

PRESS RELEASE
24 December 2020

ASX/TSX: CDV
2020-43

DONGSHAN INTENTION TO MAKE OFF-MARKET BID – TAKE NO ACTION

Cardinal Resources Limited (ASX / TSX: CDV) (**Cardinal** or **the Company**) notes the press release made this morning by Dongshan Investments Limited (**Dongshan**) (**attached** for reference) which states that Dongshan intends to make an off-market takeover offer of A\$1.20 per share to acquire all of the issued capital of Cardinal, subject to a number of conditions set out below (**Dongshan Indicative Offer**).

It is important to note that, other than the Dongshan Indicative Offer, there has been no formal proposal or offer from Dongshan to acquire Cardinal shares that is currently capable of acceptance, nor is it certain that a formal proposal will ultimately be made.

The Dongshan Indicative Offer is subject to, amongst other matters:

- Dongshan obtaining a relevant interest in at least 50.1% (by number) of the Cardinal Shares (on a fully diluted basis);
- FIRB approval and other regulatory approvals;
- Dongshan securing committed financing; and
- Cardinal providing Dongshan with due diligence information and Dongshan undertaking due diligence investigations in respect of Cardinal and the Namdini Project.

The full list of conditions is provided in Annexure 1 of the Press Release from Dongshan.

The Board is currently considering the Dongshan Indicative Offer in detail, together with the special purpose committee and its financial and legal advisers. Having regard to the provisions of the Bid Implementation Agreement with Shandong Gold Mining (HongKong) Co., Limited (**Shandong Gold**) and Shandong Gold Mining Co., Limited (which contains, amongst other things, “matching rights” in favour of Shandong Gold which are enlivened in certain circumstances), Shareholders are advised to **TAKE NO ACTION** at this time in relation to the Dongshan Indicative Offer.

Cardinal will provide an update to shareholders as soon as it is able.

Cardinal’s joint financial advisors are Maxit Capital LP, BMO Capital Markets, Euroz Hartleys Limited and Canaccord Genuity Corp. Cardinal’s legal advisors are HopgoodGanim Lawyers (Australia) and Bennett Jones LLP (Canada).

ABOUT CARDINAL

Cardinal Resources Limited (ASX/TSX: CDV) is a West African gold-focused exploration and development Company that holds interests in tenements within Ghana, West Africa.

The Company is focused on the development of the Namdini Gold Project and released its Feasibility Study on 28 October 2019.

Cardinal confirms that it is not aware of any new information or data that materially affects the information included in its announcement of the Ore Reserve of April 3, 2019. All material assumptions and technical parameters underpinning this estimate continue to apply and have not materially changed.

The Namdini Project has a published gold **Ore Reserve of 5.1 Moz (138.6 Mt @ 1.13 g/t Au; 0.5 g/t cut-off), inclusive of 0.4 Moz Proved (7.4 Mt @ 1.31 g/t Au; 0.5 g/t cut-off) and 4.7 Moz Probable (131.2 Mt @ 1.12 g/t Au; 0.5 g/t cut-off).*

Authorised for release by the Board of Cardinal Resources Limited.

For further information contact:

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Competent / Qualified Person Statement

The scientific and technical information in this announcement that relates to Exploration Results, Mineral Resources and Ore Reserves at the Namdini Gold Project has been reviewed and approved by Mr. Richard Bray, a Registered Professional Geologist with the Australian Institute of Geoscientists and Mr. Ekow Taylor, a Chartered Professional Geologist with the Australasian Institute of Mining and Metallurgy. Mr. Bray and Mr. Taylor have more than five years' experience relevant to the styles of mineralisation and type of deposits under consideration and to the activity which is being undertaken to qualify as a Competent Person, as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and as a Qualified Person for the purposes of NI43-101. Mr. Bray and Mr. Taylor are full-time employees of Cardinal and hold equity securities in the Company.

For further information on the Namdini project please see the Feasibility Study (FS) for the Namdini Gold Project, titled "Namdini Gold Project Feasibility Study 43-101 Report" by David Gordon, FAusIMM, Daryl Evans, FAusIMM, Nicolas Johnson, MAIG MPRM and Glenn Turnbull, FIMMM, MAusIMM, which was released on October 28, 2019. The technical report on the Feasibility Study, pursuant to NI 43-101 of the Canadian Securities Administrators, was issued on SEDAR at www.sedar.com on November 28, 2019.

Disclaimer

Cardinal confirms that it is not aware of any new information or data that materially affects the information included in its announcement of the Ore Reserve of April 3, 2019. All material assumptions and technical parameters underpinning this estimate continue to apply and have not materially changed.

This ASX / TSX press release has been prepared by Cardinal Resources Limited (ABN: 56 147 325 620) ("Cardinal" or "the Company"). Neither the ASX or the TSX, nor their regulation service providers accept responsibility for the adequacy or accuracy of this press release.

This press release contains summary information about Cardinal, its subsidiaries and their activities, which is current as at the date of this press release. The information in this press release is of a general nature and does not purport to be complete nor does it contain all the information, which a prospective investor may require in evaluating a possible investment in Cardinal.

By its very nature exploration for minerals is a high-risk business and is not suitable for certain investors. Cardinal's securities are speculative. Potential investors should consult their stockbroker or financial advisor. There are a number of risks, both specific to Cardinal and of a general nature which may affect the future operating and financial performance of Cardinal and the value of an investment in Cardinal including but not limited to economic conditions, stock market fluctuations, gold price movements, regional infrastructure constraints, timing of approvals from relevant authorities, regulatory risks, operational risks and reliance on key personnel and foreign currency fluctuations.

Except for statutory liability which cannot be excluded and subject to applicable law, each of Cardinal's officers, employees and advisors expressly disclaim any responsibility for the accuracy or completeness of the material contained in this press release and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in this Announcement or any error or omission here from. Except as required

by applicable law, the Company is under no obligation to update any person regarding any inaccuracy, omission or change in information in this press release or any other information made available to a person nor any obligation to furnish the person with any further information. Recipients of this press release should make their own independent assessment and determination as to the Company's prospects, its business, assets and liabilities as well as the matters covered in this press release.

Forward-looking statements

Certain statements contained in this press release, including information as to the future financial or operating performance of Cardinal and its projects may also include statements which are 'forward-looking statements' that may include, amongst other things, statements regarding targets, anticipated timing of the feasibility study (FS) on the Namdini project, estimates and assumptions in respect of mineral resources and anticipated grades and recovery rates, production and prices, recovery costs and results, capital expenditures and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions. These 'forward – looking statements' are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Cardinal, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies and involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements.

Cardinal disclaims any intent or obligation to update publicly or release any revisions to any forward-looking statements, whether as a result of new information, future events, circumstances or results or otherwise after today's date or to reflect the occurrence of unanticipated events, other than required by the Corporations Act and ASX and TSX Listing Rules. The words 'believe', 'expect', 'anticipate', 'indicate', 'contemplate', 'target', 'plan', 'intends', 'continue', 'budget', 'estimate', 'may', 'will', 'schedule' and similar expressions identify forward-looking statements.

All forward-looking statements made in this press release are qualified by the foregoing cautionary statements. Investors are cautioned that forward-looking statements are not guarantees of future performance and accordingly investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein.

23 December 2020

Media Release

Dongshan Investments announces intention to make A\$1.20 cash takeover offer for Cardinal Resources

Dongshan Investments Limited (“Dongshan”) has today announced its intention to make an off-market takeover offer of A\$1.20 per share (“Offer”) to acquire all of the ordinary shares in Cardinal Resources Limited ACN 147 325 620 (“Cardinal”).

Highlights

- Intention to make an all-cash takeover offer of A\$1.20.
- Offer represents a 15% premium to the 3 (three) month Volume Weighted Average Price of 1.045A\$ per Cardinal Share and a 12% premium to the maximum price offered under the current offer by Shandong (1.075A\$ per Cardinal Share).
- Conditions to the Offer will include financing, limited due diligence, and regulatory approvals (a full list of the conditions to the Offer is provided in Annexure 1 of this announcement).
- Dongshan has a full cycle exploration and mining business in the Republic of the Sudan with production capacity of up to 95,000 ounces of gold per year (approx. 3 t Au/yr) which is supported by a strong in-house geological and production team with 10+ years’ experience in exploration and mining (further information of Dongshan’s technical experience is set out in Section ‘*About Dongshan*’ below).
- Dongshan’s Sudanese subsidiary, Alliance for Mining Co. Ltd., is the biggest industrial gold producer in Sudan.
- Dongshan is aiming to enhance its gold production portfolio by acquiring world-class assets, and the Namdini Gold Project in Ghana, which is owned by the Cardinal Group (the “Namdini Project”), perfectly fits this development strategy.

Background to the Offer

In September 2020 Dongshan became an Emirati-Russian joint venture. Dongshan’s shareholders tasked management with increasing Dongshan’s resource base and bringing new exploration and mining projects to the group’s portfolio. This is when the Namdini Project came to our attention as the first acquisition target. We believe that by acquiring the Namdini Project and later building it, we will establish ourselves as a major gold producer in West Africa.

Offer conditions

The Offer is subject to a number of conditions, including a limited due diligence condition and funding condition. A full list of the conditions to the Offer is provided in Annexure 1 of this announcement.

Dongshan requires that limited due diligence be undertaken to confirm circumstances listed in Annexure 2 of this announcement.

Dongshan is ready to commence due diligence immediately upon being granted access by Cardinal and intends to complete this process by 31 January 2021 at the latest.

Dongshan's majority shareholder, Wahaj Commercial Investment - Sole Proprietorship L.L.C. ("WAHAJ") has received confirmation from First Abu Dhabi Bank, U.A.E. of the availability of a credit facility of up to USD300,000,000 for the purposes of WAHAJ supporting the Offer, subject to First Abu Dhabi Bank's internal approvals and availability of limits.

About Dongshan

Dongshan is an Emirati-Russian joint venture that has been established by a common effort of Emirati and Russian business circles to develop high potential mining projects in different countries, especially countries in Africa.

Over the past 10 years, Dongshan has built a profound in-house exploration and mining expertise (mainly in Africa), enabling it to make independent verifications and geological evaluations for both internal and external clients and operate projects at all stages of their lifecycle from securing financing and exploration to marketing and monetization. The experience of the Dongshan team in mineral resources exploration covers countries as Sudan, Niger, Mali, Chad, Ivory Coast, Mauritania, Zimbabwe, and Eritrea.

Currently, Dongshan has an active gold production project in Sudan where it successfully proceeded from gold exploration to production stage with production capacity of up to 95,000 ounces of gold per year (approx. 3 t Au/yr). The main milestones which have been achieved in relation to this project are:

- April 2013 – obtainment of exploration license for Block 30;
- May 2015 – commenced gold production;
- March 2016 – production of 1st ton of gold;
- January 2018 – extension of production capacity of the gold processing plant to up to 3 t Au/y.

In addition, Dongshan currently has an active exploration project in the Islamic Republic of Mauritania.

Dongshan is aiming to increase its gold production portfolio with world-class assets, and the Namdini Project perfectly fits this development strategy.

Advisers

Dongshan has engaged the following advisers in relation to the Offer:

- Financial advisor – PricewaterhouseCoopers Corporate Finance Inc. (Canada);
- Legal and tax advisor – PricewaterhouseCoopers Legal (Australia);

- Technical advisor – in-house geological and production team of Alnair Mineral Services DMCC (a wholly-owned subsidiary of Dongshan).

Investor and media enquiries

All communications regarding this announcement should be directed to:

- Ali Rashed Mohammed Rashed Alrashdi, Director and Chairman of the Board (Ali.Alrashdi@dongshan-inv.com); or
- Alexander Smirnov, Business Development Executive, (alexander.smirnov@dongshan-inv.com); or
- Bairta Ochirova, Senior Officer of Legal Affairs and Secretary (bairta.ochirova@dongshan-inv.com).

This release has been authorised by the Board of Directors of Dongshan.

Annexure 1 - Offer Conditions

Minimum acceptance

At the end of the Offer Period, Dongshan has a Relevant Interest in at least 50.1% (by number) of the Cardinal Shares (on a fully diluted basis)

FIRB

Before the end of the Offer Period:

- Dongshan has received a written notice under FATA from the Treasurer (or a delegate) stating that, or to the effect that, there are no objections to the acquisition by Dongshan of all the Cardinal Shares, either without conditions or subject to only Standard Tax Conditions; or
- following notice of the proposed acquisition by Dongshan of all the Cardinal Shares having been given to the Treasurer under FATA, the Treasurer ceases to be empowered to make any order under Part 3 of FATA.

No restraints

Between the Announcement Date and the end of the Offer Period (each inclusive), there is no judgement, injunction, order or decree in consequence of or in connection with the Offer (other than an application to, or a decision or order of, or action or investigation by, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or may otherwise materially impact upon, the making of the Offer and the completion of the Offer and any transactions or arrangements contemplated by the Bidder's Statement (including, without limitation, full, lawful, timely and effectual implementation of the intentions set out in the Bidder's Statement) or which requires the divestiture by Dongshan of any Cardinal Shares or the divestiture by any Cardinal Group Member of any material assets of the Cardinal Group.

Regulatory approvals

Between the Announcement Date and the end of the Offer Period (each inclusive), any approvals, consents, waivers, exemptions or declarations that are required by law or by any Public Authority, to permit:

- the Offer to be lawfully made to and accepted by Cardinal shareholders; and
- the Offer to be complete,

are granted, given, made or obtained on an unconditional basis and remain in full force and effect in all respects, and do not become subject to any notice, intimation or indication of intention to revoke, suspect, restrict, modify or not renew them.

Funding

That Dongshan has secured committed financing (either directly or through any of its shareholders) for the purposes of funding the Offer for an amount of up to USD300,000,000 and the conditions precedent to draw down of funds under those financing arrangements have been satisfied (other than conditions relating to the conditions of the Offer being satisfied or relating to procedural matters or documentary requirements which, by their terms or nature can only be satisfied or performed once the conditions of the Offer are satisfied).

Due diligence

Between the Announcement Date and the end of the Offer Period (each inclusive), Cardinal promptly (and in any event within two business days of a request) provides Dongshan with access to the following information, as may be requested by Dongshan:

- information and contractual arrangements with respect to the Namdini Project (including the existing concession agreement, copies of exploration and mining licenses and other related permits, any correspondence with the regulatory authorities with respect to the Namdini Project);
- technical, financial and legal information, including information that has been provided by Cardinal to other bidders or potential bidders for Cardinal (whether by takeover, scheme of arrangement or other proposals likely to lead to a change of control of a Cardinal Group Member, or the acquisition of substantially all the assets and operations of Cardinal), that is not generally available relating to Cardinal or any of Cardinal Group Member or their respective assets, liabilities or operations; and
- clarification information that may be requested by Dongshan or its advisors in connection with the above,

and that information confirms that the Due Diligence Criteria are satisfied.

No litigation on foot or pending

Between the Announcement Date and the end of the Offer Period (each inclusive), no litigation against any Cardinal Group Member which may reasonably result in a judgement of 10,000,000 US Dollars (or equivalent in another currency) or more is commenced, is threatened to be commenced, is announced, or is made known to Dongshan (whether or not becoming public) or Cardinal, other than that which is in the public domain as at the Announcement Date.

No material acquisitions or disposals

Between the Announcement Date and the end of the Offer Period (each inclusive), no Cardinal Group Member acquires or disposes of, or enters into or announces any agreement for the acquisition of, any material assets or business, or enters into any corporate transaction, which would or would be likely to involve a material change in the manner in which Cardinal conducts its business or the nature (including balance sheet classification),

extent or value of the assets or liabilities or the Cardinal Group as at the Announcement Date.

Without limitation, the following events or actions will be deemed to trigger this condition:

- any Cardinal Group Member disposes of, or enters into or announces any agreement for the disposal of, any of its rights to the Namdini Project;
- any Cardinal Group Member makes any change to its constitutional documents or increases its charter capital;
- any liquidation, reorganization and/or bankruptcy procedures are commenced against any Cardinal Group Member;
- any financial liability in the amount exceeding 10,000,000 US Dollars (or equivalent in another currency) is incurred by any Cardinal Group Member;
- any Cardinal Group Member commences business activities not already carried out as at the Announcement Date, whether by acquisition or otherwise.

Third party rights

Between the Announcement Date and the end of the Offer Period (each inclusive), no third party exercises, purports to exercise or announces an intention to exercise, any change of control rights, pre-emptive rights, deemed offer or disposal or similar right in any Material Contracts to which any Cardinal Group Member is party, as a result of either the announcement of the Offer or any change of control which may occur as a result of acceptances of the Offer.

No Prescribed Occurrence

Between the Announcement Date and the end of the Offer Period (each inclusive), no Prescribed Occurrence happens.

Annexure 2 – Due Diligence Criteria

- Cardinal Group does not have any material undisclosed financial liabilities in the amount exceeding 10,000,000 US Dollars;
- Gold reserves of the Cardinal Group amount to 5.1M ounces (138.6Mt grading 1.13 g/t);
- CAPEX and OPEX expenses for the development of the Namdini Project will not likely exceed the Capital Estimate Summary set out in clause 21.2 of the Feasibility Study dated 28 November 2019 performed by Golder Associates Pty Ltd, Perth, Lycopodium Minerals Pty Ltd and others (the “Feasibility Study”);
- Recovery rate not less than confirmed by the Feasibility Study;
- Geological and explorations licenses that belong to the Cardinal Group are:
 - valid and fully effective;
 - not subject to any lien, charge or any other encumbrance;
 - no actions have been undertaken by regulatory authorities to suspend or terminate any of such licenses;
- All ancillary regulatory and environmental permits and licenses that are material for carrying out of the Cardinal Group’s business are:
 - valid and fully effective;
 - not subject to any lien, charge or any other encumbrance;
 - no actions have been undertaken by regulatory authorities to suspend or terminate any of such permits and licenses;
- There are no outstanding decisions to increase the charter capital of any Cardinal Group Member;
- There are no material outstanding litigation and/or administrative, environmental, regulatory or other claims against the Cardinal Group exceeding 10,000,000 US Dollars in aggregate;
- The capital structure of Cardinal (including terms and conditions of all securities or rights to acquire securities) is the same as has been disclosed to the ASX;
- Each Cardinal Group Member is duly incorporated and validly exists in accordance with the relevant applicable laws;
- Cardinal owns and controls its operational subsidiaries which own relevant exploration and mining licenses (including exploration and mining licenses for the Namdini Project);
- No insolvency (bankruptcy) proceedings have been initiated against any Cardinal Group Member or any of its subsidiaries and there are no legal grounds to initiate the same against any Cardinal Group Member.

Annexure 3 - Definitions

Announcement Date means the date of this announcement.

ASIC means the Australian Securities and Investments Commission.

Cardinal means Cardinal Resources Limited ACN 147 325 620.

Cardinal Group means Cardinal and each of its Related Bodies Corporate.

Cardinal Group Member means any member of the Cardinal Group.

Cardinal Shares means fully paid ordinary shares issued in the capital of Cardinal.

Corporations Act means the *Corporations Act 2001* (Cth).

Due Diligence Criteria means the matters set out in Annexure 2.

FATA means *the Foreign Acquisitions and Takeovers Act 1975* (Cth).

Material Contract means the concession agreement in respect of the Namdini Project and any other contracts that are material for carrying out of the business of the Cardinal Group.

Offer Period means the period the Offers are open for acceptance.

Prescribed Occurrence means the occurrence of any of the following where that occurrence was not consented to by Dongshan in writing:

- any Cardinal Group Member converting all or any of its securities into a larger or smaller number of securities;
- any Cardinal Group Member resolving to reduce its capital in any way or reclassifying, combining, splitting, redeeming or cancelling directly or indirectly any of its securities;
- any Cardinal Group Member entering into a buy-back agreement or resolving to approve the terms of such agreement;
- any Cardinal Group Member making any issue of securities or granting an option over its securities or agreeing to make such an issue or grant such an option;
- any Cardinal Group Member issuing, or agreeing to issue, convertible notes;
- any Cardinal Group Member disposes, or agrees to dispose, of the whole or substantial part of its business or property;
- any Cardinal Group Member charging, or agreeing to charge, the whole, or a substantial part, of its business or property;
- any Cardinal Group Member resolving to be wound up;
- the appointment of a liquidator or provisional liquidator of any Cardinal Group Member;
- the making of an order by a court for the winding up of any Cardinal Group Member;

- an administrator of any Cardinal Group Member being appointed;
- any Cardinal Group Member executing a deed of company arrangement; or
- the appointment of a receiver or a receiver and manager in relation to the whole, or a substantial part, of the property of any Cardinal Group Member.

Public Authority means any government or any governmental, semi-governmental, statutory, administrative, fiscal or judicial body, department, commission, tribunal, entity, agency or authority, whether in Australia or elsewhere, including (without limitation) any minister of the Crown in the right of the Commonwealth of Australia or any State of Australia, any other federal, state, provincial or local government, the Takeovers Panel, ASIC, ACCC and FIRB, and including any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, and ASX or any other stock exchange.

Related Body Corporate has the meaning given in the Corporations Act.

Relevant Interest has the meaning given in the Corporations Act.

Standard Tax Conditions means the conditions set out in the list of standard tax conditions published in Guidance Note 47 on the website of the Foreign Investment Review Board and such other Tax-related conditions as a customarily imposed by the Foreign Investment Review Board (including, for the avoidance of doubt, conditions requiring information or confirmations to be provided in respect of matters such as ownership structure, borrowings, capital structure, related party financing, cross border related party financing arrangements, distributions, tax consolidation, arrangements covered by “Taxpayer Alerts and thin capitalisation rules).

Takeovers Panel means the Takeovers Panel of Australia.