

# TARGET'S STATEMENT

of Cardinal Resources Limited ACN 147 325 620 in response to the off-market takeover bid 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 (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.

## IMPORTANT NOTICES

### Nature of this document

This Target's Statement is dated 11 August 2020 and is given under part 6.5 division 3 of the Corporations Act by Cardinal Resources Limited ACN 147 325 620 (**Cardinal**) in response to the Bidder's Statement dated 11 August 2020 and Offer dated 13 August 2020 by Shandong Gold Mining (HongKong) Co., Limited (**Bidder**), which is a wholly owned subsidiary of Shandong Gold Mining Co., Ltd. (**Shandong Gold**), to acquire all of the Shares in Cardinal.

A copy of this Target's Statement was lodged with ASIC, sent to the ASX and filed under Cardinal's profile on SEDAR on 11 August 2020. Neither ASIC, ASX, TSX or any Canadian securities regulatory authority, nor any of their officers take any responsibility for the content of this Target's Statement.

This Target's Statement and the Bidder's Statement contain important information. You should read both documents carefully and in their entirety.

### Investment Decision

This Target's Statement does not take into account the individual investment objectives, financial situation and particular needs of each Shareholder. You may wish to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer for your Shares.

### Shareholder Information

If you have any questions in relation to the Offer, please contact the Cardinal Shareholder Information Line on 1300 502 987 for callers within Australia or on +61 2 8022 7944 for callers outside Australia from Monday to Friday between 9.00am and 5.00pm (AEST).

Announcements relating to the Offer can be obtained from Cardinal's website at [www.cardinalresources.com.au](http://www.cardinalresources.com.au).

### Interpretation

Capitalised terms used in this Target's Statement are defined in section 10 of this document.

### Forward Looking Statements

This Target's Statement contains certain forward looking statements

and statements of current intention. Such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which Cardinal is involved as well as general economic conditions and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected. None of Cardinal, any of its officers, or any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation or warranty (either express or implied) as to the accuracy or likelihood in any forward looking statement, and you should not place undue reliance on these statements.

Forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

### Foreign Jurisdictions

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

### Maps and Diagrams

Any maps, diagrams, charts, graphs and tables contained in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in maps, diagrams, charts, graphs and tables is based on information available as at the date of this Target's Statement.

### Information about the Bidder and Shandong Gold in this Target's Statement

Except where disclosed in this Target's Statement, the information about the Bidder and Shandong Gold contained in this Target's Statement has been prepared by Cardinal using publicly available information (including the Bidder's Statement) and information provided by the Bidder, which has not been independently verified. Accordingly, except to the extent required by law, Cardinal does not assume responsibility for the accuracy or completeness of such information.

### Privacy

Cardinal has collected your information from the register of Cardinal Shareholders for the purpose of providing you with this Target's Statement. The type of information Cardinal has about you includes your name, contact details and information on your shareholding (as applicable) in Cardinal. Without this information, Cardinal would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to external service providers (including the Cardinal Share Registry and print and mail service providers) and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by Cardinal, please contact the Cardinal Share Registry on 1300 850 505 (within Australia), or +61 3 9415 4000 (outside Australia).

### Rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Target's Statement are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Target's Statement.

### Risk Factors

Shareholders should note that there are a number of risks attached to their investment in Cardinal. Shareholders should also note that there are risks involved in accepting the Offer. Please refer to section 7 for further information.

**Competent / Qualified Person Statement**

The scientific and technical information in this Target's Statement that relates to Exploration Results, at the Bolgatanga Project and Subranum Project are based on information prepared by Mr. Paul Abbott, a full-time employee of Cardinal Resources Limited, who is a Member of the Geological Society of South Africa. Mr. Abbott has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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". Mr. Abbott consents to the inclusion in the Target's Statement of the matters based on this information and in the form and context in which it appears.

The scientific and technical information in this Target's Statement 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 mineralization 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. Mr. Bray and Mr. Taylor consent to the inclusion in the Target's Statement of the matters based on this information and in the form and context in which it appears.

**Mineral Reserves and Mineral Resources**

Cardinal's disclosure of Mineral Reserve and Mineral Resource information is governed by National Instrument 43-101 ("NI 43-101") and CIM Standards, and on the reporting requirements of the JORC Code.

There can be no assurance that those portions of such Mineral Resources that are not Mineral Reserves will ultimately be converted into Mineral Reserves. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability

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](http://www.sedar.com) on November 28, 2019.

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## CHAIRMAN'S LETTER

11 August 2020

Dear Cardinal Shareholders

### Shandong Gold Offer

I am writing to you in response to the off-market takeover bid announced by Shandong Gold Mining (HongKong) Co., Limited (a wholly owned subsidiary of Shandong Gold Mining Co., Ltd.) (**Bidder**), to acquire all of the Shares in Cardinal.

This Target's Statement sets out your Directors' response to the Offer and contains their recommendation, reasons for that recommendation, and other important information you should consider when deciding whether to accept or reject the Offer.

Your Board has carefully considered the Offer of A\$0.70 for each Cardinal Share, and based on the information currently available to the Cardinal Board and for the reasons set out below, unanimously recommends that you **ACCEPT THE OFFER** (in the absence of a Superior Proposal).

To **ACCEPT** the Offer you should follow the instructions set out in the Bidder's Statement. The Bidder has also established an Acceptance Facility which is open to all Cardinal Shareholders in order to facilitate receipt of acceptances of the Offer. Shareholders may wish to take advantage of the Acceptance Facility to register their support for the Offer and lodge Facility Instructions into the Acceptance Facility before the Offer becomes or is declared unconditional (that is, to accept the Offer subject to the terms of the Acceptance Facility).

The Directors believe that you should **ACCEPT** the Offer (in the absence of a Superior Proposal) because:

1. the Bidder's Offer Price of A\$0.70 per Share is the highest offer available to Cardinal Shareholders and represents a premium of 6.1% to the Nord Gold S.E. (**Nordgold**) Offer Price of A\$0.66 per Share, and is a compelling premium to Cardinal's trading values prior to the Announcement Date;
2. the Conditions of the Offer are considered achievable (based on the information available to the Cardinal Board as at the date of this Target's Statement, the Cardinal Board has no reason to believe the Conditions cannot be satisfied within a reasonable timeframe);
3. the Offer is an all-cash offer and provides certain and immediate value for your Cardinal Shares (subject to the satisfaction or waiver of the Conditions);
4. no Superior Proposal has emerged as at the date of this Target's Statement;
5. you will avoid the risks that remain ahead of Cardinal, and generally associated with starting a new mine, including financial, permitting, commissioning and operating risks;
6. Cardinal's share price may fall if the Offer is unsuccessful (in the absence of the Nordgold Offer) or in the absence of a Superior Proposal emerging;
7. you will avoid the future funding requirements with respect to Cardinal's Namdini Project and associated equity dilution; and
8. there are risks to not accepting the Offer.

A detailed explanation of these reasons is set out below in the section "**Key Reasons to Accept the Offer**".

The Directors who hold Shares intend to accept the Offer on the Acceptance Date in respect of all Shares that they own or control, subject to there being no Superior Proposal. Your Board recommends that you read this Target's Statement in its entirety and consider the Offer, having regard to your own personal risk profile, investment strategy and tax circumstances.

If you are in doubt as to whether to accept or reject the Offer, you should seek your own independent professional advice.

If you have any questions in relation to this Target's Statement, please contact the Cardinal Shareholder Information Line on 1300 502 987 for callers within Australia or on +61 2 8022 7944 for callers outside Australia from Monday to Friday between 9.00am and 5.00pm (AEST).

On behalf of all Directors of Cardinal, I thank you for your continued support.

Yours faithfully



Kevin Tomlinson  
Chairman  
Cardinal Resources Limited

## KEY REASONS TO ACCEPT THE OFFER

The Cardinal Board unanimously recommends that you **ACCEPT** the Offer (in the absence of a Superior Proposal) for the following key reasons.

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### **REASON 1                      The Offer Price is the highest offer available to Cardinal Shareholders and is a premium to Nordgold's Offer Price**

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As announced by Cardinal on the ASX on 30 July 2020, the Bidder has made a revised and improved takeover offer to acquire your Shares at A\$0.70 cash per Share, which the Board of Cardinal has determined to be superior to the Nordgold Offer for the reasons set out in this Target's Statement and based on the information currently available to the Cardinal Board.

The Bidder's Offer Price of A\$0.70 per Share in cash is the highest offer available to Cardinal Shareholders and represents a premium of 6.1% to Nordgold's Offer Price of A\$0.66 per Share.

Furthermore, the Offer Price of A\$0.70 per Share represents an attractive and significant premium to the trading price of Cardinal Shares on the ASX and TSX prior to announcement of the Original Shandong Gold Offer, and a premium to the ASX market for Cardinal shares of:<sup>1</sup>

- 180% to Cardinal's last traded price of A\$0.250 on 13 March 2020, being the last date Cardinal traded prior to the Nordgold Non-Binding and Indicative Proposal;
- 104.9% to Cardinal's 20-day unaffected volume weighted average price up to close of trade on 13 March 2020 of A\$0.342<sup>2</sup>;
- 99.7% to Cardinal's 60-day unaffected volume weighted average price up to close of trade on 13 March 2020 of A\$0.351;
- 50.5% to Cardinal's last closing price prior to the Announcement Date<sup>3</sup> of A\$0.465;
- 64.0% to Cardinal's 20-day volume weighted average price of A\$0.426 up to the Announcement Date; and
- 72.5% Cardinal's 60-day volume weighted average price of A\$0.406 up to the Announcement Date.

Over the 30 months up to and including 18 June 2020 the highest closing price of Cardinal shares was A\$0.58 per share, reached on 7 March 2018. During that same 30 month period, Cardinal Shares traded as low as A\$0.25 per share on 13 March 2020.

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<sup>1</sup> The premia and comparisons to Cardinal's Share price contained within this Target's Statement are based upon the relevant Cardinal Share price and trading data on the ASX and unless noted otherwise, are exclusive of any trading on the TSX (given the large majority of volume was traded on the ASX over the period). The volume of trading in Cardinal's Shares over the longest period referred to in these premia and comparisons on the ASX represents 84.4% of the aggregate volume of trading across both the ASX and the TSX. Prices (excluding the Nordgold Non-Binding and Indicative Proposal price of \$0.45775 per Share) have been rounded to three decimal places.

<sup>2</sup> Being the last day of trading on ASX prior to the announcement by Nordgold on 16 March 2020 that it had acquired a 19.9% interest in Cardinal and Nordgold's indicative non-binding takeover offer at a price of \$0.45775 per share.

<sup>3</sup> Being the last day of trading on ASX prior to the pre-market announcement of the Offer by Cardinal on 19 June 2020.

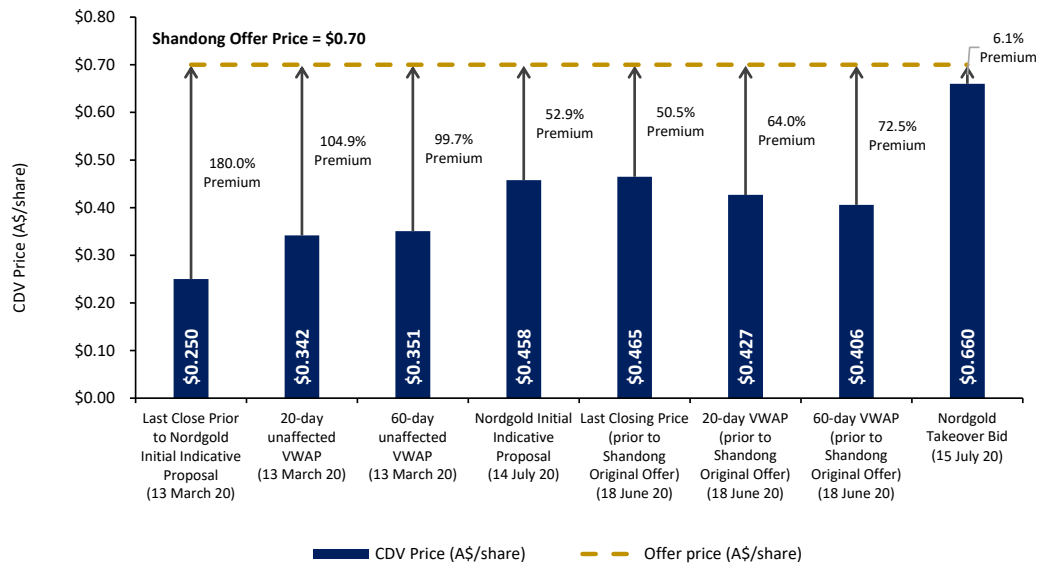


Figure 1: Cardinal price per Share compared to the value of the Offer<sup>4</sup>

## REASON 2 The Conditions of the Offer are considered achievable

While the Nordgold Offer is unconditional, the Board of Cardinal has given careful consideration to the Conditions of the higher cash Offer proposed by the Bidder and, based on the information available to it at the date of this Target's Statement, has no reason to believe the Conditions cannot be satisfied within a reasonable timeframe.

In this regard, Cardinal understands that the Bidder has received all necessary Chinese regulatory approvals, with the result that the Offer is no longer conditional on any Chinese regulatory approvals.

Cardinal also understands that the Bidder's Foreign Investment Review Board (FIRB) application was lodged on or about 22 June 2020. The Cardinal Directors note that FIRB has already granted approval for a foreign entity (Nordgold) to acquire Cardinal in approving Nordgold's FIRB application. Based on the information available to the Cardinal Directors as at the date of this Target's Statement, the Cardinal Directors therefore anticipate the Bidder's FIRB application to similarly be approved within a reasonable timeframe.

On the assumption that the Conditions in the Offer are achievable (based on the information available to the Cardinal Directors as at the date of this Target's Statement), Cardinal's Directors recommend that Shareholders ACCEPT the higher cash Offer (in the absence of a Superior Proposal) proposed by the Bidder.

## REASON 3 The Offer is an all-cash offer and provides certain and immediate value for your Cardinal Shares

Accepting the Offer will provide you with the opportunity to realise a certain, immediate and attractive value for your entire shareholding in Cardinal through 100% cash consideration, subject to satisfaction or waiver of the Conditions.

<sup>4</sup> Source: Iress. As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this chart contains ASX trading information sourced from Iress Limited without its consent.



If you accept the Offer, provided that all relevant documents have been received by the Bidder and correctly completed, you will be paid A\$0.70 cash for each of your Cardinal shares on or before:

- if the Offer is conditional when you accept the Offer (including if you accept into the Acceptance Facility and have not withdrawn your Facility Instructions), 10 days (or such shorter period as required by applicable regulatory requirements) after the date on which the Offer becomes or is declared unconditional; or
- if the Offer is unconditional when you accept the Offer, 10 days after the date of your acceptance of this Offer.

If you retain your Cardinal Shares, the price which you will be able to sell them at a later date (as well as the level of liquidity of Cardinal Shares) is uncertain and you will continue to be exposed to the risks associated with being a Cardinal Shareholder, some of which are set out in Reason 5 below. The Offer removes these risks and uncertainties for Cardinal Shareholders (subject to satisfaction or waiver of the Conditions) and allows Cardinal Shareholders to exit their investment in Cardinal at a price that the Cardinal Board considers is compelling.

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#### **REASON 4            No Superior Proposal has emerged to date**

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Notwithstanding the Nordgold Offer and the strategic process undertaken by Cardinal, as at the date of this Target's Statement Cardinal has not received a Superior Proposal. Should such a proposal arise, the Cardinal Directors will consider it carefully and inform you accordingly.

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#### **REASON 5            You will avoid the risks that remain ahead of Cardinal, and generally associated with starting a new mine, including financial, permitting, commissioning and operating risks**

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The Namdini Project will require a substantial amount of expertise, resources and capital in order to be developed both on-time and on-budget, and then operated efficiently. Cardinal does not currently have producing mining assets and, therefore, does not have any operating track record.

If you accept the Offer in respect of all your Cardinal Shares and it becomes or is declared unconditional, in addition to funding risks described in Reason 7 below, you will no longer be exposed to Cardinal's future timing, project development and operational risks with respect to its projects, in particular its main asset, the Namdini Project.

In addition to the risks specific to Cardinal's projects, there are inherent risks in holding shares in a listed mining development company such as Cardinal. These risks include, but are not limited to:

- Industry specific risks;
- Commodity price risk;
- Risk of cost overruns;
- Risk of unplanned time delays;
- Foreign exchange risk;
- Regulatory risk;
- Political risk;
- Debt and equity market risk; and

- General economic conditions.

The Offer, which provides you with an all cash consideration for your Cardinal Shares, removes your exposure to these risks if you choose to accept it and if it becomes or is declared unconditional.

## REASON 6 Cardinal's share price may fall if the Offer is unsuccessful or in the absence of a Superior Proposal emerging

Whilst the Cardinal Share price on ASX and TSX is impacted by a range of factors, in the absence of the Nordgold Offer, if the Offer is unsuccessful or an alternative proposal does not emerge, there is a risk that the Cardinal Share price may fall to a lower price than the price at which it has traded since the revised and improved Offer was announced on 22 July 2020.

The Cardinal Share price on ASX both prior to and after the Original Shandong Gold Offer was announced is shown in the chart below:

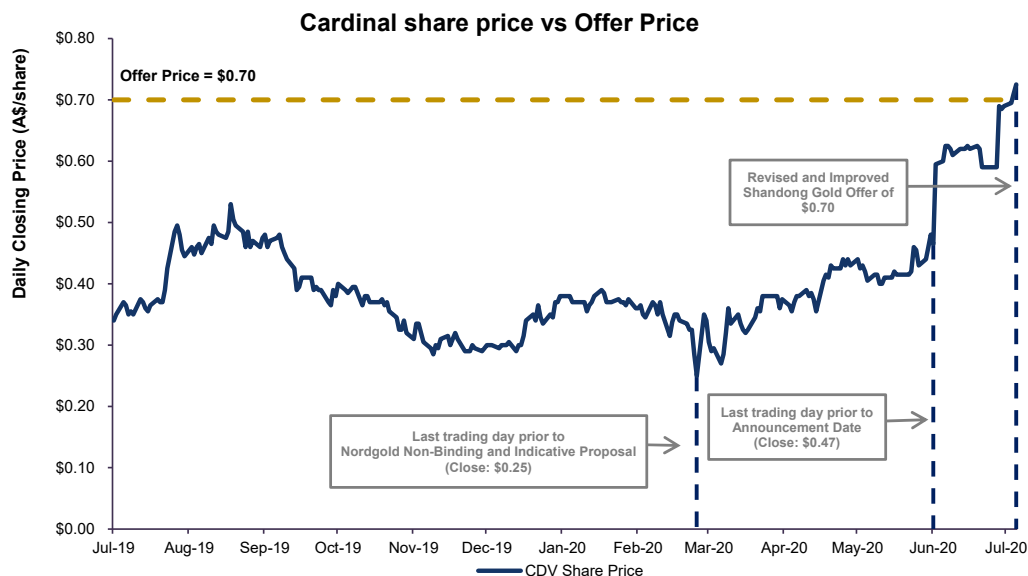


Figure 2: Cardinal share price performance compared the value of the Offer.<sup>5</sup>

The Offer is at a substantial premium to both recent and longer-term trading prices of Cardinal Shares prior to the announcement of the Offer.

Over the past 30 months up to and including 18 June 2020 the highest closing price of Cardinal Shares was A\$0.58 per share, reached on 7 March 2018. During that same 30 month period, Cardinal Shares traded as low as A\$0.25 per share on 13 March 2020 on the ASX.

The Directors are not in a position to speculate on the future trading price of the Shares, including if the Offer lapses. The future price of Shares is dependent not only on Cardinal's performance, but also on external market and other factors.

<sup>5</sup> Source: Iress. As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this chart contains ASX trading information sourced from Iress Limited without its consent.

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## **REASON 7                      Avoidance of future funding requirements with respect to Cardinal's Namdini Project and associated equity dilution**

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The Namdini Project will require substantial capital to reach production. Cardinal's Feasibility Study estimated US\$390 million of pre-production capital.<sup>6</sup> At 30 June 2020 Cardinal had cash of A\$3.7 million (subsequent to 30 June 2020 Cardinal raised an additional A\$11.6 million), and a fully drawn secured debt facility of US\$23.8 million with Ghana Infrastructure Investment Fund ("GIIF"), a Ghana Government owned infrastructure and investment vehicle.

Whilst Cardinal believes development of the Namdini Project has potential to deliver strong financial returns to shareholders over the life of mine, the Company does not have the capital to fully fund development of Namdini and additional capital will likely be required to fund future project development activities. There can be no guarantee that Cardinal will be able raise the required capital, or that the terms of such a fundraising would be attractive to Cardinal Shareholders.

To the extent that some or all of fundraising is in the form of equity, if Cardinal Shareholders do not accept the Offer, Cardinal Shareholders would need to contribute proportionately to their existing shareholding to avoid having their interest in Cardinal diluted.

By accepting the Offer, and if the Offer becomes unconditional, it allows you to avoid the funding uncertainty, project level dilution and/or Cardinal level dilution associated with the development of the Namdini Project, and any of Cardinal's other projects, in exchange for an attractive cash payment now.

Accepting the Offer will reduce the dilution risk for Cardinal Shareholders associated with funding the development of the Namdini Project on a standalone basis.

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## **REASON 8                      There are risks to not accepting the Offer**

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Shareholders who do not accept the Offer may not receive the premium implied by the Offer. Further, in the absence of the Offer (and the Nordgold Offer), the price of Shares on the ASX and TSX may potentially decline.

If the Bidder achieves the Minimum Acceptance Condition of 50.1% (and assuming the Offer becomes or is declared unconditional), then it is possible that effective control of Cardinal passes without the ability of the Bidder to compulsorily acquire the remaining Shares (which requires a relevant interest in at least 90% of Shares).

Once effective control passes, the Bidder will have the ability to appoint a majority of directors to the Board and, in doing so, take control of the day-to-day operations of the business. Shareholders who do not accept the Offer will remain as minority shareholders and be subject to a number of additional risks, including:

- reduced liquidity;
- greater difficulty in realising value for Shares with the Bidder likely to hold a blocking stake to any proposals received from a rival bidder; and
- if the Bidder acquires 75% or more of the Shares, it will be able to pass special resolutions of Cardinal (which will, for example, enable the Bidder to approve amendments to Cardinal's constitution).

For the reasons set out above and based on the information currently available to the Cardinal Board, the Cardinal Board unanimously recommends that you ACCEPT the Offer by the Bidder (in the absence of a Superior Proposal).

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<sup>6</sup> Refer Cardinal's Feasibility Study announced to ASX on 28 October 2019.

## 1. FREQUENTLY ASKED QUESTIONS ABOUT THE OFFER

For the purposes of enabling you to understand some of the complex issues which arise during the process of a takeover bid, Cardinal has provided this question and answer guide.

This section is not intended to address all issues that may be relevant to you. This section should be read together with the rest of this Target's Statement.

Question	Answer	Further Information
<b>1.1 What is this Target's Statement?</b>	This Target's Statement has been prepared by Cardinal and provides Cardinal's response to the Bidder's Offer, including the recommendation of your Directors.	
<b>1.2 Who is the Bidder and who is Shandong Gold?</b>	<p>Shandong Gold Mining (HongKong) Co., Limited (<b>Bidder</b>), is a wholly owned subsidiary of Shandong Gold Mining Co., Ltd. (<b>Shandong Gold</b>).</p> <p>The Bidder is registered in Hong Kong and was established by Shandong Gold to invest in and hold Shandong Gold's overseas assets, and to develop and operate its overseas projects.</p> <p>Shandong Gold is a leading gold mining company from China with a complete industry chain integrating exploration, mining, beneficiation and smelting of ores and deep processing and sales of gold products, as well as gold mining and processing related research and development. Shandong Gold is listed on the main board of both the Shanghai and the Hong Kong Stock Exchanges.</p> <p>Section 3 of the Bidder's Statement contains detailed information in relation to both the Bidder and Shandong Gold.</p>	Section 5
<b>1.3 What is the Offer?</b>	<p>The Bidder is offering to acquire all of your Cardinal Shares for A\$0.70 each by way of an all cash off-market takeover bid (<b>Offer</b>).</p> <p>You may accept the Offer only in respect of all, and not part, of the Cardinal Shares that you hold.</p> <p>The Offer relates to all Cardinal Shares that exist or will exist on the Register Date, other than Cardinal Shares owned by the Bidder. The Offer also extends to all Cardinal Shares that come into existence because of the exercise during the Offer Period of Cardinal Options that exist at the Register Date, as well as the Employee Shares.</p> <p>The Offer is subject to certain Conditions.</p> <p>See section 2.4 for a detailed summary of the Conditions.</p>	Section 2
<b>1.4 What are the Conditions of the Offer?</b>	The Offer is subject to the Conditions, which are set out in detail in section 2.4 of this Target's Statement and more specifically in clause 6 of Appendix 1 of the	Section 2.4

Question	Answer	Further Information
	Bidder's Statement.	
<b>1.5 What are my alternatives?</b>	<p>As a Cardinal Shareholder you have the following choices in respect of your Shares:</p> <ol style="list-style-type: none"> <li>1. accept the Offer (as recommended by the Directors in the absence of a Superior Proposal);</li> <li>2. before the Offer becomes or is declared unconditional, register your support for the Offer and lodge Facility Instructions into the Acceptance Facility (that is, accept the Offer subject to the terms of the Acceptance Facility);</li> <li>3. sell some or all of your Shares on the ASX or TSX at the prevailing market price (unless you have previously accepted the Offer and you have not validly withdrawn your acceptance). If you sell your shares on-market on the ASX in circumstances where the prevailing market price is equal to A\$0.66, you will be accepting the Nordgold Offer, which the Directors do not recommend; or</li> <li>4. reject the Offer by doing nothing.</li> </ol> <p>When deciding what to do, you should carefully consider the Directors' recommendation and other important considerations in this Target's Statement.</p>	Section 3
<b>1.6 What do the Directors recommend?</b>	<p>Your Directors unanimously recommend that you ACCEPT THE OFFER (in the absence of a Superior Proposal).</p> <p>The reasons for this recommendation are set out in this Target's Statement and are based on the information available to the Cardinal Directors (including the assumption that the Conditions of the Offer are able to be achieved within a reasonable period of time) as at the date of this Target's Statement.</p> <p>If there is a change in this recommendation or any other material developments in relation to the Offer, Cardinal will lodge a supplementary target's statement.</p>	Section 6
<b>1.7 If I accept the Offer, can I withdraw my acceptance?</b>	<p>The answer will depend upon whether you have accepted the Offer or registered your support for the Offer by lodging Facility Instructions (i.e. accepted the Offer subject to the terms of the Acceptance Facility).</p> <p>If you accept the Offer, then under the Offer Terms you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act. Such a withdrawal right will arise if, after you have accepted the Offer, the Bidder varies the Offer in a way that postpones, for more than one month, the time when the Bidder has to meet its obligations</p>	Section 2.11

Question	Answer	Further Information
	<p>under the Offer, and at that time, the Offer is subject to one of the Conditions.</p> <p>If you have lodged Facility Instructions into the Acceptance Facility, you are not deemed to have accepted the Offer until it becomes or is declared unconditional and the Bidder has given the Confirmation Notice to the Facility Operator and the Depositary Agent. Accordingly, you are free to withdraw your acceptance at any prior time in accordance with the procedures outlined in the Bidder's Statement.</p>	
<b>1.8 Can the Bidder vary the Offer?</b>	<p>Yes, the Bidder can vary the Offer only to improve the Offer Consideration or to extend the Offer Period, or under other circumstances in accordance with the Corporations Act.</p> <p>If the Bidder improves the consideration offered under the Offer, all Cardinal Shareholders who have accepted the Offer will be entitled to the benefit of that improved consideration (whether they accepted the Offer before or after the consideration is improved).</p> <p>The Directors do not know if the Bidder will vary its Offer. Any such variation will be announced to the ASX and filed on SEDAR under Cardinal's profile.</p> <p>The Bidder's Statement says that the Bidder does not have any current intention to increase the Offer Consideration (although it reserves the right to do so).</p>	Section 2.8
<b>1.9 When does the Offer close?</b>	<p>The Offer is scheduled to close at 7.00pm (Sydney time) on 13 October 2020 (unless extended or withdrawn). The Offer Period may also be automatically extended in certain circumstances in accordance with the Corporations Act.</p> <p>In short, the Offer Period will be automatically extended by law if the consideration offered is improved or the Bidder's voting power in Cardinal increases to more than 50%, in either case during the last seven days of the Offer Period. Should this occur, the Offer Period will end on the 14th day after the relevant event.</p> <p>The Bidder has agreed with Cardinal under the BIA that it will not extend the Offer Period beyond 15 March 2021 except in certain circumstances, including where the Offer has become or been declared unconditional and the Bidder has voting power in Cardinal of 50.1% or more or an extension is required to comply with the requirements of Canadian Securities Regulatory Authorities.</p>	Section 2.3
<b>1.10 What will happen if the Bidder improves</b>	<p>If the Bidder improves the consideration offered under the Offer, all Cardinal Shareholders who have</p>	Section 2.8

Question	Answer	Further Information
<b>the consideration under the Offer?</b>	<p>accepted the Offer will be entitled to the benefit of that improved consideration (whether they accepted the Offer before or after the consideration is improved).</p> <p>The Bidder's Statement says that the Bidder does not have any current intention to increase the Offer Consideration (although it reserves the right to do so).</p>	
<b>1.11 What if there is a competing offer?</b>	<p>As at the date of this Target's Statement, there is one competing proposal from Nordgold which values your shares at A\$0.66, which your Directors unanimously recommend that you reject. Shareholders should refer to the target's statement lodged on 27 July 2020 in respect of the Nordgold Offer for further information.</p> <p>If there is another competing offer, Cardinal Shareholders will be informed through an announcement on the ASX and TSX.</p>	Section 8.1
<b>1.12 What happens if I do nothing?</b>	<p>If you do not accept the Offer, then subject to section 1.13 below, you will retain your Shares and will not receive the Offer Consideration.</p> <p>Shareholders should have regard to section 5 of the Bidder's Statement which sets out the Bidder's intentions in relation to the continuation of the business of Cardinal, any major changes to be made to the business of Cardinal and the future employment of the present employees of Cardinal, depending upon the Relevant Interest in Cardinal that the Bidder ultimately acquires.</p>	Section 3.3
<b>1.13 Can I be forced to sell my Shares?</b>	<p>You cannot be forced to sell your Cardinal Shares unless the Bidder (and its Associates) obtains sufficient acceptances from other Shareholders to give it a Relevant Interest in 90% or more of the total number of Shares, during, or at the end of the Offer Period.</p> <p>If this occurs, the Bidder may give a notice of compulsory acquisition to acquire all outstanding Cardinal Shares (and the Bidder has indicated that it intends to do so). If this happens, you will receive the Offer Consideration at the end of the compulsory acquisition process. This means you will receive the Offer Consideration for your Shares later than you would have received it if you had accepted the Offer.</p>	Section 3.3
<b>1.14 How many Shares does the Bidder hold in Cardinal?</b>	In its Bidder's Statement, the Bidder states that as at the date of the Bidder's Statement and immediately before the Offer was sent, that it held 26,000,000 Shares (being the Subscription Shares issued pursuant to the Bid Implementation Agreement).	Section 8.8
<b>1.15 How do I accept the Offer?</b>	To accept the Offer, you should follow the instructions set out in clause 4 of Appendix 1 of the Bidder's Statement and, in the case of Australian	Section 3.1

Question	Answer	Further Information
	<p>Branch Shareholders (being Cardinal Shareholders holding Cardinal Shares on the Australian register), on your personalised Acceptance Form which accompanies the Bidder's Statement.</p> <p>Shareholders should also have regard to the Acceptance Facility established by the Bidder (refer to sections 1.17 and 3.2 below). The Acceptance Facility allows Cardinal Shareholders to register their support for the Offer and lodge Facility Instructions into the Acceptance Facility (that is, to accept the Offer subject to the terms of the Acceptance Facility).</p>	
<b>1.16 What happens if I accept the Offer now?</b>	<p>If you accept the Offer while it is still conditional, unless withdrawal rights are available, you will not be able to:</p> <ol style="list-style-type: none"> <li>1. sell your Shares accepted under the Offer on the ASX or the TSX (that is, you will not be able to settle the trade using those Shares);</li> <li>2. sell your Shares accepted under the Offer to any other bidder that may make a takeover offer; or</li> <li>3. otherwise deal with your Shares accepted under the Offer while the Offer remains open, even if a Superior Proposal is subsequently made by a third party.</li> </ol> <p>You will also no longer be entitled to any Rights declared, paid, made, accrued or which may arise in the future.</p> <p>If the Conditions are not satisfied or waived and the Offer lapses, all contracts resulting from acceptance of the Offer will be void and you will be free to deal with your Shares accepted under the Offer.</p> <p>If you have lodged Facility Instructions into the Acceptance Facility, you are not deemed to have accepted the Offer until it becomes or is declared unconditional and the Bidder has given the Confirmation Notice to the Facility Operator and the Depositary Agent. Accordingly, you are free to withdraw your acceptance at any prior time in accordance with the procedures outlined in the Bidder's Statement.</p>	Section 2.11
<b>1.17 What is the Acceptance Facility?</b>	<p>The Bidder has established an Acceptance Facility so that Cardinal Shareholders can register their support for the Offer and lodge Facility Instructions with the Facility Operator for their Cardinal Shares to be accepted into the Offer if and when the Offer becomes or is declared unconditional (that is, accept the Offer subject to the terms of the Acceptance Facility).</p> <p>The Acceptance Facility is open to all Cardinal Shareholders.</p>	Section 3.2



Question	Answer	Further Information
	The collection agent for the Acceptance Facility is Computershare Clearing Pty Limited.	
<b>1.18 What will happen if I lodge Facility Instructions into the Acceptance Facility?</b>	<p>If you lodge Facility Instructions into the Acceptance Facility in accordance with the terms of the Acceptance Facility, you will either:</p> <ul style="list-style-type: none"> <li>• receive A\$0.70 per Cardinal Share if the Offer becomes or is declared unconditional before the close of the Offer; or</li> <li>• continue to hold your Cardinal Shares if the Offer does not become or is not declared unconditional before the close of the Offer.</li> </ul> <p>You will be entitled to withdraw your Facility Instructions at any time up until the Offer becomes or is declared unconditional and the Confirmation Notice is given by the Bidder to the Facility Operator and Depositary Agent.</p>	Section 3.2
<b>1.19 Can I withdraw my Facility Instructions from the Acceptance Facility?</b>	<p>Yes. If you submit Facility Instructions into the Acceptance Facility, you will be able to withdraw your Facility Instructions. Australian Branch Shareholders should notify the Facility Operator in writing by way of an email transmission to withdraw their Facility Instructions (at the email address <a href="mailto:corpactprocessing@computershare.com.au">corpactprocessing@computershare.com.au</a>). Canadian Branch Shareholders who have tendered to the Offer via CDSX should contact their financial institution or broker on how to withdraw. Canadian Branch Shareholders who have delivered a Letter of Transmittal to the Depositary Agent (if any) should contact the Depositary Agent.</p> <p>You can withdraw your Facility Instructions at any time up until the Offer becomes or is declared unconditional and the Bidder has given the Confirmation Notice to the Facility Operator and the Depositary Agent.</p>	Section 3.2
<b>1.20 Can the Bidder withdraw the Offer?</b>	Yes, but only in limited circumstances with the written consent of ASIC.	
<b>1.21 Can I accept the Offer for less than all of my Shares?</b>	No, you can only accept the Offer for all of your Shares.	
<b>1.22 Can I buy Cardinal Shares during the Offer Period?</b>	Yes, notwithstanding the Offer, you can still continue to buy Cardinal Shares as you normally would through the ASX or TSX (as the case may be) during the Offer Period.	
<b>1.23 What are the tax implications of accepting the Offer?</b>	There may be tax implications from the sale of your Shares. You should obtain independent advice from your professional adviser or tax adviser in this regard.	Section 2.12

Question	Answer	Further Information
	<p>Section 7 of the Bidder's Statement contains an overview of the Australian and Canadian tax considerations of accepting the Offer.</p> <p>Tax considerations for Cardinal Shareholders who are not resident in Australia or Canada for tax purposes are not included in the Bidder's Statement. Such Cardinal Shareholders are urged to seek their own advice as to their tax consequences of accepting the Offer.</p>	
<b>1.24 Will I need to pay brokerage or stamp duty if I accept the Offer?</b>	<p>The Bidder's Statement says that this will depend upon how your Cardinal Shares are held.</p> <p>If your Cardinal Shares are registered in an Issuer Sponsored Holding or are held on the Canadian branch register directly in your name and you deliver them in accordance with the instructions set out on the Acceptance Form or by a Letter of Transmittal, you will not incur any brokerage in connection with your acceptance of the Offer.</p> <p>If your Cardinal Shares are in a CHESS Holding or you hold your Cardinal Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually, your Broker or the bank, custodian or other nominee) whether it will charge any transaction fees or service charges connected with you accepting the Offer.</p> <p>If your Cardinal Shares are held on the Canadian branch register of Cardinal through CDS, you should ask your financial institution or broker who is a CDS participant whether it will charge any transaction fees or service charges connected with you accepting the Offer.</p>	
<b>1.25 What if I want to sell my Shares on-market?</b>	<p>During the Offer Period, you may sell your Shares on-market for cash (less brokerage), provided you have not accepted the Offer for those Shares. If you have already accepted the Offer, you will be unable to settle any subsequent on-market sale of your Shares, unless you become entitled to withdraw your acceptance.</p> <p>You should contact your Broker for information on how to sell your Shares on the ASX or TSX and your tax adviser to determine your tax implications of such a sale.</p> <p>If you sell your shares on-market on the ASX in circumstances where the prevailing market price is equal to A\$0.66, you will be accepting the Nordgold Offer, which the Directors do not recommend.</p>	Section 3.4
<b>1.26 When will I receive my consideration if I accept the Offer?</b>	<p>If you accept the Offer and all necessary documents are provided by you to the Bidder, the Bidder will pay the Offer Consideration to which you are entitled on</p>	Section 2.7

Question	Answer	Further Information
	<p>or before:</p> <ul style="list-style-type: none"> <li>• if the Offer is conditional when you accept the Offer (including if you accept into the Acceptance Facility and have not withdrawn your Facility Instructions), 10 days (or such shorter period as required by applicable regulatory requirements) after the date on which the Offer becomes or is declared unconditional; or</li> <li>• if the Offer is unconditional when you accept the Offer, 10 days after the date of your acceptance of the Offer.</li> </ul> <p>Full details regarding the consideration for your Shares are set out in clause 5.2 of Appendix 1 of the Bidder's Statement.</p>	
<b>1.27 What is the Nordgold Offer?</b>	<p>Nordgold is offering to acquire all of your Cardinal Shares by way of an on-market takeover bid. The Nordgold Offer consideration is A\$0.66 for each Cardinal Share on the terms set out in Section 5 of the Nordgold Bidder's Statement.</p> <p>The Nordgold Offer is unconditional.</p> <p>Refer to the Nordgold Bidder's Statement dated 15 July 2020 and the Cardinal target's statement dated 27 July 2020 for further information.</p> <p>The Directors do not recommend the Nordgold Offer.</p>	
<b>1.28 What if I have other questions about the Offer?</b>	<p>Please contact the Cardinal Shareholder Information Line on 1300 502 987 for callers within Australia or on +61 2 8022 7944 for callers outside Australia from Monday to Friday between 9.00am and 5.00pm (AEST).</p>	

## **2. DETAILS OF THE OFFER**

### **2.1 Background to the Offer**

Prior to the commencement of trading on the ASX on 19 June 2020, Cardinal announced the entry into the Bid Implementation Agreement with the Bidder and Shandong Gold pursuant to which the Bidder agreed to acquire 100% of the Cardinal Shares at a price of A\$0.60 per Cardinal Share, by way of an off-market takeover offer (**Original Shandong Gold Offer**).

Following the announcement of the Nordgold Offer, on 22 July 2020 the Bidder provided, and Cardinal announced, a revised and improved proposal for an off-market takeover offer to acquire 100% of the Cardinal Shares for A\$0.70 per Cardinal Share (the **Offer**).

On 29 July 2020, Cardinal announced the entry into the Amendment Deed to amend the Bid Implementation Agreement with the Bidder and Shandong Gold to reflect the terms of the improved Offer from the Bidder.

### **2.2 Summary of the Offer**

The Bidder is offering to acquire all of your Cardinal Shares on the Offer Terms set out in Appendix 1 of the Bidder's Statement. Under the Offer, you will be entitled to receive A\$0.70 cash for every Cardinal Share acquired from you.

The Offer relates to Cardinal Shares that exist or will exist as at the Register Date. The Offer also extends to:

- (a) all Cardinal Shares that are issued between the Register Date and the end of the Offer Period as a result of the exercise of the Options that exist on the Register Date; and
- (b) all Employee Shares that are issued between the Register Date and the end of the Offer Period.

The terms and conditions of the Offer are set out in Appendix 1 of the Bidder's Statement.

### **2.3 Offer Period**

The Offer will remain open for acceptance until 7.00pm (Sydney time) on the Closing Date, unless extended or withdrawn with the written consent of ASIC under the Corporations Act.

The Bidder has agreed with Cardinal under the BIA that it will not extend the Offer Period beyond 15 March 2021, unless:

- (a) the minimum acceptance Condition has been satisfied and the Offer has become or been declared unconditional;
- (b) a Competing Transaction is publicly announced and has not been withdrawn or lapsed;
- (c) an application has been made to the Takeovers Panel in respect of the affairs of Cardinal that has not been determined; or
- (d) an extension is required to comply with the requirements of Canadian Securities Regulatory Authorities.

In terms of the Canadian regulatory requirements, the Cardinal Directors have consented to the "minimum deposit period" being 35 days.

The Bidder intends to extend the Offer Period (in accordance with the Corporations Act) where it is required to do so in order to comply with Canadian regulatory requirements.

## 2.4 Conditions of the Offer

The Offer is subject to a number of Conditions. The Conditions are set out in full in clause 6.1 of Appendix 1 of the Bidder's Statement and are summarised below:

### Conditions

In summary, the Conditions of the Offer are:

- (a) **(minimum acceptance)** during or at the end of the Offer Period, the Bidder has received acceptance of the Offer which give the Bidder a Relevant Interest in at least 50.1% of Cardinal Shares (on a fully diluted basis);
- (b) **(FIRB)** before the end of the Offer Period, either:
  - (1) the Bidder has received a written notice under the FATA from the Treasurer (or the Treasurer's delegate) stating that, or to the effect that, the Australian Commonwealth Government does not object to the acquisition of all the Cardinal Shares by the Bidder under the Takeover Bid, either without conditions or subject only to Standard Tax Conditions; or
  - (2) following notice of the proposed acquisition of all the Cardinal Shares by the Bidder under the Takeover Bid having been given by the Bidder to the Treasurer under the FATA, the Treasurer ceases to be empowered to make any order under Part 3 of FATA;
- (c) **(no litigation)** between the Announcement Date and the end of the Offer Period (each inclusive), no litigation against any member of the Cardinal Group, which may reasonably result in judgement of A\$2,000,000 or more, is commenced, threatened to be commenced, announced or made known to the Bidder (whether or not becoming public) or Cardinal;
- (d) **(no regulatory action)** between the Announcement Date and the end of the Offer Period (each inclusive):
  - (1) there is not in effect any preliminary or final decision, order or decree issued by a Regulatory Authority; and
  - (2) no application is made to any Regulatory Authority (other than by the Bidder or any of its Related Bodies Corporate), or action or investigation is announced, threatened or commenced by a Regulatory Authority,in consequence of, or in connection with, the Offer (other than a determination by ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act), which:
  - (3) restrains or prohibits (or if granted could restrain or prohibit), or otherwise materially adversely impacts on, the making of the Offer or the completion of any transaction contemplated by the Offer (whether subject to conditions or not) or the rights of the Bidder in respect of Cardinal and the Cardinal Shares to be acquired under the Offer; or
  - (4) requires the divestiture by the Bidder of any Cardinal Shares, or the divestiture of any assets of Cardinal or any member of the Cardinal Group, the Bidder or its Related Bodies Corporate or otherwise;
- (e) **(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 government agency, to permit:
  - (1) the Offer to be lawfully made to and accepted by Cardinal Shareholders; and
  - (2) the Offer to be completed,

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, suspend, restrict, modify or not renew them;

- (f) **(no material acquisitions or disposals)** between the Announcement Date and the end of the Offer Period (each inclusive), no member of the Cardinal Group acquires or disposes of, or enters into or announces any agreement for the acquisition or disposal of, any material asset or business, or enters into any corporate transaction, which would or would be likely to involve a material change in the manner in which the Cardinal Group conducts its business or the nature (including balance sheet classification), extent or value of the assets or liabilities of the Cardinal Group as at the Announcement Date.

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

- (1) any member of the Cardinal Group disposes of, or enters into or announces any agreement for the disposal of, any Mineral Rights;
  - (2) any member of the Cardinal Group makes any change to its constitutional documents;
  - (3) any member of the Cardinal Group commences business activities not already carried out as at the Announcement Date, whether by way of acquisition or otherwise;
  - (4) any member of the Cardinal Group acquires, leases, disposes of, or agrees to acquire, lease or dispose of, any business, assets, entity or undertaking, the value of which exceeds A\$500,000 (individually or in aggregate);
  - (5) any member of the Cardinal Group enters into any contract or commitment (including in respect of financial indebtedness) requiring payments by the Cardinal Group in excess of A\$500,000 (individually or in aggregate) other than any payment required by law; or
  - (6) any member of the Cardinal Group agrees to incur capital expenditure from the Announcement Date of more than A\$500,000 (individually or in aggregate);
- (g) **(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 rights, termination or modification rights, acceleration rights or other similar right in any material contracts to which any member of the Cardinal Group is a 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;
- (h) **(no Material Adverse Change)** between the Announcement Date and the end of the Offer Period (each inclusive), no Material Adverse Change Occurs;
- (i) **(no material breach of the agreement)** between the Announcement Date and the end of the Offer Period (each inclusive), the Bidder does not become entitled to terminate the BIA, as a result of a material breach of clause 8 or 11 of the BIA; and
- (j) **(no Prescribed Occurrence)** between the Announcement Date and the end of the Offer Period (each inclusive), there are no Prescribed Occurrences.

It was a condition of the Original Shandong Gold Offer that the Bidder obtain all necessary Chinese regulatory approvals, however Cardinal understands that the Bidder has now received all necessary Chinese regulatory approvals, with the result that the Offer is no longer conditional on any Chinese regulatory approvals.

As noted above, Cardinal understands that the Bidder's Foreign Investment Review Board (**FIRB**) application was lodged on or about 22 June 2020. The Cardinal Directors note that FIRB has already granted approval for a foreign entity (Nordgold) to acquire Cardinal in approving Nordgold's FIRB application. Based on the information available to the Cardinal Directors as at the date of this

Target's Statement, the Cardinal Directors therefore anticipate the Bidder's FIRB application to similarly be approved within a reasonable timeframe.

If the Conditions are not satisfied or waived then the Offer will not proceed.

## **2.5 Notice of status of Conditions**

The Bidder has indicated in clause 6.5 of Appendix 1 of the Bidder's Statement that it will give a notice on the status of the Conditions on 6 October 2020.

The Corporations Act requires that such notice state:

- whether the Offer is free from Conditions;
- whether the Conditions have been fulfilled as at the date of the notice; and
- the voting power of the Bidder in Cardinal.

If the Offer Period is extended before the date the notice is required to be given, the date that the Bidder must give its notice is taken to be postponed for the same period. In this case, the Bidder is required, as soon as reasonably practicable after the extension, to notify Cardinal and the ASX of the new date for giving the notice.

If a Condition is fulfilled (so that the Offer becomes free of that Condition) during the Offer Period but before the date on which the notice of status of conditions is required to be given, the Bidder must, as soon as reasonably practicable, give Cardinal and the ASX a notice that states that the particular Condition has been fulfilled.

## **2.6 Consequences if Conditions are not satisfied**

Your acceptance of the Offer, and any contract resulting from your acceptance of the Offer, will be automatically void if at the end of the Offer Period the Conditions have not been fulfilled or waived. In that situation, you will be free to deal with the relevant Shares as you see fit.

## **2.7 Payment of consideration**

The Bidder set out in clause 5.2 of Appendix 1 of the Bidder's Statement the timing of the provision of the consideration to holders of Shares who accept the Offer. In general terms, if you accept the Offer, provided that all relevant documents have been received by the Bidder and correctly completed, you will be provided with the Offer Consideration to which you are entitled on or before:

- (a) if the Offer is conditional when you accept the Offer (including if you accept into the Acceptance Facility and have not withdrawn your Facility Instructions), 10 days (or such shorter period as required by applicable regulatory requirements) after the date on which the Offer becomes or is declared unconditional; or
- (b) if the Offer is unconditional when you accept the Offer, 10 days after the date of your acceptance of the Offer.

If you hold your Cardinal Shares on an Issuer Sponsored Holding or CHESS Holding, payment of the cash amount to which you are entitled under the Offer will be made by cheque (or otherwise as determined by the Bidder) in Australian currency.

The Bidder's Statement provides that Canadian Branch Shareholders who accept the Offer via CDSX will have their cash consideration to which they are entitled converted into Canadian dollars, by the Depositary Agent, at the prevailing exchange rate on the date the funds are converted. The Depositary Agent will make wire payment of the CAD converted cash consideration. Upon CDS' receipt of the CAD converted Cash Consideration, CDS will credit the accounts of its CDS participant brokers who tendered to the Offer for further credit to the accounts of the relevant Canadian Branch Shareholders. Currency conversion is at the risk of the Canadian Branch Shareholder.

The consideration to which you are entitled will be considered paid at the time when the cheque is posted (or when the payment is otherwise processed) or when the payment is wired by the Depositary Agent to the relevant CDS account (as the case may be).

## **2.8 Changes to the Offer**

The Bidder can vary the Offer by:

- (a) waiving the Conditions (subject to the Corporations Act);
- (b) extending the Offer Period (subject to the Corporations Act – please also refer to section 2.3 in this regard); or
- (c) increasing the consideration offered under the Offer,

or under other circumstances in accordance with the Corporations Act.

If you accept the Offer and the Bidder subsequently increases the consideration offered in respect of that Offer, you are entitled to receive the improved consideration.

The Bidder has said in the Bidder's Statement that it does not have any current intention to increase the cash consideration (although it reserves the right to do so).

## **2.9 Directors' intentions in relation to the Offer**

The Directors who hold Shares intend to accept the Offer on the Acceptance Date in respect of all Shares that they own or control, subject to there being no Superior Proposal.

## **2.10 Intentions of the Bidder**

The Bidder's intentions for Cardinal vary depending upon the Relevant Interest it ultimately acquires in Cardinal. Please refer to section 5 of the Bidder's Statement for further information in relation to the Bidder's intentions in respect of Cardinal following the Offer.

## **2.11 Effect of accepting the Offer and rights of withdrawal**

The effect of acceptance of the Offer is set out in clause 7 of Appendix 1 of the Bidder's Statement. You should read those sections in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your Shares and the representations and warranties which you give by accepting the Offer.

Accepting the Offer would (subject to the withdrawal rights discussed below):

- (a) prevent you from accepting any higher takeover bid that may be made by a third party or any alternative transaction proposed that may be recommended by the Cardinal Board;
- (b) relinquish control of your Shares to the Bidder with no guarantee of the provision of consideration until the Offer becomes, or is declared, unconditional - as the Offer Period can be extended by the Bidder, this could result in further delays in the provision of consideration to you; and
- (c) give the Bidder the option to keep your Shares if the Conditions of the Offer are not satisfied (ie, by waiving the Conditions), in which case you will still receive the Offer Consideration.

If you accept the Offer, you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act. Those withdrawal rights comprise general statutory withdrawal rights under the Corporations Act. In summary:

- (d) under the Corporations Act, you may withdraw your acceptance of the Offer if the Bidder varies that Offer in a way that postpones, for more than one month, the time when the Bidder needs to meet its obligations under the Offer and the Offer is still subject to one or more



Conditions. This will occur if the Bidder extends the Offer Period by more than one month while the Offer is still subject to any of the Conditions; and

- (e) in those circumstances, you will have one month after the date that notice of the extension is given to Cardinal to withdraw your acceptance. Your statutory withdrawal rights will terminate on the expiry of that one month, although if the Offer Period is then further extended you may receive further statutory withdrawal rights.

If you become entitled to withdraw your acceptance, you will be sent a notice from the Bidder, explaining your rights in this regard.

The Bidder has also established an Acceptance Facility which is open to all Cardinal Shareholders in order to facilitate receipt of acceptances of the Offer. If you lodge Facility Instructions into the Acceptance Facility, you will be able to withdraw your Facility Instructions at any time before the Offer becomes or is declared unconditional. Further information in relation to the Acceptance Facility is set out in section 8.9 of the Bidder's Statement.

## **2.12 Taxation considerations**

In making a decision whether to accept the Offer, Shareholders should also have regard to the fact that the disposal of Shares may have taxation consequences. You should obtain independent advice from your professional adviser or tax adviser in this regard.

Section 7 of the Bidder's Statement contains an overview of the Australian and Canadian tax implications of accepting the Offer.

Tax consequences for Cardinal Shareholders who are not resident in Australia or Canada for tax purposes are not included in the Bidder's Statement. Such Cardinal Shareholders are urged to seek their own advice as to their tax consequences of accepting the Offer.

### 3. YOUR CHOICES AS A SHAREHOLDER

As a Shareholder you can respond to the Offer in four ways.

#### 3.1 Accept the Offer

To accept the Offer, follow the instructions set out in clause 4.3 of Appendix 1 of the Bidder's Statement. The below is a general summary of the methods of acceptance that should be read together with the Bidder's Statement.

In summary, if you choose to accept the Offer, how you accept the Offer will depend on whether:

- you are an Australian Branch Shareholder (i.e. your Cardinal Shares are held on the Australian branch register of Cardinal), in which case, how you accept the Offer will also depend on whether your Shares are in an Issuer Sponsored Holding or a CHESS Holding – your personalised Acceptance Form outlines which type of holding you have;
- you are a Broker or a Participant;
- you are a Beneficial owner whose Cardinal Shares are registered in the name of a Broker, investment dealer, bank, trust company or other nominee; or
- you are a Cardinal Shareholder who holds their Shares on the Canadian branch register.

##### (a) Issuer Sponsored Holding – Australian Branch Shareholder

If your Cardinal Shares are in an Issuer Sponsored Holding (your Securityholder Reference Number or SRN will begin with "I"), to accept this Offer you must complete (with "X" marked in the "Option 1" box) and sign your personalised Acceptance Form in accordance with the instructions on it and lodge it by returning it (together with all other documents required by the instructions on the Acceptance Form) so that it is received at the following address (shown on the Acceptance Form) before the end of the Offer Period:

Computershare Investor Services Pty Limited  
 GPO Box 52  
 Melbourne VIC 3001

A reply paid envelope (for use by Cardinal Shareholders within Australia) or a self-addressed envelope (for use by Australian Branch Shareholders but with an address outside Australia) is enclosed in the Bidder's Statement for your convenience.

##### (b) CHESS Holding – Australian Branch Shareholder

If you hold your Shares in a CHESS Holding (your Holder Identification Number or HIN will begin with "X") you must comply with the ASX Settlement Operating Rules.

If you hold your Cardinal Shares in a CHESS Holding, to accept this Offer you must either:

- (1) instruct your Controlling Participant (usually your broker) to initiate acceptance of the Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules in sufficient time for this Offer to be accepted before the end of the Offer Period; or
- (2) complete (with "X" marked in the "Option 1" box) and sign your personalised Acceptance Form and send the completed Acceptance Form (together with all other documents required by the instructions on the form) directly to your Controlling Participant (usually your broker) in sufficient time for the Offer to be accepted before the end of the Offer Period with instructions to initiate acceptance of the Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period; or

- (3) complete (with "X" marked in the "Option 1" box) and sign your personalised Acceptance Form and lodge it by returning it to the address as indicated in the Bidder's Statement in sufficient time for the Bidder or Computershare to instruct your Broker or other Controlling Participant to initiate acceptance of the Offer on your behalf so that your acceptance is received before 7.00 pm (Sydney Time) on the last business day of the Offer Period.

The postal and delivery addresses for your completed personalised Acceptance Form are as follows:

Computershare Investor Services Pty Limited  
GPO Box 52  
Melbourne VIC 3001

A reply paid envelope (for use by Cardinal Shareholders within Australia) or a self-addressed envelope (for use by Australian Branch Shareholders but with an address outside Australia) is enclosed in the Bidder's Statement for your convenience.

(c) **If you are a Broker or a Participant**

To accept the Offer you must initiate acceptance in accordance with the requirements of the ASX Settlement Operating Rules before the end of the Offer Period. Acceptances must be received by 7.00 pm (Sydney Time) on the last day of the Offer Period, unless the Offer Period is extended.

(d) **Beneficial owners**

Beneficial owners whose Cardinal Shares are registered in the name of a Broker, investment dealer, bank, trust company or other nominee should contact that nominee for assistance in accepting the Offer.

(e) **Canadian Branch Shareholders**

If your Cardinal Shares are held on the Canadian branch register of Cardinal, including through a nominee or depositary identified on such a register, to accept the Offer you may:

- (1) if your Cardinal Shares are held on the Canadian branch register of Cardinal through CDS, accept the Offer through a book-entry transfer using the CDS online tendering system (**CDSX**). You may need to instruct your financial institution or broker who is a CDS participant to assist you, provided that a book-entry transfer confirmation through CDSX is received by the Depositary Agent at its office in Toronto, Ontario at or prior to the close of the Offer Period, unless the Offer Period is extended; or
- (2) if your Cardinal Shares are held on the Canadian branch register directly, accept the Offer by delivery a duly completed Letter of Transmittal to the Depositary Agent at its office in Toronto, Ontario at the address indicated in the Letter of Transmittal with other documents required by the Letter of Transmittal at or prior to the close of the Offer Period, unless the Offer Period is extended. Please contact the Depositary Agent toll free at 1-800-564-6253 to obtain a copy of the Letter of Transmittal and instructions on how you can accept in this way.

In connection with both of the methods referred to in paragraphs (1) and (2) above, if you accept the Offer prior to the Offer becoming or being declared unconditional, your Cardinal Shares will be deposited into the CDS account of the Depositary Agent, and will be deemed to have been tendered to the Offer and lodged Facility Instructions into the Acceptance Facility. Your acceptance is neither complete nor valid until the Offer becomes or is declared unconditional (which, with the benefit of an exemption from applicable Canadian regulations, may be prior to the 35 day "minimum deposit period") and the Bidder, in accordance with the terms of the Acceptance Facility, delivers or procures the delivery of a Confirmation Notice to the Facility Operator and the Depositary Agent confirming that the Cardinal Shares tendered to the Offer have been formally "taken up" by the Bidder. You may withdraw your deemed

Facility Instructions at any time before the Confirmation Notice is delivered to the Facility Operator and the Depositary Agent and your acceptance becomes valid.

An acceptance effected in respect of Cardinal Shares held on the Canadian branch register of Cardinal, including through a nominee or depositary identified on such a register, after the Offer has become or been declared unconditional will not be deemed made via the Acceptance Facility and instead will constitute valid, complete and irrevocable acceptance in accordance with paragraph (1) or (2) (as applicable) above.

Canadian Branch Shareholders should contact their broker or financial adviser, or call the Depositary Agent toll free at 1-800-564-6253 for assistance with respect to acceptance of the Offer.

Shareholders should specifically refer to the risks set out in section 7 of this Target's Statement.

### **3.2 Register your support for the Offer by providing Facility Instructions to the Acceptance Facility (that is, accept the Offer subject to the terms of the Acceptance Facility)**

Cardinal Shareholders may lodge instructions to accept the Offer subject to the terms of the Acceptance Facility with the Facility Operator (**Facility Instructions**).

#### **(a) Summary of the Acceptance Facility**

The Bidder has established the Acceptance Facility which will be open to all Cardinal Shareholders in order to facilitate receipt of acceptances of the Offer.

The Acceptance Facility has been established to provide all Cardinal Shareholders with the ability to register their support for the Offer before the Offer becomes or is declared unconditional, and their Cardinal Shares are formally "taken up" by the Bidder. For Canadian Branch Shareholders in particular, use of the Acceptance Facility ensures that they are able to withdraw their Facility Instructions at any time before the Offer becomes or is declared unconditional and before their Cardinal Shares are formally "taken up" by the Bidder in accordance with Canadian regulatory requirements.

All Canadian Branch Shareholders, being Cardinal Shareholders who hold their Cardinal Shares on the Canadian branch register of Cardinal, including through a nominee or depositary identified on such a register, are deemed to have accepted into the Acceptance Facility when they accept the Offer and deposit their Cardinal Shares with the Depositary Agent before the Offer becomes or is declared unconditional.

Facility Instructions lodged with the Facility Operator will demonstrate the intention of the relevant Cardinal Shareholder to accept the Offer if the Offer becomes or is declared unconditional, however, they will not constitute an acceptance of the Offer before the Confirmation Notice is received by the Facility Operator.

As soon as is practicable after the Bidder becomes aware and is satisfied (acting reasonably) that the Offer is free of all the Conditions, the Bidder will provide written notice of that occurrence (and that the Bidder will "take up" all of the Cardinal Shares accepted into the Acceptance Facility) (**Confirmation Notice**) to the Facility Operator and to the Depositary Agent.

Until the Facility Operator receives the Confirmation Notice from the Bidder, Cardinal Shareholders and (as the case may be) Beneficial Holders will retain all Rights and full control over Cardinal Shares which are the subject of their Facility Instructions and in particular, will be able to withdraw their Facility Instructions simply by notifying the Facility Operator by the method set out in clause 14 of Appendix 2 of the Bidder's Statement, provided such notification is received by the Facility Operator prior to its receipt of the Confirmation Notice.

#### **(b) How to lodge Facility Instructions**

Set out below is a summary of how Facility Instructions may be lodged. Shareholders should have regard to Appendix 2 of the Bidder's Statement for the full terms of the Acceptance Facility.

(1) **Australian Branch Shareholders**

Australian Branch Shareholders (i.e. in a CHESS Holding or an Issuer Sponsored Holding) may lodge Facility Instructions in the form of:

- (A) a duly completed and signed Acceptance Form in respect of their Cardinal Shares, with "X" marked in the "Option 2" box; and
- (B) where a Cardinal Shareholder holds Cardinal Shares as custodian for another person (**Beneficial Holder**), a direction from the Beneficial Holder to the Cardinal Shareholder to accept the Offer (**Custodian Direction**),

(alternatively, such Custodian Direction can be lodged with the Facility Operator by the Beneficial Holder instead of the custodian who is the registered holder of the relevant Cardinal Shares).

The postal and delivery addresses for your completed personalised Acceptance Form (and Custodian Direction letter, if applicable) are as follows:

Computershare Investor Services Pty Limited  
GPO Box 52  
Melbourne VIC 3001

A reply paid envelope (for use by Cardinal Shareholders within Australia) or a self-addressed envelope (for use by Australian Branch Shareholders but with an address outside Australia) is enclosed in the Bidder's Statement for your convenience.

(2) **Canadian Branch Shareholders**

In relation to Canadian Branch Shareholders, accepting the Offer, either through a book-entry transfer using the CDS online tendering system (**CDSX**) or by delivery of a duly completed Letter of Transmittal to the Depositary Agent, will be deemed to have lodged Facility Instructions and to be bound by the terms thereof.

### 3.3 **Reject the Offer**

If you wish to reject the Offer you need not take any action. If you decide to do nothing, you should be aware of the rights of the Bidder to compulsorily acquire your Shares in certain circumstances.

If the Bidder acquires a Relevant Interest in at least 90% of the Shares during or at the end of the Offer Period, the Bidder has indicated that it intends to compulsorily acquire the Shares in which it has not acquired a relevant interest in accordance with the Corporations Act. In that situation, you may receive consideration for your Shares later than Shareholders who accept the Offer. Shareholders should have regard to section 5 of the Bidder's Statement which sets out the Bidder's intentions for Cardinal depending upon the Relevant Interest that it ultimately acquires.

Shareholders should specifically refer to the risks set out in section 7 of this Target's Statement.

### 3.4 **Sell your shares on the ASX or TSX**

During the Offer Period, you can still sell some or all of your Shares on-market at the prevailing market price for cash if you have not already accepted the Offer in respect of those Shares. Shareholders should note that if the prevailing market price on ASX for your Cardinal Shares is equal to the offer price under the Nordgold Offer (being A\$0.66 per Share), by selling your Cardinal Shares on-market, you will be accepting the Nordgold Offer, which the Directors do not recommend.

The latest price for Shares may be obtained from the ASX website [www.asx.com.au](http://www.asx.com.au) (ASX:CDV) or the TSX website [www.tsx.com](http://www.tsx.com) (TSX:CDV).

If you sell your Shares on-market you:

- (a) will lose the ability to accept the Offer and any higher offer in respect of those Shares (which may or may not eventuate);
- (b) will lose the opportunity to receive future returns from Cardinal;
- (c) may be liable for CGT on the sale or you may be required to include the value of the consideration from the disposal as either assessable income or an allowable deduction; and
- (d) may incur a brokerage charge (this will also be the case if you were to accept the Nordgold Offer).

You should contact your broker for information on how to sell your Cardinal Shares through ASX or TSX and your tax adviser to determine your tax implications from such a sale.

### **3.5 Enquires**

If you have any queries in relation to the Offer, you should contact your financial, legal, other professional adviser or the Cardinal Shareholder Information Line on 1300 502 987 for callers within Australia or on +61 2 8022 7944 for callers outside Australia from Monday to Friday between 9.00am and 5.00pm (AEST).

## 4. INFORMATION ABOUT CARDINAL

### 4.1 Introduction

Cardinal is an Australian public company limited by shares whose Shares are publicly traded on the ASX (ASX:CDV) and the TSX (TSX:CDV).

The principal activity of the Cardinal Group is gold exploration and mine development in Ghana. The Company holds tenements prospective for gold mineralisation in Ghana in two granite-greenstone belts: the Bolgatanga Project and the Namdini Gold Project (**Namdini Gold Project** or **Namdini**), which are, respectively, located within the Greenstone Belts in northeast Ghana and the Subranum Project, which is located within the Sefwi Greenstone Belt in southwest Ghana.

### 4.2 Cardinal assets

#### (a) Overview of assets

The map below shows the location of the Namdini Gold Project and the Company's other properties in Ghana.

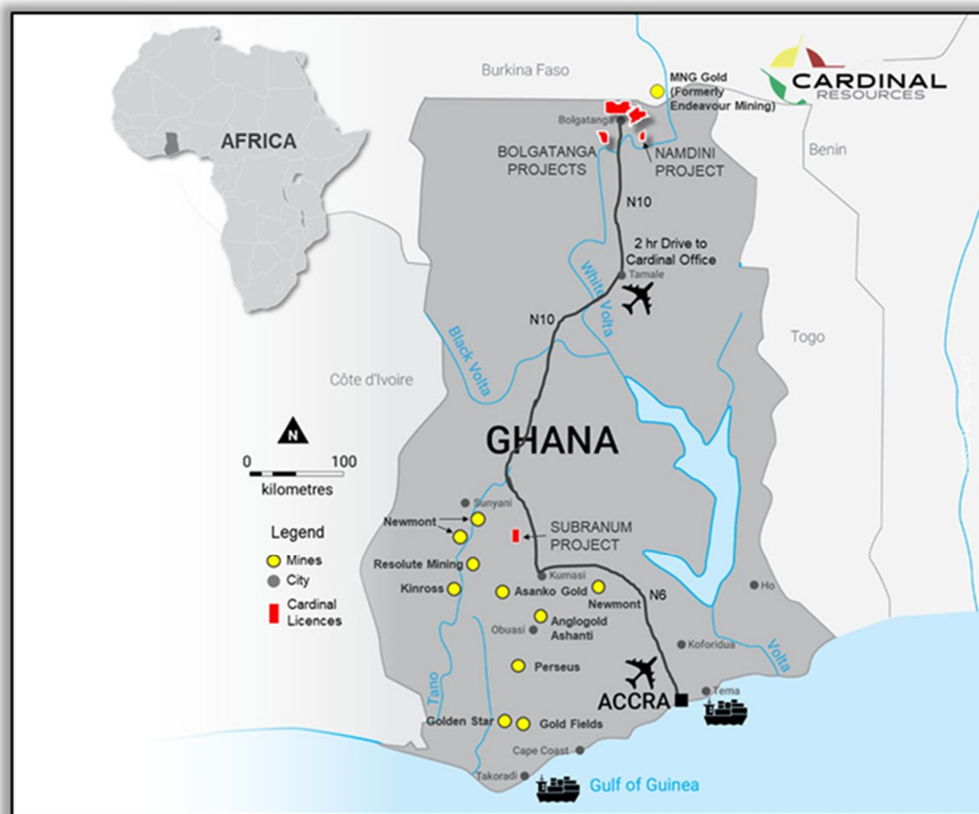


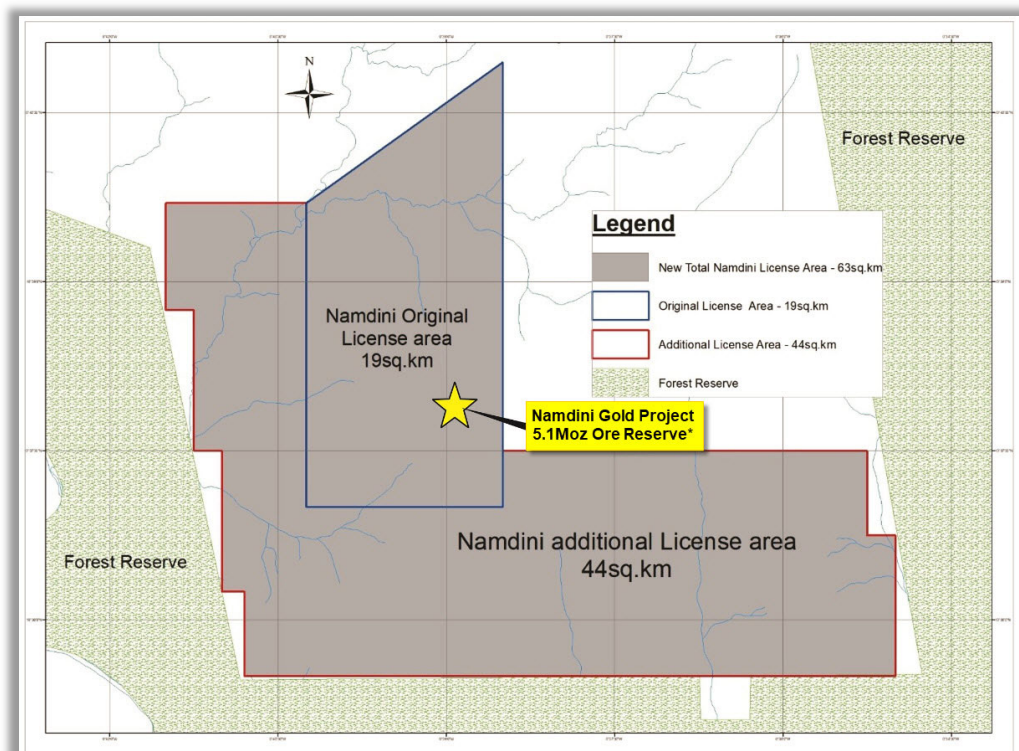
Figure 3: Cardinal Resources Tenements in Ghana



(b) **The Namdini Gold Project**

The main focus of activity is the Namdini Gold Project which has a gold Ore Reserve of 5.1Moz (138.6Mt @ 1.13g/t Au; 0.5g/t Au cut-off) inclusive of 0.4Moz Proved (7.4Mt @ 1.31g/t Au; 0.5g/t Au cut-off) and 4.7Moz Probable (131.2Mt @ 1.12g/t Au; 0.5g/t Au cut-off).<sup>7</sup>

A Large-Scale Mining Licence covering the Namdini Mining Lease was granted to Cardinal Namdini Mining Limited (**Cardinal Namdini**), a wholly owned subsidiary of Cardinal, by the Minister of Lands and Natural Resources (the **Minister**) under the Ghanaian Minerals and Mining Act 2006 (Act 703) (the **Act**) in December 2017. In February 2020, the Minister in accordance with the Act, approved the application to expand the original Mining Lease to the maximum allowable area. The expanded Large-Scale Mining Lease now totals 63km<sup>2</sup> and is for a renewable term of 15 years from 2020 (refer Figure 4 below). On 20 July 2020, Cardinal announced that the Namdini Mining Lease had received Parliamentary ratification from the Parliament of Ghana



**Figure 4: Original and Expanded Namdini Mining Lease**

\*7.4Mt @ 1.3g/t Au for 0.4Moz Au Proved and 131.2 @ 1.1g/t Au for 4.7Moz Au Probable; 0.5g/t Au cut-off.

<sup>7</sup> Source of estimate: ASX/TSX Announcement "Cardinal's Namdini Ore Reserve Now 5.1Moz" released on the ASX/TSX on 3 April 2019, ASX/TSX Announcement "Mineral Resource and Ore Reserve Statement" released on the ASX/TSX on 15 October 2019 and ASX Announcement "Feasibility Study Confirms Namdini as Tier One Gold Project" released on ASX on 28 October 2019. Cardinal confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.



### Namdini Project Mineral Resources and Ore Reserves

In accordance with ASX LR 5.21.1 the Company has reviewed its Mineral Resources and Ore Reserves in its 100% owned Namdini Gold Project, which can be summarised as Measured and Indicated Mineral Resources of 182 million tonnes @ 1.12g/t Au, and Inferred Mineral Resources of 12 million tonnes @1.2 g/t Au. which include the Proved and Probable Ore Reserves of 138.6 million tonnes @1.13 g/t Au.

Tables 1, 2, and 3 present the tabulated breakdowns, as per ASX LR 5.21.2.

Mineral Resources as at 30 June 2019 (Effective date: 3 April 2019)			
Mineral Resource Category	Tonnes (Mt)	Gold Grade (g/t Au)	Contained Gold (Moz)
Measured	7.5	1.31	0.32
Indicated	174	1.11	6.21
<b>Measured and Indicated</b>	<b>182</b>	<b>1.12</b>	<b>6.53</b>

Table 1: Namdini Measured and Indicated Mineral Resource Statements as at 30 June 2019.

Mineral Resources as at 30 June 2019 (Effective date: 3 April 2019)			
Mineral Resource Category	Tonnes (Mt)	Gold Grade (g/t Au)	Contained Gold (Moz)
<b>Inferred</b>	<b>12</b>	<b>1.2</b>	<b>0.46</b>

Table 2: Namdini Inferred Mineral Resource Statements as at 30 June 2019.

#### Notes on Table 1 and Table 2:

- Mineral Resource estimates are reported inclusive of those Mineral Resources converted to Ore Reserves (Refer to the announcement released to the ASX and TSX on 3 April 2019 18 April 2019 and 15 October 2019).
- The Mineral Resources and Ore Reserves are reported in accordance with JORC Code (2012) guidelines and Canadian Institute of Mining, Metallurgy and Petroleum Standards (CIM, 2014).
- Mineral Resource estimates follow the ASX Listing Rule LR 5.8.1.
- Numbers may not add due to rounding to appropriate significant figures.

Ore Reserve Category	Type	Tonnes (Mt)	Gold Grade (g/t)	Contained Gold (Moz)
Proved	Oxide	1	1.21	0.1
	Fresh	6.4	1.33	0.3
<b>Total Proved</b>		<b>7.4</b>	<b>1.31</b>	<b>0.4</b>
Probable	Oxide	3	1.08	0.1
	Fresh	128.2	1.13	4.6
<b>Total Probable</b>		<b>131.2</b>	<b>1.12</b>	<b>4.7</b>
Proved and Probable	Oxide	4.1	1.11	0.2
	Fresh	134.5	1.13	4.9
<b>Total Ore Reserves</b>		<b>138.6</b>	<b>1.13</b>	<b>5.1</b>

Table 3: Namdini Proved and Probable Ore Reserves (as at 30 June 2019)

**Notes to Table 3:**

- The Ore Reserve was reported in accordance with JORC Code 2012 guidelines and Canadian Institute of Mining, Metallurgy and Petroleum "CIM Definition Standards for Mineral Resources and Mineral Reserves" (CIM, 2014).
- The Ore Reserve was evaluated using a gold price of USD \$1,300 / oz with USD \$1,235 / oz optimised pit chosen for Ore Reserve pit design to maximise cash flow.
- The Ore Reserve was evaluated using an average cut-off grade of 0.5 g/t Au.
- Ore block grade and tonnage dilution was incorporated through the use of an MIK recoverable resource estimation model which was demonstrated to incorporate an expected level of equivalent ore loss and dilution for the scale of mining envisaged.
- All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.

Since the Company's press release dated 15 October 2019, the Company has not made any changes to the categories or size of the 5.1Moz Ore Reserve<sup>8</sup>, as no mining has occurred.

**Mineral Resources**

The Mineral Resource estimate was reported in accordance with the JORC Code (2012). The Mineral Resource estimate, summarised in the above tables (Table 1 and Table 2), reports the Mineral Resources by category above a 0.5g/t gold cut-off grade. The classification categories of Measured, Indicated and Inferred Mineral Resources under the JORC Code (2012) are equivalent to the CIM categories of the same name (CIM, 2014).

Currently, the 0.5g/t Au cut-off grade approximates an operational parameter that the Company believes to be applicable. This is in accordance with the guidelines of Reasonable Prospects for Eventual Economic Extraction (**RPEEE**) per the Canadian Institute of Mining, Metallurgy and Petroleum "CIM Definition Standards for Mineral Resources and Mineral Reserves" (CIM, 2014) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code 2012). The effective date of the Mineral Resource estimate is the 15 October 2019.

All figures in Tables 1 and 2 have been rounded to reflect the relative precision of the estimates and to include rounding errors. **Mineral Resources are inclusive of Ore Reserves.**

**Ore Reserves**

In accordance with ASX LR 5.21.4, the following discussion relating to the 30 June 2019 Ore Reserves summary is applicable. Table 3 presents a summary of the Ore Reserves on a 100% Project basis.

The Ore Reserve is based upon the following key input parameters:

- A Mineral Resource as outlined in Table 1 and Table 2.
- A Proved and Probable Ore Reserve and detailed monthly mining and processing schedules, derived entirely from the Ore Reserve, after the application of mining parameters, ore haulage costs based on in-country contractor miner supplier inputs and owner mining cost models, processing inputs and geotechnical pit design considerations.
- The cut-off grade parameters remain the same as of the ASX/TSX announcement 28 October 2019 Cardinal Namdini Feasibility Study.
- Geotechnical inputs and parameters for Life of Mine pit design, as of the ASX/TSX announcement 28 October 2019 Cardinal Namdini Feasibility Study.
- Process engineering design, capital and operating costs remain as of the Feasibility Study 28 October 2019.
- Metallurgical recovery inputs are based on testwork by ALS Global (Perth) and recent testwork results from Maelgwyn Mineral Services Africa (Johannesburg, South Africa).
- Process infrastructure design including and not limited to, waste, residue, tailings storage and water management design as of ASX/TSX announcement 28 October 2019 Cardinal Namdini Feasibility Study.

<sup>8</sup> Refer to footnote 7.

- Other cost inputs e.g. supporting infrastructure, HV power, administration and accommodation by owner's team and external consultants' inputs as of ASX/TSX announcement 28 October 2019 Cardinal Namdini Feasibility Study.
- The status of the social and environmental approvals, mining tenements, other government factors and other infrastructure requirements for the selected mining method remains the same as per the ASX/TSX announcement 28 October 2019 Cardinal Namdini Feasibility Study.

The total Proved and Probable Ore Reserve for the Namdini Gold Project is summarised in Table 3 and is estimated at 138.6Mt @ 1.13g/t Au with a contained gold content of 5.1Moz at 0.5 g/t Au cut off.<sup>9</sup>

The mine design and Ore Reserve (CIM Mineral Reserve) estimate is based on the Mineral Resource model as of 3 April 2019.

Trial open pit optimisations were run in Whittle 4X™ software to define the base of potentially economic material. Four cut back pits were then selected and full mine designs applied.

The Measured and Indicated Mineral Resource are inclusive of those Mineral Resources modified to produce the Ore Reserves.

In accordance with ASX LR 5.21.5, the Company's governance arrangements and internal controls that are in place with respect to its estimates of Mineral Resource and Ore Reserves are guided by the principles of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, JORC Code 2012 and Canadian Institute of Mining, Metallurgy and Petroleum "CIM Definition Standards for Mineral Resources and Mineral Reserves" (CIM, 2014). These would include detailed internal company procedures such as for, but not restricted to:

- Supervision of drilling.
- Sampling.
- Logging.
- Surveying.
- Quality control / quality assurance.
- Internal model validation and peer review.
- External and independent peer review.
- Internal and external review of assumptions and inputs (Modifying Factors) to the Ore Reserve process.

The Ore Reserve for the Namdini Gold Project is reported according to the JORC Code (and CIM definitions 2014). The Mineral Resource estimate was converted after applying appropriate Modifying Factors. The Proved and Probable Ore Reserve estimate are based on the Mineral Resource classified as Measured and Indicated only.

#### ***Namdini Gold Project Feasibility Study***

Table 4 below sets out the Namdini Gold Project Feasibility Study outcomes at a base gold price of USD\$1,350 per ounce, but also with gold price sensitivities from USD\$1,150 per ounce and up to USD\$1,550 per ounce.

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<sup>9</sup> Refer footnote 7 and section 9.4.

Project Financial Model				
Gold Price	US\$ / oz	1,150	1,350	1,550
Capital Cost (including \$42M contingency)	US\$ M	390	390	<b>390</b>
All in Sustaining Costs (AISC) <sup>1</sup>				
Starter Pit	US\$ / oz	585	585	<b>585</b>
Life of Mine (15 years)	US\$ / oz	895	895	<b>895</b>
Total Project Payback	months	33	21	<b>9</b>
Pre-Tax NPV <sup>5%</sup>	US\$ M	406	914	<b>1,438</b>
Pre-Tax IRR	%	26	43	<b>57</b>

**Table 4 – Namdini Project Feasibility Study Outcomes (ASX/TSX Press Release dated 28 October and 28 November 2019 respectively)**

<sup>1</sup> Cash Costs + Royalties + Levies + Life of Mine Sustaining Capital Costs (World Gold Council Standard).

Royalties calculated at a rate of 5.5% at USD\$1,350/oz and 6.0% at USD\$1,550/oz and a corporate tax rate of 32.5%; both subject to negotiation.

Following release of the Feasibility Study and accompanying NI43-101 Technical Report (ASX/TSX Press Release dated 28 October and 28 November 2019 respectively) to 6 August 2020, the gold price has traded within the range of US\$1,492 to US\$2,066 per ounce on 6 August 2020. The three-year running average to 6 August 2020 is US\$1,393 per ounce.

#### **Namdini Gold Project Permits and Approval Status**

Cardinal have set out below the status of various approvals and permits related to the Namdini Gold Project:

- July 2018 – Environmental Impact Statement (**EIS**) development and documentation process initiated;
- December 2019 - Cardinal submitted its Draft EIS for development of the Namdini Project with Ghanaian EPA;
- January 2020 - Ghanaian EPA completed its review of the Draft EIS for the development of the Namdini Project. The EIS was revised as needed and re-submitted in March 2020;
- February 2020 - Resettlement Action Plan (**RAP**) was approved. The RAP was developed over an extended period, inclusive of extensive consultation with the Project Affected People (**PAP**) and several levels of the Government. It was signed off by all PAP and subsequently approved by the Ghanaian Minerals Commission (**MinCom**);
- February 2020 - Water License was granted. Permits the use of water for construction and mine operations purposes;
- April 2020 - Ghanaian EPA approves Cardinal's EIS, granting its Permit for the development of the Namdini Gold Project;
- July 2020 – Namdini Mining Licence officially received Sovereign Parliamentary Ratification in Ghana.

#### **Resettlement Action Plan**

MinCom has approved Cardinal's RAP for its Namdini Gold Project in the Talensi District of the Upper East Region of Ghana, West Africa. The RAP report was produced in accordance with the

Minerals and Mining (Compensation and Resettlement) Regulation 2012 (L.I 2175), and International Finance Corporation's (IFC) Performance Standards on Social and Environmental Sustainability.

MinCom's approval paves the way for construction of 275 structures including residential and public buildings for the people of Accra Site and Buing village. The 270 impacted households with a total population of 1,410 people will be compensated for loss of assets and livelihood. To improve the existing infrastructure, the communities signed the Resettlement Agreement with the Company on 11 February 2020.

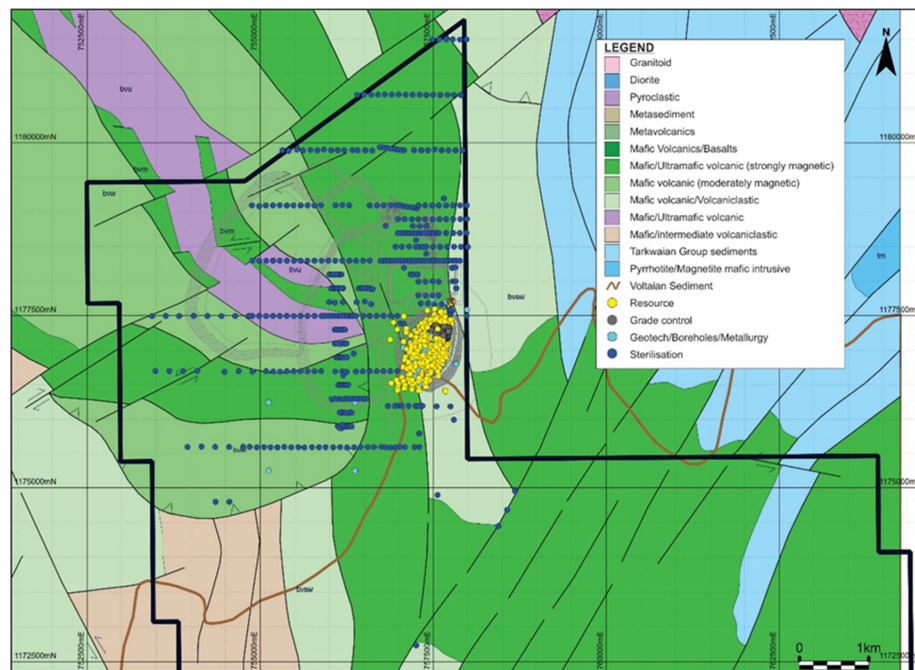
### **Front End Engineering and Design**

The Front End Engineering and Design (FEED) programme of works was progressing in accordance with the Project execution schedule and with all principal design and procurement activities, up until COVID-19 suspension. The FEED programme is focused on further de-risking the Project, while also looking for opportunities to reduce upfront capital costs and ensure achievement of the project execution schedule. The programme continues to define the technical requirements of the Namdini Gold Project and deliver an optimised mine design and process treatment plant. This work is also designed to refine capital estimates and operating costs.

### **Namdini Gold Project Drilling (Test Pitting, Sterilisation and Infrastructure Geotechnical Drilling)**

Cardinal has undertaken sterilisation drilling of the proposed infrastructure area within the Namdini Mining License.

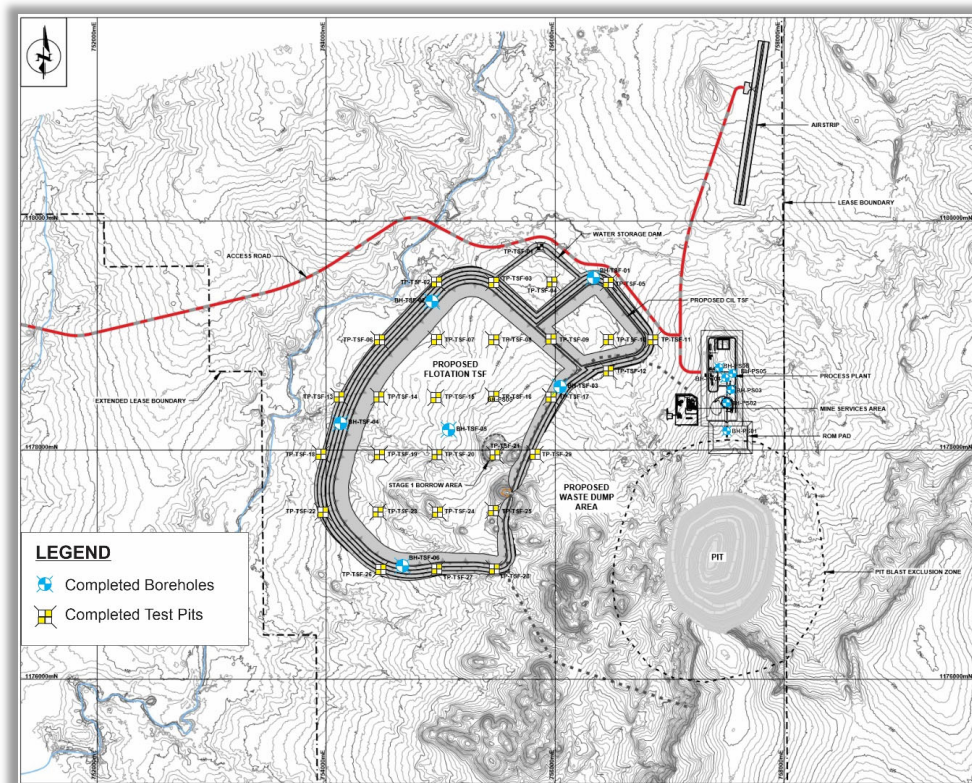
To date, approximately 37,164m of drilling has been completed, comprised of 381 RC holes for approximately 36,529m and two diamond drill holes for approximately 635m (Figure 5). This sterilisation drilling is ongoing and is aimed at ensuring that no major infrastructure developments are sited on areas of potential economic mineralisation. Sterilisation drilling to date has returned no significant mineralisation.



**Figure 5: Namdini Project Showing Completed Sterilisation Drill Locations**

Cardinal has completed an extensive Geotechnical drilling and test-pit programme over areas proposed for infrastructure (Figure 6).





**Figure 6: Namdini Project Geotechnical Drill Locations on Relocated TSF Area**

### (c) Regional Exploration

#### Overview

In addition to the Namdini Gold Project, Cardinal owns exploration rights to two other projects: The Bolgatanga Project which includes Bongo Licence Area, Kungongo Licence and Ndongo Licence Area (Figures 3 and 7) located in the northeast of Ghana and the Subranum Project located in the southwest of Ghana (Figures 3 and 8).

Exploration activities have included varying levels of airborne magnetic and radiometric surveying, regional and prospect-scale ground magnetic, gravity, chargeability, resistivity and radiometric geophysical surveys, regional and detailed geological mapping, rock chip and auger soil sampling and reverse circulation and diamond drilling programmes.

Cardinal has initiated a scout drilling programme on one of the newly identified targets within the Ndongo Licence Area (Figure 7). This follows the recent completion of multielement analysis and assessment of geochemical data and building on the initial structural review based upon detailed geophysical and gold-only geochemical data.

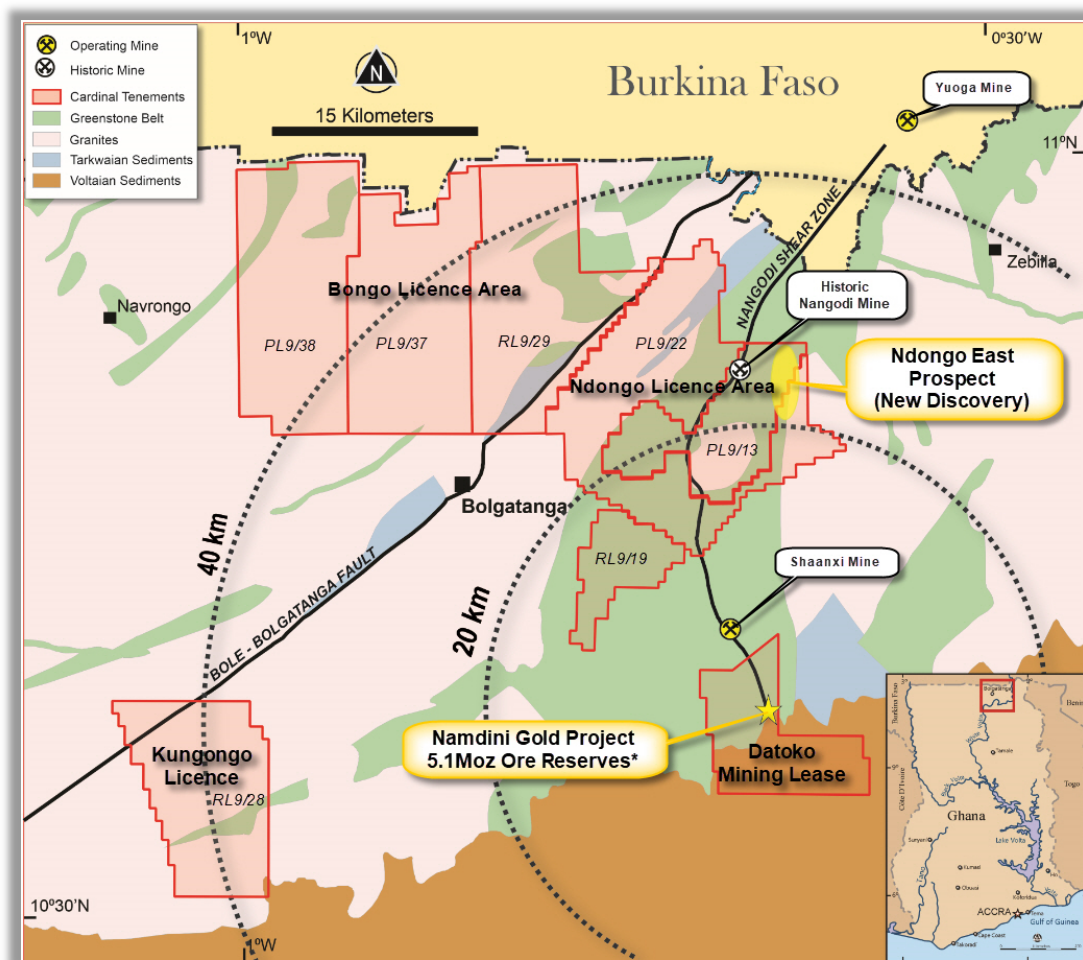


Figure 7: Datoko Mining Lease and Bolgatanga Project Tenements

\*7.4Mt @ 1.3g/t Au for 0.4Moz Au Proved and 131.2 @ 1.1g/t Au for 4.7Moz Au Probable; 0.5g/t Au cut-off.

### ***Bolgatanga Project***

Cardinal owns approximately 865.88km<sup>2</sup> of exploration rights in the northeast Ghana. The Bolgatanga Project comprises of the Bongo Licence Area, Kungongo Licence and Ndongo Licence Area. The main areas of interest are the regional Bole-Bolgatanga Fault and the Nangodi Shear, which is interpreted to be a splay off the regional Bole-Bolgatanga Fault (Figure 7).

Cardinal has completed varying levels of geochemical and geophysical surveys and a number of reverse circulation and diamond drilling in the area. As evidenced by the widespread artisanal mining activities in the area, gold mineralisation is widespread and mainly focused around these structures.

### **Bongo Licence Area**

The Bongo Licence Area covers a total land area of 465km<sup>2</sup>. It hosts part of the regional Bole-Bolgatanga Fault (Figure 7).

The Bongo Licence Area comprises of the combined, **Bongo Prospecting Licence** (PL9/29 covering a land size of 155km<sup>2</sup>) located in the Bongo area, **Kandiga-Atibisi Prospecting Licence** (PL9/38 covering a land size of 155km<sup>2</sup>) located in the Kandiga-Atibabisi area, and

**Zoko-Tarongo Prospecting Licence** (PL9/37 covering a land size of 155km<sup>2</sup>) located in the Zoko-Tarongo area all in the Upper East region of Ghana.

The Bongo Licence area was originally granted to Cardinal Resources Ghana Limited on 21 January 2011 as a Reconnaissance Licence for a period of one year ending 20 January 2012. Cardinal Resources Ghana Limited applied for a renewal of the Bongo Reconnaissance Licence which was granted by the Minerals Commission. After the expiration of the Reconnaissance licence, the Minerals Commission on its own upgraded the larger Bongo Licence Area to a Prospecting Licence comprising of the three adjoining Prospecting Licences.

All the Bongo Licence Area, Prospecting Licences are in good standing at the Ghanaian Minerals Commission and are due for renewal on 31 December 2020.

No formal exploration had been undertaken prior to Cardinal's involvement. Cardinal initially completed an airborne geophysical survey over the area, which delineated six large-scale target areas that were followed up by soil auger programmes. The resulting soil anomalies were in turn followed up by gradient array Inverse Polarisation (IP) and ground magnetic geophysical surveys. The results of these are currently being interpreted ahead of further follow-up.

#### **Ndongo Licence Area**

The Ndongo Licence Area, hosts part of the extensive regional Bole-Bolgatanga Fault in the northwest and the prospective Nangodi Shear Zone in the centre of the licence area. The licence area wraps around the southern end of the Palungu granitoid intrusive, in the south-eastern region of the licence and forms the main area of prospectivity on the tenement (Figure 7).

The Ndongo Licence Area, comprises of the combined, **Nangodi Prospecting Licence** (RL9/13, covering a land size of 84.7km<sup>2</sup>), **Ndongo Prospecting Licence** (RL9/22, covering a land area of 157km<sup>2</sup>), and **Yameriga Prospecting Licence** (RL9/19, covering a land size of 36.78km<sup>2</sup>), granted to Cardinal to prospect for gold in the Bolgatanga and Telensi Nabdram District in the Upper East Region in the Republic of Ghana. The combined land area of the Ndongo Licence Area is 278.48km<sup>2</sup>.

The Ndongo Prospecting Licence number RL9/22 was granted to Cardinal on 7 July 2014 for a period of two years ending 6 July 2016. On 31 October 2016, the Minerals Commission extended the Ndongo Prospecting Licence until 31 October 2017. On 27 February 2017, the Minerals Commission confirmed that Cardinal Resources Ghana Limited is the holder and owner of the Ndongo Prospecting Licence.

In August 2017, Cardinal entered into a definitive agreement with Red Back Mining Ghana Limited to acquire 100% ownership of Nangodi and Yameriga Prospecting Licences located adjacent to the Ndongo Prospecting Licence. The Nangodi and Yameriga Prospecting Licences are each subject to a 1% NSR royalty payable to Kinross Gold Limited (via its acquisition of Red Back Mining) on all minerals mined, removed and sold.

All tenements within the Ndongo Licence Area are current and in good standing at the Minerals Commission and are eligible for renewal on 31 December 2020.

The company's initial exploration on the original Ndongo Prospecting Licence included soil sampling at Ndongo West, Ndongo Central, Ndongo East and Ndongo Far East. The acquisition of Nangodi and Yameriga Licences provided increased exposure to the prospective Nangodi Shear Zone, including areas around the historical Nangodi underground gold mine (Figure 7). The ground acquired has been the subject of previous drilling, particularly along the Nangodi Shear Zone. The acquisition of this ground also included the results of some 120 historic reverse circulation and diamond drillholes.

Recent work including ground geophysical surveys, detailed geological mapping, auger soil sampling, reverse circulation drilling, led to the delineation of six high-priority coincident gold-



in-soil and geophysical targets. First-pass shallow reverse circulation drilling to test one of the targets in 2018 led to the discovery at Ndongo East (Figure 7).

Most recently, the Company undertook additional review of drill targets through a detailed assessment of auger geochemical data, using auger soil samples analysed for gold and multielement pathfinders. The aim was to identify multielement signatures in the data related to orogenic gold mineralisation to further enhance targeting at Ndongo. The results from the processing of geophysical data and geochemical data, continue to encourage further carefully measured investment into establishing viable shallow high-grade mineralised zones, which could develop into possible satellite pits for the Namdini Gold Project located approximately 24km south. The Company has initiated a scout drilling programme on one of the newly refined targets.

#### **Kungongo Licence Area**

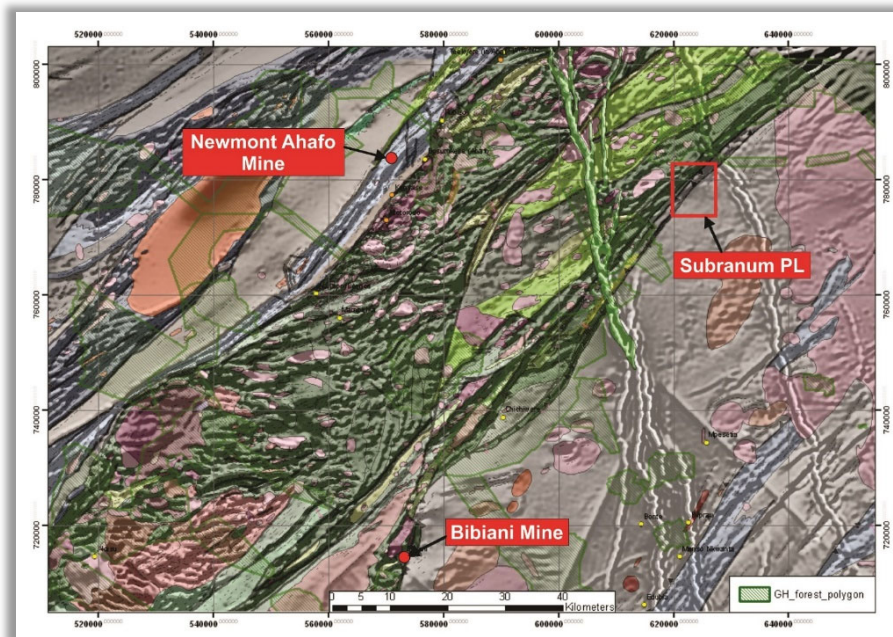
The Kungongo Prospecting Licence is located approximately 40km west of Namdini Gold Project. The licence hosts the extensive regional Bole-Bolgatanga fault over a length of 6km in the northwest corner of the tenement. The tenement is underlain by Birimian greenstones which have been extensively intruded by younger granitoids (Figure 7).

The Kungongo Prospecting Licence (RL9/28) covers a total land size of 122.4km<sup>2</sup> and was originally granted to Cardinal on 21 January 2011 as a Reconnaissance Licence for one year ending 20 January 2012. After the expiration of the Reconnaissance Licence, the Minerals Commission on its own upgraded the Kungongo Reconnaissance Licence to a Prospecting Licence.

The Kungongo Prospecting Licence is current and in good standing at the Mineral Commission and is eligible for renewal on 31 December 2020.

Exploration work prior to Cardinal's involvement was limited. Historical work undertaken by the company includes auger-based soil sampling in the north and south of the licence area, with the northern area, along the main Bole-Bolgatanga Fault, showing the most promise. The northern area has also been the subject of gradient array IP and ground magnetic surveys.

In August 2017 Cardinal announced that the auger drilling programme had identified two large-scale gold-in-soil anomalies (+100ppb Au) along the shear zone, the largest of which measured 4.2km by 300m and the smaller 800m by 250m. The company recently completed a reverse circulation drill programme comprising three drill fences of ten holes each at spacings of 1,600m along the shear. In late 2017, Cardinal also undertook a programme of 12 diamond drill holes. The stratigraphic and structural information provided by these diamond drill holes, as well as assay data, is being evaluated. The drill core showed folded characteristics similar to that observed in the surface data. The dips were found to be variable down each drill hole, varying between NW and SE directions, confirming that the strata are strongly folded, and the stratigraphy complex. This geological setting compares favourably with observations in the early stage drilling at Namdini where higher grade gold mineralisation was observed along the fold axes.



**Figure 8: Regional Geology with Subranum Project Tenement straddling Bibiani Shear Zone**

### ***Subranum Project***

The Subranum Project comprises of the Subin Kasu Prospecting Licence covering a total land size of 71.4km<sup>2</sup> located in the Offinso and Ahafo-Ano South district of the Ashanti Region in the Republic of Ghana (Figures 3 and 8). The licence straddles the eastern margin of the Sefwi Gold Belt which is bounded by the regional Bibiani Shear Zone stretching about 200km across southwestern Ghana. There is 9km of the Bibiani Shear Zone developed within the Subin-Kasu licence trending NE to SW. The Bibiani Shear Zone forms a very prospective, sheared contact between Birimian phyllites and greywackes to the southeast and mafic to intermediate volcanics and volcanoclastics to the northwest. Granitoid stocks of the Dixcove suite intrude this shear zone.

The Subin-Kasu Mineral Rights expire on 31 December 2020, and is eligible for renewal and is subject to a 2% NSR royalty payable to Newmont Ghana Gold Limited on all minerals mined, removed and sold.

The Subin-Kasu Prospecting Licence was originally granted to Newmont Ghana Gold Limited. On 6 April 2012, Newmont Ghana Gold Limited entered into a Purchase and Sale Agreement with Cardinal and assigned the Subin-Kasu Prospecting Licence to Cardinal in consideration for certain cash payments and Cardinal's agreement to incur certain exploration expenses.

On 24 November 2015, the Minister approved the Purchase and Sale Agreement and Cardinal became the title holder of Subin-Kasu Prospecting Licence. The Subin-Kasu Prospecting Licence is current and in good standing at the Mineral Commission.

Prior to Cardinal, Newmont had undertaken exploration work on the project, including geochemical, geophysical and RC drilling. Results of this work were included with the acquisition.

This work established a 5km long north-east trending anomalous zone across the licence area. This had been followed up by RC drilling on a number of wide-spaced fences. Cardinal followed up this work with radiometric and aeromagnetic surveys in late 2013. Only a very small portion of this 5km long gold target was diamond drilled during drilling programmes in 2018.

### 4.3 Directors

#### **Kevin Tomlinson – Non-Executive Chairman (appointed 7 November 2016)**

Mr Tomlinson possesses over 35 years' experience in Geology and Finance with significant experience within the Toronto, Australian and London Stock Exchanges.

Mr Tomlinson holds an MSc in Structural Geology and a Grad Dip in Finance. From 1998 Mr Tomlinson has worked in the Corporate/Finance sectors where he has been involved in raising significant equity for resource companies on the AIM, ASX, LSE and TSX Exchanges.

Kevin was previously Managing Director of Investment Banking at Westwind Partners/Stifel Nicolaus where he advised a number of resource companies including Centamin Plc, Platinum Group Metals, Trelawney Resources and Allied Gold. He was also an integral part of the Team raising finance for Osisko Mining and Semafo Inc.

Mr Tomlinson was Director of Natural Resources at Williams de Broë and head of Research for Hartleys Ltd in Australia. Recent Directorships include Bellevue Gold (developer), Centamin Plc (producer), Orbis Gold (developer) and Medusa Mining (producer).

Mr Tomlinson is a Fellow of the Institute of Directors, a Fellow of the Chartered Institute for Securities & Investment, a Fellow of the Australian Institute of Geoscientists and a Liveryman of the Worshipful Company of International Bankers.

#### **Archie Koimtsidis – Managing Director (appointed 27 December 2012)**

Mr Koimtsidis has for the last 28 years been involved in all facets of gold exploration, discovery, production and refining in West Africa and South America.

His most recent appointment prior to joining Cardinal was as the Deputy Country Manager of Ghana for PMI Gold Limited a joint TSXV and ASX listed company. During this time he was responsible for all field operational matters including coordination of exploration, drilling programs and human resource management in relation to the Company's projects in Ghana.

Mr Koimtsidis has been instrumental in acquiring the Ghanaian projects on behalf of Cardinal and has a unique knowledge and understanding of geopolitical and operational matters relating to resources projects in West Africa.

#### **Malik Easah – Executive Director (appointed 27 December 2012)**

Mr Malik Easah is the principal of successful alluvial mining operations in the North West Adansi Gold Obotan concession and is currently developing additional payable gold permits within the Ashanti and Nangodi Gold belts of Ghana.

Mr Easah specialises in the manufacture of alluvial gold wash plants and recovery equipment and is regarded as an authority in the development of alluvial mining operations in Ghana.

Mr Easah is a resident in Ghana.

#### **Michele Muscillo – Non-Executive Director (appointed 11 October 2017)**

Mr Muscillo is a Partner with HopgoodGanim Lawyers in Australia. Michele has practised exclusively in corporate law for over 15 years and has extensive experience in capital markets transactions, including the negotiation of significant commercial contracts and agreements. As part of this role, Mr Muscillo has acted on numerous IPOs and debt and equity raisings, and advised both bidders and targets on public market control transactions. His key areas of practice include Corporate Advisory and Governance, Capital Markets, Resources and Energy.

#### **Dr Kenneth G. Thomas – Non-Executive Director (appointed 23 October 2018)**

Dr. Thomas has over 45 years in the mining industry with experience in project development, construction and operations. Until July 2012 he was Senior Vice President, Projects, Kinross Gold Corporation and previously, for six years, a Global Managing Director and Board Director at Hatch Ltd, a leading international engineering and construction firm.

From 1987 to 2001 he served in progressively senior roles at Barrick Gold Corporation to Senior Vice President, Technical Services. Prior to Barrick Gold Corporation, he also worked for 10 years in Zambia and South Africa with Anglo American Corporation.

Ken has a doctorate in Technical Sciences (Project Implementation) from Delft University of Technology and in 2001 he was awarded the Selwyn G. Blaylock Medal by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) for advancements in mining internationally. In addition, he is a Fellow and Past President of the CIM. Ken is an experienced public company director, including his recent tenure as director of Continental Gold (TSX: CNL) prior to its acquisition by an indirect subsidiary of Zijin Mining Group Co., Ltd.

**Trevor Schultz – Non-Executive Director (appointed 2 January 2019)**

Mr Schultz has over 45 years in the mining industry with experience in project development, construction and operations. Between 2008 and 2018 he was an Executive and Non-Executive Director with Centamin Egypt and was responsible for the construction of the 12Mtpa processing plant which has a similar flowsheet to Cardinal's proposed flowsheet.

Prior to this, he served as Chief Operating Officer at Ashanti Goldfields Corporation (now Anglo Gold Ashanti Ltd) and was a resident of Ghana for six years. Furthermore, he worked for BHP in Australia and America and in South Africa with Anglo American Corporation.

Trevor has an MA in Economics from Trinity College, England (1968), an MSc in Mining Engineering, from Witwatersrand University, South Africa (1972) and an Advanced Management Programme Diploma from Harvard Business School, USA (1986).

#### 4.4 Financial information

Cardinal's consolidated statement of financial position as at 30 June 2019 as contained in Cardinal's Annual Report for 2019 which was announced to the ASX on 3 September 2019. It should be read with its accompanying notes.

As at	June 30, 2019	June 30, 2018
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	18,735,456	7,303,807
Trade and other receivables	256,650	980,224
Other assets	847,392	1,393,434
	<b>19,839,498</b>	<b>9,677,465</b>
<b>Non-Current Assets</b>		
Plant and equipment	994,650	564,149
	<b>994,650</b>	<b>564,149</b>
<b>TOTAL ASSETS</b>	<b>20,834,148</b>	<b>10,241,614</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		
<b>Current Liabilities</b>		
Trade and other payables	3,286,116	4,707,018
Provisions	85,062	59,958
	<b>3,371,178</b>	<b>4,766,976</b>
<b>Non-Current Liabilities</b>		
Borrowings	35,604,680	-
	<b>35,604,680</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>38,975,858</b>	<b>4,766,976</b>
<b>Shareholders' Deficit</b>		
Issued capital	84,460,427	81,369,056
Reserves	5,681,581	6,003,878
Accumulated losses	(108,283,718)	(81,898,296)
	<b>(18,141,710)</b>	<b>5,474,638</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT</b>	<b>20,834,148</b>	<b>10,241,614</b>

Set out below is an extract of Cardinal's consolidated statement of profit or loss and other comprehensive income as at 30 June 2019 as contained in Cardinal's Annual Report for 2019 which was announced to the ASX on 3 September 2019. It should be read with its accompanying notes.

For the period ended	Audited Twelve Months Ended	
	June 30, 2019	June 30, 2018
<b>Revenue</b>	<b>365,859</b>	<b>174,312</b>
<b>Operating expenses</b>		
Corporate administration expenses	(12,199,428)	(10,688,014)
Depreciation expense	(314,731)	(217,454)
Exploration and evaluation expenses	(14,940,749)	(26,747,592)
Foreign exchange gain/(loss)	38,087	295,904
<b>Net Loss for the period</b>	<b>(27,050,962)</b>	<b>(37,182,844)</b>
Income tax	-	-
<b>Loss after income tax</b>	<b>(27,050,962)</b>	<b>(37,182,844)</b>
<b>Other comprehensive gain (loss)</b>		
Items that may be reclassified to profit or loss:		
Unrealized foreign exchange on translation	(763,265)	(507,626)
<b>Comprehensive loss for the period</b>	<b>(27,814,227)</b>	<b>(37,690,470)</b>
<b>Loss per share, basic and diluted (cents)</b>	<b>(7.12)</b>	<b>(10.22)</b>
<b>Weighted average number of common shares outstanding</b>	<b>379,752,526</b>	<b>363,630,782</b>

For details of the notes to the accounts, please see Cardinal's Annual Report for 2019 which can be located on the ASX website at [www.asx.com.au](http://www.asx.com.au) using Cardinal's ASX code 'CDV' or Cardinal's website at [www.cardinalresources.com.au](http://www.cardinalresources.com.au).

#### 4.5 Issued capital

As at the date of this Target's Statement, Cardinal's issued Share capital was 526,024,522 Ordinary Shares.

Cardinal has also issued the following securities which are not quoted on the ASX or listed for trading on the TSX:

Exercise price	Expiry date	Designation	Number
A\$1.00	12 March 2021	OP6	1,867,817
A\$0.50	12 April 2022	OP2	18,500,000
A\$0.59	21 December 2022	OP8	2,180,049
A\$0.679	21 December 2022	OP7	2,180,049
A\$0.75	21 December 2022	OP5	1,000,000
A\$0.965	21 December 2022	OP4	2,018,100
Nil	10 December 2024	OP9	5,476,530
Nil	10 December 2024	OP11	6,369,557
<b>Total</b>			<b>39,592,102</b>

The relevant terms of the Options provide that upon a takeover bid being declared, or otherwise becoming, unconditional, such Options will vest and become exercisable (with such vesting deemed to have taken place immediately prior to the effective date of that change of control event). Given Nordgold has made an offer for all of the Shares in Cardinal pursuant to an unconditional on-market takeover bid under Chapter 6 of the Corporations Act, the Options that were previously unvested ("OP2", "OP11", "OP9", "OP4", "OP7" and "OP8"), have now vested and have become exercisable.

The proposed treatment of Options in connection with the Takeover Bid is set out in section 8.7 below.

#### 4.6 Substantial holders

As at the last practical date prior to the date of this Target's Statement, the following entities (together with any of their Associates) have a relevant interest in 5% or more of Cardinal's shares:

Name	Shares	Relevant interest in shares (%)
Nord Gold SE~	98,443,593	18.71
MM Asset Management Inc.*	48,415,866	9.68
Credit Suisse Equities (Australia) Limited^	29,833,233	5.67

~Refer to sections 7.9 and 7.12 of the Nordgold Bidder's Statement for further information.

\*MM Asset Management Inc is the holder of a Relevant Interest in respect of the 48,415,566 Shares. The registered holders of the relevant Shares are Macquarie Bank Limited and GundyCo ITF MMCAP International Inc SPC.<sup>10</sup>

^Credit Suisse Equities (Australia) Limited is the holder of a Relevant Interest in respect of the 29,833,233 Shares. CS Fourth Nominees Pty Limited is the registered holder of the relevant Shares.<sup>11</sup>

#### 4.7 Publicly available information

Cardinal is a company listed on the ASX and the TSX and is subject to periodic and continuous disclosure requirements of the ASX Listing Rules, the TSX Listing Rules and the Corporations Act. A substantial amount of information on Cardinal is publicly available, including Cardinal's 2019 Annual Report, which can be accessed by referring to Cardinal on [www.asx.com.au](http://www.asx.com.au) (ASX:CDV).

Copies of documents filed with SEDAR may be obtained under Cardinal's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Copies of the documents lodged with ASIC in relation to Cardinal may be obtained from, or inspected at, an ASIC office.

<sup>10</sup> Source: Cardinal ASX Announcement "Change in substantial holding" released on the ASX on 17 July 2020.

<sup>11</sup> Source: Cardinal ASX Announcement "Becoming a substantial holder" released on the ASX on 16 July 2020.



## 5. INFORMATION ABOUT THE BIDDER AND SHANDONG GOLD

### 5.1 Disclaimer

The information about the Bidder and Shandong Gold contained in this Target's Statement has been prepared by Cardinal using publicly available information (including information in the Bidder's Statement) and information provided by the Bidder and has not been independently verified. Accordingly, Cardinal does not, subject to the Corporations Act, make any representation or warranty, express or implied as to the accuracy or completeness of this information nor does Cardinal assume any responsibility for it.

The information on the Bidder and Shandong Gold in this Target's Statement should not be considered comprehensive. Please refer to the Bidder's Statement for further information in respect of the Bidder and Shandong Gold.

### 5.2 Overview of the Bidder and Shandong Gold

Shandong Gold Mining (HongKong) Co., Limited (the **Bidder**) is a company incorporated in Hong Kong on 27 February 2017 with limited liability and is a wholly owned subsidiary of Shandong Gold Mining Co., Ltd. (**Shandong Gold**).

Headquartered in Jinan, Shandong Province, China, Shandong Gold is dual listed on the Shanghai Stock Exchange (SHSE:600547) and the Hong Kong Stock Exchange (SEHK:1787) with a market capitalization of approximately US\$18 billion as at the date of this Target's Statement. For the year ended 31 December 2019 (as reported in its 2019 financial statements which was prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standard Board), Shandong Gold reported revenue of RMB 62,613 million and operating profit of RMB 2,867 million (approximately US\$8,977 million and US\$411 million respectively).

Shandong Gold Group Co., Ltd. (**SG Group**), which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Shandong Province of China, owns 38.52% of Shandong Gold. SG Group's related entities own another 8.47% of Shandong Gold. SG Group is a gold mining and production company registered in China, and as a large, State-owned enterprise, SG Group takes the lead in China's gold industry in terms of gold production, mineral resources, financial performance, technological advancement and mining experts.

Section 3 of the Bidder's Statement provides background information regarding the Bidder and Shandong Gold.

### 5.3 Publicly available information regarding Shandong Gold

Shandong Gold is a publicly-traded mining company on the Shanghai and Hong Kong stock exchanges (SH:600547; SEHK:1787).

Further information regarding Shandong Gold and its business can be found on Shandong Gold's website at <http://en.sdjgfc.com.cn>.

### 5.4 Guarantee

Shandong Gold has given Cardinal an unconditional and irrevocable guarantee for the obligations and liabilities of the Bidder under the Bid Implementation Agreement.

### 5.5 Financing of the Offer

The Bidder has stated in its Bidder's Statement that:

- (a) the cash consideration for the acquisition of the Cardinal Shares will be satisfied in cash (in Australian dollars – the cash consideration that accepting Canadian Branch Shareholders are entitled to receive will be converted into Canadian dollars by the Depositary Agent, at the prevailing exchange rate on or about the date the funds are converted. Currency conversion is at the risk of the Canadian Branch Shareholders); and



- (b) the funds required by the Bidder to satisfy its obligations to pay the aggregate Cash Consideration will be made available to the Bidder by Shandong Gold (however the Bidder may, and has reserved the right to, obtain the funds necessary for it to meet its obligations under the Offer from other or additional sources).

Shareholders should refer to section 6 of the Bidder's Statement for further information in this regard.

## **6. DIRECTORS' RECOMMENDATION AND INTERESTS OF CARDINAL**

### **6.1 The Directors**

The following are Directors of Cardinal as at the date of this Target's Statement:

- Kevin Tomlinson – Non-Executive Chairman
- Archie (Arthur) Koimtsidis – Managing Director
- Malik Easah – Executive Director
- Michele Muscillo – Non-Executive Director
- Dr Kenneth G. Thomas – Non-Executive Director
- Trevor Schultz – Non-Executive Director

Further details in respect of the Directors are set out in section 4.3 of this Target's Statement.

### **6.2 Directors' recommendation**

After considering each of the matters in this Target's Statement and in the Bidder's Statement, and based on the information currently available to the Cardinal Board, each of your Directors recommends that you ACCEPT the Offer (in the absence of a Superior Proposal).

In considering whether to accept the Offer, your Directors encourage you to:

- read the whole of this Target's Statement and the Bidder's Statement;
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- consider the reasons for the Directors' recommendations noted in this Target's Statement; and
- obtain financial advice from your broker or financial adviser about the Offer and obtain taxation advice on the effect of accepting the Offer.

### **6.3 Reasons to ACCEPT the Offer**

The reasons that the Directors recommend that you ACCEPT the Offer (in the absence of a Superior Proposal) are outlined in the section of the Target's Statement titled "KEY REASONS TO ACCEPT THE OFFER".

#### 6.4 Directors' and Officers' interests in Cardinal

At the date of this Target's Statement, Directors and Officers (and their respective Associates) have a Relevant Interest in the following securities of Cardinal:

Director / Officer	Shares	Options
Kevin Tomlinson	400,000	5,000,000 unlisted Options exercisable at A\$0.50 on or before 12 April 2022 918,800 unlisted Options exercisable at Nil on or before 10 December 2024
Archie Koimtsidis	15,209,296	4,500,000 unlisted Options exercisable at A\$0.50 on or before 12 April 2022 1,935,606 unlisted Options exercisable at Nil on or before 10 December 2024
Malik Easah	16,242,238	4,000,000 unlisted Options exercisable at A\$0.50 on or before 12 April 2022 1,181,818 unlisted Options exercisable at Nil on or before 10 December 2024
Michele Muscillo	Nil	2,018,100 unlisted Options exercisable at A\$0.965 on or before 21 December 2022 833,333 unlisted Options exercisable at Nil on or before 10 December 2024
Dr Kenneth G. Thomas	Nil	2,180,049 unlisted Options exercisable at A\$0.679 on or before 21 December 2022 750,000 unlisted Options exercisable at Nil on or before 10 December 2024
Trevor Schultz	Nil	2,180,049 unlisted Options exercisable at A\$0.59 on or before 21 December 2022 750,000 unlisted Options exercisable at Nil on or before 10 December 2024
Sarah Shipway	333,668 <sup>^</sup>	457,500 unlisted Options exercisable at Nil on or before 10 December 2024
Dave Anthony	20,000	1,545,455 unlisted Options exercisable at Nil on or before 10 December 2024
Jon Grygorcewicz	40,000	Nil

<sup>^</sup>Refer to section 8.3(b) of this Target's Statement in respect of the Employee Shares.

Please see Cardinal's 2019 Annual Report for further information.

The Directors who hold Shares intend to accept the Offer on the Acceptance Date in respect of all Shares that they own or control, subject to there being no Superior Proposal.

#### 6.5 Recent dealings in shares by Directors and others

In the four months preceding the date of this Target's Statement, none of the Directors (or their respective Associates, as the case may be) have acquired or disposed of Shares.

On 18 March 2020, Mr Archie Koimtsidis exercised 3,000,000 unlisted Options (exercisable at A\$0.22 on or before 18 March 2020) and was issued 3,000,000 Shares.

On 18 March 2020, Mr Malik Easah exercised 2,000,000 unlisted Options (exercisable at A\$0.22 on or before 18 March 2020) and was issued 2,000,000 Shares.

**Item 11 Section 1 of NI 62-104F3 Disclosure**

The information set out immediately above is also provided for the purposes of Item 11 Section 1 of NI 62-104F3 (which requires disclosure in relation to the number of securities of Cardinal purchased or sold during the 6 month period prior to the date of this Target's Statement by each director, officer or other "insider" (i.e. 10%+ shareholder of Cardinal)), as is the information set out in the table immediately below:

**Gold Fields**

Date of Transaction	Price	Number of Shares	Transaction type
16/03/2020	A\$0.45775 per Share	81,038,233*	Sale

\*As is set out in section 7.12 of the Nordgold Bidder's Statement, Nordgold has granted Gold Fields a call option to purchase a number of Cardinal Shares equal to or less than 81,038,233 Cardinal Shares that Nordgold and its subsidiaries own at the time the Call Option is exercised, for A\$0.45775 per Cardinal Share.

**Nordgold^**

Date of Transaction	Price	Number of Shares	Transaction type
24/02/2020	A\$557,752	1,531,865	Purchase
24/02/2020	C\$33,000	100,000	Purchase
25/02/2020	A\$120,400	334,445	Purchase
25/02/2020	C\$99,000	300,000	Purchase
26/02/2020	A\$546,619	1,572,553	Purchase
26/02/2020	C\$64,418	204,500	Purchase
27/02/2020	A\$1,022,495	2,834,752	Purchase
27/02/2020	C\$47,200	147,500	Purchase
28/02/2020	A\$317,641	921,234	Purchase
02/03/2020	A\$477,145	1,498,101	Purchase
02/03/2020	C\$74,850	249,500	Purchase
03/03/2020	A\$387,043	1,143,743	Purchase
03/03/2020	C\$11,700	39,000	Purchase
04/03/2020	A\$378,624	1,090,820	Purchase
04/03/2020	C\$63,992	206,200	Purchase
05/03/2020	A\$167,287	492,020	Purchase
05/03/2020	C\$128,340	414,000	Purchase
06/03/2020	A\$168,967	497,108	Purchase
06/03/2020	C\$137,082	442,200	Purchase
09/03/2020	A\$443,566	1,324,869	Purchase
09/03/2020	C\$133,455	430,500	Purchase

10/03/2020	A\$208,456	652,240	Purchase
10/03/2020	C\$1,519	4,980	Purchase
11/03/2020	A\$327,103	973,230	Purchase
16/03/2020	A\$0.45775 per Share	81,038,233*	Purchase

\*As is set out in section 7.12 of the Nordgold Bidder's Statement, Nordgold has granted Gold Fields a call option to purchase a number of Cardinal Shares equal to or less than 81,038,233 Cardinal Shares that Nordgold and its subsidiaries own at the time the Call Option is exercised, for A\$0.45775 per Cardinal Share.

^Nordgold has made an on-market takeover bid for Cardinal. This allowed Nordgold's broker, Taylor Collison to stand in the market and acquire up to 170 million Shares prior to Nordgold's on-market takeover bid officially opening. In addition, as acceptances under the Nordgold Offer will take place "on-market", it is not possible for Cardinal at this stage, to list any trades that have occurred as a result of either of these events. Nordgold are required to disclose movements of 1% or more of their holding in Cardinal by 9:30am on the next trading day that Nordgold become aware of the information during the "bid period" (i.e. from the date of Nordgold's announcement on 15 July 2020 to the end of the Nordgold offer period).

#### **Item 11 Section 2 of NI 62-104F3 Disclosure**

For the purposes of Item 11 Section 2 of NI 62-104F3, (which requires disclosure in relation to the number of securities of securities issued to directors, officers or other "insiders" (i.e. 10%+ shareholder of Cardinal)), Cardinal provides the following information as regards the issue of securities during the 2-year period prior to the date of this Target's Statement:

<b>Date of Transaction</b>	<b>Recipient</b>	<b>Number and Type of Securities</b>	<b>Transaction type</b>
05/12/2019	Archie Koimtsidis Managing Director	1,935,606 Nil exercise price Options, expiry date of 10 December 2024 (Designated "OP11")	Issue
05/12/2019	Malik Easah Executive Director	1,181,818 Nil exercise price Options, expiry date of 10 December 2024 (Designated "OP11")	Issue
05/12/2019	Kevin Tomlinson Non-Executive Chairman	918,800 Nil exercise price Options, expiry date of 10 December 2024 (Designated "OP11")	Issue
05/12/2019	Michele Muscillo Non-Executive Director	833,333 Nil exercise price Options, expiry date of 10 December 2024 (Designated "OP11")	Issue
05/12/2019	Dr Kenneth G. Thomas Non-Executive Director	750,000 Nil exercise price Options, expiry date of 10 December 2024 (Designated "OP11")	Issue
05/12/2019	Trevor Shultz Non-Executive Director	750,000 Nil exercise price Options, expiry date of 10 December 2024 (Designated "OP11")	Issue
05/12/2019	Sarah Shipway Company Secretary	457,500 Nil exercise price Options, expiry date of 10 December 2024 (Designated	Issue

		"OP9")	
05/12/2019	David Anthony Chief Operating Officer	1,545,455 Nil exercise price Options, expiry date of 10 December 2024 (Designated "OP9")	Issue
29/04/2019	Dr Kenneth G. Thomas Non-Executive Director	2,180,049 A\$0.679 exercise price Options, expiry date of 21 December 2022 (Designated "OP7")	Issue
29/04/2019	Trevor Schultz Non-Executive Director	2,180,049 A\$0.59 exercise price Options, expiry date of 21 December 2022 (Designated "OP8")	Issue
18/09/2018	Sarah Shipway Company Secretary	79,200 Shares issued at A\$0.50 per Share	Issue
29/10/2019	Sarah Shipway Company Secretary	79,468 Shares issued at A\$0.378 per Share	Issue

## 6.6 Interests or dealings in Bidder securities

None of the Directors or any of their respective Associates have any Relevant Interest in the securities of the Bidder or any Related Body Corporate of the Bidder, or have acquired or disposed of any securities of the Bidder or any Related Body Corporate of the Bidder in the four months preceding the date of this Target's Statement.

## 6.7 No payments or benefits

No Director has agreed to receive, or is entitled to receive, any benefit in the Bidder or Cardinal which is conditional on, or is related to, the Offer, other than in their capacity as a Cardinal Shareholder or holder of Cardinal Options or as is noted below in section 6.8.

As a result of the Offer, no benefit (other than a benefit permitted by sections 200F or 200G of the Corporations Act or otherwise given in accordance with the termination policy for the purposes of section 200B and 200E of the Corporations Act and ASX Listing Rule 10.19 approved by Shareholders at the 2019 AGM) has been or will be given to a person:

- (a) in connection with the retirement of a person from the Board or management of Cardinal or its Related Bodies Corporate; or
- (b) who holds, or has held a position on the board or management of Cardinal or its Related Bodies Corporate, or a spouse, relative or Associate of such person, in connection with the transfer of the whole or any part of the undertaking or property of Cardinal; or
- (c) which would require approval of Shareholders under section 200B of the Corporations Act.

In accordance with the termination policy approved by Shareholders at the 2019 AGM for the purposes of section 200B and 200E of the Corporations Act and ASX Listing Rule 10.19, the Board has exercised its discretion to authorise additional termination payments of up to 12 months' notice to certain executives (Mr Archie Koimtsidis and Mr Malik Easah) and employees of Cardinal, should the engagement or employment of such executives or employees be terminated without cause (for example, where termination arises as a result of amongst other matters, redundancy, terminated for convenience and constructive dismissal).

## **6.8 Arrangements with Cardinal Directors**

### **Board transition arrangements**

Under the Bid Implementation Agreement, as soon as practicable after the Offer becomes unconditional and the Bidder acquires a Relevant Interest in 50% or more of the Cardinal Shares on issue, upon request from the Bidder, Cardinal and Shandong Gold agreed to procure the appointment to the Cardinal Board of such number of nominated directors which is commensurate with the Bidder's economic interest in Cardinal (subject to those directors providing a consent to act as a director of Cardinal).

### **Options**

The treatment of Options held by the Directors (refer section 6.4) is set out in section 8.7 below.

### **Special exertion and retention fees**

The Board has approved the payment of additional fees of A\$20,000 per month (or part thereof) to each of Kevin Tomlinson and Michele Muscillo (who form the Takeover Special Committee (**Special Committee**)) having regard to their exertion in participating in the activities of the Special Committee. The fee is payable whilst the relevant Director remains appointed to the Special Committee and for the period commencing 14 March 2020 and until such time as the Special Committee is dissolved by the Board.

### **D&O Policy**

Under each Director's Access, Indemnity and Insurance Deed with Cardinal, Cardinal is required to maintain in favour of each Director a Directors and Officers policy (**D&O Policy**) for a period of seven years after the Director ceases to be an officer of Cardinal.

## **6.9 No agreement or arrangement with any Director of Cardinal**

Except as described above, there is no agreement or arrangement made between any Director or any Related Body Corporate or Associate of any Director and any other person in connection with or conditional upon the outcome of the Offer.

## **6.10 Interests held by directors of Cardinal in any contract entered into by the Bidder**

No Director, nor any Related Body Corporate or Associate of a Director, has an interest in any contract entered into by the Bidder or any Director, Related Body Corporate or Associate of the Bidder.

## **7. RISK FACTORS**

### **7.1 Risks associated with accepting the Offer**

#### **Conditions of the Offer**

As described in section 2.4 of this Target's Statement, the Offer is subject to the Conditions.

If the Conditions are not satisfied by the applicable date (or waived by the Bidder), the Offer will not be free of the Conditions and therefore will not proceed.

Based on the information available to the Cardinal Board as at the date of this Target's Statement, the Directors have no reason to believe that the Conditions of the Offer cannot be satisfied within a reasonable period of time.

If the Conditions of the Offer were to ultimately not be satisfied or waived (to the extent that they are able to be waived), then in the absence of both the Offer and the Nordgold Offer the price of Shares on the ASX and/or the TSX may potentially decline.

Unless you accept the Offer subject to the terms of the Acceptance Facility (refer section 3.2), once you have accepted the Offer, you will only be able to withdraw such acceptance in very limited circumstances. Such a withdrawal right will arise if, after you have accepted the Offer, the Bidder varies the Offer in a way that postpones, for more than one month, the time when the Bidder has to meet its obligations under the Offer, and at that time, the Offer is subject to one of the Conditions. Otherwise, you will be unable to withdraw your acceptance even if the value of the Bidder's Offer varies significantly from the date of your acceptance of the Offer or a Superior Proposal is announced.

#### **Cardinal has not independently verified the Bidder's information**

In preparing the information in this Target's Statement, Cardinal has relied upon information in relation to the Bidder and Shandong Gold which is publicly available and certain information provided by the Bidder. Cardinal has not been able to verify the accuracy, reliability or completeness of all of the information which was disclosed by the Bidder and/or Shandong Gold.

### **7.2 Risks associated with not accepting the Offer**

#### **No premium**

Shareholders who do not accept the Offer may not receive the premium implied by the Offer. Further, in the absence of the Offer (and the Nordgold Offer, as the case may be), the price of Shares on the ASX and/or the TSX may potentially decline.

#### **Minority ownership consequences**

If the Bidder achieves the Minimum Acceptance Condition of 50.1%, then it is possible that effective control of Cardinal passes without the ability of the Bidder to compulsorily acquire the remaining Shares (which requires a relevant interest in at least 90% of Shares).

Once effective control passes, the Bidder will have the ability to appoint a majority of directors to the Board and, in doing so, take control of the day-to-day operations of the business. Shareholders who do not accept the Offer will remain as minority shareholders and be subject to a number of additional risks, including:

- reduced liquidity;
- greater difficulty in realising value for Shares with the Bidder likely to hold a blocking stake to any proposals received from a rival bidder; and
- if the Bidder acquires 75% or more of the Shares, it will be able to pass special resolutions of Cardinal (which will enable the Bidder to amend Cardinal's constitution).



### 7.3 Risks associated with holding Shares

If you decide not to accept the Offer and retain your Shares, and in the absence of the Nordgold Offer, you will continue to be exposed to the risks associated with being a Shareholder. Holding Shares provides an economic interest in the ongoing operational activities of Cardinal. However, there is no guarantee that Cardinal will become profitable in the future as the business is affected by many risk factors.

These may be risks that are widespread risks associated with any form of business or specific risks associated with Cardinal's business and the industry in which it is involved.

The following summary represents some of the major risk factors which affect Cardinal. These risk factors ought not to be taken as exhaustive of the risks faced by Cardinal or Shareholders. These factors, and others not specifically referred to, may in the future materially affect the financial performance of Cardinal and the value of Shares. Where relevant, the risk factors below assume the Offer will not be successful and Cardinal will continue to develop its projects.

#### (a) COVID-19 Risk

Since 31 December 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19" has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilise economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods. There is a risk that Public Health crises and pandemics such as COVID-19 could limit or prohibit the conduct of exploration activities and could have a negative impact on the ability to obtain funding.

In addition, should any Company personnel or contractors be infected, it could result in the Company's operations being suspended or otherwise disrupted for an unknown period of time, which may have an adverse impact on the Company's operations as well as an adverse impact on the financial condition of the Company.

#### (b) Gold Price Risk

Changes in the market price of gold, which in the past have fluctuated widely, will affect the future profitability of Cardinal's operations and its financial condition. Cardinal's revenues, profitability and viability depend on the future market price of gold produced from Cardinal's mines. The price of gold is set in the world market and is affected by numerous industry factors beyond Cardinal's control including the demand for precious metals, expectations with respect to the rate of inflation, interest rates, currency exchange rates, the demand for jewellery and industrial products containing metals, gold production levels, inventories, cost of substitutes, changes in global or regional investment or consumption patterns, and sales by central banks and other holders, speculators and procedures of gold and other metals in response to any of the above factors, and global and regional political and economic factors.

A decline in the market price of gold below Cardinal's proposed production costs for any sustained period may have a material adverse impact on the ability of Cardinal to finance the exploration and development of its existing and future mineral projects. Such a decline would also impact on the profit, cashflow and results of operations of Cardinal's anticipated future operations.

#### (c) Risks of Operating in Ghana (Sovereign Risk and Foreign Country Mining Risk)

The Company's projects in Ghana are subject to the risks of operating in foreign countries, including political and economic considerations such as civil and tribal unrest, war (including in neighbouring countries), terrorist actions, criminal activity, nationalization, invalidation of

governmental orders, failure to enforce existing laws, labour disputes, corruption, sovereign risk, political instability, the failure of foreign parties, courts or governments to honour or enforce contractual relations or uphold property rights, changing government regulations with respect to mining (including royalties, environmental requirements, labour, taxation, land tenure, foreign investments, income repatriation and capital recovery), fluctuations in currency exchange and inflation rates, import and export restrictions, challenges to the title to properties or mineral rights in which the Company has interests, problems or delays renewing licenses and permits, opposition to mining from local, environmental or other non-governmental organizations, increased financing costs, instability due to economic underdevelopment, inadequate infrastructure, and the expropriation of property interests, as well as by laws and policies of Ghana affecting foreign trade, investment and taxation. As African governments continue to struggle with deficits and depressed economies, the strength of commodity prices has resulted in the gold mining sector being targeted as a source of revenue. Governments are continually assessing the terms for a mining company to exploit resources in their countries.

Furthermore, the Company requires consultants and employees to work in Ghana to carry out its planned exploration and development programs. It may be difficult from time to time to find or hire qualified people in the mineral exploration industry who are situated in Ghana, or to obtain all of the necessary services or expertise in Ghana, or to conduct operations on its projects at reasonable rates. If qualified people and services or expertise cannot be obtained in Ghana, the Company may need to seek and obtain those services from service providers located outside of Ghana which could result in delays and higher costs to the Company.

Ghana's *Income Tax Act, 2015, Act 896* (together with its subsequent amendments, the **Ghanaian Tax Act**) provides for a withholding tax on payments to goods and service providers. The Ghanaian Tax Act provides for withholding tax in the range of 5-20% depending on the nature of the item or service acquired. Additionally, the Ghanaian Tax Act provides for a withholding tax of 3% on the supply or use of goods to a resident. The Company is required to make assessments as liabilities are incurred to ensure the appropriate amount is withheld and remitted to the Ghanaian Revenue Authority. Failure to withhold the applicable amounts could result in penalties and interest for late payment. Failure to comply with the Ghanaian Tax Act, as the same may be amended from time to time, could result in adverse tax consequences which may have a material adverse effect on the Company's financial condition. Further, no assurance can be given that new taxation rules or accounting policies will not be enacted by the government of Ghana or that existing rules will not be applied in a manner which could result in Cardinal being subject to additional taxation or which could otherwise have a material adverse effect on Cardinal's profitability, results of operation, financial condition and the trading price of Cardinal's securities.

Mineral resource companies face increasing public scrutiny of their activities, and are under pressure to demonstrate that their operations have potential to generate satisfactory returns not only to their shareholders, but also to benefit local governments and the communities surrounding its properties where it operates. The potential consequences of these pressures include reputational damage, lawsuits, increasing social investment obligations and pressure to increase taxes and future royalties payable to local governments and surrounding communities. As a result of these considerations, Cardinal may incur increased costs and delays in permitting and other operational matters with respect to its property interests in Ghana.

In addition, local tribal authorities in West Africa exercise significant influence with respect to local land use, land labour and local security. From time to time, the Ghana government has intervened in the export of mineral concentrates in response to concerns about the validity of export rights and payment of duties. No assurance can be given that the co-operation of such authorities, if sought, will be obtained, and if obtained, maintained.

In the event of a dispute arising from Cardinal's activities, Cardinal may be subject to the exclusive jurisdiction of courts or arbitral proceedings outside of Australia or may not be successful in subjecting persons to the jurisdiction of courts in Australia, either of which could unexpectedly and adversely affect the outcome of a dispute.

No guarantee or assurance can be given regarding future stability in Ghana as such stability is beyond the control of Cardinal. Any of the above events could delay or prevent the

Company from exploring or developing its properties even if economic quantities of minerals are found, and could have a material adverse impact upon the Company's foreign operations.

(d) **Changes in Law and Government Regulation and Policy Risk**

The mineral exploration activities undertaken by the Company are subject to laws and regulations governing health and worker safety, employment standards, exports, taxation, waste disposal, management and use of toxic substances and explosives, protection of the environment, mine development and production, protection of endangered and protected species, reclamation, historic and cultural preservation and other matters. Exploration activities may also be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on future exploration and production, price controls, royalties, export controls, currency availability, foreign exchange controls, income taxes, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental and other non-governmental organizations, limitations on foreign ownership, expropriation of property, ownership of assets, environmental legislation, labour relations, limitations on repatriation of income and return of capital, limitations on mineral exports, high rates of inflation, increased financing costs, and site safety.

The Company's exploration programs with respect to the Company's projects in Ghana will, in general, be subject to approval by the Minerals Commission and other governmental agencies. Development of any of the Company's properties will be dependent upon the Namdini Project meeting environmental guidelines set by EPA and, where required, being approved by governmental authorities such as the Minerals Commission.

Failure to comply with applicable laws, regulations and permitting requirements may result in 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 which could have a material adverse impact upon Cardinal. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws and regulations governing operations, title matters, land ownership, tenement interests or mining rights or more stringent implementation thereof could have a substantial adverse impact on the Namdini Project and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

(e) **Mineral Exploration, Development and Operating Risks**

Mineral exploration is highly speculative in nature, generally involves a high degree of risk and frequently is non-productive. The mineral tenements of the Company are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of these tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited or will result in a profitable commercial mining operation.

Resource acquisition, exploration, development, and operation involve significant financial and other risks over an extended period of time, which even a combination of careful evaluation, experience, and knowledge may not eliminate. Significant expenses are required to locate and establish economically viable mineral deposits, to acquire equipment, and to fund construction, exploration and related operations, and few mining properties that are explored are ultimately developed into producing mines.

Success in establishing an economically viable project is the result of a number of factors, including the quantity and quality of minerals discovered, proximity to infrastructure, metal and mineral prices which are highly cyclical, costs and efficiencies of the recovery methods

that can be employed, the quality of management, available technical expertise, taxes, royalties, environmental matters, government regulation (including land tenure, land use and import/export regulations) and other factors. Even in the event that mineralization is discovered on a given property, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change as a result of such factors. The 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 its invested capital, and no assurance can be given that any exploration program of the Company will result in the establishment or expansion of resources or reserves.

Cardinal's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of gold and other minerals, including hazards relating to the discharge of pollutants or hazardous chemicals, changes in anticipated grade and tonnage of ore, unusual or unexpected adverse geological or geotechnical formations, unusual or unexpected adverse operating conditions, slope failures, rock bursts, cave-ins, seismic activity, the failure of pit walls, pillars or dams, fire, explosions, and natural phenomena and 'acts of God' such as inclement weather conditions, floods, earthquakes or other conditions, any of which could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, damage to property, environmental damage, unexpected delays, monetary payments and possible legal liability, which could have a material adverse impact upon Cardinal. In addition, any future mining operations will be subject to the risks inherent in mining, including adverse fluctuations in fuel prices, commodity prices, exchange rates and metal prices, increases in the costs of constructing and operating mining and processing facilities, availability of energy and water supplies, access and transportation costs, delays and repair costs resulting from equipment failure, changes in the regulatory environment, and industrial accidents and labour actions or unrest. The occurrence of any of these risks could materially and adversely affect the development of a project or the operations of a facility, which could have a material adverse impact upon Cardinal.

(f) **Ownership Risks**

The Constitution of Ghana vests title in every mineral in its natural state to the Government of Ghana. The exercise of any mineral right in the form of reconnaissance, exploration or exploitation of any mineral in Ghana requires an appropriate licence or mineral right to be issued by the Government of Ghana acting through the Minister. There is no assurance that title to the properties in which Cardinal has interests will not be challenged. The acquisition of title to mineral exploration properties is a very detailed and time-consuming process. Title to and the area of mineral properties may be disputed. While Cardinal has diligently investigated title to the properties in which it has an interest, it may be subject to prior unregistered agreements or transfers or indigenous land claims and title may be affected by undetected defects. Consequently, the boundaries may be disputed.

There can be no assurance that there are no prior unregistered agreements, claims or defects that may result in the title to the properties in which Cardinal has an interest being challenged. Further, Cardinal's interests in the properties are subject to the risks that counterparties will fail to honour their contractual commitments that courts will not enforce such contractual obligations and that required governmental approvals will not be obtained. A successful challenge to the precise area and location of these claims, or the failure of counterparties to honour or of courts to enforce such contractual obligations could result in Cardinal being unable to operate on its properties as anticipated or being unable to enforce its rights with respect to its properties which could have a material adverse impact upon Cardinal.

(g) **Estimation of Mineralisation, Resources and Reserves Risk**

There is a degree of uncertainty attributable to the calculation of mineralisation, resources and reserves and corresponding grades being mined or dedicated to future production. Until reserves or mineralisation are actually mined and processed, the quantity of mineralisation and reserve grades must be considered estimates only. These estimates depend upon geological interpretation and statistical inference drawn from drilling and sampling analysis, which may prove unreliable. There can be no assurance such estimates will be accurate. In addition, the quantity of reserves and mineralisation may vary depending on commodity

prices. Any material changes in quantity of reserves, mineralisation, grade or stripping ratio may affect the economic viability of a mine. In addition, there can be no assurance that recoveries from laboratory tests will be duplicated in tests under on-site conditions or during production. The inclusion of mineral resource estimates should not be regarded as a representation that these amounts can be economically exploited and no assurances can be given that such resource estimates will be converted into reserves. Different experts may provide different interpretations of resource estimates.

(h) **Permitting and Licensing Risk**

In addition to mineral rights, Cardinal will require some or all of the following permits, licences or other regulatory approvals to be able to carry out business operations in Ghana as it advances its projects: (i) environmental permits; (ii) approved environmental management plans and environmental certificates; (iii) reclamation bonds and approved reclamation plans; (iv) water usage permits; (v) business operating permits; (vi) licences to export, sell or dispose of minerals; (vii) permits/licences to retain a specified percentage of mineral export proceeds for purposes of debt servicing, dividend payment to foreign shareholders and acquisition of plant and machinery for the mining project; (viii) permits to operate foreign exchange retention accounts with a trustee bank; and (ix) immigration quotas to employ a specified number of non-Ghanaians to work on mining projects. Cardinal believes that it will be able to obtain and maintain in the future all such necessary licences and permits to carry on the activities which it intends to conduct, and intends to comply in all material respects with the terms of such licences and permits.

There can be no guarantee, however, that Cardinal will be able to obtain and maintain, at all times, all the necessary licences and permits required to undertake the proposed exploration and development or to place its properties into commercial production and to operate mining facilities thereon. In the event of commercial production, the cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or preclude the economic development of a particular property.

(i) **Access to Land Risk**

Land access is critical to the operations of Cardinal. Immediate and continuing access to land within Cardinal's licence and permit areas cannot in all cases be guaranteed as Cardinal may be required to obtain the consent of the owners and occupiers of the relevant land or surrounding land. Compensation may be required to be paid to the owners and occupiers by Cardinal in order for Cardinal to carry out exploration activities.

Additional to land access within Cardinal's licence and permit area, land access may be required outside these areas for purposes of vehicle access via road/s and infrastructure access such as powerlines and water pipelines. Permitting authorisation of these required access corridors cannot in all cases be guaranteed as Cardinal may be required to obtain the consent of the owners and occupiers of the relevant land and / or surrounding land. Compensation may be required to be paid to the owners and occupiers by Cardinal in order for Cardinal to carry out development. Some of these areas may be in protected forest areas which require an additional level of authorisation from the relevant government departments (for example, The Forestry Commission of Ghana).

(j) **Artisanal Miners Risk**

Cardinal's projects are held in areas of Ghana that have historically been mined by artisanal miners. As Cardinal further explores and advances its projects, it may be required to require the removal of any artisanal miners operating on its properties. There is a risk that such artisanal miners may oppose Cardinal's operations, which may result in a disruption to any planned development and/or mining and processing operations. In addition, artisanal miners have historically used chemicals that are harmful to the environment to separate the precious metals from the ore. There can be no assurance that Cardinal will not be subject to environmental liabilities resulting from such operations in the future, which could have a material adverse impact on Cardinal. In addition, artisanal work practices are often unsafe and accidents and/or incidents may occur on Cardinal's property, and there is an added reputational risk that third parties may wish to link the activities of the artisanal miners to that

of Cardinal in the event of accidents or incidents, which could have a material adverse impact on Cardinal.

(k) **Environmental, Health and Safety Regulations of the Resource Industry Risk**

Environmental matters in Ghana, including those related to mining, fall primarily under the oversight of the EPA, as well as the Minerals Commission and the Mines Inspectorate Division of the Minerals Commission. The Environmental Protection Agency Act, 1994 (Act 490), and the Environmental Assessment Regulations, 1999 (L.I. 1652) govern, among other things, environmental and socio-economic impact assessments and statements, environmental management plans, emissions into the environment, environmental auditing and review, and mine closure and reclamation, to which the Cardinal's operations are subject.

Additional provisions governing mine environmental management are provided in the Minerals and Mining Act, 2006 (Act 703), and Minerals and Mining Regulations (Health, Safety and Technical) 2012 (L.I. 2182). Cardinal believes it is in substantial compliance with these laws and regulations, however Cardinal notes a continuing trend toward substantially increased environmental requirements and evolving corporate social responsibility expectations in Ghana, including the requirement for more permits, analysis, data gathering, community hearings, and negotiations than have been required in the past for both routine operational needs and for new development projects.

Due to bureaucratic delays, there can be no assurance that all permits which Cardinal may require for construction of mining facilities and conduct of mining operations, particularly environmental permits, will be obtainable on reasonable terms or timeframes or that compliance with such laws and regulations would not have an adverse effect on the profitability of any mining project that Cardinal may undertake.

All phases of the Company's operations are subject to environmental regulations in various jurisdictions. If the Company's properties are proven to host economic reserves of metals, mining operations will be subject to national and local laws relating to the protection of the environment, including laws regulating removal of natural resources from the ground and the discharge of materials into the environment.

Mining operations will be subject to national and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of mining methods and equipment. Various permits from government bodies are required for mining operations to be conducted; no assurance can be given that such permits will be received.

No assurance can be given that environmental standards imposed by national or local authorities will not be changed or that any such changes would not have material adverse effects on the Company's activities. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on the Company. Additionally, the Company may be subject to liability for pollution or other environmental damage, which it may not be able to insure against.

Failure to comply with applicable laws, regulations and permitting requirements may result in 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. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulation and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.



Mining is subject to potential risks and liabilities associated with the potential pollution of the environment and the necessary disposal of mining waste products resulting from mineral exploration and production. Insurance against environmental risk (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) is not generally available to Cardinal (or to other companies in the minerals industry) at a reasonable price. To the extent that Cardinal becomes subject to environmental liabilities, the satisfaction of any such liabilities would reduce funds otherwise available to Cardinal and could have a material adverse effect on Cardinal. Laws and regulations intended to ensure the protection of the environment are constantly changing and are generally becoming more restrictive.

(l) **Environmental Bonds Risk**

The EPA from time to time reviews the reclamation bonds that are placed on Cardinal's projects in Ghana. As part of its periodic assessment of mine reclamation and closure costs, the EPA reviews the adequacy of reclamation bonds and guarantees. In certain cases, the EPA has requested higher levels of bonding based on its findings. If the EPA were to require additional bonding at Cardinal's properties, it may be difficult, if not impossible, to provide sufficient bonding. If Cardinal is unable to meet any such increased bonding requirements or negotiate an acceptable solution with the Government of Ghana, its operations and exploration and development activities in Ghana may be materially adversely affected. Cardinal is not in a position to state whether a review in respect of any of Cardinal's projects in Ghana is imminent or whether the outcome of such a review would be detrimental to the funding needs of Cardinal.

(m) **Land Rehabilitation Risk**

Although variable, depending on location and the governing authority, land rehabilitation requirements are generally imposed on mineral exploration companies, as well as companies with mining operations, in order to minimise long term effects on land disturbance. Rehabilitation may include requirements to control dispersion of potentially deleterious effluents and to reasonably re-establish pre-disturbance land forms and vegetation. In order to carry out rehabilitation obligations imposed on Cardinal in connection with its mineral exploration and development, Cardinal must allocate financial resources that might otherwise be spent on further exploration and/or development programs.

(n) **Future Profitability Risk**

To date, Cardinal has experienced a negative operating cash flow and has not commenced commercial production on any of its properties. There can be no assurance that significant additional losses will not occur in the near future or that Cardinal will be profitable in the future. Cardinal expects to continue to incur losses unless and until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. There can be no assurance that Cardinal will generate any revenues, operate profitably or provide a return on investment in the future.

(o) **Labour and Employment Risk**

As Cardinal's business grows, it will require additional key financial, administrative, mining, marketing and public relations personnel as well additional staff for operations. In addition, given the remote location of most of Cardinal's properties, infrastructure shortcoming in the surrounding areas, and the shortage of a readily available labour force in the mining industry, Cardinal may experience difficulties obtaining and retaining requisite skilled employees in Ghana in the event one or more of its project is developed. While Cardinal believes that it will be successful in attracting and retaining qualified personnel and employees, there can be no assurance of such success.

(p) **HIV/AIDS, Malaria and Other Disease Impact on Labour and Employment Risk**

HIV/AIDS, malaria and other diseases represent a serious threat to maintaining a skilled workforce in the mining industry in Ghana. HIV/AIDS is a major healthcare challenge faced by Cardinal's operations in Ghana. There can be no assurance that Cardinal will not lose

members of its workforce or workforce manhours or incur increased medical costs, which may have a material adverse effect on Cardinal's operations.

(q) **Inflation Risk**

Cardinal's Namdini Project is located in Ghana which has historically experienced relatively high rates of inflation.

(r) **Repatriation of Earnings Risk**

Cardinal conducts its operations through foreign subsidiaries and holds substantially all of its assets in such subsidiaries. Accordingly, any limitation on the transfer of cash or other assets between Cardinal and its subsidiaries could restrict Cardinal's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on Cardinal's valuation and share price. Moreover, there is no assurance that Ghana or any other foreign country in which Cardinal may operate in the future will not impose restrictions on the repatriation of earnings to foreign entities.

(s) **Relinquishment of Tenement Area Risk**

The mining laws of Ghana require that upon each renewal of a prospecting licence, the holder must surrender at least 50% of the area covered (subject to a minimum balance of 125 blocks).

Although Cardinal will use its best efforts to seek to ensure that, in each case, the area retained has greater exploration, development and production potential than the area relinquished there can be no assurance that the area relinquished will not ultimately have greater Mineral Resources and Ore Reserves and a more positive outlook than the area retained upon renewal.

(t) **Feasibility Study Risk**

Feasibility studies are typically used to determine the economic viability of a deposit. Many factors are involved in the determination of the economic viability of a deposit, including the achievement of satisfactory Ore Reserve estimates, the level of estimated metallurgical recoveries, capital and operating cost estimates and the estimates of future mineral prices. Capital and operating cost estimates are based upon many factors, including anticipated tonnage and grades of ore to be mined and possibly processed, the configuration of the ore body, ground and mining conditions and anticipated environmental and regulatory compliance costs.

Notwithstanding Cardinal's Feasibility Study, each of these factors involves uncertainties and, as a result, Cardinal cannot give any assurance that its exploration projects will become operating mines. In addition, even if a mine is developed, actual operating results may differ from those anticipated.

(u) **Cultural Heritage Risk**

There are sites of cultural significance documented within the area of the Namdini Project. Cardinal has in place measures to help preserve local customs and cultural heritage, and works with the relevant local communities to avoid or minimise impact on sites of cultural significance from the Company's activities.

(v) **No History of Operations Risk**

Cardinal has no history of producing metals from its current mineral properties. As a result, Cardinal is subject to all of the risks associated with establishing new mining operations and business enterprises including:

- (1) the timing and cost, which can be considerable, of the construction of mining and any required processing facilities;



- (2) the availability and costs of skilled labour and mining equipment;
- (3) the need to obtain necessary environmental and other governmental approvals and permits, and the timing of those approvals and permits; and
- (4) the availability of funds to finance construction and development activities.

It is common in new mining operations to experience unexpected problems and delays during construction, development, and mine start-up. In addition, delays in the commencement of mineral production often occur. Accordingly, there are no assurances that Cardinal's activities will result in profitable mining operations or that Cardinal will successfully establish mining operations or profitably produce mineral product at any of its operations.

(w) **Relocation of Project Affected People Risk**

Cardinal plans to develop Namdini and in so doing it will be necessary to relocate up to 200 families (**Project Affected People**). A detailed Relocation Action Plan (**RAP**) has been developed, to address the process of this initiative. The RAP has been developed in accordance with the Minerals and Mining (Compensation and Resettlement) Regulation 2012 (L.I 2175), and International Finance Corporation's (IFC) Performance Standards on Social and Environmental Sustainability for relocation, to ensure all Projected Affected People are treated fairly and consistently.

The RAP which includes 275 concrete structures, residential and public, including a healthcare facility, 2 basic schools, teacher's accommodation, 2 Churches, and a Mosque was accepted by the Project Affected People and the Talensi District Assembly in February 2020. The Minerals Commission of Ghana (MinCom) approved Cardinal's submission in respect of the RAP on the 25th of February 2020.

At the time that the RAP was approved, the Namdini Mining Lease covered approximately 19.5km<sup>2</sup>. As the Namdini Mining Lease now covers approximately 63km<sup>2</sup> it is necessary for the RAP to be revised to incorporate the expanded area. While the expanded area of the Namdini Mining Lease does not include any additional Project Affected People, there may be additional costs and administrative delays in obtaining approval for a revised RAP.

(x) **General Market Risks**

The economic condition of both domestic and global markets may affect the performance of companies such as Cardinal. Adverse changes in macroeconomic conditions, including global, regional and local economic growth, the costs and general availability of credit, the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies), general consumption and consumer spending, sentiment and levels of employment, amongst others, are outside of the control of Cardinal and may have a material adverse effect on the financial performance of Cardinal.

(y) **Future Share Price Risk**

There is a risk that the Cardinal Share price may fall if the Offer is unsuccessful. The Directors are not in a position to speculate on the future trading price of the Shares, including if the Offer lapses. The future price of Shares is dependent not only on Cardinal's performance, but also on external market and other factors.

(z) **Future Capital and Financing Risk**

Cardinal has finite financial resources and no cash flow from producing assets and therefore will require additional financing in order to carry out its gold exploration and development activities. Substantial capital expenditure is required for ongoing exploration, appraisal, development and production.

The future prospects of Cardinal, including the successful development of Cardinal's assets and/or the acquisition of new assets will be influenced by the ability of Cardinal to access funding via operating cash flows or debt or equity markets on commercially acceptable terms.

Operating cash flows and access to debt and equity markets is affected by a number of factors beyond the control of Cardinal including commodity prices and general economic conditions.

There is also no assurance that Cardinal will be successful in raising capital in the future as and when it is required, in order to fully finance and develop Cardinal's projects. Volatile market conditions may prevent or make it difficult for Cardinal to obtain debt financing or equity financing on commercially acceptable terms. If access to adequate funding is not maintained by Cardinal, Cardinal may not be able to take advantage of opportunities or otherwise respond to market conditions. Failure to obtain funding on a timely basis and on reasonably acceptable terms may also cause Cardinal to postpone or abandon development plans, or to relinquish or forfeit rights in relation to the Cardinal's assets, which may delay or suspend Cardinal's business strategy and could have a material adverse effect on Cardinal's activities.

**(aa) Contractor Risk**

The business activities of Cardinal rely on the engagement of experienced and qualified contractors and suppliers on commercially reasonable terms.

Cardinal's business, operations and financial performance may be materially and adversely affected if any of its proposed contractors are not available as and when required or do not perform their contractual obligations as expected by Cardinal. Where Cardinal relies on third parties to deliver goods or perform services, there can be no guarantee that the relevant third parties will deliver those goods or perform those services in the manner that delivers upon Cardinal's plans and expected outcomes which, in turn, may adversely affect the financial position, performance and prospects of Cardinal.

**(bb) Insurance Risk**

Cardinal maintains insurance either directly or through a joint venture for certain activities within ranges of coverage that they each believe to be consistent with industry practice. However, in certain circumstances insurance proceeds may not be adequate to cover all potential liabilities and losses. Additionally, recovery under insurances is subject to the terms and conditions of the relevant insurance policies which may include material exclusions and uninsured excess amounts (or deductibles).

Where Cardinal does not have insurances in place in respect of a relevant loss or hazard, or a relevant insurance policy does not respond as anticipated, Cardinal may be exposed to material uninsured losses which, in turn, may impact upon the financial performance of Cardinal. In addition, insurance of all risks associated with mineral exploration, development and production is not always available and, where, available this cost can be prohibitive. There is a risk that insurance premiums may increase to a level where Cardinal considers it is unreasonable or, not to a level of coverage which is in accordance with industry practice. No assurance can be given that Cardinal will be able to obtain such insurance coverage in the future at reasonable rates or that any coverage it arranges will be adequate to cover claims.

**(cc) Exchange Rate Risk**

Fluctuations in exchange rates between the Australian dollar, US Dollar and Ghanaian currency (GHS) and other operational currencies may result in foreign exchange gains or losses which may affect the financial performance of Cardinal.

**(dd) Loss of Key Personnel Risk**

Cardinal relies on a number of well qualified and experienced key senior personnel. Loss of such personnel, or a failure to recruit and retain suitably qualified and experienced personnel in the future may adversely affect the financial performance of Cardinal. Such failure may also result in damage to the reputation of Cardinal which may have additional adverse consequences for the financial performance and prospects of Cardinal.

(ee) **Litigation Risk**

Cardinal may be involved in disputes and litigation relating to the conduct of its business. The risk of litigation is a general risk of Cardinal's business and it may incur costs in making payments to settle claims or in complying with any court order (which may not be covered adequately, if at all, by insurance). Any material dispute or litigation could adversely affect the financial position and the financial performance of Cardinal.

(ff) **Other risks**

Additional risks and uncertainties not currently known may also have an adverse effect on Cardinal and the value of its Shares. The information set out in this section 7.3 does not purport to be, nor should it be construed as representing, an exhaustive summary of the risks that may affect the performance of Cardinal's Shares.

## 8. ADDITIONAL INFORMATION

### 8.1 Nordgold Preliminary Proposal and Nordgold Offer

As announced by Cardinal on 16 March 2020, Nord Gold SE (**Nordgold**) acquired a 19.9% shareholding in Cardinal and submitted a non-binding indicative and conditional proposal (**Nordgold Preliminary Proposal**) to acquire all the issued Shares of Cardinal not already owned by Nordgold at A\$0.45775 per Share.

As was required by the Nordgold Preliminary Proposal, and as was announced on 30 March 2020, Cardinal provided Nordgold with full due diligence access to the data-room established by Cardinal.

Until the receipt by Cardinal of the Nordgold Bidder's Statement on 15 July 2020, Cardinal was not aware of Nordgold's intention to make the Nordgold Offer. Pursuant to the Nordgold Bidder's Statement, Nordgold made an unsolicited, unconditional on-market takeover bid for all of the Cardinal Shares that it (and its Associates) do not already own in Cardinal.

On 27 July 2020, Cardinal issued its target's statement in response to the Nordgold Offer. The Directors unanimously recommend you reject the Nordgold Offer for the reasons set out in that target's statement.

### 8.2 Shandong Gold Revised Offer

As announced prior to market open on 19 June 2020, Cardinal entered into a Bid Implementation Agreement with the Bidder and Shandong Gold pursuant to which the Bidder agreed to acquire 100% of the issued Shares in Cardinal at a price of A\$0.60 per Share, subject to certain conditions (**Original Shandong Gold Offer**) including but not limited to:

- (a) 50.1% minimum acceptance by Cardinal Shareholders;
- (b) regulatory approvals, including Foreign Investment Review Board approvals and approvals of certain Chinese regulatory bodies; and
- (c) no material adverse change in relation to Cardinal.

Please refer to the Company's announcement dated 18 June 2020 which sets out the full terms and conditions of the Original Shandong Gold Offer (including all of the relevant Conditions).

Under the terms of the Bid Implementation Agreement, Cardinal is subject to certain "no shop", "no talk", "no due diligence" and "matching right" restrictions. Upon receipt of the unsolicited Nordgold Offer on 15 July 2020, in accordance with the terms of the Bid Implementation Agreement, Cardinal notified the Bidder and Shandong Gold of the terms of the unsolicited Nordgold Offer (**Notification Date**).

On 22 July 2020, the Bidder provided Cardinal with a revised and improved proposal for an off-market takeover offer of A\$0.70 per Cardinal Share.

On the assumption that the Conditions of the Offer are able to be achieved within a reasonable period of time, and based on the information currently available to them, the Directors determined to continue to unanimously recommend that Cardinal Shareholders accept the Offer (in the absence of a Superior Proposal). Accordingly, the Bid Implementation Agreement required Cardinal, the Bidder and Shandong Gold to use their best endeavours to agree any amendments to the Bid Implementation Agreement which are reasonably necessary or desirable to reflect the revised and improved Offer.

As announced by Cardinal on 29 July 2020, Cardinal entered into the Amendment Deed to amend the Bid Implementation Agreement with the Bidder and Shandong Gold, which provided for the Bidder making the Offer on the current Offer Terms.

### 8.3 Relevant Contracts

#### (a) Ghana Infrastructure Investment Fund - Senior secured credit facility

As announced by Cardinal on 5 June 2020, Cardinal's senior secured credit facility (as amended in February 2020 and March 2020) (**Facility**) was assigned from Sprott Private Resource Lending (Collector), L.P. to the Ghana Infrastructure Investment Fund (**GIIF**), a Ghana Government owned infrastructure investment vehicle.

The balance of the Facility is approximately US\$23.8 million and the Facility has been amended and restated under Ghanaian law.

The material commercial terms of the Facility include:

- (1) a 24-month repayment term;
- (2) an interest rate of 7.75% plus the greater of 3 months LIBOR or 1% per annum;
- (3) early repayment flexibility (a 5% redemption premium applies to all future repayments of the Facility);
- (4) secured against the assets of Cardinal and its wholly owned subsidiaries in Ghana; and
- (5) upon a change of control of the Corporate Guarantors, GIIF may require repayment of the Facility.

#### (b) Employee Shares

Under their respective agreements, two employees of Cardinal have entitlements to be issued equity as part of their overall remuneration package. In addition, the relevant employees are entitled to receive equity upon the completion of a takeover bid for Cardinal. Should the Offer become or be declared unconditional and the Bidder acquire a Relevant Interest in at least 50.1% of the Cardinal Shares (on a fully diluted basis), Cardinal will issue each of the relevant employees 240,000 Shares (representing the equity they are entitled to relating to both completion of a takeover bid and under remuneration package) (**Employee Shares**).

### 8.4 Transaction costs associated with the Offer

Cardinal estimates that in the event the Offer completes, Cardinal will have incurred or committed costs of approximately A\$24.71 million (excluding GST) in relation to the Offer.

One-off transaction costs associated with the Offer primarily relate to financial advisers, legal, accounting and other costs associated with the Offer.

Where fees were payable under a relevant contract in US dollars a foreign exchange rate AUD/USD of 0.71 has been assumed.

### 8.5 ASIC, ASX and TSX modifications, exemptions and waivers

ASX has granted Cardinal a waiver from ASX Listing Rule 6.23.4 to permit the Board to amend the terms of 8,246,015 of the Options (being those Options designated "OP6", "OP8", "OP7" and "OP4" as defined below) without shareholder approval, so that those options can be transferred to the Bidder pursuant to the private treaty arrangements noted below in section 8.7. The waiver is conditional upon such changes only being made when the Offer becomes or is declared unconditional and the Bidder has acquired voting power of at least 50.1% in Cardinal.

Cardinal has been in communication with the TSX in respect of a waiver of Section 613 of the TSX Company Manual to permit the Board to amend the terms of the Options as described above. Pursuant to Section 602.1 "Exemptions for Eligible Inter-listed Issuers Cardinal anticipates the TSX

will defer to regulation by the ASX of this transaction on the basis that trading of Cardinal on the TSX was less than 25% of trading volumes in the prior 12 month period.

## 8.6 Bid Implementation Agreement

On 18 June 2020, Cardinal, the Bidder and Shandong Gold entered into the Bid Implementation Agreement in relation to the Offer.

A full copy of the Bid Implementation Agreement was released by Cardinal to the ASX pre-market 19 June 2020 and filed on SEDAR under Cardinal's profile on 18 June 2020.

On 29 July 2020 the Bid Implementation Agreement was amended and a full copy of the Amendment Deed was released by Cardinal to the ASX pre-market 30 July 2020 and filed on SEDAR under Cardinal's profile on 29 July 2020.

In summary, the Amendment Deed amended the BIA to, amongst other matters:

- increase the Offer Price to A\$0.70 per Share;
- note that the Offer will no longer be subject to Chinese regulatory approvals;
- make certain changes to the proposed timetable of the Offer;
- increase the ascribed value per Cardinal Option for certain Options (refer section 8.7 below); and
- increase the break fee (or Compensating Amount) so that it continues to represent approximately 1% of the deal value.

## 8.7 Cardinal Options

The proposed treatment of the Cardinal Options in connection with the Offer is set out below:

Exercise price	Expiry date	Designation	Number	Proposed treatment
A\$1.00	12 March 2021	OP6	1,867,817	Acquired by the Bidder by private treaty <sup>1</sup> for \$0.0679 per Option
A\$0.50	12 April 2022	OP2	18,500,000	Acquired by the Bidder by private treaty <sup>1</sup> for the Final Offer Price <sup>2</sup> less \$0.50 per Option
A\$0.59	21 December 2022	OP8	2,180,049	Acquired by the Bidder by private treaty <sup>1</sup> for the Final Offer Price <sup>2</sup> less \$0.59 per Option
A\$0.679	21 December 2022	OP7	2,180,049	Acquired by the Bidder by private treaty <sup>1</sup> for \$0.1005 per Option
A\$0.75	21 December 2022	OP5	1,000,000	Acquired by the Bidder by private treaty <sup>1</sup> for \$0.1312 per Option
A\$0.965	21 December 2022	OP4	2,018,100	Acquired by the Bidder by private treaty <sup>1</sup> for \$0.0744 per Option
Nil	10 December 2024	OP9	5,476,530	N/A <sup>3</sup>
Nil	10 December 2024	OP11	6,369,557	N/A <sup>3</sup>
<b>Total</b>			<b>39,592,102</b>	

<sup>1</sup> Pursuant to the Bid Implementation Agreement, prior to the Offer being declared or otherwise becoming free of the Conditions, the Bidder must make an offer to each relevant Optionholder for the Bidder (or its nominee) to acquire the relevant Options conditional upon the Offer being declared or otherwise becoming free of the Conditions, the Bidder having a Relevant

Interest in at least 50.1% of Cardinal's Shares (on a fully diluted basis) and any necessary regulatory waivers being granted.  
<sup>2</sup> Final Offer Price means the Offer Price at the time of acquisition of the relevant Option.

<sup>3</sup> Holders of the Nil exercise price Cardinal Options ("OP9" and "OP11") have agreed pursuant to an Options Commitment Deed that should the Offer become or be declared unconditional in all respects, that the Optionholders will exercise their Options. The Optionholders are not obliged, and have not agreed, to accept the Takeover Bid in respect of the Shares issued on exercise of such Options.

The relevant terms of the Options provide that upon a takeover bid being declared, or otherwise becoming, unconditional, such Options will vest and become exercisable (with such vesting deemed to have taken place immediately prior to the effective date of that change of control event). Given Nordgold has made an offer for all of the Shares in Cardinal pursuant to an unconditional on-market takeover bid under Chapter 6 of the Corporations Act, the Options that were previously unvested ("OP2", "OP11", "OP9", "OP4", "OP7" and "OP8"), have now vested and have become exercisable, subject to their terms.

## **8.8 Notice of the Bidder's voting power**

As at the date of this Target's Statement, the Bidder held 26,000,000 Shares equivalent to 4.94% voting power in Cardinal Shares (being the Subscription Shares issued pursuant to the Bid Implementation Agreement). The Bidder is required to notify the ASX and Cardinal before 9.30am (Sydney time) on each trading day during the Offer Period where there is an increase in the Bidder's Relevant Interest representing at least 1% in Cardinal's issued capital (Shareholders should refer to section 8.9 of the Bidder's Statement for further information as to the interaction of this obligation with Shares that are the subject of Facility Instructions under the Acceptance Facility).

## **8.9 Disclosing entity**

Cardinal is a disclosing entity and as such is subject to regular reporting and disclosure obligations under the Corporations Act, the ASX Listing Rules and the TSX Listing Rules.

Copies of the documents filed with the ASX may be obtained from the ASX website at [www.asx.com.au](http://www.asx.com.au) or Cardinal's website at [www.cardinalresources.com.au](http://www.cardinalresources.com.au).

Copies of documents filed with SEDAR may be obtained under Cardinal's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Copies of the documents lodged with ASIC in relation to Cardinal may be obtained from, or inspected at, an ASIC office.

Shareholders may obtain a copy of:

- the 2019 Annual Report of Cardinal (being the annual report most recently lodged with ASIC by Cardinal before the date of this Target's Statement);
- Cardinal's constitution; and
- any document lodged by Cardinal with the ASX between the release of the 2019 Annual Report to the ASX and the date of this Target's Statement,

free of charge upon request by contacting the Cardinal Shareholder Information Line on 1300 502 987 for callers within Australia or on +61 2 8022 7944 for callers outside Australia from Monday to Friday between 9.00am and 5.00pm (AEST) or on the ASX website at [www.asx.com.au](http://www.asx.com.au) (ASX:CDV).

## **8.10 Canadian regulations**

The Bidder's Statement says that the Bidder intends to make an application to the Canadian Securities Regulatory Authorities for relief from certain of the requirements of a foreign take-over bid such that the Offer would be exempt from the Canadian requirements of a take-over bid. If granted, the exemption would remove any applicable constraints on the Bidder from, among other things, waiving the minimum acceptance condition (at the Bidder's discretion), and, upon the Offer becoming



or being declared unconditional, “taking up” deposited Cardinal Shares prior to the 35 day “minimum deposit period”.

#### **8.11 No other material information**

This Target's Statement is required to include all information that Shareholders and their advisers would reasonably expect to receive to make an informed assessment whether to accept the Offer, but only to the extent that:

- it is reasonable for the Shareholders and their advisers to expect to receive that information in the Target's Statement; and
- the information is known to the Directors.

The Directors are of the opinion that the information that the Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept or reject the Offer is contained within:

- this Target's Statement;
- the Bidder's Statement (to the extent that the information contained in that document is not inconsistent with the Target's Statement); and
- the annual and other financial reports, releases, announcements and documents lodged by Cardinal with ASX, ASIC and/or any Canadian securities regulatory authority or filed on SEDAR (at [www.sedar.com](http://www.sedar.com)) under Cardinal's profile.

In preparing this Target's Statement, the Directors have assumed that the information contained in the Bidder's Statement is accurate. However, the Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all of the statements contained within it.

In deciding what information should be contained in this Target's Statement, the Directors have had regard to:

- the nature of the Shares;
- the matters that Shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to the professional advisers of Shareholders; and
- the time available to Cardinal to prepare the Target's Statement.

#### **8.12 Statement of Rights (Canada)**

Securities legislation in the provinces and territories of Canada provides security holders of the offeree issuer with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to those security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.

## **9. CONSENTS**

### **9.1 Directors**

The Directors have given and have not, before the lodgement of this Target's Statement with ASIC, withdrawn their consent to be named in this Target's Statement in the form and context in which they are named.

### **9.2 Third Parties**

HopgoodGanim Lawyers, has given and has not, before the lodgement of this Target's Statement with ASIC, withdrawn its written consent to be named in this Target's Statement as Australian legal adviser to Cardinal in respect of the Offer in the form and context in which it is named.

HopgoodGanim Lawyers, does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based. To the maximum extent permitted by law, HopgoodGanim Lawyers, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name.

Bennett Jones LLP, has given and has not, before the lodgement of this Target's Statement with ASIC, withdrawn its written consent to be named in this Target's Statement as Canadian legal adviser to Cardinal in respect of the Offer in the form and context in which it is named. Bennett Jones LLP does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based. To the maximum extent permitted by law, Bennett Jones LLP, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name.

Computershare Investor Services Pty Ltd has given and has not, before the lodgement of this Target's Statement with ASIC, withdrawn its written consent to be named in this Target's Statement as Share Registry – Australia to Cardinal in respect of the Offer in the form and context in which it is named. Computershare Investor Services Pty Ltd does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based. To the maximum extent permitted by law, Computershare Investor Services Pty Ltd expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name.

BMO Capital Markets Limited has given and has not before the lodgement of this Target's Statement with ASIC, withdrawn its written consent to be named in this Target's Statement as financial adviser to Cardinal in respect of the Offer in the form and context in which it is named. BMO Capital Markets Limited does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based. To the maximum extent permitted by law, BMO Capital Markets Limited expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name.

Maxit Capital LP has given and has not before the lodgement of this Target's Statement with ASIC, withdrawn its written consent to be named in this Target's Statement as Financial Adviser to Cardinal in respect of the Offer in the form and context in which it is named. Maxit Capital LP does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based. To the maximum extent permitted by law, Maxit Capital LP expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name.

Hartleys Limited has given and has not before the lodgement of this Target's Statement with ASIC, withdrawn its written consent to be named in this Target's Statement as M&A adviser to Cardinal in respect of the Offer in the form and context in which it is named. Hartleys Limited does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based. To the maximum extent permitted by law, Hartleys Limited expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name.

Canaccord Genuity Corp. has given and has not before the lodgement of this Target's Statement with ASIC, withdrawn its written consent to be named in this Target's Statement as M&A adviser to Cardinal in respect of the Offer in the form and context in which it is named. Canaccord Genuity

Corp. does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based. To the maximum extent permitted by law, Canaccord Genuity Corp. expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name.

### 9.3 Cardinal Consents

The Cardinal Directors have consented to:

- (a) the dispatch of the Bidder's Statement to Cardinal Shareholders earlier than 14 days after the date it was given to Cardinal; and
- (b) for the purposes of Canadian regulatory requirements, the "minimum deposit period" being 35 days.

### 9.4 Publicly available information and ASIC modifications

This Target's Statement contains statements which are made in, or based upon, statements contained in the Bidder's Statement lodged with ASIC. As permitted by ASIC Class Order [CO 13/521], the consent of the Bidder is not required for the inclusion of these statements in the Target's Statement. This Target's Statement also contains statements which are made in, or based upon, statements contained in the Nordgold Bidder's Statement lodged with ASIC. As permitted by ASIC Class Order [CO 13/521], the consent of Nordgold is not required for the inclusion of these statements in the Target's Statement.

Cardinal has also relied on the modification to section 638(5) of the Corporations Act set out in ASIC Class Order [CO 13/521] to include, without obtaining specific consent, statements which are made in, or based on statements made in, any documents announced on the company announcements platform of ASX on the following dates:

Entity	Announcement	Date of Announcement
Cardinal	Quarterly Activities and Cashflow Report	31 July 2020
Cardinal	Supplementary Target's Statement	31 July 2020
Cardinal	Amended Bid Implementation Agreement - Shandong Gold	30 July 2020
Cardinal	Recommended All-Cash Takeover Offer from Shandong Gold	27 July 2020
Cardinal	Target's Statement	27 July 2020
Cardinal	Revised and Improved Takeover Proposal from Shandong Gold	23 July 2020
Cardinal	Cardinal's Mining Licence Receives Sovereign Ratification	20 July 2020
Cardinal	Nordgold – Unconditional on-market takeover bid	15 July 2020
Cardinal	Recommended All-Cash Takeover Offer of CDV by Shandong Gold	19 June 2020
Cardinal	Feasibility Study Confirms Namdini as Tier One Gold Project	28 October 2019
Cardinal	Mineral Resource and Ore Reserve Statement	15 October 2019
Cardinal	Cardinal's Namdini Ore Reserve Now 5.1Moz	3 April 2019

No person who has made any of these statements has consented to the statement being included in or accompanying this Target's Statement in the form and context in which it is included.

Cardinal will, on request and during the bid period, provide a copy of those documents, or the relevant parts of those documents containing the statement, free of charge and within two business days of the request to any Cardinal Shareholder. To obtain a copy of any of those documents, or the relevant parts of those documents containing the statements, please call the Cardinal Shareholder Information Line on 1300 502 987 for callers within Australia or on +61 2 8022 7944 for callers outside Australia from Monday to Friday between 9.00am and 5.00pm (AEST).

As permitted by ASIC Corporations (Consent to Statements) Instrument 2016/72 (**ASIC Instrument 2016/72**), this Target's Statement may include or be accompanied by certain statements:

- which fairly represent what purports to be a statement by an official person;
- which are a correct and fair copy of, or extract from, what purports to be a public official document; or
- which are a correct and fair copy of, or extract from, a statement which has already been published in a book, journal or comparable publication.

In addition, as permitted by ASIC Instrument 2016/72, this Target's Statement contains security price trading data sourced from Iress Market Data without its consent.

Also, ASIC has published various class orders providing for modifications and exemptions that generally apply to all persons including Cardinal, in relation to the operation of chapter 6 of the Corporations Act.

## 10. GLOSSARY AND INTERPRETATION

### 10.1 In this Target's Statement unless the contrary intention appears the following words have the following meanings:

**Acceptance Date** means the date that is the later of:

- (a) 21 days after the date on which the Offers are opened for acceptance; and
- (b) 5 days after the date on which the Target's Statement is despatched.

**Acceptance Facility** means the acceptance facility established by the Bidder as outlined in section 8.9 of the Bidder's Statement and summarised in section 3.2 of this Target's Statement.

**Acceptance Form** means the form of acceptance and transfer accompanying the Offer or any replacement or substitute acceptance form provided by or on behalf of the Bidder.

**Announcement Date** means 19 June 2020 being the date of announcement of the Offer on the ASX.

**Amendment Deed** means the letter deed between Cardinal, the Bidder and Shandong Gold to amend the BIA dated 29 July 2020.

**ASIC** means the Australian Securities and Investments Commission.

**Associate** has the meaning given to that term in the Corporations Act.

**ASX** means ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market operated by it.

**ASX Listing Rules** means the official listing rules of the ASX.

**ASX Settlement Operating Rules** means the operating rules of the ASX Settlement Pty Limited as amended and replaced from time to time.

**ASX Settlement Participant** means a participant under the ASX Settlement Operating Rules.

**Au** means the chemical formula for the mineral gold.

**Australian Branch Shareholder** means a Cardinal Shareholder who holds Cardinal Shares on Cardinal's Australian branch register, including in a CHESS Holding or an Issuer Sponsored Holding.

**Beneficial Holder** has the meaning given to that term in section 3.2(b)(1).

**BIA or Bid Implementation Agreement** means the bid implementation agreement entered into between Cardinal, the Bidder and Shandong Gold on 18 June 2020 as amended by the Amendment Deed dated 29 July 2020.

**Bidder** means Shandong Gold Mining (HongKong) Co., Limited, a private company incorporated in Hong Kong, with Company Number 2489908.

**Bidder's Statement** means the Bidder's Statement dated 11 August 2020 given by the Bidder to Cardinal on 11 August 2020 in accordance with the provisions of part 6.5 of the Corporations Act.

**Board** means the board of Directors of Cardinal.

**Broker** means a person who is a share broker and a participant in CHESS.

**Business Day** means a day on which banks are open for general banking business in Perth (not being a Saturday, Sunday or public holiday in that place).

**CAD, Canadian dollars or C\$** is a reference to the lawful currency of Canada.

**Canadian Branch Shareholder** means a Cardinal Shareholder who holds Cardinal Shares on Cardinal's Canadian branch register, including Cardinal Shareholders who hold their Cardinal Shares through CDS.

**Canadian Securities Regulatory Authorities** has the meaning given to that term in the Bid Implementation Agreement.

**CDS** means CDS Clearing and Depository Services Inc., the settlement and depository organisation for settling trades in shares on TSX.

**CDSX** means the CDS online tendering system.

**CGT** means Australian Capital Gains Tax.

**CHESS** means the Clearing House Electronic Sub-registry System operated by the ASX which provides for the electronic transfer, settlement and registration of securities.

**CHESS Holding** means a holding of Shares on the CHESS Sub-register of Cardinal.

**CHESS Sub-register** has the meaning given in the ASX Settlement Operating Rules.

**Closing Date** means 13 October 2020 (unless extended or withdrawn).

**Competing Transaction** means any bona fide proposal, agreement, arrangement, reorganisation or transaction (whether by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale or issue of securities, joint venture or otherwise) which, if completed substantially in accordance with its terms would mean a person (other than the Bidder and its Related Bodies Corporate) whether alone or together with its Associates would:

- (a) directly or indirectly, acquire an interest or Relevant Interest in, or become the holder of 20% or more of the Cardinal Shares (other than as custodian, nominee or bare trustee); or
- (b) directly or indirectly acquire, obtain a right to acquire, or otherwise obtain an economic interest in all or a substantial part or a material part of the assets or business conducted by the Cardinal Group; or
- (c) acquire control of Cardinal, within the meaning of section 50AA of the Corporations Act; or
- (d) otherwise acquire or merge (including by a reverse takeover bid or dual listed company structure) with Cardinal or implement any proposal which prejudices or jeopardises, or might reasonably be expected to prejudice or jeopardise, the Takeover Bid.

**Conditions** means each and all of the conditions of the Offer set out in clause 6.1 of Appendix 1 of the Bidder's Statement.

**Confirmation Notice** has the meaning given to that term in section 3.2(a).

**Controlling Participant** means the Broker or ASX Settlement Participant who is designated as the controlling participant for shares in a CHESS Holding in accordance with the ASX Settlement Operating Rules.

**Corporate Guarantors** means Cardinal Mining Services Limited, Cardinal Namdini Mining Limited, Cardinal Resources Ghana Limited and Cardinal Resources Subranum Limited.

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

**Custodian Direction** has the meaning given to that term in section 3.2(b)(1).

**Depository Agent** means Computershare Trust Company of Canada.

**Directors** means the directors of Cardinal (unless the context requires otherwise).

**Employee Shares** has the meaning given to that term in section 8.3(b).

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

**Facility Instructions** means instructions lodged by Cardinal Shareholders to accept the Offer subject to the terms of the Acceptance Facility with the Facility Operator.

**Facility Operator** means Computershare Clearing Pty Limited ACN 063 826 228.

**FIRB** means the Foreign Investment and Review Board.

**g/t Au** means gold grade in grams per tonne.

**HIN** means a Holder Identification Number, which is the number that starts with an "X", to identify a Cardinal Shareholder with a CHES Holding and has the same meaning as in the ASX Settlement Operating Rules.

**Indicated Mineral Resources** has the meaning given in the JORC Code.

**Inferred Mineral Resources** has the meaning given in the JORC Code.

**IRR** means internal rate of return.

**Issuer Sponsored Holding** means a holding of Cardinal Shares on the Issuer Sponsored Sub-register of Cardinal.

**Issuer Sponsored Sub-register** has the meaning given in the ASX Settlement Operating Rules.

**JORC** means the Joint Ore Reserves Committee (of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Minerals Council of Australia).

**JORC Code** means the JORC Code 2012.

**Letter of Transmittal** means a letter of transmittal to accept the Offer by a Canadian Branch Shareholder whose Cardinal Shares are held on the Canadian branch register directly.

**Material Adverse Change** has the meaning given to that term in the Bid Implementation Agreement.

**Measured Mineral Resources** has the meaning given in the JORC Code.

**Minerals and Mining Act** means the Minerals and Mining Act, 2006 (Act 703), as amended by the Minerals and Mining (Amendment) Act, 2015 (Act 900), of Ghana.

**Mineral Resources** has the meaning given in the JORC Code.

**Mineral Rights** has the meaning given to that term in the Bid Implementation Agreement.

**Moz** means million ounces.

**Mt** means million tonnes.

**Namdini Mining Lease** means the mining lease with licence number PL.9/29/Vol.2, granted for fifteen years to Cardinal Namdini Mining Limited pursuant to a Mining Lease Agreement between Cardinal Namdini Mining Limited and the Government of the Republic of Ghana dated 12 February 2020 which covers an area of approximately 63 square kilometres at Datoko in the Talensi District of the Upper East Region, Ghana.

**Namdini Project** or **Namdini Gold Project** means the gold mining project the subject of the Namdini Mining Lease.



**NI43-101** means National Instrument 43-101 – *Standards of Disclosure for Minerals Projects*.

**Nordgold** means Nord Gold SE.

**Nordgold Bidder's Statement** means the Bidder's Statement lodged with ASIC and provided to the ASX on 15 July 2020 by Nordgold under Part 6.5 of the Corporations Act.

**Nordgold Non-Binding and Indicative Proposal** or **Nordgold Preliminary Proposal** means the notification received from Nordgold and announced to the ASX on 16 March 2020 that Nordgold would like to provide a non-binding indicative and conditional proposal to acquire all of the issued capital of Cardinal that it did not already own for A\$0.45775 per share in cash.

**Nordgold Offer** means the unconditional on-market takeover bid made by Nordgold which was announced on 15 July 2020 to each Cardinal Shareholder to acquire Cardinal Shares for A\$0.66 per Share on the terms set out in the Nordgold Bidder's Statement.

**NPV** means net present value.

**NSR** means net smelter return.

**Offer** means the offer made by the Bidder to each Cardinal Shareholder to acquire Cardinal Shares under the Takeover Bid.

**Offer Consideration** or **Offer Price** means the consideration offered pursuant to the Offer.

**Offer Period** means the period during which the Offer is open for acceptance as described in clause 3 of Appendix 1 of the Bidder's Statement, or such later date to which the Offer may be extended.

**Offer Terms** means the formal terms and conditions of the Offer set out in Appendix 1 of the Bidder's Statement.

**Options Commitment Deed** means each options commitment deed entered into between Cardinal and each holder of the Nil exercise price Cardinal Options ("OP9" and "OP11").

**Options** means an option to subscribe for Cardinal Shares.

**Ore Reserve** has the meaning given in the JORC Code.

**Original Shandong Gold Offer** means the offer made by the Bidder to acquire Cardinal Shares for A\$0.60 per Share under a Takeover Bid.

**Participant** means a non-broker participant under the ASX Settlement Operating Rules.

**ppb** means parts per billion.

**Prescribed Occurrence** has the meaning given to that term in the Bid Implementation Agreement.

**Probable Ore Reserve** has the meaning given in the JORC Code.

**Proved Ore Reserve** has the meaning given in the JORC Code.

**Register Date** means 11 August 2020, being the date set by the Bidder under section 633(2) of the Corporations Act.

**Regulatory Authority** has the meaning given to that term in the Bid Implementation Agreement.

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

**Relevant Interest** has the meaning given in the Corporations Act.

**RMB** or **RMB¥** means Chinese Renminbi, the lawful currency of the People's Republic of China.

**Rights** means all accretions, rights or benefits of whatever kind attaching to or arising from the Shares directly or indirectly after the date of the Bidder's Statement, including, but not limited to, all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared, paid or made by Cardinal or any of its subsidiaries.

**SG Group** means Shandong Gold Group Co., Ltd.

**Shandong Gold** means Shandong Gold Mining Co., Ltd., the holding company of the Bidder.

**Shareholder** or **Cardinal Shareholder** means a holder of Cardinal Shares.

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

**SRN** means a Securityholder Reference Number, which is the number which starts with an "I", allocated by Cardinal to identify a Cardinal Shareholder with an Issuer Sponsored Holding, and has the same meaning as in the ASX Settlement Operating Rules.

**Standard Tax Conditions** has the meaning given in the Bid Implementation Agreement.

**Subscription Shares** means 26,000,000 Shares.

**Superior Proposal** means a bona fide Competing Transaction which the Cardinal Board, acting in good faith, and after taking advice from its legal and financial advisers, determines:

- (a) is reasonably capable of being completed taking into account all aspects of the Competing Transaction, including its conditions; and
- (b) would, if completed substantially in accordance with its terms, be more favourable to Cardinal Shareholders (as a whole) than the Takeover Bid, taking into account all aspects of the Competing Transaction.

**Takeover Bid** means the off-market takeover bid to be implemented in accordance with Chapter 6 of the Corporations Act proposed by the Bidder to acquire all of the Cardinal Shares.

**Takeovers Panel** means the Takeovers Panel constituted under the Corporations Act.

**Target** or **Cardinal** or **Company** means Cardinal Resources Limited ACN 147 325 620.

**Target Group** or **Cardinal Group** means Cardinal and each of its Related Bodies Corporate.

**Target's Statement** means this document.

**Trading Days** has the meaning given in the ASX Listing Rules.

**Treasurer** means the Treasurer of the Commonwealth of Australia.

**TSX** means the Toronto Stock Exchange.

**TSX Listing Rules** or **TSX Company Manual** means the Company Manual of the TSX.

**USD** or **US dollars** or **US\$** is a reference to the lawful currency of the United States of America.

**VWAP** means the volume weighted average price for Cardinal Shares traded (on the ASX, unless specified to the contrary) over a specified period.

## 10.2 In this Target's Statement, unless the contrary intention appears:

- (a) the singular includes the plural and vice versa;

- (b) the masculine gender includes the feminine and (where a corporation is or may be concerned) the neuter;
- (c) words and expressions defined in the Corporations Act have the same meanings;
- (d) headings are for ease of reference only and do not affect the meaning or interpretation;
- (e) all currency and dollar amounts are denominated in Australian dollars unless noted otherwise;
- (f) a reference to legislation or to a provision of legislation includes any modification or re-enactment of it, any legislative provision substituted for it and any regulations and statutory instruments issued under it;
- (g) if a word or phrase is defined, its other grammatical forms have a corresponding meaning; and
- (h) a reference to time is a reference to Australian Eastern Standard Time.

**CERTIFICATE PAGE (CANADA)**

Dated 11 August 2020

This directors' circular has been approved and its sending has been authorized by the Cardinal Directors.

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the lights of the circumstances in which it was made.



Kevin Tomlinson  
Chairman  
Cardinal Resources Limited

Dated 11 August 2020

Signed for and on behalf of Cardinal Resources Limited ACN 147 325 620 by Kevin Tomlinson, who is authorised so to sign pursuant to a resolution passed at a meeting of the Cardinal Directors.

A handwritten signature in black ink, appearing to read 'K. M. Tomlinson', with a long horizontal flourish extending to the right.

Kevin Tomlinson  
Chairman  
Cardinal Resources Limited

## CORPORATE DIRECTORY

<b>Directors</b>	Kevin Tomlinson – Non-Executive Chairman Archie (Arthur) Koimtsidis – Managing Director Malik Easah – Executive Director Michele Muscillo – Non-Executive Director Dr Kenneth G. Thomas – Non-Executive Director Trevor Schultz – Non-Executive Director
<b>Registered Office</b>	Suite 1, 28 Ord Street West Perth WA 6005
<b>Website</b>	<a href="http://www.cardinalresources.com.au">www.cardinalresources.com.au</a>
<b>Share Registry</b>	<b>Australia</b> Computershare Investor Services Pty Ltd Level 11, 175 St Georges Terrace Perth WA 6000  <b>Canada</b> - (included for information purposes only) Computershare Investor Services Inc 11 <sup>th</sup> Floor, 100 University Avenue Toronto, Ontario, M5J2Y1 Canada
<b>Stock Exchange Listing</b>	Australian Securities Exchange ASX Code: CDV  Toronto Stock Exchange TSX Code: CDV
<b>Australian Legal Adviser</b>	HopgoodGanim Lawyers Level 8, Waterfront Place 1 Eagle Street Brisbane Qld 4000
<b>Canadian Legal Adviser</b>	Bennett Jones LLP 3400 One First Canadian Place Toronto ON M5X 1A4
<b>Financial Adviser</b>	BMO Capital Markets Limited 33 <sup>rd</sup> Floor, 140 William Street Melbourne, Victoria, 3000
<b>Financial Adviser</b>	Maxit Capital LP Suite 830, Brookfield Place, 181 Bay Street Toronto, Ontario, M5J2T3 Canada
<b>M&amp;A Adviser</b>	Hartleys Limited Level 6, 141 St Georges Terrace Perth WA 6000
<b>M&amp;A Adviser</b>	Canaccord Genuity Corp. P.O. Box 516 161 Bay Street, Suite 3100 Toronto, Ontario, M5J2S1 Canada

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