sections of NI 52-110:

1. Section 2.4 (De Minimis Non-audit Services);
2. Section 3.2 (Initial Public Offerings);
3. Section 3.3(2) (Controlled Companies);
4. Section 3.4 (Events Outside Control of Member);
5. Section 3.5 (Death, Disability or Resignation of Audit Committee Member);
6. Section 3.6 (Temporary Exemption for Limited and Exceptional Circumstances);
7. Section 3.8 (Acquisition of Financial Literacy); or
8. an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Audit Committee Oversight

At no time since November 1, 2013, being the commencement of Cardero's most recently completed financial year, was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board to review the performance of Cardero's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by Cardero. The Chairman of the Audit Committee is authorized to approve, in advance, any non-audit services or additional work which the Chairman deems as necessary and is required to notify the other members of the Audit Committee of such non-audit or additional work.

External Auditor Service Fees (By Category)

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for professional services rendered are as follows:

Financial Year Ending	Audit Fees⁽¹⁾	Audit Related Fees⁽²⁾	Tax Fees⁽³⁾	All Other Fees⁽⁴⁾
October 31, 2015	\$67,000	\$4,500	\$5,000	\$7,000
October 31, 2014	\$91,500	\$17,300(5)	\$23,695	Nil

(1) The aggregate audit fees billed for the audit of the financial statements for the fiscal year indicated (2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements which are not included under the heading "Audit Fees".

(3) The aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning. The work performed in each year was assistance in the preparation and review of Cardero's tax returns.

(4) The aggregate fees billed for products and services other than as set out under the headings "Audit Fees", "Audit Related Fees" and "Tax Fees".

(5) The services rendered are in connection with the review of the Company's quarterly financial statements and of its Form 40F and AIF disclosure documents and management discussion and analysis for the fiscal years indicated.