



Second 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 for A\$1.05 per Share

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.

**SECOND 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 second Supplementary Target's Statement under section 644 of the *Corporations Act 2001* (Cth) (**Corporations Act**) dated 11 December 2020 (**Second 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**) and its first supplementary Target's Statement lodged with ASIC on 9 September 2020 (**First Supplementary Target's Statement**). Unless the context requires otherwise or the terms are separately defined in this Second Supplementary Target's Statement, terms defined in the Target's Statement or the First Supplementary Target's Statement have the same meaning in this Second Supplementary Target's Statement.

A copy of this Second Supplementary Target's Statement was lodged with ASIC, given to ASX and filed under Cardinal's profile on SEDAR on 11 December 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 Second 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 19 October 2020, Shandong Gold lodged its Second Supplementary Bidder's Statement pursuant to which it confirmed that its offer price of A\$1.00 per Share was best and final in the absence of a higher competing offer.

On 21 October 2020, Nordgold lodged its Third Supplementary Bidder's Statement pursuant to which it increased its offer price from A\$0.90 to A\$1.00 per Share.

On 26 October 2020, Nordgold announced, among other things, that it would not increase its offer price of A\$1.00 per Share under its on-market offer unless there was a higher competing offer.

Later on 26 October 2020, Shandong Gold announced that it would extend its offer period to 7:00pm (Sydney time) on Thursday 31 December 2020 (unless extended).

On 28 October 2020, Nordgold announced, among other things, that it would make an off-market takeover offer for all of Cardinal's outstanding shares (**Nordgold Off-Market Offer**) on the same terms as the on-market Nordgold Offer (subject to obtaining certain regulatory relief).

On 18 November 2020, Nordgold announced that it would extend its offer period to the close of trading on ASX on 7 December 2020 (unless further extended or withdrawn in accordance with the Corporations Act).

On 23 November 2020, Nordgold lodged its Bidder's Statement in respect of the Nordgold Off-Market Offer.

On 24 November 2020, a Bidder's Statement from Engineers and Planners Company Limited (a company incorporated in Ghana) was released on the ASX Market Announcements Platform relating to a conditional off-market takeover bid for all of the Shares in Cardinal at A\$1.05 per Share (**E&P Off-Market Bid**).

Later on 24 November 2020, Shandong Gold announced that the E&P Off-Market Bid was a higher competing offer to its previous Offer Price of A\$1.00 per Share and accordingly it would increase the Offer Price of the Shandong Gold Offer to A\$1.05 per Share.

3. Third Amendment to Bid Implementation Agreement

On 9 December 2020, Cardinal entered into a third letter deed with each of Shandong Gold and Shandong Gold Mining Co., Ltd, to amend the Bid Implementation Agreement (as amended by letter deeds of 29 July 2020 and 7 September 2020) (**Third Amendment Deed**).

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

- increase the Offer Price of the Shandong Gold Offer to A\$1.05 per Share; and
- increase the break fee so that it continues to represent approximately 1% of the deal value.

The Third Amendment Deed is annexed to this Second Supplementary Target's Statement.

4. Options

On 10 December 2020, The holders of 16,000,000 Cardinal Options (**Exercising Option Holders**) with an exercise price of A\$0.50 and expiry date of 12 April 2022 (Designated "OP2") exercised those Cardinal Options (**Option Exercise**) notwithstanding that each of the Exercising Option Holders had previously entered into a Deed of Assignment of Options with the Bidder. The Bidder provided its consent to the Option Exercise under the respective Deeds of Assignment of Options. Cardinal intends to use the funds from the Option Exercise to advance the Namdini Project.

In conjunction with the Third Amendment Deed and the increased Offer Price, the Bidder has also agreed to increase the ascribed option value by A\$0.05 per Cardinal Option in respect of the Cardinal Options expiring 21 December 2022 with an exercise price of A\$0.965 per Option to A\$0.1244 per Option.

5. Directors' recommendation

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\$1.05 cash per share values Cardinal at approximately A\$594 million on a fully diluted basis and represents an attractive premium of approximately 5% to the current Nordgold Takeover Bid of A\$1.00 cash per share.

Shandong Gold's Offer is unconditional and capable of immediate acceptance which makes the Shandong Gold Offer more attractive to Cardinal Shareholders than the E&P Takeover Offer which remains subject to a number of conditions.¹

Any Cardinal Shareholder who accepts the off-market Shandong Gold Offer will benefit from any potential increase in offer price should Shandong Gold increase its offer price prior to the close of its offer (although Cardinal does not know if Shandong Gold will increase its offer price prior to the close of its offer but has reserved the right to do so).

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\$38.75 million (excluding GST) in relation to the improved Shandong Gold Offer.

The increased transaction costs since the lodgement of the Target's Statement and First Supplementary Target's Statement 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.

Where fees were payable under a relevant contract in US dollars a foreign exchange rate AUD/USD of 0.74 has been assumed.

7. Lodgement with ASIC

A copy of this Second Supplementary Target's Statement was lodged with ASIC on 11 December 2020. This Second Supplementary Target's Statement will prevail to the extent of any inconsistency with the Target's Statement or the First Supplementary Target's Statement.

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

8. Approval

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

Dated: 11 December 2020

Signed for and on behalf of
Cardinal Resources Limited



Kevin Tomlinson
Chairman
Cardinal Resources Limited

¹ Refer to the Cardinal ASX/TSX Announcement of 25 November 2020.



Shandong Gold Mining Co., Ltd
山东黄金矿业股份有限公司
Building 3 Shuntai Plaza 2000 Shunhua Road
Jinan, 250100 P.R. China
中华人民共和国山东省济南市舜华路 2000 号舜泰广场 3 号楼

9 December 2020
2020 年 12 月 9 日

The Directors
Cardinal Resources Limited
Suite 1, 28 Ord Street
West Perth WA 6005 Australia

Dear Sirs

敬启者：

Third Amendment of Bid Implementation Agreement

对要约实施协议的第三次修订

1 Background

背景

We refer to the Bid Implementation Agreement dated 18 June 2020 between Shandong Gold Mining (HongKong) Co., Limited (**SG**), Shandong Gold Mining Co., Ltd (**Guarantor**) and Cardinal Resources Limited ACN 147 325 620 (**Cardinal**), as amended by letter deeds between the parties dated 29 July 2020 and 7 September 2020 (**Bid Implementation Agreement**).

本函系关于山东黄金矿业（香港）有限公司（“**山东黄金**”）、山东黄金矿业股份有限公司（“**担保人**”）与卡帝诺资源有限公司（澳洲公司代码 147 325 620）（“**Cardinal**”）于 2020 年 6 月 18 日签订的（并在 2020 年 7 月 29 日和 2020 年 9 月 7 日根据补充协议函修改的）《要约实施协议》（“**要约实施协议**”）。

Capitalised terms that are not otherwise defined in this letter have the meanings given in the Bid Implementation Agreement.

除非本函另有规定，否则本函中的大写术语具有要约实施协议所赋予的含义。

2 Amendments

修订

On and from the date of this letter, SG, the Guarantor and Cardinal agree that the Bid Implementation Agreement is amended as follows:

自本函日期（含）起，山东黄金、担保人与 Cardinal 同意要约实施协议以如下方式被修订：

- (a) replace the definition of "Compensating Amount" in clause 1.1 with the following:

将第 1.1 条中“赔偿额”的定义替换为:

"Compensating Amount means A\$5,940,000."

“赔偿额指 5,940,000 澳元。”

- (b) replace the definition of "Budget" in clause 1.1 with the following:

将第 1.1 条中“预算”的定义替换为:

"Budget means the forecast project maintenance budget dated 26 May 2020 for the period of June 2020 to March 2021 prepared by Cardinal and agreed between the parties or a budget otherwise agreed in writing between SG and Cardinal from time to time."

“预算指由 Cardinal 准备且经各方同意的、关于 2020 年 6 月至 2021 年 3 月期间的、日期为 2020 年 5 月 26 日的预测项目维护预算，或是其它山东黄金和 Cardinal 不时通过书面形式同意的预算。”

- (c) replace clause 2.2 with the following:

将第 2.2 条替换为:

"The offer price for each Cardinal Share will be \$1.05 (Offer Price)."

“每股 Cardinal 股份的要约价格为 1.05 澳元（要约价格）。”

3 Agreement

协议

Please confirm Cardinal's agreement to amend the Bid Implementation Agreement in accordance with this letter agreement by arranging for Cardinal to countersign a copy of this letter agreement.

请安排 Cardinal 会签一份本信函协议副本，以确认 Cardinal 同意根据本信函协议对要约实施协议进行修订。

4 General

通用条款

Each party executes this letter with the intention that it will be immediately legally bound by this letter which will take effect as a deed. To avoid any doubt, there will be no need for further delivery of this document.

各方签署本函的意图是立即受本函（将作为契约生效）约束。为免疑问，各方无需进一步递交本文件。

The parties agree that subject to the amendments stated in this letter, all the terms of the Bid Implementation Agreement remain in full force and effect.

各方在此同意，除本函所述修改外，要约实施协议所有其他条款仍完全有效。

This letter and the deed resulting from acceptance of the same is governed by and construed in accordance with the laws of Western Australia. The parties submit to the non-exclusive

jurisdiction of the Courts of Western Australia and courts competent to determine appeals from those courts.

本函和因接受本函形成的契约受西澳大利亚州法律管辖，并依其进行解释。各方接受西澳大利亚州法院和有权裁定就该等法院之判决所作上诉的法院的非排他管辖权。

This letter and the deed resulting from acceptance of the same may be executed in any number of counterparts and by the parties on separate counterparts. Each counterpart constitutes an original of this letter, and all together constitute one document.

本函和因接受本函形成的契约可签署任意数量的副本，且各方可分别签署不同的副本。每份副本均为本函原件，但所有副本共同构成同一份协议。

5 English language prevails

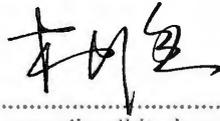
英文文本优先

This document has been prepared in English and translated into Chinese. The parties agree that in the event of any inconsistency, difference or contradictions between the English language provisions and the Chinese language provisions, the English language provisions will prevail.

本文件以英文起草，并被翻译为中文。各方同意，如英文文本和中文文本之间有任何不一致、差异或冲突，应以英文文本为准。

EXECUTED as a deed.
作为协议进行签署

EXECUTED by DU QIANG as
authorised representative for
SHANDONG GOLD MINING
(HONGKONG) CO., LIMITED:
由杜强作为山东黄金矿业（香港）有限
公司授权代表签署



.....
By executing this document the
signatory warrants that the signatory is
duly authorised to execute this
document on behalf of SHANDONG
GOLD MINING (HONGKONG) CO.,
LIMITED

通过签署本文件，签字人保证其拥有正
式授权以代表山东黄金矿业（香港）有
限公司签署本文件

EXECUTED by LI TAO as authorised
representative for SHANDONG GOLD
MINING CO., LTD:
由李涛作为山东黄金矿业股份有限公司
授权代表签署:

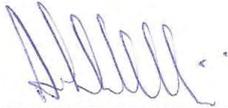


.....
By executing this document the
signatory warrants that the signatory is
duly authorised to execute this
document on behalf of SHANDONG
GOLD MINING CO., LTD

通过签署本文件，签字人保证其拥有正
式授权以代表山东黄金矿业股份有限公
司签署本文件

EXECUTED by **CARDINAL RESOURCES LIMITED** in accordance with section 127(1) of the *Corporations Act 2001* (Cth) by authority of its directors:

由 **CARDINAL RESOURCES LIMITED** 董事根据 2001 年公司法（联邦）第 127（1）条签署



Signature of director
董事签名

Archie Koimtsidis

Name of director (block letters)
董事姓名（清晰印刷体）



Signature of director/company secretary*

董事/公司秘书签名

*delete whichever is not applicable
*如不适用请删除

Michele Muscillo

Name of director/company secretary* (block letters)

董事/公司秘书姓名（清晰印刷体）

*delete whichever is not applicable
*如不适用请删除