

TARGET'S STATEMENT

of Cardinal Resources Limited ACN 147 325 620 in response to the on-market takeover bid by Nord Gold S.E. (Company Number SE000102), to acquire all of your Shares in Cardinal Resources Limited for A\$0.66 cash per share

Your Directors unanimously recommend that you REJECT the Offer from Nordgold.

To reject the Nordgold Offer **do nothing.**

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 27 July 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 15 July 2020 and Offer to be dated 30 July 2020 by Nord Gold S.E (Company Number SE000102) (**Nordgold or Bidder**), 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 27 July 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.

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 in this Target's Statement

Except where disclosed in this Target's Statement, the information about the Bidder contained in this Target's Statement has been

prepared by Cardinal using publicly available information (including most relevantly the Bidder's Statement), 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 . Feasibility Study (FS) for the Namdini Gold Project, titled "Namdini Gold Project Feasibility Study 43-101 Report" by David Gordon, FAusIMM, Daryl Evans, FAusIMM, Nicolas Johnson, MAIG MPRm and Glenn Turnbull, FIMMM, MAusIMM, which was released on October 28, 2019. The technical report on the Feasibility Study, pursuant to NI 43-101 of the Canadian Securities Administrators, was issued on SEDAR at www.sedar.com on November 28, 2019.

TABLE OF CONTENTS

| | |
|---|----|
| CHAIRMAN'S LETTER..... | 5 |
| REASONS TO REJECT THE NORDGOLD OFFER..... | 7 |
| 1. FREQUENTLY ASKED QUESTIONS ABOUT THE NORDGOLD OFFER..... | 9 |
| 2. DETAILS OF THE NORDGOLD OFFER..... | 15 |
| 3. YOUR CHOICES AS A SHAREHOLDER..... | 19 |
| 4. INFORMATION ABOUT CARDINAL..... | 21 |
| 5. INFORMATION ABOUT THE BIDDER..... | 38 |
| 6. DIRECTORS' RECOMMENDATION AND INTERESTS OF CARDINAL..... | 39 |
| 7. RISK FACTORS..... | 45 |
| 8. ADDITIONAL INFORMATION..... | 57 |
| 9. CONSENTS..... | 61 |
| 10. GLOSSARY AND INTERPRETATION..... | 63 |

CHAIRMAN'S LETTER

Dear Cardinal Shareholders

REJECT NORDGOLD'S OFFER – DO NOTHING – TAKE NO ACTION

I am writing to you in response to the unsolicited, unconditional on-market takeover bid announced by Nord Gold S.E. (Company Number SE000102) (**Bidder or Nordgold**) on 15 July 2020, to acquire all of the Shares in Cardinal at an offer price of A\$0.66 (**Nordgold Offer or Offer**). This Target's Statement sets out your Directors' response and recommendation, as well as other important information you should consider, in relation to the Nordgold Offer.

Your Board has carefully considered the Nordgold Offer of A\$0.66 for each Cardinal Share, and recommends that you **REJECT** the Nordgold Offer. To **REJECT** the Nordgold Offer you should simply take no action in relation to documents sent to you by Nordgold.

The Directors believe that you should reject the Nordgold Offer because:

1. Shandong Gold has provided a superior offer which values your shares at a higher price than the Nordgold Offer; and
2. based on the information available to them as at the date of this Target's Statement, the Directors have no reason to believe that the Conditions of the revised Shandong Gold Offer cannot be satisfied within a reasonable period of time.

A detailed explanation of these reasons is set out below in the section "**REASONS TO REJECT THE NORDGOLD OFFER**". In addition, Shareholders should have regard to certain observations in respect to the Nordgold Offer set out below in section 2.16.

Cardinal has entered into a Bid Implementation Agreement with Shandong Gold and Shandong Gold Mining on 18 June 2020, pursuant to which Shandong Gold 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 on 15 July 2020 of the Nordgold Offer, on 22 July 2020 Shandong Gold provided a revised and improved proposal for an off-market takeover offer of A\$0.70 per Cardinal Share (**Shandong Gold Offer**).

As the Directors have determined to continue to unanimously recommend that Cardinal Shareholders accept the Shandong Gold Offer (in the absence of a Superior Proposal), the Bid Implementation Agreement requires Cardinal 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 Shandong Gold Offer. Cardinal anticipates entering into an appropriate amending agreement to give effect to such amendments imminently.

The Directors unanimously recommend that Cardinal Shareholders accept the Shandong Gold Offer, in the absence of a Superior Proposal. Further information in relation to the Shandong Gold Offer is set out in section 8.2 of this Target's Statement. Further information in relation to the Shandong Gold Offer will also be provided in another Target's Statement that will be despatched to Shareholders in due course. Shareholders will also receive a Bidder's Statement from Shandong Gold.

Your Board recommends that you read this Target's Statement in its entirety and consider the Nordgold 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 Nordgold Offer, you should seek your own independent professional advice.

Your Cardinal Directors will keep you informed on all material developments in relation to the Nordgold Offer.

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

REASONS TO REJECT THE NORDGOLD OFFER

REASON 1: SHANDONG GOLD HAS PROVIDED A SUPERIOR OFFER WHICH VALUES YOUR SHARES AT A HIGHER PRICE

As announced by Cardinal on the ASX on 23 July 2020, Shandong Gold has announced its intention to make 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.

Shandong Gold'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.

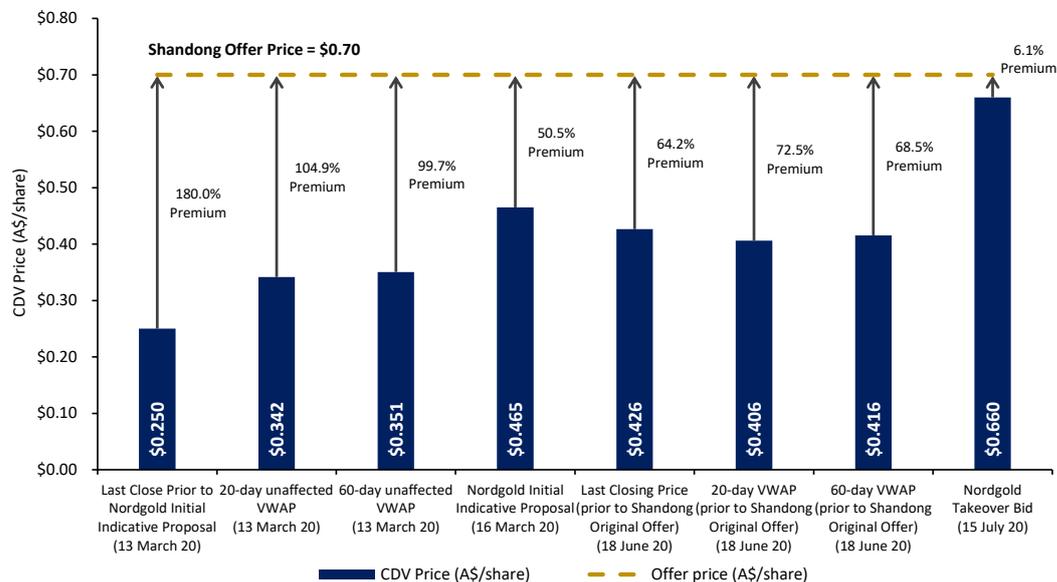


Figure 1: Cardinal price per Share compared to the value of the Shandong Gold Offer¹

Reason 2: The Conditions of the higher offer from Shandong Gold 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 Shandong Gold 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, the Cardinal Board understands that Shandong Gold has received the necessary regulatory approvals from the NDRC and the MOFCOM, such that the only remaining outstanding Chinese regulatory approval is that of the State Administration of Foreign Exchange of the People's Republic of China (or its relevant local branch).

Cardinal also understands that Shandong Gold'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 Shandong Gold's FIRB application to similarly be approved within a reasonable timeframe.

¹ 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.

On the assumption that the Conditions in Shandong Gold's 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 reject the Nordgold Offer, and instead benefit from the higher cash offer proposed by Shandong Gold.

The Cardinal Board unanimously recommends that you **REJECT** the Nordgold Offer.

1. FREQUENTLY ASKED QUESTIONS ABOUT THE NORDGOLD 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 |
|--|---|---------------------|
| 1.1 What is this Target's Statement? | This Target's Statement has been prepared by Cardinal and provides Cardinal's response to the Nordgold Offer, including the recommendation of your Directors. | |
| 1.2 Who is the Bidder? | The Bidder is Nord Gold S.E. (Company Number SE000102) (Nordgold or Bidder). The Bidder's Statement contains detailed information in relation to the Bidder. | Section 5 |
| 1.3 What is the Nordgold Offer? | The Bidder is offering to acquire all of your Cardinal Shares by way of an on-market takeover bid. The Offer consideration is A\$0.66 for each Cardinal Share on the terms set out in Section 5 of the Bidder's Statement (Nordgold Offer or Offer). The Offer is unconditional. The Offer also extends to all Cardinal Shares that come into existence because of the exercise of Cardinal Options during the Offer Period, as well as certain Employee Shares that may similarly come into existence during the Offer Period. | Section 2 |
| 1.4 What are the conditions of the Nordgold Offer? | There are no conditions to the Nordgold Offer. The Nordgold Offer is an unconditional cash offer. | |
| 1.5 What choices do I have in response to Nordgold's Offer? | As a Cardinal Shareholder you have the following choices in respect of your Shares: <ol style="list-style-type: none">1. REJECT the Nordgold Offer (per your Board's recommendation). To reject the Nordgold Offer simply do nothing – ignore all documents sent to you by Nordgold. This is the Board's unanimous recommendation;2. ACCEPT the Shandong Gold Offer²; or3. sell some or all of your Cardinal Shares on ASX or TSX (unless you have already accepted the Nordgold Offer). If the prevailing market price on ASX for your Cardinal Shares is equal to the Offer Price, by selling your Cardinal Shares on market, you will be accepting the Nordgold Offer.³ You should note that brokerage and other fees may be payable upon acceptance of the Nordgold Offer. Refer to question 1.21 below for further information. | Section 3 |

² Refer to section 8.2 of the Target's Statement. If you want to accept the Shandong Gold Offer, simply do nothing at this stage and take no action in relation to any documents sent to you by Nordgold.

³ Section 5.13 of the Bidder's Statement contains information on how Shareholders may accept the Offer – note that the Board's unanimous recommendation is that Shareholders REJECT the Nordgold Offer.

| Question | Answer | Further Information |
|---|---|---|
| 1.6 What do the Directors recommend? | <p>Your Directors unanimously recommend that you REJECT the Nordgold Offer.</p> <p>The reasons for this recommendation are set out in 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 and the section above titled "Reasons to reject the Nordgold Offer" |
| 1.7 If I accept the Nordgold Offer, can I withdraw my acceptance? | No. As you will be accepting the Offer by selling your Cardinal Shares on-market, there is no ability to withdraw your sale. | Section 2.13 |
| 1.8 Can the Bidder vary the Offer? | <p>The Bidder can only vary the Offer in certain circumstances.</p> <p>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. The Directors do not know if the Bidder will vary its Offer and cannot speculate as this is a matter for Nordgold. However, Nordgold has not declared its Offer to be final. Any such variation will be announced to the ASX and filed on SEDAR under Cardinal's profile.</p> <p>If you accept the Offer you will be legally bound to sell your Cardinal Shares and will not be able to withdraw your acceptance. Accordingly, if the Bidder subsequently improves the consideration offered under the Offer, you will not be able to accept the increased Offer (and will not benefit if the Offer Price is subsequently increased).</p> | Section 2.9 |
| 1.9 What will happen if I accept the Offer now and the Bidder improves the consideration under the Offer? | <p>If you accept the Offer you will be legally bound to sell your Cardinal Shares and will not be able to withdraw your acceptance.</p> <p>Accordingly, if the Bidder improves the consideration offered under the Offer after you have accepted the Offer by selling your Cardinal Shares, you will not be able to accept the increased Offer (or the recommended Shandong Gold Offer when it becomes available or any other superior offer that may emerge) and will not benefit if the Offer Price is subsequently increased.</p> <p>If this occurs, the Directors will carefully consider the revised Offer and advise Shareholders accordingly. However, there is no indication or certainty that the Bidder will improve the consideration offered.</p> | Section 2.9 |
| 1.10 What if there is a competing offer? | <p>As at the date of this Target's Statement, there is one competing proposal from Shandong Gold, which your Directors unanimously recommend that you accept in the absence of a superior proposal.</p> <p>If there is another competing offer, Cardinal Shareholders will be informed through an announcement on the ASX and TSX.</p> <p>If you have already accepted the Nordgold Offer, you will be unable to accept the Shandong Gold Offer or any other competing offer (should one emerge).</p> | Section 8.2 |

| Question | Answer | Further Information |
|--|---|---------------------|
| 1.11 When does the Offer close and when do I have to make a decision? | <p>The Offer is scheduled to close at 7.00pm (Sydney time) on 31 August 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 Nordgold's Voting Power in Cardinal increases to more than 50% during the last seven days of the Offer Period. In this case, the Offer Period will end on the 14th day after Nordgold's Voting Power in Cardinal increases to more than 50%.</p> | Section 2.2 |
| 1.12 What happens if I do nothing? | <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 8 of the Bidder's Statement which sets out the Bidder's intentions for Cardinal depending upon the Relevant Interest that it ultimately acquires in Cardinal.</p> | Section 3 |
| 1.13 Can I be forced to sell my Shares? | <p>You cannot be forced to sell your Cardinal Shares unless the Bidder (and its Associates) obtains 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 |
| 1.14 How many Shares does the Bidder hold in Cardinal? | <p>In its Bidder's Statement, the Bidder states that as at the date of the Bidder's Statement, that it had a Relevant Interest and Voting Power of 18.71% of Cardinal.</p> | Section 8.6 |
| 1.15 How do I accept the Offer? | <p>Your Directors unanimously recommend that you REJECT the Nordgold Offer.</p> <p>The Offer can only be accepted by selling some or all of your Cardinal Shares on ASX through your Broker to Taylor Collison Limited, acting on behalf of the Bidder, before the end of the Offer Period as follows:</p> <p>Issuer Sponsored Holdings (Securityholder Reference Number beginning with "I"): To sell your Cardinal Shares to the Bidder, you may instruct any Broker to initiate acceptance;</p> <p>CHES Holdings (Holder Identification Number beginning with "X"): To sell your Cardinal Shares to the Bidder, you must instruct your Controlling Participant to initiate acceptance;</p> <p>Brokers and Participants: To sell your Cardinal Shares to the Bidder, you must initiate acceptance in accordance with the requirements of the ASX Settlement Operating Rules; and</p> | Section 3.2 |

| Question | Answer | Further Information |
|--|---|---------------------|
| | <p>Shareholders holding Cardinal Shares in non-Australian depositaries or on branch registers: If your Cardinal Shares are not held in an Issuer Sponsored Holding or CHESS Holding, including if held in a non-Australian depositary or on a branch share register, you will need to move your Cardinal Shares to an Issuer Sponsored Holding or CHESS Holding in Australia in order to accept the Offer. If you intended to trade your shares on TSX, your shares are not held in a system through which you can accept the Offer. If you hold your Cardinal Shares in this manner, the Bidder's Statement says that you should contact your broker, financial advisor or call the Nordgold Offer Information Line (details in the "Important Information" section of the Bidder's Statement) for assistance with respect to acceptance of the Offer.</p> <p>You are not required to complete an application form to accept the Offer.</p> <p>If you accept the Offer you will be legally bound to sell your Cardinal Shares and will not be able to withdraw your acceptance and will not be able to accept the Shandong Gold Offer (or any other superior offer from a third party). In addition, if the Bidder subsequently improves the consideration offered under the Offer, you will not be able to accept the increased Offer and will not benefit if the Offer Price is subsequently increased.</p> <p>Further information on how to accept the Offer is set out in Section 5.13 of the Bidder's Statement.</p> | |
| <p>1.16 What happens if I accept the Offer?</p> | <p>If you accept the Offer you will receive the Offer Consideration and the usual rules for settlement of transactions which occur on ASX will apply in respect of the Bidder's purchase of Cardinal Shares under the Offer. This means that, if you accept the Offer, you will be paid on a T+2 Basis (ie. you will receive the cash for the sale of your Cardinal Shares two Trading Days after the sale).</p> <p>If you accept the Offer you will not be able to sell your Shares accepted under the Offer to any other bidder that may make a takeover offer and will not be able to accept the recommended Shandong Gold Offer.</p> <p>If the Bidder subsequently improves the consideration offered under the Offer you will not be entitled to any benefit of the improved Offer Price.</p> | <p>Section 2.6</p> |
| <p>1.17 Can the Bidder withdraw the Offer?</p> | <p>Yes, but only in limited circumstances.</p> <p>Nordgold may withdraw the Offer in respect of unaccepted offers at any time:</p> <ol style="list-style-type: none"> 1. with the written consent of ASIC, which consent may be subject to conditions; 2. where a Prescribed Occurrence occurs, if at any time of the Prescribed Occurrence, Nordgold's Voting Power in Cardinal is at or below 50%; or 3. upon the occurrence of an Insolvency Event in relation to Cardinal (regardless of Nordgold's Voting Power in Cardinal). <p>Notice of withdrawal of the Offer must be given by Nordgold to the ASX.</p> | |

| Question | Answer | Further Information |
|---|---|---------------------|
| 1.18 Can I accept the Offer for less than all of my Shares? | <p>Yes, you can accept the Offer in respect of some or all of your Cardinal Shares. However, your Directors unanimously recommend that you REJECT the Offer.</p> <p>If you accept the Offer only in respect of some of your Cardinal Shares, you should be mindful of the risks associated with being a minority shareholder, as well as the other risks of your continued investment in Cardinal.</p> | |
| 1.19 Can I buy Cardinal Shares during the Offer Period? | 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. | |
| 1.20 What are the tax implications of accepting the Offer? | <p>The tax consequences of accepting the Offer will depend on your own individual circumstances and you should consult your financial, tax or other professional adviser on the tax implications of accepting the Offer. However, a general summary of certain of the major likely Australian tax consequences of the Offer for Shareholders is set out in Section 10 of the Bidder's Statement.</p> <p>A high-level general overview of the tax considerations for Shareholders who are not Australian residents for tax purposes is set out in section 10.3 of the Bidder's Statement. This is a general overview only and Shareholders who are not Australian residents for tax purposes are urged to seek their own advice as to their tax consequences of accepting the Offer.</p> | Section 2.15 |
| 1.21 Will I need to pay brokerage or stamp duty if I accept the Offer? | <p>As the Offer by the Bidder is pursuant to an on-market takeover bid, Offers will be made during normal trading on ASX. Accepting Cardinal Shareholders may only accept the Offer through Brokers who are members of ASX.</p> <p>Any brokerage fees charged by such Brokers will be the sole responsibility of the accepting Cardinal Shareholder. The Bidder will bear its own brokerage fees, if any, on transfers of Cardinal Shares acquired through acceptances of the Offer.</p> <p>No stamp duty or GST will be payable by you on the transfer of Cardinal Shares pursuant to the Offer (other than any GST payable to your Broker in respect of brokerage fees charged to you).</p> | |
| 1.22 When will I receive my consideration if I accept the Offer? | The usual rules for settlement of transactions which occur on ASX will apply in respect of the Bidder's purchase of Cardinal Shares under the Offer. This means that, if you accept the Offer, you will be paid on a T+2 Basis (ie. You will receive the cash for the sale of your Cardinal Shares two Trading Days after the sale). | Section 2.7 |
| 1.23 What if I have other questions about 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). | |
| 1.24 What is the Shandong Gold Offer? | Prior to the commencement of trading on the ASX on 19 June 2020, the Company announced the entry into a Bid Implementation Agreement with Shandong Gold and Shandong Gold Mining, pursuant to which Shandong Gold agreed to acquire 100% of the Cardinal Shares at a price of A\$0.60 per Cardinal Share, by way of an off-market | Section 8.2 |

| Question | Answer | Further Information |
|----------|--|---------------------|
| | <p>takeover offer (Original Shandong Gold Offer).</p> <p>Following the announcement of the Nordgold Offer, on 22 July 2020 Shandong Gold provided, and Cardinal announced, a revised and improved proposal for an off-market takeover offer of A\$0.70 per Cardinal Share (Shandong Gold Offer).</p> <p>The Shandong Gold Offer is subject to the Conditions.</p> <p>The Shandong Gold Offer is recommended by the Cardinal Directors.</p> <p>Further information in relation to the Shandong Gold Offer is set out in section 8.2 of this Target's Statement.</p> <p>Further information in relation to the Shandong Gold Offer will be provided in another Target's Statement that will be despatched to Shareholders in due course. Shareholders will also receive a Bidder's Statement from Shandong Gold.</p> | |

2. DETAILS OF THE NORDGOLD OFFER

2.1 Summary of the Offer

Prior to the commencement of trading on the ASX on 15 July 2020, Nordgold (through its broker Taylor Collison Limited) announced that it will make the Offer pursuant to an on-market takeover bid to purchase all Cardinal Shares that exist and are listed for quotation on ASX or will exist at any time during the Offer Period (excluding all Cardinal Shares held by the Bidder and its Associates) for A\$0.66 per Cardinal Share on the terms and conditions set out in the Bidder's Statement.

Cardinal Shareholders may elect to sell some or all of their Cardinal Shares. The Bidder's Statement states that Taylor Collison Limited will make the Offers on behalf of the Bidder on ASX during the Offer Period (unless withdrawn in accordance with the Corporations Act).

2.2 Offer Period

From the time trading in Cardinal Shares commenced on the Announcement Date, Taylor Collison Limited stood in the market and offered to acquire (on behalf of the Bidder) a maximum of 170,000,000 Cardinal Shares offered to it at the Offer Price, prior to the commencement of the Offer Period.

The Offer Period will officially commence at the start of trading on ASX on 30 July 2020 and will end at close of trading on ASX on 31 August 2020 (unless extended or withdrawn in accordance with the Corporations Act).

2.3 No Conditions of the Offer

The Offer is not subject to any conditions.

2.4 Cardinal Options

The Bidder has not extended the Offer to the acquisition of any Cardinal Options (or any other securities that confer rights to be issued Cardinal Shares). However, the Offer will extend to all Cardinal Shares that are issued and listed for quotation on ASX at any time during the Offer Period as a result of the exercise of any Cardinal Options (or any other securities that confer rights to be issued Cardinal Shares).

2.5 Persons to whom the Offer is made

The Bidder's Statement says that the Offer is open to all holders of Cardinal Shares to which the Bidder or its Associates are not already entitled (refer to section 5.6 of the Bidder's Statement). Shareholders should however also have regard to Cardinal's observations in respect of the structure of the Nordgold Offer set out in section 2.16 below.

2.6 Effect of acceptance

If you accept the Offer and sell your Cardinal Shares on market, you will be paid the Offer Consideration in accordance with section 2.7 below.

Accordingly, if Nordgold subsequently improves the Offer Price after you have accepted the Offer by selling your Cardinal Shares, you will not be entitled to the benefit of that improved Offer Price.

Similarly, if you sell your Cardinal Shares (including into the Offer), you will not be able to accept the Shandong Gold Offer and will forfeit the opportunity to benefit from any other superior offer made by another bidder for Cardinal Shares, if such an offer were to eventuate.

If you accept the Offer for all of your Cardinal Shares, you will exit your investment in Cardinal completely.

2.7 Payment of consideration

The usual rules for settlement of transactions which occur on-market on the ASX will apply in respect of Nordgold's purchase of Cardinal Shares pursuant to the Offer. This means that if you accept the Offer, you will be paid on a T+2 Basis (being two Trading Days after your acceptance).

2.8 How the on-market Offers will be made and acquisitions prior to the commencement of the Offer Period

The Offer is being made on behalf of the Bidder by Taylor Collison Limited through the ASX. The Bidder's Statement states that Taylor Collison Limited will stand in the market on behalf of the Bidder and purchase Cardinal Shares for sale on the ASX at the Offer Price until the end of the Offer Period (unless extended or withdrawn in accordance with the Corporations Act).

From the time trading in Cardinal Shares commenced on the Announcement Date, Taylor Collison Limited stood in the market and offered to acquire (on behalf of the Bidder) a maximum of 170,000,000 Cardinal Shares offered to it at the Offer Price, prior to the commencement of the Offer Period.

2.9 Changes to the Offer and extension of the Offer Period

The Bidder may vary the Offer (including by increasing the Offer Price) in accordance with the Corporations Act. If a Cardinal Shareholder has sold their Cardinal Shares prior to any such variation, that Cardinal Shareholder will not receive any benefit from the variation.

The Bidder may, at its discretion and in accordance with the Corporations Act extend the Offer Period.

The Offer Period will be automatically extended by law if the Bidder's (and its Associates') Voting Power in Cardinal increases to more than 50% during the last 7 days of the Offer Period. In this case, the Offer Period will end on the 14th day after the Bidder's (and its Associates') Voting Power in Cardinal increases to more than 50%. The Bidder may extend the Offer Period in its discretion at any time prior to the last five Trading Days of the Offer Period, or in certain limited circumstances, at any time prior to the end of the Offer Period (subject to compliance with the law).

2.10 Withdrawal of the Offer

Nordgold may withdraw the Offer in respect of unaccepted offers at any time:

- (a) with the written consent of ASIC, which consent may be subject to conditions;
- (b) where a Prescribed Occurrence occurs, if at any time of the Prescribed Occurrence, Nordgold's Voting Power in Cardinal is at or below 50%; or
- (c) upon the occurrence of an Insolvency Event in relation to Cardinal (regardless of Nordgold's Voting Power in Cardinal).

Notice of withdrawal of the Offer must be given by Nordgold to the ASX.

2.11 Director's intentions in relation to the Offer

Shareholders should note that under the Bid Implementation Agreement with Shandong Gold, the Directors who hold Shares intend to accept the Shandong Gold Offer in respect of all Cardinal Shares that they own or control by the later of 21 days after the Shandong Gold Offer is opened for acceptance and 5 days after dispatch of the Cardinal Target's Statement in respect of the Shandong Gold Offer, in the absence of a superior proposal.

2.12 Intentions of the Bidder

Please refer to section 8 of the Bidder's Statement for a summary of the Bidder's intentions in respect of Cardinal following the Offer.

2.13 Effect of accepting the Offer and rights of withdrawal

Accepting the Offer would prevent you from accepting the Shandong Gold Offer or any higher takeover bid or alternative transaction that may be made by a third party (although there is no certainty as to whether this will occur).

If you accept the Offer, you cannot withdraw your acceptance.

If Nordgold subsequently improves the Offer Price after you have accepted the Offer by selling your Cardinal Shares, you will not be entitled to the benefit of that improved Offer Price.

2.14 Brokerage and other costs

As the Offer by Nordgold is pursuant to an on-market takeover bid, Offers will be made during normal trading on ASX. Accepting Cardinal Shareholders may only accept the Offer through Brokers who are members of ASX. Any brokerage fees charged by such Brokers will be the sole responsibility of the accepting Cardinal Shareholder. The Bidder will bear its own brokerage fees, if any, on transfers of Cardinal Shares acquired through acceptances of the Offer.

No stamp duty or GST will be payable by you on the transfer of Cardinal Shares pursuant to the Offer (other than any GST payable to your Broker in respect of brokerage fees charged to you).

2.15 Taxation consequences

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. Shareholders should carefully read and consider the potential Australian taxation consequences of accepting the Offer as set out in section 10 of the Bidder's Statement.

As the Bidder's Statement only contains a general overview of the potential Australian taxation consequences of accepting the Offer, Cardinal recommends that Shareholders seek independent professional advice in relation to their own particular circumstances.

A high-level general overview of the tax considerations for Shareholders who are not Australian residents for tax purposes is set out in section 10.3 of the Bidder's Statement. This is a general overview only and Shareholders who are not Australian residents for tax purposes are urged to seek their own advice as to their tax consequences of accepting the Offer.

2.16 Cardinal's observations in relation to the Nordgold Offer

Structure of Nordgold Offer

The Cardinal Board notes that there is the potential for certain Shareholders to be aggrieved by the Nordgold Offer being structured as an on-market takeover bid (namely those Shareholders holding Cardinal Shares in non-Australian depositaries or on branch registers). While the Nordgold Bidder's Statement alludes to a practical mechanism whereby such Cardinal Shares can be moved to an Issuer Sponsored Holding or CHESS Holding in Australia in order to accept the Nordgold Offer, it is possible that the Nordgold Offer could be subject to regulatory issues (particularly in Canada) which could result in it being prevented from proceeding in the absence of corrective steps taken by Nordgold.

Less than a controlling interest may pass under the Nordgold Offer

As the Nordgold Offer has been pursued as an on-market takeover bid (which by its very nature cannot include a condition in respect of a minimum level of acceptances), the Nordgold Offer is structured such that Nordgold may acquire less than all of the Cardinal Shares (and in particular, less than a controlling interest in Cardinal), which may have the result of forcing Cardinal Shareholders to decide whether to accept the Nordgold Offer, sell into the market or reject the Nordgold Offer and maintain their position (in the absence of the Shandong Gold Offer) without knowing whether and to what extent other Cardinal Shareholders might accept the Nordgold Offer. Shareholders may feel compelled to tender their Cardinal Shares to the Nordgold Offer even if they consider the Nordgold Offer price to be inadequate in comparison to the Shandong Gold Offer, out of concern that, if they

fail to do so, and Nordgold acquires less than 90% of Cardinal, they may be left holding a minority investment reflective of a minority discount, and reduced liquidity in the market for Cardinal Shares.

You will need to pay brokerage to accept the Nordgold Offer

As a result of Nordgold's Offer being an on-market takeover bid, the only way for Shareholders to accept the Nordgold Offer is to instruct their Broker to sell some or all of their shares to Taylor Collison Limited, who is acting on behalf of Nordgold. In selling your shares on-market you will incur brokerage costs.

By comparison, the Shandong Gold Offer is structured as an off-market takeover bid, and therefore there are no brokerage costs associated with accepting the higher cash offer from Shandong Gold.

3. YOUR CHOICES AS A SHAREHOLDER

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

Your Board has carefully considered the Nordgold Offer of A\$0.66 for each Cardinal Share, and recommends that you REJECT the Nordgold Offer.

Cardinal encourages you to consider your personal risk profile, investment objectives and tax and financial circumstances before making any decision in relation to your Cardinal Shares.

3.1 Reject the Nordgold Offer by doing nothing

If you wish to reject the Offer you need not take any action and should simply do nothing.

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 8 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.

3.2 Accept the Nordgold Offer

To accept the Offer, follow the instructions set out in section 5 of the Bidder's Statement.

In summary, if you choose to accept the Offer, how you accept the Offer will depend on whether your Shares are in an Issuer Sponsored Holding or a CHES Holding.

(a) Issuer Sponsored Holding

If your Shares are held in an Issuer Sponsored Holding (your Securityholder Reference Number will begin with "I"), you can accept the Offer by instructing any broker to initiate acceptance.

(b) CHES Holding

If you hold your Shares in a CHES Holding (your Holder Identification Number will begin with "X") you must comply with the ASX Settlement Operating Rules. You can accept the Offer by instructing your Controlling Participant to accept the Offer on your behalf before the end of the Offer Period. Usually your Controlling Participant is a person, such as a stockbroker, with whom you have a sponsorship agreement within the meaning of the ASX Settlement Operating Rules.

(c) Brokers and Participants

To sell your Cardinal Shares to Nordgold, you must initiate acceptance in accordance with the requirements of the ASX Settlement Operating Rules.

(d) Shareholders holding Cardinal Shares in non-Australian depositaries or on branch registers

If your Cardinal Shares are not held in an Issuer Sponsored Holding or CHES Holding, including if held in a non-Australian depository or on a branch share register, you will need to move your Cardinal Shares to an Issuer Sponsored Holding or CHES Holding in Australia in order to accept the Offer. If you intended to trade your shares on TSX, your shares are not held in a system through which you can accept the Offer. If you hold your Cardinal Shares in this manner, the Bidder's Statement says that you should contact your broker, financial

advisor or call the Nordgold Offer Information Line (details in the “Important Information” section of the Bidder’s Statement) 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.

Shareholders should be aware that if you accept Nordgold’s Offer, you will not be able to accept the Shandong Gold Offer or any potential superior proposal that may emerge for your Cardinal Shares in the future (although there is no certainty as to whether this will occur) and if Nordgold subsequently improves the Offer Price after you have accepted the Offer by selling your Cardinal Shares, you will not be entitled to the benefit of that improved Offer Price.

3.3 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 (less brokerage) 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, by selling your Cardinal Shares on market, you will be accepting the Nordgold Offer.

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

If you sell your Shares on market you:

- (a) will not be able to accept the Shandong Gold Offer;
- (b) will lose the ability to accept the Offer and any higher offer in respect of those Shares (which may or may not eventuate);
- (c) will lose the opportunity to receive future returns from Cardinal;
- (d) 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;⁴ and
- (e) may incur a brokerage charge (although this will also be the case if you accept the Nordgold Offer – refer to section 2.14).

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.

3.4 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 Refer to section 10 of the Bidder’s Statement as regards a general overview of the taxation considerations in respect of the Nordgold Offer.

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 2: 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).⁵

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 63km² and is for a renewable term of 15 years from 2020 (refer Figure 3 below). On 20 July 2020, Cardinal announced that the Namdini Mining Lease had received Parliamentary ratification from the Parliament of Ghana.

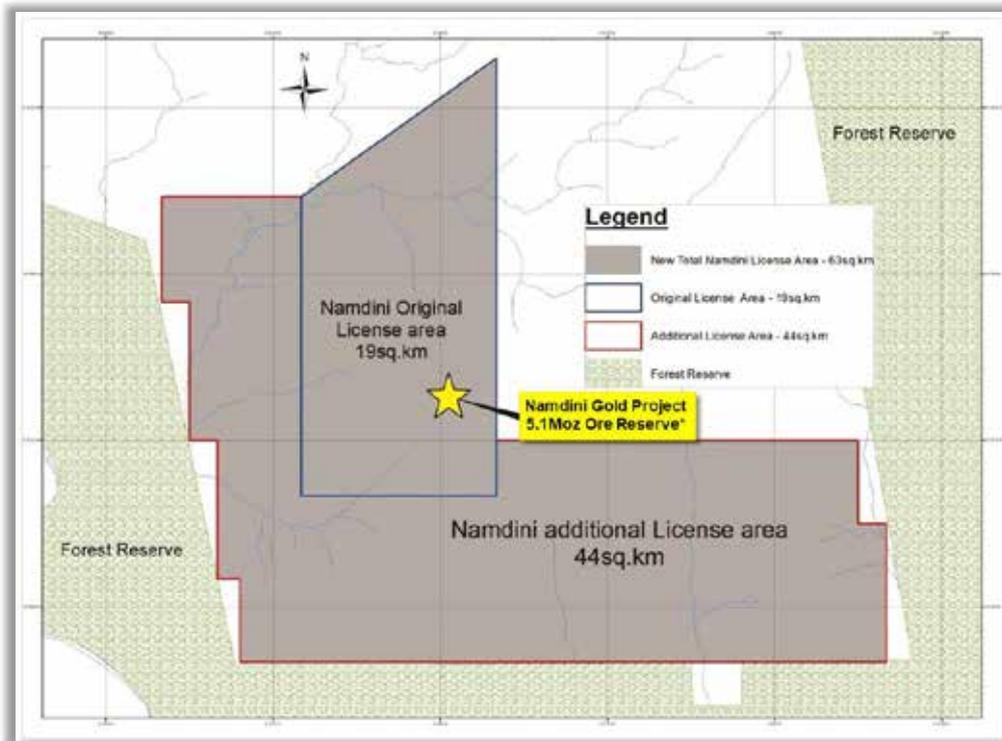


Figure 3: Original and Expanded Namdini Mining Lease
 *7.4Mt @ 1.3g/t Au for 0.4Moz Au Proved and 131.2 @ 1.1g/t Au for 4.7Moz Au Probable; 0.5g/t Au cut-off.

⁵ 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 |
| Measured and Indicated | 182 | 1.12 | 6.53 |

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) |
| Inferred | 12 | 1.2 | 0.46 |

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 |
| Total Proved | | 7.4 | 1.31 | 0.4 |
| Probable | Oxide | 3 | 1.08 | 0.1 |
| | Fresh | 128.2 | 1.13 | 4.6 |
| Total Probable | | 131.2 | 1.12 | 4.7 |
| Proved and Probable | Oxide | 4.1 | 1.11 | 0.2 |
| | Fresh | 134.5 | 1.13 | 4.9 |
| Total Ore Reserves | | 138.6 | 1.13 | 5.1 |

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 a 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 Reserve⁶, 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.

⁶ Refer to footnote 5.

-
- 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.⁷

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.

⁷ Refer footnote 5 and section 9.3.

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.

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

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

¹ 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) the gold price has traded within the range of US\$1,492 to US\$1,902 per ounce on 24 July 2020. The three-year running average to 24 July 2020 is US\$1,385 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 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 4). 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.

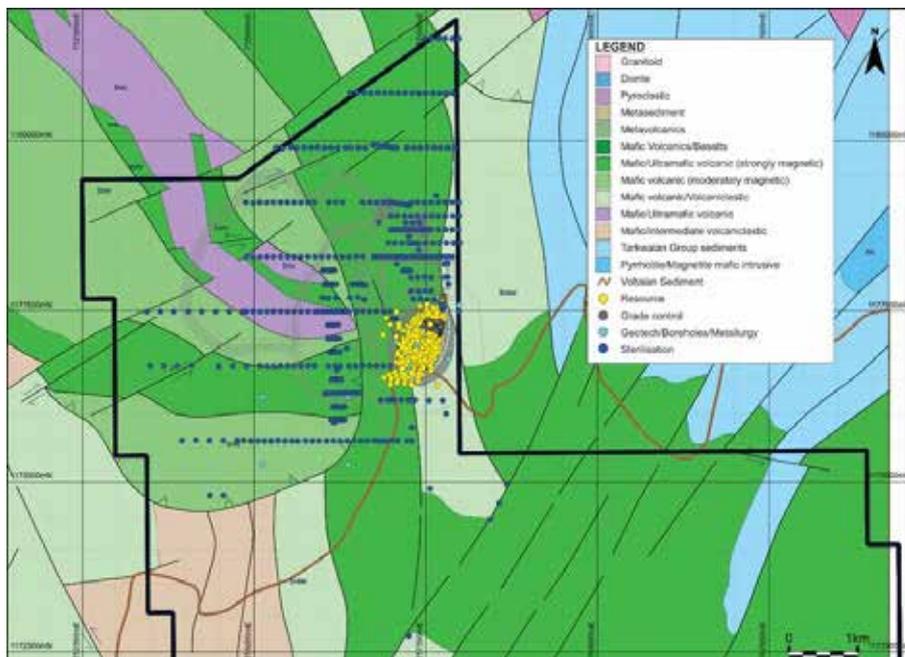


Figure 4: Namdini Project Showing Completed Sterilisation Drill Locations

Cardinal has completed an extensive Geotechnical drilling and test-pit programme over areas proposed for infrastructure (Figure 5).

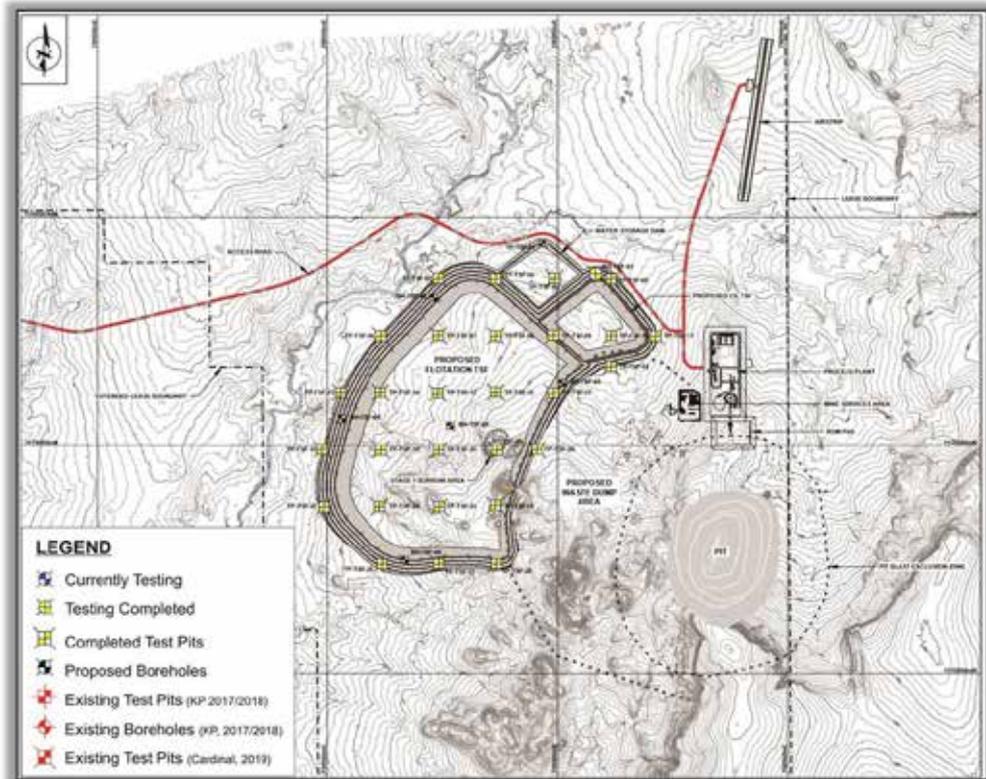


Figure 5: Namdini Project Geotechnical Drill Locations on Relocated TSF Area

(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 2 and 6) located in the northeast of Ghana and the Subranum Project located in the southwest of Ghana (Figures 2 and 7).

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 6). This follows the recent completion of multi-element analysis and assessment of geochemical data and building on the initial structural review based upon detailed geophysical and gold-only geochemical data.

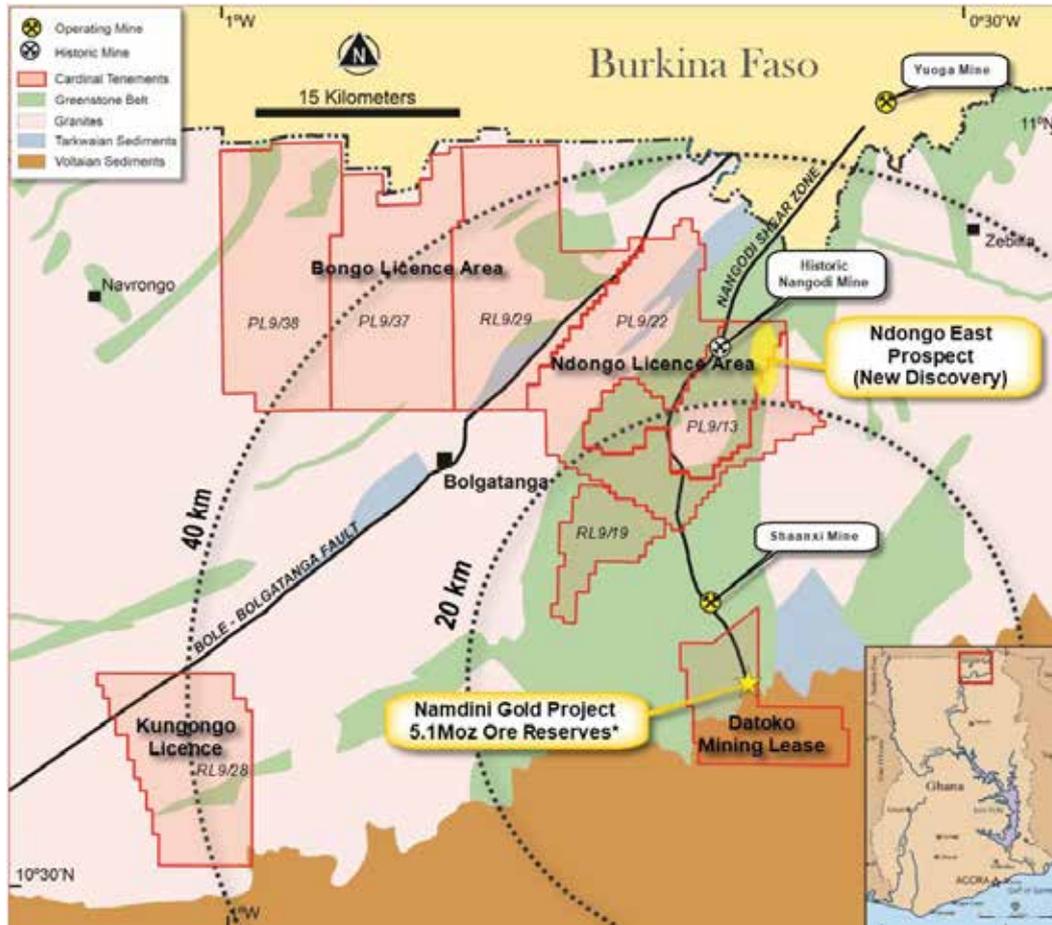


Figure 6: Datoko Mining Lease and Bolgatanga Project Tenements

*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.

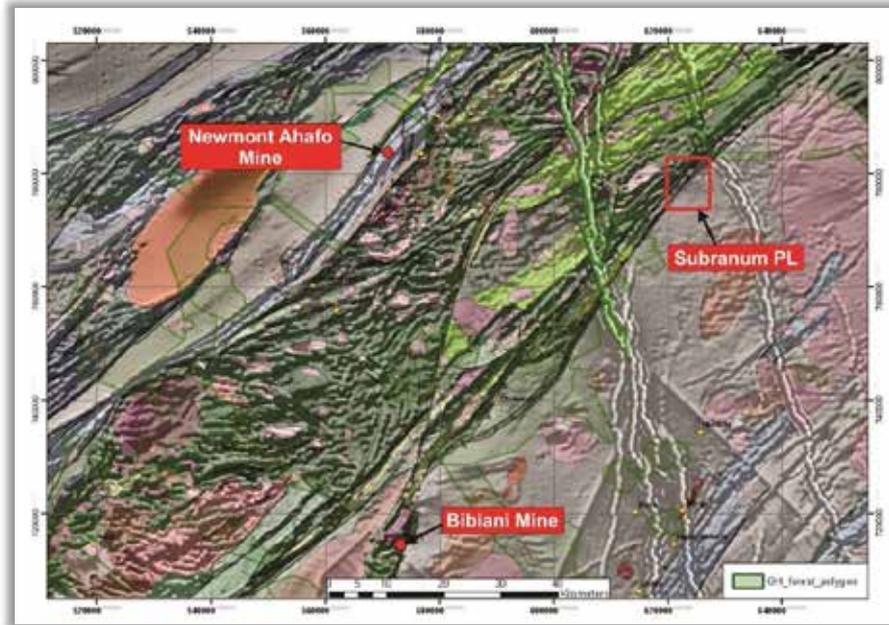


Figure 7: Regional Geology with Subranum Project Tenement straddling Bibiani Shear Zone

Bolgatanga Project

Cardinal owns approximately 865.88km² of exploration rights in the northeast Ghana. The Bolgatanga Project comprises of the Bongo Licence Area, Kungongo Licence and Ndongu 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 6).

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 465km². It hosts part of the regional Bole-Bolgatanga Fault (Figure 6).

The Bongo Licence Area comprises of the combined, **Bongo Prospecting Licence** (PL9/29 covering a land size of 155km²) located in the Bongo area, **Kandiga-Atibisi Prospecting Licence** (PL9/38 covering a land size of 155km²) located in the Kandiga-Atibabisi area, and **Zoko-Tarongo Prospecting Licence** (PL9/37 covering a land size of 155km²) 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 6).

The Ndongo Licence Area, comprises of the combined, **Nangodi Prospecting Licence** (RL9/13, covering a land size of 84.7km²), **Ndongo Prospecting Licence** (RL9/22, covering a land area of 157km²), and **Yameriga Prospecting Licence** (RL9/19, covering a land size of 36.78km²), 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 278.48km².

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 6). 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 6).

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 6).

The Kungongo Prospecting Licence (RL9/28) covers a total land size of 122.4km² 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.

Subranum Project

The Subranum Project comprises of the Subin Kasu Prospecting Licence covering a total land size of 71.4km² located in the Offinso and Ahafo-Ano South district of the Ashanti Region in the Republic of Ghana (Figures 2 and 7). 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 license 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 possess 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 |
|--|---------------------|-------------------|
| ASSETS | | |
| Current Assets | | |
| 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 |
| | 19,839,498 | 9,677,465 |
| Non-Current Assets | | |
| Plant and equipment | 994,650 | 564,149 |
| | 994,650 | 564,149 |
| TOTAL ASSETS | 20,834,148 | 10,241,614 |
| LIABILITIES AND SHAREHOLDERS' DEFICIT | | |
| Current Liabilities | | |
| Trade and other payables | 3,286,116 | 4,707,018 |
| Provisions | 85,062 | 59,958 |
| | 3,371,178 | 4,766,976 |
| Non-Current Liabilities | | |
| Borrowings | 35,604,680 | - |
| | 35,604,680 | - |
| TOTAL LIABILITIES | 38,975,858 | 4,766,976 |
| Shareholders' Deficit | | |
| Issued capital | 84,460,427 | 81,369,056 |
| Reserves | 5,681,581 | 6,003,878 |
| Accumulated losses | (108,283,718) | (81,898,296) |
| | (18,141,710) | 5,474,638 |
| TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT | 20,834,148 | 10,241,614 |

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 |
| Revenue | 365,859 | 174,312 |
| Operating expenses | | |
| 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 |
| Net Loss for the period | (27,050,962) | (37,182,844) |
| Income tax | - | - |
| Loss after income tax | (27,050,962) | (37,182,844) |
| Other comprehensive gain (loss) | | |
| Items that may be reclassified to profit or loss: | | |
| Unrealized foreign exchange on translation | (763,265) | (507,626) |
| Comprehensive loss for the period | (27,814,227) | (37,690,470) |
| Loss per share, basic and diluted (cents) | (7.12) | (10.22) |
| Weighted average number of common shares outstanding | 379,752,526 | 363,630,782 |

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 using Cardinal's ASX code 'CDV' or Cardinal's website at 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 |
| Total | | | 39,592,102 |

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 Bidder has not extended the Offer to the acquisition of any Cardinal Options (or any other securities that confer rights to be issued Cardinal Shares). However, the Offer will extend to all Cardinal Shares that are issued and listed for quotation on ASX at any time during the Offer Period as a result of the exercise of any Cardinal Options (or any other securities that confer rights to be issued Cardinal Shares).

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.* | 48,415,566 | 9.68 |
| Macquarie Group Limited [#] | 44,260,866 | 8.41 |
| Credit Suisse Equities (Australia) Limited [^] | 29,833,233 | 5.67 |

[~]Refer to sections 7.9 and 7.12 of the 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.⁸

[#]Macquarie Bank Limited is the holder of a Relevant Interest in respect of the 44,220,866 Shares and Macquarie Investment Management Limited is the holder of a Relevant Interest in respect of the 40,000 Shares. The registered holders of these Shares are Macquarie Bank Limited and Bond Street Custodians Limited.

[^]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.⁹

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 (ASX:CDV).

Copies of documents filed with SEDAR may be obtained under Cardinal’s profile on SEDAR at www.sedar.com.

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

⁸ Source: Cardinal ASX Announcement “Change in substantial holding” released on the ASX on 17 July 2020.

⁹ Source: Cardinal ASX Announcement “Becoming a substantial holder” released on the ASX on 16 July 2020.

5. INFORMATION ABOUT THE BIDDER

5.1 Disclaimer

The information about the Bidder contained in this Target's Statement has been prepared by Cardinal using publicly available information (including information in the Bidder's Statement) 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 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.

5.2 Overview of the Bidder

Nord Gold S.E. (Company Number SE000102) (the **Bidder**) is a European public limited liability company registered in accordance with the corporate law of the European Union and the UK Companies Act from 27 June 2016.

The Bidder is an internationally diversified gold producer operating a portfolio of ten mines (in Burkina Faso, Guinea, Russia and Kazakhstan) and a number of development and exploration projects in West Africa, Eurasia and the Americas.

Section 6 of the Bidder's Statement provides background information regarding the Bidder.

Publicly available information regarding the Bidder

The Bidder is a public company limited by shares for the purposes of the UK Companies Act and is subject to regular reporting and disclosure obligations. The UK's companies registrar, Companies House, lists all of the filings issued by the Bidder on its website.

These documents are available in electronic form at <https://beta.companieshouse.gov.uk/company/SE000102/filing-history>.

Additional publicly available information about the Bidder is also available on the Bidder's website at <http://www.nordgold.com/>.

5.3 Financing of the Offer

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

- (a) the consideration for the acquisition of the Cardinal Shares (including Cardinal Shares which could be issued on the exercise of Cardinal Options or vesting or conversion of any other securities that confer rights to be issued Cardinal Shares) will be satisfied wholly in cash (in Australian dollars);
- (b) the Bidder will fund the cash consideration payable under the Offer for all of the Cardinal Shares currently on issue (which are not owned by the Bidder or its Associates) using cash at hand; and
- (c) the Bidder's cash at hand is sufficient to fund the maximum amount of consideration payable under the Offer and all associated transaction costs.

Shareholders should refer to section 9 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, each of your Directors recommends that you **REJECT** the Nordgold Offer.

In considering whether to accept the Nordgold 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 REJECT the Offer

The reasons that the Directors recommend that you REJECT the Offer are outlined in the section of the Target's Statement entitled "REASONS TO REJECT THE NORDGOLD OFFER".

6.4 Directors' interests in Cardinal

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

| Director | 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 |

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

Shareholders should note that under the Bid Implementation Agreement with Shandong Gold, the Directors who hold Shares intend to accept the Shandong Gold Offer in respect of all Cardinal Shares that they own or control by the later of 21 days after the Shandong Gold is opened for acceptance and 5 days after dispatch of the Cardinal Target's Statement in respect of the Shandong Gold Offer, in the absence of a superior proposal.

6.5 Recent dealings in shares by Directors and others

Other than as set out below, 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 \$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 \$0.22 on or before 18 March 2020) and was issued 2,000,000 Shares.

The information set out 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 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 \$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 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 \$0.45775 per Cardinal Share.

[^]Nordgold has made an on-market takeover bid for Cardinal. This allows 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 bid 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 their offer period).

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:

| Date of Transaction | Recipient | Number and Type of Securities | Transaction type |
|----------------------------|--|--|-------------------------|
| 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 “OP9”) | Issue |
| 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 \$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 \$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 \$0.50 per Share | Issue |
| 29/10/2019 | Sarah Shipway Company Secretary | 79,468 Shares issued at \$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

The Bidder has indicated that if the Bidder (together with its Associates) acquires a Relevant Interest in less than 50% of the Cardinal Shares it may seek to consider procuring the appointment of additional persons on the Cardinal Board.

The Bidder has indicated its current intention if it acquires more than 50% but less than 90% of all Cardinal Shares, that subject to the Corporations Act and Cardinal's constitution, it intends to appoint that number of nominees to the Cardinal Board such that the proportion which Nordgold's nominees represent of the total number of directors on the Cardinal Board equals or exceeds the Nordgold Group's proportionate ownership interest in Cardinal. In that scenario, the Bidder has indicated it may, in its discretion, seek to retain one or more of the existing directors of Cardinal on the Cardinal Board. The Bidder has not made any decision as to who would be nominated for appointment to the Cardinal Board in this case.

Please refer to section 8 of the Bidder's Statement for further information.

Options

The Offer will not extend to the acquisition of any Cardinal Options (or any other securities that confer rights to be issued Cardinal Shares). However, the Offer will extend to all Cardinal Shares that are issued and listed for quotation on ASX at any time during the Offer Period as a result of the exercise of any Cardinal Options (or any other securities that confer rights to be issued Cardinal Shares).

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 Nordgold Offer

Risks of accepting the Nordgold Offer

Accepting the Offer from Nordgold means that you will not be able to accept the Shandong Gold Offer nor any competing proposal which may emerge (although there is no certainty as to whether this will occur).

No withdrawal rights

Once you have accepted the Offer, you will be legally bound to sell those Shares to Nordgold and you cannot later withdraw your acceptance. You will be responsible for brokerage and other transaction costs which may affect the total cash consideration you receive for your Cardinal Shares. You may also be liable to pay tax on the disposal of your Cardinal Shares which may have financial consequences for some Cardinal Shareholders. You should refer to section 10 of the Bidder's Statement for further information in that regard.

Once you have accepted the Offer, you will not be able to accept the Shandong Gold Offer and you will forfeit the opportunity to benefit from any increase to the Offer Price or which may arise in the future (whether by way of a superior proposal from a third party or an increase to the Offer Price by the Bidder). You will also no longer be eligible to access the benefits of being a Cardinal Shareholder.

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 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.

7.2 Risks associated with not accepting the Offer

Shandong Gold Offer

While the Directors unanimously recommend acceptance of the Shandong Gold Offer (in the absence of a superior proposal) for the reasons set out in this Target's Statement, given that the Nordgold Offer is currently scheduled to close on 31 August 2020 (unless extended or withdrawn) and the Shandong Gold Offer has not yet been made or opened for acceptance, it is likely that the Nordgold Offer (unless extended) will close before the Shandong Gold Offer, and at such time it may be the case that the Shandong Gold Offer remains subject to certain Conditions.

Accordingly, there may arise a circumstance whereby the Nordgold Offer is set to imminently close and the Shandong Gold Offer remains open and subject to certain Conditions.

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 revised Shandong Gold Offer cannot be satisfied within a reasonable period of time.

If the Nordgold Offer were to close, and the Conditions of the Shandong Gold 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 Nordgold Offer and the Shandong Gold Offer the price of Shares on the ASX and/or the TSX may potentially decline.

The risks associated with the Shandong Gold Offer will be outlined by Cardinal in the Shandong Gold Offer Target's Statement.

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 Shandong Gold 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 a Relevant Interest in at least 50% of the Cardinal Shares, 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, absent the Shandong Gold Offer

If you decide not to accept the Offer and retain your Shares, and in the absence of the Shandong Gold 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 19.5km². As the Namdini Mining Lease now covers approximately 63km² 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

As announced by Cardinal on 16 March 2020, Nordgold acquired a 19.9% shareholding in Cardinal and submitted a non-binding indicative and conditional proposal (**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 that 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 Bidder's Statement on 15 July 2020, Cardinal was not aware of Nordgold's intention to make the Nordgold Offer.

8.2 Shandong Gold Offer

As announced prior to market open on 19 June 2020, Cardinal entered into a Bid Implementation Agreement with Shandong Gold pursuant to which Shandong Gold agreed to acquire 100% of the issued shares in Cardinal at a price of A\$0.60, 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 was 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 Shandong Gold of the terms of the unsolicited Nordgold Offer (**Notification Date**).

On 22 July 2020, Shandong Gold provided Cardinal with a revised and improved proposal for an off-market takeover offer of A\$0.70 per Cardinal Share (**Shandong Gold Offer**).

As the Directors have determined to continue to unanimously recommend that Cardinal Shareholders accept the Shandong Gold Offer (in the absence of a Superior Proposal), the Bid Implementation Agreement requires Cardinal 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 Shandong Gold Offer. Cardinal anticipates entering into an appropriate amending agreement to give effect to such amendments imminently.

While the Nordgold Offer is unconditional, the Board of Cardinal has given careful consideration to the Conditions of the higher cash offer proposed by Shandong Gold 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, the Cardinal Board understands that Shandong Gold has received the necessary regulatory approvals from the NDRC and the MOFCOM, such that the only remaining outstanding Chinese regulatory approval is that of the State Administration of Foreign Exchange of the People's Republic of China (or its relevant local branch).

Shareholders should have regard to the risks set out above, including relevantly the risks relating to the Shandong Gold Offer in section 7.2.

Cardinal will issue Shareholders with a Target's Statement in respect of the Shandong Gold Offer in due course.

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 on a periodic basis as part of their overall remuneration package (**Employee Shares**). If any Employee Shares are issued during the Offer Period (i.e. those Employee Shares to which the relevant employees are entitled as part of their remuneration package), the Offer will extend to such Employee Shares.

In addition, the relevant employees are entitled to receive equity upon the "completion" of a takeover bid for Cardinal. However, as such Employee Shares will be issued upon the "completion" of the Offer (i.e. not during the Offer Period), the Offer will not extend to those Shares. Rather, should Nordgold become entitled to compulsorily acquire the remaining Cardinal Shares (and elected to do so per its current intention as set out in section 8.5 of the Bidder's Statement), the Employee Shares relating to the "completion" of a takeover bid for Cardinal would be acquired at that relevant time.

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\$23.2 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 Cardinal Options

The Bidder has not extended the Offer to the acquisition of any Cardinal Options (or any other securities that confer rights to be issued Cardinal Shares). However, the Offer will extend to all Cardinal Shares that are issued and listed for quotation on ASX at any time during the Offer Period as a result of the exercise of any Cardinal Options (or any other securities that confer rights to be issued Cardinal Shares).

8.6 Notice of the Bidder's Voting Power

In the Bidder's Statement, the Bidder disclosed that it had Voting Power in Cardinal of 18.71% voting power in Cardinal Shares. 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.

8.7 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 or Cardinal's website at www.cardinalresources.com.au.

Copies of documents filed with SEDAR may be obtained under Cardinal's profile on SEDAR at 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 (ASX:CDV).

8.8 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) 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.

8.9 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 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.

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 | Revised and Improved Takeover Proposal from Shandong Gold | 23 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:

Announcement Date means 15 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.

Bid Implementation Agreement means the bid implementation agreement entered into between Cardinal, Shandong Gold and Shandong Hong Kong on 18 June 2020 (as may be amended from time to time).

Bidder means Nordgold.

Bidder's Statement means the Bidder's Statement dated 15 July 2020 given by the Bidder to Cardinal on 15 July 2020 in accordance with the provisions of part 6.5 of the Corporations Act;

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

Broker Announcement means the announcement in relation to the Offer made by Taylor Collison Limited on 15 July 2020.

Business Day means Monday to Friday inclusive except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day the ASX declares is not a business day.

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 31 August 2020 (unless extended or withdrawn).

Conditions means the conditions of the Shandong Gold Offer as set out in the Bid Implementation Agreement.

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).

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).

FIRB means the Foreign Investment and Review Board.

Gold Fields means Corporate International Holdings BV of Sixth Floor, Schipholweg 103 Leiden 2316 XC, the Netherlands, subsidiary of Gold Fields Limited.

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

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

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

Insolvency Event means any of the events set out in section 652C(2) of the Corporations Act.

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.

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

Mineral Resources has the meaning given in the JORC Code.

MOFCOM means the Ministry of Commerce of the People's Republic of China (or its relevant local branch).

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.

NDRC means the National Development and Reform Commission of the People's Republic of China (or its relevant local branch).

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

Nordgold or Bidder means Nord Gold S.E. (Company Number SE000102).

Nordgold Non-Binding and Indicative 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.

NPV means net present value.

NSR means net smelter return.

Offer or **Nordgold 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 section 5.7 of the Bidder's Statement.

Offer Terms means the formal terms and conditions of the Offer set out in section 5 of the Bidder's Statement.

Options means an option to subscribe for Cardinal Shares.

Ore Reserve has the meaning given in the JORC Code.

ppb means parts per billion.

Prescribed Occurrence means any of the events set out in section 652C(1) of the Corporations Act.

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

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

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

Shandong Gold Mining means Shandong Gold Mining Co., Ltd.

Shandong Gold means Shandong Gold Mining (HongKong) Co., Limited.

Shandong Gold Offer means the off-market takeover bid by Shandong HongKong (a wholly owned subsidiary of Shandong Gold) on the terms set out in the Bid Implementation Agreement (as may be amended).

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.

T + 2 Basis means that settlement occurs on the second Trading Day after the date of the transaction in accordance with ASX practice.

Takeover Bid means the on-market unconditional cash offer by Nordgold to acquire all of the Cardinal Shares to be implemented in accordance with Chapter 6 of the Corporations Act proposed by the Bidder.

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.

TSX means the Toronto Stock Exchange.

TSX Listing Rules means the Company Manual of the TSX.

UK Companies Act means the UK Companies Act 2006.

VWAP means Volume Weighted Average Price.

Voting Power has the meaning given to that term in section 610 of the Corporations Act.

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 27 July 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 27 July 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.



Kevin Tomlinson
Chairman
Cardinal Resources Limited

CORPORATE DIRECTORY

| | |
|---------------------------------|---|
| Directors | 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 |
| Registered Office | Suite 1, 28 Ord Street West Perth WA 6005 |
| Website | www.cardinalresources.com.au |
| Share Registry | Australia Computershare Investor Services Pty Ltd Level 11, 175 St Georges Terrace Perth WA 6000 Canada - (included for information purposes only) Computershare Investor Services Inc 11 th Floor, 100 University Avenue Toronto, Ontario, M5J2Y1 Canada |
| Stock Exchange Listing | Australian Securities Exchange ASX Code: CDV Toronto Stock Exchange TSX Code: CDV |
| Australian Legal Adviser | HopgoodGanim Lawyers Level 8, Waterfront Place 1 Eagle Street Brisbane Qld 4000 |
| Canadian Legal Adviser | Bennett Jones LLP 3400 One First Canadian Place Toronto ON M5X 1A4 |
| Financial Adviser | BMO Capital Markets Limited 33 rd Floor, 140 William Street Melbourne, Victoria, 3000 |
| Financial Adviser | Maxit Capital LP Suite 830, Brookfield Place, 181 Bay Street Toronto, Ontario, M5J2T3 Canada |
| M&A Adviser | Hartleys Limited Level 6, 141 St Georges Terrace Perth WA 6000 |
| M&A Adviser | Canaccord Genuity Corp. P.O. Box 516 161 Bay Street, Suite 3100 Toronto, Ontario, M5J2S1 Canada |

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

