



Australian Government

Takeovers Panel

MEDIA RELEASE

No: TP20/71

Friday, 30 October 2020

Cardinal Resources Limited 04 – Panel Receives Application

The Panel has received an application from Cardinal Resources Limited (**Cardinal**) in relation to its affairs.

Details of the application, as submitted by the applicant, are below. Further background details are set out in the Panel’s media release relating to the receipt of Samson Rock Capital LLP’s application in *Cardinal Resources Limited 03 (TP20/69)*.

A sitting Panel has not been appointed at this stage and no decision has been made whether to conduct proceedings. The Panel makes no comment on the merits of the application.

Details

Cardinal submits (among other things) that:

- each of Nord Gold S.E. (**Nordgold**) and Shandong Gold Mining (HongKong) Co., Limited (**Shandong**) are engaging in a “virtual” bidding war, by stating or implying that they would pay more to acquire control of Cardinal after having made a last and final statement
- the “truth in takeovers” policy is *“being used as a sword against a rival bidder by exploiting a technicality in the Shandong [last and final statement] (that is, failure to cover an increase by Nordgold which merely matched the Shandong bid)”* and not as *“a shield for market integrity and to give rise to an efficient, informed and competitive market”*
- the Cardinal share price has consistently traded above \$1.00 per share at all times since the last and final statements were made by the bidders and it appears that no shareholders have accepted either bid as a result of the last and final statements
- the announcement by Nordgold of its simultaneous off-market offer is a *“wholly exceptional circumstance”* or *“unforeseeable circumstance”* that could not have been within the contemplation of Shandong at the time of Shandong making its last and final statement and

- in light of the signals sent to the market by each of the bidders (by virtue of each of the bidders making statements that they were prepared to increase their offers if there was a higher competing offer) and the lack of detriment¹ to shareholders, allowing both bidders to depart from their last and final statements in “*an appropriate and structured manner*” would allow a fully informed market to arise (i.e. the current stalemate between the two competing bidders will be freed on and from a certain date) and allow a competitive market to arise (i.e. allowing the bidder who offers the highest price for Cardinal’s shares to ultimately acquire its assets).

Cardinal seeks final orders that Shandong and Nordgold be permitted to increase the offer price under their respective takeover offers for Cardinal or otherwise not be prevented from increasing the offer price.

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¹ Cardinal submits that if any detriment has arisen (i.e. shareholders selling on-market as a result of the last and final statements) such detriment could be cured with compensation orders.