

29 December 2020

Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

By: **ASX Online**

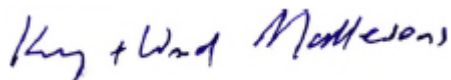
Dear Sir or Madam

Shandong Gold Mining (HongKong) Co., Limited – Fourth Supplementary Bidder's Statement

We act for Shandong Gold Mining (HongKong) Co., Limited, an entity incorporated in Hong Kong as a limited liability company, under Company Number 2489909 (**Bidder**) in respect of its off-market takeover bid (**Offer**) for all of the ordinary shares in Cardinal Resources Limited ACN 147 325 620 (ASX:CDV) (**Cardinal**).

On behalf of the Bidder, we attach the fourth supplementary bidder's statement dated 29 December 2020, which supplements the bidder's statement dated 11 August 2020 (as supplemented on 7 September 2020, 19 October 2020 and 24 November 2020).

Yours sincerely



King & Wood Mallesons

Contacts

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Jinan, 250100 P.R. China

FOURTH SUPPLEMENTARY BIDDER'S STATEMENT

29 December 2020

in respect of the **RECOMMENDED** and **UNCONDITIONAL** all cash Offer by Shandong Gold Mining (HongKong) Co., Limited (Company Number 2489908) for all of the ordinary shares in Cardinal Resources Limited ABN 56 147 325 620

For each Cardinal Share you will receive A\$1.075

You should ACCEPT the unconditional Offer without delay

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to how to deal with this document, you should consult your legal, financial or other professional adviser as soon as possible

Please call **1300 148 804** (toll-free within Australia) or **+61 3 9415 4305** (from outside Australia), Monday to Friday between 9.00am and 5.00pm (Sydney Time) if you require assistance. Canadian Branch Shareholders should contact their broker or financial adviser or call the Depositary Agent toll free at 1-800-564-6253 for assistance with respect to acceptance of the Offer.

IMPORTANT INFORMATION

This document is the fourth supplementary bidder's statement under section 643 of the *Corporations Act 2001* (Cth) issued by Shandong Gold Mining (HongKong) Co., Limited (**Bidder**) (**Fourth Supplementary Bidder's Statement**) to the Bidder's Statement dated 11 August 2020 (**Bidder's Statement**) as supplemented by the Bidder's first supplementary bidder's statement dated 7 September 2020 (**First Supplementary Bidder's Statement**), the Bidder's second supplementary bidder's statement dated 19 October 2020 (**Second Supplementary Bidder's Statement**) and the Bidder's third supplementary bidder's statement dated 24 November 2020 (**Third Supplementary Bidder's Statement**), in relation to the Bidder's off-market takeover bid for all of the ordinary shares in Cardinal Resources Limited ACN 147 325 620 (**Cardinal**) dated 13 August 2020 (as varied by notices dated 7 September 2020, 21 September 2020, 12 October 2020, 23 October 2020, 26 October 2020 and 24 November 2020 (**Notices**)) (**Offer** or **Shandong Gold Offer**).

This Fourth Supplementary Bidder's Statement supplements, and is to be read together with, the Bidder's Statement, the First Supplementary Bidder's Statement, the Second Supplementary Bidder's Statement and the Third Supplementary Bidder's Statement. This Fourth Supplementary Bidder's Statement prevails to the extent of any inconsistency with the Bidder's Statement, the First Supplementary Bidder's Statement, the Second Supplementary Bidder's Statement or the Third Supplementary Bidder's Statement.

A copy of this Fourth Supplementary Bidder's Statement was lodged with ASIC and provided to ASX on 29 December 2020. Neither ASIC, ASX nor any of their respective officers takes any responsibility for the contents of this Fourth Supplementary Bidder's Statement or the merits of the Offer.

Unless the context requires otherwise, defined terms in the Bidder's Statement, the First Supplementary Bidder's Statement, the Second Supplementary Bidder's Statement and the Third Supplementary Bidder's Statement have the same meaning in this Fourth Supplementary Bidder's Statement. The rules of interpretation in section 9.2 of the Bidder's Statement also apply to this Fourth Supplementary Bidder's Statement.

SUPPLEMENTARY INFORMATION

1 Increase in Offer price to A\$1.075 per Cardinal Share

On 22 December 2020, the Bidder announced its intention to increase its Offer price from A\$1.05 to A\$1.075 per Cardinal Share, subject to both of the following conditions (**Price Increase Conditions**) being satisfied:

- Shandong Gold acquiring a relevant interest in at least 30% of all Cardinal shares by 7.00pm (Sydney time) on Thursday 31 December 2020; and
- the offer period for the on-market takeover offer by Nord Gold S.E. (**Nordgold**) for all of the shares in Cardinal (**Nordgold Market Offer**) not being extended beyond the close of trading on ASX on 23 December 2020.

As announced by the Bidder on 24 December 2020, the Price Increase Conditions have been satisfied and, accordingly, the Bidder's Offer price has been increased from A\$1.05 to **A\$1.075** cash per Cardinal Share.

The increased Offer price represents a premium of:¹

- 2.4% to the Nordgold Offer price of \$1.05 per share announced on 11 December 2020;
- 330% over the closing price of \$0.25 of Cardinal Shares on 13 March 2020 (being the last unaffected share price prior to the Nordgold Indicative Proposal);

¹ Source: IRESS Limited. As permitted by ASIC *Corporations (Consents to Statements) Instrument 2016/72*, this paragraph contains ASX trading information sourced from IRESS Limited without its consent.

- 214% over the 20-day volume weighted average price of \$0.342 of Cardinal Shares up to 13 March 2020 (being the last trading day prior to the Nordgold Indicative Proposal); and
- 197% over the 6-month weighted average price of \$0.362 of Cardinal Shares for the period up to 13 March 2020 (being the last trading day prior to the Nordgold Indicative Proposal).

Cardinal Shareholders are encouraged to accept the Bidder's Offer without delay in order to receive the benefit of the **A\$1.075** Cash Consideration.

The increased Offer price will apply to all Cardinal Shareholders who accept the Bidder's Offer, including Cardinal Shareholders who have already accepted the Offer.

Annexure A includes a copy of the formal notice under section 650D of the Corporations Act in respect of the increase in Offer price.

2 Cash Consideration

Based on the number of Cardinal Shares on issue as at the date of this Fourth Supplementary Bidder's Statement, the maximum amount of cash that would be payable by the Bidder under the Offer if acceptances were received for all Cardinal Shares (including the Employee Shares) is approximately \$567.98 million.

As at the date of this Fourth Supplementary Bidder's Statement, the Bidder understands that Cardinal has 11,746,015 Options on issue.

If the holders of all the Sale Options are legally permitted to exercise, and do exercise, those Cardinal Options, and accept the Offer in respect of the Cardinal Shares issued to them, approximately \$12.63 million additional Cash Consideration will be payable in accordance with the Offer.

Accordingly, the maximum Cash Consideration which may be required to settle acceptances under the Offer is approximately \$580.60 million.

On the basis of the arrangements described in the Bidder's Statement and the First Supplementary Bidder's Statement, the Bidder is of the opinion that it has a reasonable basis for holding the view, and holds the view, that the Bidder will be able to provide 100% of the Cash Consideration offered under the Offer.

3 Acquisition of Cardinal Shares on-market

The Bidder refers to the First Supplementary Bidder's Statement in which it was disclosed that the Ontario Securities Commission had exempted the Offer (as amended, supplemented or replaced) from the requirements applicable to take-over bids in Part 2 and Part 3 of National Instrument 62-104 *Takeover Bids and Issuer Bids* (**Canadian Relief**).

As the Bidder has now obtained the Canadian Relief, the Bidder is no longer subject to the restrictions set out in Section 8.11 of the Bidder's Statement, including, among other things, that the Bidder will publish a press release detailing the on-market purchases made after the close of business each day and that the number of Cardinal Shares that the Bidder acquires on-market will not exceed 5% of the outstanding Cardinal Shares (collectively, the **Canadian Restrictions**).

Accordingly, the Bidder reserves its right to conduct on-market purchases of Cardinal Shares unrestricted by the Canadian Restrictions from time to time in accordance with item 2 of section 611 of the Corporations Act and at the Offer price of A\$1.075.

4 Bidder has acquired control of Cardinal

As announced by the Bidder on 24 December 2020, the Bidder had acquired a relevant interest in more than 50% of all Cardinal Shares. As at 7.00pm (Sydney time) on 24 December 2020 (being the last Business Day before the date of this Fourth Supplementary Bidder's Statement), the Bidder held a relevant interest in 51.26% of all Cardinal Shares, giving the Bidder effective control of Cardinal.

In accordance with the terms of the Bid Implementation Agreement, the Bidder may now nominate a majority of members to the Cardinal Board and Cardinal will procure such appointment. The Bidder intends to exercise its rights and propose representatives for appointment to the Cardinal Board in due course. The Bidder may also exercise its control of Cardinal in accordance with the intentions set out in Section 5 of the Bidder's Statement.

5 Extension to Offer Period

As a result of the Offer price being increased to \$1.075 per Cardinal shares on 29 December 2020, being within the last 7 days of the Offer Period, in accordance with section 624(2) of the Corporations Act, the Offer Period has been automatically extended for 14 days from the date the Offer price was increased.

The Offer is now due to close at 7.00pm (Sydney time) on **12 January 2021** (unless extended).

Annexure B includes a copy of the formal notice under section 624(2) of the Corporations Act in respect of the extension to the Offer Period.

6 Acquisition of Sale Options

The Bidder has entered into an Options Assignment Deed with each holder of Sale Options for the assignment of their Sale Options to the Bidder in exchange for the Ascribed Value applicable to the relevant Sale Options. The key terms of the Options Assignment Deeds are set out in Section 8.4 of the Bidder's Statement.

All of the conditions to each Options Assignment Deed have been satisfied. The Bidder will proceed to acquire all of the Sale Options in accordance with the terms of the Options Assignment Deed.

7 Why you should accept the Offer

7.1 No competing takeover offer Cardinal currently on foot

The Bidder wishes to highlight that, as at the date of this Fourth Supplementary Bidder's Statement:

- the Nordgold Offer has expired;
- the offer period in respect of the conditional off-market takeover offer for all of the ordinary shares in Cardinal announced by the Engineers & Planners Company Limited on 24 November 2020 has not yet opened;
- the proposed off-market takeover offer for all Cardinal Shares by Dongshan Investments Limited (**Dongshan**), as announced by Cardinal on 24 December 2020, contains conditions that are inconsistent with the Bidder having acquired a relevant interest in excess of 50% of Cardinal and it seems highly improbable that the announced conditions will be satisfied; and
- the Bidder is not aware of any other takeover offer having been made by a third party for all of the ordinary shares in Cardinal.

Accordingly, the Shandong Gold Offer is the only unconditional takeover offer for Cardinal open for acceptance as at the date of this Fourth Supplementary Bidder's Statement.

7.2 The Cardinal Board unanimously recommends that you accept the Offer, in the absence of a Superior Proposal

As at the date of this Fourth Supplementary Bidder's Statement, the Cardinal Board continues to unanimously recommend that Cardinal Shareholders accept the Offer in the absence of a Superior Proposal.

On 15 September 2020, the directors comprising the Cardinal Board who collectively held approximately 6.07% of issued Cardinal Shares accepted the Offer in respect of all Cardinal Shares that they owned or controlled as at that date.

7.3 The Offer represents a significant premium to Cardinal's historic trading prices

The Cash Consideration of \$1.075 cash per Cardinal Share represents a significant premium to historical trading prices.

The increased Offer price represents a premium of:²

- 2.4% to the Nordgold Offer price of \$1.05 per share announced on 11 December 2020;
- 330% over the closing price of \$0.25 of Cardinal Shares on 13 March 2020 (being the last unaffected share price prior to the Nordgold Indicative Proposal);
- 214% over the 20-day volume weighted average price of \$0.342 of Cardinal Shares up to 13 March 2020 (being the last trading day prior to the Nordgold Indicative Proposal); and
- 197% over the 6-month weighted average price of \$0.362 of Cardinal Shares for the period up to 13 March 2020 (being the last trading day prior to the Nordgold Indicative Proposal).

7.4 The Offer is an all cash Offer providing Cardinal Shareholders with certain value

The Offer provides Cardinal Shareholders with an opportunity to realise full and certain value for your entire Cardinal holding.

If you accept the Offer you will be paid:

- A\$1.075 cash per Cardinal Share;
- 3 business days after the date of receipt of your valid acceptance.³

The Bidder's all cash offer can be contrasted with the risks associated with remaining a Cardinal Shareholder, which is subject to market fluctuations.

If you choose to retain your Cardinal Shares, you may face risks associated with reduced liquidity leading to uncertainty as to the future monetisation of your investment.

7.5 Conditions to the Dongshan Proposal are unlikely to be satisfied

On 24 December 2020, Cardinal announced that Dongshan intended to make an off-market takeover offer to acquire all of the issued capital of Cardinal, subject to a number of conditions including a 50.1% minimum acceptance condition, FIRB approval and other regulatory approvals, obtaining committed financing and completing due diligence on Cardinal and the Namdini Project (**Dongshan Proposal**).

In light of the Bidder already having voting power in Cardinal in excess of 50%, it is clear that the 50.1% minimum acceptance condition attached to the Dongshan Proposal will not be satisfied. The other conditions to the Dongshan Proposal are also highly improbable to be satisfied, either at all or in a short period of time.

In contrast, the Offer by the Bidder is unconditional, and Cardinal Shareholders who accept the Offer will be paid the Cash Consideration of \$1.075 per Cardinal Share within 3 Business Days.⁴

² Source: IRESS Limited. As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this paragraph contains ASX trading information sourced from IRESS Limited without its consent.

³ Payment will be dispatched within 3 business days of acceptance.

⁴ Payment will be dispatched within 3 business days of acceptance.

7.6 Significant risk of the Cardinal Share price falling when the Offer closes

The closing Cardinal Share price on 18 June 2020, being the last trading day prior to the Announcement Date was, \$0.465.

The Cardinal Share price may trade at levels below the Offer price once the Offer (and any other offer available at that time) have lapsed, although this is difficult to predict with any degree of certainty. As a result, Cardinal Shareholders who have not accepted the Offer before it lapses may not have another opportunity to sell their Cardinal Shares for \$1.075 per Cardinal Share.

7.7 Risks of remaining a minority shareholder of Cardinal

If you do not accept the Offer and the Bidder, having acquired a relevant interest in more than 50% of Cardinal Shares, does not become entitled to compulsorily acquire all outstanding Cardinal Shares, you will become a minority Cardinal Shareholder.

Being a minority Cardinal Shareholder may have the following potential implications:

- the price at which Cardinal's Shares are traded on the ASX or the TSX is highly likely to fall and trade at a material discount to the Offer price;
- the market for Cardinal Shares will likely become highly illiquid;
- if Cardinal ceases to have the required spread of shareholders as required under the ASX Listing Rules or the TSX Company Manual, or if the Bidder seeks to have Cardinal delisted, Cardinal may be removed from the official list of ASX or TSX (as applicable). If this occurs, you will no longer be able to sell your Cardinal Shares on the ASX or the TSX which may make it difficult for you to sell your Shares should you seek to do so; and
- acceptance of the Offer eliminates your exposure to the risks inherent in any new mine development, which includes financing, operational and regulatory risks. In particular, the development of the Namdini Project will require substantial capital to reach production. Cardinal's Feasibility Study Report estimated US\$390 million of pre-production capital expenditure. To finance the development of the Namdini Project, Cardinal would be required to raise substantial funds through debt (if it can be obtained on acceptable terms), quasi-equity and/or equity. Any such quasi-equity or equity raise would likely result in the dilution of your ownership interest in Cardinal, unless you invest further capital in Cardinal.

If you do not accept the Offer and remain a minority Cardinal Shareholder, these factors may make it more difficult for you to sell your Cardinal Shares outside the Offer and also difficult to realise a price that reflects the value of Cardinal for your Cardinal Shares in the future

Accordingly, the Bidder's Offer eliminates the uncertainty relating to being a minority Cardinal Shareholder.

8 Next steps

The Bidder urges all Cardinal Shareholders to ACCEPT the Offer without delay.

As announced on 19 October 2020, the Bidder has waived the requirement that Cardinal Shareholders must send their completed Acceptance Form to Computershare by post. Accordingly, Cardinal Shareholders can now, in addition to returning the Acceptance Form by post, accept the Offer by submitting a scanned copy of their completed and signed Acceptance Form (together with all documents required by the instructions on the Acceptance Form) by email to corpactprocessing@computershare.com.au prior to the end of the Offer Period.

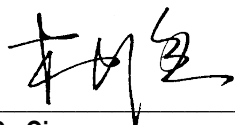
Cardinal Shareholders with any queries please contact the Offer Information Line on 1300 148 804 (toll free within Australia) or +61 3 9415 4305 (from outside Australia), Monday to Friday between 9.00am and 5.00pm (Sydney time).

9 Authorisation

This Fourth Supplementary Bidder's Statement has been approved by a resolution passed by the Directors of the Bidder.

Dated 29 December 2020.

Signed on behalf of the Bidder.

A handwritten signature in black ink, appearing to be '杜强' (Du Qiang), written in a cursive style.

Du Qiang
Director
Shandong Gold Mining (HongKong) Co., Limited

Annexure A

Shandong Gold Mining (HongKong) Co., Limited

A limited liability company incorporated in Hong Kong under Company Number 2489908

Notice under section 650D(1) of the *Corporations Act 2001* (Cth)

Variation of offer – increase in Offer consideration

29 December 2020

To: Australian Securities and Investments Commission (ASIC)

ASX Limited

Cardinal Resources Limited (ACN 147 325 620) (Cardinal)

Each person to whom an Offer was made as described in section 650D(1)(c)(ii) of the *Corporations Act 2001* (Cth) (as modified by ASIC Class Order [CO 13/521])

This notice (**Notice**) is given under section 650D of the *Corporations Act 2001* (Cth) (**Corporations Act**) by Shandong Gold Mining (HongKong) Co., Limited, a limited liability company incorporated in Hong Kong under Company Number 2489908 (**Bidder**) in relation to its offer dated 13 August 2020 (as varied by notices dated 7 September 2020, 21 September 2020, 12 October 2020, 23 October 2020, 26 October 2020 and 24 November 2020) (**Offer**) under its off-market takeover bid to acquire all of the ordinary shares in Cardinal. The Offer is contained in the bidder's statement issued by the Bidder and dated 11 August 2020 (as supplemented on 7 September 2020, 19 October 2020 and 24 November 2020) (**Bidder's Statement**).

Unless otherwise defined in this Notice, words defined in the Bidder's Statement have the same meaning in this Notice.

Variation: increase in Offer price

Pursuant to section 650D of the Corporations Act, the Bidder gives notice that it varies the Offer by increasing the Cash Consideration offered for each Cardinal Share under the Offer to \$1.075 per Cardinal Share.

Amendment

The Bidder's Statement and Acceptance Form are amended by replacing all references to the Offer price of "\$1.05" with "\$1.075".

Date and ASIC disclaimer

A copy of this Notice was lodged with ASIC on 29 December 2020. ASIC takes no responsibility for the contents of this Notice.

Authorisation

This Notice has been approved by a resolution passed by the directors of Shandong Gold Mining (HongKong) Co., Limited (Company Number 2489908), in accordance with section 650D(3A) of the *Corporations Act 2001* (Cth) (as inserted by ASIC Class Order [CO 13/521]).

Annexure B

Shandong Gold Mining (HongKong) Co., Limited

A limited liability company incorporated in Hong Kong under Company Number 2489908

**Notice under section 624(2) of the *Corporations Act 2001* (Cth)
Automatic extension of Offer Period**

29 December 2020

To: Australian Securities and Investments Commission (ASIC)

ASX Limited

Cardinal Resources Limited (ACN 147 325 620) (Cardinal)

Each person to whom an Offer was made as described in section 650D(1)(c)(ii) of the *Corporations Act 2001* (Cth) other than those who have accepted the Offer (as modified by ASIC Class Order [CO 13/521])

This notice (**Notice**) is given under section 624(2) of the *Corporations Act 2001* (Cth) (**Corporations Act**) by Shandong Gold Mining (HongKong) Co., Limited, a limited liability company incorporated in Hong Kong under Company Number 2489908 (**Bidder**) in relation to its offer dated 13 August 2020 (as varied by notices dated 7 September 2020, 21 September 2020, 12 October 2020, 23 October 2020, 26 October 2020 and 24 November 2020) (**Offer**) under its off-market takeover bid to acquire all of the ordinary shares in Cardinal. The Offer is contained in the bidder's statement issued by the Bidder and dated 11 August 2020 (as supplemented on 7 September 2020, 19 October 2020 and 24 November 2020) (**Bidder's Statement**).

Unless otherwise defined in this Notice, words defined in the Bidder's Statement have the same meaning in this Notice.

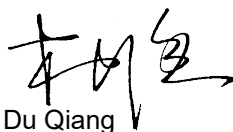
Notification

The Bidder gives notice under section 624(2) of the *Corporations Act* (as modified by ASIC Class Order [13/521]) that as a result of an improvement of the Offer consideration on 29 December 2020, the Offer Period has been automatically extended by 14 days from that date.

Accordingly, the Offer will remain open for acceptance until **7.00 pm (Sydney time) on 12 January 2021** (unless further extended).

Authorisation

Signed for and on behalf of Shandong Gold Mining (HongKong) Co., Limited by:



Du Qiang
Director

Shandong Gold Mining (HongKong) Co., Limited