



First Supplementary Target's Statement of
Cardinal Resources Limited

ACN 147 325 620

In relation to the
Offer

By

Shandong Gold Mining (HongKong) Co., Limited

(a wholly owned subsidiary of Shandong Gold Mining Co., Ltd.)

to acquire all of your Shares in Cardinal Resources Limited

Your Directors unanimously recommend that you ACCEPT
the Offer from Shandong Gold
(in the absence of a Superior Proposal)

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

It should be read in its entirety. If you are in doubt about how to deal with this document, you should consult your legal, financial or other professional adviser immediately.

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**FIRST SUPPLEMENTARY TARGET'S STATEMENT BY
CARDINAL RESOURCES LIMITED ACN 147 325 620
IN RESPONSE TO THE OFF-MARKET TAKEOVER BID
BY SHANDONG GOLD MINING (HONGKONG) CO., LIMITED
FOR ALL OF YOUR SHARES IN CARDINAL RESOURCES LIMITED**

1. Introduction

This document is the first Supplementary Target's Statement under section 644 of the *Corporations Act 2001* (Cth) (**Corporations Act**) dated 9 September 2020 (**First Supplementary Target's Statement**) issued by Cardinal Resources Limited ACN 147 325 620 (**Cardinal**), in relation to the off-market takeover bid for all of the fully paid ordinary shares in Cardinal (**Offer**) by Shandong Gold Mining (HongKong) Co., Limited (**Shandong Gold**).

This document supplements, and should be read together with Cardinal's Target's Statement lodged with the Australian Securities and Investments Commission (**ASIC**) on 11 August 2020 (**Target's Statement**). Unless the context requires otherwise or the terms are separately defined in this First Supplementary Target's Statement, terms defined in the Target's Statement have the same meaning in this First Supplementary Target's Statement.

A copy of this First Supplementary Target's Statement was lodged with ASIC, given to ASX and filed under Cardinal's profile on SEDAR on 9 September 2020. Neither ASIC, ASX, TSX or any Canadian securities regulatory authority, nor any of their respective officers take any responsibility for the contents of this First Supplementary Target's Statement.

This is an important document and requires your immediate attention. If you are in any doubt as to how to deal with this document you should consult your financial or legal adviser as soon as possible.

2. Background and timeline of recent events

On 24 August 2020, Nordgold announced to the market that the Nordgold Offer had been extended so that the offer period ends at the close of trading on ASX on 10 September 2020 (unless it is further extended or withdrawn in accordance with the Corporations Act).

On 2 September 2020, Nordgold lodged its First Supplementary Bidder's Statement¹ and Supplementary Broker Announcement announcing, amongst other matters, that:

- the Offer Price in respect of the Nordgold Offer had been increased from A\$0.66 to A\$0.90 per Cardinal Share;
- no other terms of the Nordgold Offer had changed; and
- Nordgold and its associates held a Relevant Interest in 104,361,619 Cardinal Shares, representing voting power of approximately 19.8%.

On 2 September 2020, Cardinal gave notice of the revised Nordgold Offer to Shandong Gold in accordance with the matching rights provisions under the Bid Implementation Agreement. Pursuant to the matching rights provisions of the Bid Implementation Agreement, Shandong Gold had the opportunity (but not the obligation) to provide a matching or superior proposal to the revised Nordgold Offer by 5:30pm (AWST) on Monday 7 September 2020.

¹ As required by ASIC Class Order 13/521, Cardinal will make available a copy of this document, free of charge, within two business days to Cardinal Shareholders who request it during the Offer Period.

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On 3 September 2020, Nordgold lodged its Second Supplementary Bidder's Statement¹ and announced, amongst other matters, that:

- Nordgold had increased its interest in Cardinal to 149,344,714 Cardinal Shares representing voting power of approximately 28.5%; and
- Nordgold proposed to seek to enter into private arrangements with holders of certain of the Cardinal Options to acquire their Cardinal Options for the payment of an acquisition fee on the same terms as those offered by Shandong Gold. Completion of the transactions contemplated under such arrangements would be conditional on:
 - obtaining all ASX approvals, confirmations or waivers necessary to undertake and effect the transactions without first obtaining shareholder approval; and
 - holders of relevant Cardinal Options being released from their arrangements with Shandong Gold, and not otherwise having dealt with their Cardinal Options.

On 5 September 2020, Shandong Gold advised Cardinal that it intended to increase the Offer Price of the Shandong Gold Offer to A\$1.00 per Cardinal Share.

3. Second Amendment to Bid Implementation Agreement

On 7 September 2020, Cardinal announced that it had entered into a letter deed with each of Shandong Gold and Shandong Gold Mining Co., Ltd, to amend the Bid Implementation Agreement (**Second Amendment Deed**).

In summary, the Second Amendment Deed amends the Bid Implementation Agreement to, amongst other matters:

- increase the Offer Price of the Shandong Gold Offer to A\$1.00 per Share;
- increase the ascribed value per Cardinal Option for certain Cardinal Options;
- increase the break fee so that it continues to represent approximately 1% of the deal value; and
- amend the "Acceptance Date" (refer to section 4 below).

The full terms of the Second Amendment Deed can be viewed as part of the announcement made by Cardinal to the ASX and TSX on 7 September 2020.

4. Directors' recommendation and intentions

The Cardinal Board unanimously recommends that Cardinal Shareholders **ACCEPT** the Shandong Gold Offer (in the absence of a Superior Proposal).

The recommended Shandong Gold Offer of A\$1.00 cash per share values Cardinal at approximately A\$565.6 million on a fully diluted basis and represents an attractive premium of approximately 11.1% to the revised Nordgold Takeover Bid of A\$0.90 cash per share.

The Shandong Gold Offer is no longer subject to Chinese Regulatory Approvals or FIRB Approval, and only remains subject to a number of standard market conditions for a transaction of this nature (including primarily, 50.1% minimum acceptance by Cardinal shareholders). The Cardinal Board has no reason to believe that the remaining conditions

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of the Shandong Gold Offer cannot be satisfied within a reasonable timeframe based on the information available to it as at the date of this First Supplementary Target's Statement.

Under the Second Amendment Deed, Cardinal and Shandong Gold have agreed to amend the "Acceptance Date" (being the date on which the Cardinal Directors who own or control Cardinal Shares intend to accept the Shandong Gold Offer (in the absence of a Superior Proposal)) to a date that is 5 Business Days after the date of the Second Amendment Deed. Accordingly, the Cardinal Directors who own or control Shares in Cardinal intend to accept the Shandong Gold Offer in respect of all of the Shares they own or control on Monday, 14 September 2020, subject to there being no Superior Proposal.

5. Canadian exemptive relief

The First Supplementary Bidder's Statement lodged by Shandong Gold on 7 September 2020 (**First Supplementary Bidder's Statement**)² provides that Shandong Gold has been granted a decision by the Ontario Securities Commission, under the process for exemptive relief applications in multiple jurisdictions in Canada, exempting the Shandong Gold Offer (as amended, supplemented or replaced) from the requirements applicable to take-over bids in Part 2 and Part 3 of *National Instrument 62-104 Takeovers Bids and Issuer Bids* (**Canadian Relief**).

The First Supplementary Bidder's Statement states that the Canadian Relief removes various constraints on Shandong Gold arising from Canadian requirements and that as a result, Shandong Gold may now, amongst other things, waive the 50.1% minimum acceptance condition (at Shandong Gold's discretion), and, upon the Shandong Gold Offer becoming or being declared unconditional, "take up" deposited Cardinal Shares prior to the 35 day "minimum deposit period".

Shareholders should refer to the First Supplementary Bidder's Statement for further information in this regard.²

6. Transaction costs

Cardinal estimates that in the event the improved Shandong Gold Offer completes, Cardinal will have incurred or committed costs of approximately A\$36.1 million (excluding GST) in relation to the improved Shandong Gold Offer.

The increased transaction costs since the lodgement of the Target's Statement dated 11 August 2020 in respect of the Shandong Gold Offer relate primarily to the fees payable to certain advisors that increase in conjunction with increases in the Offer Price.

7. Lodgement with ASIC

A copy of this First Supplementary Target's Statement was lodged with ASIC on 9 September 2020. This First Supplementary Target's Statement will prevail to the extent of any inconsistency with the Target's Statement.

Neither ASIC nor any of its officers takes any responsibility for the contents of this First Supplementary Target's Statement.

² As required by ASIC Class Order 13/521, Cardinal will make available a copy of this document, free of charge, within two business days to Cardinal Shareholders who request it during the Offer Period.

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8. Approval

This document has been approved by a resolution passed by the directors of Cardinal Resources Limited.

Dated: 9 September 2020

Signed for and on behalf of
Cardinal Resources Limited



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Kevin Tomlinson
Chairman
Cardinal Resources Limited

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